

WILLIAMSTOWN INDEPENDENT BOARD OF EDUCATION

FINANCIAL STATEMENTS
SUPPLEMENTARY INFORMATION
And
INDEPENDENT AUDITOR'S REPORTS

Year Ended June 30, 2016

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WILLIAMSTOWN INDEPENDENT BOARD OF EDUCATION
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INDEPENDENT AUDITOR'S REPORT

State Committee For School District Audits
Members of the Board of Education
Williamstown Independent Board of Education
Williamstown, 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 Williamstown Independent Board of Education as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the provisions of Office of Management and Budget Circular A-133, Uniform Guidance for Federal Awards, Audits of States and Local Governments, and Non-Profit Organizations, and the audit requirements prescribed by the Kentucky State Committee for School District Audits. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board as of June 30, 2016 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 8 through 13 and budgetary comparison information on pages 51 and 52 and the Schedules of Proportionate Share of the Net Pension Liability and Schedule of Contributions on pages 53 and 54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2016 on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

Denise M. Keene

Denise M. Keene, CPA
Georgetown, Kentucky
September 28, 2016
Except for Note T, as to which the date is February 27, 2017

**WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
WILLIAMSTOWN, KENTUCKY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2016**

As management of the Williamstown Independent School District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

FINANCIAL HIGHLIGHTS

The beginning cash balance for the District was \$1,383,693.
The ending cash balance for the District was \$1,946,567.

The General Fund had \$6,746,661 in revenue, which primarily consisted of the state program (SEEK), property, utilities, and motor vehicle taxes. Excluding inter-fund transfer, there were \$6,735,089 in General Fund expenditures. This includes on-behalf payments.

The District has given all employees an across the board 2% raise, as well as step and/or rank salary increases.

The District continues to supplement the School Based Scholars' Program at a cost to the district of \$10,000.

The District approved a lease agreement to purchase school owned band instruments in lieu of the usual \$10,000 per year band instrument replacement allocation. The lease option cost to the District was \$18,292.50.

The District continued a building renovation project for enhanced security and the construction of an outer loop road for safer traffic flow, as well as, access to future building projects based on student growth at a cost of approximately 1.2 million dollars.

The District went from a .8 Agriculture teacher to a .6, but added a .2 high school student work co-op coordinator.

The District continues to support a site license for APEX, an on-line curriculum delivery software program.

The District continues a trend in increases in student travel due to extra/co-curricular advancement in state, regional and national competitions.

The District purchased the early childhood literacy software program "Footsteps 2 Brilliance" at a cost of approximately \$43,260 with at least 30% of the cost coming from federal Head Start dollars.

The Board of Education took a .4 tax rate increase thus raising the tax rate from 89.9 to 93.4

The District filed a capital funds request and received KDE approval to use those monies to pay for KISTA bus payments.

The District refinanced its 2007 and 2007B building revenue issues saving the district approximately \$497,942.

The District continues its Energy Management initiative, saving the district an additional \$11,549 over the 2014-15 school year.

The District continues to participate in "Crayons to Computers" saving the District approximately \$131,642 in school supplies.

The District paid \$115,308 on sick day payouts for 7 retirements which was included in the budget.

The District continues to support financially the development of a varsity soccer team by expanding the program from middle school to a high school JV team.

The District is in the 2nd year grant provided for one elementary guidance counselor but received additional money during the year to add a second elementary guidance counselor.

The District added an additional 2nd grade elementary school position during the second semester of the school year.

The District reduced the annual band operation allocation from \$25,000 to \$20,000.
The District is providing additional funding at all school levels for academic and athletic activities.

The District is financially supporting the implementation of an Air and Space Academy at the Williamstown High School in an effort to increase career pathways, as well as, project based STEM opportunities.

The District by raising the drop-out age to 18 received a \$10,000 drop-out prevention planning grant from the state which has been partially used to fund Navigo, a non-profit career counseling service for 9th and 10th grade students. The District hopes to expand the program to include students from grades 8th to 12th.

The District continues a downward enrollment trend going from approximately 860 students in the Fall of 2013 to 810 students in the Fall of 2015.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

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

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

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

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

The basic governmental fund financial statements can be found on pages 16-23 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found on pages 24-49 of this report.

DISTRICT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$1,094,027 as of June 30, 2016.

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

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

Net position for the period ending June 30, 2015 and 2016

2015 District-wide net position compared to 2016 are as follows:

	Net Position (in thousands)					
	Governmental		Business-type		Total	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Assets	\$15,590	\$14,025	\$1,136	\$1,124	\$16,726	\$15,149
Deferred Outflows of Resources	\$924	\$272	\$60	\$31	\$984	\$303
Liabilities	\$15,257	\$13,281	\$346	\$255	\$15,603	\$13,536
Deferred Inflows of Resources	\$163	\$205	\$23	\$28	\$186	\$233
Investment in Capital Assets (net of debt)	\$827	\$1,398	\$1,036	\$1,111	\$1,863	\$2,509
Restricted	581	241	(209)	(239)	372	2
Unrestricted	<u>(314)</u>	<u>(828)</u>	<u>0</u>	<u>0</u>	<u>(314)</u>	<u>(828)</u>
Total Net Position	\$1,094	\$811	\$827	\$872	\$1,921	\$1,683

Budgetary Implications

In Kentucky the public school fiscal year is July 1 - June 30; other programs, i.e. some federal operate on a different fiscal year, but are reflected in the district overall budget. By law the budget must have a minimum 2 percent contingency. The district adopted a budget with \$325,911 in contingency, which is 4.19 percent.

Comments on Budget Comparisons

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

	Changes in Net Position (in thousands)					
	Governmental		Business-type		Total	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenues						
Local Revenue Sources	\$2,189	\$2,021	\$52	\$57	\$2,241	\$2,078
State Revenue Sources	6,287	6,377	61	58	6,348	6,435
Federal Revenue Sources	1,252	1,142	618	407	1,870	1,549
Investments	<u>21</u>	<u>13</u>	<u>0</u>	<u>0</u>	<u>21</u>	<u>13</u>
Total Revenues	9,749	9,553	731	522	10,480	10,075

Expenses	Changes in Net Position (in thousands)			
	Governmental	Business-type	Total	
Instruction	5,293	5,121	5,293	5,121
Student Support Services	412	410	412	410
Instructional Support	600	535	600	535
District Administration	416	339	416	339
School Administration	405	458	405	458
Business Support	221	225	221	225
Plant Operations	608	578	608	578
Student Transportation	507	470	507	470
Facilities Acquisition & Construction	1,627		1,627	0
Community Support	93	93	93	93
Food Service			775	676
Debt Service	<u>6,626</u>	<u>2,979</u>		
Total Expenses	16,808	11,208	775	676
Loss on Assets			(1)	(1)
Bond/Capital Lease proceeds	7,544	1,859		
Transfers	0	(54)	0	54
Change in Net Position	485	150	(45)	(101)
Beginning Net Position	<u>1,399</u>	<u>1,249</u>	<u>872</u>	<u>972</u>
Ending Net Position	\$1,884	\$1,399	\$827	\$871
			\$2,711	\$2,270

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

INFRASTRUCTURE

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

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

Fund	Beginning	Revenues	Expenses	Transfer	Ending
General Fund	\$1,223	\$6,818	\$6,735	\$30	\$1,336
Special Revenue	\$76	\$1,855	\$1,881	\$18	\$68
Capital Outlay	\$0	\$77	\$77	\$0	\$0
Building	\$88	\$651	\$0	(\$651)	\$88
Construction	\$6	\$6	\$1,627	\$2,001	\$386
Debt Service	\$6	\$7,886	\$6,566	(\$1,321)	\$5

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

Governmental	Beginning	Additions	Deductions	Ending
Capital Assets	\$19,789	\$1,679	\$153	\$21,315
Accumulated Depreciation	\$7,335	\$694	\$153	\$7,876
Business-Type				
Capital Assets	\$1,566	\$0	\$8	\$1,558
Accumulated Depreciation	\$455	\$74	\$7	\$522
Bonds Payable	\$10,673	\$7,450	\$5,875	\$12,248
Capital Leases Payable	\$382	\$71	\$152	\$301

CURRENT ISSUES

The enrollment trend has been around 830 students for the past three years. There has not been any growth, in fact, it is possible we are losing a small amount of students each year.

The District went from a .6 Agriculture teacher to a .8 position but eliminated the .2 high school student work co-op coordinator.

The District created a full time Curriculum/Instructional Coach position to serve all grade levels.

The Board reviewed the student out-of-district tuition and raised tuition by \$50 for the 1st child and \$25 for each additional child in the family.

All employees received step and/or rank increases based on the 2015-16 salary schedules.

The District purchased staff work stations at a cost of \$42,500. The library and business lab and some student workstations will receive the replaced staff work stations in an effort to update these areas.

The District is in the 3rd and final grant year provided for two elementary guidance counselors. Moving forward, the district would like to afford 1 counselor in the elementary. This would have to be paid for out of the general fund if the position remained.

The District continues to support the Air & Space Academy at the Williamstown High School to increase career pathways, as well as, project based STEM opportunities.

The District is financially supporting the initiation of a soccer program at the freshman team level. The District hopes to expand the program from middle school to Varsity eventually including an on-site field for home games.

The District would like to obtain items such as a greenhouse, soccer field/track, to enhance student opportunities in the future.

The third base line of the baseball field is slipping and there is significant concrete work to areas of the parking lot/campus that need to be dealt with to ensure safety of students, staff, and community members.

The District is beginning a study of all salary schedules.

Will the opening of the Ark Encounter help raise the tax revenue for our district? I do believe our board members are not in favor of raising taxes, but in lowering the tax rate if there are additional areas to generate revenue.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Board's finances and to reflect the Board's accountability for the monies it receives. Questions about this report or additional financial information needs should be directed to the Superintendent, Misty Middleton, or to the Treasurer, LeAnn Collins, 859-824-7144, or by mail at 300 Helton Street Williamstown, Ky 41097.

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
DISTRICT WIDE
As of June 30, 2016

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and equivalents - Note C	\$1,805,845	\$84,200	\$1,890,045
Accounts receivable	243,421		243,421
Inventory		15,188	15,188
Prepaid expenditures	102,609		102,609
Capital assets			
Land and construction in progress	1,630,931		1,630,931
Other capital assets, net of depreciation	<u>11,807,680</u>	<u>1,035,912</u>	<u>12,843,592</u>
Total capital assets	13,438,611	1,035,912	14,474,523
TOTAL ASSETS	15,590,486	1,135,300	16,725,786
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows from pension contributions	134,729	29,865	164,594
Deferred outflows from pension changes, expectations	200,397	30,263	230,660
Deferred outflows from advanced bond refundings	<u>588,928</u>		<u>588,928</u>
Total Deferred outflows	924,054	<u>60,128</u>	984,182
LIABILITIES			
Accounts payable	\$106,789	\$	106,789
Judgments payable	24,476		24,476
Unearned revenues	136,647		136,647
Interest payable	62,803		62,803
Long-term Liabilities			
Due within 1 year	989,769		989,769
Due in more than 1 year	11,646,787		11,646,787
Pension Liability	<u>2,289,585</u>	<u>345,757</u>	<u>2,635,342</u>
TOTAL LIABILITIES	\$15,256,856	\$345,757	\$15,602,613
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows from pension	163,657	22,743	186,400
NET POSITION			
Net investment in capital assets	\$827,048	\$1,035,912	1,862,960
Restricted			
Food Service		198,776	198,776
Other		(407,760)	(407,760)
Accrued sick leave	33,392		33,392
SFCC Escrow Current	87,835		87,835
Future Construction Projects	386,353		386,353
Debt Service	5,228		5,228
District Activity Funds	68,589		68,589
Unrestricted	<u>(314,418)</u>		<u>(314,418)</u>
TOTAL NET POSITION	\$1,094,027	\$826,928	\$1,920,955

See accompanying notes

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
DISTRICT WIDE

For the year ended June 30, 2016

FUNCTIONS/PROGRAMS

Governmental Activities

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Net (Expense) Revenue and Changes in Net Position
Instruction	\$5,911,402	\$81,688	\$1,355,802		(\$4,473,912)		\$ (4,473,912)
Support services:							
Student	416,890		126,152		(290,738)		(290,738)
Instruction staff	608,956		23,295		(585,661)		(585,661)
District administrative	430,595				(430,595)		(430,595)
School administrative	410,151				(410,151)		(410,151)
Business	220,816		32,791		(188,025)		(188,025)
Plant operation and maintenance	771,570		45,484		(726,086)		(726,086)
Student transportation	594,029		169,665		(424,364)		(424,364)
Community service activities	93,100		92,990		(110)		(110)
Interest on long-term debt	31,905		8,740	23,165	0		0
Total governmental activities	9,489,414	81,688	1,854,919	23,165	(7,529,642)		(7,529,642)

Business-type Activities

Food service	774,233	51,810	678,989			(43,434)	(43,434)
Total business-type activities	774,233	51,810	678,989			(43,434)	(43,434)
Total school district	\$10,263,647	\$133,498	\$2,533,908	\$23,165	(\$7,529,642)	(\$43,434)	(\$7,573,076)

General Revenues

Property taxes	\$1,440,134						\$1,440,134
Motor Vehicle taxes	100,793						100,793
Utility taxes	216,786						216,786
State aid-formula grants	5,959,902						5,959,902
Investment earnings	20,377					280	20,657
Loss on sale of assets	(353)					(1,479)	(1,832)
Transfers	0						0
Miscellaneous	74,217						74,217
Total general & special	7,811,856					(1,199)	7,810,657
Change in net positions	282,214					(44,633)	237,581
Net position - beginning	811,813					871,561	1,683,374
Net position - ending	\$1,094,027					\$826,928	\$1,920,955

See accompanying notes

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
As of June 30, 2016

	General Fund	Special Revenue Fund	Construction Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$1,179,783	\$55,924	\$477,075	\$5,228	\$87,835	\$1,805,845
Other receivables	94,109	149,312				243,421
Prepaid expenditures	<u>102,609</u>					<u>102,609</u>
TOTAL ASSETS	\$1,376,501	\$205,236	\$477,075	\$5,228	\$87,835	\$2,151,875
LIABILITIES						
Accounts payable	\$16,067	\$0	\$90,722	\$0	\$0	\$106,789
Unearned revenues		136,647				136,647
Judgments payable	<u>24,476</u>					<u>24,476</u>
TOTAL LIABILITIES	40,543	136,647	90,722	\$0	\$0	267,912
Fund Balances						
Nonspendables						
Prepays	102,609					102,609
Restricted						
Sick Leave Payable	33,392					33,392
SFCC Escrow Current					87,835	87,835
Future Construction Projects			386,353			386,353
Debt Service				5,228		5,228
Committed						
Other		68,589				68,589
Unassigned	<u>1,199,957</u>					<u>1,199,957</u>
Total fund balances	1,335,958	68,589	386,353	5,228	87,835	1,883,963
TOTAL LIABILITIES AND FUND BALANCE	\$1,376,501	\$205,236	\$477,075	\$5,228	\$87,835	\$2,151,875

See accompanying notes

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO
 THE STATEMENT OF NET POSITION
 As of June 30, 2016

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

Total Fund Balance - Governmental Funds	\$1,883,963
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	13,438,611
Deferred outflows of resources	924,054
Certain liabilities are not reported in this fund financial statement because they are not due and payable, but they are presented in the statement of net position	
Deferred inflows of resources	(163,657)
Pension Liability	(2,289,585)
Bonds Payable	(12,247,882)
Capital Leases Payable	(300,878)
Judgments Liability	(21,010)
Accrued Interest on Bonds	(62,803)
Accumulated Sick Leave	<u>(66,786)</u>
Total Net Position - Governmental Activities	\$1,094,027

See accompanying notes

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the year ended June 30, 2016

	General Fund	Special Revenue Fund	Construction Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
From local sources						
Property taxes	\$1,185,905	\$		\$	\$254,229	\$1,440,134
Motor vehicle taxes	100,793					100,793
Utility tax	216,786					216,786
Earnings on investments	13,927	704	6,450			21,081
Other local revenues	133,517	297,821				431,338
Intergovernmental - State	5,095,733	304,051		413,571	473,763	6,287,118
Intergovernmental - Federal		<u>1,252,343</u>				<u>1,252,343</u>
Total revenues	<u>6,746,661</u>	<u>1,854,919</u>	<u>6,450</u>	<u>413,571</u>	<u>727,992</u>	<u>9,749,593</u>
Expenditures						
Instruction	3,911,124	1,381,667				5,292,791
Support services						
Student	285,702	126,152				411,854
Instruction staff	576,381	23,295				599,676
District administration	416,120					416,120
School administration	405,471					405,471
Business	187,721	32,791				220,512
Plant operation and maintenance	562,705	45,484				608,189
Student transportation	337,816	169,665				507,481
Community service activities		92,990				92,990
Site Improvement			1,626,523			1,626,523
Debt service	<u>52,049</u>	<u>8,740</u>		<u>6,350,392</u>		<u>6,411,181</u>
Total expenditures	<u>6,735,089</u>	<u>1,880,784</u>	<u>1,626,523</u>	<u>6,350,392</u>	<u>0</u>	<u>16,592,788</u>
Excess(deficit)of revenues over expenditures	11,572	(25,865)	(1,620,073)	(5,936,821)	727,992	(6,843,195)
Other Financing Sources (Uses)						
Bond and Capital Lease proceeds	71,455			7,450,000		7,521,455
Payment to Refunded Bond Escrow Agent				(215,251)		
Bond Premium and Accrued Interest				22,388		22,388
Operating transfers in	48,328	22,870	2,000,558	679,698		2,751,454
Operating transfers out	<u>(18,370)</u>	<u>(4,500)</u>		<u>(2,000,592)</u>	<u>(727,992)</u>	<u>(2,751,454)</u>
Total other financing sources (uses)	101,413	18,370	2,000,558	5,936,243	(727,992)	7,543,843
Change in Fund Balance on Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds	112,985	(7,495)	380,485	(578)	0	485,397
Fund balance, July 1, 2015	<u>1,222,973</u>	<u>76,084</u>	<u>5,868</u>	<u>5,806</u>	<u>87,835</u>	<u>1,398,566</u>
Fund balance, June 30, 2016	\$1,335,958	\$68,589	\$386,353	\$5,228	\$87,835	\$1,883,963

See accompanying notes

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO
 THE DISTRICT-WIDE STATEMENT OF ACTIVITIES
 For The Year Ended June 30, 2016

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

Total net change in fund balances - governmental funds \$485,397

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.

	Depreciation Expense	(693,434)	
	Capital Outlays	<u>1,678,998</u>	985,564

Loss on sale of assets (353)

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

	Repayment of Bond Principal		5,875,102
	Proceeds from Bonds		(7,450,000)

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

	Repayment of Capital Lease Principal		152,546
	Proceeds from Capital Lease		(71,455)

	Deferred Outflows		652,205
	Deferred Inflows		40,914

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.

	Change in Pension Liability		(454,589)
	Change in Accrued Interest		(22,049)
	KSBIT liability		24,476
	Change in Sick Leave		<u>64,456</u>

Total Change in Net Position - Governmental Activities \$282,214

See accompanying notes

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 As of June 30, 2016

	Business-Type Activities Enterprise Funds Food Service <u>Fund</u>
ASSETS	
Cash in Bank	\$84,200
Inventory	15,188
Capital Assets, net of depreciation	<u>1,035,912</u>
TOTAL ASSETS	\$1,135,300
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows from pension	\$60,128
LIABILITIES	
Pension liability - Long term	\$345,757
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows from pension	\$22,743
NET POSITION	
Net Investment in Capital Assets	1,035,912
Restricted - Other	(407,760)
Restricted Net Position	<u>198,776</u>
TOTAL NET POSITION	\$826,928

See accompanying notes

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For The Year Ended June 30, 2016

	Business-Type Activities Enterprise Funds Food Service <u>Fund</u>
OPERATING REVENUES	
Lunchroom sales	<u>\$51,810</u>
Total Operating Revenues	51,810
OPERATING EXPENSES	
Salaries and wages	351,680
Contract services	14,416
Materials and supplies	334,101
Miscellaneous	465
Depreciation	<u>73,571</u>
Total Operating Expenses	774,233
Operating income (loss)	(722,423)
NON-OPERATING REVENUES (EXPENSES)	
Federal grants	589,055
Commodities received	29,027
State grants	5,008
State on-behalf payments	55,899
Interest income	280
Gain (Loss) on Assets	<u>(1,479)</u>
Non-operating revenues (expenses)	677,790
Net income (loss)	(44,633)
Increase (decrease) in Net Position	(44,633)
Net Position, July 1, 2015	<u>871,561</u>
Net Position, June 30, 2016	\$826,928

See accompanying notes

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For The Year Ended June 30, 2016

Business-Type Activities
Enterprise Funds
Food
Service
Fund

CASH FLOW FROM OPERATING ACTIVITIES

Cash received from customers	\$51,810
Cash paid to employees, including benefits	(239,779)
Cash paid to suppliers	<u>(322,174)</u>
Net cash provided by operating activities	(510,143)

CASH FLOW FROM NONCAPITAL
FINANCING ACTIVITIES

Cash received from government funding	<u>594,063</u>
Net cash provided from capital and related financing activities	594,063

CASH FLOW FROM CAPITAL AND RELATED
FINANCING ACTIVITIES

Interest income	<u>280</u>
Net cash provided from capital and related financing activities	280

Net increase (decrease) in cash 84,200

Cash and equivalents, July 1, 2015 0

Cash and equivalents, June 30, 2016 \$84,200

Reconciliation of Operating income (loss) to Net Cash

Provided by Operating Activities	
Operating income (loss)	(\$722,423)
Adjustments to reconcile net income to cash provided by operating activities	
Depreciation	73,571
On-behalf payments	55,899
Commodities used	29,027
(Increase) Decrease in inventory	(2,219)
(Increase) Decrease in Deferred outflows	(29,065)
Increase (Decrease) in Deferred inflows	(5,686)
Increase (Decrease) in Pension Liability	<u>90,753</u>
Net cash provided by operating activities and increase in cash and equivalents	(\$510,143)

Schedule of Non-Cash Financing Activities

Donated commodities	\$29,027
On Behalf payments	\$55,899

See accompanying notes

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
As of June 30, 2016

	Agency Fund
ASSETS	
Cash and equivalents	\$56,522
Accounts receivable	<u>0</u>
TOTAL ASSETS	\$56,522
LIABILITIES	
Accounts payable	\$158
Due to student groups	<u>56,364</u>
TOTAL LIABILITIES	\$56,522

See accompanying notes

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

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

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

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

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

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

Basis of Presentation

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

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

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2016

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

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

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

The District has the following funds:

I. Governmental Fund Types

- (A) The General Fund (Fund 1) is the primary operating fund of the District. It accounts for and reports all financial resources not accounted for and reported in another fund. This is a budgeted fund and any unrestricted fund balances are considered as resources available for use. This is a major fund of the District.
- (B) The Special Revenue Fund (Fund 2 and 21) accounts for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. It includes federal financial programs where unused balances are returned to the grantor at the close of specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally-funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report. This is a major fund of the District.

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2016

- (C) Capital Project Funds are used to account for and report financial resource that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.
1. The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund (Fund 310) receives those funds designated by the state as Capital Outlay Funds and is restricted for use in financing projects identified in the district's facility plan.
 2. The Facility Support Program of Kentucky (FSPK) Fund (Fund 320) 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 (Fund 360) includes Capital Projects Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction and/or renovations.

II. Debt Service Fund

The Debt Service Fund (Fund 400) is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds are used to report resources if legally mandated. Financial resources that are being accumulated for principal and interest maturing in future years are reported in debt service funds. This is a major fund for the current year.

III. Proprietary Funds (Enterprise Fund)

1. The School Food Service Fund (Fund 51) is used to account for school food service activities, including the National School Lunch Program, which is conducted in cooperation with the U.S. Department of Agriculture (USDA). This is a major fund for the District.

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

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

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2016

V. Permanent Funds

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

Basis of Accounting

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

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

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

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

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

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

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

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2016

Property Taxes

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

The property tax rates assessed for the year ended June 30, 2016, to finance operations were \$.934 per \$100 valuation for real property, \$.934 per \$100 valuation for business personal property and \$.591 per \$100 valuation for motor vehicles.

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

Fund Balance Classification Policies and Procedures

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

Nonspendable Fund Balance

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

Restricted Fund Balance

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

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

Committed Fund Balance

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

Assigned Fund Balance

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

Unassigned Fund Balance

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

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

Interfund Balances

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

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2016

Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of five thousand dollars with the exception of computers, digital cameras and real property for which there is no threshold. The District does not possess any infrastructure. Improvements are capitalized; the cost of, normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

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

Accumulated Unpaid Sick Leave Benefits

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

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

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

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

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2016

Budgetary Process

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

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

Cash and Cash Equivalents

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

Inventories

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

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

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

Prepaid Assets

Payments made that will benefit periods beyond June 30, 2016 are recorded as prepaid items using the consumption method. Prepaid assets are only recorded if material to the financial statements.

Pensions

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

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2016

Accrued Liabilities and Long-Term Obligations

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

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

Net Position

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

Operating Revenues and Expenses

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

Contributions of Capital

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

Subsequent Events

The District has evaluated and considered the need to recognize or disclose subsequent events through September 28, 2016, which represents the date that these financial statements were available to be issued. Subsequent events past this date, as they pertain to the fiscal year ended June 30, 2016, have not been evaluated by the District.

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2016

Interfund Activity

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

Uses of Estimates

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

Encumbrances

Encumbrances are not liabilities and therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end and outstanding encumbrances at year-end are reappropriated in the next year. Accordingly, no differences exist between actual results and the applicable budgetary data presented in the accompanying combined financial statements.

NOTE B – PROPERTY TAX CALENDAR

Property taxes for fiscal year 2016 were levied on the assessed valuation of property located in the School District as of January 1, 2015 lien date. The due date and collection periods for all taxes exclusive of vehicle taxes are as follows:

Description	per KRS 134.015
Discount, 2%	by November 1
Face value amount payment date	November 2 thru December 31
Delinquent date, 5% penalty	January 1 -31
Delinquent date, 10% penalty	February 1

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

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2016

NOTE C – CASH AND CASH EQUIVALENTS

At year-end, the carrying amount of the District's total cash and cash equivalents was \$1,946,567. Of the total cash balance \$250,000 was covered by Federal Depository insurance, with the remainder covered by collateral agreements and collateral held by the pledging banks' trust departments in the District's name. Cash equivalents are funds temporarily invested in securities with a maturity of 90 days or less.

Cash and cash equivalents at June 30, 2016 consisted of the following:

	Bank Balance	Book Balance
General Checking Account		
General Fund	\$	\$ 1,179,783
Fund 2		55,924
Fund 310		0
Fund 320		87,835
Fund 360		477,075
Fund 51		<u>84,200</u>
Total General Checking Account	2,507,975	1,884,817
Agency Funds	57,663	56,522
Debt Service Funds	<u>5,228</u>	<u>5,228</u>
TOTALS	\$ 2,570,866	\$1,946,567

Breakdown per financial statements:

Governmental Funds	\$ 1,805,845
Proprietary Funds	84,200
Agency Funds	<u>56,522</u>
TOTALS	\$ 1,946,567

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

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

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

Custodial credit risk – deposits. For deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned. The District maintains deposits with financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). As allowed by law the depository bank should pledge securities along with FDIC insurance at least equal to the amount on deposit at all times. As of June 30, 2016, the District's deposits are entirely insured and/or collateralized with securities held by the financial institutions on the District's behalf and the FDIC insurance.

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2016

NOTE D – CAPITAL ASSETS

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

Governmental Activities	July 1, 2015	Additions	Retirements	June 30,2016
Land	95,130			95,130
Land Improvements	559,233			559,233
Building & Building Improve	16,696,387			16,696,387
Technology Equipment	759,800	27,199	96,962	690,037
Vehicles	1,139,172		55,906	1,083,266
General Equipment	539,356	115,998		655,354
Construction in Process	<u>0</u>	<u>1,535,801</u>	<u>0</u>	<u>1,535,801</u>
Totals at historical cost	19,789,078	1,678,998	152,868	21,315,208
Accumulated Depreciation				
Land Improvements	340,091	22,833		362,924
Building & Building Improve	5,243,008	469,250		5,712,258
Technology Equipment	575,033	77,424	96,609	555,848
Vehicles	793,589	83,815	55,906	821,498
General Equipment	<u>383,957</u>	<u>40,112</u>	<u>0</u>	<u>424,069</u>
Total accumulated depreciation	7,335,678	693,434	152,515	7,876,597
Capital Assets – Net	12,453,400	985,564	(353)	13,438,611
Business-Type Activities				
Building & Building Improve	1,240,025			1,240,025
Technology Equipment	0			0
General Equipment	<u>325,976</u>		<u>8,330</u>	<u>317,646</u>
Totals at historical cost	1,566,001		8,330	1,557,671
Accumulated Depreciation				
Building & Building Improve	293,320	49,601		342,921
Technology Equipment	0			0
General Equipment	<u>161,719</u>	<u>23,970</u>	<u>6,851</u>	<u>178,838</u>
Total accumulated depreciation	455,039	73,571	6,851	521,759
Capital Assets – Net	1,110,962	(73,571)	(1,479)	1,035,912

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2016

NOTE D – CAPITAL ASSETS (continued)

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

Instruction	\$ 409,620
Support Services	
Student	5,036
Instructional staff	9,280
District administration	14,475
School administration	4,680
Business	304
Plant operations & maintenance	163,381
Student transportation	86,548
Community services	<u>110</u>
Total Depreciation expense, governmental activities	693,434

NOTE E – BONDED DEBT AND LEASE OBLIGATIONS

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

Issue Date	Proceeds	Rates
2007	3,070,000	3.625% - 3.90%
2007B	4,995,000	3.50% - 4.00%
2009	1,355,000	1.70% - 4.20%
2009R KISTA	1,271,202	1.00% - 3.25%
2012R	1,235,000	1.70% - 4.20%
2015R	1,820,000	1.00% - 2.50%
2015	2,040,000	1.00% - 3.75%
2016R	5,410,000	2.00%

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

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

On June 1, 2016 the District issued \$5,410,000 in Refunding Revenue Bonds, to partially refinance the 2007A and B Series. The estimated savings from the refinancing is \$497,948. On August 1, 2015, the District issued \$2,040,000 in bonds for a construction project.

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2016

NOTE E – BONDED DEBT AND LEASE OBLIGATIONS (continued)

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

	Beginning Balance	Additions	Payments	Ending Balance
Bonds	\$10,672,984	\$7,450,000	\$5,875,102	\$12,247,882
Capital Leases	\$381,969	\$71,455	\$152,546	\$300,878
Sick Leave	\$131,242	\$50,853	\$115,309	\$66,786

The bonds may be called prior to maturity and redemption premiums are specified in each issue. Assuming no bonds are called prior to scheduled maturity, the minimum obligations of the District, including amounts to be paid by the Commission, at June 30, 2016 for debt service (principal and interest) are as follows:

Fiscal Year	WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT		KENTUCKY SCHOOL CONSTRUCTION COMMISSION		Total
	Principal	Interest	Principal	Interest	
2016-2017	495,024	179,176	377,169	107,238	1,158,607
2017-2018	501,696	168,806	376,578	98,718	1,145,798
2018-2019	516,746	157,500	385,669	89,628	1,149,543
2019-2020	528,105	147,049	346,895	82,443	1,104,492
2020-2021	536,411	136,188	353,589	75,752	1,101,940
2021-2026	2,853,024	496,251	1,806,976	267,535	5,423,786
2026-2031	1,595,410	161,640	834,590	103,726	2,695,366
2031-2036	<u>363,922</u>	<u>34,204</u>	<u>376,078</u>	<u>34,278</u>	<u>808,482</u>
TOTALS	7,390,338	1,480,814	4,857,544	859,318	14,588,014

NOTE F – CAPITAL LEASE PAYABLE

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

<u>Classes of Property</u>	<u>Book value as of June 30, 2016</u>
Buses & Equipment	\$ 344,496

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, 2016:

<u>Year Ending June 30,</u>	<u>Capital Lease Payable</u>
2017	\$ 128,951
2018	92,806
2019	61,643
2020	34,491
2021	15,867
Thereafter	<u>0</u>
Total minimum lease payments	333,758
Less: Amount representing interest	<u>(32,881)</u>
Present Value of Net Minimum Lease Payments	\$ <u>300,877</u>

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2016

NOTE G – COMMITMENTS UNDER NONCAPITALIZED LEASES

The District had no commitments under operating lease agreements as of June 30, 2016.

NOTE H – CONTINGENCIES

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

NOTE I – INSURANCE AND RELATED ACTIVITIES

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

NOTE J – ACCUMULATED UNPAID SICK LEAVE BENEFITS

Upon retirement from the school system, an employee will receive from the district an amount equal to 30% of the value of accumulated sick leave. At June 30, 2016, this amount totaled \$66,785 of which \$33,392 is restricted in the current year fund balance of the General Fund.

NOTE K – INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2016, consisted of the following:

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

NOTE L – RISK MANAGEMENT

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

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2016

NOTE M – DEFICIT OPERATING/FUND BALANCES

Funds with a current year deficit of revenues over expenditures

Fund 21	(7,495)
Fund 51	(44,633)

NOTE N – COBRA

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

NOTE O – TRANSFER OF FUNDS

The following transfers were made during the year.

Type	From Fund	To Fund	Purpose	Amount
Operating	1	2	KETS Matching	\$ 18,370
Operating	2	2	Flex Focus	4,500
Close Account	400	1	Close Account	34
Debt Service	320	400	Bond Payment	603,154
Debt Service	310	400	Bond Payment	76,543
Capital Funds	320	1	Capital Funds	48,295
Construction	400	360	Construction	2,000,558

NOTE P – ON-BEHALF PAYMENTS

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

Health Insurance	\$ 869,571
Life Insurance	1,461
Administrative Fees	10,746
HRA/Dental/Vision	53,025
Federal Reimbursement	(158,426)
Techology	46,847
KTRS	525,560
KISTA Capital Lease	55,062
SFCC Debt Service	<u>358,509</u>
Total	\$1,762,355
Fund 1 On Behalf Payments	\$1,292,885
Fund 51 On Behalf Payments	55,899
Fund 400	<u>413,571</u>
Total	\$1,762,355

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2016

NOTE Q – KSBIT JUDGMENT

On June 4, 2014, the Franklin Circuit Court issued an order instructing the Rehabilitator to assess the former members of the Kentucky School Boards Insurance Trust Workers' Compensation Fund. The District was assessed \$56,027. The District has elected to pay 25% by August 31, 2014, and the balance in equal installments for 4 years.

On July 17, 2014 the Franklin Circuit Court issued an order instructing the Rehabilitator to assess the former members of the Kentucky School Boards Insurance Trust Property & Liability Fund. The District was assessed \$46,568. The District has elected to pay 40% by September 15, 2014, and the balance in equal installments for 2 years.

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

<u>Year Ending</u> <u>June 30,</u>	<u>Amount</u>
2017	\$ 24,476
2018	10,505
2019	<u>10,505</u>
Total	\$ 45,486

NOTE R – GASB 68 AND 71

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

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2016

NOTE S – RETIREMENT PLANS

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

Plan Description – Teaching-certified employees of the District are provided pensions through the Teachers' Retirement System of the State of Kentucky (TRS) – a cost-sharing multiple-employer defined benefit pension plan with a special funding situation established to provide retirement annuity plan coverage for local school districts and other public education agencies in the state. 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 <http://www.trs.ky.gov/financial-reports-information>.

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

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

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

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

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

Contributions - Contribution rates are established by Kentucky Revised Statutes (KRS). Non-university members are required to contribute 12.855% of their salaries to the System.

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2016

NOTE S – RETIREMENT PLANS (continued)

The Commonwealth of Kentucky, as a non-employer contributing entity, pays matching contributions of the amount 13.105% of salaries for local school district and regional cooperative employees hired before July 1, 2008 and 14.105% for those hired after July 1, 2008. For local school district and regional cooperative members whose salaries are federally funded, the employer contributes 16.105% of salaries. If an employee leaves covered employment before accumulating five (5) years of credited service, accumulated employee pension contributions plus interest are refunded to the employee upon the member's request.

Medical Insurance Plan

Plan description - In addition to the pension benefits described above, 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. 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.

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

Funding policy – In order to fund the post-retirement healthcare benefit, seven and one-half percent (7.50%) of the gross annual payroll of members before July 1, 2008 is contributed. Three percent (3.00%) is paid by member contributions and three quarters percent (.75%) from state appropriation and three percent (3.00%) from the employer. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

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

At June 30, 2016, the Kentucky School District did not report a liability for its proportionate share of the net pension liability because the State of Kentucky provides the pension support directly to TRS on behalf of the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

State's proportionate share of the net pension liability associated with the District	<u>\$ 26,674,904</u>
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WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2016

NOTE S – RETIREMENT PLANS (continued)

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2015, the District's proportion was 0.1092 percent.

For the year ended June 30, 2016, the District recognized pension expense of \$525,560 and revenue of \$525,560 for support provided by the State.

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

Investment rate of return	7.50%, net of pension plan investment expense, including inflation.
Projected salary increases	4.00 – 8.20%, including inflation
Inflation rate	3.50%
Municipal Bond Index Rate	3.82%
Single Equivalent Interest Rate	4.88%

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

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

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2016

NOTE S – RETIREMENT PLANS (continued)

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

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

Discount rate - The discount rate used to measure the total pension liability was 4.88%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Employer contributions will be made at statutorily required rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members until the 2039 plan year. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments through 2038 and a municipal bond index rate of 3.88% was applied to all periods of projected benefit payments after 2038. The Single Equivalent Interest Rate (SEIR) that discounts the entire projected benefit stream to the same amount as the sum of the present values of the two separate benefit payment streams was used to determine the total pension liability.

The following table presents the District’s proportionate share of the net pension liability of the System, calculated using the discount rate of 4.88%, 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 (3.88%) or 1-percentage-point higher (5.88%) than the current rate (\$ thousands):

	1% Decrease (3.88%)	Current Discount Rate (4.88%)	1% Increase (5.88%)
System's net pension liability	\$33,200	\$26,675	\$21,275

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2016

NOTE 5 – RETIREMENT PLANS (continued)

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

June 30, 2015 is the actuarial valuation date upon which the TPL is based. An expected TPL is determined as of June 30, 2015 using standard roll forward techniques. The procedure used to determine the TPL as of June 30, 2015 is shown on page 5 of the GASB 67 report for KTRS submitted on December 4, 2015.

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

KENTUCKY RETIREMENT SYSTEM

County Employees Retirement System (CERS)

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

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

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

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

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2016

NOTE S – RETIREMENT PLANS (continued)

At June 30, 2016, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2015. An expected total pension liability as of June 30, 2015 was determined using standard roll-forward techniques. The District's proportion of the net pension liability was based on contributions to CERS during the fiscal year ended June 30, 2015. At June 30, 2015, the District's proportion was .06129%.

For the year ended June 30, 2016, the District recognized pension expense of \$264,381. At June 30, 2016, the District reported deferred outflows of resources for District contributions subsequent to the measurement date of \$164,594 deferred outflows of resources for changes in assumptions and expectations of \$230,660 was also reported and deferred inflows of resources related to pensions from the net difference between projected and actual earnings on pension plan investments in the amount of \$186,400.

District contributions subsequent to the measurement date of \$194,857 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to CERS will be recognized in pension expense as follows:

<u>Year</u>	Inflows	Outflows
2017	\$46,600	\$ 79,024
2018	46,600	79,024
2019	46,600	37,413
2020	<u>46,600</u>	<u>35,199</u>
Total	<u>\$186,400</u>	<u>\$ 230,660</u>

Actuarial Methods and Assumptions: The total pension liability for CERS was determined by applying procedures to the actuarial valuation as of June 30, 2015. The financial reporting actuarial valuation as of June 30, 2015, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2015
Experience Study	July 1, 2008 – June 30, 2013
Remaining Amortization Period	28 years
Inflation	3.25%
Salary Increase	4.0%, average, including inflation
Investment Rate of Return	7.50%, net of pension plan investment expense, including inflation

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2016

NOTE S – RETIREMENT PLANS (continued)

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 long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years for KRS. The most recent analysis, performed for the period covering fiscal years 2008 through 2013, is outlined in a report dated April 30, 2014. Several factors are considered in evaluating the long-term rate of return assumption including long term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense, and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Combined Equity	44.0%	5.40%
Combined Fixed Income	19.0%	1.50%
Real Return (Diversified		
Inflation Strategies)	10.0%	3.50%
Real Estate	5.0%	4.50%
Absolute Return (Diversified		
Hedge Funds)	10.0%	4.25%
Private Equity	10.0%	8.50%
Cash Equivalent	<u>2.0%</u>	-0.25%
	<u>100.0%</u>	

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2016

NOTE S – RETIREMENT PLANS (continued)

Discount Rate: The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 28 year amortization period of the unfunded actuarial accrued liability. The actuarial determined contribution rate is adjusted to reflect the phase in of anticipated gains on actuarial value of assets over the first four years of the projection period.

The Schedule of Deferred Inflows and Outflows, and Pension Expense include only certain categories of deferred outflows of resources and deferred inflows of resources. These include differences between expected and actual experience, changes of assumptions and differences between projected and actual earnings on plan investments. The Schedule does not include deferred outflows/inflows of resources for changes in the employer's proportionate share of contributions or employer contributions made subsequent to the measurement date. The net pension liability as of June 30, 2016, is based on the June 30, 2015, actuarial valuation for the first year of implementation. As a result, there are no differences between expected and actual experience or changes in assumptions subject to amortization. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed five year period.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate: The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.50 %, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 %) or 1-percentage-point higher (8.50 %) than the current rate:

	1% Decrease <u>(6.50%)</u>	Current discount rate <u>(7.50%)</u>	1% Increase <u>(8.50%)</u>
District's proportionate share of the net pension liability	\$ 3,364,134	\$ 2,635,342	\$ 2,010,894

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

Payables to the pension plan: At June 30, 2016 the District had payables to CERS in the amount of \$0 for June's covered payroll with contributions required to be paid in July.

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2016

NOTE S – RETIREMENT PLANS (continued)

Since the prior measurement date, the demographic and economic assumptions that affect the measurement of the total pension liability have been updated. The changes are noted below:

The assumed investment rate of return was decreased from 7.75% to 7.5%.
 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.

NOTE T – REISSUANCE

The financial statements were issued to correct the following:

Page 18 – Debt Service Fund	Original	Corrected	Change
Expenditures			
Debt Service	\$6,565,643	\$6,350,392	\$(215,251)
Other Financing Sources (Uses)			
Payment to Refunded Bond Escrow Agent	\$ 0	\$(215,251)	\$ 215,251

SUPPLEMENTARY INFORMATION

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
 For The Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Taxes	1,300,020	1,415,030	1,503,485	88,455
Other Local Sources	96,100	106,100	147,443	41,343
State Sources	<u>5,190,482</u>	<u>5,187,460</u>	<u>5,095,733</u>	<u>(91,727)</u>
TOTAL REVENUES	6,586,602	6,708,590	6,746,661	38,071
EXPENDITURES				
Instruction	3,996,633	4,094,989	3,911,124	183,865
Support Services				
Student	325,658	342,266	285,702	56,564
Instructional Staff	583,018	613,021	576,381	36,640
District Administration	481,111	505,551	416,120	89,431
School Administration	431,230	435,606	405,471	30,135
Business	192,822	199,181	187,721	11,460
Plant Operation and Maintenance	682,243	747,161	562,705	184,456
Student Transportation	412,337	431,500	337,816	93,684
Food Service	10,000	30,000	0	30,000
Community Service Operations	500	500	0	500
Facilities and Construction	5,000	5,000	0	5,000
Contingency	200,000	325,911	0	325,911
Debt Service	<u>52,050</u>	<u>52,050</u>	<u>52,049</u>	<u>1</u>
TOTAL EXPENDITURES	7,372,602	7,782,736	6,735,089	1,047,647
Excess (Deficit) of Revenues Over Expenditures	(786,000)	(1,074,146)	11,572	1,085,718
OTHER FINANCING SOURCES (USES)				
Capital Lease Proceeds	0	0	71,455	71,455
Operating Transfers In	0	48,295	48,328	33
Operating Transfers Out	<u>(14,000)</u>	<u>(19,200)</u>	<u>(18,370)</u>	<u>830</u>
TOTAL OTHER FINANCING SOURCES (USES)	(14,000)	29,095	101,413	72,318
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	(800,000)	(1,045,051)	112,985	1,158,036
Fund Balance, July 1, 2015	<u>800,000</u>	<u>1,045,051</u>	<u>1,222,973</u>	<u>177,922</u>
Fund Balance, June 30, 2016	\$0	\$0	\$1,335,958	\$1,335,958

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE FOR SPECIAL REVENUE
 For The Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Favorable <u>(Unfavorable)</u>
REVENUES				
State Sources	\$314,966	\$321,993	\$304,051	(17,942)
Federal Sources	1,220,912	1,384,365	1,252,343	(132,022)
Local Sources	<u>214,216</u>	<u>229,029</u>	<u>298,525</u>	<u>69,496</u>
TOTAL REVENUES	1,750,094	1,935,387	1,854,919	(80,468)
EXPENDITURES				
Instruction	1,384,925	1,412,472	1,381,667	30,805
Support Services				
Student	122,747	282,595	126,152	156,443
Instructional Staff	25,380	25,380	23,295	2,085
School Administration	790	790		790
Business	28,000	36,740	32,791	3,949
Plant Operations & Maintenance	0	0	45,484	(45,484)
Student Transportation	165,627	166,090	169,665	(3,575)
Debt Service	8,625	8,625	8,740	(115)
Community Service Operations	<u>93,102</u>	<u>97,149</u>	<u>92,990</u>	<u>4,159</u>
TOTAL EXPENDITURES	1,829,196	2,029,841	1,880,784	149,057
Excess (Deficit) of Revenues Over Expenditures	(79,102)	(94,454)	(25,865)	68,589
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	14,000	22,870	22,870	0
Operating Transfers Out		<u>(4,500)</u>	<u>(4,500)</u>	<u>0</u>
TOTAL OTHER FINANCING SOURCES (USES)	14,000	18,370	18,370	0
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	(65,102)	(76,084)	(7,495)	68,589
Restricted Fund Balance, July 1, 2015	<u>65,102</u>	<u>76,084</u>	<u>76,084</u>	<u>0</u>
Restricted Fund Balance, June 30, 2016	\$0	\$0	\$68,589	\$68,589

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 For The Year Ended June 30, 2016

	2016	2015
District's proportion of the net pension liability (asset)		
TRS	\$0	\$0
CERS	<u>\$2,635,342</u>	<u>\$2,090,000</u>
Total	\$2,635,342	\$2,090,000
District's proportionate share of the net pension liability (asset)		
TRS	0	0
CERS	0.06129%	0.064419%
State's proportionate share of the net pension liability (asset) associated with the District		
TRS	\$26,674,904	\$23,805,933
District's covered employee payroll		
TRS	\$3,492,822	\$3,630,542
CERS	\$1,440,821	\$1,582,006
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll		
TRS	0	0
CERS	182.91%	132.11%

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

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT PENSION CONTRIBUTIONS
 For The Year Ended June 30, 2016

	2016	2015	2014	2013
Contractually required contributions				
TRS	\$525,928	\$560,994	\$458,423	\$452,990
CERS	<u>\$183,002</u>	<u>\$254,593</u>	<u>\$282,148</u>	<u>\$341,434</u>
Total	\$708,930	\$815,587	\$740,571	\$794,424
Contributions in relation to the contractually required contribution				
TRS	\$525,928	\$560,994	\$458,423	\$452,990
CERS	<u>\$183,002</u>	<u>\$254,593</u>	<u>\$282,148</u>	<u>\$341,434</u>
Total	\$708,930	\$815,587	\$740,571	\$794,424
Contribution deficiency (excess)				
TRS	\$0	\$0	\$0	\$0
CERS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total	\$0	\$0	\$0	\$0
District's covered employee payroll				
TRS	\$3,492,822	\$3,630,542	\$3,578,806	\$3,692,889
CERS	<u>\$1,440,821</u>	<u>\$1,582,006</u>	<u>\$1,878,032</u>	<u>\$1,834,490</u>
Total	\$4,933,643	\$5,212,548	\$5,456,838	\$5,527,379
Contributions as a percentage of covered employee payroll				
TRS	15.06%	15.45%	12.81%	12.27%
CERS	12.70%	16.09%	15.02%	18.61%

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

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For The Year Ended June 30, 2016

Changes of benefit terms

TRS - none

CERS - none

Changes of assumptions

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

CERS

The assumed investment rate of return was decreased from 7.75% to 7.50%.

The assumed rate of inflation was reduced from 3.5% 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 in 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 project 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.

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 As of June 30, 2016

	SEEK Capital Outlay Fund	FSPK Fund	Total Nonmajor Governmental Funds
ASSETS AND RESOURCES			
Cash and equivalents	\$0	\$87,835	\$87,835
TOTAL ASSETS AND RESOURCES	\$0	\$87,835	\$87,835
FUND BALANCES			
Restricted - SFCC - Current	\$0	\$87,835	\$87,835
TOTAL FUND BALANCES	0	87,835	87,835
TOTAL LIABILITIES AND FUND BALANCES	\$0	\$87,835	\$87,835

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For The Year Ended June 30, 2016

	SEEK Capital Outlay Fund	FSPK Fund	Total
REVENUES			
From local sources			
Taxes	\$	\$254,229	\$254,229
Intergovernmental-State	<u>76,543</u>	<u>397,220</u>	<u>473,763</u>
TOTAL REVENUES	76,543	651,449	727,992
EXPENDITURES			
Site Improvement			
TOTAL EXPENDITURES	0	0	0
Excess (deficit) revenues over expenditures	76,543	651,449	727,992
OTHER FINANCING SOURCES (USES)			
Operating transfers out	<u>(76,543)</u>	<u>(651,449)</u>	<u>(727,992)</u>
TOTAL OTHER FINANCING SOURCES (USES)	(76,543)	(651,449)	(727,992)
Excess (deficit) revenues and other financing sources over expenditures and other financing uses	0	0	0
Restricted Fund Balance, July 1, 2015	<u>0</u>	<u>87,835</u>	<u>87,835</u>
Restricted Fund Balance, June 30, 2016	\$0	\$87,835	\$87,835

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF NET POSITION
 FIDUCIARY FUNDS
 As of June 30, 2016

	Williamstown High School	Williamstown Elementary School	Total
ASSETS			
Cash and equivalents	\$44,967	\$11,555	\$56,522
Accounts receivable	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL ASSETS	\$44,967	\$11,555	\$56,522
LIABILITIES			
Accounts payable	\$158	\$0	\$158
Due to student groups	<u>44,809</u>	<u>11,555</u>	<u>56,364</u>
TOTAL LIABILITIES	\$44,967	\$11,555	\$56,522

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF RECEIPTS AND DISBURSEMENTS
 FIDUCIARY FUNDS
 For The Year Ended June 30, 2016

	Cash Beginning	Receipts	Disbursements	Cash Ending	Accounts Receivable Ending	Accounts Payable Ending	Due To Student Groups Ending
Williamstown High School	\$20,672	\$219,958	\$195,663	\$44,967	\$0	\$158	\$44,809
Williamstown Elementary School	<u>8,460</u>	<u>144,862</u>	<u>141,767</u>	<u>\$11,555</u>	—	—	<u>\$11,555</u>
Totals	\$29,132	\$364,820	\$337,430	\$56,522	\$0	\$158	\$56,364

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS AND DUE TO STUDENT GROUPS
WILLIAMSTOWN HIGH SCHOOL
For The Year Ended June 30, 2016

	Cash Balances				Cash Balances	Accounts	Accounts	Due To
	Beginning	Receipts	Disbursements	Transfers	Ending	Receivable	Payable	Student Groups
						Ending	Ending	Ending
						\$0	\$0	
Archery	\$560	\$6,175	\$5,503	9	\$1,241			\$1,241
Sweep Account	0	90,688	101,308	13,736	3,116			3,116
FDM	422	520	660		282			282
KJHS	26	90	100		16			16
FFA	1,908	2,248	3,696	(45)	415			415
Field Trip Trans.	0	959	959		0			0
General	94	7,808	2,535	(4,572)	795			795
Project Graduation	44			(44)	0			0
Key Club	68	287	298		57			57
Chorus	355	7,780	7,480		655			655
Academics	537	2,071	2,427		181			181
NHS	379	827	306	(136)	764			764
Track	0	2,885	1,818		1,067			1,067
Student Council	701	500	507		694			694
Athletics	396	24,065	23,151	(408)	902		158	744
Cross Country	1,669	5,192	3,626		3,235			3,235
FCCLA	966	5,734	3,679	(498)	2,523			2,523
Testing Fee	0	800	800		0			0
SR KUNA	590				590			590
Gifted/Talented	0	455	245		210			210
FCS-Family Cons Sci	0	1,053	762		291			291
Band	0	1,378	985	9	402			402
Marching Band Fees	1,752	16,624	14,664	(9)	3,703			3,703
Drama	2,462	5,643	2,000		6,105			6,105
Beta	221	884	254	(851)	0			0
SRS 2015	346	0	346		0			0
SRS 2016	937	3,900	4,219	(618)	0			0
SRS 2017	1,239	10,189	9,163	851	3,116			3,116
SRS 2018	1,390	2,995	1,390		2,995			2,995
SRS 2019	65	165			230			230
SRS 2020	108				108			108
SRS 2021	35	45			80			80
SRS 2022	0	93			93			93
Athletic Concessions	3,149	17,478	2,533	(7,502)	10,592			10,592
Drink Commissions	<u>253</u>	<u>427</u>	<u>249</u>	<u>78</u>	<u>509</u>			<u>509</u>
TOTAL	\$20,672	\$219,958	\$195,663	0	\$44,967	\$0	\$158	\$44,809

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For The Year Ended June 30, 2016

Federal Grantor/Passed-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass Through Grantor's Number	Federal Expenditures
<u>U.S. Department of Agriculture</u>			
Passed through Kentucky Department of Education			
Child Nutrition Cluster			
National School Lunch Program	10.555	7750002 16	\$265,129
National School Lunch Program	10.555	7750002 15	113,198
Commodities	10.555	not provided	29,027
School Breakfast Program	10.553	7760005 16	93,807
School Breakfast Program	10.553	7760005 15	<u>21,747</u>
SubTotal Child Nutrition Cluster			522,908
State Administrative Expenses for Child Nutrition	10.560	7700001 15	1,499
Child and Adult Care Food Program (CACFP)	10.558	7800016 15	1,283
Child and Adult Care Food Program (CACFP)	10.558	7800016 16	5,444
Child and Adult Care Food Program (CACFP)	10.558	7790021 15	16,584
Child and Adult Care Food Program (CACFP)	10.558	7790021 16	<u>70,364</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			618,082
<u>U.S. Department of Education</u>			
Passed through Kentucky Department of Education			
Improving America's School Act of 1994			
Title I, Part A Cluster			
Title I Grants to Local Educational Agencies	84.010	3100002 15	132,243
Title I Grants to Local Educational Agencies	84.010	3100002 14	<u>34,016</u>
		subtotal	166,259
Special Education Cluster (IDEA)			
Special Education-Grants to States (IDEA, Part B)	84.027	3810002 15	128,963
Special Education-Grants to States (IDEA, Part B)	84.027	3810002 14	1,850
Special Education-Preschool Grants (IDEA, Preschool)	84.173	3800002 14	597
Special Education-Preschool Grants (IDEA, Preschool)	84.173	3800002 15	<u>1,781</u>
		subtotal	133,191
Race to the Top	84.413A	3960002 11	2,489
Title VI Rural Education	84.358	3140002 13	6,077

The accompanying notes are an integral part of this schedule

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For The Year Ended June 30, 2016

Federal Grantor/Passed-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass Through Grantor's Number	Federal Expenditures
<u>U.S. Department of Education</u>			
Passed through Kentucky Department of Education			
Improving Teacher Quality State Grants	84.367	3230002 15	3,349
Improving Teacher Quality State Grants	84.367	3230002 14	29,470
Improving Teacher Quality State Grants	84.367	3230002 13	<u>1,461</u>
		subtotal	34,280
Passed through Erlanger-Elsmere Independent Board of Education			
Title IV, Elementary School Counseling Program	84.215E	532B	<u>98,222</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			440,518
 Federal Direct			
<u>U.S. Health and Human Services</u>			
Head Start			
Head Start	93.600	655B	686,713
Head Start	93.600	655A	<u>125,112</u>
Total Head Start			811,825
TOTAL U.S. HEALTH AND HUMAN SERVICES			811,825
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$1,870,425

The accompanying notes are an integral part of this schedule

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2016

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Williamstown Independent School District (the "District") under programs of the federal government for the year ended June 30, 2016. The information in this schedule is presented in accordance with the requirements of *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 the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in 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 3 – Food Distribution

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities disbursed, totaling \$29,027.

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

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

State Committee For School District Audits
Members of the Board of Education
Williamstown Independent School District
Williamstown, Kentucky

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, Audits of States and Local Governments, and Non-profit Organizations, and the audit requirement prescribed by the Kentucky Committee for School District Audits, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Williamstown Independent Board of Education as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated September 28, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

I noted certain matters that I reported to management of the District in a separate letter dated September 28, 2016.

Purpose of this Report

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

Denise M. Keene

Denise M. Keene, CPA
Georgetown, Kentucky
September 28, 2016

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

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

State Committee For School District Audits
Members of the Board of Education
Williamstown Independent School District
Williamstown, Kentucky

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

Management is responsible for compliance with 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 the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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). *Audits of States, Local Governments, and Non-Profit Organizations* and the audit requirements prescribed by the Kentucky Committee for School District Audits. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2016-001. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

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

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

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

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

Denise M. Keene

Denise M. Keene, CPA
Georgetown, Kentucky
September 28, 2016

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2016

Section I – Summary of Auditor's Results

Financial Statements

An unmodified opinion was issued on the financial statements.

Internal control over financial reporting

Material weakness(es) identified? yes no
Significant deficiency(ies) identified yes none reported
Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes no
Significant deficiency(ies) identified yes none reported

An unmodified opinion was issued on compliance for all major programs.

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

Identification of major programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555	Child Nutrition Cluster

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

Auditee qualified as low-risk auditee? yes no

Section II – Financial Statement Findings

None

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2016

Section III – Federal Award Findings and Questioned Costs

2016-001

Information on the federal program:
CFDA 10.553, 10.555 Child Nutrition Cluster
Department of Agriculture

Criteria or specific requirement (including statutory, regulatory, or other citation):
Uniform Guidance Sections 200.302(6), 200.319(c), 200.320(d)(3), 200.430(8)(i), and
200.430(viii)(B) all require written procedures for implementation.

Condition:
The District has procedures for each of these sections but they were not written.

Questioned costs:
There are no questioned costs related to the finding.

Context:
The District was unaware of the requirement that these procedures were required to be in written
form.

Effect:
The District did not comply with Uniform Guidance in its requirement of written procedures in
specific areas.

Cause:
Uniform Guidance is a relative new document, the District did not have training on it until the
current fiscal year was almost over.

Identification as a repeat finding, if applicable:
This was not a repeat finding.

Recommendation:
I recommend the District develop written procedures to implement Uniform Guidance Sections
200.302(6), 200.319(c), 200.320(d)(3), 200.430(8)(i), and 200.430(viii)(B).

Views of responsible officials and planned corrective actions:
Uniform Guidance is a new document, which the district did not have training on until the 2016
fiscal was almost over. The district is working with the Kentucky School Boards Association to
update policies and procedures to comply with Uniform Guidance Sections 200.302(6),
200.320(d)(3), 200.430(8)(i), and 200.430(viii)(B). The district is in the process of creating a
purchase manual for district use.

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For The Year Ended June 30, 2016

PRIOR YEAR – FINANCIAL STATEMENT FINDINGS

None were reported last year

PRIOR YEAR – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None were reported last year

MANAGEMENT LETTER

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

Williamstown Independent Board of Education
Williamstown, Kentucky

We have audited the financial statements of the Williamstown Independent School District for the year ended June 30, 2016 and have issued our report thereon dated September 28, 2016. As part of our audit, we made a study and evaluation of the District's system of internal accounting control to the extent we considered necessary to evaluate the system as required by auditing standards generally accepted in the United States of America. The purpose of our study and evaluation was to determine the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the District's financial statements. Our study and evaluation was more limited than would be necessary for expressing an opinion on the system of internal accounting control taken as a whole.

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

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

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

The following items from last year's management letter points were corrected during the current fiscal year as outlined in the District's response: 2015-001, 2015-003, 2015-005, 2015-007, 2015-0011, 2015-013, 2015-014, 2015-015.

The following items from last year's management letter points were not corrected: 2015-002, 2015-004, 2015-006, 2015-008, 2015-009, 2015-010, 2015-012, 2015-016, 2015-017, 2015-018.

Denise M. Keene, CPA
September 28, 2016

CURRENT YEAR MANAGEMENT POINTS

2016-001

The District does not have written procedures to comply with Uniform Guidance Sections 200.302(6), 200.319(c) 200.320(d)(3), 200.430(8)(i), and 200.430(viii)(B). I recommend the District develop written procedures for these sections.

Management's Response:

Uniform Guidance is a new document, which the district did not have training on until the 2016 fiscal year was almost over. The district is working with the Kentucky School Boards Association to update policies and procedures to comply with Uniform Guidance Sections 200.302(6), 200.320(d)(3), 200.430(8)(i), and 200.430(viii)(B). The district is in the process of creating a purchase manual for district use.

2016-002

KRS 424.260 requires the District to advertise for bids for an expenditure of more than \$20,000 for materials and supplies. The District spent more than \$20,000 with three vendors that had not been bid. I recommend the District monitor to expenditures for compliance with the Bid Law.

This is a repeat finding from last year.

Management's Response:

One of the vendors in question did go through the bid process, but was not approved by the Board of Education. The district ensured board approval for the upcoming fiscal year for this vendor and will continue to do so in years to come. The other two vendors will be watched to ensure no overage of \$20,000. In the future, if these companies or others that will be utilized for purchases over \$20,000 will go through the proper board policy process.

2016-003

There were several issues regarding payments charged to the District credit card. Sales tax was paid on two purchases. Three purchases did not have an original invoice to support the payment. The Superintendent approved one hotel expenditure for herself. Some returned the credit card slip, but not the original invoice with detail, therefore we could not tell what was purchased. Credit card purchases need to be monitored. Original invoices should be turned in for all purchases.

Management's Response:

When the Superintendent needs to travel, the board will approve the related expenses. For credit card use, all employees must seek approval from the Superintendent first. Once it is approved the employee must check out the card, in which they sign agreeing to reimburse the district if no itemized receipts or invoices are returned. Credit card purchases are monitored through a check-in/check-out procedure and the finance officer reconciles the credit card statement with the sign in/out sheet. For purchases with a related sales tax that aren't deemed necessary must be reimbursed by the individual making the purchase.

2016-004

One food service employee is not completing a travel voucher as required by policies and procedures. Instead, she is keeping a calendar of travel and turning in a copy of the calendar. As a result no one is approving the travel reimbursement. I recommend that travel reimbursement only be paid after the required travel voucher is completed and signed.

Management's Response:

This issue was discussed with the food service director and the appropriate procedures will be followed and the correct form will be used.

2016-005

Food Service is not signing all purchase orders to authorize purchases. I recommend all purchase orders for food service be authorized by the food service director with her signature and the date approved.

Management's Response:

The food service director will sign all purchase orders to authorize purchases.

WILLIAMSTOWN JR/SR HIGH SCHOOL

2016-006

The revised Red Book effective July 1, 2013 does not allow expenditures for operational costs. There were 2 out of 26 expenditures tested not allowed because they were for operational costs. The school treasurer and principal should not approve purchases that are not allowed by the Red Book. **This is a repeat finding from the past two years.**

Management's Response:

The principal and treasurer will double check to ensure that there are no expenditures for operational costs. If unsure about whether or not a possible expenditure will be considered operational in nature, guidance will be requested from the school auditor and/or the district finance officer before any purchase orders are signed and/or acquired.

2016-007

There were 8 of 34 ticket sale forms tested that were not properly signed. There are several places on the form that required signatures. The school treasurer should not accept the form if not completed properly. **This is a repeat finding from the past two years.**

Management's Response:

The principal and treasurer will re-educate all staff on the proper procedures for ticket sales and completing ticket sale forms. The school treasurer will not accept forms that are not completed properly, requiring staff members to obtain all required signatures.

2016-008

According to the Redbook, "Two people (ticket seller, ticket taker) are required to work the gate." There were 6 of 34 ticket sale forms tested that did not have a second person as a ticket taker. I recommend two people work the gate as required, one selling tickets and one taking the tickets.

Management's Response:

The principal and treasurer will re-educate all staff on the proper procedures for ticket sales, reiterating that there must be two people (ticket seller and ticket taker) at any and all gates.

2016-009

According to the Redbook, "Teachers, sponsors, or students shall use the Multiple Receipt Form or pre-numbered receipts when collecting money." Teachers are not completing the multiple receipt forms as they should. During the test month there were several receipts that were not dated. There were also several receipts that did not have the "total amount remitted" completed. I recommend teachers complete the multiple receipt forms correctly before turning them into the bookkeeper.

Management's Response:

The principal and treasurer will re-educate all staff on the proper procedures for completing the Multiple Receipt form or pre-numbered receipts when collecting money. The treasurer will not accept Multiple Receipt Forms that are not completed correctly.

WILLIAMSTOWN JR/SR HIGH SCHOOL (continued)

2016-010

According to the Redbook, "Students third grade and above must sign the Multiple Receipt Form". Teachers/sponsors are not always having the students sign the Multiple Receipt Form. I recommend the school treasurer inform the Principal when students are not signing the Multiple Receipt Form. The Principal should discuss the requirement with the teacher/sponsor. **This is a repeat finding from the past two years.**

Management's Response:

The principal will re-educate all staff on the proper procedures for completing the Multiple Receipt Form. The treasurer will inform the principal when students are not signing the Multiple Receipt Form, and the principal will meet with teachers/staff in violation throughout the year, if and/or when that becomes necessary.

2016-011

According to the Redbook, "All money collected by a teacher/sponsor shall be given to the school treasurer on the day collected." Testing disclosed some checks were not turned in for over a month. It appeared that the sponsor was holding the money collected until all money for the transaction was collected. I recommend the Principal remind all staff to turn money in on the day it is collected.

Management's Response:

The principal will re-educate all staff on the requirement of turning in money daily. The treasurer will closely inspect the dates of all checks that are turned in, and if there is a discrepancy between the date on the checks and the date the money is turned in, the treasurer will inform the principal. The principal will then meet with any teacher/staff member in violation, if and/or when that becomes necessary.

2016-012

The Redbook requires the Principal to sign and date the bank statement on the front page after review. The Principal signed the bank statement, but did not date it.. I recommend the Principal start dating the bank statement when it is signed. **This is a repeat finding from last year.**

Management's response:

The principal will sign and date all bank statements.

2016-013

The Sweep Account is to have money directly deposited into it. The only expenditure allowed is to the Central Office as a transfer each month. During the year there were several transfers into the Sweep Account from the General Account, Project Graduation, Athletics, and Athletic Concessions. These are not allowed. I recommend money be deposited directly into the Sweep Account, when appropriate. At the end of each month a check is to be written to the Central Office for the balance in the account. There should be no other activity in the account. A transfer was not made to the Central Office at the end of June, leaving a balance in the account.

Management's Response:

The treasurer will deposit money directly into the Sweep Account as a transfer only one time per month, at the end of each month. The treasurer will not "sweep" any money that has already been deposited into a school activity account into the Sweep Account.

WILLIAMSTOWN JR/SR HIGH SCHOOL (continued)

2016-014

According to the Redbook, "All checks shall contain the signatures of the principal or his designee, and the school treasurer." There were three (3) checks during the year with only the school treasurer's signature. I recommend all checks be reviewed prior to distribution to assure there are two signatures on the check.

Management's Response:

The treasurer will ensure that all checks contain the required two signatures prior to distribution.

WILLIAMSTOWN ELEMENTARY SCHOOL

2016-015

According to the Red Book, "to initiate a purchase, a Purchase Order (Form F-SA-7) shall be prepared and approved by the sponsor and principal before the payment is obligated." There were 2 out of 13 expenditures tested that had Purchase Order dates after the invoice date. Staff should be reminded that all expenditures must be approved prior to obligating the school, all expenditures that are for a specific class, person should have a sponsor approval. **This is a repeat finding from the past two years.**

Management's response:

Principal and Finance person will remind staff that all expenditures must be approved prior to obligating the school. Finance person will check and highlight date on invoice and compare to date on PO.

2016-016

The Redbook requires the Principal to sign and date the bank statement on the front page after review. The Principal signed the bank statement, but did not date it. I recommend the Principal start dating the bank statement when it is signed. **This is a repeat finding from last year.**

Management's response:

Principal will sign and date the bank statement.

2016-017

The Sweep Account is to have money directly deposited into it. The only expenditure allowed is to the Central Office as a transfer each month. During the year there were transfers into the Sweep Account from the General and Chorus Accounts. This is not allowed. I recommend money be deposited directly into the Sweep Account. At the end of each month a check is to be written to the Central Office for the balance in the account. There should be no other activity in the account. **This is a repeat finding from last year.**

Management's response:

There will be no transfers from activity accounts to the sweep account. Money will be deposited into the sweep if it is for the benefit of a district activity account.

2016-018

According to the Redbook Booster Clubs must submit proof of liability insurance coverage to the principal prior to commencing any fundraising activities. Proof of insurance was not provided. I recommend the Principal obtain proof of insurance before approving any fundraising activities. **This is a repeat finding from last year.**

Management's response:

Principal will meet with our Booster Club and let them know they MUST have insurance. No fundraisers will be approved until proof of insurance is shown.