



# KENTUCKY COMMUNITY AND TECHNICAL COLLEGE SYSTEM

## REQUEST FOR PROPOSALS

### ADDENDUM

**INVITATION NO.:** RFP-0086  
**ADDENDUM NO.:** 1 (6 pages)  
**ISSUE DATE:** November 10, 2009  
**OPENING DATE:** November 18, 2009  
**TITLE:** Annual Independent Audit

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The following information is provided in response to questions submitted by potential offerors.

1. Have the June 30, 2009 financial statements been issued? If not, why have they not been issued?

The June 30, 2009 statements have been issued, but not released as they have not been presented to the KCTCS Board of Regents. The statements will be presented on December 4, 2009 and will be made public after that date.

2. Would it be possible to obtain copies of the June 30, 2009 financial statements, A-133 report and management letter?

The June 30, 2009 statements and management letter not been released as they have not been presented to the KCTCS Board of Regents. The statements will be presented on December 4, 2009 and will be made public after that date.

3. Section 2 of the RFP indicates that KCTCS shall have prepared financial statements for all funds available for examination by August 30; does this also include all notes to the financial statements and the Management's Discussion and Analysis (MD&A)? If not, when do you anticipate the notes and MD&A will be available?

Historically, the notes and MD & A have been completed by not later than September 15<sup>th</sup>.

4. May we obtain or review a copy of the "Closing Package" for FY E 06/30/09?

Yes. Copies of the "Closing Package" are available. Please see Attachment.

5. Please describe the current accounting system for KCTCS, as a whole and for each college, including hardware and software, and any changes thereto that could affect the scope of the audit for 2010? Also, please describe the extent of utilization of or interface with the Commonwealth's accounting systems, such as e-MARS, UPPS, etc.

KCTCS operates enterprise wide on PeopleSoft/Oracle software – Financials, Student, and Human Resources. KCTCS has access to accounts with the Commonwealth's accounting system, such as e-Mars, but KCTCS' administrative software does not interface with the Commonwealth's administrative systems.

6. Please describe the software used to maintain the KCTCS schedule of capital assets and to calculate depreciation.

PeopleSoft/Oracle software – Asset Management Module

7. Is any assistance from internal audit staff available for the external audit? If so, please describe the nature of assistance provided by internal audit staff in past audits and the approximate number of hours of assistance provided.

Historically, KCTCS Audit Services staff has provided a copy of their reports, but have not provided any staff assistance regarding the external audit.

8. Please indicate the extent to which past auditors have visited the 16 colleges and 67 campuses and describe the nature of the procedures typically performed at the campuses?

Historically, site visits to those colleges that are up for re-accreditation will be part of the sampling and confirmation of the audit for that particular year. Typically, the number of sites visits is limited to 3 colleges, with the site visits being less than a full day. These visits are often times scheduled back to back given the region of the state, as to facilitate travel as best as possible. Procedures performed at the site visits have typically involved a review and confirmation of fixed assets, bank reconciliations, selected procurement card transactions, manual journals entered at the college level, testing of student financial aid awards, and other items to confirm selections and testing made at the System Office from the central database.

9. Please describe any changes in operations anticipated in the year 2010 that will substantially change the scope of the audit.

No changes are expected for the year 2010.

10. Please describe how the student financial aid records/files (FAFSAs, ISIRs, award/acceptance letters, Pell origination and disbursement forms, promissory notes, entrance/exit interviews, return of Title IV calculations, etc.) are maintained - are the files maintained in hard copy form or in electronic form or image?

Based on history, KCTCS would have the preliminary SEFA (figures as of 3/31/2010) around April 25<sup>th</sup>. The final SEFA numbers would be available as soon as the last of June expenses are posted, typically late July. For FY2009, the external auditor was sent the final SEFA numbers on 8/3/2009.

Are the files/records maintained in a centralized location for all colleges or are they decentralized and maintained at the separate colleges?

The KCTCS System Office maintains all FAFSA/ISIR's downloads electronically on a secured server drive established for this purpose. Students accept awards such as loans and federal work study on line via student service center – stored in KCTCS ERP - PeopleSoft. Pell origination and disbursement information is handled electronically also and stored on a secured drive. Return of Title IV is calculated and maintained within a Department of Education federal website. Anything printed by a college is decentralized and stored at the college. Student applications are processed at each respective college location. Each campus has its own processes and controls for documents it maintains.

Are student applications from all colleges processed in one centralized location or are student applications processed at each respective college location?

Student applications are processed at each respective college location.

Is there one internal control document that the financial aid staff at each campus follows or has each campus developed its own processes and controls?

There are a number of control processes, which financial aid staff are required to follow from a system wide perspective. Additional controls are also present at the local college level.

11. Please describe those areas of each audit that have historically presented the most difficulty in completing the engagement and how those difficulties have been addressed.

Deferred revenue testing is an area where we have historically encountered problems in reconciling during the August fieldwork. Deferred revenue is calculated on 6/30 based on students registered for a particular class on that date. The deferred revenue is calculated by class, by the percentage of time the class covers before and/or after the fiscal year. By the time the auditors arrive to test in August, the class roster could have been adjusted for drop/add, and may not agree exactly to the original calculation. We have addressed these difficulties by picking three colleges to test prior to 6/30/09. Detail files will be kept for those three colleges to test in August. (The size of files does not allow us to keep the detail for all 16 college districts.)

12. Section 5 of the RFP includes "potential bond arbitrage calculations" under potential additional work. Please describe the bond issue for which bond arbitrage calculations may be required and describe any new bond issues anticipated during the year ended June 30, 2010 and identify any "advanced refunded" issues still in escrow at June 30, 2010.

Currently KCTCS does not have any bond issues where arbitrage calculations are required, nor are any new indentures anticipated in 2010.

13. Please indicate the 2009 audit fee for KCTCS and how many hours were required to complete the 2009 KCTCS engagement.

The 2009 audit fee was in the amount of \$193,800.00. The number of hours is not tracked. Therefore, we are unable to provide detailed information on the number of hours worked to complete the 2009 KCTCS engagement

14. Would it be possible to obtain a listing of all audit adjustments and passed audit adjustment for June 30, 2009?

There were no adjustments, nor passed on adjustments for June 30, 2009.

15. Approximately when are the books closed? Per page 3 of RFP, the books appear to be closed by 8/30, but schedule A of the RFP shows 8/2 as the required start of fieldwork?

The KCTCS financials books were closed by July 31, 2009. External auditors began field work the first Monday in August 2009. Interim work completed in May was for June 1, 2008 through March 31, 2009 time period.

16. Does KCTCS write the financial statements, including all required supplementary information and footnotes?

KCTCS prepares and the external auditor reviews, and adjusts with new GASB standards, etc. as necessary.

17. Per review of the schedule in schedule A, interim balance testing seems to be a primary focus. Which areas have typically been completed during interim in the past and which have been the most successful? For example, are all fixed assets properly capitalized as of an interim date, rather than being cleaned up only at year end?

All areas have been worked on during the interim. Fixed assets are capitalized monthly and reconciled quarterly.

18. Is an IT review a standard portion of the audit? How much time do the auditors typically devote to testing IT systems?

Yes, information technology (KCTCS Technology Solutions) is a standard portion of the audit. KCTCS does not monitor nor track auditor time.

19. Are all of the colleges in the System now accredited?

Yes.

20. Based on the prior year letter from Auditor of Public Accounts (APA), the opinion on the state closing package (AFR) is no longer required; however, the RFP on page 4 indicates an opinion is needed?

KCTCS has opted to continue this practice.

21. Would it be possible to perform A-133 testing at interim?

Yes; this is expected per the request for the proposal.

22. Regarding the scope of services, do you require an audit opinion on only the consolidated system financial statements, or are separate opinions on the individual schools required? Are separate colleges' financial statements included as supplemental schedules to the consolidated report or are they presented on a stand-alone basis?

In the past we have had individual opinion letters for various colleges that required a separate opinion letter for accreditation purposes. However, with all KCTCS 'colleges SACS accredited, individual college audits and opinion letters are not anticipated in the future.

23. Regarding A-133 testing, were there findings in 2009? If so, what is the nature of the findings?

Yes, KCTCS had findings in 2009. The findings all related to student financial aid return to title IV calculations.

24. Regarding ARRA funds, what is the expected level of ARRA funding (both grant and state stabilization funds)? Which, if any, of the ARRA funds could likely be considered as major programs requiring A-133 testing?

Any and all federal and/or state pass through requirements are expected for ARRA funding. ARRA funds that could likely be considered as major program requiring A-133 testing would mostly be student financial aid related programs where ARRA funds have been interspersed, but could be almost any program fund should KCTCS receive funding.

25. Who are other bidders? Will bidders without a "nationally recognized practice" (per page 7 of RFP) be disqualified?

Bidder information is not available for release. Per page 6 of the RFP, Contractors not meeting the minimum qualifications shall not be considered for an award.

26. What is the weighting of the evaluation criteria listed at item #31 in RFP?

Evaluation criteria are listed in rank order with #1 being the most important.

27. With 16 colleges and multiple campuses, does KCTCS have any new or renewed real property leases for the year ending June 30, 2010?

KCTCS has a number of real property leases. None of the leases fall into the provisions of KRS 56.800 through 56.823, KRS 48.111 or KRS 48.190.

28. Is there a centralized internal control system or a separate internal control system(s) at each college/campus?

Both system wide and college internal controls exist.

29. Are there any derivatives that would qualify for adoption of GASB 53 in 2010?

KCTCS does not have any derivative investments.

30. Are there any asset retirement obligations (ARO's)?

KCTCS has not used asset retirement obligations and does not anticipate using any in the future.

31. Do we have your permission to use your logo in our proposal?

You may use KCTCS' logo, but only for demonstration purposes, but you must footnote the use prominently within your proposal so as to alert the reader.

The closing date will remain as November 18, 2009.

**NO OTHER CHANGES.**

Bidder must acknowledge receipt of this and any addenda either with proposal or by separate letter. Acknowledgment must be received in the KCTCS Purchasing Department not later than 4:00 p.m. local time **November 18, 2009**. If sent by separate letter, the following information must be placed in the lower left hand corner of the envelope:

**Invitation No.: RFP-0086**  
**Title: Annual Independent Audit**  
**Opening Date: November 18, 2009**

Receipt Acknowledged \_\_\_\_\_  
Firm

By: \_\_\_\_\_



Crowe Horwath LLP  
Independent Member Crowe Horwath International

## REPORT OF INDEPENDENT AUDITORS

Board of Regents  
Kentucky Community and  
Technical College System  
and  
Honorable Crit Luallen  
Auditor of Public Accounts  
Commonwealth of Kentucky  
and  
Secretary of Finance and  
Administration Cabinet of  
the Commonwealth of Kentucky

We have audited the financial statements of the business-type activities of Kentucky Community and Technical College System (the "System"), a component unit of the Commonwealth of Kentucky, as of June 30, 2009, which comprise the System's basic financial statements. The basic financial statements have been audited, however, they are not presented as part of this "Closing Package". The basic financial statements should be read in conjunction with the following auditors' opinion. Our opinion read as follows:

We have audited the accompanying financial statements of the business-type activities of Kentucky Community and Technical College System (the "System"), as of and for the years ended June 30, 2009 and 2008, which comprise the System's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Kentucky Community and Technical College System as of June 30, 2009 and 2008, and the changes in net assets and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 5 through 13 and the Schedule of Funding Progress for the Retiree Medical Plan on page 36 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2009, on our consideration of the System's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying "Closing Package" information for Kentucky Community and Technical College System, prepared on the accompanying standard forms from the Commonwealth of Kentucky relative to the Commonwealth of Kentucky Basic Financial Statements as of June 30, 2009 and for the year then ended, is presented for purposes of additional analysis and is not a required part of the basic financial statements of Kentucky Community and Technical College System. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements, and in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Regents and management of the System, the Auditor of Public Accounts of the Commonwealth of Kentucky, and the officials of the Finance and Administration Cabinet of the Commonwealth of Kentucky, and is not intended to be and should not be used by anyone other than these specified parties.



Crowe Horwath LLP

Louisville, Kentucky  
October 1, 2009

**Reconciliation of Cash and Investments to eMARS**

For the Year Ended June 30, 2009

(Expressed in Whole Dollars)

Entity Name: KCTCS Date: 6/30/09

<u>I. Deposits</u>	<u>Fair Value</u>
<b>Cash and Equivalents (original maturity 90 days or less):</b>	
Balance per Audited Statements or AFR 120 6/30/09	\$ 184,206,926
Reconciling Items:	
Cash on Hand	_____
Cash in Transit	_____
Other:	_____
<u>Local Banks</u>	<u>21,164,980</u>
_____	_____
_____	_____
Balance per Commonwealth's Records (eMARS) as of 6/30/09	Total \$ <u>205,371,907</u>

(Use balance per audited statements or AFR 120)

Total amount of deposits that are not covered by depository insurance AND are  
(a) uncollateralized,  
(b) collateralized with securities held by the pledging financial institution, or  
(c) collateralized with securities held by the pledging financial institution's trust  
department or agent but not in the Commonwealth's name.

\$ (21,164,980)  
Details on AFR 126

<u>II. Non-Current Cash and Investments:</u>	<u>Fair Value</u>
Balance per Audited Statements or AFR 120 6/30/09	\$ 21,751,811
Reconciling Items:	
Cash on Hand	_____
Cash in Transit	_____
Other:	_____
<u>Local Banks</u>	<u>(61,170,679)</u>
_____	_____
_____	_____
Balance per Commonwealth's Records (eMARS) as of 6/30/09	Total \$ <u>-39,418,868</u>

Total amount of non-current cash and investment securities that are uninsured, are not  
registered in the name of the Commonwealth, and are held by either (a) the counterparty  
or (b) the counterparty's trust department or agent but not in the Commonwealth's name.

\$ 131,694,341  
Details on AFR 126

PREPARER'S NAME: Dedre VanHoose PHONE NUMBER: 859-256-3196



**Interest and Principal Payments Reported on AFR 81A for  
Agency Fund Project Bonds Issued by State Property & Buildings Commission  
And Reported as Outstanding Bonds Payable on AFR 81A at June 30, 2009**

(Expressed in Thousands)

ENTITY NAME: KCTCS

FISCAL YEAR	PRINCIPAL	INTEREST	TOTAL
2010			-
2011			-
2012			-
2013			-
2014			-
2015-2019			-
2020-2024			-
2025-2029			-
2030-2034			-
TOTALS	-	-	-

PREPARER'S NAME: Dedre VanHoose

PHONE NUMBER: 859-256-3196

Commonwealth of Kentucky  
Statewide Accounting Services  
**Total Capital Lease Obligations**  
As of June 30, 2009  
(Expressed in Thousands)

*Should include component unit activity.*

Entity Name: KCTCS

**ASSETS ACQUIRED THROUGH CAPITAL LEASES:**

BUILDINGS	\$ 8,300
MACHINERY AND EQUIPMENT	10,115
OTHER: _____	_____
LESS: ACCUMULATED DEPRECIATION ( )	(6,235)
<b>TOTAL</b>	<b>\$ 12,180</b>

**FUTURE MINIMUM LEASE OBLIGATIONS AND NET PRESENT VALUE OF MINIMUM PAYMENTS**

	<u>Principal</u>	<u>Interest</u>
2010	\$ 2,181	\$ 511
2011	1,862	439
2012	1,544	379
2013	986	334
2014	846	300
2015-2019	4,422	965
2020-2024	2,485	223
2025-2029	-	-
<b>Total</b>	<b>\$ 14,326</b>	<b>\$ 3,151</b>

Total Principal must tie to AFR 120 Total Capital Lease Obligations

**NOTE: Bonds issued by the State Property and Buildings Commission (SPBC), in their name, should NOT be reported as Capital Lease Obligations in your audited financial statements UNLESS there is a formal capital lease agreement, with your agency and is to be paid with your agency's funds.**

PREPARER'S NAME: Dedre VanHoose PHONE NUMBER: 859-256-3196

AFR 115B  
(3-09)

Commonwealth of Kentucky  
Statewide Accounting Services

Capital Lease Obligations Related to Capital Lease Agreements Entered Into With SPBC  
and Included as a Capital Lease Obligation on AFR 115A as of June 30, 2009

(Expressed in Thousands)

Entity Name: KCTCS

ASSETS ACQUIRED THROUGH CAPITAL LEASES:

BUILDINGS	\$	_____
MACHINERY AND EQUIPMENT		_____
OTHER:		_____
		_____
LESS: ACCUMULATED DEPRECIATION ( )		_____
TOTAL	\$	_____ -

FUTURE MINIMUM LEASE OBLIGATIONS AND NET PRESENT VALUE OF MINIMUM PAYMENTS

	Principal	Interest
2010	\$ _____	\$ _____
2011	_____	_____
2012	_____	_____
2013	_____	_____
2014	_____	_____
2015-2019	_____	_____
2020-2024	_____	_____
2025-2029	_____	_____
Total	\$ _____ -	\$ _____ -

PREPARER'S NAME: Dedre VanHoose

PHONE NUMBER: 859-256-3196





AFR 117

(3-09)

Commonwealth of Kentucky  
Statewide Accounting Services  
**Changes in Long-Term Liabilities**

As of June 30, 2009

(Expressed in Thousands)

Ending balance should agree with AFR 120.

ENTITY NAME: KCTCS

	Balance	Additions	Reductions ( )	Ending Balance	Due In One Year	Due Thereafter
Compensated Absences	10,465	13,778	(12,733)	11,510	11,510	0
Capital Leases	15,307	1,323	(2,304)	14,326	2,181	12,145
Notes Payable				0		0
Bonds Payable				0		0
Judgements/Contingencies				0		0
Claims and Claims Adj.				0		0
Prize Liability				0		0
Other Liabilities:	19,767	18,016		37,783	573	37,210

List any beginning balance that does not equal the ending balance from the prior year and explain the reason for the difference.

Item Description	Beginning Balance	Prior Year Ending Balance	Difference	Reason
Compensated Absences				
Other liabilities				

PREPARER'S NAME: Dedre VanHoose PHONE NUMBER: 859-256-3196

COMMONWEALTH OF KENTUCKY  
STATEWIDE ACCOUNTING SERVICES  
Statement of Net Assets  
JUNE 30, 2009  
(Expressed in Thousands)

Entity Name:                   KCTCS                  

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*Aggregate - includes non-fiduciary component units.* June 30,  
*Transactions between University and Component Units should be eliminated.* 2009

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**Assets**

**Current Assets:**

Cash and cash equivalents	\$ 184,207
Restricted cash	-
Investments, net of amortization	41
Accounts receivable, net	59,596
Interest receivable	2,748
Interfund receivables	-
Inventories	-
Prepaid expenses	2,097
Other current assets	-
<b>Total Current Assets</b>	<b>248,689</b>

**Noncurrent Assets:**

Restricted cash	21,752
Noncurrent investments	70,483
Restricted Noncurrent investments	-
Noncurrent receivables	7,826
Deferred charges	-
Land	23,814
Improvements other than buildings	9,201
Buildings	519,942
Easements and Other Intangibles	-
Other Capital Assets	62,858
Machinery and equipment	85,598
Less accumulated depreciation and Amortization ( )	(305,957)
Construction in progress	133,693
<b>Total Capital Assets</b>	<b>529,149</b>
Other assets	-

**Noncurrent Assets, Net** **629,210**

**Total Assets** **\$ 877,899**

**COMMONWEALTH OF KENTUCKY**  
**STATEWIDE ACCOUNTING SERVICES**  
**Statement of Net Assets**  
**JUNE 30, 2009**  
(Expressed in Thousands)

Entity Name:                   KCTCS                  

	<b>June 30, 2009</b>
<b>Liabilities</b>	
<b>Current Liabilities:</b>	
Accounts payable and accruals	\$ 7,032
Interfund payables	-
Current portion of long-term debt - Notes Payable	-
Current portion of long-term debt - Bonds Payable	-
Current portion of capital lease obligations	2,181
Current portion of compensated absences	11,510
Claims liability	-
Deferred revenues	26,445
Payable from restricted assets	-
Other current liabilities	13,342
<b>Total Current Liabilities</b>	<b>60,510</b>
<b>Noncurrent Liabilities:</b>	
Notes payable	-
Bonds payable	-
Capital lease obligations	12,145
Compensated absences	-
Other long-term liabilities	37,210
<b>Total Noncurrent Liabilities</b>	<b>49,355</b>
<b>Total Liabilities</b>	<b>109,865</b>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	514,824
Restricted for:	
Debt service	
Capital Projects	60,716
Other purposes:	
Nonexpendable scholarships, instruction and other	17,258
Expendable scholarships, instruction and other	22,868
Loans	16,411
Unrestricted	135,957
<b>Total Net Assets</b>	<b>\$ 768,034</b>

**COMMONWEALTH OF KENTUCKY  
STATEWIDE ACCOUNTING SERVICES  
Statement of Activities  
For The Year Ended June 30, 2009  
(Expressed in Thousands)**

Entity Name:                     KCTCS                    

Function	Expenses	Program Revenues			Net (Expense) Revenue
		Charges For Services	Operating Grants/ Contributions	Capital Grants/ Contributions	
\$					-
8,098	546,507	96,147	80,003		(362,259)

General Revenues:

Intergovernmental Revenues	214,974
Grants and Donations	144,759
Gain or Loss on Sale of Capital Asset	(291)
Unrestricted Investment Earnings	6,076
Other Non-program Revenue	3,013
Transfer In	70,126
Total General Revenue and Transfers	438,657
Change in Net Assets	76,398
Net Assets-Beginning	691,636
Net Assets-Ending	\$ 768,034

Aggregate presentation - includes Non-Fiduciary component units.  
Transactions between University and Component Units should be eliminated.

**Please complete the following:**

Last Year's Ending Net Assets	691,636
This Year's Beginning Net Assets	691,636
Difference	-

Please explain any difference: (Remember to include in the Notes the amount of and reason for any restatement.)

\_\_\_\_\_

\_\_\_\_\_









**Commonwealth of Kentucky  
Statewide Accounting Services  
CAPITAL ASSET ACTIVITY  
For the Year Ended June 30, 2009**  
(Expressed in Thousands)

*Ending balance should agree with AFR 120.*

Entity Name: KCTCS

Describe Depreciation Method Used: Straight line

Asset	Useful Life	Beginning Balance	Restatement/ Adjustment	Acquisitions/ Increases	Sales, Disposals/ Decreases ( )	Ending Balance
Land	N/A	\$ 23,691	\$ -	\$ 123	\$ -	\$ 23,814
Easements	N/A	-	-	-	-	-
Buildings	25-40	475,034	-	46,191	(1,283)	519,942
Improvements to Land	40	8,131	-	1,070	-	9,201
Construction in Progress	10-40	100,474	-	33,219	-	133,693
Equipment	3-10	71,254	-	11,450	(3,912)	78,792
Vehicles	5	6,074	-	938	(206)	6,807
Software	5	941	-	280	-	1,221
Intangibles	N/A	-	-	-	-	-
Works of Art*	N/A	-	-	-	-	-
Other	5-10	60,395	-	1,252	(10)	61,637
<b>Total Assets</b>		<b>745,994</b>	<b>-</b>	<b>94,523</b>	<b>(5,411)</b>	<b>835,106</b>
<b>Depreciation:</b>		<b>Beginning Balance</b>	<b>Restatement/ Adjustment</b>	<b>Increases</b>	<b>Decreases ( )</b>	<b>Ending Balance</b>
Easements		-	-	\$ -	\$ -	\$ -
Buildings		183,618	-	13,158	(59)	196,717
Improvements		4,432	-	170	-	4,602
Equipment		41,794	-	6,991	(3,643)	45,142
Vehicles		4,058	-	749	(174)	4,633
Software		189	-	244	-	433
Intangibles		-	-	-	-	-
Works of Art*		-	-	-	-	-
Other		52,883	-	1,547	-	54,430
<b>Total Depreciation</b>		<b>286,974</b>	<b>0</b>	<b>22,859</b>	<b>(3,876)</b>	<b>305,957</b>
<b>Total Capital Assets, Net</b>		<b>\$ 459,020</b>	<b>\$ 0</b>	<b>\$ 71,664</b>	<b>\$ -1,535</b>	<b>\$ 529,149</b>

\* OMIT if agency does not capitalize, in accordance with GASB 34 paragraphs 27 - 29.

IF BEGINNING BALANCE FOR AN ITEM IS NOT THE SAME AS LAST YEAR'S ENDING BALANCE, PLEASE EXPLAIN.

Minor adjustments, due to rounding, were made for Buildings under Asset and for Buildings, Improvements, Equipment, V and Other under Depreciation.

PREPARER'S NAME:     Dedre VanHoose     PHONE NUMBER:     859-256-3196



Total cash and investments subject to interest rate risk. \$ 276,482,399

Total reported in the interest rate risk note in the audited financial statements. \$ \_\_\_\_\_

Difference \$ 276,482,399

Please explain any difference between the total in the notes to the audited financial statements and on this form:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Please explain any formal policies used to control interest rate risk of investments:

\_\_\_\_\_

PREPARER'S

NAME:

Dedre VanHoose

PHONE

NUMBER:

859-256-3196

**Debt Investments and Credit Ratings**

As of June 30, 2009  
(Expressed in Whole Dollars)

Entity Name: KCTCS Date: 6/30/09

Place the amount of fair value of each investment type into the appropriate credit rating categories.  
Make sure your total fair value matches the total fair value of debt securities shown on AFR 128.

Rated Debt Instruments:	Credit Ratings					Total Fair Value of Investments
	AAA/Aaa	AA/Aa	A/A	BBB/Baa	BB/Ba	
Mortgage Backed Securities						
Commercial Paper						
U.S. Agencies						
Corporate Debt						
Negotiable Certificates of Deposit						
State and Municipal Obligations						
Bond Mutual Funds		53,598,223				53,598,223
Repurchase Agreements						
Asset Backed Securities						
Other (list):						
<b>Total Debt Securities</b>		53,598,223				53,598,223
Total fair value matches audited statements or AFR 120						

Total fair value of investments subject to credit risk. \$ 53,598,223

Total reported in the credit risk note in the audited financial statements. \$ \_\_\_\_\_

Difference \$ 53,598,223

Please explain any difference between the total in the notes to the audited financial statements and on this form:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

PREPARER'S NAME: Dedre VanHoose PHONE NUMBER: 859-256-3196

**Concentration of Credit Risk**

As of June 30, 2009

(Expressed in Whole Dollars)

Entity Name: KCTCS

Date: 6/30/09

Identify by ISSUER and AMOUNT where total investments in any one issuer represents 5 percent or more of total investments or plan net assets. Investments issued or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement.

	Issuer	Amount	Explanation
1	None		
2			
3			
4			
5			

Total fair value of investments subject to concentration of credit risk. \_\_\_\_\_

Total reported in the concentration of credit risk note in the audited financial statements. \_\_\_\_\_

Difference \_\_\_\_\_

Please explain any difference between the total in the notes to the audited financial statements and on this form:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Please explain any formal policies used to control concentration of credit risk for investments.

KCTCS' Investment Policy limits investment in any single issuer other than U.S. government securities to 5% of the total investment portfolio.

\_\_\_\_\_

PREPARER'S NAME Dedre VanHoose

PHONE NUMBER: 859-256-3196

