

HARDIN COUNTY BOARD OF EDUCATION

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

Year Ended June 30, 2012

HARDIN COUNTY BOARD OF EDUCATION

TABLE OF CONTENTS

YEAR ENDED JUNE 30, 2012

	<u>Page</u>
Independent Auditor's Report	1-2
Required Supplementary Information:	
Management's Discussion and Analysis	3-10
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	11
Statement of Activities	12
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	13
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets	14
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Statement of Net Assets – Proprietary Funds	17
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds	18
Statement of Cash Flows – Proprietary Funds.....	19
Statement of Fiduciary Net Assets – Fiduciary Funds	20
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds.....	21
Notes to the Basic Financial Statements	22-38
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual - General Fund	39
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Special Revenue Fund.....	40

HARDIN COUNTY BOARD OF EDUCATION

TABLE OF CONTENTS - CONTINUED

YEAR ENDED JUNE 30, 2012

Supplementary Information:

Combining Statements – Nonmajor Funds:

Combining Balance Sheet – Nonmajor Governmental Funds	41
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	42
Combining Statement of Net Assets – Nonmajor Proprietary Funds – Enterprise Funds	43
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets – Nonmajor Enterprise Funds – Proprietary Funds	44
Combining Statement of Cash Flows – Nonmajor Enterprise Funds – Proprietary Funds	45
Combining Statement of Fiduciary Net Assets – Agency Funds	46

Schools:

Schedule of Receipts, Disbursements, and Fund Balances – All Schools	47
Schedule of Receipts, Disbursements, and Fund Balances – Central Hardin High School	48-49
Schedule of Receipts, Disbursements, and Fund Balances – John Hardin High School	50-51
Schedule of Receipts, Disbursements, and Fund Balances – North Hardin High School	52-53
Schedule of Expenditures of Federal Awards	54-56
Notes to Schedule of Expenditures of Federal Awards	57
Schedule of Findings and Questioned Costs	58-59
Summary Schedule of Prior Audit Findings	60
Independent Auditor's Report on Internal Control Over Financial Reporting And On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	61-62
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	63-64
Management Letter and Comments	65-71

THEODORE C. STILES, CPA
BENJAMIN E. CARTER, CPA
JOHN R. ASHCRAFT, CPA
J. SCOTT KISSELBAUGH, CPA
BRIAN S. WOOSLEY, CPA
CHRIS R. CARTER, CPA



STILES, CARTER & ASSOCIATES, P.S.C.

CERTIFIED PUBLIC ACCOUNTANTS

2901 RING ROAD EAST

P. O. BOX 622

ELIZABETHTOWN, KY 42702-0622

TELEPHONE 270/769-6371

FAX 270/765-7934

www.stilescartercpas.com

JON M. ANDERSON, CPA
CHERYLE L. BEAUCHAMP, CPA
WILLIAM M. DOERR, CPA
CARRIE A. GREY, CPA
LYNN C. HOWARD, CPA
PHILIP A. LOGSDON, CPA
J. ALTON PIKE, CPA

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Education
Hardin County Board of Education
Elizabethtown, Kentucky

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 Hardin County Board of Education as of and for the year ended June 30, 2012, which collectively comprise the Board's basic financial statements, as listed in the accompanying table of contents. These basic financial statements are the responsibility of the Board's management. Our responsibility is to express opinions on these financial statements based on our audit.

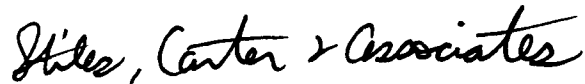
We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements prescribed by the Kentucky State Committee for School District Audits in *Appendix I of the Independent Auditor's Contract - General Audit Requirements*, *Appendix II of the Independent Auditor's Contract - State Audit Requirements*, *Appendix III of the Independent Auditor's Contract - Audit Extension Request* and *Appendix IV of the Independent Auditor's Contract - Instructions for Submission of the Audit Report*. 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 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 audit provides a reasonable basis for our 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, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 20, 2012, on our consideration of Hardin County Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 10 and 39 through 40 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hardin County Board of Education's financial statements as a whole. The combining financial statements and school schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining financial statements, school schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with accounting standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.



Certified Public Accountants
August 20, 2012

REQUIRED SUPPLEMENTARY INFORMATION

**HARDIN COUNTY BOARD OF EDUCATION - ELIZABETHTOWN, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2012**

The discussion and analysis of Hardin County Board of Education's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to review the School District's financial performance as a whole; readers should also review the financial statements and notes to the financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

- 1 The beginning General Fund fund balance was \$22.6 million. The ending fund balance was \$23.9 million. General fund revenues increased \$4.7 million and expenditures increased \$6.8 million compared to the previous fiscal year. Also, the General fund was responsible for paying \$398 thousand in energy bond debt service. In addition, the General Fund transferred \$260 thousand to the Special Revenue Fund for the technology grant match and \$237 thousand to the Construction Fund.
- 2 The beginning Construction Fund fund balance was \$14.7 million. The ending fund balance was \$7.4 million. The major reason for the change in fund balance was due to prior year bond proceeds being spent on construction projects.

USING THIS ANNUAL REPORT

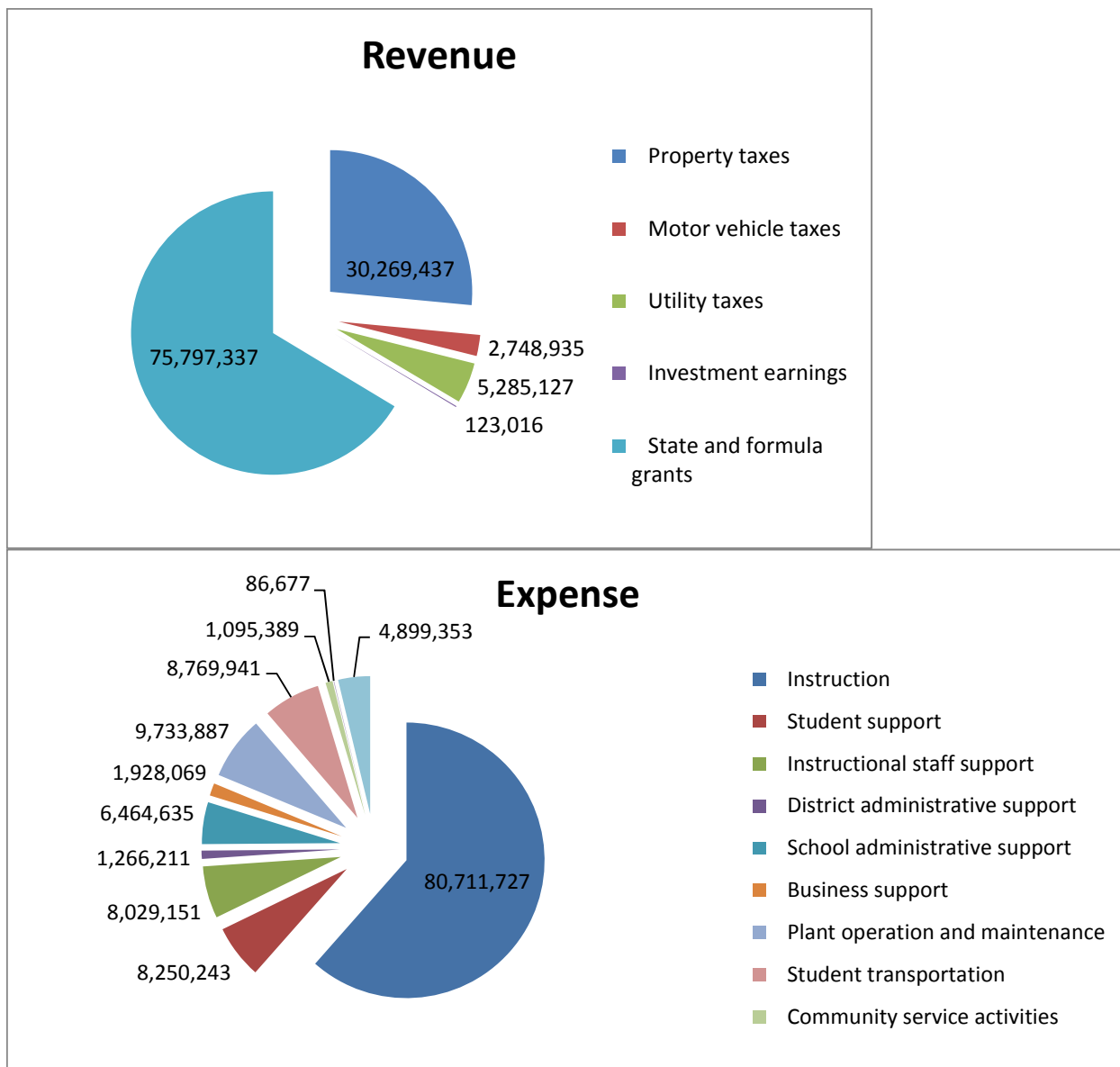
This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This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

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

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

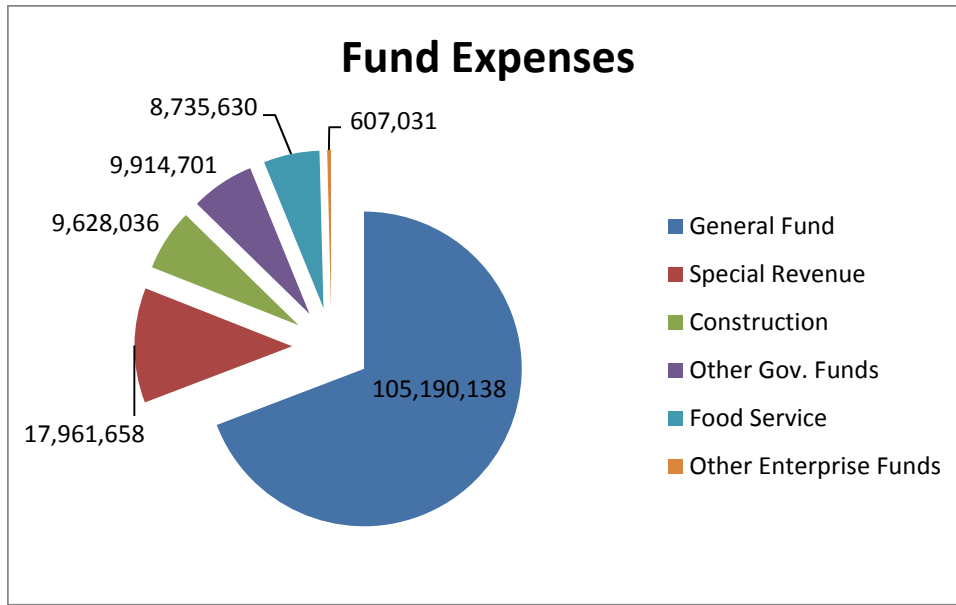
The statement of activities presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and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

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



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

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



The basic governmental fund financial statements can be found on pages 13 – 21 of this report.

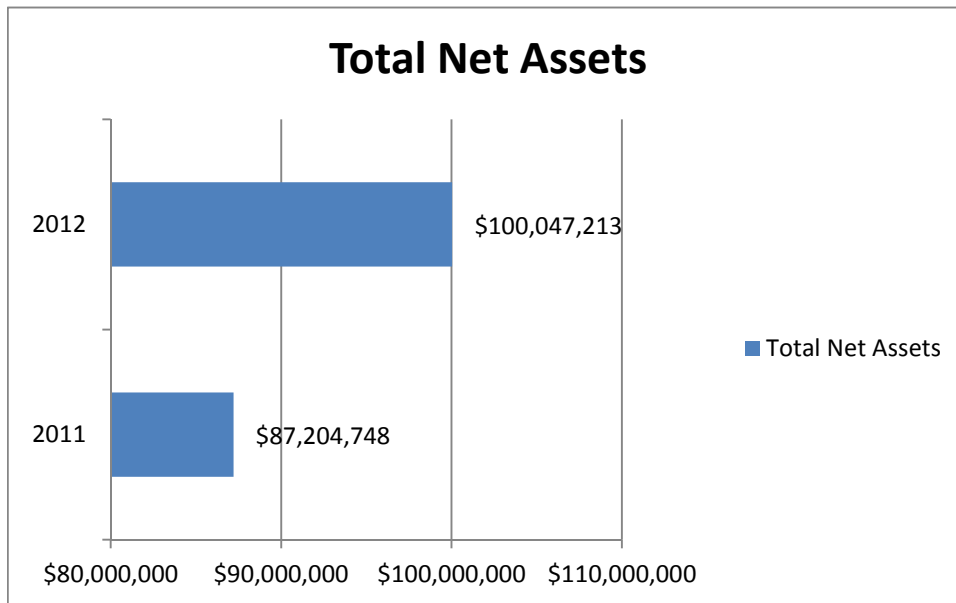
Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22 - 38 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as an indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$102.9 million as of June 30, 2012. The largest portion of the District's net assets reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment and construction in progress), less any related debt used to acquire those assets that is outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves are not 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, disposal and depreciation of capital assets.

**Net Assets for the period ending June 30, 2012 and 2011
(Table 1)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Current and Other Assets	\$ 45,541,817	\$ 43,684,821	\$ 1,667,900	\$ 1,767,511	\$ 47,209,717	\$ 45,452,332
Capital Assets	<u>177,495,970</u>	<u>171,310,355</u>	<u>1,317,784</u>	<u>1,312,553</u>	<u>178,813,754</u>	<u>172,622,908</u>
Total Assets	<u>223,037,787</u>	<u>214,995,176</u>	<u>2,985,684</u>	<u>3,080,064</u>	<u>226,023,471</u>	<u>218,075,240</u>
Long-term Debt	105,214,702	111,101,473	-	-	105,214,702	111,101,473
Other Liabilities	<u>17,775,872</u>	<u>10,459,552</u>	<u>159,317</u>	<u>145,477</u>	<u>17,935,189</u>	<u>10,605,029</u>
Total Liabilities	<u>122,990,574</u>	<u>121,561,025</u>	<u>159,317</u>	<u>145,477</u>	<u>123,149,891</u>	<u>121,706,502</u>
Net Assets						
Investment in capital assets (net of debt)	71,860,010	60,707,531	1,317,784	1,312,553	73,177,794	62,020,084
Restricted	9,930,439	15,670,241	-	-	9,930,439	15,670,241
Unrestricted	<u>18,256,764</u>	<u>17,056,379</u>	<u>1,508,583</u>	<u>1,622,034</u>	<u>19,765,347</u>	<u>18,678,413</u>
Total Net Assets	<u><u>\$ 100,047,213</u></u>	<u><u>\$ 93,434,151</u></u>	<u><u>\$ 2,826,367</u></u>	<u><u>\$ 2,934,587</u></u>	<u><u>\$ 102,873,580</u></u>	<u><u>\$ 96,368,738</u></u>

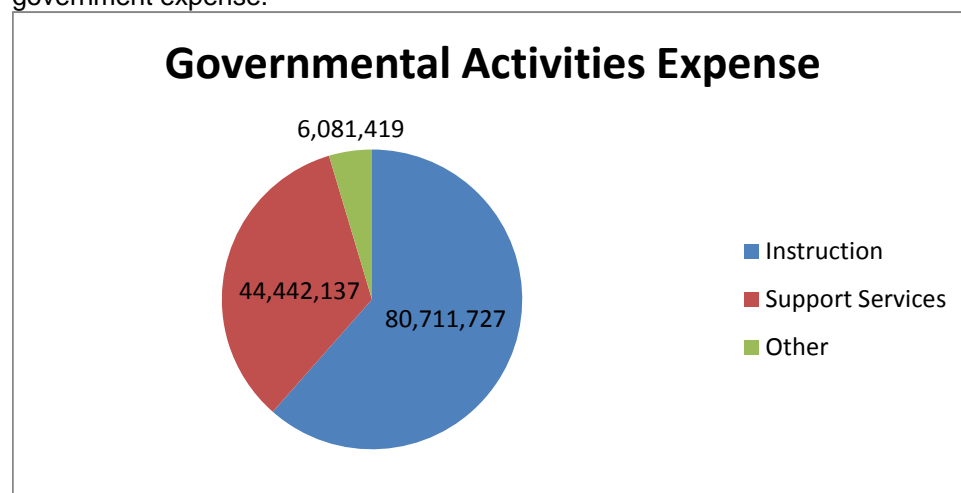


The following Table 2 presents a summary of changes in net assets for the fiscal years ended June 30, 2012 and 2011.

	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
REVENUES						
Program revenues						
Charges for services	\$ 93,544	\$ 59,104	\$ 3,259,380	\$ 3,338,504	\$ 3,352,924	\$ 3,397,608
Operating grants and contributions	21,088,863	26,574,144	5,914,030	5,806,537	27,002,893	32,380,681
Capital grants and contributions	1,260,172	3,883,533	-	58,508	1,260,172	3,942,041
General revenues						
Property taxes	30,269,437	29,224,671	-	-	30,269,437	29,224,671
Motor vehicle taxes	2,748,935	2,610,481	-	-	2,748,935	2,610,481
Utility taxes	5,285,127	5,428,914	-	-	5,285,127	5,428,914
Other taxes	5,418	4,119	-	-	5,418	4,119
Investment earnings	123,016	95,887	3,534	3,161	126,550	99,048
State and formula grants	75,797,337	72,040,808	-	-	75,797,337	72,040,808
Miscellaneous	1,233,993	508,322	-	-	1,233,993	508,322
Total revenues	137,905,842	140,429,983	9,176,944	9,206,710	147,082,786	149,636,693
EXPENSES						
Program Activities						
Instruction	80,711,727	78,683,488	-	-	80,711,727	78,683,488
Student support	8,250,243	7,950,966	-	-	8,250,243	7,950,966
Instructional staff support	8,029,151	7,780,963	-	-	8,029,151	7,780,963
District administrative support	1,266,211	985,812	-	-	1,266,211	985,812
School administrative support	6,464,635	6,649,503	-	-	6,464,635	6,649,503
Business support	1,928,069	1,793,532	-	-	1,928,069	1,793,532
Plant operation and maintenance	9,733,887	9,695,360	-	-	9,733,887	9,695,360
Student transportation	8,769,941	9,294,038	-	-	8,769,941	9,294,038
Community service activities	1,095,389	1,117,651	-	-	1,095,389	1,117,651
Other	86,677	90,482	-	-	86,677	90,482
Interest costs	4,899,353	4,828,027	-	-	4,899,353	4,828,027
Business-type Activities						
Food service	-	-	8,735,630	8,488,991	8,735,630	8,488,991
Childcare	-	-	515,275	527,233	515,275	527,233
Educational television	-	-	91,756	104,463	91,756	104,463
Total expenses	131,235,283	128,869,822	9,342,661	9,120,687	140,577,944	137,990,509
Transfers	(57,497)	16,868	57,497	(16,868)	-	-
Increase (decrease) in net assets	\$ 6,613,062	\$ 11,577,029	\$ (108,220)	\$ 69,155	\$ 6,504,842	\$ 11,646,184

Governmental Activities

Instruction comprises 62% of governmental program expenses. Support services expenses make up 34% of government expenses. The remaining expense for interest and other items accounts for 4% of total government expense.



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

(Table 3)
Governmental Activities Total
Cost of Services Net Cost of Services

	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Instruction	\$ 80,711,727	\$ 76,683,488	\$ 63,758,222	\$ 54,054,458
Support Services	44,442,137	46,150,174	41,333,505	40,926,691
Community Services	1,095,389	1,117,651	30,407	34,094
Other	86,677	90,482	31,389	55,474
Interest costs	<u>4,899,353</u>	<u>4,828,027</u>	<u>3,639,181</u>	<u>3,282,324</u>
Total expenses	<u>\$ 131,235,283</u>	<u>\$ 128,869,822</u>	<u>\$ 108,792,704</u>	<u>\$ 98,353,041</u>

Business-Type Activities

The business-type activities include the food service, child care and educational television operations. These programs had total revenues of \$9,176,944 and expenses of \$9,342,661 for fiscal year 2012. Of the revenues, \$3,259,380 was charges for services, \$5,914,030 was from State and Federal operating grants, and \$3,534 was from investment earnings. Business activities receive no support from tax revenues. The School District will continue to monitor the charges and costs of this activity. If it becomes necessary, the School District will make adjustments to the operations of this activity.

The School District's Funds

Information about the School District's major funds starts on page 13. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$150,964,611 and expenditures and other financing uses of \$155,600,420. Net changes in fund balances for the year were most significant in the General Fund \$1,295,256 and the Construction Fund (\$5,962,457).

The increase in the General Fund was primarily due to budget initiative taken to reduce expenditures and not having to spend contingency funds. The decrease in the Construction Fund was due to spending bond proceeds received in the prior year on construction projects.

General Fund-Budget Highlights

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

For the General Fund revenues were budgeted at \$83,814,019 with actual amounts of \$106,894,711. Budgeted expenditures of \$103,562,511 compare with actual expenditures of \$105,190,138. The most significant fluctuation is for on-behalf payments of \$19,234,472.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2012 the School District had \$178,813,754 invested in land, land improvements, buildings, vehicles, equipment, and construction in progress, and \$177,495,970 in governmental activities. Table 4 shows fiscal year 2012 and 2011 balances.

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Land	\$ 5,359,248	\$ 5,359,248	\$ 16,790	\$ 16,790	\$ 5,376,038	\$ 5,376,038
Land improvements	1,910,566	1,746,371	-	-	1,910,566	1,746,371
Buildings and improvements	146,314,928	150,739,965	32,111	35,934	146,347,039	150,775,899
Technology	2,606,986	2,119,238	-	-	2,606,986	2,119,238
Vehicles	5,209,918	4,531,610	17,293	23,396	5,227,211	4,555,006
General equipment	2,540,207	2,504,012	1,251,590	1,236,433	3,791,797	3,740,445
Total	163,941,853	167,000,444	1,317,784	1,312,553	165,259,637	168,312,997
Construction in progress	13,554,117	4,309,911	-	-	13,554,117	4,309,911
Total	<u>\$ 177,495,970</u>	<u>\$ 171,310,355</u>	<u>\$ 1,317,784</u>	<u>\$ 1,312,553</u>	<u>\$ 178,813,754</u>	<u>\$ 172,622,908</u>

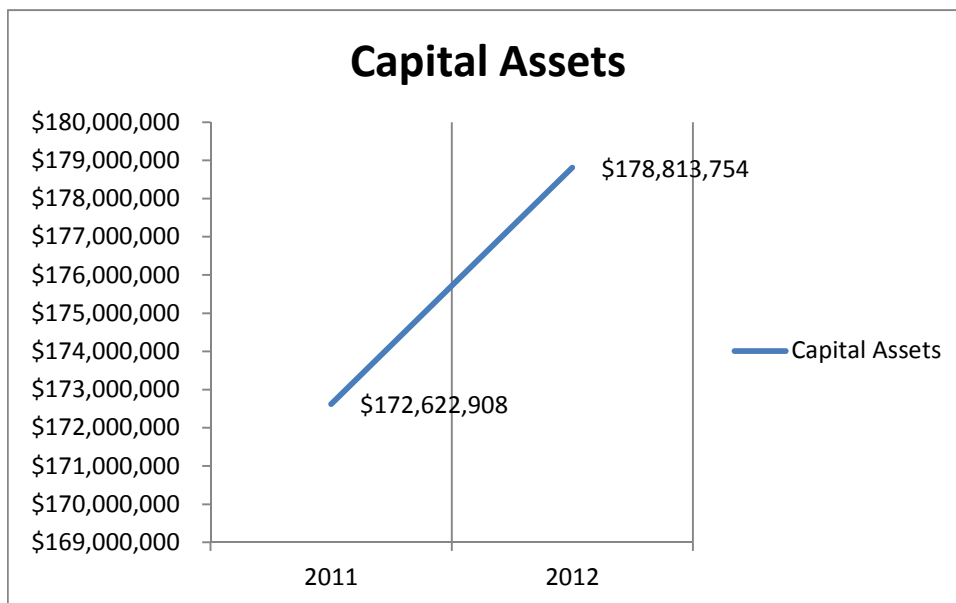


Table 5 shows the changes in capital assets for the fiscal years ended June 30, 2012 and 2011.

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Beginning balance	\$ 171,310,355	\$ 167,978,725	\$ 1,312,553	\$ 1,322,182	\$ 172,622,908	\$ 169,300,907
Additions	13,225,604	16,915,518	198,611	178,972	13,424,215	17,094,490
Retirements	(387,825)	(7,269,473)	(2,364)	(11,181)	(390,189)	(7,280,654)
Depreciation	(6,652,164)	(6,314,415)	(191,016)	(177,420)	(6,843,180)	(6,491,835)
Ending balance	<u>\$ 177,495,970</u>	<u>\$ 171,310,355</u>	<u>\$ 1,317,784</u>	<u>\$ 1,312,553</u>	<u>\$ 178,813,754</u>	<u>\$ 172,622,908</u>

Ongoing construction costs are in construction in progress at June 30, 2012.

Debt

At June 30, 2012, the School District had \$107,900,000 in bonds outstanding, of this amount \$10,466,176 is to be paid from KSFCC funding provided by the State of Kentucky. A total of \$5,970,000 is due within one year.

District Challenges for the Future

The primary challenges for Hardin County Schools are to continue to increase the level of achievement of our students, continue to maintain and improve the average daily attendance of our students, and continue to provide modern facilities for continuous growth in student enrollment.

The most important challenge is to increase the academic achievement of our students. The District is continuing programs such as MAP, APEX, and Compass Learning in many schools as measures to improve learning and data quality. In addition, a data consultant has been hired to review the data within the District to measure program success. Technology is being funded at higher levels to increase student development with hand held devices.

The second District challenge is maintaining and improving average daily attendance. The District receives funding through the SEEK formula based on this count. Growth within the District has steadily increased over the last year and is remaining constant. As a result of continued growth in average daily attendance the District was able to levy a BRAC nickel in FY11. This will enable the District to add additional classroom space and improve overall building culture. Adhering to the facilities plan is essential in providing excellent learning environments to meet the needs of all students. It is important to note good attendance correlates to student achievement. Maintaining excellence and emphasizing service the public are the main factors influencing this District challenge.

We made an important step this year to continue construction projects to accommodate student growth. The District must make provisions for current enrollment growth and the growth in student population due to the impact of BRAC.

Adhering to the facilities plan is essential in providing excellent learning environments to meet the needs of all our students.

Future Budgetary Implications

In Kentucky, the public schools fiscal year is July 1 - June 30; other programs, i.e. some federal programs operate on a different fiscal calendar, but are reflected in the District overall budget. By law, the budget must have a minimum 2% contingency. The District adopted a budget for 2012-2013 with a 2.5% contingency. Significant Board action that impacts the finances includes pay increases for all employees including KTRS and issuing a COLA raise, additional spending for facility repairs outside of bonded building and renovation projects, and continued funding of Board initiatives.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. Questions about this report or additional information needed should be directed to Gary Milby, Associate Superintendent for Finance and Support (270) 769-8800, 65 W. A. Jenkins Road, Elizabethtown, Kentucky, 42701 or e-mail gary.milby@hardin.kyschools.us.

BASIC FINANCIAL STATEMENTS

HARDIN COUNTY BOARD OF EDUCATION

STATEMENT OF NET ASSETS

June 30, 2012

Assets	Governmental Activities	Business- Type Activities	Total
<u>Current Assets</u>			
Cash and cash equivalents	\$ -	\$ -	\$ -
Investments	40,600,621	1,395,754	41,996,375
Inventory		220,368	220,368
Receivables:			
Taxes-current	653,470		653,470
Taxes-delinquent	127,759		127,759
Other receivables	105,794		105,794
Intergovernmental-State	155,126		155,126
Intergovernmental-Indirect Federal	1,616,797	51,778	1,668,575
Intergovernmental-Direct Federal	18,210		18,210
Total Current Assets	43,277,777	1,667,900	44,945,677
<u>Noncurrent Assets</u>			
Deferred amount on refunding	685,059		685,059
Bond discount and expense	1,578,981		1,578,981
Capital assets, net of accumulated depreciation	177,495,970	1,317,784	178,813,754
Total Noncurrent Assets	179,760,010	1,317,784	181,077,794
Total Assets	223,037,787	2,985,684	226,023,471
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Accounts payable	2,754,744	159,317	2,914,061
Cash overdraft	7,024,921		
Deferred revenue	311,469		311,469
Current portion of bond obligations	5,970,000		5,970,000
Current portion of accrued sick leave	364,967		364,967
Interest payable	1,349,771		1,349,771
Total Current Liabilities	17,775,872	159,317	17,935,189
<u>Noncurrent Liabilities</u>			
Noncurrent portion of bond obligations	101,930,000		101,930,000
Noncurrent portion of accrued sick leave	3,284,702		3,284,702
Total Noncurrent Liabilities	105,214,702	-	105,214,702
Total Liabilities	122,990,574	159,317	123,149,891
<u>Net Assets</u>			
Invested in capital assets, net of related debt	71,860,010	1,317,784	73,177,794
Restricted for:			
Sick leave	1,000,000		1,000,000
Grants	126,452		126,452
Capital projects	7,869,528		7,869,528
Debt service	934,459		934,459
Unrestricted	18,256,764	1,508,583	19,765,347
Total Net Assets	\$ 100,047,213	\$ 2,826,367	\$ 102,873,580

See accompanying notes to financial statements.

HARDIN COUNTY BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
Year Ended June 30, 2012

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets		
		Charges For Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business- Type Activities	Total
Governmental Activities:							
Instruction	\$ 80,711,727	\$ 31,307	\$ 16,922,198	\$ -	\$ (63,758,222)	\$ -	\$ (63,758,222)
Support services:							
Student	8,250,243		42,183		(8,208,060)		(8,208,060)
Instruction staff	8,029,151		2,368,876		(5,660,275)		(5,660,275)
District administrative	1,266,211				(1,266,211)		(1,266,211)
School administrative	6,464,635		265,411		(6,199,224)		(6,199,224)
Business	1,928,069				(1,928,069)		(1,928,069)
Plant operation and maintenance	9,733,887				(9,733,887)		(9,733,887)
Student transportation	8,769,941	7,503	424,659		(8,337,779)		(8,337,779)
Community service activities	1,095,389	54,734	1,010,248		(30,407)		(30,407)
Other	86,677		55,288		(31,389)		(31,389)
Interest on long-term debt	4,899,353			1,260,172	(3,639,181)		(3,639,181)
Total Governmental Activities	131,235,283	93,544	21,088,863	1,260,172	(108,792,704)	-	(108,792,704)
Business-Type Activities:							
Food service	8,735,630	2,727,932	5,821,064			(186,634)	(186,634)
Child care	515,275	446,287	84,643			15,655	15,655
Educational television	91,756	85,161	8,323			1,728	1,728
Total Business-Type Activities	9,342,661	3,259,380	5,914,030	-	-	(169,251)	(169,251)
Total Primary Government	\$140,577,944	\$ 3,352,924	\$ 27,002,893	\$ 1,260,172	(108,792,704)	(169,251)	(108,961,955)
General Revenues:							
Taxes:							
Property taxes					30,269,437		30,269,437
Motor vehicle taxes					2,748,935		2,748,935
Utility taxes					5,285,127		5,285,127
Other taxes					5,418		5,418
Investment earnings					123,016	3,534	126,550
State and formula grants					75,797,337		75,797,337
Miscellaneous					1,233,993		1,233,993
Total general revenues					115,463,263	3,534	115,466,797
Transfers					(57,497)	57,497	-
Change in net assets					6,613,062	(108,220)	6,504,842
Net assets - beginning					93,434,151	2,934,587	96,368,738
Net assets - ending					\$100,047,213	\$ 2,826,367	\$102,873,580

See accompanying notes to financial statements.

FUND FINANCIAL STATEMENTS

HARDIN COUNTY BOARD OF EDUCATION

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2012

	General Fund	Special Revenue	Construction Fund	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 934,459	\$ 934,459
Investments	31,300,304		8,800,830	499,487	40,600,621
Receivables:					
Taxes - current	653,470				653,470
Taxes - delinquent	127,759				127,759
Other receivables	105,150	644			105,794
Intergovernmental - State		155,126			155,126
Intergovernmental - Indirect Federal		1,616,797			1,616,797
Intergovernmental - Direct Federal		18,210			18,210
Total Assets	\$ 32,186,683	\$ 1,790,777	\$ 8,800,830	\$ 1,433,946	\$ 44,212,236
Liabilities and Fund Balances:					
Liabilities					
Accounts payable	\$ 896,408	\$ 427,547	\$ 1,430,789	\$ -	\$ 2,754,744
Cash overdraft	7,357,745	601,635			7,959,380
Deferred revenue		311,469			311,469
Total Liabilities	8,254,153	1,340,651	1,430,789	-	11,025,593
Fund Balances					
Restricted	1,000,000	126,452	7,370,041	1,433,946	9,930,439
Committed	5,027,554				5,027,554
Assigned	432,270	323,674			755,944
Unassigned	17,472,706				17,472,706
Total Fund Balances	23,932,530	450,126	7,370,041	1,433,946	33,186,643
Total Liabilities and Fund Balances	\$ 32,186,683	\$ 1,790,777	\$ 8,800,830	\$ 1,433,946	\$ 44,212,236

See accompanying notes to financial statements.

HARDIN COUNTY BOARD OF EDUCATION

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

June 30, 2012

Total fund balance per fund financial statements	\$ 33,186,643
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net assets.	177,495,970
Certain liabilities are not reported in this fund financial statement because because they are not due and payable, but they are presented in the statement of net assets:	
Bonds payable	(107,900,000)
Bond discount and expense	1,578,981
Deferred amount on refunding	685,059
Interest payable	(1,349,771)
Accrued sick leave	<u>(3,649,669)</u>
Net assets for governmental activities	<u>\$ 100,047,213</u>

See accompanying notes to financial statements.

HARDIN COUNTY BOARD OF EDUCATION

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

Year Ended June 30, 2012

	General Fund	Special Revenue	Construction Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
From local sources:					
Taxes:					
Property	\$ 21,634,477	\$ -	\$ -	\$ 8,634,960	\$ 30,269,437
Motor vehicle	2,748,935				2,748,935
Utilities	5,285,127				5,285,127
Other taxes	5,418				5,418
Earnings on investments	95,888	1,162	24,936	1,030	123,016
Other local revenues	597,502	150,734			748,236
Intergovernmental - State	75,797,337	4,423,124		4,801,475	85,021,936
Intergovernmental - Indirect Federal	232,560	12,771,142			13,003,702
Intergovernmental - Direct Federal	497,467	202,560			700,027
Total Revenues	106,894,711	17,548,722	24,936	13,437,465	137,905,834
Expenditures:					
Instruction	62,131,599	13,794,993			75,926,592
Support services:					
Student	8,207,326	42,183			8,249,509
Instruction staff	5,661,369	2,368,876			8,030,245
District administrative	1,135,004				1,135,004
School administrative	6,234,111	265,411			6,499,522
Business	1,904,407				1,904,407
Plant operation and maintenance	9,881,417			1,192	9,882,609
Student transportation	9,862,631	424,659			10,287,290
Facilities acquisition and construction	55,785		9,628,036		9,683,821
Community service activities	85,141	1,010,248			1,095,389
Other	31,348	55,288		40	86,676
Debt service:					
Principal				5,345,000	5,345,000
Interest				4,568,469	4,568,469
Total Expenditures	105,190,138	17,961,658	9,628,036	9,914,701	142,694,533
Excess (Deficit) of Revenues over Expenditures	1,704,573	(412,936)	(9,603,100)	3,522,764	(4,788,699)
Other Financing Sources (Uses):					
Insurance proceeds	98,116				98,116
Proceeds from disposal of capital assets	54,774				54,774
Transfers in	330,190	260,022	3,640,643	8,675,032	12,905,887
Transfers out	(892,397)			(12,013,490)	(12,905,887)
Total Other Financing Sources (Uses)	(409,317)	260,022	3,640,643	(3,338,458)	152,890
Net Change in Fund Balances	1,295,256	(152,914)	(5,962,457)	184,306	(4,635,809)
Fund Balance, July 1, 2011	22,637,274	603,040	13,332,498	1,249,640	37,822,452
Fund Balance, June 30, 2012	\$ 23,932,530	\$ 450,126	\$ 7,370,041	\$ 1,433,946	\$ 33,186,643

See accompanying notes to financial statements.

HARDIN COUNTY BOARD OF EDUCATION

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

Year Ended June 30, 2012

Net change in total fund balances per fund financial statements	\$ (4,635,809)
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which capital outlays exceeds depreciation expense for the year.	6,189,610
Bond payments are recognized as expenditures of current financial resources in the fund financial statement but are reductions of liabilities in the statement of net assets.	5,345,000
In the statement of activities, only the gain (loss) on sale of fixed assets is reported, whereas in the governmental funds, the proceeds for the sale increased financial resources.	(3,995)
Generally, expenditures recognized in this fund financial statement are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred.	<u>(281,744)</u>
Change in net assets of governmental activities	<u>\$ 6,613,062</u>

See accompanying notes to financial statements.

HARDIN COUNTY BOARD OF EDUCATION**STATEMENT OF NET ASSETS****PROPRIETARY FUNDS**

June 30, 2012

	Food Service Fund	Other Enterprise Funds	Total Enterprise Funds
Assets			
<u>Current Assets</u>			
Investments	\$ 1,228,045	\$ 167,709	\$ 1,395,754
Inventory	220,368		220,368
Intergovernmental receivable - Indirect Federal	51,778		51,778
Total Current Assets	1,500,191	167,709	1,667,900
<u>Noncurrent Assets</u>			
Capital assets, net of accumulated depreciation	1,317,784		1,317,784
Total Noncurrent Assets	1,317,784	-	1,317,784
Total Assets	2,817,975	167,709	2,985,684
Liabilities			
<u>Current Liabilities</u>			
Accounts payable	154,553	4,764	159,317
Total Current Liabilities	154,553	4,764	159,317
<u>Net Assets</u>			
Invested in capital assets, net of related debt	1,317,784		1,317,784
Unrestricted	1,345,638	162,945	1,508,583
Total Net Assets	\$ 2,663,422	\$ 162,945	\$ 2,826,367

See accompanying notes to financial statements.

HARDIN COUNTY BOARD OF EDUCATION**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS****PROPRIETARY FUNDS**

Year Ended June 30, 2012

	Food Service Fund	Other Enterprise Funds	Total Enterprise Funds
Operating Revenues			
Lunchroom sales	\$ 2,696,344	\$ -	\$ 2,696,344
Other revenue	31,588		31,588
Tuition and fees		531,448	531,448
Total Operating Revenues	2,727,932	531,448	3,259,380
Operating Expenses			
Salaries and wages	4,043,844	505,973	4,549,817
Materials and supplies	4,332,174	56,824	4,388,998
Depreciation	191,016		191,016
Other operating expenses	166,232	44,234	210,466
Total Operating Expenses	8,733,266	607,031	9,340,297
Operating (loss)	(6,005,334)	(75,583)	(6,080,917)
Non-Operating Revenues (Expenses)			
Federal grants	4,541,037		4,541,037
Donated commodities	463,827		463,827
State grants	82,781		82,781
State on-behalf payments	733,419	92,966	826,385
Loss on disposal of capital assets	(2,364)		(2,364)
Interest income	3,534		3,534
Total Non-Operating Revenues (Expenses) Before Contributions and Transfers	5,822,234	92,966	5,915,200
Capital contributions	57,497		57,497
Changes in net assets	(125,603)	17,383	(108,220)
Net Assets, July 1, 2011	2,789,025	145,562	2,934,587
Net Assets, June 30, 2012	\$ 2,663,422	\$ 162,945	\$ 2,826,367

See accompanying notes to financial statements.

HARDIN COUNTY BOARD OF EDUCATION

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

Year Ended June 30, 2012

	Food Service Fund	Other Enterprise Funds	Total Enterprise Funds
Cash Flows from Operating Activities			
Cash received from:			
Lunchroom sales	\$ 2,706,717	\$ -	\$ 2,706,717
Tuition and fees		531,448	531,448
Other activities	31,588		31,588
Cash paid to/for:			
Employees	(3,310,425)	(413,007)	(3,723,432)
Supplies	(3,778,944)	(62,720)	(3,841,664)
Other activities	(166,232)	(44,234)	(210,466)
Net Cash Provided (Used) by Operating Activities	(4,517,296)	11,487	(4,505,809)
Cash flows from Non-Capital Financing Activities			
Federal grants	4,591,925		4,591,925
State grants	82,781		82,781
Net Cash Provided by Non-Capital Financing Activities	4,674,706	-	4,674,706
Cash Flows from Capital and Related Financing Activities			
Purchases of capital assets	(141,114)	-	(141,114)
Cash Flows from Investing Activities			
Purchase of investments	(1,228,045)	(167,709)	(1,395,754)
Receipt of interest income	3,534		3,534
Net Cash Used by Investing Activities	(1,224,511)	(167,709)	(1,392,220)
Net decrease in cash and cash equivalents	(1,208,215)	(156,222)	(1,364,437)
Balances, beginning of year	1,208,215	156,222	1,364,437
Balances, end of year	\$ -	\$ -	\$ -
Reconciliation of operating loss to net cash provided (used) by operating activities:			
Operating loss	\$ (6,005,334)	\$ (75,583)	\$ (6,080,917)
Adjustments to reconcile operating loss to net cash used by operating activities:			
Depreciation	191,016		191,016
Donated commodities	463,827		463,827
State on-behalf payments	733,419	92,966	826,385
Change in assets and liabilities:			
Accounts receivable	-		-
Inventory	69,668		69,668
Accounts payable	19,735	(5,896)	13,839
Net Cash Provided (Used) by Operating Activities	<u>\$ (4,527,669)</u>	<u>\$ 11,487</u>	<u>\$ (4,516,182)</u>
Schedule of Non-cash Transactions			
Donated commodities received from federal government	<u>\$ 463,827</u>	<u>\$ -</u>	<u>\$ 463,827</u>
State on-behalf payments	<u>\$ 733,419</u>	<u>\$ 92,966</u>	<u>\$ 826,385</u>

See accompanying notes to financial statements.

HARDIN COUNTY BOARD OF EDUCATION

STATEMENT OF FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

June 30, 2012

	Private Purpose Trust Funds	Agency Fund
Assets		
Cash and cash equivalents	\$ -	\$ 1,329,295
Investments	186,874	
Accounts receivable		13,713
Total Assets	<u>\$ 186,874</u>	<u>\$ 1,343,008</u>
Liabilities		
Accounts payable	\$ -	\$ 71,150
Due to student groups		1,271,858
Total Liabilities	<u>\$ -</u>	<u>\$ 1,343,008</u>
Net Assets Held in Trust	<u>\$ 186,874</u>	<u>\$ -</u>

See accompanying notes to financial statements.

HARDIN COUNTY BOARD OF EDUCATION

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

Year Ended June 30, 2012

	Private Purpose Trust Funds
Additions	
Net interest and investment gains	\$ 794
Other additions	790
Deductions	
Expenses paid	(936)
Change in net assets	648
Net Assets, beginning of year	<u>186,226</u>
Net Assets, end of year	<u><u>\$ 186,874</u></u>

See accompanying notes to financial statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS

HARDIN COUNTY BOARD OF EDUCATION

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Hardin County Board of Education ("Board"), a five-member group, is the level of government, which has oversight responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of Hardin County Board of Education ("District"). The District receives funding from Local, State and Federal government sources and must comply with the commitment requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards. 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. As allowed in Section P80 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, the District has elected not to apply to its proprietary activities Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989.

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

The financial statements of the District 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:

Hardin County School District Finance Corporation – In a prior year, the Board of Education resolved to authorize the establishment of the Hardin County School District Finance Corporation (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS Section 58.180) (the "Corporation") as an agency for the District for financing the costs of school building facilities. The members of the Board also comprise the Corporation's Board of Directors. The Corporation is blended into the District's financial statements.

Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

HARDIN COUNTY BOARD OF EDUCATION

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Government-wide Financial Statements – The statement of net assets 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 District that are governmental and those that are considered business-type activities.

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

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

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

The 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 fund balances. Proprietary funds are reported using the economic resources measurement focus. All assets and liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases and decreases in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities. Fiduciary funds are also reported using the economic resources measurement focus.

The District has the following funds:

I. Governmental Fund Types

- (A) The General Fund is the main operating fund of the Board. It accounts for financial resources used for general types of operations. This is a budgeted fund that reports all financial resources not accounted for and reported in another fund. This is a major fund of the District.

HARDIN COUNTY BOARD OF EDUCATION

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

- (B) The Special Revenue Fund accounts for 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 the specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally-funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report. This is a major fund of the District.
- (C) Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.
 - 1. The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund receives those funds designated by the state as Capital Outlay Funds and is restricted for use in financing projects identified in the District's facility plan.
 - 2. The Facility Support Program of Kentucky (FSPK) accounts for funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the District's facility plan.
 - 3. The Construction Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction. This is a major fund of the District.
- (D) Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

II. Proprietary Fund Types (Enterprise Fund)

- 1. The Food Service Fund is used to account for school food service activities, including the National School Lunch and Breakfast Programs, which are conducted in cooperation with the U.S. Department of Agriculture (USDA). Amounts have been recorded for in-kind contribution of commodities from the USDA. This is a major fund of the District.
- 2. The School Age Child Care program is used to account for funds received from tuition fees charges for after school care of students.
- 3. The Educational Television program is used to account for funds received from production services and the sale of recorded media.

HARDIN COUNTY BOARD OF EDUCATION

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

III. Fiduciary Fund Type (Agency Fund)

- A. The Agency Fund accounts for activities of student groups and other types of activities requiring clearing accounts. These funds are accounted for in accordance with the Uniform Program of Accounting for School Activity Funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.
- B. The Private Purpose Trust Funds are used to report trust arrangements under which principal and income benefit individuals, private organizations or other governments.

Basis of Accounting

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

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

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

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

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

HARDIN COUNTY BOARD OF EDUCATION

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of Accounting - Continued

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.

Property Taxes

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

The property tax rates assessed for the year ended June 30, 2012, to finance operations were \$.587 per \$100 valuation for real property, \$.587 per \$100 valuation for business personal property and \$.540 per \$100 valuation for motor vehicles.

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

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 assets 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 assets 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 one 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 assets life are not.

HARDIN COUNTY BOARD OF EDUCATION

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

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

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 assets, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Budgetary Process

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

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

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

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

HARDIN COUNTY BOARD OF EDUCATION

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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 government-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, 2012, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Receivables

The District recognizes revenues as receivable when they are measurable and receipt is probable. Concentration of credit risk with respect to the receivables from federal and state governments is limited due to the historical stability of those institutions.

Accrued Liabilities and Long-Term Obligations

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

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, 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.

HARDIN COUNTY BOARD OF EDUCATION

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Net Assets

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

Operating Revenues and Expenses

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

Contributions of Capital

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

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. 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.

NOTE B – ESTIMATES

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

HARDIN COUNTY BOARD OF EDUCATION

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

NOTE C – FUND BALANCES

Restricted fund balances arise when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. At June 30, 2012, the District had \$1,000,000 restricted for sick leave in the general fund, \$126,452 restricted for grants in the special revenue fund, \$7,370,041 restricted for capital projects in the Construction Fund and \$1,433,946 restricted in the nonmajor funds (\$499,487 restricted for capital projects and \$934,459 restricted for debt service).

Committed fund balances are those amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, which, for the District is the Board of Education. The Board of Education must approve by majority vote the establishment (and modification or rescinding) of a fund balance commitment. The District had the following general fund commitments at June 30, 2012: \$500,000 for buses, \$694,079 for land, \$128,625 for Map Assessment, \$154,850 for APEX/Compass Learning, \$300,000 for technology, \$2,500,000 for VoTech Center equipment and \$750,000 for sick leave.

mounts that are constrained by the government's *intent* to be used for specific purposes, but are neither restricted nor committed. The Board of Education allows program supervisors to complete purchase orders which result in the encumbrance of funds. The amount assigned related to encumbrances at June 30, 2012, was \$755,944 (\$432,270 in the general fund and \$323,674 in the special revenue fund). Assigned fund balance also includes (a) all remaining amounts (except for negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed and (b) amounts in the general fund that are intended to be used for a specific purpose.

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

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

NOTE D – DEPOSITS AND INVESTMENTS

DEPOSITS

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy is to have all deposits secured by pledged securities. At June 30, 2012, \$361,565 of the District's bank balance of \$5,330,597 was exposed to custodial credit risk. The bank balance not covered by depository insurance was collateralized by securities held by the pledging financial institution.

HARDIN COUNTY BOARD OF EDUCATION

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

INVESTMENTS

As of June 30, 2012, the District had the following investments and maturities:

	Fair Value	Maturity Less Than 1 Year
Repurchase agreement	\$ 42,183,249	\$ 42,183,249

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

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

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

Custodial Credit Risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's repurchase agreement is held by the counterparty in the District's name. The repurchase agreement is collateralized at 102%.

HARDIN COUNTY BOARD OF EDUCATION

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

NOTE E – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2012, was as follows:

Governmental Activities	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
Non-Depreciable Assets:				
Land	\$ 5,359,248	\$ -	\$ -	\$ 5,359,248
Construction in progress	4,309,911	9,628,036	(383,830)	13,554,117
Depreciable Assets:				
Land improvements	5,113,310	316,847		5,430,157
Buildings and improvements	198,438,465			198,438,465
Technology equipment	7,312,248	1,404,948	(414,813)	8,302,383
Vehicles	13,235,510	1,516,984	(954,911)	13,797,583
General equipment	9,020,951	358,789	(45,900)	9,333,840
Totals at historical cost	242,789,643	13,225,604	(1,799,454)	254,215,793
Accumulated depreciation:				
Land improvements	3,366,939	152,652		3,519,591
Buildings and improvements	47,698,500	4,425,037		52,123,537
Technology equipment	5,193,010	916,694	(414,307)	5,695,397
Vehicles	8,703,900	838,676	(954,911)	8,587,665
General equipment	6,516,939	319,105	(42,411)	6,793,633
Total accumulated depreciation	71,479,288	6,652,164	(1,411,629)	76,719,823
Governmental Activities Capital Assets - Net	<u>\$ 171,310,355</u>	<u>\$ 6,573,440</u>	<u>\$ (387,825)</u>	<u>\$ 177,495,970</u>
Depreciation was charged to governmental functions as follows:				
Instruction	\$ 5,641,339			
Student support	733			
Instructional staff	31			
District administration	38,731			
School administration	3,767			
Business support	38,759			
Plant	104,263			
Transportation	824,541			
	<u>\$ 6,652,164</u>			
Business-Type Activities				
Non-Depreciable Assets:				
Land	\$ 16,790	\$ -	\$ -	\$ 16,790
Depreciable Assets:				
Land improvements	14,407			14,407
Buildings and improvements	317,459			317,459
Technology equipment	22,440			22,440
Vehicles	79,529			79,529
General equipment	3,538,447	198,611	(80,500)	3,656,558
Totals at historical cost	3,989,072	198,611	(80,500)	4,107,183
Accumulated depreciation:				
Land improvements	14,407			14,407
Buildings and improvements	281,525	3,823		285,348
Technology equipment	22,440			22,440
Vehicles	56,133	6,103		62,236
General equipment	2,302,014	181,090	(78,136)	2,404,968
Total accumulated depreciation	2,676,519	191,016	(78,136)	2,789,399
Business-type Activities Capital Assets - Net	<u>\$ 1,312,553</u>	<u>\$ 7,595</u>	<u>\$ (2,364)</u>	<u>\$ 1,317,784</u>

HARDIN COUNTY BOARD OF EDUCATION

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

NOTE F – LONG-TERM OBLIGATIONS

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

Issue Date	Original Proceeds	Rates	Issue Date	Original Proceeds	Rates
July 2001A	\$ 9,405,000	4.10% - 4.75%	June 2006	14,145,000	4.00% - 4.375%
December 2002	2,915,000	1.25% - 3.20%	June 2007	17,430,000	4.00% - 4.75%
July 2003	9,310,000	1.75% - 4.00%	July 2008	30,365,000	3.50% - 4.625%
June 2004	9,290,000	3.50% - 4.50%	June 2009	1,960,000	2.00% - 4.00%
February 2005	2,910,000	2.50% - 3.70%	July 2010 Refunding	5,580,000	1.00% - 3.00%
June 2005 Energy	5,455,000	3.30% - 4.20%	February 2011	3,750,000	1.00% - 4.85%
June 2005 Refunding	17,350,000	3.00% - 4.00%	May 2011	6,725,000	2.00% - 5.00%

The District, through the General Fund (including utility taxes and the Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund) is obligated to make payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Hardin County Board of Education Finance Corporation to construct school facilities. The District has an option to purchase the property under lease at any time by retiring the bonds then outstanding. The District has "participation agreements" with the Kentucky School Facilities Construction Commission. The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs.

HARDIN COUNTY BOARD OF EDUCATION**NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**

June 30, 2012

NOTE F – LONG-TERM OBLIGATIONS – CONTINUED

The table below sets forth the amount to be paid by the District and the Commission for each year until maturity of all bond issues. The liability for the total bond amount remains with the District and, as such, the total principal outstanding has been recorded in the financial statements. The bonds may be called prior to maturity and redemption premiums are specified in each issue. Assuming no bonds are called prior to scheduled maturity, the minimum obligations of the District, including amounts to be paid by the Commission, at June 30, 2012, for debt service (principal and interest) are as follows:

Year	Principal	Interest	Participation	District's Portion
2013	\$ 5,970,000	\$ 4,393,257	\$ 1,220,181	\$ 9,143,076
2014	5,580,000	4,196,830	1,108,165	8,668,665
2015	5,775,000	3,996,842	1,108,035	8,663,807
2016	5,995,000	3,786,774	1,108,035	8,673,739
2017	6,175,000	3,564,531	1,067,054	8,672,477
2018-2022	30,775,000	14,125,857	4,461,695	40,439,162
2023-2027	32,355,000	7,497,100	3,109,510	36,742,590
2028-2031	15,275,000	926,181	871,400	15,329,781
	<u>\$ 107,900,000</u>	<u>\$ 42,487,372</u>	<u>\$ 14,054,075</u>	<u>\$ 136,333,297</u>

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.

Long-term liability activity for the year ended June 30, 2012, was as follows:

	Balance July 1, 2011	Additions	Reductions	Balance June 30, 2012	Amounts Due Within One Year
Revenue bonds payable	\$ 113,245,000	\$ -	\$ 5,345,000	\$ 107,900,000	\$ 5,970,000
Accrued sick leave	3,557,192	716,209	623,732	3,649,669	364,967
	<u>\$ 116,802,192</u>	<u>\$ 716,209</u>	<u>\$ 5,968,732</u>	<u>\$ 111,549,669</u>	<u>\$ 6,334,967</u>

The debt service fund is primarily responsible for paying the bond obligations through funding from the capital outlay and FSPK funds. The general fund is primarily responsible for paying accrued sick leave.

HARDIN COUNTY BOARD OF EDUCATION

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

NOTE G – RETIREMENT PLANS

All the District's eligible employees participate in the Kentucky Teacher's Retirement System (KTRS), a statewide multiple-employer public employee retirement system covering all employees of local school districts within the State of Kentucky. KTRS is a cost sharing public employee retirement system with one exception: all risks and costs are not shared by the District but are the liability of the State of Kentucky. KTRS is funded through state and employee contributions and the District has no legal obligation for paying benefits. As discussed below, the District may be required in certain situations to make limited contributions on behalf of certain employees.

The State of Kentucky contributes 13.105% of the employee's gross earnings for employees with un-refunded accounts before July 1, 2008 and 14.105% of employee's gross earnings for employees on or after July 1, 2008, except for those District employees being paid from and participating in federally funded programs. During the years ended June 30, 2012, 2011 and 2010, contributions of \$7,443,315, \$7,458,549, and \$7,274,967 were made by the State of Kentucky and \$869,894, \$820,862 and \$635,979 in contributions were passed through the District's federally funded programs. Contributions by the employees are 10.355% of gross earnings for employees with un-refunded accounts before July 1, 2008 and 10.855% of employee's gross earnings for employees on or after July 1, 2008 and are withheld by the District. The contribution rate is actuarially determined. Such withholdings during the years ended June 30, 2012, 2011 and 2010, totaled \$6,547,945, \$6,382,516 and \$5,959,516 and were paid by the District to the State of Kentucky. The District has no other liability under the plan. The District's total payroll for all employees during the years ended June 30, 2012, 2011 and 2010 was \$81,196,699, \$81,186,937 and \$78,358,274 and \$62,757,140, \$62,608,959 and \$60,043,959 of such amount related to employees covered by the retirement plan. All payments were made to the retirement system in the amount of the annually required contributions. Additional information and historical trend information can be obtained from the separately issued Teacher Retirement System of Kentucky Comprehensive Annual Financial Report by writing to Kentucky Teachers' Retirement System, 479 Versailles Road, Frankfort, Kentucky 40601.

Substantially all other employees (classified personnel) are covered under the County Employee's Retirement System (CERS). Funding for the Plan is provided through payroll withholdings of 5% for those employee participating in CERS before September 1, 2008 and 6% for those employee participating in CERS on or after September 1, 2008 and a District contribution for the years ended June 30, 2012, 2011 and 2010 of 18.96%, 16.93% and 16.16% of the employee's total compensation subject to contribution. The contribution rate is actuarially determined. The District's contribution requirement for CERS for the years ended June 30, 2012, 2011 and 2010, was \$4,370,154, \$3,990,044 and \$3,796,530 which consisted of \$3,432,373, \$3,083,068 and \$2,901,604 from the District and \$937,781, \$906,976 and \$894,926 from the employees. The total covered payroll for CERS during the years ended June 30, 2012, 2011 and 2010 was \$18,103,244, \$18,207,966 and \$17,932,150. Benefits under both plans will vary based on final compensation, years of service and other factors as fully described in the Plan documents. All payments were made to the retirement system in the amount of the annually required contributions. The County Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Kentucky Retirement Systems, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601.

HARDIN COUNTY BOARD OF EDUCATION

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

NOTE H – RETIREMENT PLANS – CONTINUED

Deferred Compensation

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

NOTE I – COMMITMENTS

During the year ended June 30, 2012, the Board had construction contract commitments for construction projects. The Board has also made a commitment to purchase real estate to be used for the construction of an elementary school.

NOTE J – 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 K – LITIGATION

The District is subject to various other legal actions in various stages of litigation, the outcome of which is not determinable at this time. Management of the District and its legal counsel do not anticipate that there will be any material effect on the combined financial statements as a result of the cases presently in progress, except as described elsewhere in this report.

NOTE L – INSURANCE AND RELATED ACTIVITIES

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

NOTE M – RISK MANAGEMENT

The District is exposed to various forms of loss of assets associated with the risks of fire, personal liability, general 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 including workers' compensation insurance. Premiums for these policies are based upon the District's experience to date.

HARDIN COUNTY BOARD OF EDUCATION

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

NOTE M – RISK MANAGEMENT – CONTINUED

To obtain insurance for workers' compensation and errors and omissions, the District participates in the Kentucky School Boards Insurance Trust Liability Insurance Fund. These public entity risk pools operate as common risk management and insurance programs for all school districts and other tax supported educational agencies of Kentucky who are members of the Kentucky School Boards Association. The District pays an annual premium to each fund for coverage.

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

NOTE N – DEFICIT OPERATING BALANCES

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

Special Revenue Fund	\$ 152,914
Construction Fund	5,962,457
FSPK Fund	47,979
Food Service Fund	125,603

NOTE O – 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.

NOTE P – TRANSFER OF FUNDS

The following transfers were made during the year:

Fund Financial Statements

From Fund	To Fund	Purpose	Amount
General	Special Revenue	Technology Match	\$ 260,022
General	Nonmajor Governmental	Debt Service	395,398
General	Construction	Construction	236,977
Nonmajor Governmental	General	Reimbursement	330,190
Nonmajor Governmental	Construction	Construction	3,403,666
Nonmajor Governmental	Nonmajor Governmental	Debt Service	8,279,634
			<u>\$ 12,905,887</u>

Government-wide Financial Statements

Governmental Activities	Food Service	Equipment	\$ 57,497
-------------------------	--------------	-----------	-----------

HARDIN COUNTY BOARD OF EDUCATION

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

NOTE Q – INTERFUND RECEIVABLES AND PAYABLES

There were no interfund balances at June 30, 2012.

NOTE R – POST-EMPLOYMENT HEALTH CARE BENEFITS

Retired District employees receive some health care benefits depending on their length of service. In accordance with Kentucky Revised Statutes, these benefits are provided and advance funded on an actuarially determined basis through the CERS and KTRS plans.

NOTE S – ON-BEHALF PAYMENTS

The District receives on-behalf payments from the State of Kentucky for items including retirement and insurance. The amount received for the fiscal year ended June 30, 2012, was \$20,060,857. These payments were recorded as follows:

General Fund	\$ 19,234,472
Food Service Fund	733,419
School Age Child Care Fund	84,643
Educational Television Fund	<u>8,323</u>
Total	<u>\$ 20,060,857</u>

NOTE T – SUBSEQUENT EVENTS

On July 31, 2012, the District partially advance refunded the July 2003 and the June 2004 revenue bonds. The gross savings was \$1,126,873 with a net present value savings of \$977,438.

REQUIRED SUPPLEMENTARY INFORMATION

HARDIN COUNTY BOARD OF EDUCATION**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL****GENERAL FUND**

Year Ended June 30, 2012

	<u>Original</u>	<u>Final</u>	<u>Actual</u>
Revenues			
From local sources:			
Taxes:			
Property	\$ 19,050,000	\$ 19,050,000	\$ 21,634,477
Motor vehicle	2,300,000	2,300,000	2,748,935
Utilities	5,000,000	5,000,000	5,285,127
Other	5,000	5,000	5,418
Earnings on investments	100,000	100,000	95,888
Other local revenues	208,886	520,024	597,502
Intergovernmental - State	59,448,214	56,588,995	75,797,337
Intergovernmental - Indirect Federal			232,560
Intergovernmental - Direct Federal	250,000	250,000	497,467
Total Revenues	86,362,100	83,814,019	106,894,711
Expenditures			
Instruction	55,411,091	53,792,927	62,131,599
Support services:			
Student	6,515,060	6,588,397	8,207,326
Instruction staff	4,691,709	4,788,557	5,661,369
District administrative	1,101,059	1,186,331	1,135,004
School administrative	4,965,013	4,799,568	6,234,111
Business	1,801,807	1,795,028	1,904,407
Plant operation and maintenance	10,298,490	10,836,491	9,881,417
Student transportation	9,016,886	10,229,681	9,862,631
Facilities acquisition and construction	511,193	1,011,393	55,785
Community service activities	101,008	137,132	85,141
Other	3,371,300	8,397,006	31,348
Total Expenditures	97,784,616	103,562,511	105,190,138
Excess (Deficit) of Revenues over Expenditures	(11,422,516)	(19,748,492)	1,704,573
Other Financing Sources (Uses)			
Insurance proceeds		7,758	98,116
Proceeds from disposal of capital assets	10,000	10,000	54,774
Transfers in		330,190	330,190
Transfers out	(723,148)	(892,646)	(892,397)
Total Other Financing Sources (Uses)	(713,148)	(544,698)	(409,317)
Net Change in Fund Balance	(12,135,664)	(20,293,190)	1,295,256
Fund Balance, July 1, 2011	12,135,664	20,293,190	22,637,274
Fund Balance, June 30, 2012	\$ -	\$ -	\$ 23,932,530

EXPLANATION OF DIFFERENCES BETWEEN BUDGETARY INFLOWS AND OUTFLOWS AND GAAP REVENUES AND EXPENDITURES

Both inflows and outflows are equally different in the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds by the amount of on-behalf payments of \$19,234,472.

HARDIN COUNTY BOARD OF EDUCATION**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL****SPECIAL REVENUE FUND**

Year Ended June 30, 2012

	Original	Final	Actual
Revenues			
Earnings on investments	\$ -	\$ 543	\$ 1,162
Other local revenues	92,000	144,024	150,734
Intergovernmental - State	4,554,864	4,313,696	4,423,124
Intergovernmental - Indirect Federal	7,393,784	9,473,987	12,771,142
Intergovernmental - Direct Federal	199,000	219,829	202,560
Total Revenues	12,239,648	14,152,079	17,548,722
Expenditures			
Instruction	8,939,993	10,771,043	13,794,993
Support services:			
Student	116,079	31,842	42,183
Instruction staff	1,973,173	2,205,114	2,368,876
School administrative	215,273	79,834	265,411
Student transportation	259,232	262,451	424,659
Community service activities	1,034,846	1,007,388	1,010,248
Other	28,552	54,429	55,288
Total Expenditures	12,567,148	14,412,101	17,961,658
Excess (Deficit) of Revenues over Expenditures	(327,500)	(260,022)	(412,936)
Other Financing Sources (Uses)			
Transfers in	327,500	260,022	260,022
Total Other Financing Sources (Uses)	327,500	260,022	260,022
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	-	-	(152,914)
Fund Balance, July 1, 2011	-	-	603,040
Fund Balance, June 30, 2012	\$ -	\$ -	\$ 450,126

SUPPLEMENTARY INFORMATION

HARDIN COUNTY BOARD OF EDUCATION**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2012

	Capital Outlay Fund	FSPK Fund	Debt Service Fund	Total Nonmajor Governmental Funds
Assets:				
Cash and cash equivalents	\$ -	\$ -	\$ 934,459	\$ 934,459
Investments	<u>489,240</u>	<u>10,247</u>		<u>499,487</u>
Total Assets	<u><u>\$ 489,240</u></u>	<u><u>\$ 10,247</u></u>	<u><u>\$ 934,459</u></u>	<u><u>\$ 1,433,946</u></u>
Fund Balances				
Restricted	<u>\$ 489,240</u>	<u>\$ 10,247</u>	<u>\$ 934,459</u>	<u>\$ 1,433,946</u>
Total Fund Balances	<u><u>\$ 489,240</u></u>	<u><u>\$ 10,247</u></u>	<u><u>\$ 934,459</u></u>	<u><u>\$ 1,433,946</u></u>

HARDIN COUNTY BOARD OF EDUCATION

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS

Year Ended June 30, 2012

	Capital Outlay Fund	FSPK Fund	Debt Service Fund	Total Nonmajor Governmental Funds
Revenues				
From local sources:				
Taxes:				
Property	\$ -	\$ 8,634,960	\$ -	\$ 8,634,960
Earnings on investments			1,030	1,030
Intergovernmental - State	1,300,109	2,241,194	1,260,172	4,801,475
Total Revenues	1,300,109	10,876,154	1,261,202	13,437,465
Expenditures				
Plant operation and maintenance	1,192			1,192
Other			40	40
Debt service:				
Principal			5,345,000	5,345,000
Interest			4,568,469	4,568,469
Total Expenditures	1,192	-	9,913,509	9,914,701
Excess (Deficit) of Revenues over Expenditures	1,298,917	10,876,154	(8,652,307)	3,522,764
Other Financing Sources (Uses)				
Transfers in			8,675,032	8,675,032
Transfers out	(1,089,357)	(10,924,133)		(12,013,490)
Total Other Financing Sources (Uses)	(1,089,357)	(10,924,133)	8,675,032	(3,338,458)
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	209,560	(47,979)	22,725	184,306
Fund balance, July 1, 2011	279,680	58,226	911,734	1,249,640
Fund balance, June 30, 2012	<u>\$ 489,240</u>	<u>\$ 10,247</u>	<u>\$ 934,459</u>	<u>\$ 1,433,946</u>

HARDIN COUNTY BOARD OF EDUCATION

**COMBINING STATEMENT OF NET ASSETS - NONMAJOR PROPRIETARY FUNDS
- ENTERPRISE FUNDS**

June 30, 2012

	<u>School Age Child Care</u>	<u>Educational Television</u>	<u>Total Nonmajor Enterprise Funds</u>
Assets			
<u>Current Assets</u>			
Investments	<u>\$ 145,105</u>	<u>\$ 22,604</u>	<u>\$ 167,709</u>
Total Current Assets	<u>145,105</u>	<u>22,604</u>	<u>167,709</u>
 Liabilities			
<u>Current Liabilities</u>			
Accounts payable	<u>3,020</u>	<u>1,744</u>	<u>4,764</u>
Total Current Liabilities	<u>3,020</u>	<u>1,744</u>	<u>4,764</u>
 <u>Net Assets</u>			
Unrestricted	<u>142,085</u>	<u>20,860</u>	<u>162,945</u>
Total Net Assets	<u><u>\$ 142,085</u></u>	<u><u>\$ 20,860</u></u>	<u><u>\$ 162,945</u></u>

HARDIN COUNTY BOARD OF EDUCATION**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS -
NONMAJOR ENTERPRISE FUNDS - PROPRIETARY FUNDS**

Year Ended June 30, 2012

	School Age Child Care	Educational Television	Total Nonmajor Enterprise Funds
Operating Revenues			
Tuition and fees	\$ 446,287	\$ 85,161	\$ 531,448
Total Operating Revenues	446,287	85,161	531,448
Operating Expenses			
Salaries and wages	462,069	43,904	505,973
Materials and supplies	36,502	20,322	56,824
Other operating expenses	16,704	27,530	44,234
Total Operating Expenses	515,275	91,756	607,031
Operating loss	(68,988)	(6,595)	(75,583)
Non-Operating Revenues (Expenses)			
State on-behalf payments	84,643	8,323	92,966
Total Non-Operating Revenues (Expenses)	84,643	8,323	92,966
Change in net assets	15,655	1,728	17,383
Net Assets, July 1, 2011	126,430	19,132	145,562
Net Assets, June 30, 2012	\$ 142,085	\$ 20,860	\$ 162,945

HARDIN COUNTY BOARD OF EDUCATION

COMBINING STATEMENT OF CASH FLOWS - NONMAJOR ENTERPRISE FUNDS - PROPRIETARY FUNDS

Year Ended June 30, 2012

	School Age Child Care	Educational Television	Total Other Enterprise Funds
Cash Flows from Operating Activities			
Cash received from:			
Tuition and fees	\$ 446,287	\$ 85,161	\$ 531,448
Cash paid to/for:			
Employees	(377,426)	(35,581)	(413,007)
Supplies	(41,223)	(21,497)	(62,720)
Other activities	(16,704)	(27,530)	(44,234)
Net Cash Provided by Operating Activities	<u>10,934</u>	<u>553</u>	<u>11,487</u>
Cash Flows from Investing Activities			
Purchase of investments	<u>(145,105)</u>	<u>(22,604)</u>	<u>(167,709)</u>
Net decrease in cash and cash equivalents	(134,171)	(22,051)	(156,222)
Balances, beginning of year	<u>134,171</u>	<u>22,051</u>	<u>156,222</u>
Balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of operating loss to net cash provided by operating activities:			
Operating loss	\$ (68,988)	\$ (6,595)	\$ (75,583)
Adjustments to reconcile operating loss to net cash used by operating activities:			
State on-behalf payments	84,643	8,323	92,966
Change in assets and liabilities:			
Accounts payable	<u>(4,721)</u>	<u>(1,175)</u>	<u>(5,896)</u>
Net cash provided (used) by operating activities	<u>\$ 10,934</u>	<u>\$ 553</u>	<u>\$ 11,487</u>
Schedule of non-cash transactions:			
State on-behalf payments	<u>\$ 84,643</u>	<u>\$ 8,323</u>	<u>\$ 92,966</u>

HARDIN COUNTY BOARD OF EDUCATION

COMBINING STATEMENT OF FIDUCIARY NET ASSETS

AGENCY FUNDS

June 30, 2012

	Bluegrass Middle School	Brown Street Education Center	Central Hardin High School	Creekside Elementary	East Hardin Middle School	G.C. Burkhead Elementary
Assets						
Cash and cash equivalents	\$ 35,971	\$ 2,936	\$ 240,709	\$ 30,466	\$ 90,035	\$ 55,469
Receivables	-	-	7,208	145	539	-
Total Assets	<u>\$ 35,971</u>	<u>\$ 2,936</u>	<u>\$ 247,917</u>	<u>\$ 30,611</u>	<u>\$ 90,574</u>	<u>\$ 55,469</u>
Liabilities						
Accounts payable	\$ -	\$ 35	\$ 26,166	\$ 45	\$ 3,499	\$ 2,569
Due to student groups	35,971	2,901	221,751	30,566	87,075	52,900
Total Liabilities	<u>\$ 35,971</u>	<u>\$ 2,936</u>	<u>\$ 247,917</u>	<u>\$ 30,611</u>	<u>\$ 90,574</u>	<u>\$ 55,469</u>
	Heartland Elementary	Howe Valley Elementary	J.T. Alton Middle School	John Hardin High School	Lakewood Elementary	Lincoln Trail Elementary
Assets						
Cash and cash equivalents	\$ 16,053	\$ 26,014	\$ 94,856	\$ 81,038	\$ 49,284	\$ 151,406
Receivables	918	126	-	160	-	4,503
Total Assets	<u>\$ 16,971</u>	<u>\$ 26,140</u>	<u>\$ 94,856</u>	<u>\$ 81,198</u>	<u>\$ 49,284</u>	<u>\$ 155,909</u>
Liabilities						
Accounts payable	\$ 1,886	\$ -	\$ 2,826	\$ 1,068	\$ -	\$ 2,209
Due to student groups	15,085	26,140	92,030	80,130	49,284	153,700
Total Liabilities	<u>\$ 16,971</u>	<u>\$ 26,140</u>	<u>\$ 94,856</u>	<u>\$ 81,198</u>	<u>\$ 49,284</u>	<u>\$ 155,909</u>
	Meadowview Elementary	New Highland Elementary	North Hardin High School	North Middle School	North Park Elementary	Radcliff Elementary
Assets						
Cash and cash equivalents	\$ 33,457	\$ 47,624	\$ 145,185	\$ 32,591	\$ 11,165	\$ 27,730
Receivables	-	-	-	-	-	-
Total Assets	<u>\$ 33,457</u>	<u>\$ 47,624</u>	<u>\$ 145,185</u>	<u>\$ 32,591</u>	<u>\$ 11,165</u>	<u>\$ 27,730</u>
Liabilities						
Accounts payable	\$ -	\$ -	\$ 29,701	\$ 1,080	\$ -	\$ -
Due to student groups	33,457	47,624	115,484	31,511	11,165	27,730
Total Liabilities	<u>\$ 33,457</u>	<u>\$ 47,624</u>	<u>\$ 145,185</u>	<u>\$ 32,591</u>	<u>\$ 11,165</u>	<u>\$ 27,730</u>
	Rineyville Elementary	Vine Grove Elementary	West Hardin Middle School	Woodland Elementary	Agency Fund	
Assets						
Cash and cash equivalents	\$ 46,606	\$ 49,547	\$ 42,721	\$ 18,432	\$ 1,329,295	
Receivables	114	-	-	-	13,713	
Total Assets	<u>\$ 46,720</u>	<u>\$ 49,547</u>	<u>\$ 42,721</u>	<u>\$ 18,432</u>	<u>\$ 1,343,008</u>	
Liabilities						
Accounts payable	\$ -	\$ -	\$ 66	\$ -	\$ 71,150	
Due to student groups	46,720	49,547	42,655	18,432	1,271,858	
Total Liabilities	<u>\$ 46,720</u>	<u>\$ 49,547</u>	<u>\$ 42,721</u>	<u>\$ 18,432</u>	<u>\$ 1,343,008</u>	

HARDIN COUNTY BOARD OF EDUCATION

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

AGENCY FUNDS

June 30, 2012

SCHOOL	CASH BALANCES July 1, 2011	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2012	RECEIVABLES June 30, 2012	ACCOUNTS PAYABLE June 30, 2012	DUE TO STUDENT GROUPS June 30, 2012
Bluegrass Middle School	\$ 34,470	\$ 102,756	\$ 101,255	\$ 35,971	\$ -	\$ -	\$ 35,971
Brown Street Educ. Center	4,432	6,181	7,677	2,936	-	35	2,901
Central Hardin High	253,161	821,968	834,420	240,709	7,208	26,166	221,751
Creekside Elementary	25,704	42,818	38,056	30,466	145	45	30,566
East Hardin Middle	81,334	358,106	349,405	90,035	539	3,499	87,075
G.C. Burkhead Elementary	58,465	57,757	60,753	55,469	-	2,569	52,900
Heartland Elementary	23,656	51,253	58,856	16,053	918	1,886	15,085
Howe Valley Elementary	26,339	10,602	10,927	26,014	126	-	26,140
J.T. Alton Middle	98,031	223,268	226,443	94,856	-	2,826	92,030
John Hardin High	85,060	508,234	512,256	81,038	160	1,068	80,130
Lakewood Elementary	43,879	62,222	56,817	49,284	-	-	49,284
Lincoln Trail Elementary	92,199	226,987	167,780	151,406	4,503	2,209	153,700
Meadowview Elementary	27,425	28,306	22,274	33,457	-	-	33,457
New Highland Elementary	49,264	28,320	29,960	47,624	-	-	47,624
North Hardin High	134,618	819,080	808,513	145,185	-	29,701	115,484
North Middle	36,138	114,102	117,649	32,591	-	1,080	31,511
North Park Elementary	1,859	22,323	13,017	11,165	-	-	11,165
Radcliff Elementary	26,808	30,158	29,236	27,730	-	-	27,730
Rineyville Elementary	51,859	23,980	29,233	46,606	114	-	46,720
Vine Grove Elementary	43,120	26,423	19,996	49,547	-	-	49,547
West Hardin Middle	43,483	50,203	50,965	42,721	-	66	42,655
Woodland Elementary	15,183	33,318	30,069	18,432	-	-	18,432
	<u>\$ 1,256,487</u>	<u>\$3,648,365</u>	<u>\$ 3,575,557</u>	<u>\$ 1,329,295</u>	<u>\$ 13,713</u>	<u>\$ 71,150</u>	<u>\$ 1,271,858</u>

HARDIN COUNTY BOARD OF EDUCATION

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

CENTRAL HARDIN HIGH SCHOOL

YEAR ENDED JUNE 30, 2012

NAME OF ACTIVITY	CASH BALANCES July 1, 2011	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2012	RECEIVABLES AND DUE FROM OTHER FUNDS June 30, 2012	ACCOUNTS PAYABLE AND DUE TO OTHER FUNDS June 30, 2012	DUE TO STUDENT GROUPS June 30, 2012
Academic Team	\$ 215	\$ 2,271	\$ 1,131	\$ 1,355	\$ -	\$ -	\$ 1,355
Agriculture Department	11,178	6,041	8,099	9,120	-	100	9,020
Art Club	2,143	125	1,899	369	-	-	369
Art Department	60	-	-	60	-	-	60
Astronomy Club	548	389	-	937	-	-	937
Athletic Concession	104	28,858	28,904	58	150	-	208
Athletic Fund	13,822	39,795	48,687	4,930	800	252	5,478
B A D Club	442	-	-	442	-	-	442
Band	808	3,103	2,643	1,268	-	-	1,268
Baseball	448	7,698	6,808	1,338	-	-	1,338
Basketball-Boy's	3,144	61,703	59,452	5,395	-	-	5,395
Basketball-Girl's	297	34,051	33,372	976	-	-	976
BETA Club	485	5,029	4,828	686	-	500	186
Bookstore	82	-	-	82	-	-	82
Bowling	-	4,814	3,757	1,057	-	-	-
Bruin Book Club	191	796	595	392	-	-	392
Bruin Educators Club	207	243	249	201	-	-	201
Business Education Dept.	2,756	3,838	5,128	1,466	-	-	1,466
Cheerleading	11,604	29,339	31,573	9,370	50	-	9,420
Chess Club	119	565	684	-	-	-	-
Chorus	232	3,949	4,181	-	-	-	-
Close Up Foundation	-	1,000	1,000	-	-	-	-
Counseling Department	6,309	11,853	11,159	7,003	-	-	7,003
Cross Country	7,849	7,977	6,100	9,726	-	150	9,576
Dance Team	700	9,705	9,691	714	-	-	714
Disaster Relief	-	10,570	10,570	-	-	-	-
Drama Club	1,994	3,836	3,690	2,140	-	-	2,140
English Club	155	-	-	155	-	-	155
English Department	720	289	88	921	-	-	921
Facility Rentals	-	-	-	-	-	-	-
Faculty Concessions	1,277	6,940	6,530	1,687	345	-	2,032
Faculty Flower Fund	27	733	250	510	-	-	510
Faculty Gift Fund	-	-	-	-	-	-	-
FACS	562	123	231	454	-	-	454
FBLA	1,152	1,098	2,023	227	-	-	227
FCA	331	274	255	350	-	-	350
FCCLA	495	4,687	5,179	3	-	-	3
FFA	5,158	82,007	77,265	9,900	-	589	9,311
Football	5,510	51,826	46,013	11,323	-	11,311	12
Foreign Language Dept.	165	3,143	2,397	911	-	-	911
French Club	20	80	32	68	-	-	68
General Funds	50,324	109,317	112,255	47,386	500	6,500	41,386
German Club	428	-	-	428	-	-	428
Golf	674	5,269	5,281	662	-	-	662
Grade 9	3,170	1,923	5,093	-	-	-	-
Grade 10	-	-	-	-	-	-	-
Grade 11	756	4,320	5,076	-	-	-	-
Grade 12	6,352	14,103	13,622	6,833	-	-	6,833
H O S A	668	3,270	2,701	1,237	-	-	1,237
Journalism	-	3,326	2,563	763	-	-	763
JROTC	8,905	25,442	19,622	14,725	-	-	14,725
Junior BETA Club	-	-	-	-	-	-	-

HARDIN COUNTY BOARD OF EDUCATION
SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES
CENTRAL HARDIN HIGH SCHOOL-CONCLUDED
YEAR ENDED JUNE 30, 2012

NAME OF ACTIVITY	CASH BALANCES July 1, 2011	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2012	RECEIVABLES AND DUE FROM OTHER FUNDS June 30, 2012	ACCOUNTS PAYABLE AND DUE TO OTHER FUNDS June 30, 2012	DUE TO STUDENT GROUPS June 30, 2012
Library/Media Center	2,658	911	1,188	2,381	-	-	2,381
Math Department	387	150	-	537	-	-	537
Matmaids	413	-	413	-	-	-	-
Medical Career Club	-	-	-	-	-	-	-
MMD Dept	264	520	417	367	-	-	367
Multi Cultural Enrichment	129	583	354	358	-	-	358
Physical Education Dept.	10,730	5,780	16,510	-	-	-	-
Project Graduation	5,661	9,583	11,303	3,941	-	-	3,941
Scholarship	2,634	2,947	3,400	2,181	-	2,000	181
School Concessions-Stu	5,563	44,315	49,786	92	-	-	92
Science Department	605	-	129	476	-	-	476
Science Honor Society	232	499	727	4	-	-	4
Soccer-Boys	3,362	13,062	13,863	2,561	-	614	1,947
Soccer-Girls	329	13,353	9,010	4,672	-	-	4,672
Social Studies Dept.	3,858	300	557	3,601	-	-	3,601
Softball	76	7,603	7,546	133	-	-	133
Spanish Club	2,550	858	530	2,878	-	59	2,819
Special Education Dept.	560	1,317	1,253	624	-	-	624
Speech	-	7,763	7,763	-	-	-	-
Student Council	3,100	3,313	3,466	2,947	-	250	2,697
Swimming	39	3,064	3,045	58	-	-	58
Tech Education Dept.	136	596	732	-	-	-	-
Teenage Republican Par	300	-	-	300	-	-	300
Tennis	1,199	4,323	3,713	1,809	-	-	1,809
Textbooks	7,819	2,258	4,254	5,823	-	-	5,823
TMH Dept	2,833	1,002	1,030	2,805	750	91	3,464
Track-Boys	-	-	-	-	-	-	-
Track-Girls	5,756	12,070	12,842	4,984	-	-	4,984
Transportation	22,637	6,551	20,469	8,719	-	3,750	4,969
TSA Club	2,867	3,464	3,246	3,085	-	-	3,085
Varsity Club	1,179	30	30	1,179	-	-	1,179
Volleyball	161	12,422	10,027	2,556	-	-	2,556
Wrestling	148	17,793	13,943	3,998	-	-	3,998
Y Club	394	14,666	15,060	-	-	-	-
Young Democrats	264	-	-	264	-	-	264
Yearbooks	10,249	34,034	26,307	17,976	4,613	-	22,589
Youth In Charge	1,483	1,120	831	1,772	-	-	1,772
Sub Total	253,161	821,968	834,420	240,709	7,208	26,166	220,694
Interfund Transfers	-	64,631	64,631	-	-	-	-
TOTAL	\$ 253,161	\$ 757,337	\$ 769,789	\$ 240,709	\$ 7,208	\$ 26,166	\$ 221,751

HARDIN COUNTY BOARD OF EDUCATION
SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

JOHN HARDIN HIGH SCHOOL

YEAR ENDED JUNE 30, 2012

NAME OF ACTIVITY	CASH BALANCES July 1, 2011	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2012	RECEIVABLES AND DUE FROM OTHER FUNDS June 30, 2012	ACCOUNTS PAYABLE AND DUE TO OTHER FUNDS June 30, 2012	DUE TO STUDENT GROUPS June 30, 2012
Academic Team	\$ 2,492	\$ 1,481	\$ 2,956	\$ 1,017	\$ -	\$ -	\$ 1,017
Agriculture Department	1,971	4,094	3,735	2,330	-	-	2,330
American Red Cross	-	-	-	-	-	-	-
Anime/Magna Club	-	-	-	-	-	-	-
Art Club	52	-	46	6	-	-	6
Art Department	40	-	-	40	-	-	40
Arts & Humanities Dept.	-	-	-	-	-	-	-
ASL Club	-	-	-	-	-	-	-
Athletic Concession	1	22,195	22,196	-	-	-	-
Athletic Fund	1,869	16,207	17,976	100	-	-	100
AVID	-	8,326	6,680	1,646	-	-	1,646
Badminton	6	-	-	6	-	-	6
Band	-	9,526	9,526	-	-	-	-
Band Equipment/Usage	109	2,000	2,109	-	-	-	-
Baseball	-	12,099	11,649	450	-	450	-
Basketball-Boy's	6,690	22,591	19,904	9,377	-	-	9,377
Basketball-Girl's	5,306	21,388	24,409	2,285	-	-	2,285
Bowling	-	3,156	1,529	1,627	-	-	-
Bus & Market Chicago	-	-	-	-	-	-	-
Business Education Dept.	351	110	330	131	-	-	131
CATS Incentive	-	2,901	2,255	646	-	-	646
Canine Club	-	-	-	-	-	-	-
Cheerleading	-	7,610	7,610	-	-	-	-
Chemistry Club	45	833	725	153	-	-	153
Chess Club	25	-	-	25	-	-	25
Chorus	1,016	8,622	9,028	610	-	-	610
Corn Hole Club	-	-	-	-	-	-	-
Counseling Department	1,143	9,961	9,033	2,071	-	-	2,071
Cross Country	-	5,423	3,768	1,655	-	-	1,655
Cultural Arts Fund	-	500	500	-	-	-	-
Deca	-	13,778	13,778	-	-	-	-
Drama Club	3,262	100	100	3,262	-	-	3,262
Dual Credit Courses	665	5,940	2,995	3,610	-	-	3,610
English Department	987	41	-	1,028	-	-	1,028
Environmental Science	-	95	-	95	-	-	95
European Trip	-	671	671	-	-	-	-
Excel Program	115	442	486	71	-	-	71
Facility Rentals	878	40	-	918	-	-	918
Faculty Awards	264	385	528	121	-	-	121
Faculty Concessions	-	7,779	7,779	-	-	-	-
Faculty Flower Fund	93	39	132	-	-	-	-
Faculty Steward Fund	-	-	-	-	-	-	-
Family & Consumer Sciences	572	1,048	653	967	-	-	967
FBLA	18	-	6	12	-	-	12
FCA	220	472	570	122	-	-	122
FCCLA	-	20,163	19,378	785	160	-	945
FEA	42	-	-	42	-	-	42
FFA	1,397	19,454	17,346	3,505	-	250	3,255
Football	2,906	66,964	62,598	7,272	-	55	7,217
Football Fundraiser	-	-	-	-	-	-	-
Foreign Language Club	205	-	205	-	-	-	-
Foreign Language Dept.	34	1,451	1,220	265	-	-	265
French Club	-	-	-	-	-	-	-
General Funds	264	16,917	16,181	1,000	-	-	1,000
Girl Talk Club	38	-	-	38	-	-	38
Golf	516	5,980	5,217	1,279	-	-	1,279
Grade 10	290	1,445	1,735	-	-	-	-
Grade 11	139	2,068	1,729	478	-	-	478
Grade 12	1,653	25,347	26,553	447	-	227	220
Grade 12--Senior Trip	65	-	-	65	-	-	65
Grade 9	380	2,912	3,163	129	-	-	129
Guitar Hero Club	-	-	-	-	-	-	-
Hawg Heaven Football	-	-	-	-	-	-	-
International Club	-	117	116	1	-	-	1
Journalism	53	-	-	53	-	-	53
JROTC	4,132	9,660	10,092	3,700	-	-	3,700
Just For Justin	-	-	-	-	-	-	-

HARDIN COUNTY BOARD OF EDUCATION
SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

JOHN HARDIN HIGH SCHOOL-CONCLUDED

YEAR ENDED JUNE 30, 2012

NAME OF ACTIVITY	CASH BALANCES July 1, 2011	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2012	RECEIVABLES AND DUE FROM OTHER FUNDS June 30, 2012	ACCOUNTS PAYABLE AND DUE TO OTHER FUNDS June 30, 2012	DUE TO STUDENT GROUPS June 30, 2012
Lady Dawg Club	253	2,200	1,484	969	-	-	969
Library/Media Center	2,826	1,221	312	3,735	-	-	3,735
Lifesmarts Club	-	-	-	-	-	-	-
Literacy First	-	-	-	-	-	-	-
Math Department	404	-	60	344	-	-	344
Matmaids	-	-	-	-	-	-	-
National Honor Society	245	1,315	1,483	77	-	-	77
Newspaper	-	80	77	3	-	-	-
North Hardin Hope	-	-	-	-	-	-	-
Pep Club	-	13,048	13,048	-	-	-	-
Photography Club	-	-	-	-	-	-	-
Physical Education Dept.	-	-	-	-	-	-	-
Project Graduation	-	13,395	13,395	-	-	-	-
Relay for Life	-	-	-	-	-	-	-
SADD Club	263	792	762	293	-	-	293
Scholarship	-	-	-	-	-	-	-
School Concessions	744	2,775	3,486	33	-	-	33
School Store	-	-	-	-	-	-	-
Science Fiction Club	-	-	-	-	-	-	-
Science Department	3,430	425	178	3,677	-	-	3,677
Science / AP Chemistry	-	-	-	-	-	-	-
Scrapbooking Club	-	-	-	-	-	-	-
Small Learning Group G	-	6,358	6,028	330	-	-	330
Soccer-Boys	-	9,277	9,277	-	-	-	-
Soccer-Girls	1,174	10,220	10,174	1,220	-	-	1,220
Social Studies Dept.	15	3,348	3,355	8	-	-	8
Softball	2,362	13,728	16,090	-	-	-	-
Special Education Dept.	-	1,018	1,004	14	-	-	14
Special Education Learning	-	-	-	-	-	-	-
Speech	-	2,525	1,864	661	-	-	661
Student Council	143	1,896	1,178	861	-	-	861
Student Flower Fund	-	-	-	-	-	-	-
Student School Fund	409	4,517	4,331	595	-	-	595
Swimming	-	1,088	1,074	14	-	-	14
Tech Education Dept.	-	-	-	-	-	-	-
Tech Student Association	-	-	-	-	-	-	-
Tennis	459	4,101	4,265	295	-	-	295
The Big Read	287	-	250	37	-	-	37
Textbooks	393	4,155	4,346	202	-	-	202
Three-Point Club	9,635	18,080	22,379	5,336	-	86	5,250
Track	387	5,122	4,859	650	-	-	650
Track-Middle School	-	635	100	535	-	-	-
Ultimate Frisbee	-	-	-	-	-	-	-
Unite to Read Program	-	-	-	-	-	-	-
Volleyball	211	6,227	5,626	812	-	-	812
Weightlifting Club	304	-	-	304	-	-	304
Winter Guard	8	-	-	8	-	-	8
Wrestling	575	4,357	4,932	-	-	-	-
Y Club	768	10,125	10,813	80	-	-	80
Young Republicans	322	-	15	307	-	-	307
Yearbooks	19,139	3,874	16,815	6,198	-	-	6,198
Sub Total	85,060	508,233	512,255	81,038	160	1,068	77,965
Interfund Transfers	-	56,331	56,331	-	-	-	-
TOTAL	\$ 85,060	\$ 451,902	\$ 455,924	\$ 81,038	\$ 160	\$ 1,068	\$ 80,130

HARDIN COUNTY BOARD OF EDUCATION
SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES
NORTH HARDIN HIGH SCHOOL
YEAR ENDED JUNE 30, 2012

NAME OF ACTIVITY	CASH BALANCES July 1, 2011	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2012	RECEIVABLES AND DUE FROM OTHER FUNDS June 30, 2012	ACCOUNTS PAYABLE AND DUE TO OTHER FUNDS June 30, 2012	DUE TO STUDENT GROUPS June 30, 2012
Academic Team	\$ 1,858	\$ 781	\$ 1,018	\$ 1,621	\$ -	\$ -	\$ 1,621
Agriculture Department	7,361	4,545	7,887	4,019	-	-	4,019
Art Club	542	477	817	202	-	-	202
Art Department	325	-	286	39	-	-	39
Athletic Fund	1,190	24,910	24,014	2,086	-	-	2,086
Athletic Uniforms	2,799	19,676	14,948	7,527	-	-	7,527
Band	1,717	33,752	34,693	776	-	-	776
Baseball	5,863	17,012	20,506	2,369	-	-	2,369
Beta Club	1,080	3,321	3,907	494	-	-	494
Bingo Fund	-	82,000	82,000	-	-	-	-
Boys Basketball	2,841	14,345	13,588	3,598	-	-	3,598
Bowling	-	3,773	3,625	148	-	-	148
Business Education Dept.	-	1,700	1,531	169	-	-	169
Cameron Irwin Scholars	647	405	-	1,052	-	-	1,052
CATS Incentives	44	-	-	44	-	-	44
Cheerleaders	1,337	15,026	14,015	2,348	-	-	2,348
Chorus	84	6,091	4,169	2,006	-	-	2,006
Climate Committee	-	2,098	1,815	283	-	-	283
Commitment Committee	-	1,507	463	1,044	-	-	1,044
Contingency	-	4,582	2,000	2,582	-	-	2,582
Counseling Department	2,186	8,934	8,901	2,219	-	-	2,219
Cross Country/Boys	1,695	5,289	4,208	2,776	-	-	2,776
Cross Country/Girls	682	4,231	4,441	472	-	-	472
DECA	86	-	86	-	-	-	-
Drama Club	4	784	753	35	-	-	35
Dual Credit Books	6,380	3,600	6,944	3,036	-	-	3,036
English Department	189	-	-	189	-	-	189
Faculty Concessions	1,317	3,094	3,055	1,356	-	-	1,356
Faculty Flower Fund	297	913	761	449	-	-	449
Trojan Treats Café	764	6,475	5,326	1,913	-	-	1,913
FBLA	1,136	1,256	2,256	136	-	-	136
FCA	514	1,003	1,009	508	-	-	508
FCCLA	2,686	8,358	7,159	3,885	-	-	3,885
FFA	251	13,880	12,688	1,443	-	-	1,443
Football	3,184	45,964	42,621	6,527	-	-	6,527
Foreign Language Department	33	-	-	33	-	-	33
French Club	926	678	1,031	573	-	-	573
French Travel	221	776	997	-	-	-	-
Future Educators of America	97	-	-	97	-	-	97
Gaming Club	88	-	-	88	-	-	88
German Club	2,043	290	926	1,407	-	-	1,407
Girls Basketball	8,466	22,372	27,185	3,653	-	-	3,653
Golf-Boys	313	6,680	5,220	1,773	-	-	1,773
Golf-Girls	-	313	270	43	-	-	43
Grade 10	560	1,912	1,070	1,402	-	-	1,402
Grade 11	1,238	390	1,238	390	-	-	390
Grade 12	7,006	25,943	25,505	7,444	-	2,554	4,890
Grade 9	981	4,206	5,187	-	-	-	-
Instructional/Operations	4	10,316	9,438	882	-	-	882
Journalism	6	3,685	3,451	240	-	-	240
JROTC Teams	943	34,745	31,614	4,074	-	-	4,074
Library/Media Center	113	375	-	488	-	-	488
Math Department	690	450	254	886	-	-	886
Matmaids	-	-	-	-	-	-	-
National Honor Society	1,879	1,949	2,260	1,568	-	-	1,568
NHHS Bingo	27,245	218,178	217,966	27,457	-	6,275	21,182
North Hardin Athletic	200	6,620	5,146	1,674	-	-	1,674
Nurse	-	-	-	-	-	-	-
Pep Club	438	1,751	1,721	468	-	-	468
Photography Club	495	210	188	517	-	-	517
Physical Education Dept.	-	344	344	-	-	-	-
Project Graduation	776	12,818	12,804	790	-	-	790

HARDIN COUNTY BOARD OF EDUCATION
SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES
NORTH HARDIN HIGH SCHOOL-CONCLUDED
YEAR ENDED JUNE 30, 2012

NAME OF ACTIVITY	CASH BALANCES July 1, 2011	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2012	RECEIVABLES AND DUE FROM OTHER FUNDS June 30, 2012	ACCOUNTS PAYABLE AND DUE TO OTHER FUNDS June 30, 2012	DUE TO STUDENT GROUPS June 30, 2012
SADD	137	390	-	527	-	-	527
School Concessions	16	3,721	2,152	1,585	-	-	1,585
School Fund	436	5,914	4,830	1,520	-	-	1,520
School Store	1,458	206	1,664	-	-	-	-
Science Club	2,926	2,425	2,272	3,079	-	-	3,079
Science Department	1,609	1,030	516	2,123	-	-	2,123
Soccer/Boys	1,618	6,373	6,242	1,749	-	-	1,749
Soccer/Girls	1,424	6,360	6,173	1,611	-	-	1,611
Social Studies Dept.	20	-	20	-	-	-	-
Softball	-	12,098	12,097	1	-	-	1
Spanish Club	3,200	475	1,376	2,299	-	-	2,299
Spanish Travel	-	-	-	-	-	-	-
Special Education Dept.	543	1,704	2,173	74	-	-	74
Speech	-	150	-	150	-	-	150
Student Council	2,057	2,915	3,358	1,614	-	-	1,614
Student Support Services	512	123	470	165	-	-	165
Swimming	932	3,294	3,419	807	-	-	807
Tech Ed Department	-	-	-	-	-	-	-
Tennis	-	3,480	1,404	2,076	-	-	2,076
Textbooks	2,166	2,490	1,915	2,741	-	-	2,741
Track/Boys	4,750	5,629	5,294	5,085	-	-	5,085
Track/Girls	1,761	3,619	5,194	186	-	-	186
Travel	12	-	-	12	-	-	12
Trojan Stichary	-	184	23	161	-	-	161
Volleyball	-	6,193	5,951	242	-	-	242
Will Yates Scholarship	1,000	1,000	2,000	-	-	-	-
Wrestling	922	5,417	6,269	70	-	-	70
Y Club	366	13,480	12,620	1,226	-	-	1,226
Yearbooks	2,654	35,157	35,374	2,437	-	20,872	(18,435)
Youth in Charge	279	470	402	347	-	-	347
Sub Total	134,618	819,080	808,513	145,185	-	29,701	115,484
Interfund Transfers	-	106,020	106,020	-	-	-	-
TOTAL	\$ 134,618	\$ 713,060	\$ 702,493	\$ 145,185	\$ -	\$ 29,701	\$ 115,484

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

HARDIN COUNTY BOARD OF EDUCATION**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

YEAR ENDED JUNE 30, 2012

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR / PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS THROUGH GRANTOR'S NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Child Nutrition Cluster -			
Cash Assistance			
Passed Through State Department of Education			
National School Lunch Program	10.555	7750002-11	\$ 726,167
		7750002-12	2,363,634
School Breakfast Program	10.553	7760005-11	314,321
		7760005-12	1,021,645
Summer Food Service Program for Children	10.559	7690024-11	4,480
		7690024-12	1,542
		7740023-11	42,722
		7740023-12	66,527
Non-Cash Assistance (Commodities)			
National School Lunch Program	10.555	057502-02	463,827
TOTAL CHILD NUTRITION CLUSTER			<u>5,004,865</u>
TOTAL U.S. DEPT. OF AGRICULTURE			<u>5,004,865</u>
<u>U.S. DEPARTMENT OF DEFENSE</u>			
National Guard Civilian Youth Opportunities	12.404	5042	208,075
Competitive Grants: Promoting K-12 Student Achievement at			
Military-Connected Schools	12.556	3420	388,934
TOTAL U.S. DEPARTMENT OF DEFENSE			<u>597,009</u>
<u>U.S. DEPARTMENT OF LABOR</u>			
Passed through Lincoln Trail Area Development District			
ARRA - WIA Dislocated Workers	17.260	4901	10,438
TOTAL U.S. DEPARTMENT OF LABOR			<u>10,438</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Title I, Part A Cluster -			
Passed Through State Department of Education			
Title I Grants to Local Educational Agencies	84.010	3101	276,166
		3101D	110,229
		3101M	11,962
		3101T	9,719
		3102	2,200,995
		3102D	252,007
		3102M	15,001
		3102T	8,441
		3141	123,025
		3142	9,387
		3200	137,541
		3201	785,069
		3202	152,882
			<u>4,092,424</u>

HARDIN COUNTY BOARD OF EDUCATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2012

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR / PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS THROUGH GRANTOR'S NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	3919 3919D 3919M 3999	489,692 25,008 11,368 41,286
			<u>567,354</u>
TOTAL TITLE I, PART A CLUSTER			<u>4,659,778</u>
Special Education Cluster (IDEA) - Passed Through State Department of Education			
Special Education - Grants to States	84.027	3370P 3371 3371P 3372	31,968 26,162 3,852 2,810,680
			<u>2,872,662</u>
Special Education - Preschool Grants	84.173	3430P 3431 3432	5,456 208 124,971
			<u>130,635</u>
ARRA - Special Education - Grants to States (Idea, Part B), Recovery Act	84.391	4249	12,777
ARRA - Special Education - Preschool Grants (Idea Preschool), Recovery Act	84.392	4239	<u>16,134</u>
TOTAL SPECIAL EDUCATION CLUSTER (IDEA)			<u>3,032,208</u>
Education Technology State Grants Cluster - Passed Through State Department of Education			
Education Technology State Grants	84.318	4251	6,837
ARRA - Education Technology State Grants, Recovery Act	84.386	4850 4872	28,694 1,200
			<u>29,894</u>
TOTAL EDUCATION TECHNOLOGY STATE GRANTS CLUSTER			<u>36,731</u>
<u>OTHER U.S. DEPARTMENT OF EDUCATION PROGRAMS</u>			
Impact Aid	84.041	N/A	497,467
Passed Through Kentucky Council on Postsecondary Education			
Adult Education - State Grant Program	84.002	3651 3702 3732 3732S	27,776 18,017 153,416 2,159
			<u>201,368</u>

HARDIN COUNTY BOARD OF EDUCATION**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

YEAR ENDED JUNE 30, 2012

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR / PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS THROUGH GRANTOR'S NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
Passed Through State Department of Education Migrant Education - State Grant Program	84.011	3111 3112	50,527 62,658 <hr/> 113,185
Title I State Agency Program for Neglected and Delinquent Children	84.013	3132 3132T	37,634 3,763 <hr/> 41,397
Vocational Education - Basic Grants to States	84.048	3480A 3481 3481A 3482	4,866 11,842 6,585 123,330 <hr/> 146,623
Safe and Drug Free Schools and Communities - State Grants	84.186	4060	18,362
Twenty-First Century Community Learning Centers	84.287	5500 5500Q 5500Z 5501 5501J 5502S	21,552 2,000 9,638 126,152 840 674 <hr/> 160,856
English Language Acquisition Grants	84.365	3450I 3451 3452	9,140 14,992 7,044 <hr/> 31,176
Improving Teacher Quality - State Grants	84.367	4011 4012	43,658 176,373 <hr/> 220,031
ARRA - School Improvement Grants, Recovery Act	84.388	5600A 5600B	727,287 888,866 <hr/> 1,616,153
Education Jobs	84.410	4411	1,936,701
Passed through Green River Regional Co-op Fund for the Improvement of Education	84.215	5181 5181A	164,288 4,309 <hr/> 168,597
TOTAL U.S. DEPARTMENT OF EDUCATION			<hr/> 12,880,633
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Passed Through Kentucky Council on Child Abuse Community Based Child Abuse Prevention Grants	93.590	6421	709 <hr/> 709
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			<hr/> 709
<u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u>			
Passed Through State Department of Education Learn and Serve America - School and Community Based Programs	94.004	6751	1,296 <hr/> 1,296
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			<hr/> 1,296
TOTAL EXPENDITURES OF FEDERAL AWARDS			<hr/> \$ 18,494,950

The accompanying notes are an integral part of this schedule.

HARDIN COUNTY BOARD OF EDUCATION

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2012

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Hardin County School District under programs of the federal government for the year ended June 30, 2012. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of Hardin County School District, it is not intended to and does not present the financial position, changes in net assets or cash flows of Hardin County School District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING

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

NOTE C – FOOD DISTRIBUTION

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

NOTE D – SUBRECIPIENTS

There were no subrecipients during the fiscal year.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I-Summary of Auditor's Results

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____yes _____Xno
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____yes _____Xno

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?

Section I-Summary of Auditor's Results - Concluded

Identification of major programs:

CFDA Number	Federal Program or Cluster
DEPARTMENT OF EDUCATION	
Title I, Part A Cluster	
84.010	Title I Grants to Local Educational Agencies
84.389	ARRA - Title I Grants to Local Educational Agencies, Recovery Act
Special Education Cluster (IDEA) -	
84.027	Special Education - Grants to States
84.173	Special Education - Preschool Grants
84.391	ARRA - Special Education - Grants to States (Idea, Part B), Recovery Act
84.392	ARRA - Special Education - Preschool Grants (Idea Preschool), Recovery Act
Other Programs	
84.388	ARRA - School Improvement Grants, Recovery Act

Dollar threshold used to distinguish
Between type A and type B programs: \$ 554,848

Auditee qualified as low-risk auditee? ____yes Xno

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

HARDIN COUNTY BOARD OF EDUCATION

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

June 30, 2012

DEPARTMENT OF EDUCATION

FINDING 2011-01: Special Education Cluster

Condition: The finding was a significant deficiency and resulted in questioned costs of \$744.18 for a lack of documentation of preparation of personnel activity reports and/or periodic certifications for employees.

Recommendation: The auditor recommended that procedures be implemented requiring the completion of personnel activity reports and/or periodic certifications for employees.

Current Status: The finding was corrected during the current audit.

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

THEODORE C. STILES, CPA
BENJAMIN E. CARTER, CPA
JOHN R. ASHCRAFT, CPA
J. SCOTT KISSELBAUGH, CPA
BRIAN S. WOOSLEY, CPA
CHRIS R. CARTER, CPA



STILES, CARTER & ASSOCIATES, P.S.C.

CERTIFIED PUBLIC ACCOUNTANTS

2901 RING ROAD EAST

P. O. BOX 622

ELIZABETHTOWN, KY 42702-0622

TELEPHONE 270/769-6371

FAX 270/765-7934

www.stilescartercpas.com

JON M. ANDERSON, CPA
CHERYLE L. BEAUCHAMP, CPA
WILLIAM M. DOERR, CPA
CARRIE A. GREY, CPA
LYNN C. HOWARD, CPA
PHILIP A. LOGSDON, CPA
J. ALTON PIKE, CPA

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Education
Hardin County Board of Education
Elizabethtown, Kentucky

We have audited the financial statements of Hardin County Board of Education as of and for the year ended June 30, 2012, and have issued our report thereon dated August 20, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the requirements prescribed by the Kentucky State Committee for School District Audits in Appendices I, II III and IV of the *Independent Auditor's Contract*.

Internal Control Over Financial Reporting

Management of Hardin County Board of Education is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Hardin County Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over financial reporting.

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 entity's financial statements will not be prevented or detected and corrected on a timely basis.

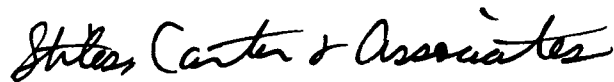
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

Compliance and Other Matters

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

We noted certain matters that we reported to management of Hardin County Board of Education in a separate letter dated August 20, 2012.

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

A handwritten signature in black ink that reads "J. Carter & Associates". The signature is written in a cursive, flowing style.

Certified Public Accountants

August 20, 2012

**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND
INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

THEODORE C. STILES, CPA
BENJAMIN E. CARTER, CPA
JOHN R. ASHCRAFT, CPA
J. SCOTT KISSELBAUGH, CPA
BRIAN S. WOOSLEY, CPA
CHRIS R. CARTER, CPA



STILES, CARTER & ASSOCIATES, P.S.C.

CERTIFIED PUBLIC ACCOUNTANTS

2901 RING ROAD EAST

P. O. BOX 622

ELIZABETHTOWN, KY 42702-0622

TELEPHONE 270/769-6371

FAX 270/765-7934

www.stilescartercpas.com

JON M. ANDERSON, CPA
CHERYLE L. BEAUCHAMP, CPA
WILLIAM M. DOERR, CPA
CARRIE A. GREY, CPA
LYNN C. HOWARD, CPA
PHILIP A. LOGSDON, CPA
J. ALTON PIKE, CPA

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Education
Hardin County Board of Education
Elizabethtown, Kentucky

We have audited Hardin County School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of are applicable to each Hardin County School District's major federal programs for the year ended June 30, 2012. Hardin County School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Hardin County School District's management. Our responsibility is to express an opinion on Hardin County School District's compliance based on our audit.

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; OMB Circular A-133 and the requirements prescribed by the Kentucky State Committee for School District Audits in Appendices I, II III and IV of the Independent Auditor's Contract. Those standards and OMB Circular A-133 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 Hardin County School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Hardin County School District's compliance with those requirements.

In our opinion, Hardin County School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of Hardin County School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Hardin County School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Hardin County School District's internal control over compliance.

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

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

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

A handwritten signature in black ink that reads "Stokes, Carter & Associates". The script is cursive and fluid.

Certified Public Accountants
August 20, 2012

MANAGEMENT LETTER AND COMMENTS

THEODORE C. STILES, CPA
BENJAMIN E. CARTER, CPA
JOHN R. ASHCRAFT, CPA
J. SCOTT KISSELBAUGH, CPA
BRIAN S. WOOSLEY, CPA
CHRIS R. CARTER, CPA



STILES, CARTER & ASSOCIATES, P.S.C.

CERTIFIED PUBLIC ACCOUNTANTS

2901 RING ROAD EAST

P. O. BOX 622

ELIZABETHTOWN, KY 42702-0622

TELEPHONE 270/769-6371

FAX 270/765-7934

www.stilescartercpas.com

JON M. ANDERSON, CPA
CHERYLE L. BEAUCHAMP, CPA
WILLIAM M. DOERR, CPA
CARRIE A. GREY, CPA
LYNN C. HOWARD, CPA
PHILIP A. LOGSDON, CPA
J. ALTON PIKE, CPA

Members of the Board of Education of
Hardin County Board of Education
Elizabethtown, Kentucky

In planning and performing our audit of the basic financial statements of Hardin County Board of Education for the year ended June 30, 2012, we considered the District's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiencies. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. Any uncorrected comments from the prior year have been included in the memorandum. A separate report dated August 20, 2012, contains our report on the District's internal control. This letter does not affect our report dated August 20, 2012, on the financial statements of the Hardin County Board of Education.

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

Stiles, Carter & Associates
Certified Public Accountants
August 20, 2012

HARDIN COUNTY BOARD OF EDUCATION

COMMENTS

June 30, 2012

4th YEAR UNCORRECTED COMMENTS

CENTRAL HARDIN HIGH SCHOOL

INVENTORY CONTROL

We noted F-SA-5, Inventory Control Worksheet, for concessions was not used to record inventory activities and F-SA-17, Sales from Concessions, had a total shortage of \$1,190.54 collected vs. the documented sales value of inventory sold.

MANAGEMENT RESPONSE

Management has contacted the school to discuss methods to resolve this item.

UNCORRECTED PRIOR YEAR COMMENTS

BLUEGRASS MIDDLE SCHOOL

MULTIPLE RECEIPT FORMS

We noted the following deposits had F-SA-6, Multiple Receipt Forms, without student signatures or initials: a deposit on 8/10/11 had F-SA-6 attached for \$860.00 for yearbook presales and a deposit on 4/24/12 had F-SA-6 attached for \$312.00 collected for the 8th grade dance.

MANAGEMENT RESPONSE

Management has contacted the school to discuss methods to resolve this item.

FUND RAISERS

We noted the cheerleading t-shirt sales fund raiser did not have F-SA-2B, Fund Raiser Worksheet attached and the football team Krispy Kreme donut fund raiser but did not have F-SA-2A, Fund Raiser Approval or F-SA-2B, Fund Raiser Worksheet, attached.

MANAGEMENT RESPONSE

Management has contacted the school to discuss methods to resolve this item.

EAST HARDIN MIDDLE SCHOOL

MULTIPLE RECEIPT FORMS

We noted F-SA-6, Multiple Receipt Form was not attached, signed by the sponsor or contain student signatures for the following deposits: \$305.00 dated 8/29/2011, \$1,987.00 dated 11/14/11 and \$1,330.01 dated 5/15/12.

MANAGEMENT RESPONSE

Management has contacted the school to discuss methods to resolve this item.

INVENTORY CONTROL

We noted the school bookstore had multiple F-SA-5, Inventory Control Worksheets where subtotal A and subtotal B did not reconcile.

MANAGEMENT RESPONSE

Management has contacted the school to discuss methods to resolve this item.

HARDIN COUNTY BOARD OF EDUCATION

COMMENTS CONTINUED

June 30, 2012

RADCLIFF ELEMENTARY

FUND RAISERS

We noted F-SA-2B, Fund Raiser Worksheet dated 4/02/12 for the Beta Club was not signed by the sponsor or principal and only budgeted sales and unsold items were documented.

MANAGEMENT RESPONSE

Management has contacted the school to discuss methods to resolve this item.

CURRENT YEAR COMMENTS

CENTRAL HARDIN HIGH SCHOOL

TRAVEL REIMBURSEMENT

We noted check #32516, for \$115.00, dated 8/22/11, written to the assistant principal contained a handwritten note stating it was for student meals with no vendor invoice.

MANAGEMENT RESPONSE

Management has contacted the school to discuss methods to resolve this item.

FUND RAISERS

We noted the Fruit Sales fundraiser for FFA, F-SA-2B, Fund Raiser Worksheet was incomplete as the total amount of budgeted sales and the items to be sold sales price was not listed.

MANAGEMENT RESPONSE

Management has contacted the school to discuss methods to resolve this item.

TICKET SALES

We noted ticket sales were recorded on F-SA-1, Requisition and Report of Ticket Sales without a field for the ticket taker to be identified separately from the ticket seller.

MANAGEMENT RESPONSE

Management has contacted the school to discuss methods to resolve this item.

CREEKSIDE ELEMENTARY

PRINCIPAL'S COMBINING BUDGET

We noted the budgeted amounts from the Individual Activity Fund budgets did not match the budgeted amounts listed on the Principal's Combining Budget.

MANAGEMENT RESPONSE

Management has contacted the school to discuss methods to resolve this item.

HARDIN COUNTY BOARD OF EDUCATION

COMMENTS CONTINUED

June 30, 2012

EAST HARDIN MIDDLE SCHOOL

INDIVIDUAL ACTIVITY BUDGETS

We noted the following Individual Activity Budgets were not on file: Academic Team, Heartland Academic, Beta Club, Bookstore, Cheerleaders, Incredibles team, Champions team, Top Dawgs team, X-treme team, All stars team, Fantastics team, Physical Education, Library fund, Music, Pep Club, Speech, Special Education, Student Council, Yearbook and the 4-H.

MANAGEMENT RESPONSE

Management has contacted the school to discuss methods to resolve this item.

JAMES T ALTON MIDDLE SCHOOL

TICKET SALES

We noted F-SA-1, Requisition and Report of Ticket Sales for the 10/20/11 girls basketball game had only one signature for the ticket taker and ticket seller.

MANAGEMENT RESPONSE

Management has contacted the school to discuss methods to resolve this item.

UNTIMELY DEPOSITS

We noted the deposit dated Friday, 10/14/11 for \$664.18 had F-SA-6, Multiple Receipt Form dated 10/11/11; the deposit dated 1/18/12 for \$815.25 had two F-SA-6 dated 1/13/12 and one dated 1/14/12 and two more that were not dated and the deposit dated 5/30/12 for \$2,914.86 had F-SA-6 that was not signed or dated by the person remitting the money.

MANAGEMENT RESPONSE

Management has contacted the school to discuss methods to resolve this item.

CASH DISBURSEMENTS

We noted check #5673 dated 9/14/11 had a purchase order dated 9/13/11 that was 10 days later than the attached invoice dated 9/3/11.

MANAGEMENT RESPONSE

Management has contacted the school to discuss methods to resolve this item.

LAKEWOOD ELEMENTARY

INDIVIDUAL ACTIVITY BUDGET

We noted Individual Activity Budgets for the following funds were not on file: the general fund, school store, field trips, fifth grade, fundraisers, operations, staff concessions, flower fund or school facility rental.

MANAGEMENT RESPONSE

Management has contacted the school to discuss methods to resolve this item.

HARDIN COUNTY BOARD OF EDUCATION

COMMENTS CONTINUED

June 30, 2012

MEADOWVIEW ELEMENTARY

PRINCIPAL'S COMBING BUDGET

We noted the Principal's Combining Budget did not agree with the Individual Activity Budgets.

MANAGEMENT RESPONSE

Management has contacted the school to discuss methods to resolve this item.

CASH DISBURSEMENTS

We noted the purchase order for check #1455, in the amount of \$790.71 was not dated.

MANAGEMENT RESPONSE

Management has contacted the school to discuss methods to resolve this item.

NORTH HARDIN HIGH

TICKET SALES

We noted F-SA-1, Requisition and Report of Ticket Sales did not contain a field for the ticket taker and F-SA-1 for the boys basketball game dated 1/3/12 did not have separate signatures or initials for the ticket taker and ticket seller.

MANAGEMENT RESPONSE

Management has contacted the school to discuss methods to resolve this item.

MULTIPLE RECEIPT FORMS

We noted the deposit made on 8/29/11, for \$13,067.00 had F-SA-6, Multiple Receipt Forms, without student signatures or initials, the deposit made on 12/9/11 for \$4,514.50 had checks that were not copied or listed on the deposit ticket and a F-SA-6 not signed or initialed by the students and deposits made on 2/3/12 and 5/21/12 with deposit request sheets that were for more than the attached F-SA-6.

We noted a deposit made on 5/21/12 with \$754.00 deposited for the 9th grade field trip had multiple receipt forms totaling \$3,150.00.

MANAGEMENT RESPONSE

Management has contacted the school to discuss methods to resolve this item.

UNTIMELY DEPOSITS

We noted a \$151.62 cash receipt for money that was found in file cabinet drawers from a fund raiser held in fiscal year 2007-2008 that was not deposited until 5/21/12.

MANAGEMENT RESPONSE

Management has contacted the school to discuss methods to resolve this item.

NEGATIVE FUND BALANCE

We noted an outstanding invoice for yearbooks in the amount of \$20,872.38 dated 06/19/12 that was included in accounts payable, which resulted in a yearbook fund negative ending balance of \$18,435.00.

MANAGEMENT RESPONSE

Management has contacted the school to discuss methods to resolve this item.

HARDIN COUNTY BOARD OF EDUCATION

COMMENTS CONTINUED

June 30, 2012

NORTH MIDDLE SCHOOL

FUND RAISERS

We noted form F-SA-2B, Fund Raiser Worksheet was not filled out correctly for the Volleyball Camp fundraiser as it did not list budgeted sales or dates/amounts for expenses.

MANAGEMENT RESPONSE

Management has contacted the school to discuss methods to resolve this item.

INVENTORY CONTROL

We noted the following F-SA-5, Inventory Control Worksheets for concessions were improperly completed: the boys basketball game dated 11/21/11 used the purchase price rather than the sales price for inventory on hand that did not allow subtotal A and subtotal B to reconcile, concessions dated 4/02/12 did not include donated popcorn and the beginning and ending inventory was calculated using the purchase price rather than the sales price.

MANAGEMENT RESPONSE

Management has contacted the school to discuss methods to resolve this item.

DOCUMENT ORGANIZATION

We noted deposit information was difficult to review due to pre numbered receipts being kept separate from the corresponding F-SA-6, Multiple Receipt Forms and deposit slips and the deposit slips were recorded as one total sum without a separation of cash and checks.

MANAGEMENT RESPONSE

Management has contacted the school to discuss methods to resolve this item.

MULTIPLE RECEIPT FORMS

We noted a deposit of \$3,279.02 dated 8/30/2012 had F-SA-6 without student signatures.

MANAGEMENT RESPONSE

Management has contacted the school to discuss methods to resolve this item.

CASH DISBURSEMENTS

We noted the following checks had purchase orders dated after the invoice date: check #6829, dated 11/22/11 with purchase order dated 11/22/11 and an invoice dated 8/17/11, check #6904 dated 2/15/12 with a purchase order dated 2/15/11 and an invoice dated 1/21/12 and check #6972 dated 5/8/12 with a purchase order dated 5/08/12 with an invoice dated 5/7/12.

MANAGEMENT RESPONSE

Management has contacted the school to discuss methods to resolve this item.

RADCLIFF ELEMENTARY

INDIVIDUAL ACTIVITY BUDGETS

We noted all F-SA-4A, Individual Activity Budgets were dated 4/23/12. They were due to the principal by 4/15/12.

MANAGEMENT RESPONSE

Management has contacted the school to discuss methods to resolve this item.

HARDIN COUNTY BOARD OF EDUCATION

COMMENTS CONTINUED

June 30, 2012

VINE GROVE ELEMENTARY

VOIDED CHECK

We noted the Redbook required procedure for voiding a check of the signature line being torn off was not practiced for the following voided checks. Checks #1611 dated 11/12/11 for \$82.50 and #1635 dated 4/18/12 for \$35.00.

MANAGEMENT RESPONSE

Management has contacted the school to discuss methods to resolve this item.

WEST HARDIN MIDDLE

FUND RAISERS

We noted the cheerleading fund raiser F-SA-2B, Fund Raiser Worksheet was not completed correctly as a note on the F-SA-2B listed 500 temporary tattoos were purchased and 60 were sold and the remaining 440 were given away for free at the last home game but did not adjust the ending inventory to zero for the items given away.

MANAGEMENT RESPONSE

Management has contacted the school to discuss methods to resolve this item.

BOOSTER CLUBS

We noted the football and cheerleading booster clubs did not have budgets on file.

MANAGEMENT RESPONSE

Management has contacted the school to discuss methods to resolve this item.

WEST HARDIN MIDDLE – CONTINUED

TIMELY DEPOSITS

We noted the deposit dated 9/8/11 for \$1,241.25 was not deposited timely as attached was F-SA-1, Ticket Requisition and Sales form for \$516.00 from football ticket sales was dated 9/06/11 and another F-SA-6 for \$100.00 dated 9/02/11 and two additional F-SA-6 both dated 9/07/11 for \$372.00 and \$192.25 respectively.

MANAGEMENT RESPONSE

Management has contacted the school to discuss methods to resolve this item.

CASH DISBURSEMENTS

We noted the following incorrect cash disbursement procedures: check #4917, dated 9/08/11 for \$156.70 had a purchase order dated 9/08/11 2 days after the invoice dated 9/06/11 and check #4932 dated 9/26/11 for \$1439.90, written to Duke's Sporting Goods had an invoice not cancelled.

MANAGEMENT RESPONSE

Management has contacted the school to discuss methods to resolve this item.