

HARDIN COUNTY SCHOOL DISTRICT

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

Year Ended June 30, 2013

HARDIN COUNTY SCHOOL DISTRICT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hardin County School District as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the accompanying table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Independent Auditor's Contract*, including *Appendix I – Audit Extension Request* and *Appendix II – 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor, considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2013, 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.

As discussed in Note 1 to the financial statements, the District adopted GASB No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, GASB 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*, GASB 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AJCPA Pronouncements*, GASB 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions an amendment of GASB Statement No. 53* during the fiscal year.

Other Matters

Required Supplementary Information

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 40 through 41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hardin County School District's basic financial statements. The combining financial statements, school schedules and schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated August 23, 2013, on our consideration of Hardin County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hardin County School District's internal control over financial reporting and compliance.



Certified Public Accountants
Elizabethtown, Kentucky
August 23, 2013

REQUIRED SUPPLEMENTARY INFORMATION

**HARDIN COUNTY BOARD OF EDUCATION - ELIZABETHTOWN, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

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, 2013. 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 \$23.9 million. The ending fund balance was \$25.8 million. General fund revenues decreased \$.5 million and expenditures were the same as 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 \$204 thousand to the Special Revenue Fund for the technology grant match. The General Fund also received \$1.1 million from the Capital Outlay Fund for buses.
- 2 The beginning Construction Fund fund balance was \$7.4 million. The ending fund balance was \$5.4 million. The major reason for the change in fund balance was due to previously received bond proceeds being spent on construction projects.

USING THIS ANNUAL REPORT

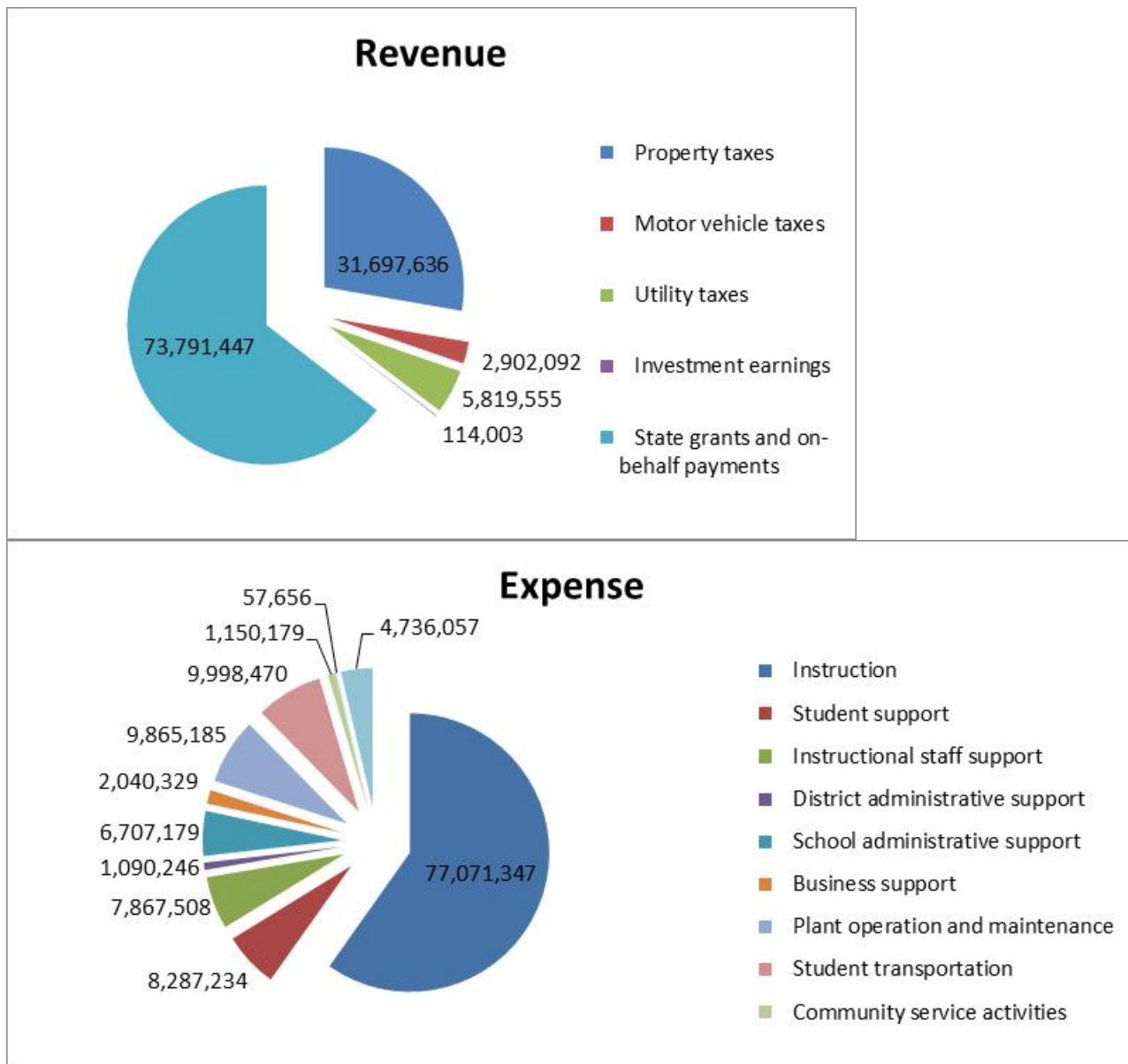
This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This 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 position 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.

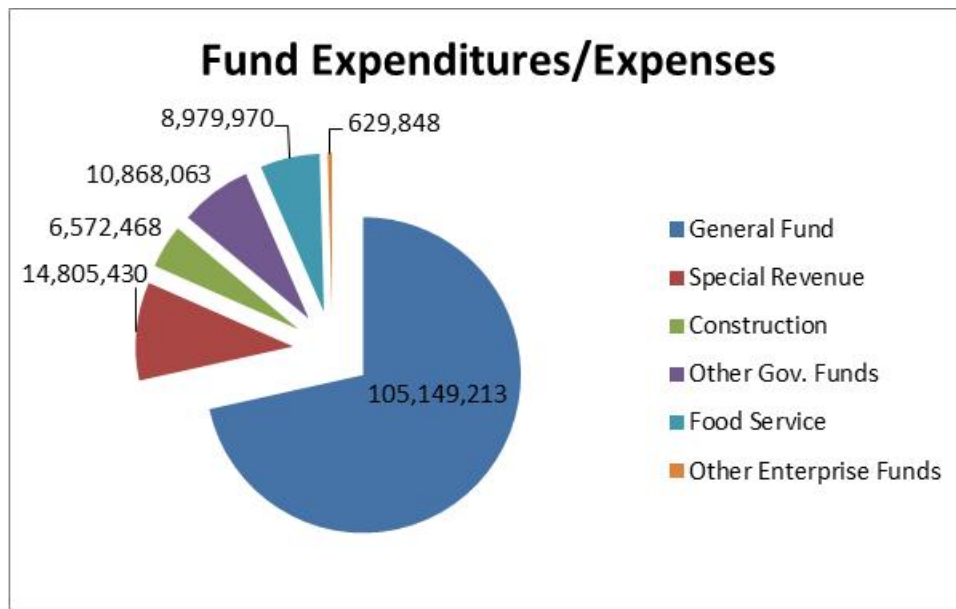
The statement of activities presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and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

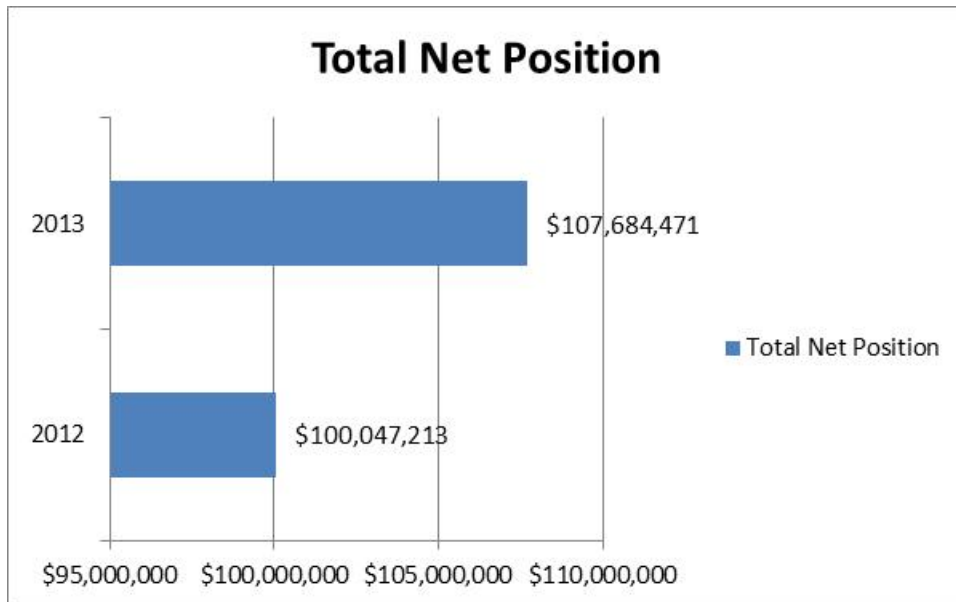
Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22 - 39 of this report.

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 \$107.7 million as of June 30, 2013. The largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment and construction in progress), less any 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 Position for the period ending June 30, 2013 and 2012
(Table 1)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Current and Other Assets	\$ 33,953,779	\$ 43,642,702	\$ 1,554,891	\$ 1,667,900	\$ 35,508,670	\$ 45,310,602
Capital Assets	181,401,637	177,495,970	1,225,081	1,317,784	182,626,718	178,813,754
Total Assets	215,355,416	221,138,672	2,779,972	2,985,684	218,135,388	224,124,356
Long-term Debt	98,688,831	103,315,587	-	-	98,688,831	103,315,587
Other Liabilities	8,982,114	17,775,872	145,814	159,317	9,127,928	17,935,189
Total Liabilities	107,670,945	121,091,459	145,814	159,317	107,816,759	121,250,776
Net Position						
Net investment in capital assets	80,926,324	71,860,010	1,225,081	1,317,784	82,151,405	73,177,794
Restricted	6,779,766	9,930,439	-	-	6,779,766	9,930,439
Unrestricted	19,978,381	18,256,764	1,409,077	1,508,583	21,387,458	19,765,347
Total Net Position	\$ 107,684,471	\$ 100,047,213	\$ 2,634,158	\$ 2,826,367	\$ 110,318,629	\$ 102,873,580

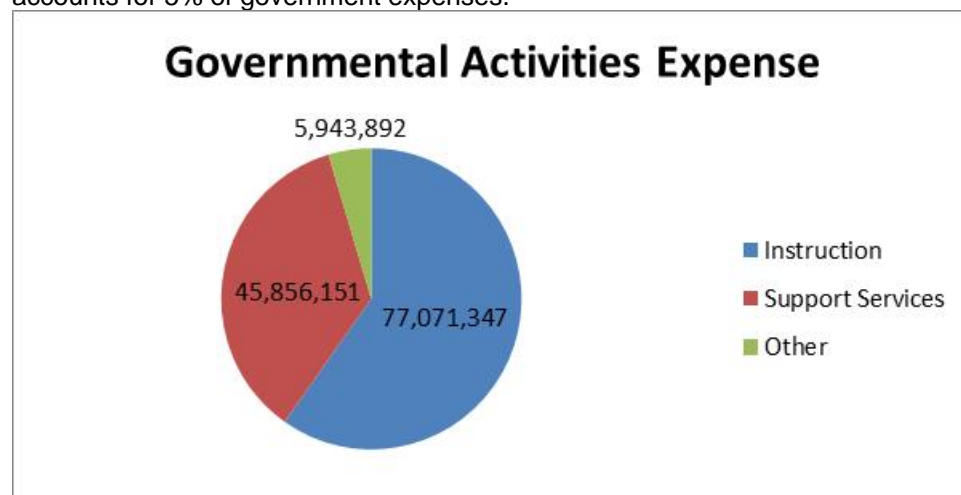


The following Table 2 presents a summary of changes in net position for the fiscal years ended June 30, 2013 and 2012.

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
REVENUES						
Program revenues						
Charges for services	\$ 152,016	\$ 93,544	\$ 2,946,715	\$ 3,259,380	\$ 3,098,731	\$ 3,352,924
Operating grants and contributions	39,152,519	40,323,335	6,469,227	5,914,030	45,621,746	46,237,365
Capital grants and contributions	2,520,180	1,260,172	-	-	2,520,180	1,260,172
General revenues						
Property taxes	31,697,636	30,269,437	-	-	31,697,636	30,269,437
Motor vehicle taxes	2,902,092	2,748,935	-	-	2,902,092	2,748,935
Utility taxes	5,819,555	5,285,127	-	-	5,819,555	5,285,127
Other taxes	4,856	5,418	-	-	4,856	5,418
Investment earnings	114,003	123,016	1,667	3,534	115,670	126,550
Gain on disposal of capital assets	39,497	-	-	-	-	-
State and formula grants	54,556,975	56,562,865	-	-	54,556,975	56,562,865
Miscellaneous	319,341	1,233,993	-	-	319,341	1,233,993
Total revenues	137,278,670	137,905,842	9,417,609	9,176,944	146,656,782	147,082,786
EXPENSES						
Program Activities						
Instruction	77,071,347	80,711,727	-	-	77,071,347	80,711,727
Student support	8,287,234	8,250,243	-	-	8,287,234	8,250,243
Instructional staff support	7,867,508	8,029,151	-	-	7,867,508	8,029,151
District administrative support	1,090,246	1,266,211	-	-	1,090,246	1,266,211
School administrative support	6,707,179	6,464,635	-	-	6,707,179	6,464,635
Business support	2,040,329	1,928,069	-	-	2,040,329	1,928,069
Plant operation and maintenance	9,865,185	9,733,887	-	-	9,865,185	9,733,887
Student transportation	9,998,470	8,769,941	-	-	9,998,470	8,769,941
Community service activities	1,150,179	1,095,389	-	-	1,150,179	1,095,389
Other	57,656	86,677	-	-	57,656	86,677
Interest costs	4,736,057	4,899,353	-	-	4,736,057	4,899,353
Business-type Activities						
Food service	-	-	8,979,970	8,735,630	8,979,970	8,735,630
Childcare	-	-	536,855	515,275	536,855	515,275
Educational television	-	-	92,993	91,756	92,993	91,756
Total expenses	128,871,390	131,235,283	9,609,818	9,342,661	138,481,208	140,577,944
Transfers	-	(57,497)	-	57,497	-	-
Extraordinary item - KSBIT	(770,022)	-	-	-	(770,022)	-
Increase (decrease) in net position	\$ 7,637,258	\$ 6,613,062	\$ (192,209)	\$ (108,220)	\$ 7,405,552	\$ 6,504,842

Governmental Activities

Instruction comprises 60%, support services comprise 35% and expense for interest and other items accounts for 5% of government expenses.



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>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Instruction	\$ 77,071,347	\$ 80,711,727	\$ 46,272,308	\$ 50,742,041
Support Services	45,856,151	44,442,137	37,180,043	35,115,214
Community Services	1,150,179	1,095,389	78,447	30,407
Other	57,656	86,677	-	31,389
Interest costs	<u>4,736,057</u>	<u>4,899,353</u>	<u>3,515,877</u>	<u>3,639,181</u>
Total expenses	<u>\$ 128,871,390</u>	<u>\$ 131,235,283</u>	<u>\$ 87,046,675</u>	<u>\$ 89,558,232</u>

Business-Type Activities

The business-type activities include the food service, child care and educational television operations. These programs had total revenues of \$9,417,609 and expenses of \$9,609,818 for fiscal year 2013. Of the revenues, \$2,946,715 was charges for services, \$6,469,227 was from State and Federal operating grants, and \$1,667 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 \$165.0 million and expenditures and other financing uses of \$166.3 million. Net changes in fund balances for the year were most significant in the General Fund \$1.8 million and the Construction Fund (\$1.9 million).

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 previously 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 \$82.5 million with actual amounts of \$106.4 million. Budgeted expenditures of \$102.8 million compare with actual expenditures of \$105.1 million. The most significant fluctuation is for on-behalf payments of \$19.1 million.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2013 the School District had \$182.6 million invested in land, land improvements, buildings, vehicles, equipment, and construction in progress, and \$181.4 million in governmental activities. Table 4 shows fiscal year 2013 and 2012 balances.

	Capital Assets (Net of Depreciation)					
	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Land	\$ 7,539,317	\$ 5,359,248	\$ 16,790	\$ 16,790	\$ 7,556,107	\$ 5,376,038
Land improvements	1,746,621	1,910,566	-	-	1,746,621	1,910,566
Buildings and improvements	144,888,561	146,314,928	37,428	32,111	144,925,989	146,347,039
Technology	3,247,694	2,606,986	1,482	-	3,249,176	2,606,986
Vehicles	5,510,143	5,209,918	41,082	17,293	5,551,225	5,227,211
General equipment	2,346,057	2,540,207	1,128,299	1,251,590	3,474,356	3,791,797
Total	165,278,393	163,941,853	1,225,081	1,317,784	166,503,474	165,259,637
Construction in progress	16,123,244	13,554,117	-	-	16,123,244	13,554,117
Total	<u>\$ 181,401,637</u>	<u>\$ 177,495,970</u>	<u>\$ 1,225,081</u>	<u>\$ 1,317,784</u>	<u>\$ 182,626,718</u>	<u>\$ 178,813,754</u>

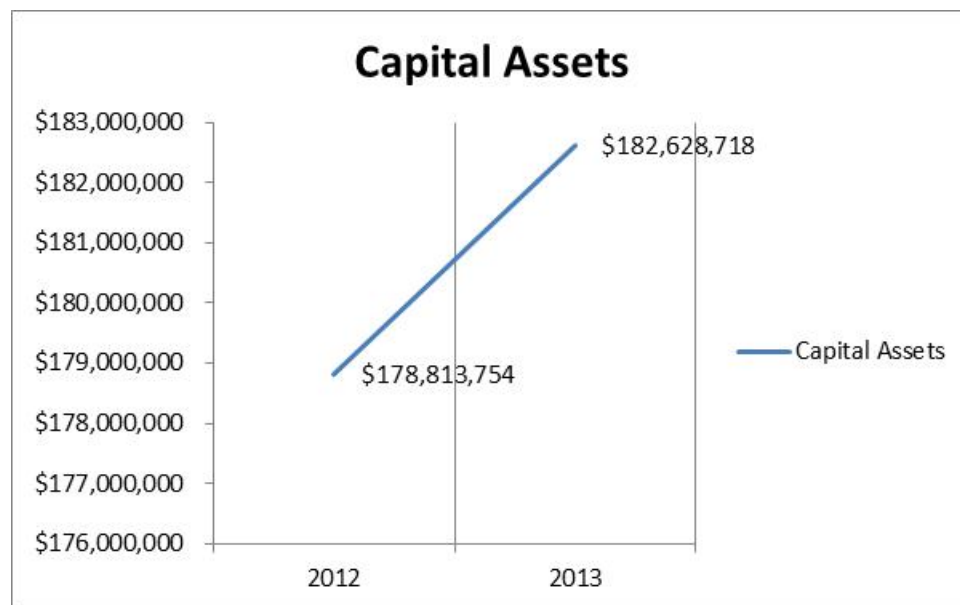


Table 5 shows the changes in capital assets for the fiscal years ended June 30, 2013 and 2012.

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Beginning balance	\$ 177,495,970	\$ 171,310,355	\$ 1,317,784	\$ 1,312,553	\$ 178,813,754	\$ 172,622,908
Additions	10,861,303	13,225,604	109,142	198,611	10,970,445	13,424,215
Retirements	(11,881)	(387,825)	(11,363)	(2,364)	(23,244)	(390,189)
Depreciation	(6,943,755)	(6,652,164)	(190,482)	(191,016)	(7,134,237)	(6,843,180)
Ending balance	<u>\$ 181,401,637</u>	<u>\$ 177,495,970</u>	<u>\$ 1,225,081</u>	<u>\$ 1,317,784</u>	<u>\$ 182,626,718</u>	<u>\$ 178,813,754</u>

Ongoing construction costs are in construction in progress at June 30, 2013.

Debt

At June 30, 2013, the School District had \$102.7 million in bonds outstanding, of this amount \$9.9 million is to be paid from KSFCC funding provided by the State of Kentucky. A total of \$5.7 million 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 District is striving to be a one for one, bring your own device, District. In addition, in 2014, the District will open a new innovative Early College Career Center.

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.

The District is also facing a \$770 thousand liability to the Kentucky School Boards Insurance Trust for workers compensation and liability insurance claims.

Adhering to the facilities plan is essential in providing excellent learning environments to meet the needs of all our students. The District currently has one new school in construction and two being renovated.

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 2013-2014 with a 3% 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 SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2013

Assets	Governmental Activities	Business- Type Activities	Total
<u>Current Assets</u>			
Cash, cash equivalents and investments	\$ 29,757,500	\$ 725,250	\$ 30,482,750
Inventory		250,333	250,333
Receivables:			
Taxes-current	641,088		641,088
Taxes-delinquent	47,531		47,531
Other receivables	43,295		43,295
Intergovernmental-State	63,663		63,663
Intergovernmental-Indirect Federal	3,059,334	579,308	3,638,642
Intergovernmental-Direct Federal	18,655		18,655
Total Current Assets	33,631,066	1,554,891	35,185,957
<u>Noncurrent Assets</u>			
Deferred charges	322,713		322,713
Capital assets, net of accumulated depreciation	181,401,637	1,225,081	182,626,718
Total Noncurrent Assets	181,724,350	1,225,081	182,949,431
Total Assets	215,355,416	2,779,972	218,135,388
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Accounts payable	1,550,059	145,814	1,695,873
Unearned revenue	204,810		204,810
Bond obligations	5,745,000		5,745,000
Compensated absences	354,278		354,278
Interest payable	1,127,967		1,127,967
Total Current Liabilities	8,982,114	145,814	9,127,928
<u>Noncurrent Liabilities</u>			
Bond obligations	94,730,313		94,730,313
Compensated absences	3,188,496		3,188,496
KSBIT	770,022		770,022
Total Noncurrent Liabilities	98,688,831	-	98,688,831
Total Liabilities	107,670,945	145,814	107,816,759
<u>Net Position</u>			
Net investment in capital assets	80,926,324	1,225,081	82,151,405
Restricted	6,779,766		6,779,766
Unrestricted	19,978,381	1,409,077	21,387,458
Total Net Position	\$ 107,684,471	\$ 2,634,158	\$ 110,318,629

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

HARDIN COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
Year Ended June 30, 2013

Year Ended June 30, 2013		Program Revenues			Net (Expenses) Revenues and Changes in Net Assets		
	Expenses	Charges For Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities	Total
FUNCTIONS/PROGRAMS							
Governmental Activities:							
Instruction	\$ 77,071,347	\$ 90,726	\$ 29,408,313	\$ 1,300,000	\$ (46,272,308)	\$ -	\$ (46,272,308)
Support services:							
Student	8,287,234		1,639,513		(6,647,721)		(6,647,721)
Instruction staff	7,867,508		2,702,384		(5,165,124)		(5,165,124)
District administrative	1,090,246		69,842		(1,020,404)		(1,020,404)
School administrative	6,707,179		1,425,766		(5,281,413)		(5,281,413)
Business	2,040,329		299,765		(1,740,564)		(1,740,564)
Plant operation and maintenance	9,865,185		893,690		(8,971,495)		(8,971,495)
Student transportation	9,998,470	7,743	1,637,405		(8,353,322)		(8,353,322)
Community service activities	1,150,179	53,547	1,018,185		(78,447)		(78,447)
Other	57,656		57,656		-		-
Interest on long-term debt	4,736,057			1,220,180	(3,515,877)		(3,515,877)
Total Governmental Activities	128,871,390	152,016	39,152,519	2,520,180	(87,046,675)	-	(87,046,675)
Business-Type Activities:							
Food service	8,979,970	2,376,438	6,372,415			(231,117)	(231,117)
School Age Child Care	536,855	487,643	88,540			39,328	39,328
Educational television	92,993	82,634	8,272			(2,087)	(2,087)
Total Business-Type Activities	9,609,818	2,946,715	6,469,227	-	-	(193,876)	(193,876)
Total Primary Government	\$ 138,481,208	\$ 3,098,731	\$ 45,621,746	\$ 2,520,180	(87,046,675)	(193,876)	(87,240,551)
General Revenues:							
Taxes:							
Property taxes					31,697,636		31,697,636
Motor vehicle taxes					2,902,092		2,902,092
Utility taxes					5,819,555		5,819,555
Other taxes					4,856		4,856
Investment earnings					114,003	1,667	115,670
Gain on disposal of capital assets					39,497		39,497
State and formula grants					54,556,975		54,556,975
Miscellaneous					319,341		319,341
Extraordinary item - KSBIT					(770,022)		(770,022)
Total general revenues and extraordinary item					94,683,933	1,667	94,685,600
Change in net assets					7,637,258	(192,209)	7,445,049
Net assets - beginning					100,047,213	2,826,367	102,873,580
Net assets - ending					\$ 107,684,471	\$ 2,634,158	\$ 110,318,629

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

FUND FINANCIAL STATEMENTS

HARDIN COUNTY SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2013

	General Fund	Special Revenue	Construction Fund	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash, cash equivalents and investments	\$ 26,097,911	\$ -	\$ 5,657,760	\$ 249,732	\$ 32,005,403
Receivables:					
Taxes - current	641,088				641,088
Taxes - delinquent	47,531				47,531
Other receivables	43,295				43,295
Intergovernmental - State		63,663			63,663
Intergovernmental - Indirect Federal		3,059,334			3,059,334
Intergovernmental - Direct Federal		18,655			18,655
Total Assets	<u>\$ 26,829,825</u>	<u>\$ 3,141,652</u>	<u>\$ 5,657,760</u>	<u>\$ 249,732</u>	<u>\$ 35,878,969</u>
Liabilities and Fund Balances:					
Liabilities					
Accounts payable	\$ 1,044,036	\$ 266,255	\$ 239,768	\$ -	\$ 1,550,059
Cash overdraft		2,247,903			2,247,903
Unearned revenue		204,810			204,810
Total Liabilities	1,044,036	2,718,968	239,768	-	4,002,772
Fund Balances					
Restricted	1,000,000	112,042	5,417,992	249,732	6,779,766
Committed	5,147,089				5,147,089
Assigned	495,497	310,642			806,139
Unassigned	19,143,203				19,143,203
Total Fund Balances	<u>25,785,789</u>	<u>422,684</u>	<u>5,417,992</u>	<u>249,732</u>	<u>31,876,197</u>
Total Liabilities and Fund Balances	<u>\$ 26,829,825</u>	<u>\$ 3,141,652</u>	<u>\$ 5,657,760</u>	<u>\$ 249,732</u>	<u>\$ 35,878,969</u>

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

HARDIN COUNTY SCHOOL DISTRICT

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

June 30, 2013

Total fund balance per fund financial statements \$ 31,876,197

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. 181,401,637

Debt issuance charges are reported as expenditures in the governmental
funds when first incurred; however, they are included as deferred charges
in the statement of net position 322,713

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 (net of discounts/premiums and deferred amounts on refundings)	(100,475,313)
Interest payable	(1,127,967)
Compensated absences	(3,542,774)
KSBIT	<u>(770,022)</u>

Net position for governmental activities \$ 107,684,471

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

HARDIN COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

Year Ended June 30, 2013

	General Fund	Special Revenue	Construction Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
From local sources:					
Taxes:					
Property	\$ 22,778,222	\$ -	\$ -	\$ 8,919,414	\$ 31,697,636
Motor vehicle	2,902,092				2,902,092
Utilities	5,819,555				5,819,555
Other taxes	4,856				4,856
Earnings on investments	100,967	1,340	11,674	22	114,003
Other local revenues	466,030	103,472			569,502
Intergovernmental - State	73,701,847	4,147,020		5,995,993	83,844,860
Intergovernmental - Indirect Federal	134,777	10,107,238			10,242,015
Intergovernmental - Direct Federal	514,149	215,181			729,330
Total Revenues	106,422,495	14,574,251	11,674	14,915,429	135,923,849
Expenditures:					
Instruction	61,613,291	11,389,000			73,002,291
Support services:					
Student	8,254,673	31,828			8,286,501
Instruction staff	6,116,914	1,750,519			7,867,433
District administrative	1,158,411				1,158,411
School administrative	6,614,851	101,229			6,716,080
Business	2,001,803				2,001,803
Plant operation and maintenance	9,510,094			332,664	9,842,758
Student transportation	9,717,528	457,013			10,174,541
Facilities acquisition and construction	29,654		6,572,468		6,602,122
Community service activities	131,994	1,018,185			1,150,179
Other		57,656			57,656
Bond issue costs				100,425	100,425
Debt service:					
Principal				6,150,000	6,150,000
Interest				4,284,974	4,284,974
Total Expenditures	105,149,213	14,805,430	6,572,468	10,868,063	137,395,174
Excess (Deficit) of Revenues over Expenditures	1,273,282	(231,179)	(6,560,794)	4,047,366	(1,471,325)
Other Financing Sources (Uses):					
Refunding bond proceeds				14,585,000	14,585,000
Bond discount				(133,319)	(133,319)
Payment to refunded bond escrow agent				(14,347,504)	(14,347,504)
Insurance proceeds	5,323				5,323
Proceeds from disposal of capital assets	51,379				51,379
Transfers in	1,124,840	203,737	4,608,745	8,526,293	14,463,615
Transfers out	(601,565)			(13,862,050)	(14,463,615)
Total Other Financing Sources (Uses)	579,977	203,737	4,608,745	(5,231,580)	160,879
Net Change in Fund Balances	1,853,259	(27,442)	(1,952,049)	(1,184,214)	(1,310,446)
Fund Balance, July 1, 2012	23,932,530	450,126	7,370,041	1,433,946	33,186,643
Fund Balance, June 30, 2013	\$ 25,785,789	\$ 422,684	\$ 5,417,992	\$ 249,732	\$ 31,876,197

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

HARDIN COUNTY SCHOOL DISTRICT

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

Year Ended June 30, 2013

Net change in total fund balances per fund financial statements	\$ (1,310,446)
Amounts reported for governmental activities in the statement of activities are different because:	
Donations of capital assets are not reported as revenues in this fund financial financial statement, but they are presented as revenues in the statement of activities.	1,300,000
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.	2,617,548
The proceeds for the issuance of bonds provide current financial resources and are reported in this fund financial statement but they are presented as liabilities in the statement of net position.	3,752
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 position.	6,150,000
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.	(11,881)
Estimated claims that are not mature are not reported in this fund financial statement, but those that are probable and reasonably estimable This item is recorded as extraordinary item in the statement of activities as it is unusual in nature and infrequent in occurrence.	(770,022)
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>(341,693)</u>
Change in net position of governmental activities	<u>\$ 7,637,258</u>

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

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

June 30, 2013

	Food Service Fund	Other Enterprise Funds	Total Enterprise Funds
Assets			
<u>Current Assets</u>			
Cash, cash equivalents and investments	\$ 519,142	\$ 206,108	\$ 725,250
Inventory	250,333		250,333
Intergovernmental receivable - Indirect Federal	579,308		579,308
Total Current Assets	1,348,783	206,108	1,554,891
<u>Noncurrent Assets</u>			
Capital assets, net of accumulated depreciation	1,225,081		1,225,081
Total Noncurrent Assets	1,225,081	-	1,225,081
Total Assets	2,573,864	206,108	2,779,972
Liabilities			
<u>Current Liabilities</u>			
Accounts payable	139,892	5,922	145,814
Total Current Liabilities	139,892	5,922	145,814
<u>Net Position</u>			
Net investment in capital assets	1,225,081		1,225,081
Unrestricted	1,208,891	200,186	1,409,077
Total Net Position	\$ 2,433,972	\$ 200,186	\$ 2,634,158

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

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

Year Ended June 30, 2013

	Food Service Fund	Other Enterprise Funds	Total Enterprise Funds
Operating Revenues			
Lunchroom sales	\$ 2,376,438	\$ -	\$ 2,376,438
Tuition and fees		570,277	570,277
Total Operating Revenues	2,376,438	570,277	2,946,715
Operating Expenses			
Salaries and wages	4,081,515	530,289	4,611,804
Materials and supplies	4,473,606	60,069	4,533,675
Depreciation	190,482		190,482
Other operating expenses	223,004	39,490	262,494
Total Operating Expenses	8,968,607	629,848	9,598,455
Operating (loss)	(6,592,169)	(59,571)	(6,651,740)
Non-Operating Revenues (Expenses)			
Federal grants	5,091,260		5,091,260
Donated commodities	467,683		467,683
State grants	78,034		78,034
State on-behalf payments	735,438	96,812	832,250
Loss on disposal of capital assets	(11,363)		(11,363)
Interest income	1,667		1,667
Total Non-Operating Revenues (Expenses)	6,362,719	96,812	6,459,531
Changes in net position	(229,450)	37,241	(192,209)
Net Position, July 1, 2012	2,663,422	162,945	2,826,367
Net Position, June 30, 2013	<u>\$ 2,433,972</u>	<u>\$ 200,186</u>	<u>\$ 2,634,158</u>

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

HARDIN COUNTY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

Year Ended June 30, 2013

	Food Service Fund	Other Enterprise Funds	Total Enterprise Funds
Cash Flows from Operating Activities			
Cash received from:			
Lunchroom sales	\$ 2,376,438	\$ -	\$ 2,376,438
Tuition and fees		570,277	570,277
Cash paid to/for:			
Employees	(3,346,077)	(433,477)	(3,779,554)
Supplies	(4,050,549)	(58,913)	(4,109,462)
Other activities	(223,004)	(39,490)	(262,494)
Net Cash Provided (Used) by Operating Activities	(5,243,192)	38,397	(5,204,795)
Cash flows from Non-Capital Financing Activities			
Federal grants	4,562,201		4,562,201
State grants	78,034		78,034
Net Cash Provided by Non-Capital Financing Activities	4,640,235	-	4,640,235
Cash Flows from Capital and Related Financing Activities			
Purchases of capital assets	(109,142)	-	(109,142)
Cash Flows from Investing Activities			
Sale of investments	710,432	380	710,812
Purchase of investments		(38,777)	(38,777)
Receipt of interest income	1,667		1,667
Net Cash Provided (Used) by Investing Activities	712,099	(38,397)	673,702
Net change in cash and cash equivalents	-	-	-
Balances, beginning of year	-	-	-
Balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:			
Operating loss	\$ (6,592,169)	\$ (59,571)	\$ (6,651,740)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation	190,482		190,482
Donated commodities	467,683		467,683
State on-behalf payments	735,438	96,812	832,250
Change in assets and liabilities:			
Accounts receivable	-		-
Inventory	(29,965)		(29,965)
Accounts payable	(14,661)	1,156	(13,505)
Net Cash Provided (Used) by Operating Activities	<u>\$ (5,243,192)</u>	<u>\$ 38,397</u>	<u>\$ (5,204,795)</u>
Schedule of Non-cash Transactions			
Donated commodities received from federal government	<u>\$ 467,683</u>	<u>\$ -</u>	<u>\$ 467,683</u>
State on-behalf payments	<u>\$ 735,438</u>	<u>\$ 96,812</u>	<u>\$ 832,250</u>

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

HARDIN COUNTY SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

June 30, 2013

	Private Purpose Trust Funds	Agency Fund
Assets		
Cash, cash equivalents and investments	\$ 179,903	\$ 1,393,863
Receivables		16,368
Total Assets	<u>\$ 179,903</u>	<u>\$ 1,410,231</u>
Liabilities		
Accounts payable	\$ -	\$ 25,272
Due to student groups		1,384,958
Total Liabilities	<u>\$ -</u>	<u>\$ 1,410,230</u>
Net Position Held in Trust	<u>\$ 179,903</u>	<u>\$ -</u>

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

HARDIN COUNTY SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUNDS

Year Ended June 30, 2013

	Private Purpose Trust Funds
Additions	
Net interest and investment gains	\$ 520
Other additions	2,561
Deductions	
Expenses paid	<u>(10,052)</u>
Change in net position	(6,971)
Net Position, beginning of year	<u>186,874</u>
Net Position, end of year	<u><u>\$ 179,903</u></u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

The 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 School District. Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to develop policies, which may influence operations and primary accountability for fiscal matters.

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

Blended Component Unit - 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. Therefore, the financial activities of the Corporation have been blended (reported as if it were part of the District) with those of the District. The Corporation does not publish individual component unit financial statements.

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

Government-wide Financial Statements

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

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

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

Fund Financial Statements

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

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

Governmental Funds

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

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

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

Proprietary Funds

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

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

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Fiduciary Funds

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

- 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. Revenues consist of donations and interest income. Expenditures represent scholarships.

BASIS OF ACCOUNTING

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

Modified Accrual

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

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

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Accrual

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

Revenue Recognition

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

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

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

C. BUDGETARY POLICIES

Budgetary Process

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

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

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

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

D. ENCUMBRANCES

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

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

E. CASH AND CASH EQUIVALENTS

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

F. INVENTORIES

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

G. PREPAID ITEMS

Expenditures for insurance and similar services extending over more than one accounting period are not allocated between or among accounting periods in the governmental funds and are instead accounted for as expenditures in the period of acquisition (Purchase method).

H. CAPITAL ASSETS

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

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

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

I. LONG-TERM DEBT

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

J. COMPENSATED ABSENCES

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

K. ACCOUNTING ESTIMATES

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

L. IMPACT OF RECENTLY ISSUED ACCOUNTING PRINCIPLES

Recently Issued And Adopted Accounting Principles

In May 2009, the GASB issued Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. GASB 54 requires the use of new fund balance classifications and clarifies existing governmental fund type definitions. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2010. The District adopted GASB Statement 54 in fiscal year 2011. Required disclosure is reported in Note 9.

In June 2010, the GASB issued Statement 59, *Financial Instruments Omnibus*. GASB 59 updates and improves existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. The requirements of this Statement will improve financial reporting by providing more complete information, by improving consistency of measurements, and by providing clarifications of existing standards. This Statement is effective for financial statements for periods beginning after June 15, 2010. The District adopted GASB Statement 59 in fiscal year 2011. The adoption of GASB 59 did not have any impact on the District's financial statements.

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

In November 2010, the GASB issued Statement 60, *Accounting and Financial Reporting for Service Concession Arrangements*. GASB 60 provides financial reporting guidance for service concession arrangements (SCAs). SCAs are defined as an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. This statement is effective for periods beginning after December 15, 2011 and the District adopted GASB 60 in fiscal year 2013. The District does not have any SCAs and therefore the adoption of GASB 60 does not have any impact on the District's financial statements.

In November 2010, the GASB issued Statement 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*. GASB 61 provides additional criteria for classifying entities as component units to better assess the accountability of elected officials by ensuring that the financial reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. This statement is effective for periods beginning after June 15, 2012 and the District adopted GASB 61 in fiscal year 2013.

In December 2010, the GASB issued Statement 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AJCPA Pronouncements*. GASB 62 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. This statement is effective for periods beginning after December 15, 2011 and the District adopted GASB 62 in fiscal year 2013. The adoption of GASB 62 does not have any impact on the District's financial statements.

In June 2011, the GASB issued Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The statement of net assets is renamed the statement of net position and includes four components assets, deferred outflows of resources, liabilities and deferred inflows of resources. The provisions of this Statement are effective for financial statements for periods beginning after December 15, and the District adopted GASB 63 in fiscal year 2013.

In June 2011, the GASB issued Statement 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions an amendment of GASB Statement No. 53*. GASB 64 provides clarification on whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This statement is effective for periods beginning after June 15, 2011 and the District adopted GASB 64 in fiscal year 2013.. The adoption of GASB 64 does not have any impact on the District's current financial statements.

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Recently Issued Accounting Pronouncements

In March 2012, the GASB issued Statement 65, *Items Previously Reported as Assets and Liabilities*. GASB 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This statement is effective for periods beginning after December 15, 2012. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

In March 2012, the GASB issued Statement 66, *Technical Corrections – 2012 – an Amendment of GASB Statements No. 10 and No. 62*. GASB 66 was issued to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement is effective for periods beginning after December 15, 2012. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

In June 2012, the GASB issued Statement 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement 27*. GASB 68 addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts that have the following characteristics:

- Contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

The Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, the Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. This statement is effective for periods beginning after June 15, 2014. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

In January 2013, the GASB issued Statement 69, *Government Combinations and Disposals of Government Operations*. GASB 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. This statement is effective for periods beginning after December 15, 2013. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

In March 2013, the GASB issued Statement 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. GASB 70 requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. This statement is effective for periods beginning after June 15, 2013. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

NOTE 2 – PROPERTY TAXES

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

The property tax rates assessed for the year ended June 30, 2013, 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.

NOTE 3 – CASH, CASH EQUIVALENTS 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, 2013, \$2,242,494 of the District's bank balance of \$3,192,016 was exposed to custodial credit risk. The bank balance not covered by depository insurance was collateralized by securities held by the pledging financial institution.

Investments

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

	Fair Value	Maturity Less Than 1 Year
Repurchase agreement	\$ 33,774,012	\$ 33,774,012

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:

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS – CONTINUED

- 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%.

NOTE 4 – INTERFUND ACTIVITIES

The following transfers were made during the year:

From Fund	To Fund	Purpose	Amount
General	Special Revenue	Technology Match	\$ 203,737
General	Debt Service	Debt Service	397,828
Capital Outlay	General	Buses	1,124,840
Capital Outlay	Construction	Construction	331,382
FSPK	Construction	Construction	4,277,363
FSPK	Debt Service	Debt Service	8,128,466
			<u>\$ 14,463,616</u>

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

Governmental Activities	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
Non-Depreciable Assets:				
Land	\$ 5,359,248	\$ 2,180,069	\$ -	\$ 7,539,317
Construction in progress	13,554,117	6,448,112	(3,878,985)	16,123,244
Depreciable Assets:				
Land improvements	5,430,157			5,430,157
Buildings and improvements	198,438,465	3,019,470		201,457,935
Technology equipment	8,302,383	1,758,121	(741,973)	9,318,531
Vehicles	13,797,583	1,194,022	(44,755)	14,946,850
General equipment	9,333,840	140,494	(133,262)	9,341,072
Totals at historical cost	254,215,793	14,740,288	(4,798,975)	264,157,106
Accumulated depreciation:				
Land improvements	3,519,591	163,945		3,683,536
Buildings and improvements	52,123,537	4,445,837		56,569,374
Technology equipment	5,695,397	1,114,460	(739,020)	6,070,837
Vehicles	8,587,665	893,797	(44,755)	9,436,707
General equipment	6,793,633	325,716	(124,334)	6,995,015
Total accumulated depreciation	76,719,823	6,943,755	(908,109)	82,755,469
Governmental Activities Capital Assets - Net	<u>\$ 177,495,970</u>	<u>\$ 7,796,533</u>	<u>\$ (3,890,866)</u>	<u>\$ 181,401,637</u>
Depreciation was charged to governmental functions as follows:				
Instruction	\$ 5,874,225			
Student support	733			
Instructional staff	75			
District administration	38,731			
School administration	4,894			
Business support	38,526			
Plant	117,629			
Transportation	868,942			
	<u>\$ 6,943,755</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	9,522		326,981
Technology equipment	22,440	1,779		24,219
Vehicles	79,529	29,892		109,421
General equipment	3,656,558	67,949	(133,805)	3,590,702
Totals at historical cost	4,107,183	109,142	(133,805)	4,082,520
Accumulated depreciation:				
Land improvements	14,407			14,407
Buildings and improvements	285,348	4,205		289,553
Technology equipment	22,440	297		22,737
Vehicles	62,236	6,103		68,339
General equipment	2,404,968	179,877	(122,442)	2,462,403
Total accumulated depreciation	2,789,399	190,482	(122,442)	2,857,439
Business-type Activities Capital Assets - Net	<u>\$ 1,317,784</u>	<u>\$ (81,340)</u>	<u>\$ (11,363)</u>	<u>\$ 1,225,081</u>

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

NOTE 6 – RISK MANAGEMENT

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

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

NOTE 7 – LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended June 30, 2013, is as follows:

	Balance July 1, 2012	Additions	Reductions	Balance June 30, 2013	Amounts Due Within One Year
Governmental Activities:					
Bonds Payable:					
Revenue bonds	\$ 107,900,000	\$ 14,585,000	\$ 19,745,000	\$ 102,740,000	\$ 5,745,000
Less Premium (Discount)	(1,214,056)	(133,319)	260,608	(1,086,767)	-
Less Deferred Amount on Refundings	(685,059)	(752,504)	259,643	(1,177,920)	-
Total Bonds Payable	106,000,885	13,699,177	20,265,251	100,475,313	5,745,000
Other Liabilities:					
Compensated absences	3,649,669	540,299	647,194	3,542,774	354,278
Claims	-	770,022	-	770,022	-
Total Other Liabilities	3,649,669	1,310,321	647,194	4,312,796	354,278
Total Governmental Activities Long-Term Liabilities	<u>\$ 109,650,554</u>	<u>\$ 15,009,498</u>	<u>\$ 20,912,445</u>	<u>\$ 104,788,109</u>	<u>\$ 6,099,278</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 compensated absences.

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2013

NOTE 7 – LONG-TERM LIABILITIES – CONTINUED

Bond Liabilities

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 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%
June 2006	14,145,000	4.00% - 4.375%	July 2012 Refunding	14,585,000	2.00% - 2.75%
June 2007	17,430,000	4.00% - 4.75%			

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 School District Finance Corporation to construct school facilities. The District has an option to purchase the property under lease at any time by retiring the bonds then outstanding.

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

On August 1, 2012, the District issued \$14,585,000 in Refunding Revenue Bonds with an average interest rate of 2.53 percent to advance refund \$8,505,000 of outstanding 2003 and \$5,090,000 of outstanding 2004 Series revenue bonds. The refunding was a partial advance refunding. The net proceeds of \$14,347,504 (after \$100,425 in cost of issuance, \$133,319 in bond discount and \$3,752 in excess cash which was deposited in the bond payment fund) were used to purchase U.S. Government securities. These securities were deposited in an irrevocable trust to call the bonds.

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$752,504. This difference, reported in the accompanying government-wide financial statements as a deduction from bonds payable, is being charged to operations through the year 2027 using the effective-interest method.

The District completed the refunding to reduce its total debt service payments over the next 12 years by \$1,126,873 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$977,438. The 2003 bonds will be called on July 1, 2013 and the 2004 bonds will be called on June 1, 2014. Therefore the \$13,595,000 is considered defeased.

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2013

NOTE 7 – LONG-TERM LIABILITIES - CONTINUED

The bonds may be called prior to maturity and redemption premiums are specified in each issue. Assuming no bonds are called prior to scheduled maturity, the minimum obligations of the District, including amounts to be paid by the Commission, at June 30, 2013, for debt service (principal and interest) are as follows:

Year	Principal	Interest	Participation	District's Portion
2014	\$ 5,745,000	\$ 3,970,876	\$ 1,108,165	\$ 8,607,711
2015	5,910,000	3,768,268	1,108,035	8,570,233
2016	6,125,000	3,556,145	1,108,035	8,573,110
2017	6,300,000	3,342,235	1,067,053	8,575,182
2018	6,390,000	3,124,812	953,986	8,560,826
2019-2023	33,540,000	12,033,741	4,307,571	41,266,170
2024-2028	30,235,000	5,931,519	2,614,916	33,551,603
2029-2031	8,495,000	357,929	566,127	8,286,802
	<u>\$ 102,740,000</u>	<u>\$ 36,085,525</u>	<u>\$ 12,833,888</u>	<u>\$ 125,991,637</u>

NOTE 8 – PENSION PLANS

Plan Descriptions

The Hardin County School District participates in the Teachers' Retirement System of the State of Kentucky, a component unit of the Commonwealth of Kentucky (KTRS) and the County Employees' Retirement System, a component unit of the Commonwealth of Kentucky (CERS), cost-sharing multiple-employer defined benefit plans. KTRS and CERS provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. KTRS is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the Kentucky Revised Statutes (KRS). Under the provisions of KRS Section 61.645, the Board of Trustees of Kentucky Retirement Systems (KERS) administers the CERS. The KTRS and CERS issue a publicly available financial report that includes financial statements and required supplementary information. KTRS' report may be obtained by writing to Kentucky Teachers' Retirement System, 479 Versailles Road, Frankfort, KY 40601-3800 or by calling (502) 573-3266. CERS' report may be obtained by writing to Kentucky Retirement Systems, Perimeter Park West, 1260 Louisville Road, Frankfort, KY 40601-6124 or by calling (502) 564-5656.

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2013

NOTE 8 – PENSION PLANS - CONTINUED

Funding Policy

KTRS plan members are required to contribute 10.855% of their covered salary. CERS plan members are required to contribute 5.0% (6.0% for new hires effective July 1, 2008) of their covered salary. The District is required to contribute to the CERS and the Commonwealth of Kentucky is required to contribute to the KTRS. The contribution rate is actuarially determined. The current rate for KTRS is 14.105% of annual covered payroll. The rate for CERS fiscal year 2013 is 19.55% of annual covered payroll. The contribution requirements of the plan members, the District and Commonwealth of Kentucky are established and may be amended by the Plans' Board of Trustees. The District's contributions to CERS for the years ended June 30, 2013, 2012 and 2011 were \$3,578,750, \$3,432,373 and \$3,083,068, respectively, equal to the required contributions for each year.

For the year ended June 30, 2013, the Commonwealth contributed \$12,010,747 to KTRS for the benefit of the District's participating employees. The District's contributions to the KTRS for the year ended June 30, 2013 were \$690,203.

The amount recognized for revenues and expenditures for on-behalf payments relating to fringe benefits such as pension and health care costs, and other operating costs, for the year ended June 30, 2013 was \$19,144,872 for governmental funds and \$832,250 for proprietary funds (\$735,438 for the Food Service Fund, \$88,540 for the School Age Child Care Fund and \$8,272 for the Educational Television Fund).

Medical Insurance Plan

Plan Description — In addition to the pension benefits described above, Kentucky Revised Statute 161.675 requires KTRS to provide post-retirement healthcare benefits to eligible members and dependents. The KTRS medical insurance benefit is a cost sharing multiple employer defined benefit plan. Changes made to the medical plan may be made by the KTRS Board of Trustees, the Kentucky Department of Employee Insurance and the General Assembly.

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

Funding Policy

In order to fund the post-employment healthcare benefit, active member contributions are matched by the state at .75% of members' gross salaries. Member contributions are 1.75% of salary. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan. Additionally, under the Shared Responsibility Plan, the local school district employers pay 1.5% of members' salary for the 2013 fiscal year.

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2013

NOTE 8 – PENSION PLANS – CONTINUED

Deferred Compensation

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

NOTE 9 – FUND BALANCES

Nonspendable fund balances are those that cannot be spent on future obligations. At June 30, 2013, there were no nonspendable fund balances

Restricted fund balances arise when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. At June 30, 2013, the District had \$1,000,000 restricted for sick leave, \$112,042 restricted for grants in the special revenue fund, \$5,417,992 restricted for capital projects in the Construction Fund and \$249,732 restricted for debt service in the debt service fund.

Committed fund balances are those amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, which, for the District is the Board of Education. The Board of Education must approve by majority vote the establishment (and modification or rescinding) of a fund balance commitment. The District had the following general fund commitments at June 30, 2013: \$300,000 for roofing/paving, \$235,089 for land, \$800,000 for KSBIT, \$150,000 for Map Assessment, \$50,000 for Compass Learning, \$12,000 for E-walk, \$300,000 for technology, \$2,800,000 for VoTech Center equipment and \$500,000 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, 2013, was \$806,139 (\$495,497 in the general fund and \$310,642 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.

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

NOTE 10 – COMMITMENTS AND CONTINGENCIES

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

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

The District has construction commitments for ongoing facilities projects.

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

On January 14, 2013 the District was notified that in order to settle outstanding claims and deficits of the Kentucky School Boards Insurance Trust (KSBIT), a non-profit self-insured pool, an assessment would be made to present and prior insurance trust members. On June 26, 2013, members were notified that the KSBIT board voted on June 24, 2013 to submit a plan for the assessment to the Kentucky Department of Insurance in favor of a novation option, under which a highly rated reinsurer would assume all of the liabilities of KSBIT and its members for claims for a set amount. The option resulted in an estimated liability for the District of \$770,022. This estimate is recorded because the payment is probable and reasonably estimable. The estimate is recorded as a noncurrent liability in the Statement of Net Position as it is not expected to be paid by June 30, 2014, and as an extraordinary item in the Statement of Activities because the item is unusual in nature and infrequent in occurrence. The estimate is not recorded in the Statement of Revenues, Expenditures and Changes in Fund Balances because the amount has not been billed and is not mature.

NOTE 11 – 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/net position:

Special Revenue Fund	\$ 27,442
Construction Fund	1,952,049
Capital Outlay Fund	489,240
FSPK Fund	10,247
Debt Service Fund	684,727
Food Service Fund	229,450
Educational Television Fund	3,087

NOTE 12 – SUBSEQUENT EVENTS

On August 20, 2013, the District issued \$16,610,000 in revenue bonds to be used for construction.

REQUIRED SUPPLEMENTARY INFORMATION

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

Year Ended June 30, 2013

	<u>Original</u>	<u>Final</u>	<u>Actual</u>
Revenues			
From local sources:			
Taxes:			
Property	\$ 19,650,000	\$ 19,800,000	\$ 22,778,222
Motor vehicle	2,500,000	2,500,000	2,902,092
Utilities	5,000,000	5,000,000	5,819,555
Other	5,000	5,000	4,856
Earnings on investments	100,000	100,000	100,967
Other local revenues	209,905	295,934	466,030
Intergovernmental - State	55,230,324	54,545,759	73,701,847
Intergovernmental - Indirect Federal			134,777
Intergovernmental - Direct Federal	300,000	300,000	514,149
Total Revenues	<u>82,995,229</u>	<u>82,546,693</u>	<u>106,422,495</u>
Expenditures			
Instruction	52,042,119	52,620,200	61,613,291
Support services:			
Student	6,642,014	6,486,798	8,254,673
Instruction staff	4,650,878	5,273,890	6,116,914
District administrative	1,166,581	1,174,341	1,158,411
School administrative	5,026,989	5,142,601	6,614,851
Business	1,795,543	1,831,953	2,001,803
Plant operation and maintenance	9,781,268	10,348,490	9,510,094
Student transportation	9,202,084	11,316,359	9,717,528
Facilities acquisition and construction	515,200	974,190	29,654
Community service activities	101,728	196,074	131,994
Other	3,962,509	7,462,508	
Total Expenditures	<u>94,886,913</u>	<u>102,827,404</u>	<u>105,149,213</u>
Excess (Deficit) of Revenues over Expenditures	<u>(11,891,684)</u>	<u>(20,280,711)</u>	<u>1,273,282</u>
Other Financing Sources (Uses)			
Insurance proceeds			5,323
Proceeds from disposal of capital assets	10,000	10,000	51,379
Transfers in		1,124,840	1,124,840
Transfers out	(700,228)	(601,565)	(601,565)
Total Other Financing Sources (Uses)	<u>(690,228)</u>	<u>533,275</u>	<u>579,977</u>
Net Change in Fund Balance	<u>(12,581,912)</u>	<u>(19,747,436)</u>	<u>1,853,259</u>
Fund Balance, July 1, 2012	<u>12,581,912</u>	<u>19,747,436</u>	<u>23,932,530</u>
Fund Balance, June 30, 2013	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,785,789</u>

**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 \$19,144,872.

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

Year Ended June 30, 2013

	<u>Original</u>	<u>Final</u>	<u>Actual</u>
Revenues			
Earnings on investments	\$ -	\$ 910	\$ 1,340
Other local revenues	98,500	104,928	103,472
Intergovernmental - State	4,223,450	4,188,699	4,147,020
Intergovernmental - Indirect Federal	7,399,831	9,986,148	10,107,238
Intergovernmental - Direct Federal	209,023	209,023	215,181
Total Revenues	<u>11,930,804</u>	<u>14,489,708</u>	<u>14,574,251</u>
Expenditures			
Instruction	8,835,680	10,879,995	11,389,000
Support services:			
Student	31,842	33,375	31,828
Instruction staff	2,187,784	2,122,282	1,750,519
School administrative		68,460	101,229
Student transportation	126,481	422,618	457,013
Community service activities	996,988	1,108,579	1,018,185
Other	54,429	58,136	57,656
Total Expenditures	<u>12,233,204</u>	<u>14,693,445</u>	<u>14,805,430</u>
Excess (Deficit) of Revenues over Expenditures	(302,400)	(203,737)	(231,179)
Other Financing Sources (Uses)			
Transfers in	302,400	203,737	203,737
Total Other Financing Sources (Uses)	<u>302,400</u>	<u>203,737</u>	<u>203,737</u>
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	-	-	(27,442)
Fund Balance, July 1, 2012	<u>-</u>	<u>-</u>	<u>450,126</u>
Fund Balance, June 30, 2013	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 422,684</u>

SUPPLEMENTARY INFORMATION

HARDIN COUNTY SCHOOL DISTRICT**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2013

	Capital Outlay Fund	FSPK Fund	Debt Service Fund	Total Nonmajor Governmental Funds
Assets:				
Cash, cash equivalents and investments	\$ -	\$ -	\$ 249,732	\$ 249,732
Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 249,732</u>	<u>\$ 249,732</u>
Fund Balances				
Restricted	\$ -	\$ -	\$ 249,732	\$ 249,732
Total Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 249,732</u>	<u>\$ 249,732</u>

HARDIN COUNTY SCHOOL DISTRICT

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

Year Ended June 30, 2013

	Capital Outlay Fund	FSPK Fund	Debt Service Fund	Total Nonmajor Governmental Funds
Revenues				
From local sources:				
Taxes:				
Property	\$ -	\$ 8,919,414	\$ -	\$ 8,919,414
Earnings on investments			22	22
Intergovernmental - State	1,299,647	3,476,166	1,220,180	5,995,993
Total Revenues	1,299,647	12,395,580	1,220,202	14,915,429
Expenditures				
Plant operation and maintenance	332,664			332,664
Bond issue costs			100,425	100,425
Debt service:				
Principal			6,150,000	6,150,000
Interest			4,284,974	4,284,974
Total Expenditures	332,664	-	10,535,399	10,868,063
Excess (Deficit) of Revenues over Expenditures	966,983	12,395,580	(9,315,197)	4,047,366
Other Financing Sources (Uses)				
Refunding bond proceeds			14,585,000	14,585,000
Bond discount			(133,319)	(133,319)
Payment to refunded bond escrow agent			(14,347,504)	(14,347,504)
Transfers in			8,526,293	8,526,293
Transfers out	(1,456,223)	(12,405,827)		(13,862,050)
Total Other Financing Sources (Uses)	(1,456,223)	(12,405,827)	8,630,470	(5,231,580)
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	(489,240)	(10,247)	(684,727)	(1,184,214)
Fund balance, July 1, 2012	489,240	10,247	934,459	1,433,946
Fund balance, June 30, 2013	\$ -	\$ -	\$ 249,732	\$ 249,732

HARDIN COUNTY SCHOOL DISTRICT**COMBINING STATEMENT OF NET POSITION - NONMAJOR PROPRIETARY FUNDS
- ENTERPRISE FUNDS**

June 30, 2013

	<u>School Age Child Care</u>	<u>Educational Television</u>	<u>Total Nonmajor Enterprise Funds</u>
Assets			
<u>Current Assets</u>			
Cash, cash equivalents and investments	<u>\$ 183,884</u>	<u>\$ 22,224</u>	<u>\$ 206,108</u>
Total Current Assets	<u>183,884</u>	<u>22,224</u>	<u>206,108</u>
Liabilities			
<u>Current Liabilities</u>			
Accounts payable	<u>2,471</u>	<u>3,451</u>	<u>5,922</u>
Total Current Liabilities	<u>2,471</u>	<u>3,451</u>	<u>5,922</u>
<u>Net Position</u>			
Unrestricted	<u>181,413</u>	<u>18,773</u>	<u>200,186</u>
Total Net Position	<u>\$ 181,413</u>	<u>\$ 18,773</u>	<u>\$ 200,186</u>

HARDIN COUNTY SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION - NONMAJOR ENTERPRISE FUNDS - PROPRIETARY FUNDS

Year Ended June 30, 2013

	School Age Child Care	Educational Television	Total Nonmajor Enterprise Funds
Operating Revenues			
Tuition and fees	\$ 487,643	\$ 82,634	\$ 570,277
Total Operating Revenues	487,643	82,634	570,277
Operating Expenses			
Salaries and wages	486,246	44,043	530,289
Materials and supplies	38,188	21,881	60,069
Other operating expenses	12,421	27,069	39,490
Total Operating Expenses	536,855	92,993	629,848
Operating loss	(49,212)	(10,359)	(59,571)
Non-Operating Revenues (Expenses)			
State on-behalf payments	88,540	8,272	96,812
Total Non-Operating Revenues (Expenses)	88,540	8,272	96,812
Change in net position	39,328	(2,087)	37,241
Net Position, July 1, 2012	142,085	20,860	162,945
Net Position, June 30, 2013	\$ 181,413	\$ 18,773	\$ 200,186

HARDIN COUNTY SCHOOL DISTRICT

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

Year Ended June 30, 2013

	School Age Child Care	Educational Television	Total Other Enterprise Funds
Cash Flows from Operating Activities			
Cash received from:			
Tuition and fees	\$ 487,643	\$ 82,634	\$ 570,277
Cash paid to/for:			
Employees	(397,706)	(35,771)	(433,477)
Supplies	(38,739)	(20,174)	(58,913)
Other activities	(12,421)	(27,069)	(39,490)
Net Cash Provided (Used) by Operating Activities	<u>38,777</u>	<u>(380)</u>	<u>38,397</u>
Cash Flows from Investing Activities			
Sale of investments		380	380
Purchase of investments	(38,777)		(38,777)
Net Cash Provided (Used) by Investing Activities	<u>(38,777)</u>	<u>380</u>	<u>(38,397)</u>
Net change in cash and cash equivalents	-	-	-
Balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:			
Operating loss	\$ (49,212)	\$ (10,359)	\$ (59,571)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
State on-behalf payments	88,540	8,272	96,812
Change in assets and liabilities:			
Accounts payable	(551)	1,707	1,156
Net cash provided (used) by operating activities	<u>\$ 38,777</u>	<u>\$ (380)</u>	<u>\$ 38,397</u>
Schedule of non-cash transactions:			
State on-behalf payments	<u>\$ 88,540</u>	<u>\$ 8,272</u>	<u>\$ 96,812</u>

HARDIN COUNTY SCHOOL DISTRICT

COMBINING STATEMENT OF FIDUCIARY NET POSITION

AGENCY FUNDS

June 30, 2013

	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	\$ 32,353	\$ 2,727	\$ 193,083	\$ 31,914	\$ 85,862	\$ 61,694
Receivables	2,807	-	11,350	90	1,807	-
Total Assets	<u>\$ 35,160</u>	<u>\$ 2,727</u>	<u>\$ 204,433</u>	<u>\$ 32,004</u>	<u>\$ 87,669</u>	<u>\$ 61,694</u>
Liabilities						
Accounts payable	\$ 3,962	\$ 184	\$ 3,455	\$ 780	\$ 3,442	\$ 2,002
Due to student groups	31,198	2,543	200,978	31,224	84,227	59,692
Total Liabilities	<u>\$ 35,160</u>	<u>\$ 2,727</u>	<u>\$ 204,433</u>	<u>\$ 32,004</u>	<u>\$ 87,669</u>	<u>\$ 61,694</u>
	Heartland Elementary	Howevally Elementary	J.T. Alton Middle School	John Hardin High School	Lakewood Elementary	Lincoln Trail Elementary
Assets						
Cash and cash equivalents	\$ 21,931	\$ 23,706	\$ 104,061	\$ 82,548	\$ 50,108	\$ 171,142
Receivables	-	-	-	-	-	38
Total Assets	<u>\$ 21,931</u>	<u>\$ 23,706</u>	<u>\$ 104,061</u>	<u>\$ 82,548</u>	<u>\$ 50,108</u>	<u>\$ 171,180</u>
Liabilities						
Accounts payable	\$ 2,824	\$ -	\$ 455	\$ 2,181	\$ -	\$ 4,279
Due to student groups	19,107	23,706	103,606	80,367	50,108	166,901
Total Liabilities	<u>\$ 21,931</u>	<u>\$ 23,706</u>	<u>\$ 104,061</u>	<u>\$ 82,548</u>	<u>\$ 50,108</u>	<u>\$ 171,180</u>
	Meadowview Elementary	New Highland Elementary	North Hardin High School	North Middle School	North Park Elementary	Radcliff Elementary
Assets						
Cash and cash equivalents	\$ 35,741	\$ 51,313	\$ 189,285	\$ 37,343	\$ 12,109	\$ 27,524
Receivables	-	-	-	-	216	60
Total Assets	<u>\$ 35,741</u>	<u>\$ 51,313</u>	<u>\$ 189,285</u>	<u>\$ 37,343</u>	<u>\$ 12,325</u>	<u>\$ 27,584</u>
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 1,708	\$ -
Due to student groups	35,741	51,313	189,285	37,343	10,617	27,584
Total Liabilities	<u>\$ 35,741</u>	<u>\$ 51,313</u>	<u>\$ 189,285</u>	<u>\$ 37,343</u>	<u>\$ 12,325</u>	<u>\$ 27,584</u>
	Rineyville Elementary	Vine Grove Elementary	West Hardin Middle School	Woodland Elementary	Agency Fund	
Assets						
Cash and cash equivalents	\$ 51,015	\$ 54,616	\$ 49,434	\$ 24,354	\$ 1,393,863	
Receivables	-	-	-	-	16,368	
Total Assets	<u>\$ 51,015</u>	<u>\$ 54,616</u>	<u>\$ 49,434</u>	<u>\$ 24,354</u>	<u>\$ 1,410,230</u>	
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 25,272	
Due to student groups	51,015	54,616	49,434	24,354	1,384,958	
Total Liabilities	<u>\$ 51,015</u>	<u>\$ 54,616</u>	<u>\$ 49,434</u>	<u>\$ 24,354</u>	<u>\$ 1,410,230</u>	

HARDIN COUNTY SCHOOL DISTRICT

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

AGENCY FUNDS

June 30, 2013

SCHOOL	CASH BALANCES July 1, 2012	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2013	RECEIVABLES June 30, 2013	ACCOUNTS PAYABLE June 30, 2013	DUE TO STUDENT GROUPS June 30, 2013
Bluegrass Middle School	\$ 35,971	\$ 144,583	\$ 148,201	\$ 32,353	\$ 2,807	\$ 3,962	\$ 31,198
Brown Street Educ. Center	2,936	5,842	6,051	2,727	-	184	2,543
Central Hardin High	240,709	700,133	747,760	193,083	11,350	3,455	200,978
Creekside Elementary	30,466	39,000	37,552	31,914	90	780	31,224
East Hardin Middle	90,035	366,739	370,912	85,862	1,807	3,442	84,227
G.C. Burkhead Elementary	55,469	39,711	33,486	61,694	-	2,002	59,692
Heartland Elementary	16,053	64,973	59,095	21,931	-	2,824	19,107
Howe Valley Elementary	26,014	12,341	14,649	23,706	-	-	23,706
J.T. Alton Middle	94,856	260,375	251,170	104,061	-	455	103,606
John Hardin High	81,038	419,982	418,472	82,548	-	2,181	80,367
Lakewood Elementary	49,284	63,438	62,614	50,108	-	-	50,108
Lincoln Trail Elementary	151,406	257,164	237,428	171,142	38	4,279	166,901
Meadowview Elementary	33,457	29,375	27,091	35,741	-	-	35,741
New Highland Elementary	47,624	43,392	39,703	51,313	-	-	51,313
North Hardin High	145,185	717,375	673,275	189,285	-	-	189,285
North Middle	32,591	107,458	102,706	37,343	-	-	37,343
North Park Elementary	11,165	19,954	19,010	12,109	216	1,708	10,617
Radcliff Elementary	27,730	27,621	27,827	27,524	60	-	27,584
Rineyville Elementary	46,606	23,979	19,570	51,015	-	-	51,015
Vine Grove Elementary	49,547	28,599	23,530	54,616	-	-	54,616
West Hardin Middle	42,721	50,380	43,667	49,434	-	-	49,434
Woodland Elementary	18,432	35,546	29,624	24,354	-	-	24,354
	<u>\$ 1,329,295</u>	<u>\$3,457,960</u>	<u>\$ 3,393,393</u>	<u>\$ 1,393,863</u>	<u>\$ 16,368</u>	<u>\$ 25,272</u>	<u>\$ 1,384,958</u>

HARDIN COUNTY SCHOOL DISTRICT
SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES
CENTRAL HARDIN HIGH SCHOOL
YEAR ENDED JUNE 30, 2013

NAME OF ACTIVITY	CASH BALANCES July 1, 2012	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2013	RECEIVABLES June 30, 2013	ACCOUNTS PAYABLE June 30, 2013	DUE TO STUDENT GROUPS June 30, 2013
Academic Team	\$ 1,355	\$ 154	\$ 985	\$ 524	\$ -	\$ -	\$ 524
Agriculture Department	9,120	5,973	10,799	4,294			4,294
Art Club	369	290	158	501			501
Art Department	60			60			60
Earth Club	937	295	160	1,072			1,072
Athletic Concession	58	13,605	13,663	-			-
Athletic Fund	4,930	46,160	45,529	5,561			5,561
B A D Club	442			442			442
Band	1,268	16,486	16,025	1,729			1,729
Baseball	1,338	12,471	13,809	-	2,456		2,456
Basketball-Boy's	5,395	12,885	14,728	3,552			3,552
Basketball-Girl's	976	9,053	10,029	-			-
BETA Club	686	5,646	5,696	636			636
Bookstore	82			82			82
Bowling	1,057	4,972	5,823	206			
Bruin Book Club	392	709	783	318			318
Bruin Educators Club	201			201			201
Business Education Dept.	1,466	1,539	2,009	996			996
Cheerleading	9,370	41,509	41,961	8,918	2,735		11,653
Program-Fall	-	3,680	3,605	75			75
Chorus	-	22,647	21,435	1,212			1,212
Cross Country	9,726	11,438	11,789	9,375			9,375
Dance Team/Program-Spring	714	656	1,370	-			-
Charitable Causes	-	13,070	13,058	12			12
Drama Club	2,140	3,294	3,411	2,023			2,023
English Club	155		155	-			-
English Department	921	865	883	903			903
Facility Rentals	-			-			-
Faculty Concessions	1,687	3,859	3,767	1,779			1,779
Faculty Flower Fund	510	699	646	563			563
Faculty Gift Fund	-			-			-
FACS	454	473	516	411			411
FBLA	227	1,053	1,203	77			77
FCA	350	235	390	195			195
FCCLA	3	5,853	5,642	214			214
FFA	9,900	68,368	73,741	4,527	265		4,792
Football	11,323	47,486	58,809	-			-
Foreign Language Dept.	911		144	767			767
French Club	68	152	182	38			38
German Club	428			428			428
Golf	662	5,003	5,490	175			175
Golf Ball Drop	-	12,660	12,465	196			196
Grade 9	-	2,259	2,259	-			-
Grade 10	-			-			-
Grade 11	-	4,895	4,895	-			-
Grade 12	6,833	20,011	19,595	7,249			7,249
Guidance	7,003	10,751	12,977	4,777			4,777
H O S A	1,237	2,755	3,574	418			418
Journalism	763	3,549	4,093	219			219
JROTC	14,725	23,143	20,299	17,569		2,805	14,764
Junior BETA Club	-			-			-
Library/Media Center	2,381	960	1,222	2,119			2,119

HARDIN COUNTY SCHOOL DISTRICT
SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES
CENTRAL HARDIN HIGH SCHOOL- CONCLUDED
YEAR ENDED JUNE 30, 2013

NAME OF ACTIVITY	CASH BALANCES July 1, 2012	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2013	RECEIVABLES June 30, 2013	ACCOUNTS PAYABLE June 30, 2013	DUE TO STUDENT GROUPS June 30, 2013
Math Department	537	270		807			807
Matmaids	-			-			-
Medical Career Club	-			-			-
MMD Dept	367	182	338	211			211
International Club	358	1,015	942	431			431
Physical Education Dept.	-			-			-
Project Graduation	3,941	11,070	11,720	3,291			3,291
Scholarship	2,181	2,647	2,000	2,828			2,828
School Concessions-Stu	92	64,877	55,666	9,303			9,303
School Fund	47,386	96,984	107,588	36,782			36,782
Science Department	476	220	230	466			466
Science Honor Society	4	3,476	2,722	758			758
Soccer-Boys	2,561	6,655	9,216	-			-
Soccer-Girls	4,672	12,004	12,387	4,289			4,289
Social Studies Dept.	3,601		985	2,616			2,616
Softball	133	9,489	9,622	-	1,894		1,894
Spanish Club	2,878	1,041	1,211	2,708			2,708
Special Education Dept.	624	1,301	1,559	366			366
Speech	-	5,932	5,932	-			-
Student Council	2,947	4,427	3,004	4,370			4,370
Swimming	58	2	60	-			-
Tech Education Dept.	-	2,911	2,911	-			-
Teenage Republican Par	300	57		357			357
Tennis	1,809	1,099	1,797	1,111			1,111
Textbooks	5,823	1,447	3,251	4,019			4,019
TMH Dept	2,805	730	1,294	2,241			2,241
Track-Boys	-			-			-
Track	4,984	16,926	16,238	5,672		650	5,022
Athletic Facilities	8,719	8,035	13,746	3,008			3,008
TSA Club	3,085	4,097	7,108	74			74
Varsity Club	1,179	2,475	1,675	1,979			1,979
Volleyball	2,556	10,029	11,691	894			894
Wrestling	3,998	15,798	17,521	2,275			2,275
Y Club	-	18,185	18,185	-			-
Young Democrats	264			264			264
Yearbooks	17,976	28,645	30,785	15,836	4,000		19,836
Friends of Rachel	1,772	924	982	1,714	-		1,714
Sub Total	240,709	774,511	822,138	193,083	11,350	3,455	200,772
Interfund Transfers	-	74,378	74,378	-	-	-	-
TOTAL	<u>\$ 240,709</u>	<u>\$ 700,133</u>	<u>\$ 747,760</u>	<u>\$ 193,083</u>	<u>\$ 11,350</u>	<u>\$ 3,455</u>	<u>\$ 200,978</u>

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

JOHN HARDIN HIGH SCHOOL

YEAR ENDED JUNE 30, 2013

NAME OF ACTIVITY	CASH BALANCES July 1, 2012	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2013	RECEIVABLES June 30, 2013	ACCOUNTS PAYABLE June 30, 2013	DUE TO STUDENT GROUPS June 30, 2013
Academic Team	\$ 1,017	\$ 1,699	\$ 1,605	\$ 1,111	\$ -	\$ -	\$ 1,111
Agriculture Department	2,330	2,245	2,663	1,912			1,912
American Red Cross	-			-			-
Anime/Magna Club	-			-			-
Art Club	6			6			6
Art Department	40			40			40
Arts & Humanities Dept.	-			-			-
ASL Club	-			-			-
Athletic Concession	-	18,924	18,924	-			-
Athletic Fund	100	17,157	17,256	1			1
AVID	1,646	3,583	4,521	708			708
Badminton	6		6	-			-
Band	-	9,250	8,768	482			482
Band Equipment/Usage	-	2,500	2,500	-			-
Baseball	450	17,317	17,767	-			-
Basketball-Boy's	9,377	26,821	22,763	13,435		630	12,805
Basketball-Girl's	2,285	15,233	16,744	774			774
Bowling	1,627	1,963	2,185	1,405			-
Bus & Market Chicago	-			-			-
Business Education Dept.	131	392	523	-			-
CATS Incentive	646		646	-			-
Canine Club	-			-			-
Cheerleading	-	5,493	5,493	-			-
Chemistry Club	153	160	231	82			82
Chess Club	25		25	-			-
Chorus	610	12,178	9,279	3,509			3,509
Corn Hole Club	-			-			-
Counseling Department	2,071	11,877	11,375	2,573			2,573
Cross Country	1,655	3,255	3,272	1,638			1,638
Dance Team	-	407	407	-			-
Cultural Arts Fund	-			-			-
Deca	-	20,425	20,301	124			124
Drama Club	3,262	50	2,085	1,227			1,227
Dual Credit Courses	3,610	2,850	6,020	440			440
English Department	1,028	242	360	910			910
Environmental Science	95		95	-			-
European Trip	-			-			-
Excel Program	71	25	25	71			71
Facility Rentals	918	269	-	1,187			1,187
Faculty Awards	121	50	159	12			12
Faculty Concessions	-	4,611	4,138	473			473
Faculty Flower Fund	-	455	292	163			163
Faculty Steward Fund	-	427	76	351			351
Family & Consumer Sciences	967	425	1,391	1			1
FBLA	12		12	-			-
FCA	122	250	249	123			123
FCCLA	785	21,001	21,786	-			-
FEA	42		42	-			-
FFA	3,505	14,209	16,440	1,274		884	390
Football	7,272	54,452	56,202	5,522			5,522
Football Fundraiser	-	13,543	5,795	7,748			7,748
Foreign Language Club	-			-			-
Foreign Language Dept.	265	783	815	233			233
French Club	-			-			-
General Funds	1,000	10,248	11,078	170			170
Girl Talk Club	38		38	-			-
Golf	1,279	7,940	7,651	1,568			1,568
Grade 10	-	1,710	1,342	368			368
Grade 11	478	1,224	1,652	50			50
Grade 12	447	40,459	40,807	99			99
Grade 12--Senior Trip	65		65	-			-
Grade 9	129	3,573	3,598	104			104
Guitar Hero Club	-			-			-
Hawg Heaven Football	-			-			-
International Club	1		1	-			-
Journalism	53		53	-			-
JROTC	3,700	13,289	12,120	4,869			4,869
Just For Justin	-			-			-

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

JOHN HARDIN HIGH SCHOOL-CONCLUDED

YEAR ENDED JUNE 30, 2013

NAME OF ACTIVITY	CASH BALANCES July 1, 2012	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2013	RECEIVABLES June 30, 2013	ACCOUNTS PAYABLE June 30, 2013	DUE TO STUDENT GROUPS June 30, 2013
Lady Dawg Club	969	1,280	2,166	83			83
Library/Media Center	3,735	1,665	476	4,924			4,924
Lifesmarts Club	-			-			-
Literacy First	-			-			-
Math Department	344	193	247	290			290
Matmaids	-			-			-
National Honor Society	77	762	484	355			355
Newspaper	3		3	-			-
North Hardin Hope	-			-			-
Pep Club	-	4,136	4,136	-			-
Photography Club	-			-			-
SADD Club	293	1,472	1,193	572			572
Scholarship	-			-			-
School Concessions	33	8,488	8,520	1			1
School Store	-			-			-
Science Fiction Club	-			-			-
Science Department	3,677	924	888	3,713			3,713
Science / AP Chemistry	-			-			-
Scrapbooking Club	-			-			-
Small Learning Group G	330	3,025	3,355	-			-
Soccer-Boys	-	13,060	13,060	-			-
Soccer-Girls	1,220	4,841	4,798	1,263			1,263
Social Studies Dept.	8	221	229	-			-
Softball	-	11,613	11,613	-			-
Special Education Dept.	14	446	460	-			-
Special Education Learning	-			-			-
Speech	661	1,805	1,756	710			710
Student Council	861	1,043	724	1,180			1,180
Student Flower Fund	-			-			-
Student School Fund	595	3,302	3,512	385			385
Swimming-CHHS	-	1,919	1,919	-			-
Swimming-JHHS	14	1,777	1,791	-			-
Swimming-NHHS	-	2,159	2,159	-			-
Tech Education Dept.	-			-			-
Tech Student Association	-			-			-
Tennis	295	1,239	1,444	90			90
The Big Read	37	-	37	-			-
Textbooks	202	70	-	272			272
Three-Point Club	5,336	13,449	12,642	6,143		667	5,476
Track	650	10,397	8,706	2,341			2,341
Track-Middle School	535		40	495			-
Ultimate Frisbee	-			-			-
Unite to Read Program	-			-			-
Volleyball	812	4,959	4,398	1,373			1,373
Weightlifting Club	304		121	183			183
Winter Guard	8			8			8
Wrestling	-	8,676	8,676	-			-
Y Club	80	8,672	8,524	228			228
Young Republicans	307	90	193	204			204
Yearbooks	6,198	12,648	15,874	2,972			2,972
Sub Total	81,038	487,295	485,785	82,548	-	2,181	78,467
Interfund Transfers	-	67,313	67,313	-	-	-	-
TOTAL	\$ 81,038	\$ 419,982	\$ 418,472	\$ 82,548	\$ -	\$ 2,181	\$ 80,367

HARDIN COUNTY SCHOOL DISTRICT

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

NORTH HARDIN HIGH SCHOOL

YEAR ENDED JUNE 30, 2013

NAME OF ACTIVITY	CASH BALANCES July 1, 2012	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2013	RECEIVABLES June 30, 2013	ACCOUNTS PAYABLE June 30, 2013	DUE TO STUDENT GROUPS June 30, 2013
Academic Team	\$ 1,621	\$ 336	\$ 579	\$ 1,378	\$ -	\$ -	\$ 1,378
Agriculture Department	4,019	5,257	4,310	4,966			4,966
Art Club	202	593	490	305			305
Art Department	39	103	36	106			106
Athletic Fund	2,086	56,284	42,187	16,183			16,183
Athletic Uniforms	7,527	12,228	7,497	12,258			12,258
Band	776	19,949	19,015	1,710			1,710
Baseball	2,369	13,358	9,958	5,769			5,769
Beta Club	494	3,490	3,897	87			87
Bingo Fund	-	69,038	69,038	-			-
Boys Basketball	3,598	14,135	15,876	1,857			1,857
Bowling	148	2,119	1,818	449			449
Business Education Dept.	169			169			169
Cameron Irwin Scholars	1,052	2,513	1,593	1,972			1,972
CATS Incentives	44			44			44
Cheerleaders	2,348	8,446	8,486	2,308			2,308
Chorus	2,006	19,940	19,181	2,765			2,765
Class of Yesteryear	-	1,896	1,800	96			
Climate Committee	283			283			283
Commitment Committee	1,044		28	1,016			1,016
Contingency	2,582	5,342	4,993	2,931			2,931
Counseling Department	2,219	14,984	14,292	2,911			2,911
Cross Country/Boys	2,776	7,136	7,458	2,454			2,454
Cross Country/Girls	472	8,813	8,788	497			497
DECA	-			-			-
Drama Club	35	2,021	1,517	539			539
Dual Credit Books	3,036	2,925	1,482	4,479			4,479
English Department	189	1,571	363	1,397			1,397
Faculty Concessions	1,356	4,038	2,456	2,938			2,938
Faculty Flower Fund	449	424	255	618			618
Trojan Treats Café	1,913	5,710	6,064	1,559			1,559
FBLA	136	893	704	325			325
FCA	508	400	541	367			367
FCCLA	3,885	14,816	15,698	3,003			3,003
FFA	1,443	18,528	18,949	1,022			1,022
Football	6,527	33,763	38,319	1,971			1,971
Foreign Language Department	33			33			33
French Club	573	168		741			741
French Travel	-			-			-
Future Educators of America	97			97			97
Gaming Club	88	135		223			223
German Club	1,407	378	546	1,239			1,239
Girls Basketball	3,653	15,381	15,629	3,405			3,405
Golf-Boys	1,773	4,695	3,742	2,726			2,726
Golf-Girls	43	335	90	288			288
Grade 10	1,402	335	149	1,588			1,588
Grade 11	390	335		725			725
Grade 12	7,444	21,179	22,727	5,896			5,896
Grade 9	-	11,005	6,795	4,210			4,210
Instructional/Operations	882	9,376	9,979	279			279
Journalism	240	1,387	1,627	-			-
Journalism 2013	-	1,423	1,415	8			8
JROTC Teams	4,074	40,515	40,163	4,426			4,426
JROTC Can Food Drive	-	3,181	2,409	772			772
Library/Media Center	488	137	14	611			611
Math Department	886	1,418	906	1,398			1,398
Matmaids	-			-			-
National Honor Society	1,568	1,859	2,747	680			680
NHHS Bingo	27,457	211,948	209,511	29,894			29,894
North Hardin Athletic	1,674	5,295	4,856	2,113			2,113
Nurse	-			-			-
Pep Club	468	1,677	1,119	1,026			1,026

HARDIN COUNTY SCHOOL DISTRICT
SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES
NORTH HARDIN HIGH SCHOOL-CONCLUDED

YEAR ENDED JUNE 30, 2013

NAME OF ACTIVITY	CASH BALANCES July 1, 2012	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2013	RECEIVABLES June 30, 2013	ACCOUNTS PAYABLE June 30, 2013	DUE TO STUDENT GROUPS June 30, 2013
Photography Club	517	283	158	642	-	-	642
Physical Education Dept.	-	456	330	126	-	-	126
Project Graduation	790	11,941	11,700	1,031	-	-	1,031
Restitution (Ipads)	-	1,000		1,000			
SADD	527	168		695	-	-	695
School Concessions	1,585	6,141	5,393	2,333	-	-	2,333
School Fund	1,520	3,934	1,785	3,669	-	-	3,669
School Store	-		(52)	52	-	-	52
Science Club	3,079	519	880	2,718	-	-	2,718
Science Department	2,123	4,933	4,700	2,356	-	-	2,356
Soccer/Boys	1,749	11,953	12,040	1,662	-	-	1,662
Soccer/Girls	1,611	7,917	9,423	105	-	-	105
Social Studies Dept.	-			-	-	-	-
Softball	1	10,296	9,863	434	-	-	434
Spanish Club	2,299	205	38	2,466	-	-	2,466
Spanish Travel	-			-	-	-	-
Special Education Dept.	74	960	1,030	4	-	-	4
Speech	150			150	-	-	150
Student Council	1,614	870	1,351	1,133	-	-	1,133
Student Support Services	165	1,055	586	634	-	-	634
Swimming	807	2,008		2,815	-	-	2,815
Tech Ed Department	-			-	-	-	-
TSA Club	-	60		60	-	-	60
Tennis	2,076	4,260	2,180	4,156	-	-	4,156
Textbooks	2,741	1,258	2,400	1,599	-	-	1,599
Track/Boys	5,085	5,432	6,437	4,080	-	-	4,080
Track/Girls	186	1,943	2,003	126	-	-	126
Travel	12			12	-	-	12
Trojan Stichary	161			161	-	-	161
Volleyball	242	4,636	3,604	1,274	-	-	1,274
Will Yates Scholarship	-	1,000		1,000	-	-	1,000
Wrestling	70	5,660	3,847	1,883	-	-	1,883
Y Club	1,226	16,531	15,584	2,173	-	-	2,173
Yearbooks	2,437	8,703	11,140	-	-	-	-
Yearbooks 2013	-	6,805	1,546	5,259	-	-	5,259
Rachel's Challenge	347	418	398	367	-	-	367
Sub Total	145,185	804,556	760,456	189,285	-	-	188,189
Interfund Transfers	-	87,181	87,181	-	-	-	-
TOTAL	\$ 145,185	\$ 717,375	\$ 673,275	\$ 189,285	\$ -	\$ -	\$ 188,189

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

HARDIN COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2013

<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	7750002-12	\$ 683,857
		7750002-13	2,736,310
School Breakfast Program	10.553	7760005-12	314,682
		7760005-13	1,263,745
Summer Food Service Program for Children	10.559	7690024-12	3,543
		7690024-13	475
		7740023-12	33,884
		7740023-13	54,764
Non-Cash Assistance (Commodities) National School Lunch Program	10.555	057502-02	467,683
TOTAL CHILD NUTRITION CLUSTER			5,558,943
TOTAL U.S. DEPT. OF AGRICULTURE			5,558,943
<u>U.S. DEPARTMENT OF DEFENSE</u>			
National Guard Civilian Youth Opportunities	12.404	5043	218,404
Competitive Grants: Promoting K-12 Student Achievement at Military-Connected Schools	12.556	3420	96,789
		3423	306,019
			402,808
TOTAL U.S. DEPARTMENT OF DEFENSE			621,212
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Title I, Part A Cluster - Passed Through State Department of Education			
Special Education Cluster (IDEA) - Passed Through State Department of Education			
Special Education - Grants to States	84.027	3371P	18,084
		3372	53,247
		3372P	17,423
		3373	2,833,972
			2,922,726
Special Education - Preschool Grants	84.173	3432	907
		3433	113,200
			114,107
TOTAL SPECIAL EDUCATION CLUSTER (IDEA)			3,036,833

The accompanying notes are an integral part of this schedule.

HARDIN COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2013

<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>OTHER U.S. DEPARTMENT OF EDUCATION PROGRAMS</u>			
Impact Aid	84.041	N/A	514,149
Passed Through Kentucky Council on Postsecondary Education Adult Education - State Grant Program	84.002	3653 3703 3733 3733S	14,547 14,989 166,768 994
			<u>197,298</u>
Passed Through State Department of Education Title I Grants to Local Educational Agencies	84.010	3102 3102D 3102M 3103 3103D 3103E 3103L 3103M 3103P 3142 3143 3201 3202	598,328 96,990 12,420 2,041,853 290 111,890 93,648 19,407 123,437 148,052 38,695 43,419 374,410
			<u>3,702,839</u>
Migrant Education - State Grant Program	84.011	3112 3112S 3113	21,042 11,754 51,254
			<u>84,050</u>
Title I State Agency Program for Neglected and Delinquent Children	84.013	3133 3133T	31,319 3,132
			<u>34,451</u>
Vocational Education - Basic Grants to States	84.048	3482 3483	16,431 139,363
			<u>155,794</u>
Twenty-First Century Community Learning Centers	84.287	5501 5501J 5502 5502S	23,848 5,160 97,879 4,326
			<u>131,213</u>
English Language Acquisition Grants	84.365	3452	27,919
Improving Teacher Quality - State Grants	84.367	4011 4012 4013	21,924 313,954 175,911
			<u>511,789</u>

HARDIN COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2013

<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 - School Improvement Grants, Recovery Act	84.388	5600A	32,538
		5600B	437,698
		5600C	1,176,997
			<u>1,647,233</u>
Education Jobs	84.410	4411	49,901
Race to the Top	84.413	4521	39,095
Passed through Green River Regional Co-op Fund for the Improvement of Education	84.215	5181	75,923
		5181S	10,091
			<u>86,014</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>10,218,578</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 16,398,733</u>

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2013

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, 2013. 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 POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting for proprietary funds and the modified accrual basis of accounting for governmental funds. Such expenditures are recognized following the cost principles contained in 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

HARDIN COUNTY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

Section I-Summary of Auditor's Results

Financial Statements

Type of auditor's report issued (unqualified):

Internal control over financial reporting:

- Material weakness(es) identified? _____yes ___X___no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____yes ___X___none reported

Noncompliance material to financial statements noted?

_____yes ___X___no

Federal Awards

Internal control over major programs:

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

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

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

_____yes ___X___no

Section I-Summary of Auditor's Results - Continued

Identification of major programs:

CFDA Number	Federal Program or Cluster
DEPARTMENT OF AGRICULTURE	
	Child Nutrition Cluster
10.555	National School Lunch
10.553	School Breakfast Program
10.559	Summer Food Service Program for Children
DEPARTMENT OF DEFENSE	
12.556	Competitive Grants: Promoting K-12 Student Achievement at Military Connected Schools
DEPARTMENT OF EDUCATION	
84.041	Impact Aid
84.367	Improving Teacher Quality State Grants
84.388	ARRA - School Improvement Grants, Recovery Act

Dollar threshold used to distinguish
Between type A and type B programs:

\$ 491,962

Auditee qualified as low-risk auditee?

 yes X no

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 SCHOOL DISTRICT

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

June 30, 2013

There were no prior audit findings.

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

CHRIS R. CARTER, CPA
SCOTT KISSELBAUGH, CPA
BRIAN S. WOOSLEY, CPA



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INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the requirements prescribed by the Kentucky State Committee for School District Audits in Appendices I and II of the *Independent Auditor's Contract*, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Hardin County School District as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Hardin County School District's basic financial statements, and have issued our report thereon dated August 23, 2013.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of Hardin County School District in a separate letter dated August 23, 2013.

Purpose of this Report

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



Certified Public Accountants
Elizabethtown, Kentucky
August 23, 2013

**REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT
ON EACH MAJOR PROGRAM AND
INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

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INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal Program

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 Hardin County School District's major federal programs for the year ended June 30, 2013. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Hardin County School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and the requirements prescribed by the Kentucky State Committee for School District Audits in Appendices I and II of the Independent Auditor's Contract. Those standards and 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Hardin County School District's compliance

Opinion on Each Major Federal Program

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, 2013.

Report on Internal Control Over Compliance

Management of Hardin County School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Hardin County School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major program and to test and report on internal control over compliance in accordance with 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. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Certified Public Accountants
Elizabethtown, Kentucky
August 23, 2013

MANAGEMENT LETTER AND COMMENTS

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Elizabethtown, Kentucky

In planning and performing our audit of the basic financial statements of Hardin County School District for the year ended June 30, 2013, 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 23, 2013, contains our report on the District's internal control. This letter does not affect our report dated August 23, 2013, on the financial statements of the Hardin County School District.

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

This report is intended solely for the information and use of management, the members of the 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.

Certified Public Accountants
Elizabethtown, Kentucky
August 23, 2013

HARDIN COUNTY SCHOOL DISTRICT

COMMENTS

June 30, 2013

2ND YEAR UNCORRECTED PRIOR YEAR COMMENTS

EAST HARDIN MIDDLE SCHOOL

MULTIPLE RECEIPT FORMS

We noted the following deposits with attached F-SA-6, Multiple Receipt Forms, without student signatures or initials but were instead filled out by the sponsors collecting the funds: deposit of \$1,863.24, dated 9/18/2012, for several activities, a deposit of \$4,340.86, dated 2/20/2013, with receipts for yearbook sales of \$418.00 and receipts of \$3,659.00, for 8th Grade Trip T-shirt Sales, a deposit of \$4,634.04, dated 4/8/2013, with receipts totaling \$4,579.00 for a field trip.

MANAGEMENT RESPONSE

District finance personnel have discussed with school management to ensure the item is not repeated.

RADCLIFF ELEMENTARY

FUNDRAISERS

We noted the 4th grade Coca-Cola fundraiser did not have an F-SA-2B, Fundraiser Worksheet, on file.

MANAGEMENT RESPONSE

District finance personnel have discussed with school management to ensure the item is not repeated.

UNCORRECTED PRIOR YEAR COMMENTS

JAMES T ALTON MIDDLE SCHOOL

UNTIMELY DEPOSIT

We noted a deposit of \$2,874.98, dated 9/25/12, with receipts of \$134.00 for Special Ed Bakery sales of which only \$74.00 was deposited and \$60.00 was kept for change; we could not find evidence of the \$60.00 change being re-deposited by 6/30/13.

MANAGEMENT RESPONSE

District finance personnel have discussed with school management to ensure the item is not repeated.

PURCHASE ORDER

We noted check# 6156 in the amount of \$12,189.10, dated 11/12/12, written to Paragon Promotions from the Fundraiser fund had attached a purchased order dated 11/9/12, 15 days after the invoice date of 10/25/12.

MANAGEMENT RESPONSE

District finance personnel have discussed with school management to ensure the item is not repeated.

HARDIN COUNTY SCHOOL DISTRICT

COMMENTS – CONTINUED

June 30, 2013

NORTH MIDDLE SCHOOL

MULTIPLE RECEIPT FORM

We noted a deposit of \$751.00, dated 9/28/12, for Beta Dues of which receipts totaling \$615.00 with attached F-SA-6, Multiple Receipt forms, without student signatures or initials but instead these forms were filled out by the sponsors collecting the funds. We also noted a deposit of \$ 485.00, dated 4/9/13, with attached F-SA-6, Multiple Receipt forms, without student signatures or initials but instead these forms were filled out by the music teacher, who collected the funds.

MANAGEMENT RESPONSE

District finance personnel have discussed with school management to ensure the item is not repeated.

PURCHASE ORDERS

We noted check #7022 in the amount of \$300.00, dated 8/16/12, written to Jessica Harper out of the Athletic fund, without an F-SA-7, Purchase Order, attached. We also noted check #7263 in the amount of \$2,057.75, written to Jostens's for yearbooks, with F-SA-7, Purchase Order dated 5/21/13, five days after the invoice dated of 5/16/13.

MANAGEMENT RESPONSE

District finance personnel have discussed with school management to ensure the item is not repeated.

WEST HARDIN MIDDLE SCHOOL

UNTIMELY DEPOSITS

We noted a deposit of \$243.34, dated 12/18/12, with copies of checks dated 8/14/12 and 11/01/12, seven days to four months before being deposited. We also noted a deposit of \$2,220.00, dated 12/18/12, with copies of checks dated 10/30/12, 48 days before being deposited.

MANAGEMENT RESPONSE

District finance personnel have discussed with school management to ensure the item is not repeated.

PURCHASE ORDER

We noted check #5176 in the amount of \$60.00, dated 1/28/13, written to Darrell Wells, a referee, with a purchase order dated 1/28/13, four days after the invoice date of 1/24/13.

MANAGEMENT RESPONSE

District finance personnel have discussed with school management to ensure the item is not repeated.

HARDIN COUNTY SCHOOL DISTRICT

COMMENTS – CONTINUED

June 30, 2013

CURRENT YEAR COMMENTS

NUTRITION SERVICES

REPORTS

We noted that the reports from the Horizon software were not reconciled to the general ledger activity. These reports should be utilized to agree amounts per the software to amounts recorded in MUNIS.

MANAGEMENT RESPONSE

District finance personnel have discussed with school management to ensure the item is not repeated.

BLUEGRASS MIDDLE SCHOOL

CREDIT CARDS

We noted both the Kroger and Wal-Mart cards' F-SA-13, Credit Card Sign In/Out Form, did not have the credit card account number listed on the form.

MANAGEMENT RESPONSE

District finance personnel have discussed with school management to ensure the item is not repeated.

UNTIMELY DEPOSIT

We noted a deposit of \$960.00, dated 3/15/13 for yearbook sales with attached copies of checks with dates ranging from 1/30/13-2/25/13, 18 to 44 days before being deposited.

MANAGEMENT RESPONSE

District finance personnel have discussed with school management to ensure the item is not repeated.

CENTRAL HARDIN HIGH SCHOOL

MULTIPLE RECEIPT FORM

We noted the following deposits with F-SA-6, Multiple Receipt Forms, without student signatures or initials but instead were completed by the sponsor collecting the funds: a deposit in the amount of \$298.00, dated 9/12/12, for Varsity Club dues, a deposit in the amount of \$2,680.00, dated 11/30/12, for Y Club dues and a deposit of \$805.23, dated 4/12/13, for the track team's candy sales.

MANAGEMENT RESPONSE

District finance personnel have discussed with school management to ensure the item is not repeated.

HARDIN COUNTY SCHOOL DISTRICT

COMMENTS – CONTINUED

June 30, 2013

CREEKSIDE ELEMENTARY

PURCHASE ORDER

We noted check #1619 in the amount \$300.00, dated 11/20/12, written to Jerry Tipton, for a school presentation, had an F-SA-7, Purchase Order dated 11/19/2012, one day after the invoice date of 11/18/12.

MANAGEMENT RESPONSE

District finance personnel have discussed with school management to ensure the item is not repeated.

EAST HARDIN MIDDLE SCHOOL

CASH ADVANCES

We noted check #10278, in the amount of \$7,600.00, dated 4/9/13, written to the 8th grade sponsor of the Washington DC trip, for the purpose of giving each of the 190 students \$40.00 to purchase meals on the trip with only 184 student signatures leaving an unaccounted for balance of \$240.00.

MANAGEMENT RESPONSE

District finance personnel have discussed with school management to ensure the item is not repeated.

UNTIMELY DEPOSIT

We noted deposit of \$1,863.24, dated 9/18/2012, with an F-SA-6, Multiple Receipt Form, attached totaling \$100.00 for a Mega Caverns field trip was dated 9/14/2012 by both the sponsor turning in the fund and the bookkeeper receiving them, which was four days prior to the deposit date.

MANAGEMENT RESPONSE

District finance personnel have discussed with school management to ensure the item is not repeated.

INVOICE

We noted the check # 10209 in the amount of \$2,132.53, dated 3/07/13, written to Angela Bryan without a standard or vendor invoice but instead an undated and unsigned note with an amount and name the check was to be written. We also noted check #10357 in the amount of \$453.34, dated 6/13/13, written to Susan Hatfield for a reimbursement of cheerleading supplies with a standard invoice that was not dated.

MANAGEMENT RESPONSE

District finance personnel have discussed with school management to ensure the item is not repeated.

SEGREGATION OF DUTIES

We noted the school's counselor's clerk records receipts on the deposit ticket and takes the deposit to the bank, violating Redbook requirements that these duties should be segregated.

MANAGEMENT RESPONSE

District finance personnel have discussed with school management to ensure the item is not repeated.

HARDIN COUNTY SCHOOL DISTRICT

COMMENTS – CONTINUED

June 30, 2013

G C BURKHEAD ELEMENTARY

INDIVIDUAL ACTIVITY BUDGETS

We noted the following F-SA-12, Individual Activity Budgets, were not on file: Bookstore, Coke, Fieldtrips, Flower, Lance and School funds.

MANAGEMENT RESPONSE

District finance personnel have discussed with school management to ensure the item is not repeated.

JAMES T ALTON MIDDLE SCHOOL

UNALLOWABLE PURCHASE

We noted check #6388 in the amount of \$1,760.29, dated 5/14/13, written to Wal-Mart from the School Pictures, School, and Volleyball funds of which \$334.76 was used to purchase items for teacher appreciation.

MANAGEMENT RESPONSE

District finance personnel have discussed with school management to ensure the item is not repeated.

LINCOLN TRAIL ELEMENTARY SCHOOL

FUNDRAISERS

We noted the Chrysler Drive fundraiser for the General Fund did not have board approval but instead had an F-SA-2A, Fundraiser Approval, signed only by the principal. We also noted the Cookie Dough Sales fundraiser had an F-SA-2B, Fundraiser Worksheet, without expenses listed.

MANAGEMENT RESPONSE

District finance personnel have discussed with school management to ensure the item is not repeated.

PRINCIPAL'S COMBINING BUDGET

We noted F-SA-3, Principal's Combining Budget, had budgeted amounts listed that did not reconcile with F-SA-4A, Individual Activity Budgets, budgeted amounts.

MANAGEMENT RESPONSE

District finance personnel have discussed with school management to ensure the item is not repeated.

MULTIPLE RECEIPT FORM

We noted the following deposits had attached F-SA-6, Multiple Receipt Forms, for Beta Club, without student signatures or initials but instead was filled out by the sponsor collecting the funds: deposit of \$400.00, dated 10/16/12 and a deposit of \$920.00, dated 2/05/13.

MANAGEMENT RESPONSE

District finance personnel have discussed with school management to ensure the item is not repeated.

HARDIN COUNTY SCHOOL DISTRICT

COMMENTS – CONTINUED

June 30, 2013

LINCOLN TRAIL ELEMENTARY SCHOOL – CONTINUED

UNTIMELY DEPOSIT

We noted a deposit of \$276.00, dated 3/18/13, with F-SA-6, Multiple Receipt Form, dated 3/14/13, four days before the deposit date.

MANAGEMENT RESPONSE

District finance personnel have discussed with school management to ensure the item is not repeated.

PURCHASE ORDER

We noted check #2409 in the amount of \$16,227.00, dated 10/11/12, written to Great American Opportunities, for cookie dough sales, had attached F-SA-7, Purchase Order, dated 10/11/12, one day after the invoice date of 10/10/12.

MANAGEMENT RESPONSE

District finance personnel have discussed with school management to ensure the item is not repeated.

UNALLOWABLE PURCHASE

We noted check #2504 in the amount of \$80.40, dated 6/19/13, to Ruby Tuesday, for SBDM EOY meeting, from the General Fund, was an unallowable purchase.

MANAGEMENT RESPONSE

District finance personnel have discussed with school management to ensure the item is not repeated.

MEADOWVIEW ELEMENTARY SCHOOL

MULTIPLE RECEIPT FORM

We noted a deposit of \$59.00, dated 3/08/13, with F-SA-6, Multiple Receipt Form, for funds collected from fourth graders, without student signatures or initials but instead was completed by the teacher collecting the funds.

MANAGEMENT RESPONSE

District finance personnel have discussed with school management to ensure the item is not repeated.

NEW HIGHLAND ELEMENTARY

FUNDRAISERS

We noted the following fundraisers did not complete F-SA-2B, Fundraiser Worksheets: the 5th Grade CD Sales Fundraiser and the Athletic Basketball Game Fundraiser.

MANAGEMENT RESPONSE

District finance personnel have discussed with school management to ensure the item is not repeated.

DISBURSEMENTS

We noted check #1535 in the amount of \$274.72, dated 2/22/13, written to Wal-Mart out of the building fund, of which \$179.00 was for the purchase of supplies for a teachers' luncheon.

MANAGEMENT RESPONSE

District finance personnel have discussed with school management to ensure the item is not repeated.

HARDIN COUNTY SCHOOL DISTRICT

COMMENTS – CONTINUED

June 30, 2013

NORTH HARDIN HIGH SCHOOL

SEGREGATION OF DUTIES

We noted the bookkeeper enters invoices and also matches invoices to checks violating the Redbook requirement of these duties being segregated.

MANAGEMENT RESPONSE

District finance personnel have discussed with school management to ensure the item is not repeated.

UNTIMELY DEPOSITS

We noted the following deposits were not made in a timely manner: a deposit of \$3,796.44, dated 8/2/12, for the cross country run, had copies of checks attached with dates ranging from 5/13/12-7/30/12, 82 to 3 days before the dated of the deposit. We also noted a deposit of \$8,284.78, dated 3/25/13, for softball receipts with copies of checks attached with dates ranging from 3/07/13-3/19/13, six to 18 days before the deposit date.

MANAGEMENT RESPONSE

District finance personnel have discussed with school management to ensure the item is not repeated.

MULTIPLE RECEIPT FORMS

We noted a deposit of \$636.00, dated 11/30/12, for bingo donations and t-shirt sales without F-SA-6, Multiple Receipt Forms, or copies of checks but instead with an attached sheet listing the dollar amount of individual denominations of money and a total collected. We also noted a deposit of \$8,284.78, dated 3/25/13, that included sports pass cash sales without either F-SA-6, Multiple Receipt Forms, or copies of checks but instead with a sheet listing the dollar amount of individual denominations of money and a total collected.

MANAGEMENT RESPONSE

District finance personnel have discussed with school management to ensure the item is not repeated.

BOOSTER CLUBS

We noted the following booster clubs did not have a budget on file at the school: Football or Cheer.

MANAGEMENT RESPONSE

District finance personnel have discussed with school management to ensure the item is not repeated.

HARDIN COUNTY SCHOOL DISTRICT

COMMENTS – CONTINUED

June 30, 2013

NORTH MIDDLE SCHOOL

UNTIMELY DEPOSIT

We noted a deposit of \$580.00, dated 1/28/13, with receipts dated 1/23/13, five days before being deposited.

MANAGEMENT RESPONSE

District finance personnel have discussed with school management to ensure the item is not repeated.

SEGREGATION OF DUTIES

We noted the following violations of the Redbook requirement of certain duties being segregated: the school's bookkeeper records revenue in the accounting system and takes the deposit to the bank, the school's bookkeeper, matches invoices to checks and mails the checks.

MANAGEMENT RESPONSE

District finance personnel have discussed with school management to ensure the item is not repeated.

CASH ADVANCE

We noted check #7226 in the amount of \$60, dated 3/27/13 to Jessica Harper for as a cash advance for student meals for a Tech Club trip did not have a standard invoice, vendor invoice or vendor receipts attached but instead had attached a note signed by Rebecca Rawlings and Marlene Schmitz stating money was given to students to buy lunch in the food court.

MANAGEMENT RESPONSE

District finance personnel have discussed with school management to ensure the item is not repeated.

RADCLIFF ELEMENTARY

PURCHASE ORDER

We noted check #1103 in the amount \$210.00, dated 9/10/12, written to Coverlawn Butterflies had F-SA-7, Purchase Order dated 9/7/12, three days after the invoice date of 9/04/12.

MANAGEMENT RESPONSE

District finance personnel have discussed with school management to ensure the item is not repeated.

HARDIN COUNTY SCHOOL DISTRICT

COMMENTS – CONTINUED

June 30, 2013

RINEYVILLE ELEMENTARY

SEGREGATION OF DUTIES

We noted the school's bookkeeper enters invoices into the accounting systems and matches invoices to checks, violating the Redbook requirements of these duties being segregated.

MANAGEMENT RESPONSE

District finance personnel have discussed with school management to ensure the item is not repeated.

WEST HARDIN MIDDLE SCHOOL

MULTIPLE RECEIPT FORM

We noted a deposit of \$175.00, dated 2/27/13, with F-SA-6, Multiple Receipt Form, without student signatures or initials but instead was completed by the sponsor collecting the funds.

MANAGEMENT RESPONSE

District finance personnel have discussed with school management to ensure the item is not repeated.

UNAPPROVED DONATION

We noted a deposit of \$1,125.00, dated 2/27/13, for a donation that did not have board approval or documentation from whom the donation was made.

MANAGEMENT RESPONSE

District finance personnel have discussed with school management to ensure the item is not repeated.

WOODLAND ELEMENTARY

FUNDRAISERS

We noted the Drink Case Orders fundraiser held by the Coca Cola Fundraiser fund did not have F-SA-2B, Fundraiser Worksheet, on file.

MANAGEMENT RESPONSE

District finance personnel have discussed with school management to ensure the item is not repeated.