

HARDIN COUNTY SCHOOL DISTRICT

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

Year Ended June 30, 2014

HARDIN COUNTY SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

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, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the accompanying table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2014, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 1 to the financial statements, the District adopted GASB Statement 65, *Items Previously Reported as Assets and Liabilities* 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 11 and 42 through 43 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 22, 2014, 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 22, 2014

REQUIRED SUPPLEMENTARY INFORMATION

**HARDIN COUNTY BOARD OF EDUCATION - ELIZABETHTOWN, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2014**

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, 2014. 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 \$25.8 million. The ending fund balance was \$25.3 million. General fund revenues increased \$1.5 million and expenditures increased \$5.1 million as compared to the previous fiscal year. Also, the General fund was responsible for paying \$344 thousand in energy bond debt service. In addition, the General Fund transferred \$206 thousand to the Special Revenue Fund for the technology grant match. The General Fund also received \$1.5 million from the FSPK Fund.
- 2 The beginning Construction Fund fund balance was \$5.4 million. The ending fund balance was \$24.5 million. The major reason for the change in fund balance was due to bond proceeds not yet being spent on construction projects.

USING THIS ANNUAL REPORT

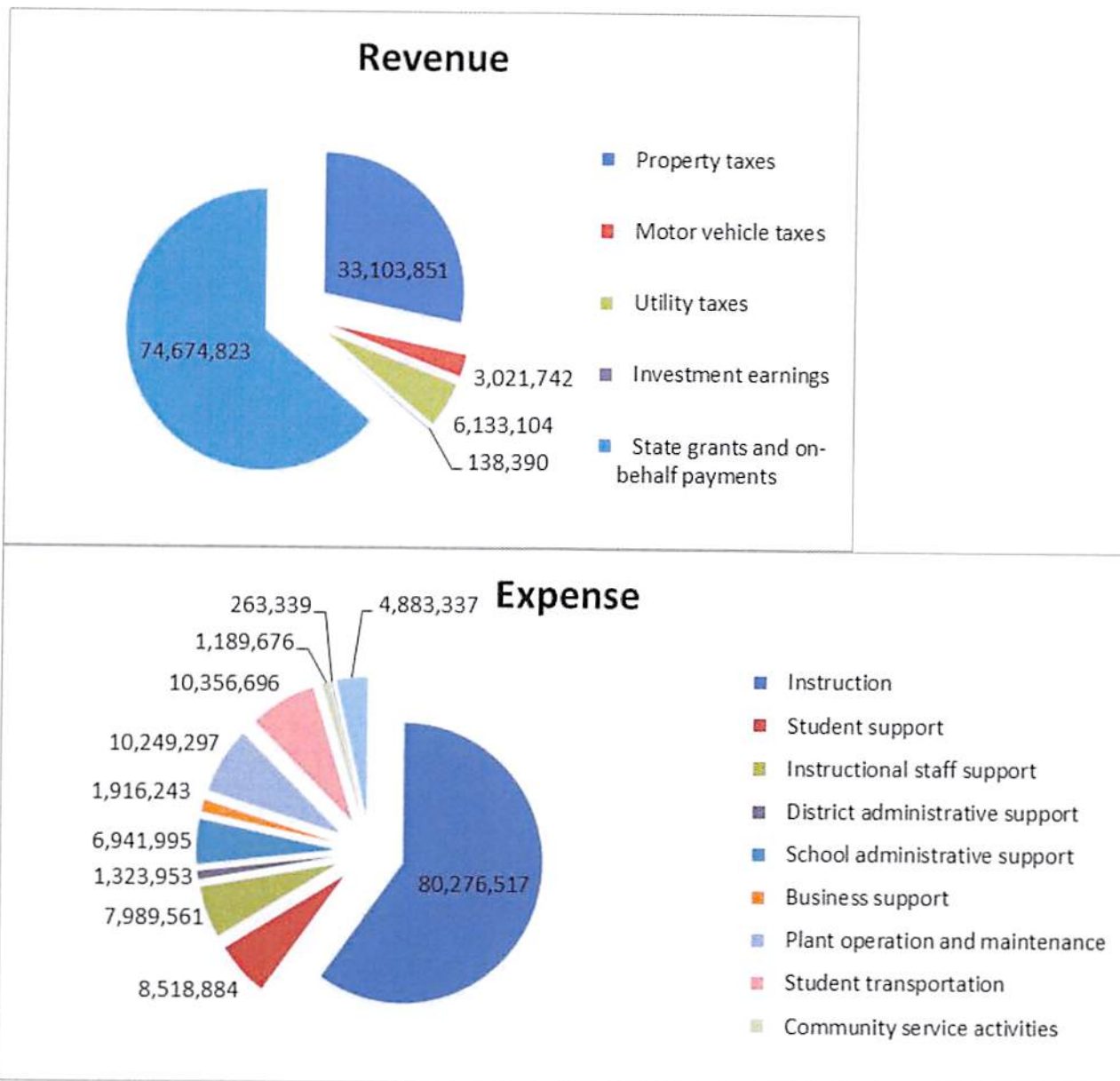
This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This 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 position. Over time, increases or decreases in net position may serve as one indicator of whether the financial position of the District is improving or deteriorating.

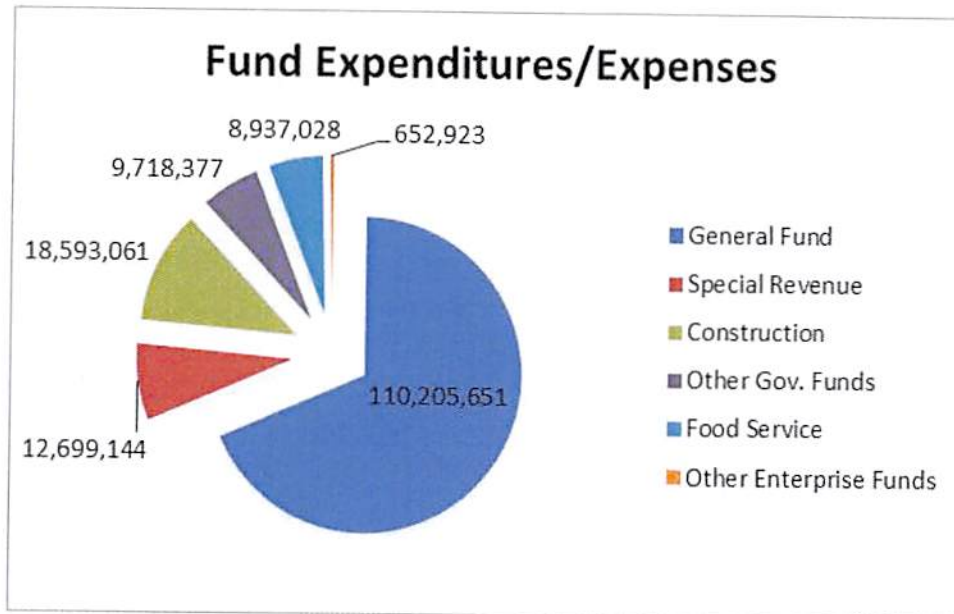
The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues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

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



The government-wide financial statements can be found on pages 12 - 13 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 14 – 22 of this report.

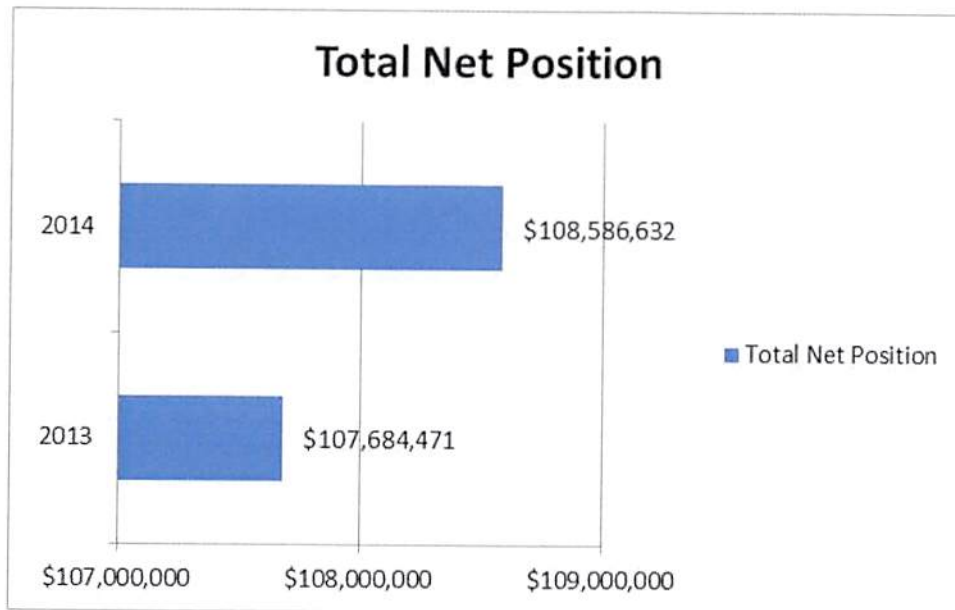
Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23 - 41 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as an indicator of a government's financial position. In the case of the District, net position was \$108.6 million as of June 30, 2014. 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, 2014 and 2013
(Table 1)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Current and Other Assets	\$ 58,266,416	\$ 33,953,779	\$ 1,753,480	\$ 1,554,891	\$ 60,019,896	\$ 35,508,670
Capital Assets	193,688,580	181,401,637	1,187,066	1,225,081	194,875,646	182,626,718
Total Assets	<u>251,954,996</u>	<u>215,355,416</u>	<u>2,940,546</u>	<u>2,779,972</u>	<u>254,895,542</u>	<u>218,135,388</u>
Deferred Outflows	<u>1,175,856</u>				<u>1,175,856</u>	<u>-</u>
Long-term Debt	129,979,230	98,688,831	-	-	129,979,230	98,688,831
Other Liabilities	14,564,990	8,982,114	139,306	145,814	14,704,296	9,127,928
Total Liabilities	<u>144,544,220</u>	<u>107,670,945</u>	<u>139,306</u>	<u>145,814</u>	<u>144,683,526</u>	<u>107,816,759</u>
Net Position						
Net investment in capital assets	60,019,562	80,926,324	1,187,066	1,225,081	61,206,628	82,151,405
Restricted	28,573,853	6,779,766	-	-	28,573,853	6,779,766
Unrestricted	19,993,217	19,978,381	1,614,174	1,409,077	21,607,391	21,387,458
Total Net Position	<u>\$ 108,586,632</u>	<u>\$ 107,684,471</u>	<u>\$ 2,801,240</u>	<u>\$ 2,634,158</u>	<u>\$ 111,387,872</u>	<u>\$ 110,318,629</u>



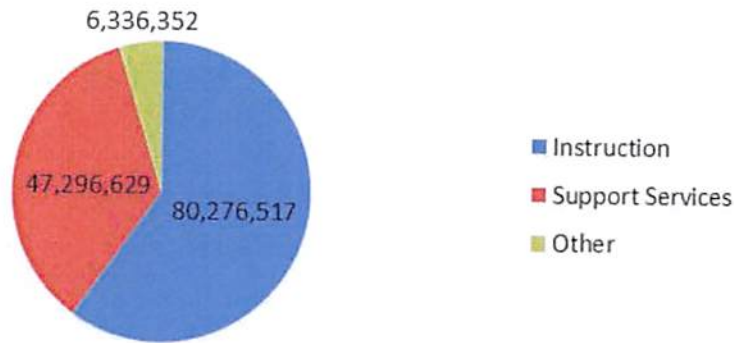
The following Table 2 presents a summary of changes in net position for the fiscal years ended June 30, 2014 and 2013.

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
REVENUES						
Program revenues						
Charges for services	\$ 124,128	\$ 152,016	\$ 2,878,361	\$ 2,946,715	\$ 3,002,489	\$ 3,098,731
Operating grants and contributions	33,139,868	34,376,706	6,719,568	6,469,227	39,859,436	40,845,933
Capital grants and contributions	5,639,771	7,295,993	-	-	5,639,771	7,295,993
General revenues						
Property taxes	33,103,851	31,697,636	-	-	33,103,851	31,697,636
Motor vehicle taxes	3,021,742	2,902,092	-	-	3,021,742	2,902,092
Utility taxes	6,133,104	5,819,555	-	-	6,133,104	5,819,555
Other taxes	7,472	4,856	-	-	7,472	4,856
Investment earnings	95,954	114,003	2,720	1,667	98,674	115,670
Gain on disposal of capital assets	-	39,497	-	-	-	-
State and formula grants	53,366,750	54,556,975	-	-	53,366,750	54,556,975
Miscellaneous	357,448	319,341	-	-	357,448	319,341
Total revenues	134,990,088	137,278,670	9,600,649	9,417,609	144,590,737	146,656,782
EXPENSES						
Program Activities						
Instruction	80,276,517	77,071,347	-	-	80,276,517	77,071,347
Student support	8,518,884	8,287,234	-	-	8,518,884	8,287,234
Instructional staff support	7,989,561	7,867,508	-	-	7,989,561	7,867,508
District administrative support	1,323,953	1,090,246	-	-	1,323,953	1,090,246
School administrative support	6,941,995	6,707,179	-	-	6,941,995	6,707,179
Business support	1,916,243	2,040,329	-	-	1,916,243	2,040,329
Plant operation and maintenance	10,249,297	9,865,185	-	-	10,249,297	9,865,185
Student transportation	10,356,696	9,998,470	-	-	10,356,696	9,998,470
Community service activities	1,189,676	1,150,179	-	-	1,189,676	1,150,179
Other	263,339	57,656	-	-	263,339	57,656
Interest costs	4,883,337	4,736,057	-	-	4,883,337	4,736,057
Business-type Activities						
Food service	-	-	8,937,028	8,979,970	8,937,028	8,979,970
Childcare	-	-	550,239	536,855	550,239	536,855
Educational television	-	-	102,684	92,993	102,684	92,993
Total expenses	133,909,498	128,871,390	9,589,951	9,609,818	143,499,449	138,481,208
Transfers	(156,384)	-	156,384	-	-	-
Extraordinary item - KSBIT	300,668	(770,022)	-	-	300,668	(770,022)
Increase (decrease) in net position	\$ 1,224,874	\$ 7,637,258	\$ 167,082	\$ (192,209)	\$ 1,391,956	\$ 7,405,552

Governmental Activities

Instruction comprises 60%, support services comprise 35.3% and expense for interest and other items accounts for 4.7% of government expenses.

Governmental Activities Expense



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

(Table 3)
Governmental Activities Total
Cost of Services

Net Cost of Services

	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Instruction	\$ 80,276,517	\$ 77,071,347	\$ 57,125,038	\$ 46,272,308
Support Services	47,296,629	45,856,151	38,419,265	37,180,043
Community Services	1,189,676	1,150,179	16,628	78,447
Facility acquisition and construction	-	-	(4,531,606)	-
Other	263,339	57,656	201,234	-
Interest costs	4,883,337	4,736,057	3,775,172	3,515,877
Total expenses	<u>\$ 133,909,498</u>	<u>\$ 128,871,390</u>	<u>\$ 95,005,731</u>	<u>\$ 87,046,675</u>

Business-Type Activities

The business-type activities include the food service, child care and educational television operations. These programs had total revenues of \$9,600,649 and expenses of \$9,589,951 for fiscal year 2014. Of the revenues, \$2,878,361 was charges for services, \$6,719,568 was from State and Federal operating grants, and \$2,720 was from investment earnings. The food service fund also received \$156,384 of capital assets paid for by the Construction Fund. 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 14. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$187.7 million and expenditures and other financing uses of \$166.6 million. Net changes in fund balances for the year were most significant in the General Fund \$(400) thousand and the Construction Fund \$19.1 million.

The decrease in the General Fund was primarily due to revenue increases not outpacing expenditure needs. The increase in the Construction Fund was due to not spending bond proceeds received during the fiscal year.

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 \$82.6 million with actual amounts of \$107.9 million. Budgeted expenditures of \$105.8 million compare with actual expenditures of \$110.2 million. The most significant fluctuation is for on-behalf payments of \$20.4 million.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2014 the School District had \$194.9 million invested in land, land improvements, buildings, vehicles, equipment, and construction in progress, and \$193.7 million in governmental activities. Table 4 shows fiscal year 2014 and 2013 balances.

	Capital Assets (Net of Depreciation)					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Land	\$ 7,539,317	\$ 7,539,317	\$ 16,790	\$ 16,790	\$ 7,556,107	\$ 7,556,107
Land improvements	1,916,862	1,746,621	-	-	1,916,862	1,746,621
Buildings and improvements	148,530,708	144,888,561	33,224	37,428	148,563,932	144,925,989
Technology	2,913,511	3,247,694	1,126	1,482	2,914,637	3,249,176
Vehicles	5,079,471	5,510,143	28,502	41,082	5,107,973	5,551,225
General equipment	2,095,119	2,346,057	1,107,424	1,128,299	3,202,543	3,474,356
Total	168,074,988	165,278,393	1,187,066	1,225,081	169,262,054	166,503,474
Construction in progress	25,613,592	16,123,244	-	-	25,613,592	16,123,244
Total	<u>\$ 193,688,580</u>	<u>\$ 181,401,637</u>	<u>\$ 1,187,066</u>	<u>\$ 1,225,081</u>	<u>\$ 194,875,646</u>	<u>\$ 182,626,718</u>

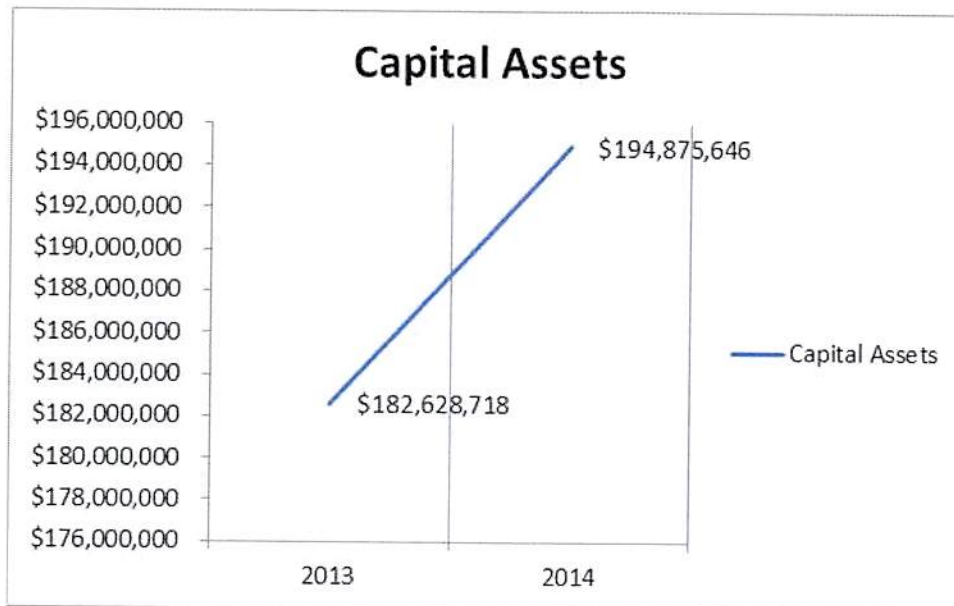


Table 5 shows the changes in capital assets for the fiscal years ended June 30, 2014 and 2013.

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Beginning balance	\$ 181,401,637	\$ 177,495,970	\$ 1,225,081	\$ 1,317,784	\$ 182,626,718	\$ 178,813,754
Additions	19,705,197	10,861,303	156,384	109,142	19,861,581	10,970,445
Retirements	(30,061)	(11,881)	(815)	(11,363)	(30,876)	(23,244)
Depreciation	(7,388,193)	(6,943,755)	(193,584)	(190,482)	(7,581,777)	(7,134,237)
Ending balance	<u>\$ 193,688,580</u>	<u>\$ 181,401,637</u>	<u>\$ 1,187,066</u>	<u>\$ 1,225,081</u>	<u>\$ 194,875,646</u>	<u>\$ 182,626,718</u>

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

Debt

At June 30, 2014, the School District had \$135.3 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 \$6.9 million is due within one year. The District issued the 2013, 2014 and 2014R bonds during the fiscal 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, the District opened the Early College Career Center which provides students with exciting new innovative opportunities. In 2015 GC Burkhead will open a in a new facility and Cecilia Valley will begin construction.

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 proving 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 \$469 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 2014-2015 with a 5% contingency. Significant Board action that impacts the finances includes pay increases for all employees including KTRS and issuing a COLA raise, additional spending for facility repairs outside of bonded building and renovation projects, and continued funding of Board initiatives.

Contacting the School District's Financial Management

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

BASIC FINANCIAL STATEMENTS

HARDIN COUNTY SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2014

Assets	Governmental Activities	Business- Type Activities	Total
Current Assets			
Cash, cash equivalents and investments	\$ 55,487,142	\$ 1,276,295	\$ 56,763,437
Inventory		300,423	300,423
Receivables:			
Taxes-current	678,590		678,590
Taxes-delinquent	119,617		119,617
Other receivables	157,297		157,297
Intergovernmental-State	61,113		61,113
Intergovernmental-Indirect Federal	1,744,307		1,744,307
Intergovernmental-Direct Federal	18,350	176,762	195,112
Total Current Assets	58,266,416	1,753,480	60,019,896
Noncurrent Assets			
Non-depreciable capital assets			
Depreciable capital assets, net of accumulated depreciation	33,152,909 160,535,671	1,187,066	33,152,909 161,722,737
Total Noncurrent Assets	193,688,580	1,187,066	194,875,646
Total Assets	251,954,996	2,940,546	254,895,542
Deferred Outflows of Resources			
Deferred amount on debt refundings	1,175,856		1,175,856
Total Deferred Outflows of Resources	1,175,856	-	1,175,856
Liabilities			
Current Liabilities			
Accounts payable	5,049,943	139,306	5,189,249
Unearned revenue	257,289		257,289
Bond obligations	6,905,000		6,905,000
Compensated absences	357,321		357,321
KSBIT	469,354		469,354
Interest payable	1,526,083		1,526,083
Total Current Liabilities	14,564,990	139,306	14,704,296
Noncurrent Liabilities			
Bond obligations	126,764,018		126,764,018
Compensated absences	3,215,212		3,215,212
Total Noncurrent Liabilities	129,979,230	-	129,979,230
Total Liabilities	144,544,220	139,306	144,683,526
Net Position			
Net investment in capital assets	60,019,562	1,187,066	61,206,628
Restricted	28,573,853		28,573,853
Unrestricted	19,993,217	1,614,174	21,607,391
Total Net Position	\$ 108,586,632	\$ 2,801,240	\$ 111,387,872

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

HARDIN COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
Year Ended June 30, 2014

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges For Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business- Type Activities	Total
Governmental Activities:							
Instruction	\$ 80,276,517	\$ 36,382	\$ 23,115,097	\$ -	\$ (57,125,038)	\$ -	\$ (57,125,038)
Support services:							
Student	8,518,884		1,750,682		(6,768,202)		(6,768,202)
Instruction staff	7,989,561		2,756,466		(5,233,095)		(5,233,095)
District administrative	1,323,953		93,106		(1,230,847)		(1,230,847)
School administrative	6,941,995		1,436,757		(5,505,238)		(5,505,238)
Business	1,916,243		297,870		(1,618,373)		(1,618,373)
Plant operation and maintenance	10,249,297		919,037		(9,330,260)		(9,330,260)
Student transportation	10,356,696	16,455	1,606,991		(8,733,250)		(8,733,250)
Community service activities	1,189,676	71,291	1,101,757		(16,628)		(16,628)
Facilities acquisition and construction				4,531,606	4,531,606		4,531,606
Other	263,339		62,105		(201,234)		(201,234)
Interest on long-term debt	4,883,337			1,108,165	(3,775,172)		(3,775,172)
Total Governmental Activities	133,909,498	124,128	33,139,868	5,639,771	(95,005,731)	-	(95,005,731)
Business-Type Activities:							
Food service	8,937,028	2,301,601	6,608,667			(26,760)	(26,760)
School Age Child Care	550,239	496,165	102,436			48,362	48,362
Educational television	102,684	80,595	8,465			(13,624)	(13,624)
Total Business-Type Activities	9,589,951	2,878,361	6,719,568	-	-	7,978	7,978
Total Primary Government	\$143,499,449	\$ 3,002,489	\$ 39,859,436	\$ 5,639,771	(95,005,731)	7,978	(94,997,753)
General Revenues:							
Taxes:							
Property taxes					33,103,851		33,103,851
Motor vehicle taxes					3,021,742		3,021,742
Utility taxes					6,133,104		6,133,104
Other taxes					7,472		7,472
Investment earnings					95,954	2,720	98,674
State and formula grants					53,366,750		53,366,750
Miscellaneous					357,448		357,448
Transfers of capital assets					(156,384)	156,384	-
Extraordinary item - KSBIT					300,668		300,668
Total general revenues, transfers and extraordinary item					96,230,605	159,104	96,389,709
Change in net position					1,224,874	167,082	1,391,956
Net position - beginning, as previously reported					107,684,471	2,634,158	110,318,629
Restatement for adoption of GASB 65					(322,713)		(322,713)
Net position - beginning, as restated					107,361,758	2,634,158	109,995,916
Net position - ending					\$108,586,632	\$ 2,801,240	\$111,387,872

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, 2014

	General Fund	Special Revenue	Construction Fund	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash, cash equivalents and investments	\$ 26,435,325	\$ -	\$ 27,325,603	\$ 2,828,401	\$ 56,589,329
Receivables:					
Taxes - current	678,590				678,590
Taxes - delinquent	119,617				119,617
Other receivables	80,099	77,198			157,297
Intergovernmental - State		61,113			61,113
Intergovernmental - Indirect Federal		1,744,307			1,744,307
Intergovernmental - Direct Federal		18,350			18,350
Total Assets	<u>\$ 27,313,631</u>	<u>\$ 1,900,968</u>	<u>\$ 27,325,603</u>	<u>\$ 2,828,401</u>	<u>\$ 59,368,603</u>
Liabilities and Fund Balances:					
Liabilities					
Accounts payable	\$ 1,928,300	\$ 304,970	\$ 2,816,673	\$ -	\$ 5,049,943
Cash overdraft		1,102,187			1,102,187
Unearned revenue		257,289			257,289
Total Liabilities	<u>1,928,300</u>	<u>1,664,446</u>	<u>2,816,673</u>	<u>-</u>	<u>6,409,419</u>
Fund Balances					
Restricted	1,000,000	236,522	24,508,930	2,828,401	28,573,853
Committed	5,423,129				5,423,129
Assigned	2,425,102				2,425,102
Unassigned	16,537,100				16,537,100
Total Fund Balances	<u>25,385,331</u>	<u>236,522</u>	<u>24,508,930</u>	<u>2,828,401</u>	<u>52,959,184</u>
Total Liabilities and Fund Balances	<u>\$ 27,313,631</u>	<u>\$ 1,900,968</u>	<u>\$ 27,325,603</u>	<u>\$ 2,828,401</u>	<u>\$ 59,368,603</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, 2014

Total fund balance per fund financial statements	\$ 52,959,184
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net position.	193,688,580
Governmental funds record debt refundings as other financing uses when the issues are refunded. Unamortized losses on refundings are reported on the statement of net position as deferred outflows of resources.	1,175,856
Certain liabilities are not reported in this fund financial statement because because they are not due and payable, but they are presented in the statement of net position:	
Bonds payable (net of discounts)	(133,669,018)
Interest payable	(1,526,083)
Compensated absences	(3,572,533)
KSBIT	<u>(469,354)</u>
Net position for governmental activities	<u>\$ 108,586,632</u>

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, 2014

	General Fund	Special Revenue	Construction Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
From local sources:					
Taxes:					
Property	\$ 23,930,007	\$ -	\$ -	\$ 9,173,844	\$ 33,103,851
Motor vehicle	3,021,742				3,021,742
Utilities	6,133,104				6,133,104
Other taxes	7,472				7,472
Earnings on investments	95,954	775	41,624	37	138,390
Other local revenues	481,576	256,474			738,050
Intergovernmental - State	73,795,440	4,130,073		5,639,771	83,565,284
Intergovernmental - Indirect Federal	164,651	7,706,070			7,870,721
Intergovernmental - Direct Federal	262,308	213,152			475,460
Total Revenues	107,892,254	12,306,544	41,624	14,813,652	135,054,074
Expenditures:					
Instruction	65,454,611	9,433,714			74,888,325
Support services:					
Student	8,494,427	23,724			8,518,151
Instruction staff	6,247,518	1,741,968			7,989,486
District administrative	1,255,462				1,255,462
School administrative	6,937,207				6,937,207
Business	1,903,560				1,903,560
Plant operation and maintenance	10,131,500				10,131,500
Student transportation	9,629,198	335,876			9,965,074
Facilities acquisition and construction	265		18,414,037		18,414,302
Community service activities	87,919	1,101,757			1,189,676
Other	63,984	62,105			126,089
Bond issue costs			179,024	22,210	201,234
Debt service:					
Principal				5,495,000	5,495,000
Interest				4,201,167	4,201,167
Total Expenditures	110,205,651	12,699,144	18,593,061	9,718,377	151,216,233
Excess (Deficit) of Revenues over Expenditures	(2,313,397)	(392,600)	(18,551,437)	5,095,275	(16,162,159)
Other Financing Sources (Uses):					
Revenue bond proceeds			37,840,000		37,840,000
Refunding bond proceeds				2,875,000	2,875,000
Bond discount			(637,547)	(6,165)	(643,712)
Payment to refunded bond escrow agent				(2,842,493)	(2,842,493)
Insurance proceeds	7,496				7,496
Proceeds from disposal of capital assets	8,855				8,855
Transfers in	2,447,500	206,438	439,922	8,824,326	11,918,186
Transfers out	(550,912)			(11,367,274)	(11,918,186)
Total Other Financing Sources (Uses)	1,912,939	206,438	37,642,375	(2,516,606)	37,245,146
Net Change in Fund Balances	(400,458)	(186,162)	19,090,938	2,578,669	21,082,987
Fund Balance, July 1, 2013	25,785,789	422,684	5,417,992	249,732	31,876,197
Fund Balance, June 30, 2014	\$ 25,385,331	\$ 236,522	\$ 24,508,930	\$ 2,828,401	\$ 52,959,184

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, 2014

Net change in total fund balances per fund financial statements	\$ 21,082,987
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which capital outlays exceeds depreciation expense for the year.	12,317,004
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.	(37,228,795)
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.	5,495,000
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.	(30,061)
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.	300,668
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>(711,929)</u>
Change in net position of governmental activities	<u>\$ 1,224,874</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, 2014

	Food Service Fund	Other Enterprise Funds	Total Enterprise Funds
Assets			
<u>Current Assets</u>			
Cash, cash equivalents and investments	\$ 1,035,813	\$ 240,482	\$ 1,276,295
Inventory	300,423		300,423
Intergovernmental receivable - Indirect Federal	176,762		176,762
Total Current Assets	1,512,998	240,482	1,753,480
<u>Noncurrent Assets</u>			
Capital assets, net of accumulated depreciation	1,187,066		1,187,066
Total Noncurrent Assets	1,187,066	-	1,187,066
Total Assets	2,700,064	240,482	2,940,546
Liabilities			
<u>Current Liabilities</u>			
Accounts payable	133,748	5,558	139,306
Total Current Liabilities	133,748	5,558	139,306
<u>Net Position</u>			
Net investment in capital assets	1,187,066		1,187,066
Unrestricted	1,379,250	234,924	1,614,174
Total Net Position	\$ 2,566,316	\$ 234,924	\$ 2,801,240

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, 2014

	Food Service Fund	Other Enterprise Funds	Total Enterprise Funds
Operating Revenues			
Lunchroom sales	\$ 2,301,601	\$ -	\$ 2,301,601
Tuition and fees		576,760	576,760
Total Operating Revenues	2,301,601	576,760	2,878,361
Operating Expenses			
Salaries and wages	4,172,187	556,390	4,728,577
Materials and supplies	4,350,736	47,545	4,398,281
Depreciation	193,584		193,584
Other operating expenses	219,707	48,988	268,695
Total Operating Expenses	8,936,214	652,923	9,589,137
Operating (loss)	(6,634,613)	(76,163)	(6,710,776)
Non-Operating Revenues (Expenses)			
Federal grants	5,277,171		5,277,171
Donated commodities	479,763		479,763
State grants	83,251		83,251
State on-behalf payments	768,482	110,901	879,383
Loss on disposal of capital assets	(814)		(814)
Interest income	2,720		2,720
Total Non-Operating Revenues (Expenses)	6,610,573	110,901	6,721,474
Capital contributions	156,384		156,384
Changes in net position	132,344	34,738	167,082
Net Position, July 1, 2013	2,433,972	200,186	2,634,158
Net Position, June 30, 2014	<u>\$ 2,566,316</u>	<u>\$ 234,924</u>	<u>\$ 2,801,240</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, 2014

	Food Service Fund	Other Enterprise Funds	Total Enterprise Funds
Cash Flows from Operating Activities			
Cash received from:			
Lunchroom sales	\$ 2,301,601	\$ -	\$ 2,301,601
Tuition and fees		576,760	576,760
Cash paid to/for:			
Employees	(3,403,705)	(445,489)	(3,849,194)
Supplies	(3,927,207)	(47,909)	(3,975,116)
Other activities	(219,707)	(48,988)	(268,695)
Net Cash Provided (Used) by Operating Activities	(5,249,018)	34,374	(5,214,644)
Cash flows from Non-Capital Financing Activities			
Federal grants	5,679,717		5,679,717
State grants	83,251		83,251
Net Cash Provided by Non-Capital Financing Activities	5,762,968	-	5,762,968
Cash Flows from Capital and Related Financing Activities			
Purchase of capital assets	-	-	-
Cash Flows from Investing Activities			
Sale of investments		15,663	15,663
Purchase of investments	(516,670)	(50,037)	(566,707)
Receipt of interest income	2,720		2,720
Net Cash Provided (Used) by Investing Activities	(513,950)	(34,374)	(548,324)
Net change in cash and cash equivalents	-	-	-
Balances, beginning of year	-	-	-
Balances, end of year	\$ -	\$ -	\$ -
Reconciliation of operating loss to net cash provided (used) by operating activities:			
Operating loss	\$ (6,634,613)	\$ (76,163)	\$ (6,710,776)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation	193,584		193,584
Donated commodities	479,763		479,763
State on-behalf payments	768,482	110,901	879,383
Change in assets and liabilities:			
Inventory	(50,090)		(50,090)
Accounts payable	(6,144)	(364)	(6,508)
Net Cash Provided (Used) by Operating Activities	\$ (5,249,018)	\$ 34,374	\$ (5,214,644)
Schedule of Non-cash Transactions			
Donated commodities received from federal government	\$ 479,763	\$ -	\$ 479,763
State on-behalf payments	\$ 768,482	\$ 110,901	\$ 879,383

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, 2014

	Private Purpose Trust Funds	Agency Fund
Assets		
Cash, cash equivalents and investments	\$ 183,841	\$ 1,431,717
Receivables		31,541
Total Assets	<u>\$ 183,841</u>	<u>\$ 1,463,258</u>
Liabilities		
Accounts payable	\$ -	\$ 43,698
Due to student groups		1,419,560
Total Liabilities	<u>\$ -</u>	<u>\$ 1,463,258</u>
Net Position Held in Trust	<u>\$ 183,841</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, 2014

	Private Purpose Trust Funds
Additions	
Net interest and investment gains	\$ 479
Other additions	4,259
Deductions	
Expenses paid	(800)
Change in net position	3,938
Net Position, beginning of year	179,903
Net Position, end of year	<u>\$ 183,841</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, 2014

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, 2014

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, 2014

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. This is a major fund of the District.
 - 4. 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, 2014

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, 2014

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, 2014

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

Payments made that will benefit periods beyond June 30, 2014, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

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, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

I. LONG-TERM DEBT

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

J. COMPENSATED ABSENCES

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

K. ACCOUNTING ESTIMATES

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

L. IMPACT OF RECENTLY ISSUED ACCOUNTING PRINCIPLES

Recently Issued And Adopted Accounting Principles

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, 2011 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, 2014

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

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 and the District adopted GASB 64 in fiscal year 2014. The effect of this adoption was to restate net position by \$(322,713) for previously amortized bond issuance costs.

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 and the District adopted GASB 64 in fiscal year 2014.

Recently Issued Accounting Pronouncements

In June 2012, the GASB issued Statement 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement 27*. GASB 68, as amended by GASB 71 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.

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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.

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, 2014, to finance operations were \$.607 per \$100 valuation for real property, \$.607 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, 2014, \$12,253,817 of the District's bank balance of \$13,500,037 was exposed to custodial credit risk. The bank balance not covered by depository insurance was collateralized by securities held by the pledging financial institution.

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2014

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS – CONTINUED

Investments

As of June 30, 2014, the District had the following investments and maturities:

	Fair Value	Maturity Less Than 1 Year
Repurchase agreement	\$ 56,564,348	\$ 56,564,348

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

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

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The district does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. **Custodial Credit Risk** is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's repurchase agreement is held by the counterparty in the District's name. The repurchase agreement is collateralized at 102%.

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

June 30, 2014

NOTE 4 – INTERFUND ACTIVITIES

The following transfers were made during the year:

Fund Financial Statements

From Fund	To Fund	Purpose	Amount
General	Special Revenue	Technology Match	\$ 206,438
General	Nonmajor Governmental	Debt Service	344,474
Nonmajor Governmental	General	Buses & Insurance	940,000
Nonmajor Governmental	Construction	Construction	439,922
Nonmajor Governmental	General	BFFT	1,500,000
Nonmajor Governmental	Nonmajor Governmental	Debt Service	8,479,852
Nonmajor Governmental	General	Return Excess	7,500
			<u>\$ 11,918,186</u>

Government-Wide Financial Statements

Construction	Food Service	Capital Assets	\$ 156,384
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HARDIN COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
June 30, 2014

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2014, was as follows:

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 7,539,317	\$ -	\$ -	\$ 7,539,317
Construction in progress	16,123,244	18,402,590	(8,912,242)	25,613,592
Total Capital Assets Not Being Depreciated	23,662,561	18,402,590	(8,912,242)	33,152,909
Capital Assets Being Depreciated:				
Land improvements	5,430,157	350,502		5,780,659
Buildings and improvements	201,457,935	8,405,355		209,863,290
Technology equipment	9,318,531	849,357	(623,702)	9,544,186
Vehicles	14,946,850	536,044	(66,214)	15,416,680
General equipment	9,341,072	73,591	(35,421)	9,379,242
Total Capital Assets Being Depreciated at Historical Cost	240,494,545	10,214,849	(725,337)	249,984,057
Less Accumulated Depreciation For:				
Land improvements	3,683,536	180,261		3,863,797
Buildings and improvements	56,569,374	4,763,208		61,332,582
Technology equipment	6,070,837	1,156,952	(597,114)	6,630,675
Vehicles	9,436,707	966,716	(66,214)	10,337,209
General equipment	6,995,015	321,056	(31,948)	7,284,123
Total accumulated depreciation	82,755,469	7,388,193	(695,276)	89,448,386
Total Other Capital Assets, net	157,739,076	2,826,656	(30,061)	160,535,671
Governmental Activities Capital Assets - Net	<u>\$ 181,401,637</u>	<u>\$ 21,229,246</u>	<u>\$ (8,942,303)</u>	<u>\$ 193,688,580</u>
Business-Type Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 16,790	\$ -	\$ -	\$ 16,790
Total Capital Assets Not Being Depreciated	16,790	-	-	16,790
Land improvements	14,407			14,407
Buildings and improvements	326,981			326,981
Technology equipment	24,219			24,219
Vehicles	109,421			109,421
General equipment	3,590,702	156,384	(14,744)	3,732,342
Totals at historical cost	4,065,730	156,384	(14,744)	4,207,370
Less Accumulated Depreciation For:				
Land improvements	14,407			14,407
Buildings and improvements	289,553	4,204		293,757
Technology equipment	22,737	356		23,093
Vehicles	68,339	12,580		80,919
General equipment	2,462,403	176,444	(13,929)	2,624,918
Total accumulated depreciation	2,857,439	193,584	(13,929)	3,037,094
Business-Type Activities Capital Assets - Net	<u>\$ 1,225,081</u>	<u>\$ (37,200)</u>	<u>\$ (815)</u>	<u>\$ 1,187,066</u>
Depreciation was charged to governmental functions as follows:				
Instruction	\$ 6,280,520			
Student support	733			
Instructional staff	75			
District administration	38,730			
School administration	4,788			
Business support	12,684			
Plant	122,997			
Transportation	927,666			
	<u>\$ 7,388,193</u>			

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2014

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, 2014, is as follows:

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014	Amounts Due Within One Year
Governmental Activities:					
Bonds Payable:					
Revenue bonds	\$ 102,740,000	\$ 40,715,000	\$ 8,175,000	\$ 135,280,000	\$ 6,905,000
Less Premium (Discount)	(1,086,767)	(643,712)	119,497	(1,610,982)	-
Total Bonds Payable	101,653,233	40,071,288	8,294,497	133,669,018	6,905,000
Other Liabilities:					
Compensated absences	3,649,669	418,229	495,365	3,572,533	357,321
Claims	770,022		300,668	469,354	469,354
Total Other Liabilities	4,419,691	418,229	796,033	4,041,887	826,675
Total Governmental Activities Long-Term Liabilities	<u>\$ 106,072,924</u>	<u>\$ 40,489,517</u>	<u>\$ 9,090,530</u>	<u>\$ 137,710,905</u>	<u>\$ 7,731,675</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, 2014

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%	June 2009	1,960,000	2.00% - 4.00%
June 2004	9,290,000	3.50% - 4.50%	July 2010 Refunding	5,580,000	1.00% - 3.00%
February 2005	2,910,000	2.50% - 3.70%	February 2011	3,750,000	1.00% - 4.85%
June 2005 Energy	5,455,000	3.30% - 4.20%	May 2011	6,725,000	2.00% - 5.00%
June 2005 Refunding	17,350,000	3.00% - 4.00%	July 2013 Refunding	14,585,000	2.00% - 2.75%
June 2006	14,145,000	4.00% - 4.375%	August 2013	16,610,000	0.50% - 4.25%
June 2007	17,430,000	4.00% - 4.75%	May 2014	21,230,000	2.00% - 3.50%
July 2008	30,365,000	3.50% - 4.625%	May 2014 Refunding	2,875,000	2.00% - 3.00%

The District, through the General Fund (including utility taxes and the Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund) is obligated to make payments in amounts sufficient to satisfy debt service requirements on bonds issued by the HARDIN County 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, 2013, the District issued \$16,610,000 in 2013 Series Revenue Bonds with an average interest rate of 4.29 percent. The net proceeds of \$16,201,748 (after \$76,052 in cost of issuance and \$332,200 of discount) were deposited in the Construction Fund.

On June 1, 2014, the District issued \$21,230,000 in 2014 Series Revenue Bonds with an average interest rate of 3.28 percent. The net proceeds of \$20,821,681 (after \$102,972 in cost of issuance and \$305,347 of discount) were deposited in the Construction Fund.

On June 1, 2014, the District issued \$2,875,000 in Refunding Revenue Bonds with an average interest rate of 2.50 percent to advance refund \$2,680,000 of outstanding 2005 Energy Bonds. The refunding was a partial advance refunding. The net proceeds of \$2,842,493 (after \$22,210 in cost of issuance, \$6,165 in bond discount and \$4,132 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 \$162,493. This difference, reported in the accompanying government-wide financial statements as a deduction from bonds payable, is being charged to operations through the year 2025 using the straight-line method.

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2014

NOTE 7 – LONG-TERM LIABILITIES – CONTINUED

The District completed the refunding to reduce its total debt service payments over the next 13 years by \$181,971 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$168,042. The 2005 bonds will be called on July 1, 2015. Therefore they are considered defeased.

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, 2014, for debt service (principal and interest) are as follows:

Year	Principal	Interest	Participation	District's Portion
2015	\$ 6,905,000	\$ 4,947,131	\$ 1,108,034	\$ 10,744,097
2016	7,065,000	4,792,939	1,108,034	10,749,905
2017	7,255,000	4,558,343	1,067,053	10,746,290
2018	7,380,000	4,323,709	953,985	10,749,724
2019	7,630,000	4,074,108	953,987	10,750,121
2020-2024	37,770,000	16,578,691	4,153,449	50,195,242
2025-2029	39,685,000	8,964,677	2,073,188	46,576,489
2030-2034	21,590,000	2,369,920	307,990	23,651,930
	<u>\$ 135,280,000</u>	<u>\$ 50,609,518</u>	<u>\$ 11,725,720</u>	<u>\$ 174,163,798</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, 2014

NOTE 8 – PENSION PLANS – CONTINUED

Funding Policy

KTRS plan members are required to contribute 11.355% 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 13.105% of salaries for members in a state retirement system before July 1, 2008 and 14.105% of salaries for members who started their account after July 1, 2008 of annual covered payroll. The rate for CERS fiscal year 2014, 2013 and 2012 was 18.89%, 19.55% and 18.96% 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, 2014, 2013 and 2012 were \$3,431,772, \$3,578,750 and \$3,432,373, respectively, equal to the required contributions for each year.

For the years ended June 30, 2014, 2013 and 2012, the Commonwealth contributed \$8,052,601, \$7,464,246 and \$7,443,315 to KTRS for the benefit of the District's participating employees. The District's contributions to KTRS for the years ended June 30, 2014, 2013 and 2012 were \$1,409,883, \$1,252,736 and \$1,151,997.

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

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 2.25% 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, local school district employers pay 1.5% of members' salary for the 2014 fiscal year.

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2014

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, 2014, 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, 2014, the District had \$1,000,000 restricted for sick leave, \$236,520 restricted for grants in the special revenue fund, \$118,006 restricted for capital projects in the capital outlay fund, \$2,227,670 restricted for capital projects in the building fund, \$24,508,930 restricted for capital projects in the Construction Fund and \$482,726 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, 2014: \$300,000 for roofing/paving, \$235,089 for land, \$800,000 for KSBIT, \$150,000 for Map Assessment, \$64,500 for Compass Learning, \$300,000 for technology, \$123,000 for intercoms and phone system, \$280,540 for textbooks, \$420,000 for nurses, \$250,000 for I-Read, \$2,000,000 for VoTech Center equipment and costs 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, 2014, was \$2,425,102 in the general fund. Assigned fund balance also includes (a) all remaining amounts (except for negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed and (b) amounts in the general fund that are intended to be used for a specific purpose.

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.

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2014

NOTE 9 – FUND BALANCES – CONTINUED

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

NOTE 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. In August 2014, the District received an invoice for \$469,354 which is the amount expected to satisfy the claim. This amount is recorded as a current liability in the Statement of Net Position as it is expected to be paid by June 30, 2014; however, it was not due at June 30, 2014, for the fund financial statements. The item is also an extraordinary item in the Statement of Activities because the item is unusual in nature and infrequent in occurrence.

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2014

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:

General Fund	\$	400,458
Special Revenue Fund		186,162
Educational Television Fund		13,624

NOTE 12 – ON-BEHALF PAYMENTS

The District receives on-behalf payments from the Commonwealth of Kentucky and the United States Treasury for items including pension, technology, health care costs, operating costs and debt service. The amount received for the fiscal year ended June 30, 2014 was \$22,416,238 recorded as follows: \$20,428,690 in the General Fund, \$1,108,165 in the Debt Service Fund, \$768,482 in the Food Service Fund, \$102,436 in the School Age Child Care Fund and \$8,465 in the Educational Television Fund.

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, 2014

	<u>Original</u>	<u>Final</u>	<u>Actual</u>
Revenues			
From local sources:			
Taxes:			
Property	\$ 20,900,000	\$ 20,900,000	\$ 23,930,007
Motor vehicle	2,500,000	2,500,000	3,021,742
Utilities	5,000,000	5,000,000	6,133,104
Other	5,000	5,000	7,472
Earnings on investments	100,000	100,000	95,954
Other local revenues	245,677	369,355	481,576
Intergovernmental - State	53,470,284	53,420,759	73,795,440
Intergovernmental - Indirect Federal			164,651
Intergovernmental - Direct Federal	300,000	300,000	262,308
Total Revenues	82,520,961	82,595,114	107,892,254
Expenditures			
Instruction	53,371,312	56,940,503	65,454,611
Support services:			
Student	6,717,173	6,766,325	8,494,427
Instruction staff	5,019,234	6,287,487	6,247,518
District administrative	1,240,971	1,278,769	1,255,462
School administrative	5,511,942	5,680,897	6,937,207
Business	1,802,537	1,923,430	1,903,560
Plant operation and maintenance	9,827,492	10,685,054	10,131,500
Student transportation	9,063,268	9,862,587	9,629,198
Facilities acquisition and construction	70,200	70,200	265
Community service activities	106,958	154,302	87,919
Other	3,300,000	6,183,717	63,984
Total Expenditures	96,031,087	105,833,271	110,205,651
Excess (Deficit) of Revenues over Expenditures	(13,510,126)	(23,238,157)	(2,313,397)
Other Financing Sources (Uses)			
Insurance proceeds			7,496
Proceeds from disposal of capital assets	10,000	10,000	8,855
Transfers in		2,440,000	2,447,500
Transfers out	(607,428)	(605,866)	(550,912)
Total Other Financing Sources (Uses)	(597,428)	1,844,134	1,912,939
Net Change in Fund Balance	(14,107,554)	(21,394,023)	(400,458)
Fund Balance, July 1, 2013	14,107,554	21,394,023	25,785,789
Fund Balance, June 30, 2014	\$ -	\$ -	\$ 25,385,331

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 \$20,428,690.

HARDIN COUNTY SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE- BUDGET AND ACTUAL

SPECIAL REVENUE FUND

Year Ended June 30, 2014

	Original	Final	Actual
Revenues			
Earnings on investments	\$ -	\$ 1,757	\$ 775
Other local revenues	47,000	418,324	256,474
Intergovernmental - State	4,204,355	6,652,543	4,130,073
Intergovernmental - Indirect Federal	7,374,491	16,884,048	7,706,070
Intergovernmental - Direct Federal	209,023	213,537	213,152
Total Revenues	11,834,869	24,170,209	12,306,544
Expenditures			
Instruction	8,760,451	20,553,639	9,433,714
Support services:			
Student	33,375	64,922	23,724
Instruction staff	1,809,108	3,721,781	1,741,968
School administrative		67,176	
Student transportation	379,325	795,096	335,876
Community service activities	999,643	1,195,180	1,101,757
Other	60,967	63,000	62,105
Total Expenditures	12,042,869	26,460,794	12,699,144
Excess (Deficit) of Revenues over Expenditures	(208,000)	(2,290,585)	(392,600)
Other Financing Sources (Uses)			
Transfers in	208,000	2,290,585	206,438
Total Other Financing Sources (Uses)	208,000	2,290,585	206,438
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	-	-	(186,162)
Fund Balance, July 1, 2013	-	-	422,684
Fund Balance, June 30, 2014	\$ -	\$ -	\$ 236,522

SUPPLEMENTARY INFORMATION

HARDIN COUNTY SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

June 30, 2014

	Capital Outlay Fund	FSPK Fund	Debt Service Fund	Total Nonmajor Governmental Funds
Assets:				
Cash, cash equivalents and investments	\$ 118,006	\$ 2,227,670	\$ 482,725	\$ 2,828,401
Total Assets	<u>\$ 118,006</u>	<u>\$ 2,227,670</u>	<u>\$ 482,725</u>	<u>\$ 2,828,401</u>
Fund Balances				
Restricted	\$ 118,006	\$ 2,227,670	\$ 482,725	\$ 2,828,401
Total Fund Balances	<u>\$ 118,006</u>	<u>\$ 2,227,670</u>	<u>\$ 482,725</u>	<u>\$ 2,828,401</u>

HARDIN COUNTY SCHOOL DISTRICT

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

Year Ended June 30, 2014

	Capital Outlay Fund	FSPK Fund	Debt Service Fund	Total Nonmajor Governmental Funds
Revenues				
From local sources:				
Taxes:				
Property	\$ -	\$ 9,173,844	\$ -	\$ 9,173,844
Earnings on investments			37	37
Intergovernmental - State	1,290,606	3,241,000	1,108,165	5,639,771
Total Revenues	1,290,606	12,414,844	1,108,202	14,813,652
Expenditures				
Bond issue costs			22,210	22,210
Debt service:				
Principal			5,495,000	5,495,000
Interest			4,201,167	4,201,167
Total Expenditures	-	-	9,718,377	9,718,377
Excess (Deficit) of Revenues over Expenditures	1,290,606	12,414,844	(8,610,175)	5,095,275
Other Financing Sources (Uses)				
Refunding bond proceeds			2,875,000	2,875,000
Bond discount			(6,165)	(6,165)
Payment to refunded bond escrow agent			(2,842,493)	(2,842,493)
Transfers in			8,824,326	8,824,326
Transfers out	(1,172,600)	(10,187,174)	(7,500)	(11,367,274)
Total Other Financing Sources (Uses)	(1,172,600)	(10,187,174)	8,843,168	(2,516,606)
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	118,006	2,227,670	232,993	2,578,669
Fund balance, July 1, 2013	-	-	249,732	249,732
Fund balance, June 30, 2014	\$ 118,006	\$ 2,227,670	\$ 482,725	\$ 2,828,401

HARDIN COUNTY SCHOOL DISTRICT

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

June 30, 2014

	<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	\$ 233,921	\$ 6,561	\$ 240,482
Total Current Assets	<u>233,921</u>	<u>6,561</u>	<u>240,482</u>
Liabilities			
<u>Current Liabilities</u>			
Accounts payable	<u>4,146</u>	<u>1,412</u>	<u>5,558</u>
Total Current Liabilities	<u>4,146</u>	<u>1,412</u>	<u>5,558</u>
<u>Net Position</u>			
Unrestricted	<u>229,775</u>	<u>5,149</u>	<u>234,924</u>
Total Net Position	<u>\$ 229,775</u>	<u>\$ 5,149</u>	<u>\$ 234,924</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, 2014

	School Age Child Care	Educational Television	Total Nonmajor Enterprise Funds
Operating Revenues			
Tuition and fees	\$ 496,165	\$ 80,595	\$ 576,760
Total Operating Revenues	496,165	80,595	576,760
Operating Expenses			
Salaries and wages	512,885	43,505	556,390
Materials and supplies	29,079	18,466	47,545
Other operating expenses	8,275	40,713	48,988
Total Operating Expenses	550,239	102,684	652,923
Operating loss	(54,074)	(22,089)	(76,163)
Non-Operating Revenues (Expenses)			
State on-behalf payments	102,436	8,465	110,901
Total Non-Operating Revenues (Expenses)	102,436	8,465	110,901
Change in net position	48,362	(13,624)	34,738
Net Position, July 1, 2013	181,413	18,773	200,186
Net Position, June 30, 2014	\$ 229,775	\$ 5,149	\$ 234,924

HARDIN COUNTY SCHOOL DISTRICT

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

Year Ended June 30, 2014

	School Age Child Care	Educational Television	Total Other Enterprise Funds
Cash Flows from Operating Activities			
Cash received from:			
Tuition and fees	\$ 496,165	\$ 80,595	\$ 576,760
Cash paid to/for:			
Employees	(410,449)	(35,040)	(445,489)
Supplies	(27,404)	(20,505)	(47,909)
Other activities	(8,275)	(40,713)	(48,988)
Net Cash Provided (Used) by Operating Activities	<u>50,037</u>	<u>(15,663)</u>	<u>34,374</u>
Cash Flows from Investing Activities			
Sale of investments		15,663	15,663
Purchase of investments	(50,037)		(50,037)
Net Cash Provided (Used) by Investing Activities	<u>(50,037)</u>	<u>15,663</u>	<u>(34,374)</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	\$ (54,074)	\$ (22,089)	\$ (76,163)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
State on-behalf payments	102,436	8,465	110,901
Change in assets and liabilities:			
Accounts payable	1,675	(2,039)	(364)
Net cash provided (used) by operating activities	<u>\$ 50,037</u>	<u>\$ (15,663)</u>	<u>\$ 34,374</u>
Schedule of non-cash transactions:			
State on-behalf payments	<u>\$ 102,436</u>	<u>\$ 8,465</u>	<u>\$ 110,901</u>

HARDIN COUNTY SCHOOL DISTRICT

COMBINING STATEMENT OF FIDUCIARY NET POSITION

AGENCY FUNDS

June 30, 2014

	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	\$ 27,901	\$ 2,617	\$ 198,236	\$ 30,968	\$ 94,468	\$ 65,166
Accounts receivable	-	1,070	4,648	80	437	-
Total Assets	<u>\$ 27,901</u>	<u>\$ 3,687</u>	<u>\$ 202,884</u>	<u>\$ 31,048</u>	<u>\$ 94,905</u>	<u>\$ 65,166</u>
Liabilities						
Accounts payable	\$ 696	\$ -	\$ 24,898	\$ 152	\$ 4,374	\$ 2,015
Due to student groups	27,205	3,687	177,986	30,896	90,531	63,151
Total Liabilities	<u>\$ 27,901</u>	<u>\$ 3,687</u>	<u>\$ 202,884</u>	<u>\$ 31,048</u>	<u>\$ 94,905</u>	<u>\$ 65,166</u>
	Heartland Elementary	Howe Valley Elementary	J.T. Alton Middle School	John Hardin High School	Lakewood Elementary	Lincoln Trail Elementary
Assets						
Cash and cash equivalents	\$ 26,036	\$ 22,532	\$ 91,102	\$ 72,347	\$ 29,496	\$ 187,313
Accounts receivable	375	407	-	21,014	-	-
Total Assets	<u>\$ 26,411</u>	<u>\$ 22,939</u>	<u>\$ 91,102</u>	<u>\$ 93,361</u>	<u>\$ 29,496</u>	<u>\$ 187,313</u>
Liabilities						
Accounts payable	\$ 2,255	\$ 502	\$ -	\$ 2,862	\$ -	\$ 1,966
Due to student groups	24,156	22,437	91,102	90,499	29,496	185,347
Total Liabilities	<u>\$ 26,411</u>	<u>\$ 22,939</u>	<u>\$ 91,102</u>	<u>\$ 93,361</u>	<u>\$ 29,496</u>	<u>\$ 187,313</u>
	Meadowview Elementary	New Highland Elementary	North Hardin High School	North Middle School	North Park Elementary	Radcliff Elementary
Assets						
Cash and cash equivalents	\$ 48,908	\$ 52,232	\$ 201,565	\$ 45,573	\$ 10,403	\$ 23,905
Accounts receivable	-	-	3,510	-	-	-
Total Assets	<u>\$ 48,908</u>	<u>\$ 52,232</u>	<u>\$ 205,075</u>	<u>\$ 45,573</u>	<u>\$ 10,403</u>	<u>\$ 23,905</u>
Liabilities						
Accounts payable	\$ -	\$ 383	\$ -	\$ 3,275	\$ -	\$ -
Due to student groups	48,908	51,849	205,075	42,298	10,403	23,905
Total Liabilities	<u>\$ 48,908</u>	<u>\$ 52,232</u>	<u>\$ 205,075</u>	<u>\$ 45,573</u>	<u>\$ 10,403</u>	<u>\$ 23,905</u>
	Rineyville Elementary	Vine Grove Elementary	West Hardin Middle School	Woodland Elementary	Agency Fund	
Assets						
Cash and cash equivalents	\$ 55,693	\$ 60,189	\$ 61,411	\$ 23,656	\$ 1,431,717	
Accounts receivable	-	-	-	-	31,541	
Total Assets	<u>\$ 55,693</u>	<u>\$ 60,189</u>	<u>\$ 61,411</u>	<u>\$ 23,656</u>	<u>\$ 1,463,258</u>	
Liabilities						
Accounts payable	\$ -	\$ 146	\$ -	\$ 174	\$ 43,698	
Due to student groups	55,693	60,043	61,411	23,482	1,419,560	
Total Liabilities	<u>\$ 55,693</u>	<u>\$ 60,189</u>	<u>\$ 61,411</u>	<u>\$ 23,656</u>	<u>\$ 1,463,258</u>	

HARDIN COUNTY SCHOOL DISTRICT

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

AGENCY FUNDS

June 30, 2014

SCHOOL	CASH BALANCES July 1, 2013	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2014	RECEIVABLES June 30, 2014	ACCOUNTS PAYABLE June 30, 2014	DUE TO STUDENT GROUPS June 30, 2014
Bluegrass Middle School	\$ 32,353	\$ 169,250	\$ 173,702	\$ 27,901	\$ -	\$ 696	\$ 27,205
Brown Street Educ. Center	2,727	11,935	12,045	2,617	1,070	-	3,687
Central Hardin High	193,083	736,861	731,708	198,236	4,648	24,898	177,986
Creekside Elementary	31,914	37,740	38,686	30,968	80	152	30,896
East Hardin Middle	85,862	342,932	334,326	94,468	437	4,374	90,531
G.C. Burkhead Elementary	61,694	46,266	42,794	65,166	-	2,015	63,151
Heartland Elementary	21,931	91,969	87,864	26,036	375	2,255	24,156
Howe Valley Elementary	23,706	12,059	13,233	22,532	407	502	22,437
J.T. Alton Middle	104,061	177,256	190,215	91,102	-	-	91,102
John Hardin High	82,548	449,748	459,949	72,347	21,014	2,862	90,499
Lakewood Elementary	50,108	42,245	62,857	29,496	-	-	29,496
Lincoln Trail Elementary	171,142	249,082	232,911	187,313	-	1,966	185,347
Meadowview Elementary	35,741	47,803	34,636	48,908	-	-	48,908
New Highland Elementary	51,313	33,333	32,414	52,232	-	383	51,849
North Hardin High	189,285	862,727	850,447	201,565	3,510	-	205,075
North Middle	37,343	117,799	109,569	45,573	-	3,275	42,298
North Park Elementary	12,109	16,228	17,934	10,403	-	-	10,403
Radcliff Elementary	27,524	16,980	20,599	23,905	-	-	23,905
Rineyville Elementary	51,015	33,154	28,476	55,693	-	-	55,693
Vine Grove Elementary	54,616	47,093	41,520	60,189	-	146	60,043
West Hardin Middle	49,434	65,813	53,836	61,411	-	-	61,411
Woodland Elementary	24,354	30,146	30,844	23,656	-	174	23,482
	<u>\$ 1,393,863</u>	<u>\$3,638,419</u>	<u>\$ 3,600,565</u>	<u>\$ 1,431,717</u>	<u>\$ 31,541</u>	<u>\$ 43,698</u>	<u>\$ 1,419,560</u>

HARDIN COUNTY SCHOOL DISTRICT

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

CENTRAL HARDIN HIGH SCHOOL

YEAR ENDED JUNE 30, 2014

NAME OF ACTIVITY	CASH BALANCES July 1, 2013	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2014	ACCOUNTS RECEIVABLE AND DUE FROM OTHER FUNDS June 30, 2014	ACCOUNTS PAYABLE AND DUE TO OTHER FUNDS June 30, 2014	DUE TO STUDENT GROUPS June 30, 2014
Academic Team	\$ 524	\$ 439	\$ 963	\$ -	\$ -	\$ -	\$ -
Agriculture Department	4,294	6,680	8,113	2,861	1,633	-	4,494
Archery Club	-	29,228	29,228	-	-	455	(455)
Art Club	501	-	501	-	-	-	-
Art Department	60	-	-	60	-	-	60
Earth Club	1,072	506	628	950	-	-	950
Athletic Concession	-	21,632	21,034	598	-	-	598
Athletic Fund	5,561	31,801	35,014	2,348	-	1,373	975
B A D Club	442	-	442	-	-	-	-
Band	1,729	4,244	5,973	-	-	-	-
Baseball	-	19,073	16,142	2,931	-	-	2,931
Basketball-Boys	3,552	31,232	34,040	744	-	839	(95)
Basketball-Girls	-	26,095	22,041	4,054	-	1,563	2,491
BETA Club	636	6,904	5,955	1,585	-	-	1,585
Bookstore	82	-	82	-	-	-	-
Bowling	206	1,539	1,745	-	-	-	-
Bruin Book Club	318	444	628	134	-	-	134
Bruin Educators Club	201	-	201	-	-	-	-
Building rental	-	10	-	10	-	-	10
Business Education Dept.	996	852	1,157	691	-	-	691
Cheerleading	8,918	51,544	42,620	17,842	-	5,992	11,850
Program-Fall	75	2,251	2,326	-	-	-	-
Chorus	1,212	21,774	20,875	2,111	-	-	2,111
Cross Country	9,375	13,179	15,331	7,223	-	2,230	4,993
Dance Team/Program-Spring	-	-	-	-	-	-	-
Charitable Causes	12	-	12	-	-	-	-
Drama Club	2,023	3,841	3,532	2,332	-	39	2,293
District Activity Account	-	1,854	-	1,854	-	-	1,854
English Club	-	-	-	-	-	-	-
English Department	903	352	283	972	-	-	972
Facility Rentals	-	-	-	-	-	-	-
Faculty Concessions	1,779	2,890	2,292	2,377	-	151	2,226
Faculty Flower Fund	563	476	671	368	-	-	368
Faculty Gift Fund	-	-	-	-	-	-	-
FACS	411	82	289	204	-	-	204
FBLA	77	2,626	2,363	340	-	-	340
FCA	195	291	154	332	-	-	332
FCCLA	214	5,337	5,551	-	-	-	-
FFA	4,527	64,693	68,970	250	1,189	-	1,439
Football	-	50,674	41,216	9,458	-	2,911	6,547
Foreign Language Dept.	767	165	270	662	-	-	662
French Club	38	240	180	98	-	-	98
German Club	428	-	428	-	-	-	-
Golf	175	2,668	2,122	721	-	-	721
Golf Ball Drop	196	9,150	9,150	196	-	-	196
Grade 9	-	3,185	3,185	-	-	-	-
Grade 10	-	-	-	-	-	-	-
Grade 11	-	-	-	-	-	-	-
Grade 12	7,249	14,711	21,960	-	-	-	-
Guidance	4,777	12,001	14,668	2,110	-	-	2,110
H O S A	418	4,836	4,342	912	-	-	912
Journalism	219	3,901	3,895	225	-	600	(375)
JROTC	17,569	19,535	27,500	9,604	500	-	10,104
Junior BETA Club	-	-	-	-	-	-	-
Library/Media Center	2,119	3,196	2,644	2,671	-	-	2,671

HARDIN COUNTY SCHOOL DISTRICT

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

CENTRAL HARDIN HIGH SCHOOL-CONCLUDED

YEAR ENDED JUNE 30, 2014

NAME OF ACTIVITY	CASH BALANCES July 1, 2013	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2014	ACCOUNTS RECEIVABLE AND DUE FROM OTHER FUNDS June 30, 2014	ACCOUNTS PAYABLE AND DUE TO OTHER FUNDS June 30, 2014	DUE TO STUDENT GROUPS June 30, 2014
Math Department	807	180	553	434	-	-	434
Matmaids	-	-	-	-	-	-	-
Medical Career Club	-	-	-	-	-	-	-
MMD Dept	211	-	211	-	-	-	-
International Club	431	866	1,111	186	-	-	186
Physical Education Dept.	-	-	-	-	-	-	-
Program - Winter	-	1,595	1,595	-	-	-	-
Project Graduation	3,291	9,697	6,042	6,946	-	5,884	1,062
Scholarship	2,828	2,998	3,200	2,626	-	2,400	226
Student Concessions	9,303	45,659	47,934	7,028	-	-	7,028
School Fund	36,782	37,604	31,987	42,399	1,326	336	43,389
Science Department	466	2,715	1,873	1,308	-	-	1,308
Science Honor Society	758	3,376	3,803	331	-	-	331
Soccer-Boys	-	8,407	8,003	404	-	-	404
Soccer-Girls	4,289	7,225	8,037	3,477	-	-	3,477
Social Studies Dept.	2,616	-	106	2,510	-	-	2,510
Softball	-	9,251	8,978	273	-	-	273
Spanish Club	2,708	447	1,683	1,472	-	-	1,472
Special Education Dept.	366	1,271	1,637	-	-	-	-
Speech	-	7,718	6,941	777	-	-	777
Student Council	4,370	2,875	2,148	5,097	-	-	5,097
Swimming	-	161	161	-	-	-	-
Tech Education Dept.	-	-	-	-	-	-	-
Teenage Republican Par	357	192	70	479	-	-	479
Tennis	1,111	4,777	5,888	-	-	-	-
Textbooks	4,019	697	75	4,641	-	-	4,641
FMD	2,241	1,610	2,363	1,488	-	-	1,488
Track-Boys	-	-	-	-	-	-	-
Track	5,672	6,964	9,725	2,911	-	-	2,911
Athletic Equipment	3,008	5,880	4,042	4,846	-	125	4,721
TSA Club	74	17,213	16,533	754	-	-	754
Varsity Club	1,979	1,122	1,050	2,051	-	-	2,051
Volleyball	894	14,277	12,187	2,984	-	-	2,984
Wrestling	2,275	10,772	11,950	1,097	-	-	1,097
Y Club	-	11,271	10,755	516	-	-	516
Young Democrats	264	-	94	170	-	-	170
Yearbooks	15,836	29,362	25,333	19,865	-	-	19,865
Friends of Rachel	1,714	746	1,292	1,168	-	-	1,168
Charitable Gaming	-	13,802	13,632	170	-	-	170
Sub Total	193,083	736,861	731,708	198,236	4,648	24,898	177,986
Interfund Transfers	-	65,010	65,010	-	-	-	-
TOTAL	\$ 193,083	\$ 671,851	\$ 666,698	\$ 198,236	\$ 4,648	\$ 24,898	\$ 177,986

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

JOHN HARDIN HIGH SCHOOL

YEAR ENDED JUNE 30, 2014

NAME OF ACTIVITY	CASH BALANCES July 1, 2013	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2014	RECEIVABLES AND DUE FROM OTHER FUNDS June 30, 2014	ACCOUNTS PAYABLE AND DUE TO OTHER FUNDS June 30, 2014	DUE TO STUDENT GROUPS June 30, 2014
Academic Team	\$ 1,111	\$ 2,449	\$ 2,832	\$ 728	\$ -	\$ -	\$ 728
Agriculture Department	1,912	2,774	3,215	1,471	-	-	1,471
American Red Cross	-	-	-	-	-	-	-
Anime/Magna Club	-	-	-	-	-	-	-
Art Club	6	-	6	-	-	-	-
Art Department	40	-	40	-	-	-	-
Arts & Humanities Dept.	-	-	-	-	-	-	-
ASL Club	-	-	-	-	-	-	-
Athletic Concession	-	15,322	15,322	-	-	-	-
Athletic Fund	1	13,179	12,517	663	1,000	-	1,663
AVID	708	435	510	633	-	-	633
Badminton	-	-	-	-	-	-	-
Band	482	6,146	6,628	-	-	-	-
Band Equipment/Usage	-	2,000	2,000	-	-	-	-
Baseball	-	14,960	14,960	-	1,787	-	1,787
Basketball-Boy's	13,435	13,158	25,132	1,461	258	2,462	(743)
Basketball-Girl's	774	18,842	16,112	3,504	-	-	3,504
Bowling	1,405	5,768	4,661	2,512	-	-	-
Bus & Market Chicago	-	-	-	-	-	-	-
Business Education Dept.	-	374	374	-	-	-	-
CATS Incentive	-	-	-	-	-	-	-
Canine Club	-	-	-	-	-	-	-
Cheerleading	-	3,259	3,259	-	445	-	445
Chemistry Club	82	-	-	82	-	-	82
Chess Club	-	-	-	-	-	-	-
Chorus	3,509	6,323	6,708	3,124	-	-	3,124
Corn Hole Club	-	-	-	-	-	-	-
Counseling Department	2,573	8,478	9,572	1,479	-	-	1,479
Cross Country	1,638	3,377	5,015	-	-	-	-
Dance Team	-	2,308	2,308	-	-	-	-
Cultural Arts Fund	-	-	-	-	-	-	-
Deca	124	22,643	21,642	1,125	-	-	1,125
District Sweep	-	450	-	450	-	-	450
Drama Club	1,227	270	29	1,468	-	-	1,468
Dual Credit Courses	440	6,188	1,988	4,640	-	-	4,640
English Department	910	-	-	910	-	-	910
Environmental Science	-	-	-	-	-	-	-
European Trip	-	1,015	1,015	-	-	-	-
Excel Program	71	84	84	71	-	-	71
Facility Rentals	1,187	73	-	1,260	-	-	1,260
Faculty Awards	12	270	252	30	-	-	30
Faculty Concessions	473	1,958	2,184	247	1,162	-	1,409
Faculty Flower Fund	163	195	223	135	-	-	135
Faculty Social Fund	-	2,214	2,214	-	-	-	-
Faculty Steward Fund	351	-	-	351	-	-	351
Family & Consumer Sciences	1	2,035	1,219	817	-	-	817
FBLA	-	-	-	-	-	-	-
FCA	123	120	105	138	-	-	138
FCCLA	-	23,403	23,403	-	1,483	-	1,483
FEA	-	-	-	-	-	-	-
FFA	1,274	15,330	16,302	302	612	-	914
Football	5,522	50,613	54,617	1,518	-	-	1,518
Football Fundraiser	7,748	189	7,937	-	-	-	-
Foreign Language Club	-	-	-	-	-	-	-
Foreign Language Dept.	233	468	457	244	-	-	244
French Club	-	-	-	-	-	-	-
General Funds	170	13,033	10,474	2,729	5,598	-	8,327
Girl Talk Club	-	-	-	-	-	-	-
Golf	1,568	10,711	10,094	2,185	-	-	2,185
Grade 10	368	1,617	1,686	299	-	-	299
Grade 11	50	1,468	1,359	159	-	-	159
Grade 12	99	40,194	38,629	1,664	-	400	1,264
Grade 12--Senior Trip	-	100	100	-	-	-	-
Grade 9	104	2,797	2,657	244	-	-	244
Guitar Hero Club	-	-	-	-	-	-	-
Hawg Heaven Football	-	-	-	-	-	-	-
International Club	-	-	-	-	-	-	-
Journalism	-	-	-	-	-	-	-

HARDIN COUNTY SCHOOL DISTRICT

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

JOHN HARDIN HIGH SCHOOL-CONCLUDED

YEAR ENDED JUNE 30, 2014

NAME OF ACTIVITY	CASH BALANCES July 1, 2013	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2014	RECEIVABLES AND DUE FROM OTHER FUNDS June 30, 2014	ACCOUNTS PAYABLE AND DUE TO OTHER FUNDS June 30, 2014	DUE TO STUDENT GROUPS June 30, 2014
JROTC	4,869	7,485	7,396	4,958	-	-	4,958
Just For Justin	-	-	-	-	-	-	-
Lady Dawg Club	83	125	-	208	-	-	208
Library/Media Center	4,924	1,069	5,896	97	-	-	97
Lifesmarts Club	-	-	-	-	-	-	-
Literacy First	-	-	-	-	-	-	-
Math Department	290	-	-	290	-	-	290
Matmaids	-	-	-	-	-	-	-
Musicals	-	1,977	-	1,977	-	-	1,977
National Honor Society	355	910	1,211	54	-	-	54
Newspaper	-	-	-	-	-	-	-
North Hardin Hope	-	-	-	-	-	-	-
Pep Club	-	2,866	2,866	-	-	-	-
Photography Club	-	-	-	-	-	-	-
Project Graduation	65	19,820	19,885	-	5,500	-	5,500
Relay For Life	28	453	481	-	-	-	-
SADD Club	572	801	673	700	-	-	700
Scholarship	-	-	-	-	-	-	-
School Concessions	1	2,708	-	2,709	-	-	2,709
School Store	-	-	-	-	-	-	-
Science Fiction Club	-	-	-	-	-	-	-
Science Department	3,713	626	915	3,424	-	-	3,424
Science / AP Chemistry	-	-	-	-	-	-	-
Scrapbooking Club	-	-	-	-	-	-	-
Small Learning Group G	-	-	-	-	-	-	-
Soccer-Boys	-	11,182	11,182	-	-	-	-
Soccer-Girls	1,263	7,422	7,842	843	-	-	843
Social Studies Dept.	-	1,416	1,416	-	160	-	160
Softball	-	8,379	8,379	-	1,000	-	1,000
Special Education Dept.	-	736	736	-	-	-	-
Special Education Learning	-	-	-	-	-	-	-
Speech	710	364	1,074	-	-	-	-
Student Council	1,180	1,064	681	1,563	-	-	1,563
Student Flower Fund	-	-	-	-	-	-	-
Student School Fund	385	2,391	2,061	715	-	-	715
Susan G Komen	-	615	615	-	-	-	-
Swimming-CHHS	-	1,264	1,264	-	-	-	-
Swimming-JHHS	-	1,210	1,210	-	-	-	-
Swimming-NHHS	-	1,378	1,378	-	1,028	-	-
Tech Education Dept.	-	-	-	-	-	-	-
Tech Student Association	-	-	-	-	-	-	-
Tennis	90	2,063	2,153	-	-	-	-
The Big Read	-	-	-	-	-	-	-
Textbooks	272	18	-	290	-	-	290
Three-Point Club	6,143	2,159	3,168	5,134	-	-	5,134
Track	2,341	6,340	4,396	4,285	-	-	4,285
Track-Middle School	495	-	495	-	-	-	-
Ultimate Frisbee	-	421	421	-	-	-	-
Unite to Read Program	-	-	-	-	-	-	-
Volleyball	1,373	14,822	14,192	2,003	-	-	2,003
Weightlifting Club	183	-	183	-	-	-	-
Winter Guard	8	-	4	4	-	-	4
Wrestling	-	8,020	8,020	-	-	-	-
Y Club	228	9,208	9,289	147	-	-	147
Young Republicans	204	1	205	-	-	-	-
HOSA	-	494	315	179	-	-	179
McCurry Classic	-	2,910	2,910	-	-	-	-
Yearbooks	2,972	10,838	7,686	6,124	981	-	7,105
Sub Total	82,641	450,145	460,439	72,347	21,014	2,862	86,959
Interfund Transfers	-	76,724	76,724	-	-	-	-
TOTAL	\$ 82,641	\$ 373,421	\$ 383,715	\$ 72,347	\$ 21,014	\$ 2,862	\$ 90,499

HARDIN COUNTY SCHOOL DISTRICT

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

NORTH HARDIN HIGH SCHOOL

YEAR ENDED JUNE 30, 2014

NAME OF ACTIVITY	CASH BALANCES July 1, 2013	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2014	RECEIVABLES AND DUE FROM OTHER FUNDS June 30, 2014	ACCOUNTS PAYABLE AND DUE TO OTHER FUNDS June 30, 2014	DUE TO STUDENT GROUPS June 30, 2014
Academic Team	\$ 1,378	\$ 503	\$ 426	\$ 1,455	\$ -	\$ -	\$ 1,455
Agriculture Department	4,966	4,847	4,254	5,559	-	-	5,559
Archery	-	1,923	519	1,404	-	-	1,404
Art Club	305	528	559	274	-	-	274
Art Department	106	312	148	270	-	-	270
Athletic Fund	16,183	29,375	35,495	10,063	-	-	10,063
Athletic Uniforms	12,258	17,703	9,581	20,380	-	-	20,380
Band	1,710	43,407	41,696	3,421	-	-	3,421
Baseball	5,769	8,425	14,194	-	-	-	-
Beta Club	87	2,591	1,663	1,015	-	-	1,015
Bingo Fund	-	100,000	100,000	-	-	-	-
Boys Basketball	1,857	19,702	20,093	1,466	-	-	1,466
Bowling	449	1,914	2,363	-	-	-	-
Business Education Dept.	169	-	-	169	-	-	169
Cameron Irwin Scholars	1,972	-	956	1,016	-	-	1,016
CATS Incentives	44	-	-	44	-	-	44
Cheerleaders	2,308	13,433	8,633	7,108	-	-	7,108
Chorus	2,765	16,836	17,717	1,884	-	-	1,884
Class of Yesteryear	96	-	-	96	-	-	96
Climate Committee	283	-	-	283	-	-	283
Commitment Committee	1,016	-	398	618	-	-	618
Contingency	2,931	13,623	9,816	6,738	-	-	6,738
Counseling Department	2,911	15,460	14,054	4,317	-	-	4,317
Cross Country/Boys	2,454	6,220	6,789	1,885	-	-	1,885
Cross Country/Girls	497	6,779	6,671	605	-	-	605
DECA	-	-	-	-	-	-	-
Drama Club	539	939	637	841	-	-	841
Dual Credit Books	4,479	605	5,082	2	-	-	2
English Department	1,397	-	606	791	-	-	791
Faculty Concessions	2,938	2,383	3,710	1,611	-	-	1,611
Faculty Flower Fund	618	633	873	378	-	-	378
Trojan Treats Café	1,559	4,165	4,793	931	-	-	931
FBLA	325	961	1,092	194	-	-	194
FCA	367	211	387	191	-	-	191
FCCLA	3,003	14,131	15,470	1,664	-	-	1,664
FFA	1,022	22,110	22,166	966	-	-	966
Football	1,971	46,712	45,064	3,619	-	-	3,619
Foreign Language Department	33	-	-	33	-	-	33
French Club	741	242	400	583	-	-	583
French Travel	-	-	-	-	-	-	-
Future Educators of America	97	-	-	97	-	-	97
Gaming Club	223	150	-	373	-	-	373
German Club	1,239	312	609	942	-	-	942
Girls Basketball	3,405	14,821	12,701	5,525	-	-	5,525
Golf-Boys	2,726	2,030	1,955	2,801	-	-	2,801
Golf-Girls	288	1,775	566	1,497	-	-	1,497
Grade 10	1,588	485	-	2,073	-	-	2,073
Grade 11	725	485	-	1,210	-	-	1,210
Grade 12	5,896	17,345	20,352	2,889	-	-	2,889
Grade 9	4,210	7,100	7,498	3,812	-	-	3,812
Instructional/Operations	279	12,687	12,906	60	-	-	60
Journalism	-	-	-	-	-	-	-
Journalism 2013	8	1,495	1,400	103	-	-	103
JROTC Teams	4,426	23,734	22,646	5,514	-	-	5,514
JROTC Can Food Drive	772	2,303	2,044	1,031	-	-	1,031
Library/Media Center	611	665	845	431	-	-	431
Math Department	1,398	450	447	1,401	-	-	1,401
Matmaids	-	-	-	-	-	-	-
National Honor Society	680	3,151	2,111	1,720	-	-	1,720
NHHS Bingo	29,894	256,866	253,404	33,356	-	-	33,356
North Hardin Athletic	2,113	4,580	4,664	2,029	-	-	2,029
Nurse	-	-	-	-	-	-	-

HARDIN COUNTY SCHOOL DISTRICT

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

NORTH HARDIN HIGH SCHOOL-CONCLUDED

YEAR ENDED JUNE 30, 2014

NAME OF ACTIVITY	CASH	RECEIPTS	DISBURSE- MENTS	CASH	RECEIVABLES	ACCOUNTS	DUE TO
	BALANCES July 1, 2013			BALANCES June 30, 2014	AND DUE FROM OTHER FUNDS June 30, 2014	PAYABLE AND DUE TO OTHER FUNDS June 30, 2014	STUDENT GROUPS June 30, 2014
Pep Club	1,026	2,825	2,001	1,850	-	-	1,850
Photography Club	642	243	-	885	-	-	885
Physical Education Dept.	126	60	-	186	-	-	186
Poster Maker	-	465	465	-	-	-	-
Project Graduation	1,031	15,961	13,325	3,667	-	-	3,667
Restitution (Ipads)	1,000	-	998	2	-	-	2
SADD	695	243	-	938	-	-	938
School Concessions	2,333	5,140	4,926	2,547	-	-	2,547
School Fund	3,669	4,286	6,660	1,295	-	-	1,295
School Store	52	-	52	-	-	-	-
Science Club	2,718	874	2,159	1,433	-	-	1,433
Science Department	2,356	2,768	1,762	3,362	-	-	3,362
Soccer/Boys	1,662	8,053	7,261	2,454	-	-	2,454
Soccer/Girls	105	5,952	2,245	3,812	-	-	3,812
Social Studies Dept.	-	-	-	-	-	-	-
Softball	434	9,591	9,700	325	-	-	325
Spanish Club	2,466	242	871	1,837	-	-	1,837
Spanish Travel	-	-	-	-	-	-	-
Special Education Dept.	4	1,634	1,271	367	-	-	367
Spec Ed (Radford)	-	1,348	1,348	-	-	-	-
Speech/Debate	150	-	-	150	-	-	150
Student Council	1,133	970	1,151	952	-	-	952
Student Support Services	634	1,424	1,149	909	-	-	909
Swimming	2,815	970	11	3,774	-	-	3,774
Tech Ed Department	-	-	-	-	-	-	-
TSA Club	60	605	410	255	-	-	255
Tennis	4,156	4,176	3,576	4,756	-	-	4,756
Textbooks	1,599	624	1,465	758	-	-	758
Track/Boys	4,080	6,005	9,173	912	1,755	-	2,667
Track/Girls	126	3,681	3,807	-	1,755	-	1,755
Travel	12	-	-	12	-	-	12
Trojan Stichary	161	15	-	176	-	-	176
Volleyball	1,274	14,214	10,101	5,387	-	-	5,387
Will Yates Scholarship	1,000	1,000	1,000	1,000	-	-	1,000
Wrestling	1,883	3,997	5,094	786	-	-	786
Y Club	2,173	11,630	10,852	2,951	-	-	2,951
Yearbooks	-	-	-	-	-	-	-
Yearbooks 2013	5,259	4,026	5,391	3,894	-	-	3,894
Rachel's Challenge	367	1,243	1,000	610	-	-	610
District Swipe	-	487	-	487	-	-	487
HOSA	-	248	150	98	-	-	98
AVID	-	620	620	-	-	-	-
Sub Total	189,285	862,727	850,447	201,565	3,510	-	205,075
Interfund Transfers	-	123,044	123,044	-	-	-	-
TOTAL	\$ 189,285	\$ 985,771	\$ 973,491	\$ 201,565	\$ 3,510	\$ -	\$ 205,075

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

HARDIN COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2014

FEDERAL GRANTOR/PASS-THROUGH GRANTOR / PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS THROUGH GRANTOR'S NUMBER	FEDERAL EXPENDITURES
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Child Nutrition Cluster -			
Cash Assistance			
Passed Through State Department of Education			
National School Lunch Program	10.555	7750002-13	\$ 770,343
		7750002-14	2,851,762
School Breakfast Program	10.553	7760005-13	331,597
		7760005-14	1,238,583
Summer Food Service Program for Children	10.559	7690024-13	4,283
		7690024-14	40,770
		7740023-14	38,832
State Administrative Expenses for Child Nutrition	10.560	7760005-14	1,000
Non-Cash Assistance (Commodities)			
National School Lunch Program	10.555	057502-02	479,763
TOTAL CHILD NUTRITION CLUSTER			5,756,933
TOTAL U.S. DEPT. OF AGRICULTURE			5,756,933
<u>U.S. DEPARTMENT OF DEFENSE</u>			
National Guard Civilian Youth Opportunities	12.000	5043	(3,231)
		5044	216,384
			213,153
Competitive Grants: Promoting K-12 Student Achievement at Military-Connected Schools	12.556	3423	394,012
TOTAL U.S. DEPARTMENT OF DEFENSE			607,165
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Passed Through State Department of Education			
Special Education Cluster (IDEA) -			
Special Education - Grants to States	84.027	3373	9,391
		3373P	14,249
		3374	2,701,198
			2,724,838
Special Education - Preschool Grants	84.173	3432P	561
		3433	10,384
		3434	108,545
			119,490
TOTAL SPECIAL EDUCATION CLUSTER (IDEA)			2,844,328

The accompanying notes are an integral part of this schedule.

HARDIN COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2014

FEDERAL GRANTOR/PASS-THROUGH GRANTOR / PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS THROUGH GRANTOR'S NUMBER	FEDERAL EXPENDITURES
<u>OTHER U.S. DEPARTMENT OF EDUCATION PROGRAMS</u>			
Impact Aid	84.041	Direct	262,308
Passed Through Kentucky Council on Postsecondary Education Adult Education - State Grant Program	84.002	3654 3704 3734 3734S	21,071 15,000 125,774 396
			<u>162,241</u>
Passed Through State Department of Education Title I Grants to Local Educational Agencies	84.010	3103 3103D 3103E 3103M 3103P 3104 3104E 3104L 3104M 3104P 3143 3144 3202	374,061 476 121,942 5,600 25,888 2,240,298 94,765 85,168 18,124 197,562 116,544 63,520 21,483
			<u>3,365,431</u>
Migrant Education - State Grant Program	84.011	3112S 3113 3113S 3114	17,644 12,413 1,735 62,714
			<u>94,506</u>
Title I State Agency Program for Neglected and Delinquent Children	84.013	3134 3134T	13,480 2,360
			<u>15,840</u>
Vocational Education - Basic Grants to States	84.048	3483 3483A 3484	6,820 6,507 139,408
			<u>152,735</u>
Twenty-First Century Community Learning Centers	84.287	5502 5502J 5503 5503Z	14,622 1,000 75,000 24,236
			<u>114,858</u>
English Language Acquisition Grants	84.365	3452 3453	30,362 47,355
			<u>77,717</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>
Improving Teacher Quality - State Grants	84.367	4012 4013 4014	54,107 244,085 63,229
			<u>361,421</u>
ARRA - School Improvement Grants, Recovery Act	84.388	5600B 5600C	7,113 77,435
			<u>84,548</u>
Race to the Top	84.413	4521	<u>38,434</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>7,574,367</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 13,938,465</u>

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2014

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, 2014. 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, 2014

Section I-Summary of Auditor's Results

Financial Statements

Type of auditor's report issued (unmodified):

Internal control over financial reporting:

- Material weakness(es) identified? _____yes ___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:

<u>CFDA Number</u>	<u>Federal Program or Cluster</u>
	DEPARTMENT OF EDUCATION
84.010	Title I Grants to Local Educational Agencies
84.002	Adult Education - Basic Grants to States

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

\$ 418,154

Auditee qualified as low-risk auditee?

 X yes 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, 2014

There were no prior audit findings.

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

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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 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, 2014, 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 22, 2014.

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 procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 22, 2014.

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 22, 2014

**INDEPENDENT AUDITOR'S
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, 2014. 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, 2014.

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 22, 2014

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, 2014, 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 22, 2014, contains our report on the District's internal control. This letter does not affect our report dated August 22, 2014, 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 22, 2014

HARDIN COUNTY SCHOOL DISTRICT

COMMENTS

June 30, 2014

3RD YEAR UNCORRECTED COMMENTS

EAST HARDIN MIDDLE

MULTIPLE RECEIPT FORM

We noted a deposit dated 4/17/2014 in the amount of \$1,551.00 contained a \$200 deposit for candy bar sales in the Related Arts fund without form F-SA-6, Multiple Receipt Form, attached to the deposit documentation.

MANAGEMENT RESPONSE

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

RADCLIFF ELEMENTARY

FUNDRAISERS

We noted form F-SA-2B was incomplete for the 9/6/2013 Beta Club Back to School Dance. The form only showed total budgeted sales which does not match the actual receipts on the detail given. The variance between the profit on the F-SA-2B and the actual profit is \$254.54.

MANAGEMENT RESPONSE

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

2ND YEAR UNCORRECTED COMMENTS

NORTH MIDDLE

PURCHASE ORDER

We noted check #7492 dated 3/13/2014 in the amount of \$82.72 written to Marcus Dixon for overage spent on the cash advance (check #7466 dated 2/13/2014 in the amount of \$360) for meals/banquet supplies from the boys basketball fund did not contain a purchase order, form F-SA-7, for the items over the \$360 advanced.

UNCORRECTED PRIOR YEAR COMMENTS

BLUEGRASS MIDDLE

UNTIMELY DEPOSIT

We noted the change box cash from the football and boys basketball seasons, which ended in October 2013 and February 2014, respectively, was not deposited until 7/1/2014. The Redbook requires that the change box must be redeposited at the conclusion of the season.

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, 2014

EAST HARDIN MIDDLE

CASH ADVANCES

We noted check #10668 in the amount of \$760, dated 2/19/2014, written to Barbara Hagan as a cash advance for meals and a bus driver tip for the Beta Club Convention did not contain form F-SA-9, Expense Report in the check documentation. We also noted check #10724 in the amount of \$7,680, written to Barbara Hagan as a cash advance for the 8th grade Washington, DC Trip did not contain form F-SA-9, Expense Report, with the check documentation. This cash advance was for a \$10/day meal allowance for each participant on the trip. There were no restaurant receipts or invoices attached to check documentation for these meals.

MANAGEMENT RESPONSE

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

MISSING INVOICE

We noted check #10771, dated 4/30/2014 in the amount of \$2,400.00, from the Eighth Grade Trip fund for a tip for charter bus drivers Toby Tours did not contain an invoice from the vendor requesting payment, or a standard invoice, form F-SA-8.

MANAGEMENT RESPONSE

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

LINCOLN TRAIL ELEMENTARY

PURCHASE ORDERS

We noted, per discussion with the Bookkeeper and review of the credit card files, that Lincoln Trail prepares the purchase order and files it with the AP voucher after receipt of the credit card bill. Purchase order #1190, paid with check #2582, was approved on 12/12/2013 for a credit card purchase made on 12/02/2013. Purchase order #1273, paid with check #2658, was approved on 4/15/2014 for a credit card purchase made on 3/21/2014. Per Redbook, all charges on the credit card require a prior-approved purchase order.

MANAGEMENT RESPONSE

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

NORTH HARDIN HIGH

EXTERNAL SUPPORT/BOOSTER ORGANIZATIONS

We noted the following organizations failed to complete a list of officers for 2013-2014: JROTC, Girls Soccer and Softball.

We noted the following organizations failed to complete a budget for 2013-2014: JROTC, Band, Boys Soccer, Softball, FFA and Track.

We noted the following organizations failed to complete an Annual Financial Report for 2013-2014: Volleyball, JROTC, Band, Boys Basketball, Softball, and FFA.

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, 2014

NORTH HARDIN HIGH – CONTINUED

UNTIMELY DEPOSIT

We noted a deposit in the amount of \$843.54, dated 5/27/2014, with copies of checks dated 3/24/2014, 4/4/2014, 5/6/2014, 5/18/2014 and 5/21/2014, totaling \$375 was not deposited within one business day of receiving the money.

We noted a deposit in the amount of \$13,203.75, dated 10/15/2013 (Tuesday) contained ticket sales from a football game dated 10/4/2013 in the amount of \$2,865 deposited into the Football Activity Fund, ticket sales from a Girl's Soccer Game dated 10/7/2013 in the amount of \$390 deposited into the Girl's Soccer Activity Fund, and a football game dated 10/11/2013 in the amount of \$1,940 deposited into the Football Activity Fund.

MANAGEMENT RESPONSE

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

NORTH MIDDLE

UNTIMELY DEPOSITS

We noted a deposit dated 12/12/2013 in the amount of \$2,193 contained two form F-SA-6, Multiple Receipt Forms, for donations collected for the Student Shopping account in the amounts of \$1,000 and \$575, that were both dated 12/10/2013 by the person remitting the money, and received by the Bookkeeper 12/11/2013 but not deposited until 12/12/2013. The Redbook requires that deposits over \$100 be deposited daily.

We noted deposit dated 5/14/2014 in the amount of \$268.90 contained two form F-SA-6, Multiple Receipt Forms, for book sales and box tops in the amounts of \$104 remitted by the sponsor on 5/12/2014 and \$164.90 remitted by the sponsor on 5/13/2014. The Redbook requires that deposits over \$100 be deposited daily.

MANAGEMENT RESPONSE

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

CASH ADVANCES

We noted check #7466 dated 2/13/2014 in the amount of \$360 was advanced to Marcus Dixon for meals/banquet supplies from the boys basketball fund did not contain the Expense Report, form F-SA-9, but instead contained a standard invoice and purchase requisition. Receipts included with the documentation totaled \$359.66.

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, 2014

RADCLIFF ELEMENTARY

PURCHASE ORDER

We noted check #1156, in the amount of \$1,000 written to FP Mailing Solutions on 8/5/2013 for Postage was not approved before the purchase was made. The invoice was dated 7/24/2013 and Form F-SA-7, Purchase Order was completed on 8/5/2013.

We noted check #1193, in the amount of \$469, written to Jennifer Rose on 5/5/2014 for a Dance Assembly was not approved before the purchase was made. The invoice was dated 4/29/2014 and Form F-SA-7, Purchase Order was completed on 5/5/2014.

MANAGEMENT RESPONSE

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

CURRENT YEAR COMMENTS

BROWN STREET

UNALLOWABLE PURCHASE

We noted check #2731, dated 4/24/2014, in the amount of \$288.97, written to Lowe's for janitorial and greenhouse raising supplies out of the General and Teacher Concessions funds. Items purchased for the upkeep of the school cannot be purchased out of school activity funds.

We noted that check #2732, dated 4/25/2014, in the amount of \$862.58, written to Sam's Club for the purchase of candy, notebooks, a Keurig, and coffee. Items purchased for staff can only be purchased out of faculty funds.

MANAGEMENT RESPONSE

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

CENTRAL HARDIN HIGH

SEGREGATION OF DUTIES

We noted the bookkeeper enters invoices, prints checks 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.

NEGATIVE BALANCES

We noted the ending fund balance for the Archery fund, after taking receivables and accounts payables into account, will be -\$455.00. We noted the ending fund balance for the Journalism fund, after taking receivables and accounts payables into account, will be -\$375.00. We noted the ending fund balance for the Boys Basketball fund, after taking receivables and accounts payables into account, will be -\$95.00. The Redbook prohibits any ending account balance from being negative.

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, 2014

CENTRAL HARDIN HIGH – CONTINUED

INVENTORY CONTROLS

We noted form F-SA-5, Inventory Control, is not completed monthly for the Athletic Concession stand. Collections are detailed by date, however deliveries are only shown by item and not broken down by date, prohibiting the calculation of inventory flow for each month.

MANAGEMENT RESPONSE

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

CREEKSIDE ELEMENTARY

CASH ADVANCE

We noted a deposit dated 4/29/2014 in the amount of \$163.97 contained receipts only dated through 4/25/2014 and not deposited within the close of the next business day.

MANAGEMENT RESPONSE

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

EAST HARDIN MIDDLE

MISSING INVOICE

We noted check #10668 in the amount of \$760, dated 2/19/2014, written to Barbara Hagan as a cash advance for meals and a bus driver tip for the Beta Club Convention did not contain Form F-SA-8, Standard Invoice signed by the bus drivers for a \$60 tip included in this cash advance. There was Form F-SA-8 signed by the sponsor Barbara Hagan for the entire \$760.

MANAGEMENT RESPONSE

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

UNAPPROVED PURCHASE

We noted check #10717 in the amount of \$280, dated 3/26/2014, written to Daniel Lockwood for reimbursement for a plane ticket for the 8th Grade Trip was not approved before the purchase for the plane ticket was made. Mr. Lockwood purchased the plane ticket on 3/11/2014 and form F-SA-7, Purchase Order was not completed until 3/25/2014.

MANAGEMENT RESPONSE

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

We noted check #10457 in the amount of \$85.54, dated 10/2/2013, written to Jo Edwards for mileage reimbursement was not approved before the trip was made. The trip took place on 9/26/2013 and the purchase order was not completed until 9/30/2013. There was no indication on the travel voucher the purpose or location of this trip.

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, 2014

EAST HARDIN MIDDLE – CONTINUED

REDBOOK FORMS

We noted Kathy Rogers, Bookkeeper, filled out forms F-SA-5, Inventory Control, F-SA-1, Requisition and Report of Ticket Sales, F-SA-2B, Fundraiser Worksheet, and signed as the sponsor on forms F-SA-8, Standard Invoice.

MANAGEMENT RESPONSE

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

INVENTORY CONTROL

We noted form F-SA-5, Inventory Control Worksheet was not completed monthly for concessions and bookstore.

We noted form F-SA-5, Inventory Control Worksheet was not completed for the Related Arts & Band World's Finest Chocolate Fundraiser and the Academic Team Smencil Fundraiser.

MANAGEMENT RESPONSE

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

UNALLOWABLE PURCHASE

We noted check #10783, dated 5/14/2014 in the amount of \$500.00, from the Football fund to power seed the football field was an unallowable purchase. The Redbook states operational maintenance cannot be paid from a student fund.

We noted the following five checks were written to students for candy bar fundraiser rewards for selling one, two or three boxes of candy: check #10809 dated 6/11/2014 in the amount of \$25 written to Alli Moss for the purpose of fundraiser rewards from the Band fund, check #10810 dated 6/11/2014 in the amount of \$25 written to Brooke Siegman for the purpose of fundraiser rewards from the Band fund, check #10811 dated 6/11/2014 in the amount of \$25 written to Abigail Cross for the purpose of fundraiser rewards from the Band fund, check #10812 dated 6/11/2014 in the amount of \$50 written to Gabrielle Barbara for the purpose of fundraiser rewards from the Band fund, and check #10813 dated 6/11/2014 in the amount of \$75 written to Sara Mays for the purpose of fundraiser rewards from the Band fund. The Redbook disallows cash awards and also disallows fundraiser tracking by individual student.

MANAGEMENT RESPONSE

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

FUNDRAISERS

We noted receipts for the punt/pass/kick fundraiser for the Football team that did not have a completed Fundraiser Approval, form F-SA-2A, or a Fundraiser Worksheet, form F-SA-2B.

We noted form F-SA-2B for the Band Fund candy bar sales did not contain the correct receipt total. One receipt was dated 6/10/2014 and the amount was shown as "? \$1,500". The actual amount of receipts totaled \$6,035.29, which calculates to a total actual profit of \$2,815.29, \$550.89 more than reported.

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, 2014

EAST HARDIN MIDDLE – CONTINUED

TICKET SALES

We noted form F-SA-1, Requisition and Report of Ticket Sales was completed for the 2/10/2014 Boy's Basketball game with no ticket taker signature. This form should have the signature of a ticket taker and a ticket seller, per Redbook requirements.

We noted form F-SA-1, Requisition and Report of Ticket Sales was completed for the 10/28/2013 Girl's Basketball game with no ticket taker signature. This form should have the signature of a ticket taker and a ticket seller, per Redbook requirements.

MANAGEMENT RESPONSE

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

GC BURKHEAD ELEMENTARY

FUNDRAISERS

We noted form F-SA-2A, Fundraiser Approval, for kindergarten cap and gown pictures was not properly completed, as there was no purpose stated for the fundraising activity. We also noted that F-SA-2B, Fundraiser Worksheet, for the cap and gown pictures was not properly completed, as there were no expenses listed and lines 8-12 calculating actual profit were left blank. In addition, this form lacked a signature and date of the activity sponsor.

MANAGEMENT RESPONSE

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

MISSING INVOICE

We noted check #1564 dated 10/3/2013 in the amount of \$559.80, written to McAlister's Deli for the purchase of Staff Appreciation Lunch from the coke fund did not include a standard invoice with the purchase, but instead included a copy of the order that stated "this is not a receipt or invoice". The Redbook requires the vendor invoice or standard invoice to be included with the purchase.

JAMES T. ALTON MIDDLE

COACHES CARDS

We noted the school purchased approximately 7 coaches cards for individuals who were not head or assistant coaches.

MANAGEMENT RESPONSE

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

CHANGE BOX

We noted the change box money for athletics, \$400, was not re-deposited as of 6/30/2014.

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, 2014

JAMES T. ALTON MIDDLE – CONTINUED

INVENTORY CONTROLS

We noted form F-SA-5, Inventory Control, was not completed monthly for Agenda Sales, T-shirt sales and Concessions.

We noted form F-SA-5, Inventory Control, was not completed for the Volleyball and Boy's Basketball Candy Bar fundraisers.

We noted form F-SA-5, Inventory Control, for Concessions did not list each item delivered, but instead listed a total delivery amount for the months of October-March. There was no indication that a physical inventory count was taken at any point during the year.

MANAGEMENT RESPONSE

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

TRAVEL REIMBURSEMENTS

We noted check #6656 dated 3/11/2014 in the amount of \$43.20 written to Erin Brooks for travel to the regional academic team competition from the Academic Fund did not contain a Purchase Order, form F-SA-7, before the travel was actually taken on 1/28/2014.

MANAGEMENT RESPONSE

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

FUNDRAISERS

We noted form F-SA-2A, Fundraiser Approval Form, was not completed for the Volleyball Candy Bar Fundraiser.

We noted form F-SA-2B, Fundraiser Worksheet, was not completed for the Volleyball and Boy's Basketball Candy Bar Fundraisers. We also noted Volleyball was \$973 short with their candy bar collections and Boy's Basketball was \$289 short with their candy bar collections.

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 \$11,999, dated 1/4/2014 for Yearbook Presales of which receipts totaling \$188 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 \$107 for Academic Team T-Shirts with attached F-SA-6, Multiple Receipt Form without student signatures or initials but instead a piece of notebook paper with student names filled out by the sponsor. We also noted a deposit of \$2,061, for Boy's Basketball Candy Bar sales with attached F-SA-6, Multiple Receipt Form without student signatures or initials but instead these forms were filled out by the Boy's Basketball coach, who collected the funds.

We noted a deposit of \$940, dated 5/21/2014 for Cheerleading Campwear of which receipts totaling \$660 with attached F-SA-6, Multiple Receipt Form, without student signatures or initials but instead this form was filled out by the sponsor. We also noted form F-SA-6 in the amount of \$60 for the 7th Grade Indy Trip without student signatures or initials but instead this form was filled out by the sponsor.

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, 2014

JOHN HARDIN HIGH

INVENTORY CONTROLS

We noted F-SA-5, Inventory Control Worksheets, were completed for Plant Sales for the AG Dept and for Concessions for the Athletic Fund that but were not completed monthly. The Athletic Fund only had one F-SA-5 completed for the reporting period of 9/9/2013-3/27/2014. The AG Dept only had one F-SA-5 completed for the reporting period of May-June 2014, however the Fund Account Ledger shows transactions in March and April 2014 for the purchase of plugs that are not recorded on this Inventory Control Worksheet.

We noted form F-SA-5, Inventory Control Worksheet, was not completed for the Girl's Basketball Candy Bar Sales Fundraiser. The Redbook requires that this form should be completed for any merchandise sales, including those associated with Fundraisers.

MANAGEMENT RESPONSE

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

UNTIMELY DEPOSIT

We noted a deposit dated 2/14/2014 which included form F-SA-1, Requisition and Report of Ticket Sales, from a 2/1/2014 basketball tournament, with receipts in the amount of \$2,910, was not deposited timely.

MANAGEMENT RESPONSE

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

NEGATIVE BALANCE

We noted the ending fund balance for the Basketball-Boys fund, after taking receivables and accounts payables into account, will be -\$743.00. The Redbook prohibits any ending account balance from being negative.

MANAGEMENT RESPONSE

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

COACHES CARDS

We noted the school purchased approximately 10 coaches cards for individuals who were not head or assistant coaches.

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, 2014

MEADOWVIEW ELEMENTARY

FUNDRAISERS

We noted that the fundraiser for Coca Cola Sales does not have a properly completed F-SA-2B. The count of items to be sold was left blank, total budgeted sales was left uncalculated, and lines 8-12 calculating actual profit were left blank.

We noted form F-SA-2A, Fundraiser Approval Form, for the Scholastic Book Fair was not on file. We also noted form F-SA-2B was not properly completed. Expenses were not listed and there was not a recap of the actual profit between lines 7-11. We noted check #1645 dated 3/7/2014 in the amount of \$2,770.76 was written to Scholastic Book Fair from the library fund showing a cash profit of \$800. This expense was not listed on the fundraiser worksheet in order to calculate total profit.

MANAGEMENT RESPONSE

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

NEW HIGHLAND ELEMENTARY

CREDIT CARDS

We noted the Wal-Mart card 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.

PURCHASE ORDER

We noted that check #1647, dated 6/2/2014 in the amount of \$171.00, from the General fund for a trip to Blazer's Fun Zone for incentive awards, contained an invoice dated 5/22/2014 with a purchase order approved on 6/2/2014. The Redbook requires that to initiate a purchase, a Purchase Order shall be prepared and approved by the sponsor before ordering goods.

MANAGEMENT RESPONSE

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

NORTH HARDIN HIGH

CASH ADVANCES

We noted the \$105 in cash leftover from the cash advance written with check #32134 dated 9/18/2013 in the amount of \$250 to James Jackson for Boy's Cross Country Team Meals was not deposited back into the school's activity funds timely. The event was held Saturday, September 21st. \$105 was not returned until Thursday, September 26th. Per Redbook requirements, the remaining funds should be returned the next business day after the trip.

We noted the \$451.32 in cash leftover from the cash advance written with check #32875 dated 5/19/2014 in the amount of \$1,200 to James Webb for Boy's and Girl's Track and Field Meals for the state tournament was not deposited back into the school's activity funds timely. The event was held Friday, May 23rd - Saturday, May 24th. \$451.32 was not returned until Wednesday, 6/4/2014. Per Redbook requirements, the remaining funds should be returned the next business day after the trip.

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, 2014

NORTH HARDIN HIGH – CONTINUED

INVENTORY CONTROL

We noted FCCLA deposited \$149.41 on 1/15/2014 for concession sales. There is no form F-SA-5, Inventory Control Worksheet on file. Per conversation with the bookkeeper, only Booster Clubs handle concessions.

MANAGEMENT RESPONSE

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

FUNDRAISERS

We noted the Football discount card fundraiser was held 7/24/2013-9/10/2013, however the fundraiser was not approved by the Principal until 7/29/2013.

MANAGEMENT RESPONSE

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

IMPROPER FORMS

We noted a form named "Deposit Request" is used when money is collected for all deposits. This form does not contain a signature and date line for the person remitting money and the treasurer to sign. This is not always accompanied by a Multiple Receipt Form, form F-SA-6, if students and teachers are not turning in money.

MANAGEMENT RESPONSE

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

PURCHASE ORDER

We noted check #32335, dated 11/13/2013 in the amount of \$1,829.70, written to Herff Jones for a yearbook deposit out of the Yearbooks 2013 activity fund was not approved by form F-SA-7, Purchase Order before the purchase was made. The invoice date was 11/3/2013 and the purchase order was not prepared until 11/13/2013.

MANAGEMENT RESPONSE

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

We noted check #32464, dated 1/2/2014 in the amount of \$168, written to Blossoms & Heirlooms for flowers out of the Faculty Flower Fund was not approved by form F-SA-7, Purchase Order before the purchase was made. The invoice date was 12/20/2013 and the purchase order was not prepared until 1/2/2014.

We noted check #32860, dated 5/14/2014 in the amount of \$3,258.48, written to Wal-Mart for various supplies out of various activity funds contained a \$456 purchase for Project Graduation prizes out of the Project Graduation Activity fund that was not approved by form F-SA-7, Purchase Order before the purchase was made. The Wal-Mart receipt was dated 5/7/2014 and the purchase order was not completed until 5/8/2014.

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, 2014

NORTH HARDIN HIGH – CONTINUED

UNALLOWABLE PURCHASE

We noted check #32111, dated 9/11/2013 in the amount of \$1,377.78, written to Glass Aggregates for Sand for maintenance of the football field Bermuda grass out of the Football activity fund was not an allowable purchase since this is considered maintenance.

MANAGEMENT RESPONSE

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

COACHES CARDS

We noted the school purchased approximately 17 coaches cards for individuals who were not head or assistant coaches.

MANAGEMENT RESPONSE

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

NORTH MIDDLE

CHANGE BOX

We noted the change box money for athletics was not re-deposited as of 6/30/2014.

MANAGEMENT RESPONSE

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

RADCLIFF ELEMENTARY

INVENTORY CONTROL

We noted form F-SA-5, Inventory Control Worksheet, was not completed for concessions sold at the 9/6/2013 Beta Club Back to School Dance.

MANAGEMENT RESPONSE

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

MISSING INVOICE

We noted check #1201, in the amount of \$1,037.46, written to Isiah Alonso Foundation on 6/6/2014 for a donation contained no receipt or form F-SA-8, Standard Invoice, in the check documentation.

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, 2014

RINEYVILLE ELEMENTARY

FUNDRAISERS

We noted form F-SA-2B, Fundraiser Worksheet, for the Family Resource Center Texas Roadhouse Gift Card Sales was not properly completed. Total Budgeted Sales and Anticipated Profit were the only lines completed, making it impossible to calculate the actual profit of the fundraiser.

MANAGEMENT RESPONSE

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

INVENTORY CONTROL

We noted the Family Resource Center held a fundraiser to sell Texas Roadhouse Gift Cards and did not complete form F-SA-5, Inventory Control.

MANAGEMENT RESPONSE

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

WEST HARDIN MIDDLE

TRAVEL REIMBURSEMENTS

We noted check #5364, dated 3/12/2014 in the amount of \$134.52 written to Denise Thomas as a travel reimbursement for the Jr. Beta Club Convention held 2/19/2014-2/20/2014. Per Redbook requirements, form F-SA-16, Travel Voucher should be turned in within a week of travel. This form was not remitted until 3/12/2014. We noted all receipts for meals were not present. The employee was reimbursed at the per diem rate for 1 breakfast, 2 lunches and 1 dinner. There were only receipts present for 1 breakfast, 1 lunch and 1 dinner. The actual cost of the dinner was \$12.18, \$2.82 less than the per diem rate. We also noted this travel expense was not approved before it was incurred. The travel occurred from 2/19/14-2/20/14 and form F-SA-7, Purchase Order was not completed until 3/12/2014. Board policy stipulates that receipts must be present even when receiving reimbursement for per diem meals.

MANAGEMENT RESPONSE

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

TRAVEL REIMBURSEMENTS – CONTINUED

We noted check #5367, dated 3/13/2014 in the amount of \$21.41 paid to Becky Pinson as a travel reimbursement for the Jr. Beta Club Convention held 2/19/2014-2/20/2014. Per Redbook requirements, form F-SA-16, Travel Voucher, should be turned in within one week of travel. This form was not remitted until 3/12/2014. We also noted this travel was not approved until it occurred. The travel occurred from 2/19/14-2/20/14 and form F-SA-7, Purchase Order was not completed until 3/12/2014.

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, 2014

WEST HARDIN MIDDLE – CONTINUED

FUNDRAISERS

We noted form F-SA-2B, Fundraiser Worksheet was not completed timely for the football punt/pass/kick fundraiser. The fundraiser was held in May 2014 and form F-SA-2B was not completed until 7/18/2014.

MANAGEMENT RESPONSE

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

INVENTORY CONTROL

We noted form F-SA-5, Inventory Control Worksheet, was not completed for the Band World's Finest Chocolate Fundraiser.

MANAGEMENT RESPONSE

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

MISSING INVOICE

We noted check #5256, dated 9/20/2013, in the amount of \$125 written to the Kentucky Association of Pep Org. Sponsors for competition out of the Cheerleading account did not contain a vendor's invoice, however a standard invoice was included but was not signed by the vendor.

MANAGEMENT RESPONSE

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