

HARDIN COUNTY SCHOOL DISTRICT

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

Year Ended June 30, 2015

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, 2015, 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, 2015, 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 Matter

As discussed in Note 1 to the financial statements, during the year ended June 30, 2015, the District adopted Governmental Accounting Standards Board Statement 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, Statement 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* and Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 to 11, budgetary comparison information on pages 49 to 50, schedule of proportionate share of the net pension liability on page 51 and schedule of contributions on page 52 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 28, 2015, 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.

A handwritten signature in cursive script that reads "Stiles, Carter & Associates".

Certified Public Accountants
Elizabethtown, Kentucky
August 28, 2015

REQUIRED SUPPLEMENTARY INFORMATION

**HARDIN COUNTY SCHOOL DISTRICT - ELIZABETHTOWN, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2015**

The discussion and analysis of Hardin County School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2015. 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 \$25.4 million. The ending fund balance was \$26.5 million. The major reason for the change was due to increased state funding.
- 2 The beginning Construction Fund fund balance was \$24.5 million. The ending fund balance was \$17.7 million. The major reason for the change in fund balance was due to bond proceeds being spent on construction projects.

USING THIS ANNUAL REPORT

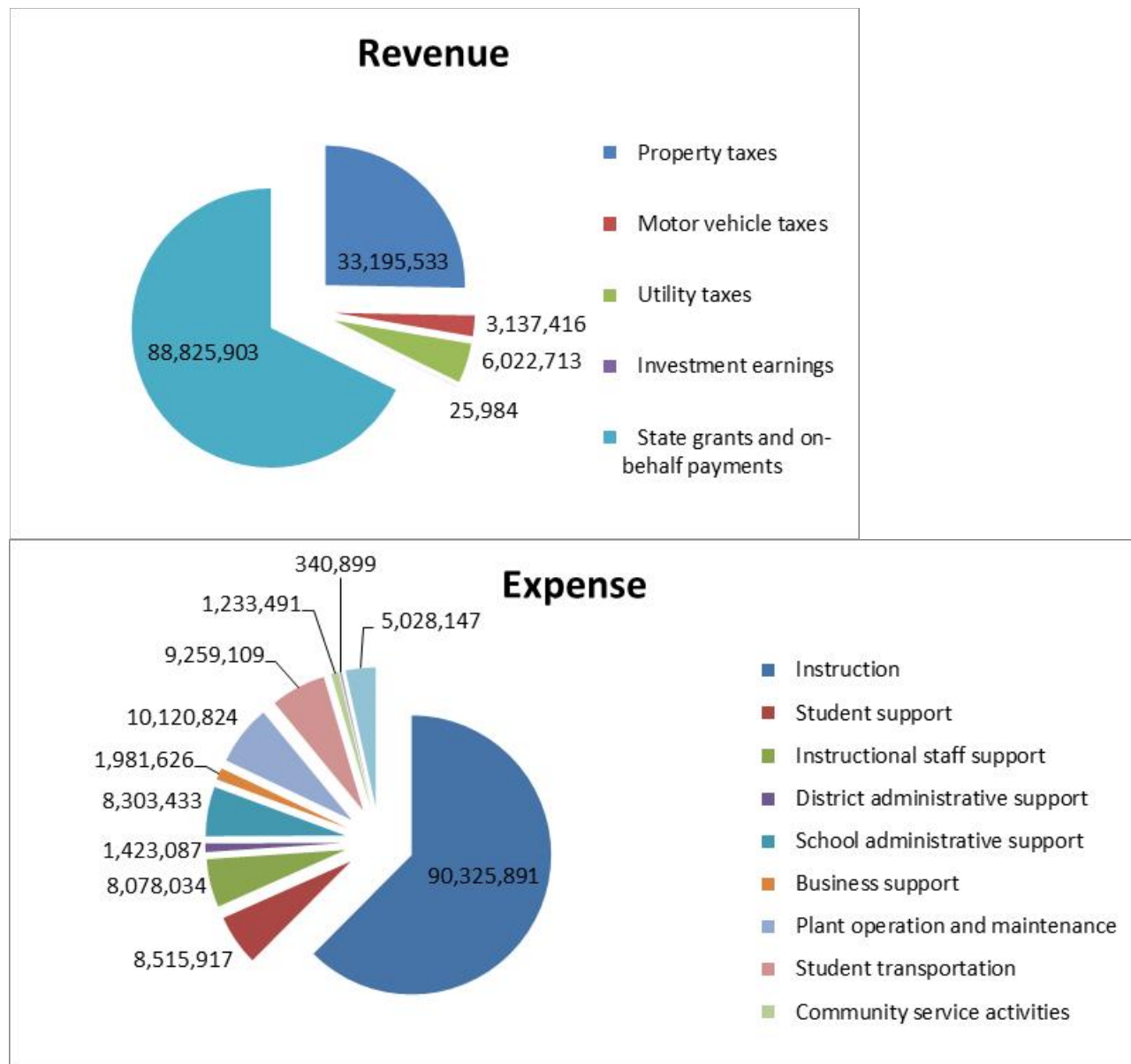
This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This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

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

The statement of net position presents information on all of the District's assets and deferred outflows and liabilities and deferred inflows, with the difference 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.

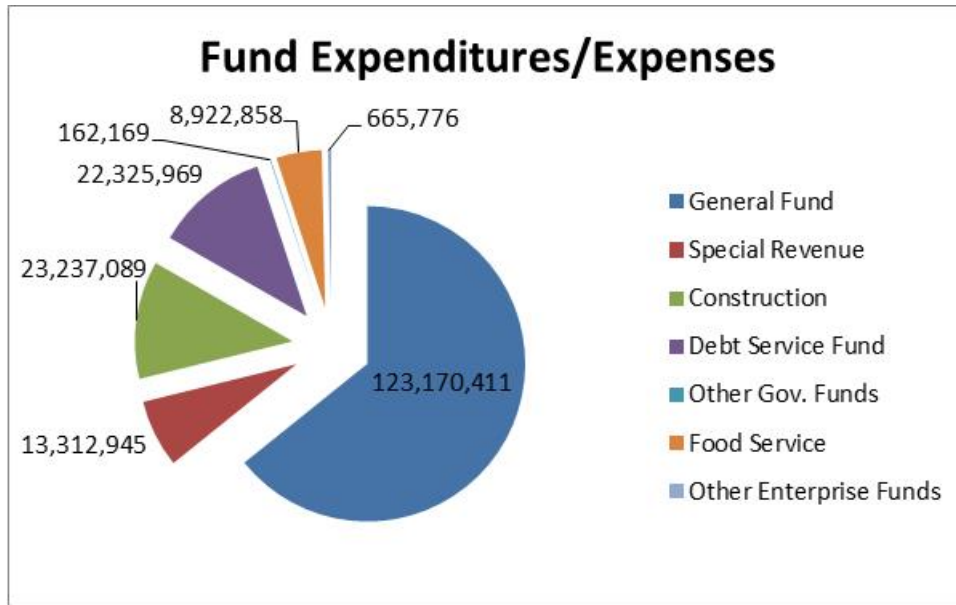
The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues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

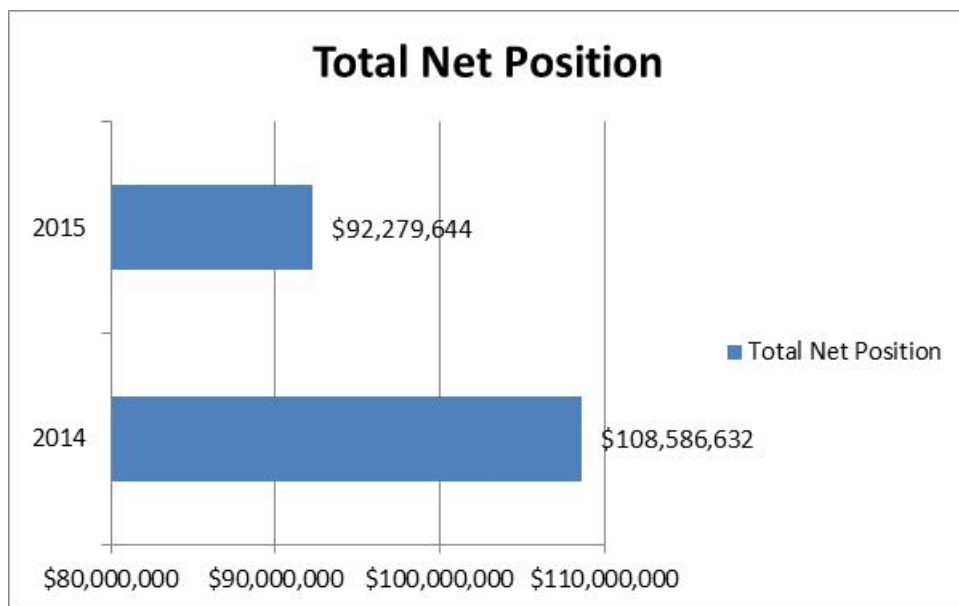
Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23 - 48 of this report.

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 \$90.4 million as of June 30, 2015. 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, 2015 and 2014
(Table 1)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Current and Other Assets	\$ 50,496,004	\$ 58,266,416	\$ 1,534,832	\$ 1,753,480	\$ 52,030,836	\$ 60,019,896
Capital Assets	213,103,667	193,688,580	1,088,164	1,187,066	214,191,831	194,875,646
Total Assets	263,599,671	251,954,996	2,622,996	2,940,546	266,222,667	254,895,542
Deferred Outflows	4,984,051	1,175,856	579,612		5,563,663	1,175,856
Long-term Debt	159,938,260	129,979,230	4,448,288	-	164,386,548	129,979,230
Other Liabilities	14,013,318	14,564,990	144,875	139,306	14,158,193	14,704,296
Total Liabilities	173,951,578	144,544,220	4,593,163	139,306	178,544,741	144,683,526
Deferred Inflows	2,352,500		496,500		2,849,000	-
Net Position						
Net investment in capital assets	72,507,808	60,019,562	1,088,164	1,187,066	73,595,972	61,206,628
Restricted	19,701,042	28,573,853	-	-	19,701,042	28,573,853
Unrestricted	70,794	19,993,217	(2,975,219)	1,614,174	(2,904,425)	21,607,391
Total Net Position	\$ 92,279,644	\$ 108,586,632	\$ (1,887,055)	\$ 2,801,240	\$ 90,392,589	\$ 111,387,872



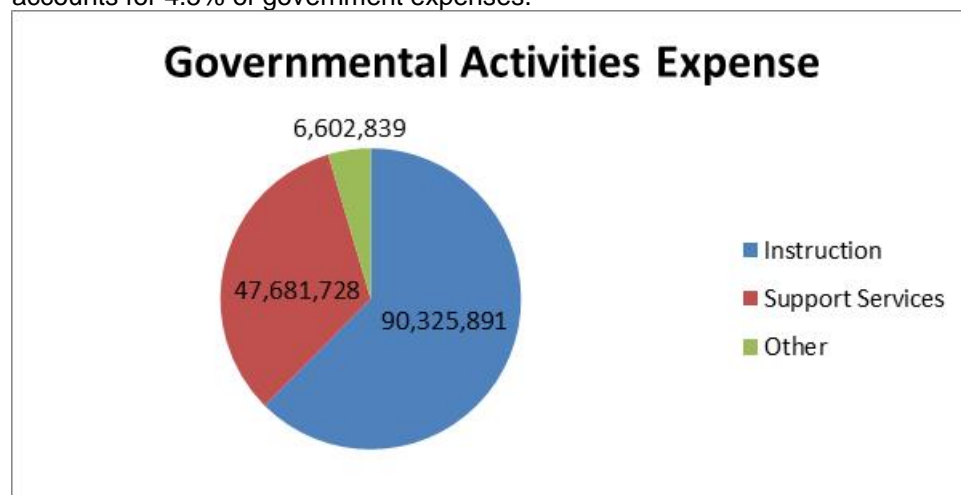
During the 2015 fiscal year, the District adopted the provisions of GASB Statement 68 (see Note 1 to the financial statements). The adoption of this statement resulted in a restatement to beginning net position of \$(22.4) million for governmental activities and \$(3.9) million for business-type activities.

The following Table 2 presents a summary of changes in net position for the fiscal years ended June 30, 2015 and 2014.

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
REVENUES						
Program revenues						
Charges for services	\$ 125,880	\$ 124,128	\$ 2,686,992	\$ 2,878,361	\$ 2,812,872	\$ 3,002,489
Operating grants and contributions	47,235,563	33,139,868	6,743,264	6,719,568	53,978,827	39,859,436
Capital grants and contributions	5,939,952	5,639,771	-	-	5,939,952	5,639,771
General revenues						
Property taxes	33,195,533	33,103,851	-	-	33,195,533	33,103,851
Motor vehicle taxes	3,137,416	3,021,742	-	-	3,137,416	3,021,742
Utility taxes	6,022,713	6,133,104	-	-	6,022,713	6,133,104
Other taxes	9,276	7,472	-	-	9,276	7,472
Investment earnings	25,984	95,954	560	2,720	26,544	98,674
State and formula grants	54,267,931	53,366,750	-	-	54,267,931	53,366,750
Miscellaneous	569,104	357,448	-	-	569,104	357,448
Total revenues	150,529,352	134,990,088	9,430,816	9,600,649	159,960,168	144,590,737
EXPENSES						
Program Activities						
Instruction	90,325,891	80,276,517	-	-	90,325,891	80,276,517
Student support	8,515,917	8,518,884	-	-	8,515,917	8,518,884
Instructional staff support	8,078,034	7,989,561	-	-	8,078,034	7,989,561
District administrative support	1,423,087	1,323,953	-	-	1,423,087	1,323,953
School administrative support	8,303,433	6,941,995	-	-	8,303,433	6,941,995
Business support	1,981,626	1,916,243	-	-	1,981,626	1,916,243
Plant operation and maintenance	10,120,824	10,249,297	-	-	10,120,824	10,249,297
Student transportation	9,259,109	10,356,696	-	-	9,259,109	10,356,696
Community service activities	1,233,491	1,189,676	-	-	1,233,491	1,189,676
Other	340,899	263,339	-	-	340,899	263,339
Interest costs	5,028,147	4,883,337	-	-	5,028,147	4,883,337
Business-type Activities						
Food service	-	-	8,879,556	8,937,028	8,879,556	8,937,028
Childcare	-	-	574,099	550,239	574,099	550,239
Early College and Career center	-	-	4,304	-	4,304	-
Educational television	-	-	86,680	102,684	86,680	102,684
Total expenses	144,610,458	133,909,498	9,544,639	9,589,951	154,155,097	143,499,449
Transfers	(14,280)	(156,384)	14,280	156,384	-	-
Extraordinary item - KSBIT	(469,354)	300,668	-	-	(469,354)	300,668
Increase (decrease) in net position	\$ 5,435,260	\$ 1,224,874	\$ (99,543)	\$ 167,082	\$ 5,335,717	\$ 1,391,956

Governmental Activities

Instruction comprises 62.5%, support services comprise 33% and expense for interest and other items accounts for 4.5% of government expenses.



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

(Table 3)
Governmental Activities Total
Cost of Services

	Governmental Activities Total Cost of Services		Net Cost of Services	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Instruction	\$ 90,325,891	\$ 80,276,517	\$ 53,780,912	\$ 57,125,038
Support Services	47,681,728	47,296,629	38,101,626	38,419,265
Community Services	1,233,793	1,189,676	55,097	16,628
Facility acquisition and construction	-	-	(4,831,918)	(4,531,606)
Other	340,899	263,339	283,233	201,234
Interest costs	5,028,147	4,883,337	3,920,113	3,775,172
Total expenses	<u><u>\$ 144,610,458</u></u>	<u><u>\$ 133,909,498</u></u>	<u><u>\$ 91,309,063</u></u>	<u><u>\$ 95,005,731</u></u>

Business-Type Activities

The business-type activities include the food service, child care, early college and career center and educational television operations. These programs had total revenues of \$9,430,816 and expenses of \$9,544,639 for fiscal year 2015. Of the revenues, \$2,686,992 was charges for services, \$6,743,264 was from State and Federal operating grants, and \$560 was from investment earnings. The food service fund also received \$14,280 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 \$210.4 million and expenditures and other financing uses of \$217.3 million. Net changes in fund balances for the year were most significant in the General Fund \$1.1 million and the Construction Fund \$(6.8) million.

The increase in the General Fund was primarily due to revenue increases outpacing expenditure needs. The decrease in the Construction Fund was due to 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 \$84.6 million with actual amounts of \$121 million. Budgeted expenditures of \$109.6 million compare with actual expenditures of \$123.2 million. The most significant fluctuation is for on-behalf payments of \$32.6 million.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2015 the School District had \$214.29 million invested in land, land improvements, buildings, vehicles, equipment, and construction in progress, and \$213.1 million in governmental activities. Table 4 shows fiscal year 2015 and 2014 balances.

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Land	\$ 7,539,317	\$ 7,539,317	\$ 16,790	\$ 16,790	\$ 7,556,107	\$ 7,556,107
Land improvements	1,861,393	1,916,862	-	-	1,861,393	1,916,862
Buildings and improvements	162,657,819	148,530,708	29,020	33,224	162,686,839	148,563,932
Technology	4,171,581	2,913,511	770	1,126	4,172,351	2,914,637
Vehicles	5,268,156	5,079,471	17,437	28,502	5,285,593	5,107,973
General equipment	2,053,107	2,095,119	1,024,147	1,107,424	3,077,254	3,202,543
Total	183,551,373	168,074,988	1,088,164	1,187,066	184,639,537	169,262,054
Construction in progress	29,552,294	25,613,592	-	-	29,552,294	25,613,592
Total	<u>\$ 213,103,667</u>	<u>\$ 193,688,580</u>	<u>\$ 1,088,164</u>	<u>\$ 1,187,066</u>	<u>\$ 214,191,831</u>	<u>\$ 194,875,646</u>

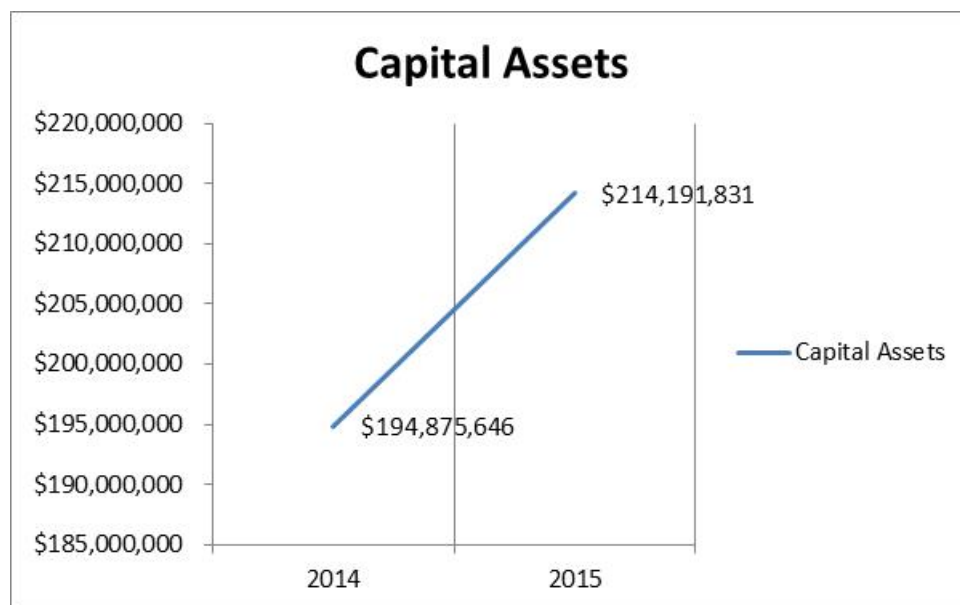


Table 5 shows the changes in capital assets for the fiscal years ended June 30, 2015 and 2014.

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Beginning balance	\$ 193,688,580	\$ 181,401,637	\$ 1,187,066	\$ 1,225,081	\$ 194,875,646	\$ 182,626,718
Additions	27,664,745	19,705,197	94,993	156,384	27,759,738	19,861,581
Retirements	(52,989)	(30,061)	(600)	(815)	(53,589)	(30,876)
Depreciation	(8,196,669)	(7,388,193)	(193,295)	(193,584)	(8,389,964)	(7,581,777)
Ending balance	<u>\$ 213,103,667</u>	<u>\$ 193,688,580</u>	<u>\$ 1,088,164</u>	<u>\$ 1,187,066</u>	<u>\$ 214,191,831</u>	<u>\$ 194,875,646</u>

Ongoing construction costs are in construction in progress at June 30, 2015

Debt

At June 30, 2015, the School District had \$142.7 million in bonds outstanding, of this amount \$8.6 million is to be paid from KSFCC funding provided by the State of Kentucky. A total of \$7.2 million is due within one year. The District issued the 2014R2, 2015, 2015A and 2015B 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 IRead, 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 a new GC Burkhead in 2015 which provides students with exciting new learning opportunities. In 2016, Cecilia Valley Elementary will begin construction and North Hardin renovation will continue.

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

The District is facing KTRS reforms which can result in future liabilities and the task of handling increasing enrollment.

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 2015-2016 with a 3% contingency. Significant Board action that impacts the finances includes pay increases for all employees including KTRS and issuing a COLA raises, 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, 2015

Assets	Governmental Activities	Business- Type Activities	Total
<u>Current Assets</u>			
Cash, cash equivalents and investments	\$ 47,376,440	\$ 1,188,741	\$ 48,565,181
Inventory		293,419	293,419
Prepays	1,000		1,000
Receivables:			
Taxes-current	671,863		671,863
Taxes-delinquent	87,115		87,115
Other receivables	42,862	5,754	48,616
Intergovernmental-State	332,893		332,893
Intergovernmental-Indirect Federal	1,796,193	46,918	1,843,111
Intergovernmental-Direct Federal	187,638		187,638
Total Current Assets	50,496,004	1,534,832	52,030,836
<u>Noncurrent Assets</u>			
Non-depreciable capital assets	37,091,611	16,790	37,108,401
Depreciable capital assets, net of accumulated depreciation	176,012,056	1,071,374	177,083,430
Total Noncurrent Assets	213,103,667	1,088,164	214,191,831
Total Assets	263,599,671	2,622,996	266,222,667
<u>Deferred Outflows of Resources</u>			
Deferred amount on debt refundings	2,237,754		2,237,754
CERS pension contributions	2,746,297	579,612	3,325,909
Total Deferred Outflows of Resources	4,984,051	579,612	5,563,663
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Accounts payable	4,442,649	144,875	4,587,524
Unearned revenue	440,208		440,208
Bond obligations	7,230,000		7,230,000
Compensated absences	361,993		361,993
Interest payable	1,538,468		1,538,468
Total Current Liabilities	14,013,318	144,875	14,158,193
<u>Noncurrent Liabilities</u>			
Bond obligations	135,603,613		135,603,613
Net pension liability - CERS	21,076,711	4,448,288	25,524,999
Compensated absences	3,257,936		3,257,936
Total Noncurrent Liabilities	159,938,260	4,448,288	164,386,548
Total Liabilities	173,951,578	4,593,163	178,544,741
<u>Deferred Inflows of Resources</u>			
CERS net investment difference	2,352,500	496,500	2,849,000
Total Deferred Inflows of Resources	2,352,500	496,500	2,849,000
<u>Net Position</u>			
Net investment in capital assets	72,507,808	1,088,164	73,595,972
Restricted	19,701,042		19,701,042
Unrestricted	70,794	(2,975,219)	(2,904,425)
Total Net Position	\$ 92,279,644	\$ (1,887,055)	\$ 90,392,589

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

HARDIN COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
Year Ended June 30, 2015

	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
FUNCTIONS/PROGRAMS							
Governmental Activities:							
Instruction	\$ 90,325,891	\$ 42,958	\$ 36,502,021	\$ -	\$ (53,780,912)	\$ -	\$ (53,780,912)
Support services:							
Student	8,515,917		1,755,516		(6,760,401)		(6,760,401)
Instruction staff	8,078,034		2,136,185		(5,941,849)		(5,941,849)
District administrative	1,423,087		168,953		(1,254,134)		(1,254,134)
School administrative	8,303,433		2,636,402		(5,667,031)		(5,667,031)
Business	1,981,626		317,838		(1,663,788)		(1,663,788)
Plant operation and maintenance	10,120,824		959,757		(9,161,067)		(9,161,067)
Student transportation	9,259,109	17,662	1,588,091		(7,653,356)		(7,653,356)
Community service activities	1,233,491	65,260	1,113,134		(55,097)		(55,097)
Facilities acquisition and construction				4,831,918	4,831,918		4,831,918
Other	340,899		57,666		(283,233)		(283,233)
Interest on long-term debt	5,028,147			1,108,034	(3,920,113)		(3,920,113)
Total Governmental Activities	144,610,458	125,880	47,235,563	5,939,952	(91,309,063)	-	(91,309,063)
Business-Type Activities:							
Food service	8,879,556	2,087,840	6,624,968			(166,748)	(166,748)
School Age Child Care	574,099	487,944	108,954			22,799	22,799
Early College and Career Center	4,304	10,464				6,160	6,160
Educational television	86,680	100,744	9,342			23,406	23,406
Total Business-Type Activities	9,544,639	2,686,992	6,743,264	-	-	(114,383)	(114,383)
Total Primary Government	\$ 154,155,097	\$ 2,812,872	\$ 53,978,827	\$ 5,939,952	(91,309,063)	(114,383)	(91,423,446)
General Revenues:							
Taxes:							
Property taxes					33,195,533		33,195,533
Motor vehicle taxes					3,137,416		3,137,416
Utility taxes					6,022,713		6,022,713
Other taxes					9,276		9,276
Investment earnings					25,984	560	26,544
State and formula grants					54,267,931		54,267,931
Miscellaneous					569,104		569,104
Transfers of capital assets					(14,280)	14,280	-
Extraordinary item - KSBIT					(469,354)		(469,354)
Total general revenues, transfers and extraordinary item					96,744,323	14,840	96,759,163
Change in net position					5,435,260	(99,543)	5,335,717
Net position - beginning, as previously reported					108,586,632	2,801,240	111,387,872
Restatement for adoption of GASB 68					(21,742,248)	(4,588,752)	(26,331,000)
Net position - beginning, as restated					86,844,384	(1,787,512)	85,056,872
Net position - ending					\$ 92,279,644	\$ (1,887,055)	\$ 90,392,589

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, 2015

	General Fund	Special Revenue	Construction Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Assets:						
Cash, cash equivalents and investments	\$ 27,464,170	\$ -	\$ 19,774,488	\$ 489,283	\$ 259,248	\$ 47,987,189
Receivables:						
Taxes - current	671,863					671,863
Taxes - delinquent	87,115					87,115
Other receivables	42,862					42,862
Intergovernmental - State		332,893				332,893
Intergovernmental - Indirect Federal		1,796,193				1,796,193
Intergovernmental - Direct Federal		187,638				187,638
Prepays	1,000					1,000
Due from other funds	2					2
Total Assets	\$ 28,267,012	\$ 2,316,724	\$ 19,774,488	\$ 489,283	\$ 259,248	\$ 51,106,755
Liabilities and Fund Balances:						
Liabilities						
Accounts payable	\$ 1,741,903	\$ 642,103	\$ 2,052,214	\$ -	\$ 6,429	\$ 4,442,649
Cash overdraft		610,749				610,749
Due to other funds		2				2
Unearned revenue		440,208				440,208
Total Liabilities	1,741,903	1,693,062	2,052,214	-	6,429	5,493,608
Fund Balances						
Restricted	1,000,000	236,666	17,722,274	489,283	228,067	19,676,290
Committed	7,040,391					7,040,391
Assigned	1,420,235	386,996			24,752	1,831,983
Unassigned	17,064,483					17,064,483
Total Fund Balances	26,525,109	623,662	17,722,274	489,283	252,819	45,613,147
Total Liabilities and Fund Balances	\$ 28,267,012	\$ 2,316,724	\$ 19,774,488	\$ 489,283	\$ 259,248	\$ 51,106,755

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, 2015

Total fund balance per fund financial statements	\$ 45,613,147
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.	213,103,667
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.	2,237,754
Governmental funds do not record deferred outflows of resources for pension contributions after the measurement date but those are reported on the statement of net position as deferred outflows of resources.	2,746,297
Governmental funds do not record deferred inflows of resources for changes in the net investment difference but those are reported on the statement of net position as deferred inflows of resources.	(2,352,500)
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 and premiums)	(142,833,613)
Interest payable	(1,538,468)
Compensated absences	(3,619,929)
Net pension liability - CERS	<u>(21,076,711)</u>
Net position for governmental activities	<u><u>\$ 92,279,644</u></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, 2015

	General Fund	Special Revenue	Construction Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
From local sources:						
Taxes:						
Property	\$ 23,999,186	\$ -	\$ -	\$ -	\$ 9,196,347	\$ 33,195,533
Motor vehicle	3,137,416					3,137,416
Utilities	6,022,713					6,022,713
Other taxes	9,276					9,276
Earnings on investments	15,972	149	9,800	63		25,984
Other local revenues	579,932	163,229			331,885	1,075,046
Intergovernmental - State	86,833,488	4,958,083		1,108,034	4,831,918	97,731,523
Intergovernmental - Indirect Federal	228,664	7,947,596				8,176,260
Intergovernmental - Direct Federal	194,016	321,126				515,142
Total Revenues	121,020,663	13,390,183	9,800	1,108,097	14,360,150	149,888,893
Expenditures:						
Instruction	76,628,086	10,007,626			51,931	86,687,643
Support services:						
Student	8,537,221	36,203			24	8,573,448
Instruction staff	6,297,750	1,802,024			73,069	8,172,843
District administrative	1,350,798					1,350,798
School administrative	8,377,902					8,377,902
Business	2,026,687					2,026,687
Plant operation and maintenance	10,347,967				37,145	10,385,112
Student transportation	9,448,030	296,292				9,744,322
Facilities acquisition and construction	5,935		23,151,309			23,157,244
Community service activities	126,933	1,113,134				1,240,067
Other	23,102	57,666		1,298		82,066
Bond issue costs			85,780	173,052		258,832
Debt service:						
Principal				17,335,000		17,335,000
Interest				4,816,619		4,816,619
Total Expenditures	123,170,411	13,312,945	23,237,089	22,325,969	162,169	182,208,583
Excess (Deficit) of Revenues over Expenditures	(2,149,748)	77,238	(23,227,289)	(21,217,872)	14,197,981	(32,319,690)
Other Financing Sources (Uses):						
Revenue bond proceeds			14,510,000			14,510,000
Refunding bond proceeds				27,005,000		27,005,000
Bond premium			166,486	1,483,742		1,650,228
Payment to refunded bond escrow agent				(17,926,672)		(17,926,672)
Insurance proceeds	171,103					171,103
Proceeds from disposal of capital assets	33,348					33,348
Transfers in	4,418,102	309,902	1,764,147	10,662,360		17,154,511
Transfers out	(863,673)				(16,290,838)	(17,154,511)
Total Other Financing Sources (Uses)	3,758,880	309,902	16,440,633	21,224,430	(16,290,838)	25,443,007
Extraordinary item - KSBIT	(469,354)					(469,354)
Net Change in Fund Balances	1,139,778	387,140	(6,786,656)	6,558	(2,092,857)	(7,346,037)
Fund Balance, July 1, 2014	25,385,331	236,522	24,508,930	482,725	2,345,676	52,959,184
Fund Balance, June 30, 2015	\$ 26,525,109	\$ 623,662	\$ 17,722,274	\$ 489,283	\$ 252,819	\$ 45,613,147

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, 2015

Net change in total fund balances per fund financial statements	\$ (7,346,037)
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.	19,468,076
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.	(25,238,556)
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.	17,335,000
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.	(52,988)
The difference between actuarial pension contributions to CERS and actual contributions made are recorded as adjustments in the statement of activities.	1,059,333
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.	469,354
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.	(258,922)
Change in net position of governmental activities	<u>\$ 5,435,260</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, 2015

	Food Service Fund	Other Enterprise Funds	Total Enterprise Funds
Assets			
<u>Current Assets</u>			
Cash, cash equivalents and investments	\$ 913,719	\$ 275,022	\$ 1,188,741
Accounts receivable		5,754	5,754
Inventory	293,419		293,419
Intergovernmental receivable - Indirect Federal	46,918		46,918
Total Current Assets	1,254,056	280,776	1,534,832
<u>Noncurrent Assets</u>			
Non-depreciable capital assets			
Capital assets, net of accumulated depreciation	16,790 1,071,374		16,790 1,071,374
Total Noncurrent Assets	1,088,164	-	1,088,164
Total Assets	2,342,220	280,776	2,622,996
Deferred Outflows of Resources			
CERS pension contributions	540,595	39,017	579,612
Total Deferred Outflows of Resources	540,595	39,017	579,612
Liabilities			
<u>Current Liabilities</u>			
Accounts payable	136,337	8,538	144,875
Total Current Liabilities	136,337	8,538	144,875
<u>Noncurrent Liabilities</u>			
Net pension liability - CERS	4,148,847	299,441	4,448,288
Total Noncurrent Liabilities	4,148,847	299,441	4,448,288
Total Liabilities	4,285,184	307,979	4,593,163
Deferred Inflows of Resources			
CERS net investment difference	463,078	33,422	496,500
Total Deferred Inflows of Resources	463,078	33,422	496,500
<u>Net Position</u>			
Net investment in capital assets	1,088,164		1,088,164
Unrestricted	(2,953,611)	(21,608)	(2,975,219)
Total Net Position	\$ (1,865,447)	\$ (21,608)	\$ (1,887,055)

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, 2015

	Food Service Fund	Other Enterprise Funds	Total Enterprise Funds
Operating Revenues			
Lunchroom sales	\$ 2,059,049	\$ -	\$ 2,059,049
Other	28,791		28,791
Tuition and fees		599,152	599,152
Total Operating Revenues	2,087,840	599,152	2,686,992
Operating Expenses			
Salaries and wages	3,936,588	575,190	4,511,778
Materials and supplies	4,467,066	53,615	4,520,681
Depreciation	193,584		193,584
Other operating expenses	281,718	36,278	317,996
Total Operating Expenses	8,878,956	665,083	9,544,039
Operating (loss)	(6,791,116)	(65,931)	(6,857,047)
Non-Operating Revenues (Expenses)			
Federal grants	5,257,156		5,257,156
Donated commodities	518,058		518,058
State grants	83,669		83,669
State on-behalf payments	766,085	118,296	884,381
Loss on disposal of capital assets	(600)		(600)
Interest income	560		560
Total Non-Operating Revenues (Expenses)	6,624,928	118,296	6,743,224
Capital contributions	14,280		14,280
Changes in net position	(151,908)	52,365	(99,543)
Net Position, July 1, 2014, as previously reported	2,566,316	234,924	2,801,240
Restatement for adoption of GASB 68	(4,279,855)	(308,897)	(4,588,752)
Net Position, July 1, 2014, as restated	(1,713,539)	(73,973)	(1,787,512)
Net Position, June 30, 2015	\$ (1,865,447)	\$ (21,608)	\$ (1,887,055)

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, 2015

	Food Service Fund	Other Enterprise Funds	Total Enterprise Funds
Cash Flows from Operating Activities			
Cash received from:			
Lunchroom sales	\$ 2,059,049	\$ -	\$ 2,059,049
Other	28,791		28,791
Tuition and fees		593,398	593,398
Cash paid to/for:			
Employees	(3,379,028)	(471,944)	(3,850,972)
Supplies	(3,939,415)	(50,635)	(3,990,050)
Other activities	(281,718)	(36,278)	(317,996)
Net Cash Provided (Used) by Operating Activities	(5,512,321)	34,541	(5,477,780)
Cash flows from Non-Capital Financing Activities			
Federal grants	5,387,000		5,387,000
State grants	83,669		83,669
Net Cash Provided by Non-Capital Financing Activities	5,470,669	-	5,470,669
Cash Flows from Capital and Related Financing Activities			
Purchase of capital assets	(80,713)	-	(80,713)
Cash Flows from Investing Activities			
Sale of investments	121,805		121,805
Purchase of investments		(34,541)	(34,541)
Receipt of interest income	560		560
Net Cash Provided (Used) by Investing Activities	122,365	(34,541)	87,824
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	\$ (6,791,116)	\$ (65,931)	\$ (6,857,047)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation	193,584		193,584
Donated commodities	518,058		518,058
State on-behalf payments	766,085	118,296	884,381
GASB 68 pension expense	(208,525)	(15,050)	(223,575)
Change in assets and liabilities:			
Accounts receivable		(5,754)	(5,754)
Inventory	7,004		7,004
Accounts payable	2,589	2,980	5,569
Net Cash Provided (Used) by Operating Activities	\$ (5,512,321)	\$ 34,541	\$ (5,477,780)
Schedule of Non-cash Transactions			
Donated commodities received from federal government	\$ 518,058	\$ -	\$ 518,058
State on-behalf payments	\$ 766,085	\$ 118,296	\$ 884,381
CERS Pensions	\$ 332,070	\$ 23,967	\$ 356,037

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, 2015

	Private Purpose Trust Funds	Agency Fund
Assets		
Cash, cash equivalents and investments	\$ 185,505	\$ 1,240,291
Receivables		15,330
Total Assets	<u>\$ 185,505</u>	<u>\$ 1,255,621</u>
Liabilities		
Accounts payable	\$ -	\$ 34,648
Due to student groups		1,220,973
Total Liabilities	<u>\$ -</u>	<u>\$ 1,255,621</u>
Net Position Held in Trust	<u>\$ 185,505</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, 2015

	Private Purpose Trust Funds
Additions	
Net interest and investment gains	\$ 86
Other additions	2,378
Deductions	
Expenses paid	<u>(800)</u>
Change in net position	1,664
Net Position, beginning of year	<u>183,841</u>
Net Position, end of year	<u><u>\$ 185,505</u></u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

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, 2015

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, 2015

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) The District Activity Fund is a Special Revenue Fund type and is used to account for funds received at the school level.
- (D) 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.
- (E) 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. This is a major fund of the District.

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.

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

- (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 Early College and Career Center program is used to account for funds received from activities held at the Early College and Career Center.
- (D) The Educational Television program is used to account for funds received from production services and the sale of recorded media.

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.

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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.

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).

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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.

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:

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

<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

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.

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

L. IMPACT OF RECENTLY ISSUED ACCOUNTING PRINCIPLES

Recently Issued And Adopted Accounting Principles

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 was adopted during the fiscal year ended June 30, 2015 and required a restatement to net position for governmental activities, the food service fund and the daycare fund.

In March 2014, 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 was adopted during the fiscal year ended June 30, 2015 and did not have an impact on the District's financial statements.

Recently Issued Accounting Pronouncements

In January 2014, 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, 2014. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

In February 2015, the GASB issued Statement 72, *Fair Value Measurement and Application*. GASB 69 establishes accounting and financial reporting standards related to fair value measurements. This statement is effective for periods beginning after June 15, 2015. 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, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

In June 2015, the GASB issued Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This statement is effective for periods beginning after June 15, 2016. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

In June 2015, the GASB issued Statement 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This statement is effective for periods beginning after June 15, 2016. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

In June 2015, the GASB issued Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement is effective for periods beginning after June 15, 2017. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

In June 2015, the GASB issued Statement 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This statement is effective for periods beginning after June 15, 2015. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

In August 2015, the GASB issued Statement 77, *Tax Abatement Disclosures*. This statement is effective for periods beginning after December 15, 2015. 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.

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2015

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, 2015, \$17,278,742 of the District's bank balance of \$18,510,619 was exposed to custodial credit risk. The bank balance not covered by depository insurance was collateralized by securities held by the pledging financial institution.

Investments

As of June 30, 2015, the District had the following investments and maturities:

	Fair Value	Maturity Less Than 1 Year
Repurchase agreement	\$ 42,765,464	\$ 42,765,464

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.

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2015

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS – CONTINUED

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

NOTE 4 – INTERFUND ACTIVITIES

The following transfers were made during the year:

Fund Financial Statements

From Fund	To Fund	Purpose	Amount
General	Special Revenue	Technology Match	\$ 309,902
General	Construction	Construction	173,301
General	Debt Service	Debt Service	380,471
Nonmajor Governmental	General	CFFT	1,404,294
Nonmajor Governmental	Construction	Construction	1,590,846
Nonmajor Governmental	General	BFFT	3,013,808
Nonmajor Governmental	Debt Service	Debt Service	10,281,889
			<u>\$ 17,154,511</u>

Government-Wide Financial Statements

Construction	Food Service	Capital Assets	\$ 14,280
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HARDIN COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
June 30, 2015

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

Governmental Activities	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
Capital Assets Not Being Depreciated:				
Land	\$ 7,539,317	\$ -	\$ -	\$ 7,539,317
Construction in progress	25,613,592	23,151,308	(19,212,606)	29,552,294
Total Capital Assets Not Being Depreciated	33,152,909	23,151,308	(19,212,606)	37,091,611
Capital Assets Being Depreciated:				
Land improvements	5,780,659	121,576	(5,346)	5,896,889
Buildings and improvements	209,863,290	19,198,326	(1,807)	229,059,809
Technology equipment	9,544,186	2,973,809	(1,666,029)	10,851,966
Vehicles	15,416,680	1,138,046	(19,853)	16,534,873
General equipment	9,379,242	294,286	(66,978)	9,606,550
Total Capital Assets Being Depreciated at Historical Cost	249,984,057	23,726,043	(1,760,013)	271,950,087
Less Accumulated Depreciation For:				
Land improvements	3,863,797	177,045	(5,346)	4,035,496
Buildings and improvements	61,332,582	5,070,326	(918)	66,401,990
Technology equipment	6,630,675	1,668,431	(1,618,721)	6,680,385
Vehicles	10,337,209	949,361	(19,853)	11,266,717
General equipment	7,284,123	331,506	(62,186)	7,553,443
Total accumulated depreciation	89,448,386	8,196,669	(1,707,024)	95,938,031
Total Other Capital Assets, net	160,535,671	15,529,374	(52,989)	176,012,056
Governmental Activities Capital Assets - Net	<u>\$ 193,688,580</u>	<u>\$ 38,680,682</u>	<u>\$ (19,265,595)</u>	<u>\$ 213,103,667</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	3,732,342	94,993	(104,997)	3,722,338
Totals at historical cost	4,207,370	94,993	(104,997)	4,197,366
Less Accumulated Depreciation For:				
Land improvements	14,407			14,407
Buildings and improvements	293,757	4,204		297,961
Technology equipment	23,093	356		23,449
Vehicles	80,919	11,065		91,984
General equipment	2,624,918	177,670	(104,397)	2,698,191
Total accumulated depreciation	3,037,094	193,295	(104,397)	3,125,992
Total Other Capital Assets, net	1,170,276	(98,302)	(600)	1,071,374
Business-Type Activities Capital Assets - Net	<u>\$ 1,187,066</u>	<u>\$ (98,302)</u>	<u>\$ (600)</u>	<u>\$ 1,088,164</u>

Depreciation was charged to governmental functions as follows:

Instruction	\$ 7,007,404
Student support	733
Instructional staff	75
District administration	40,029
School administration	4,621
Business support	12,147
Plant	223,818
Transportation	907,842
	<u>\$ 8,196,669</u>

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2015

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, 2015, is as follows:

	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015	Amounts Due Within One Year
Governmental Activities:					
Bonds Payable:					
Revenue bonds	\$ 135,280,000	\$ 41,515,000	\$ 33,930,000	\$ 142,865,000	\$ 7,230,000
Add: Premium	-	1,650,228	(190,130)	1,460,098	
Less: (Discount)	(1,610,982)		119,497	(1,491,485)	
Total Bonds Payable	133,669,018	43,165,228	33,859,367	142,833,613	7,230,000
Other Liabilities:					
Compensated absences	3,572,533	697,925	650,529	3,619,929	361,993
Net pension liability - CERS		21,076,711		21,076,711	
KSBIT	469,354		469,354	-	
Total Other Liabilities	4,041,887	21,774,636	1,119,883	24,696,640	361,993
Total Governmental Activities Long-Term Liabilities	<u>\$ 137,710,905</u>	<u>\$ 64,939,864</u>	<u>\$ 34,979,250</u>	<u>\$ 167,530,253</u>	<u>\$ 7,591,993</u>
	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015	Amounts Due Within One Year
Business Type Activities:					
Net pension liability - CERS	<u>\$ -</u>	<u>\$ 4,448,288</u>	<u>\$ -</u>	<u>\$ 4,448,288</u>	<u>\$ -</u>

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2015

NOTE 7 – LONG-TERM LIABILITIES – CONTINUED

The debt service fund is primarily responsible for paying the bond obligations through funding from the general, capital outlay and FSPK funds. The general fund is primarily responsible for paying compensated absences. The general fund, food service fund, school age child care fund, and educational television fund are primarily responsible for paying the net pension liability.

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
February 2005	2,910,000	2.50% - 3.70%	July 2013 Refunding	14,585,000	2.00% - 2.75%
June 2005 Energy	5,455,000	3.30% - 4.20%	August 2013	16,610,000	0.50% - 4.25%
June 2006	14,145,000	4.00% - 4.375%	May 2014	21,230,000	2.00% - 3.50%
June 2007	17,430,000	4.00% - 4.75%	May 2014 Refunding	2,875,000	2.00% - 3.00%
July 2008	30,365,000	3.50% - 4.625%	November 2014 Refunding	7,300,000	2.00% - 3.00%
June 2009	1,960,000	2.00% - 4.00%	March 2015	14,510,000	2.00% - 3.25%
July 2010 Refunding	5,580,000	1.00% - 3.00%	March 2015 Refunding A	9,705,000	3.00% - 4.00%
February 2011	3,750,000	1.00% - 4.85%	March 2015 Refunding B	10,000,000	2.00% - 3.00%
May 2011	6,725,000	2.00% - 5.00%			

The District, through the General Fund (including utility taxes and the Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund) is obligated to make payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Hardin County 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 November 12, 2014, the District issued \$7,300,000 in Refunding Revenue Bonds with an average interest rate of 2.51 percent to advance refund \$7,055,000 of outstanding 2006 Series Bonds. The refunding was a partial advance refunding. The net proceeds of \$7,488,940 (after \$55,370 in cost of issuance, \$244,667 in bond premium and \$357 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 \$433,940. This difference, reported in the accompanying government-wide financial statements as a deduction from bonds payable, is being charged to operations through the year 2026 using the straight-line method.

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2015

NOTE 7 – LONG-TERM LIABILITIES – CONTINUED

The District completed the refunding to reduce its total debt service payments over the next 12 years by \$506,701 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$446,876. The 2006 bonds will be called on May 1, 2016. Therefore they are considered defeased.

On March 31, 2015, the District issued \$14,510,000 in 2015 Series Revenue Bonds with an average interest rate of 3.19 percent. The net proceeds of \$14,590,705 (after \$85,780 in cost of issuance and \$166,485 of premium) were deposited in the Construction Fund.

On March 31, 2015, the District issued \$9,705,000 in Refunding Revenue Bonds with an average interest rate of 1.31 percent to advance refund \$10,315,000 of outstanding 2005 Series Bonds. The refunding was a current refunding. The net proceeds of \$10,383,767 (after \$53,230 in cost of issuance, \$736,576 in bond premium and \$4,579 in excess cash which was deposited in the bond payment fund) were used to retire the 2005 Series Bonds.

The District completed the refunding to reduce its total debt service payments over the next 13 years by \$769,803 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$748,454.

On March 31, 2015, the District issued \$10,000,000 in Refunding Revenue Bonds with an average interest rate of 2.53 percent to advance refund \$9,540,000 of outstanding 2007 Series Bonds. The refunding was a partial advance refunding. The net proceeds of \$10,437,732 (after \$64,452 in cost of issuance, \$502,500 in bond premium and \$316 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 \$897,732. This difference, reported in the accompanying government-wide financial statements as a deduction from bonds payable, is being charged to operations through the year 2027 using the straight-line method.

The District completed the refunding to reduce its total debt service payments over the next 12 years by \$561,162 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$489,295. The 2005 bonds will be called on June 1, 2017. 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, 2015, for debt service (principal and interest) are as follows:

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

June 30, 2015

NOTE 7 – LONG-TERM LIABILITIES – CONTINUED

Year	Principal	Interest	Participation	District's Portion
2016	\$ 7,230,000	\$ 4,946,382	\$ 1,108,033	\$ 11,068,349
2017	7,345,000	4,811,571	1,067,052	11,089,519
2018	5,885,000	4,512,888	786,631	9,611,257
2019	7,710,000	4,329,037	953,986	11,085,051
2020	8,375,000	4,100,135	953,986	11,521,149
2021-2025	41,095,000	16,875,712	3,744,285	54,226,427
2026-2030	42,220,000	8,595,677	1,849,710	48,965,967
2031-2035	23,005,000	2,086,134	153,994	24,937,140
	<u>\$ 142,865,000</u>	<u>\$ 50,257,536</u>	<u>\$ 10,617,677</u>	<u>\$ 182,504,859</u>

NOTE 8 – PENSION PLANSPlan Descriptions

The Hardin County School District participates in the Teachers' Retirement System of the State of Kentucky (KTRS), a component unit of the Commonwealth of Kentucky which includes certified employees and the County Employees' Retirement System (CERS), a component unit of the Commonwealth of Kentucky which includes all other employees, both of which are cost-sharing multiple-employer defined benefit plans. KTRS, which qualifies as a special funding situation under GASB 68, 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 reports that include financial statements and required supplementary information. KTRS' report may be obtained at www.ktrs.ky.gov. CERS' report may be obtained at www.kyret.ky.gov.

KTRSBenefits Provided

For Members Before July 1, 2008:

Members become vested when they complete five (5) years of credited service. To qualify for monthly retirement benefits, payable for life, members must either:

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

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2015

NOTE 8 – PENSION PLANS – CONTINUED

Non-university members receive monthly payments equal to two percent (2%) (service prior to July 1, 1983) and two and one-half percent (2.5%) (service after July 1, 1983) of their final average salaries for each year of credited service. Non-university members who became members on or after July 1, 2002 will receive monthly benefits equal to two percent (2%) of their final average salary for each year of service if, upon retirement, their total service is less than ten (10) years. New members after July 1, 2002 who retire with ten (10) or more years of total service will receive monthly benefits equal to two and one-half percent (2.5%) of their final average salary for each year of service, including the first ten (10) years. In addition, non-university members who retire July 1, 2004 and later with more than thirty (30) years of service will have their multiplier increased for all years over thirty (30) from two and one-half percent (2.5%) to three percent (3%) to be used in their benefit calculation.

University employees receive monthly benefits equal to two percent (2%) of their final average salary for each year of credited service.

The final average salary is the member's five (5) highest annual salaries except members at least age fifty-five (55) with twenty-seven (27) or more years of service may use their three (3) highest annual salaries. For all members, the annual allowance is reduced by 5% per year from the earlier of age 60 or the date the member would have completed 27 years of service. The minimum annual service allowance for all members is \$440 multiplied by credited service.

For Members On or After July 1, 2008:

Members become vested when they complete five (5) years of credited service. To qualify for monthly retirement benefits, payable for life, members must either:

- 1.) Attain age sixty (60) and complete five (5) years of Kentucky service, or
- 2.) Complete twenty-seven (27) years of Kentucky service, or
- 3.) Attain age fifty-five (55) and complete ten (10) years of Kentucky service.

The annual retirement allowance for non-university members is equal to: (a) one and seven tenths percent (1.7%) of final average salary for each year of credited service if their service is 10 years or less; (b) two percent (2.0%) of final average salary for each year of credited service if their service is greater than 10 years but no more than 20 years; (c) two and three tenths percent (2.3%) of final average salary for each year of credited service if their service is greater than 20 years but no more than 26 years; (d) two and one half percent (2.5%) of final average salary for each year of credited service if their service is greater than 26 years but no more than 30 years; (e) three percent (3.0%) of final average salary for years of credited service greater than 30 years.

The annual retirement allowance for university members is equal to: (a) one and one-half percent (1.5%) of final average salary for each year of credited service if their service is 10 years or less; (b) one and seven tenths percent (1.7%) of final average salary for each year of credited service if their service is greater than 10 years but no more than 20 years; (c) one and eighty five hundredths percent (1.85%) of final average salary for each year of credited service if their service is greater than 20 years but less than 27 years; (d) two percent (2.0%) of final average salary for each year of credited service if their service is greater than or equal to 27 years.

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2015

NOTE 8 – PENSION PLANS – CONTINUED

The final average salary is the member's five (5) highest annual salaries except members at least age fifty-five (55) with twenty-seven (27) or more years of service may use their three (3) highest annual salaries. For all members, the annual allowance is reduced by 6% per year from the earlier of age 60 or the date the member would have completed 27 years of service.

Other Benefits:

The System provides post-employment medical benefits to retirees. The System also provides disability benefits for vested members at the rate of sixty percent (60%) of the final average salary. A life insurance benefit, payable upon the death of a member, is \$2,000 for active contributing members and \$5,000 for retired or disabled members. Cost of living increases are one and one-half percent (1.5%) annually. Additional ad hoc increases and any other benefit amendments must be authorized by the General Assembly.

Contributions

Contribution rates are established by Kentucky Revised Statutes. The State contributes 100 percent of school districts' contractually required contributions, which are actuarially determined. Employees are required to contribute 12.105 percent of their annual salary. The school districts' contractually required contribution rate for the year ended June 30, 2015, was 13.105 percent of salaries for members in the plan before July 1, 2008 and 14.105 percent of salaries for members who started their account after June 30, 2008. The District made no contributions to the pension plan for the year ended June 30, 2015.

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

At June 30, 2015, the District reported no net pension liability because it did not have a proportionate share of the net pension liability. There was no amount recognized by the District as its proportionate share of the net pension liability. The related State share of the net pension liability was \$403,257,677.

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2014, the District's proportion was 0 percent.

For the year ended June 30, 2015, the District recognized pension expense of \$19,760,447 and revenue of \$19,760,447 for support provided by the State. At June 30, 2015, the District reported no deferred outflows of resources and no deferred inflows of resources related to KTRS.

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2015

NOTE 8 – PENSION PLANS – CONTINUED

Actuarial Assumptions

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

Inflation	3.50 percent
Salary increases	4.00 – 8.20 percent, including inflation
Investment rate of return	7.50 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with a set back of 1 year for females.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2005 – June 30, 2010.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	45%	6.4%
Non U.S. Equity	17%	6.5%
Fixed Income	24%	1.6%
High Yield Bonds	4%	3.1%
Real Estate	4%	5.8%
Alternatives	4%	6.8%
Cash	2%	1.5%
Total	<u>100%</u>	

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2015

NOTE 8 – PENSION PLANS – CONTINUED

Discount Rate

The discount rate used to measure the total pension liability as of the Measurement Date was 5.23%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 67. It was assumed that Plan member contributions will be made at the current contribution rates and that Employer contributions will be made at statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members until the 2036 plan year and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent interest rate (SEIR). On the Prior Measurement Date, the long-term expected rate of return of 7.50% on Plan investments was applied to periods before 2036 and the Municipal Bond Index Rate of 4.27% was applied to periods on or after 2036, resulting in an SEIR of 5.16%. There was a change in the Municipal Bond Index Rate from the Prior Measurement Date to the Measurement Date, so as required under GASB 68, the SEIR at the Measurement Date of 5.23% was calculated using the Municipal Bond Index Rate as of the Measurement Date (4.35%). This change in the discount rate is considered a change in actuarial assumptions under GASB 68.

Pension Plan Fiduciary Net Position

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

CERS

Benefits Provided

The system provides for retirement, disability, and death benefits to system members. Retirement benefits may be extended to beneficiaries of members under certain circumstances. Prior to July 1, 2009, cost-of-living adjustments (COLA) were provided annually equal to the percentage increase in the annual average of the consumer price index for all urban consumers for the most recent calendar year, not to exceed 5% in any plan year. On July 1, 2013, the COLA was not granted. Effective July 1, 2009, and on July 1 of each year thereafter through June 30, 2015, the COLA is limited to 1.5% provided the recipient has been receiving a benefit for at least 12 months prior to the effective date of the COLA. If the recipient has been receiving a benefit for less than 12 months prior to the effective date of the COLA, the increase shall be reduced on a pro-rata basis for each month the recipient has not been receiving benefits in the 12 months preceding the effective date of the COLA. The Kentucky General Assembly reserves the right to suspend or reduce the COLA if, in its judgment, the welfare of the Commonwealth so demands.

Contributions

For the fiscal year ended June 30, 2015, plan members who began participating prior to September 1, 2008, were required to contribute 5% of their annual creditable compensation. Participating employers were required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 78.545(33), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last preceding July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the Board. The school districts' contractually required contribution rate for the year ended June 30, 2015, was 17.67 percent of annual creditable compensation. Contributions to the pension plan from the District were \$3,325,909.

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2015

NOTE 8 – PENSION PLANS – CONTINUED

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

At June 30, 2015, the District reported a liability of \$25,525,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2014, the District's proportion was 0.786733 percent.

For the year ended June 30, 2015, the District recognized pension expense of \$2,043,000. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources: (1) Deferred outflows of resources for District contributions subsequent to the measurement date of \$3,325,909 and (2) Deferred inflows of resources for differences between expected and actual experience of \$2,849,000. The amount reported as deferred outflows for District contributions subsequent to the measurement date of \$3,325,909 will be recognized as a reduction of the net pension liability in the year ending June 30, 2016.

Actuarial Assumptions

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

Inflation	3.50 percent
Salary increases	4.5 percent, average, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the 1983 Group Annuity Mortality Table for all retired members and beneficiaries as of June 30, 2006 and the 1994 Group Annuity Mortality Table for all other members. The Group Annuity Mortality Table set forward five years is used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005 – June 30, 2008.

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2015

NOTE 8 – PENSION PLANS – CONTINUED

The long-term expected return on pension plan investments is reviewed as part of the regular experience studies prepared every five years for KRS. The most recent analysis, performed for the period covering fiscal years 2005 through 2008, is outlined in a report dated August 25, 2009. Several factors are considered in evaluating the long-term rate of return assumption including long term historical data, estimates inherent in current market data, and a lognormal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense, and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	30%	8.45%
International Equity	22%	8.85%
Emerging Market Equity	5%	10.50%
Private Equity	7%	11.25%
Real Estate	5%	7.00%
Core US Fixed Income	10%	5.25%
High Yield US Fixed Income	5%	7.25%
Non-US Fixed Income	5%	5.50%
Commodities	5%	7.75%
TIPS	5%	5.00%
Cash	1%	3.25%
Total	100%	

Discount Rate

The discount rate used to measure the total pension liability as of the Measurement Date was 7.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment return of 7.75%. The long-term assumed investment rate of return was applied to all periods of projected of benefit payments to determine the total pension liability.

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2015

NOTE 8 – PENSION PLANS – CONTINUED

Sensitivity Of The District's Proportionate Share Of The Net Pension Liability To Changes In The Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	33,588,000	25,525,000	18,399,800

Pension Plan Fiduciary Net Position

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

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.

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2015

NOTE 9 – FUND BALANCES

Nonspendable fund balances are those that cannot be spent on future obligations. At June 30, 2015, 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, 2015, the District had \$1,000,000 restricted for sick leave, \$236,666 restricted for grants in the special revenue fund, \$149,938 restricted for school activities in the district activity fund, \$78,129 restricted for capital projects in the FS{K fund, \$17,722,274 restricted for capital projects in the Construction Fund and \$489,283 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, 2015: \$289,413 for roofing, \$235,089 for land, \$330,646 for KSBIT, \$160,000 for Map Assessment, \$500,000 for I-Read, \$498,827 for technology, \$3,030,096 for construction, \$140,000 for textbooks, \$450,000 for nurses, \$21,000 for SACS fees, \$885,320 for VoTech Center equipment and costs and \$500,000 for sick leave.

Amounts 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, 2015, was \$1,420,235 in the general fund, \$386,996 in the special revenue fund and \$24,752 in the district activity fund. Assigned fund balance also includes (a) all remaining amounts (except for negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed and (b) amounts in the general fund that are intended to be used for a specific purpose.

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

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

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2015

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 was paid during the fiscal year. This amount was recorded as a current liability in the Statement of Net Position at June 30, 2014 as it was expected to be paid by June 30, 2015; however, it was not due at June 30, 2014, for the fund financial statements and was recorded in the fund financial statements during the fiscal year. The item is also an extraordinary item in the Statement of Activities because the item is unusual in nature and infrequent in occurrence.

NOTE 11 – DEFICIT OPERATING BALANCES

The Food Service Fund, School Age Child Care Fund and the Education Television Fund had a deficit net position at June 30, 2015 in the amounts of \$1,865,447, \$22,919 and \$4,849. The deficit net position is a result of the recording of the net pension liability for CERS as part of the adoption of GASB Statement 68.

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:

Construction Fund	\$ 6,786,656
Capital Outlay Fund	118,006
FSPK Fund	2,149,541

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2015

NOTE 12 – ON-BEHALF PAYMENTS

The District receives on-behalf payments from the Commonwealth of Kentucky for items including pension, technology, health care costs, operating costs and debt service. The amounts received and funds where these items were recorded for the fiscal year ended June 30, 2015 were as follows:

Health	\$ 12,818,367
Life	25,500
Admin	174,847
HRA	1,032,179
KTRS	19,760,447
Technology	135,240
Debt Service	1,108,034
Less: Federal Reimbursement	<u>(496,642)</u>
Total on-behalf	<u><u>\$ 34,557,972</u></u>

Recorded as follows:

General Fund	\$ 32,565,557
Food Service Fund	766,085
Daycare Fund	108,954
Educational Television Fund	9,342
Debt Service Fund	<u>1,108,034</u>
	<u><u>\$ 34,557,972</u></u>

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, 2015

	<u>Original</u>	<u>Final</u>	<u>Actual</u>
Revenues			
From local sources:			
Taxes:			
Property	\$ 22,050,000	\$ 22,050,000	\$ 23,999,186
Motor vehicle	2,500,000	2,500,000	3,137,416
Utilities	5,000,000	5,000,000	6,022,713
Other	6,000	6,000	9,276
Earnings on investments	100,000	100,000	15,972
Other local revenues	358,730	275,268	579,932
Intergovernmental - State	52,938,687	54,350,996	86,833,488
Intergovernmental - Indirect Federal			228,664
Intergovernmental - Direct Federal	300,000	300,000	194,016
Total Revenues	83,253,417	84,582,264	121,020,663
Expenditures			
Instruction	53,497,493	63,546,715	76,628,086
Support services:			
Student	7,099,330	6,982,118	8,537,221
Instruction staff	5,322,373	5,846,995	6,297,750
District administrative	1,255,771	1,278,377	1,350,798
School administrative	5,538,205	5,708,032	8,377,902
Business	1,905,506	1,990,430	2,026,687
Plant operation and maintenance	10,216,040	10,878,266	10,347,967
Student transportation	9,475,443	10,345,145	9,448,030
Facilities acquisition and construction	75,000	75,000	5,935
Community service activities	115,816	189,092	126,933
Other	2,699,535	2,721,098	23,102
Total Expenditures	97,200,512	109,561,268	123,170,411
Excess (Deficit) of Revenues over Expenditures	(13,947,095)	(24,979,004)	(2,149,748)
Other Financing Sources (Uses)			
Insurance proceeds			171,103
Proceeds from disposal of capital assets	10,000	10,000	33,348
Transfers in		4,418,102	4,418,102
Transfers out	(700,428)	(883,631)	(863,673)
Total Other Financing Sources (Uses)	(690,428)	3,544,471	3,758,880
Extraordinary item - KSBIT		(469,354)	(469,354)
Net Change in Fund Balance	(14,637,523)	(21,903,887)	1,139,778
Fund Balance, July 1, 2014	14,637,523	21,903,887	25,385,331
Fund Balance, June 30, 2015	\$ -	\$ -	\$ 26,525,109

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 \$32,565,557.

HARDIN COUNTY SCHOOL DISTRICT

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

SPECIAL REVENUE FUND

Year Ended June 30, 2015

	Original	Final	Actual
Revenues			
Earnings on investments	\$ -	\$ 104	\$ 149
Other local revenues	52,500	144,500	163,229
Intergovernmental - State	4,300,680	4,831,954	4,958,083
Intergovernmental - Indirect Federal	7,205,528	7,185,073	7,947,596
Intergovernmental - Direct Federal	213,537	216,385	321,126
Total Revenues	11,772,245	12,378,016	13,390,183
Expenditures			
Instruction	8,926,816	9,341,226	10,007,626
Support services:			
Student	31,547	31,236	36,203
Instruction staff	1,761,864	1,922,507	1,802,024
Student transportation	300,951	266,945	296,292
Community service activities	995,829	1,068,058	1,113,134
Other	55,238	57,946	57,666
Total Expenditures	12,072,245	12,687,918	13,312,945
Excess (Deficit) of Revenues over Expenditures	(300,000)	(309,902)	77,238
Other Financing Sources (Uses)			
Transfers in	300,000	309,902	309,902
Total Other Financing Sources (Uses)	300,000	309,902	309,902
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	-	-	387,140
Fund Balance, July 1, 2014	-	-	236,522
Fund Balance, June 30, 2015	\$ -	\$ -	\$ 623,662

HARDIN COUNTY SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE CERS NET PENSION LIABILITY

June 30, 2015

Last 10 Years *

	<u>2015</u>
Proportion of the net pension liability	0.786733%
Proportionate share of the net pension liability	\$ 25,525,000
Covered - employee payroll	\$ 18,270,435
Proportionate share of the net pension liability as percentage of covered payroll	139.7%
Plan fiduciary net position as a percentage of the total pension liability	66.80%

* Fiscal year 2015 was the first year of implementation, therefore, only one year is shown.

HARDIN COUNTY SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS TO CERS

June 30, 2015

Last 10 Years *

	<u>2015</u>
Contractually required contribution (actuarially determined)	\$ 3,325,909
Contribution in relation to the actuarially determined contributions	<u>3,325,909</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered employee payroll	\$ 18,581,057
Contributions as a percentage of covered employee payroll	17.90%

* Fiscal year 2015 was the first year of implementation, therefore, only one year is shown.

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2015

Changes of benefit terms. There were no changes in benefit terms.

Changes of assumptions. There were no changes in assumptions.

SUPPLEMENTARY INFORMATION

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

June 30, 2015

	District Activity Fund	Capital Outlay Fund	FSPK Fund	Total Nonmajor Governmental Funds
Assets:				
Cash, cash equivalents and investments	\$ 181,119	\$ -	\$ 78,129	\$ 259,248
Total Assets	<u>\$ 181,119</u>	<u>\$ -</u>	<u>\$ 78,129</u>	<u>\$ 259,248</u>
Liabilities and Fund Balances:				
Liabilities				
Accounts payable	\$ 6,429	-	-	\$ 6,429
Total Liabilities	6,429	-	-	6,429
Fund Balances				
Restricted	\$ 149,938		\$ 78,129	\$ 228,067
Assigned	24,752	-		24,752
Total Fund Balances	<u>174,690</u>	<u>-</u>	<u>78,129</u>	<u>252,819</u>
Total Liabilities and Fund Balances	<u>\$ 181,119</u>	<u>\$ -</u>	<u>\$ 78,129</u>	<u>\$ 259,248</u>

HARDIN COUNTY SCHOOL DISTRICT

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

Year Ended June 30, 2015

	District Activity Fund	Capital Outlay Fund	FSPK Fund	Total Nonmajor Governmental Funds
Revenues				
From local sources:				
Taxes:				
Property	\$ -	\$ -	\$ 9,196,347	\$ 9,196,347
Other local revenue	331,885			331,885
Intergovernmental - State		1,291,262	3,540,656	4,831,918
Total Revenues	331,885	1,291,262	12,737,003	14,360,150
Expenditures				
Instruction	51,931			51,931
Support services:				
Student	24			24
Instruction staff	73,069			73,069
Plant operation and maintenance	32,171	4,974		37,145
Total Expenditures	157,195	4,974	-	162,169
Excess (Deficit) of Revenues over Expenditures	174,690	1,286,288	12,737,003	14,197,981
Other Financing Sources (Uses)				
Transfers out		(1,404,294)	(14,886,544)	(16,290,838)
Total Other Financing Sources (Uses)	-	(1,404,294)	(14,886,544)	(16,290,838)
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	174,690	(118,006)	(2,149,541)	(2,092,857)
Fund balance, July 1, 2014		118,006	2,227,670	2,345,676
Fund balance, June 30, 2015	<u>\$ 174,690</u>	<u>\$ -</u>	<u>\$ 78,129</u>	<u>\$ 252,819</u>

HARDIN COUNTY SCHOOL DISTRICT

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

June 30, 2015

	<u>School Age Child Care</u>	<u>Early College and Career Center</u>	<u>Educational Television</u>	<u>Total Nonmajor Enterprise Funds</u>
Assets				
<u>Current Assets</u>				
Cash, cash equivalents and investments	\$ 245,385	\$ 5,452	\$ 24,185	\$ 275,022
Accounts receivable		808	4,946	5,754
Total Current Assets	<u>245,385</u>	<u>6,260</u>	<u>29,131</u>	<u>280,776</u>
Deferred Outflows of Resources				
CERS pension contributions	<u>34,798</u>		<u>4,219</u>	<u>39,017</u>
Total Deferred Outflows of Resources	<u>34,798</u>	<u>-</u>	<u>4,219</u>	<u>39,017</u>
Liabilities				
<u>Current Liabilities</u>				
Accounts payable	<u>6,234</u>	<u>100</u>	<u>2,204</u>	<u>8,538</u>
Total Current Liabilities	<u>6,234</u>	<u>100</u>	<u>2,204</u>	<u>8,538</u>
<u>Noncurrent Liabilities</u>				
Net pension liability - CERS	<u>267,060</u>		<u>32,381</u>	<u>299,441</u>
Total Noncurrent Liabilities	<u>267,060</u>	<u>-</u>	<u>32,381</u>	<u>299,441</u>
Total Liabilities	<u>273,294</u>	<u>100</u>	<u>34,585</u>	<u>307,979</u>
Deferred Inflows of Resources				
CERS net investment difference	<u>29,808</u>		<u>3,614</u>	<u>33,422</u>
Total Deferred Inflows of Resources	<u>29,808</u>	<u>-</u>	<u>3,614</u>	<u>33,422</u>
<u>Net Position</u>				
Unrestricted	<u>(22,919)</u>	<u>6,160</u>	<u>(4,849)</u>	<u>(21,608)</u>
Total Net Position	<u>\$ (22,919)</u>	<u>\$ 6,160</u>	<u>\$ (4,849)</u>	<u>\$ (21,608)</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, 2015

	School Age Child Care	Early College and Career Center	Educational Television	Total Nonmajor Enterprise Funds
Operating Revenues				
Tuition and fees	\$ 487,944	\$ 10,464	\$ 100,744	\$ 599,152
Total Operating Revenues	487,944	10,464	100,744	599,152
Operating Expenses				
Salaries and wages	528,949		46,241	575,190
Materials and supplies	34,102	3,879	15,634	53,615
Other operating expenses	11,048	425	24,805	36,278
Total Operating Expenses	574,099	4,304	86,680	665,083
Operating income (loss)	(86,155)	6,160	14,064	(65,931)
Non-Operating Revenues (Expenses)				
State on-behalf payments	108,954		9,342	118,296
Total Non-Operating Revenues (Expenses)	108,954	-	9,342	118,296
Change in net position	22,799	6,160	23,406	52,365
Net Position, July 1, 2014	229,775		5,149	234,924
Restatement for adoption of GASB 68	(275,493)		(33,404)	(308,897)
Net Position, July 1, 2014, as restated	(45,718)	-	(28,255)	(73,973)
Net Position, June 30, 2015	\$ (22,919)	\$ 6,160	\$ (4,849)	\$ (21,608)

HARDIN COUNTY SCHOOL DISTRICT

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

Year Ended June 30, 2015

	School Age Child Care	Early College and Career Center	Educational Television	Total Other Enterprise Funds
Cash Flows from Operating Activities				
Cash received from:				
Tuition and fees	\$ 487,944	\$ 9,656	\$ 95,798	\$ 593,398
Cash paid to/for:				
Employees	(433,418)		(38,526)	(471,944)
Supplies	(32,014)	(3,779)	(14,842)	(50,635)
Other activities	(11,048)	(425)	(24,805)	(36,278)
Net Cash Provided by Operating Activities	<u>11,464</u>	<u>5,452</u>	<u>17,625</u>	<u>34,541</u>
Cash Flows from Investing Activities				
Purchase of investments	(11,464)	(5,452)	(17,625)	(34,541)
Net Cash Provided (Used) by Investing Activities	<u>(11,464)</u>	<u>(5,452)</u>	<u>(17,625)</u>	<u>(34,541)</u>
Net change in cash and cash equivalents	-	-	-	-
Balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ (86,155)	\$ 6,160	\$ 14,064	\$ (65,931)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:				
State on-behalf payments	108,954		9,342	118,296
GASB 68 pension expense	(13,423)		(1,627)	(15,050)
Change in assets and liabilities:				
Accounts receivable		(808)	(4,946)	(5,754)
Accounts payable	2,088	100	792	2,980
Net cash provided by operating activities	<u>\$ 11,464</u>	<u>\$ 5,452</u>	<u>\$ 17,625</u>	<u>\$ 34,541</u>
Schedule of non-cash transactions:				
State on-behalf payments	<u>\$ 108,954</u>	<u>\$ -</u>	<u>\$ 9,342</u>	<u>\$ 118,296</u>
CERS Pensions	<u>\$ 21,375</u>	<u>\$ -</u>	<u>\$ 2,592</u>	<u>\$ 23,967</u>

HARDIN COUNTY SCHOOL DISTRICT

COMBINING STATEMENT OF FIDUCIARY NET POSITION

AGENCY FUNDS

June 30, 2015

	Bluegrass Middle School	Brown Street Education Center	Central Hardin High School	Creekside Elementary	Early College & Career Center	East Hardin Middle School
Assets						
Cash and cash equivalents	\$ 19,512	\$ 3,797	\$ 166,198	\$ 24,879	\$ 1,604	\$ 77,650
Accounts receivable		950	7,855	98		
Total Assets	<u>\$ 19,512</u>	<u>\$ 4,747</u>	<u>\$ 174,053</u>	<u>\$ 24,977</u>	<u>\$ 1,604</u>	<u>\$ 77,650</u>
Liabilities						
Accounts payable	\$ 1,558	\$ -	\$ 18,703	\$ -	\$ -	\$ 2,414
Due to student groups	17,954	4,747	155,350	24,977	1,604	75,236
Total Liabilities	<u>\$ 19,512</u>	<u>\$ 4,747</u>	<u>\$ 174,053</u>	<u>\$ 24,977</u>	<u>\$ 1,604</u>	<u>\$ 77,650</u>
	G.C. Burkhead Elementary	Heartland Elementary	Howe Valley Elementary	J.T. Alton Middle School	John Hardin High School	Lakewood Elementary
Assets						
Cash and cash equivalents	\$ 22,343	\$ 32,508	\$ 23,494	\$ 74,065	\$ 80,579	\$ 26,115
Accounts receivable					6,349	
Total Assets	<u>\$ 22,343</u>	<u>\$ 32,508</u>	<u>\$ 23,494</u>	<u>\$ 74,065</u>	<u>\$ 86,928</u>	<u>\$ 26,115</u>
Liabilities						
Accounts payable	\$ 8,644	\$ 514	\$ -	\$ -	\$ 580	\$ -
Due to student groups	13,699	31,994	23,494	74,065	86,348	26,115
Total Liabilities	<u>\$ 22,343</u>	<u>\$ 32,508</u>	<u>\$ 23,494</u>	<u>\$ 74,065</u>	<u>\$ 86,928</u>	<u>\$ 26,115</u>
	Lincoln Trail Elementary	Meadowview Elementary	New Highland Elementary	North Hardin High School	North Middle School	North Park Elementary
Assets						
Cash and cash equivalents	\$ 197,948	\$ 22,238	\$ 36,643	\$ 209,391	\$ 33,992	\$ 3,128
Accounts receivable						
Total Assets	<u>\$ 197,948</u>	<u>\$ 22,238</u>	<u>\$ 36,643</u>	<u>\$ 209,391</u>	<u>\$ 33,992</u>	<u>\$ 3,128</u>
Liabilities						
Accounts payable	\$ 115	\$ -	\$ 44	\$ -	\$ 1,840	\$ -
Due to student groups	197,833	22,238	36,599	209,391	32,152	3,128
Total Liabilities	<u>\$ 197,948</u>	<u>\$ 22,238</u>	<u>\$ 36,643</u>	<u>\$ 209,391</u>	<u>\$ 33,992</u>	<u>\$ 3,128</u>
	Radcliff Elementary	Rineyville Elementary	Vine Grove Elementary	West Hardin Middle School	Woodland Elementary	Agency Fund
Assets						
Cash and cash equivalents	\$ 19,858	\$ 44,684	\$ 45,037	\$ 54,738	\$ 19,890	\$ 1,240,291
Accounts receivable		78				15,330
Total Assets	<u>\$ 19,858</u>	<u>\$ 44,762</u>	<u>\$ 45,037</u>	<u>\$ 54,738</u>	<u>\$ 19,890</u>	<u>\$ 1,255,621</u>
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 236	\$ 34,648
Due to student groups	19,858	44,762	45,037	54,738	19,654	1,220,973
Total Liabilities	<u>\$ 19,858</u>	<u>\$ 44,762</u>	<u>\$ 45,037</u>	<u>\$ 54,738</u>	<u>\$ 19,890</u>	<u>\$ 1,255,621</u>

HARDIN COUNTY SCHOOL DISTRICT

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

AGENCY FUNDS

June 30, 2015

SCHOOL	CASH BALANCES July 1, 2014	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2015	RECEIVABLES June 30, 2015	ACCOUNTS PAYABLE June 30, 2015	DUE TO STUDENT GROUPS June 30, 201
Bluegrass Middle School	\$ 26,425	\$ 1,765	\$ 8,678	\$ 19,512		\$ 1,558	\$ 17,95
Brown Street Educ. Center	2,617	6,141	4,961	3,797	950		4,74
Central Hardin High	198,236	660,635	692,673	166,198	7,855	18,703	155,35
Creekside Elementary	30,968	36,862	42,951	24,879	98		24,97
Early College and Career Center	-	9,182	7,578	1,604			1,60
East Hardin Middle	94,468	256,558	273,376	77,650		2,414	75,23
G.C. Burkhead Elementary	65,166	52,753	95,576	22,343		8,644	13,69
Heartland Elementary	26,036	89,477	83,005	32,508		514	31,99
Howe Valley Elementary	22,532	31,004	30,042	23,494			23,49
J.T. Alton Middle	91,102	147,722	164,759	74,065			74,06
John Hardin High	72,347	380,749	372,517	80,579	6,349	580	86,34
Lakewood Elementary	29,496	22,551	25,932	26,115			26,11
Lincoln Trail Elementary	187,313	90,106	79,471	197,948		115	197,83
Meadowview Elementary	48,908	20,567	47,237	22,238			22,23
New Highland Elementary	52,232	31,818	47,407	36,643		44	36,59
North Hardin High	201,565	761,775	753,949	209,391			209,39
North Middle	45,573	122,418	133,999	33,992		1,840	32,15
North Park Elementary	10,403	6,315	13,590	3,128			3,12
Radcliff Elementary	23,905	18,137	22,184	19,858			19,85
Rineyville Elementary	55,693	15,575	26,584	44,684	78		44,76
Vine Grove Elementary	60,189	30,995	46,147	45,037			45,03
West Hardin Middle	61,411	71,827	78,500	54,738			54,73
Woodland Elementary	23,656	17,105	20,871	19,890		236	19,65
	<u>\$ 1,430,241</u>	<u>\$2,882,037</u>	<u>\$ 3,071,987</u>	<u>\$ 1,240,291</u>	<u>\$ 15,330</u>	<u>\$ 34,648</u>	<u>\$ 1,220,97</u>

HARDIN COUNTY SCHOOL DISTRICT
SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES
CENTRAL HARDIN HIGH SCHOOL
YEAR ENDED JUNE 30, 2015

NAME OF ACTIVITY	CASH BALANCES July 1, 2014	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2015	RECEIVABLES AND DUE FROM OTHER FUNDS June 30, 2015	ACCOUNTS PAYABLE AND DUE TO OTHER FUNDS June 30, 2015	DUE TO STUDENT GROUPS June 30, 2015
Academic Team	\$ -	\$ 1,392	\$ 1,234	\$ 158	\$ -	\$ -	\$ 158
Agriculture Department	2,861	6,218	6,908	2,171	-	-	2,171
Archery Club	-	28,370	20,148	8,222	-	-	8,222
Art Club	-	-	-	-	-	-	-
Art Department	60	-	-	60	-	-	60
Earth Club	950	397	353	994	-	-	994
Athletic Concession	598	17,703	18,301	-	-	-	-
Athletic Fund	2,348	34,812	25,427	11,733	-	1,483	10,250
B A D Club	-	15	-	15	-	-	15
Band	-	2,574	2,574	-	-	-	-
Baseball	2,931	7,316	6,854	3,393	-	-	3,393
Basketball-Boys	744	35,609	33,001	3,352	-	55	3,297
Basketball-Girls	4,054	21,980	25,566	468	-	-	468
BETA Club	1,585	5,964	5,363	2,186	-	500	1,686
Bookstore	-	-	-	-	-	-	-
Bowling	-	2,950	2,950	-	-	-	-
Bruin Book Club	134	70	-	204	-	-	204
Bruins for Christ	-	500	-	500	-	-	500
Building rental	10	38	48	-	-	-	-
Business Education Dept.	691	3,189	3,032	848	-	-	848
Cheerleading	17,842	44,817	61,859	800	2,139	796	2,143
Program-Fall	-	625	625	-	-	-	-
Choir	2,111	33,859	32,727	3,243	-	-	3,243
Cross Country	7,223	12,498	15,037	4,684	-	-	4,684
Program-Spring	-	-	-	-	-	-	-
Charitable Causes	-	418	418	-	-	-	-
Drama Club	2,332	5,098	4,167	3,263	-	-	3,263
District Activity Account	1,854	44,709	46,563	-	-	-	-
English Department	972	982	1,325	629	-	-	629
Faculty Concessions	2,377	4,446	5,520	1,303	149	518	934
Faculty Flower Fund	368	757	527	598	-	-	598
FACS	204	1,160	1,365	(1)	-	-	(1)
FBLA	340	1,272	1,612	-	-	-	-
FCA	332	675	909	98	-	-	98
FCCLA	-	2,550	2,550	-	270	-	270
FEA	-	264	228	36	-	-	36
FFA	250	47,022	47,197	75	1,566	-	1,641
Football	9,458	54,249	52,820	10,887	393	10,227	1,053
Foreign Language Dept.	662	185	365	482	-	-	482
French Club	98	140	75	163	-	-	163
Golf	721	6,106	6,821	6	-	-	6
Golf Ball Drop	196	-	196	-	-	-	-
Grade 9	-	2,040	2,040	-	-	-	-
Grade 10	-	-	-	-	-	-	-
Grade 11	-	-	-	-	-	-	-
Grade 12	-	16,860	16,860	-	-	-	-
Guidance	2,110	14,097	14,956	1,251	-	-	1,251
H O S A	912	1,172	1,053	1,031	-	-	1,031
Journalism	225	4,684	4,420	489	-	-	489
JROTC	9,604	28,035	23,490	14,149	36	-	14,185
Library/Media Center	2,671	205	479	2,397	-	-	2,397

HARDIN COUNTY SCHOOL DISTRICT
SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES
CENTRAL HARDIN HIGH SCHOOL-CONCLUDED
YEAR ENDED JUNE 30, 2015

NAME OF ACTIVITY	CASH BALANCES July 1, 2014	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2015	ACCOUNTS RECEIVABLE AND DUE FROM OTHER FUNDS June 30, 2015	ACCOUNTS PAYABLE AND DUE TO OTHER FUNDS June 30, 2015	DUE TO STUDENT GROUPS June 30, 2015
Math Department	434	60		494	-	-	494
MMD Dept	-			-	-	-	-
International Club	186	924	1,047	63	-	-	63
Physical Education Dept. Program - Winter	-			-	-	-	-
Project Graduation	6,946	8,546	15,492	-	500	-	500
Scholarship	2,626	2,531	2,400	2,757	-	2,250	507
Student Concessions	7,028	38,385	45,413	-	-	-	-
School Fund	42,399	20,685	25,060	38,024	-	671	37,353
Science Department	1,308		59	1,249	-	-	1,249
Science Honor Society	331	9,869	10,023	177	-	-	177
Soccer-Boys	404	9,852	10,256	-	-	-	-
Soccer-Girls	3,477	3,267	5,535	1,209	135	-	1,344
Social Studies Dept.	2,510	94	22	2,582	-	-	2,582
Softball	273	8,924	8,715	482	1,000	-	1,482
Spanish Club	1,472	2,818	3,645	645	-	231	414
Special Education Dept. Speech	-			-	-	-	-
Student Council	777	5,986	6,590	173	-	-	173
Swimming	5,097	2,588	2,449	5,236	-	-	5,236
Tech Education Dept.	-	705	705	-	-	-	-
Teenage Republican Par	479	132	310	301	-	-	301
Tennis	-	2,721	2,690	31	-	-	31
Textbooks	4,641	20	43	4,618	-	-	4,618
FMD	1,488	1,062	596	1,954	94	-	2,048
Track	2,911	6,899	5,899	3,911	-	1,208	2,703
Athletic Equipment	4,846	3,538	8,384	-	-	-	-
TSA Club	754	5,153	5,907	-	1,573	-	1,573
Varsity Club	2,051	2,551	3,632	970	-	-	970
Volleyball	2,984	17,721	14,633	6,072	-	749	5,323
Wrestling	1,097	8,600	9,682	15	-	15	-
Y Club	516	9,925	10,320	121	-	-	121
Young Democrats	170			170	-	-	170
Yearbooks	19,865	26,480	32,613	13,732	-	-	13,732
Friends of Rachel	1,168	1,202	1,215	1,155	-	-	1,155
Charitable Gaming	170	13,325	13,325	170	-	-	170
Sub Total	198,236	712,585	744,623	166,198	7,855	18,703	155,350
Interfund Transfers	-	51,950	51,950	-	-	-	-
TOTAL	\$ 198,236	\$ 660,635	\$ 692,673	\$ 166,198	\$ 7,855	\$ 18,703	\$ 155,350

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

JOHN HARDIN HIGH SCHOOL

YEAR ENDED JUNE 30, 2015

NAME OF ACTIVITY	CASH BALANCES July 1, 2014	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2015	RECEIVABLES AND DUE FROM OTHER FUNDS June 30, 2015	ACCOUNTS PAYABLE AND DUE TO OTHER FUNDS June 30, 2015	DUE TO STUDENT GROUPS June 30, 2015
Academic Team	\$ 728	\$ 832	\$ 387	\$ 1,173	\$ -	\$ -	\$ 1,173
Agriculture Department	1,471	4,020	2,179	3,312	-	-	3,312
Archery	-	4,504	3,694	810	-	-	810
Art Club	-	-	-	-	-	-	-
Art Department	-	-	-	-	-	-	-
Athletic Concession	-	19,501	19,501	-	-	-	-
Athletic Fund	663	13,377	12,329	1,711	999	-	2,710
AVID	633	-	-	633	-	-	633
Badminton	-	-	-	-	-	-	-
Band	-	6,316	6,316	-	-	-	-
Baseball	-	10,649	10,554	95	-	-	95
Basketball-Boy's	1,461	17,386	17,134	1,713	-	-	1,713
Basketball-Girl's	3,504	9,542	13,047	(1)	-	-	(1)
Bowling	2,512	6,851	6,638	2,725	-	-	-
Business Education Dept.	-	76	76	-	-	-	-
CATS Incentive	-	-	-	-	-	-	-
Cheerleading	-	5,137	5,137	-	-	-	-
Chemistry Club	82	-	-	82	-	-	82
Chess Club	-	-	-	-	-	-	-
Chorus	3,124	5,679	5,657	3,146	-	-	3,146
Counseling Department	1,479	10,764	11,715	528	-	-	528
Cross Country	-	10,686	8,549	2,137	-	-	2,137
Dance Team	-	1,292	1,292	-	-	-	-
Deca	1,125	15,621	15,142	1,604	99	-	1,703
District Sweep	450	7,889	8,339	-	-	-	-
Drama Club	1,468	150	55	1,563	-	-	1,563
Dual Credit Courses	4,640	-	1,200	3,440	-	-	3,440
English Department	910	-	-	910	-	-	910
Excel Program	71	10	10	71	-	-	71
Facility Rentals	1,260	-	-	1,260	-	-	1,260
Faculty Awards	30	-	-	30	-	-	30
Faculty Concessions	247	3,536	2,913	870	-	-	870
Faculty Flower Fund	135	20	155	-	-	-	-
Faculty Social Fund	-	-	-	-	-	-	-
Faculty Steward Fund	351	-	-	351	-	-	351
Family & Consumer Sciences	817	420	466	771	-	-	771
FBLA	-	-	-	-	-	-	-
FCA	138	155	127	166	-	-	166
FCCLA	-	21,505	21,327	178	270	100	348
FEA	-	-	-	-	-	-	-
FFA	302	20,529	15,201	5,630	-	480	5,150
Football	1,518	34,756	36,201	73	-	-	73
Football Fundraiser	-	1,900	1,561	339	-	-	339
Foreign Language Club	-	-	-	-	-	-	-
Foreign Language Dept.	244	172	416	-	-	-	-
French Club	-	-	-	-	-	-	-
General Funds	2,729	11,196	13,759	166	2,000	-	2,166
Girl Talk Club	-	-	-	-	-	-	-
Golf	2,185	4,390	5,101	1,474	-	-	1,474
Grade 10	299	709	841	167	-	-	167
Grade 11	159	564	626	97	-	-	97
Grade 12	1,664	27,161	28,589	236	-	-	236
Grade 12--Senior Trip	-	-	-	-	-	-	-
Grade 9	244	1,974	2,133	85	-	-	85
International Club	-	-	-	-	-	-	-
Journalism	-	-	-	-	-	-	-
JROTC	4,958	19,021	16,347	7,632	-	-	7,632
Lady Dawg Club	208	-	-	208	-	-	208
Leukemia & Lymphoma	-	875	875	-	-	-	-
Library/Media Center	97	6,173	587	5,683	-	-	5,683
Math Department	290	-	-	290	-	-	290
Musicals	1,977	2,635	1,904	2,708	-	-	2,708
National Honor Society	54	409	322	141	-	-	141
Newspaper	-	-	-	-	-	-	-
Pep Club	-	1,646	1,646	-	-	-	-
Project Graduation	-	19,379	19,379	-	2,000	-	2,000
Relay For Life	-	-	-	-	-	-	-

HARDIN COUNTY SCHOOL DISTRICT
SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES
JOHN HARDIN HIGH SCHOOL-CONCLUDED
YEAR ENDED JUNE 30, 2015

NAME OF ACTIVITY	CASH BALANCES July 1, 2014	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2015	RECEIVABLES AND DUE FROM OTHER FUNDS June 30, 2015	ACCOUNTS PAYABLE AND DUE TO OTHER FUNDS June 30, 2015	DUE TO STUDENT GROUPS June 30, 2015
SADD Club	700	926	488	1,138	-	-	1,138
School Concessions	2,709	2,018		4,727	-	-	4,727
Science Department	3,424		244	3,180	-	-	3,180
Soccer-Boys	-	14,891	13,453	1,438	-	-	1,438
Soccer-Girls	843	13,992	12,364	2,471	-	-	2,471
Social Studies Dept.	-	2,161	2,161	-	376	-	376
Softball	-	12,904	12,904	-	-	-	-
Special Education Dept.	-	853	853	-	-	-	-
Speech	-			-	-	-	-
Student Council	1,563	278	739	1,102	-	-	1,102
Student School Fund	715	756	1,471	-	-	-	-
Susan G Komen	-	644		644	-	-	-
Swimming-CHHS	-	1,190	1,112	78	605	-	-
Swimming-JHHS	-	1,429	1,080	349	-	-	349
Swimming-NHHS	-	2,842	2,576	266	-	-	-
Tech Education Dept.	-			-	-	-	-
Tennis	-	1,811	1,617	194	-	-	194
Textbooks	290			290	-	-	290
Three-Point Club	5,134	5,565	7,460	3,239	-	-	3,239
Track	4,285	15,073	17,461	1,897	-	-	1,897
Track-Middle School	-			-	-	-	-
Ultimate Frisbee	-	109	109	-	-	-	-
Unite to Read Program	-			-	-	-	-
Volleyball	2,003	7,321	8,129	1,195	-	-	1,195
Winter Guard	4			4	-	-	4
Wrestling	-	4,766	4,366	400	-	-	400
Y Club	147	10,987	11,031	103	-	-	103
Young Republicans	-			-	-	-	-
HOSA	179	4,664	4,843	-	-	-	-
McCurry Classic	-	2,926	2,926	-	-	-	-
Yearbooks	6,124	4,056	6,523	3,657	-	-	3,657
Sub Total	72,347	441,569	433,337	80,579	6,349	580	82,030
Interfund Transfers	-	60,820	60,820	-	-	-	-
TOTAL	\$ 72,347	\$ 380,749	\$ 372,517	\$ 80,579	\$ 6,349	\$ 580	\$ 86,348

HARDIN COUNTY SCHOOL DISTRICT

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

NORTH HARDIN HIGH SCHOOL

YEAR ENDED JUNE 30, 2015

NAME OF ACTIVITY	CASH BALANCES July 1, 2014	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2015	RECEIVABLES AND DUE FROM OTHER FUNDS June 30, 2015	ACCOUNTS PAYABLE AND DUE TO OTHER FUNDS June 30, 2015	DUE TO STUDENT GROUPS June 30, 2015
Academic Team	\$ 1,455	\$ 507	\$ 331	\$ 1,631	\$ -	\$ -	\$ 1,631
Agriculture Department	5,559	4,040	3,850	5,749	-	-	5,749
Archery	1,404	1,302	1,720	986	-	-	986
Art Club	274	620	729	165	-	-	165
Art Department	270	44	275	39	-	-	39
Athletic Fund	10,063	21,703	16,616	15,150	-	-	15,150
Athletic Uniforms	20,380	18,433	21,194	17,619	-	-	17,619
Band	3,421	41,620	41,247	3,794	-	-	3,794
Baseball	-	7,168	5,636	1,532	-	-	1,532
Beta Club	1,015	3,228	2,244	1,999	-	-	1,999
Bingo Fund	-	105,000	105,000	-	-	-	-
Boys Basketball	1,466	24,354	19,937	5,883	-	-	5,883
Bowling	-	1,510	1,360	150	-	-	150
Business Education Dept.	169	-	-	169	-	-	169
Cameron Irwin Scholars	1,016	829	845	1,000	-	-	1,000
CATS Incentives	44	-	-	44	-	-	44
Cheerleaders	7,108	15,006	17,782	4,332	-	-	4,332
Chorus	1,884	24,462	23,636	2,710	-	-	2,710
Class of Yesteryear	96	-	-	96	-	-	96
Climate Committee	283	-	-	283	-	-	283
Commitment Committee	618	-	-	618	-	-	618
Contingency	6,738	27,419	32,684	1,473	-	-	1,473
Counseling Department	4,317	18,074	18,811	3,580	-	-	3,580
Cross Country/Boys	1,885	7,824	6,727	2,982	-	-	2,982
Cross Country/Girls	605	11,728	11,317	1,016	-	-	1,016
DECA	-	-	-	-	-	-	-
Drama Club	841	2,081	1,265	1,657	-	-	1,657
Dual Credit Books	2	-	-	2	-	-	2
English Department	791	184	200	775	-	-	775
Faculty Concessions	1,611	2,229	2,951	889	-	-	889
Faculty Flower Fund	378	95	216	257	-	-	257
Trojan Treats Café	931	-	680	251	-	-	251
FBLA	194	545	-	739	-	-	739
FCA	191	195	209	177	-	-	177
FCCLA	1,664	17,323	17,382	1,605	-	-	1,605
FFA	966	23,129	20,890	3,205	-	-	3,205
Football	3,619	37,038	40,583	74	-	-	74
Foreign Language Department	33	-	-	33	-	-	33
FAC Contingency	583	1,255	-	1,838	-	-	1,838
French Travel	-	-	-	-	-	-	-
Future Educators of America	97	-	97	-	-	-	-
Gaming Club	373	-	-	373	-	-	373
German Club	942	333	-	1,275	-	-	1,275
Girls Basketball	5,525	18,519	19,842	4,202	-	-	4,202
Golf-Boys	2,801	2,780	2,279	3,302	-	-	3,302
Golf-Girls	1,497	855	783	1,569	-	-	1,569
Grade 10	2,073	505	86	2,492	-	-	2,492
Grade 11	1,210	505	394	1,321	-	-	1,321
Grade 12	2,889	18,740	16,813	4,816	-	-	4,816
Grade 9	3,812	505	2,100	2,217	-	-	2,217
Health Science Department	-	927	723	204	-	-	204
Instructional/Operations	60	2,568	391	2,237	-	-	2,237
Journalism	-	-	-	-	-	-	-
Journalism 2013	103	1,500	929	674	-	-	674
JROTC Teams	5,514	25,390	28,881	2,023	-	-	2,023
JROTC Can Food Drive	1,031	1,700	2,043	688	-	-	688
Library/Media Center	431	845	738	538	-	-	538
Math Department	1,401	-	434	967	-	-	967
Matmaids	-	-	-	-	-	-	-
National Honor Society	1,720	5,194	3,776	3,138	-	-	3,138
NHHS Bingo	33,356	248,308	244,780	36,884	-	-	36,884
North Hardin Athletic	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, 2015

NAME OF ACTIVITY	CASH BALANCES	RECEIPTS	DISBURSE- MENTS	CASH BALANCES	RECEIVABLES AND DUE FROM OTHER FUNDS	ACCOUNTS PAYABLE AND DUE TO OTHER FUNDS	DUE TO STUDENT GROUPS
	July 1, 2014			June 30, 2015	June 30, 2015	June 30, 2015	June 30, 2015
PBIS	-	4,736	4,659	77	-	-	77
Pep Club	1,850	4,875	3,777	2,948	-	-	2,948
Photography Club	885	253	52	1,086	-	-	1,086
Physical Education Dept.	186	240	60	366	-	-	366
Poster Maker	-	1,117	891	226	-	-	226
Project Graduation	3,667	13,745	12,797	4,615	-	-	4,615
Restitution (Ipads)	2	-	2	-	-	-	-
SADD	938	65	1,003	-	-	-	-
School Concessions	2,547	4,474	5,053	1,968	-	-	1,968
School Fund	1,295	3,050	1,921	2,424	-	-	2,424
School Store	-	-	-	-	-	-	-
Science Club	1,433	303	378	1,358	-	-	1,358
Science Department	3,362	1,024	2,547	1,839	-	-	1,839
Soccer/Boys	2,454	8,085	7,778	2,761	-	-	2,761
Soccer/Girls	3,812	6,844	9,390	1,266	-	-	1,266
Social Studies Dept.	-	-	-	-	-	-	-
Softball	325	8,242	8,567	-	-	-	-
Spanish Club	1,837	253	454	1,636	-	-	1,636
Spanish Travel	-	-	-	-	-	-	-
Special Education Dept.	367	440	474	333	-	-	333
Spec Ed (Radford)	-	-	-	-	-	-	-
Speech/Debate	150	-	-	150	-	-	150
STLP	-	1,108	1,108	-	-	-	-
Student Council	952	1,010	952	1,010	-	-	1,010
Student Support Services	909	1,160	393	1,676	-	-	1,676
Swimming	3,774	1,010	1,817	2,967	-	-	2,967
Tech Ed Department	-	3,000	3,000	-	-	-	-
TSA Club	255	-	150	105	-	-	105
Tennis	4,756	6,168	8,005	2,919	-	-	2,919
Textbooks	758	807	46	1,519	-	-	1,519
Track/Boys	912	10,427	6,033	5,306	-	-	5,306
Track/Girls	-	5,379	4,843	536	-	-	536
Travel	12	-	-	12	-	-	12
Trojan Stichary	176	1,110	1,204	82	-	-	82
Volleyball	5,387	8,489	10,466	3,410	-	-	3,410
Will Yates Scholarship	1,000	1,500	2,500	-	-	-	-
Wrestling	786	7,795	8,547	34	-	-	34
Y Club	2,951	11,643	12,362	2,232	-	-	2,232
Yearbooks	-	-	-	-	-	-	-
Yearbooks 2013	3,894	11,943	5,797	10,040	-	-	10,040
Rachel's Challenge	610	253	-	863	-	-	863
District Swipe	487	11,213	11,700	-	-	-	-
HOSA	98	1,715	1,608	205	-	-	205
AVID	-	-	-	-	-	-	-
Sub Total	201,565	891,595	883,769	209,391	-	-	209,391
Interfund Transfers	-	129,820	129,820	-	-	-	-
TOTAL	<u>\$ 201,565</u>	<u>\$ 1,021,415</u>	<u>\$ 1,013,589</u>	<u>\$ 209,391</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 209,391</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

HARDIN COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2015

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR / PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS THROUGH GRANTOR'S NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Child Nutrition Cluster -			
Cash Assistance			
Passed Through State Department of Education			
National School Lunch Program	10.555	7750002-14	\$ 806,635
		7750002-15	2,841,502
School Breakfast Program	10.553	7760005-14	337,568
		7760005-15	1,184,181
Summer Food Service Program for Children	10.559	7690024-14	3,811
		7690024-14	36,542
		7740023-15	46,918
Non-Cash Assistance (Commodities)			
National School Lunch Program	10.555	057502-02	518,058
TOTAL CHILD NUTRITION CLUSTER			<u>5,775,215</u>
TOTAL U.S. DEPT. OF AGRICULTURE			<u>5,775,215</u>
<u>U.S. DEPARTMENT OF DEFENSE</u>			
U. S. Army JROTC	12.000	5044	(2,956)
		504A	324,082
			<u>321,126</u>
Competitive Grants: Promoting K-12 Student Achievement at Military-Connected Schools	12.556	3423	307,045
TOTAL U.S. DEPARTMENT OF DEFENSE			<u>628,171</u>
<u>COUNCIL ON POSTSECONDARY EDUCATION</u>			
Passed Through Kentucky Council on Postsecondary Education			
Skill Up - WIA Dislocated Workers, ARRA	72.260	4904	1,275
		490A	210
TOTAL COUNCIL ON POSTSECONDARY EDUCATION			<u>1,485</u>
<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	(14,229)
		3373P	14,249
		3374	12,713
		337A	2,683,353
			<u>2,696,086</u>
Special Education - Preschool Grants	84.173	3433	1,762
		3433P	343
		3434	12,458
		343A	13,665
			<u>28,228</u>
TOTAL SPECIAL EDUCATION CLUSTER (IDEA)			<u>2,724,314</u>

The accompanying notes are an integral part of this schedule.

HARDIN COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2015

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR / PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS THROUGH GRANTOR'S NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
<u>OTHER U.S. DEPARTMENT OF EDUCATION PROGRAMS</u>			
Impact Aid	84.041	Direct	194,016
Passed Through Kentucky Council on Postsecondary Education Adult Education - State Grant Program	84.002	3654 365A 370A 373A 373AS	686 36,260 13,500 95,353 220
			<u>146,019</u>
Passed Through State Department of Education Title I Grants to Local Educational Agencies	84.010	3103 3103E 3104 3104D 3104E 3104M 3104P 3104A 3104AD 3104AE 3104AL 3104AM 3104AP 3144 314A	267,124 1,316 307,097 988 130,260 12,498 29,578 2,354,699 72,079 116,956 48,157 23,705 183,806 42,969 88,340
			<u>3,679,572</u>
Migrant Education - State Grant Program	84.011	3113S 3114 311A	1,366 35,701 46,667
			<u>83,734</u>
Title I State Agency Program for Neglected and Delinquent Children	84.013	313A 313AT	17,802 4,310
			<u>22,112</u>
Vocational Education - Basic Grants to States	84.048	3483A 3484 3484A 348A	1,700 17,913 6,279 130,972
			<u>156,864</u>
Twenty-First Century Community Learning Centers	84.287	5503Z	2,764
English Language Acquisition Grants	84.365	3453 3454 345A	11,540 60,539 37,146
			<u>109,225</u>

HARDIN COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2015

<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	4013 4014 401A	127,858 400,238 57,999
			<u>586,095</u>
Race to the Top	84.413	4521	<u>36,662</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>7,741,377</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 14,146,248</u>

The accompanying notes are an integral part of this schedule.

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2015

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, 2015. 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 position 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, 2015

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:

CFDA Number	Federal Program or Cluster
DEPARTMENT OF EDUCATION	
84.367	Improving Teacher Quality - State Grants
Special Education Cluster	
84.027	Special Education - Grants to States
84.173	Special Education - Preschool Grants
DEPARTMENT OF DEFENSE	
12.000	U. S. Army JROTC

Dollar threshold used to distinguish
Between type A and type B programs: \$ 424,387

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, 2015

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**

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



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INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the requirements prescribed by the Kentucky State Committee for School District Audits in 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, 2015, 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 28, 2015.

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 28, 2015.

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 28, 2015

**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, 2015. 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, 2015.

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 28, 2015

MANAGEMENT LETTER AND COMMENTS

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Hardin County School District
Elizabethtown, Kentucky

In planning and performing our audit of the basic financial statements of Hardin County School District for the year ended June 30, 2015, 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 28, 2015, contains our report on the District's internal control. This letter does not affect our report dated August 28, 2015, 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 28, 2015

HARDIN COUNTY SCHOOL DISTRICT

COMMENTS

June 30, 2015

UNCORRECTED PRIOR YEAR COMMENTS

LINCOLN TRAIL ELEMENTARY SCHOOL

PURCHASE ORDER FORMS

We noted that check #2723, dated 09/02/2014, in the amount of \$52.50 from the General Fund, written to XBS for toner and ink cartridges, had a Purchase Order Form (form F-SA-7) attached that was dated 09/02/2014. However, the invoice from XBS was dated 06/26/2014. Redbook requires that Purchase Order Forms be dated before the purchase is made.

MANAGEMENT RESPONSE

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

MEADOW VIEW ELEMENTARY SCHOOL

FUNDRAISER APPROVAL FORM

We noted that the Fundraiser Approval Form (form F-SA-2A) completed for the Book Fair fundraiser was signed for approval by the principal but not dated.

MANAGEMENT RESPONSE

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

BLUEGRASS MIDDLE SCHOOL

UNTIMELY DEPOSIT

We noted that a deposit dated July 25, 2014 in the amount of \$294.00 for meal money paid by parents of football players was accompanied by a Multiple Receipt Form F-SA-6 dated July 14, 2014 by the football coach. Per Redbook, this deposit should have been made by the end of the next business day.

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, 2015

EAST HARDIN MIDDLE

FUNDRAISER FORM

We noted that during review of receipts and fundraisers, the deposit dated 12/15/2014 included cash of \$600 from a Volleyball fundraiser. The receipt was documented on Multiple Receipt Form (form F-SA-6) but Redbook requires Fundraiser Approval (form F-SA-2A) and Fundraiser Worksheet (form F-SA-2B). Neither fundraiser form was present.

We noted that during review of fundraisers, the snack sales for the All-Star Team were documented on Fundraiser Worksheet (form F-SA-2B). The Redbook requires that fundraisers involving concessions/snack sales be documented on Sales Collection Form (form F-SA-17) and Inventory Control Worksheet (form F-SA-5). Neither form was present.

MANAGEMENT RESPONSE

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

MISSING INVENTORY CONTROL FORMS

We noted that during review of inventory controls for the concession stand and the bookstore, Inventory Control Worksheets (form F-SA-5) were not present after 3/31/2015 or 04/30/2015, respectively. Monthly inventory counts should be made through the end of the school year or until ending inventory is zero.

MANAGEMENT RESPONSE

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

TICKET SALES

We noted that during review of ticket sales for the Girls Basketball Game held on 8/28/2014, the same person signed the Requisition and Report of Ticket Sales (form F-SA-1) on the lines for person in charge of sales and person taking tickets. The Redbook requires that two different people perform these functions.

MANAGEMENT RESPONSE

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

UNALLOWABLE PURCHASE

We noted that check #10830, dated 07/18/2014, written to Wal-Mart Business in the amount of \$931.27 included a purchase of four \$20 gift cards from the Art Materials Fund. Redbook disallows the purchase of gift cards from student activity funds.

We noted that check #10846, dated 07/30/2014, written to USPS, in the amount of \$130.26, was for the purchase of postage stamps from the School Fund. Redbook disallows the purchase of operational items from school activity funds.

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, 2015

EAST HARDIN MIDDLE

CASH ADVANCES

We noted that check #11103, dated 01/09/2015, written to Susan Hatfield, in the amount of \$500.00 as a cash advance from the Cheerleaders Fund for the cheer competition included receipts for \$386.20 of the \$416.20 monies actually spent. \$30 of the advanced monies had a hand written note explaining that it was spent on a brochure, t-shirt, and a drink, but not an actual receipt.

MANAGEMENT RESPONSE

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

JT ALTON MIDDLE SCHOOL

FUNDRAISERS

We noted form F-SA-2A, Fundraiser Approval Form, was not completed for the Volleyball t-shirt sales Fundraiser. Form F-SA-2B was also not completed for this fundraiser.

We noted a Multiple Receipt Form, F-SA-6, was not completed for the Band fundraiser. The Band sold candies, cheese and sausage. Form F-SA-2B was also missing for the Band fundraiser.

MANAGEMENT RESPONSE

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

NORTH MIDDLE SCHOOL

PURCHASE ORDERS

We noted that check #7593, dated 10/14/2014, written to Century Resources for fundraiser items, in the amount of \$9,941.41 had an attached Purchase Order Form (form F-SA-7) dated 10/14/14. The attached invoice from Century Resources was dated 10/01/2015. Redbook requires that Purchase Order Forms are to be completed before the purchase is made.

MANAGEMENT RESPONSE

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

CASH ADVANCE

We noted that the receipt dated 04/13/2015 and for the return of the cash advance dated 04/01/2015 did not include any receipts for purchases made with monies advanced.

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, 2015

UNTIMELY DEPOSITS

We noted that during the review of receipts, approximately 30 checks were held from 08/13/2014 for the deposit dated 09/04/2014. The Redbook states that cash should be deposited daily if over \$100.00.

We noted during the review of receipts, that two checks were held from the prior week (dated 01/5/2015 and 01/08/2015) for the deposit dated 01/15/2015. SCA also noted for the same deposit that Multiple Receipt Form (form F-SA-6) #6488 was not signed by the person responsible for the recapitulation. The Redbook states that cash should be deposited daily if over \$100.00.

MANAGEMENT RESPONSE

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

NORTH HARDIN HIGH SCHOOL

EXTERNAL SUPPORT/BOOSTER ORGANIZATIONS

We noted the JROTC organizations failed to complete a list of officers for 2014-2015.

We noted the following organizations failed to complete a budget for 2014-2015: JROTC, Band, Baseball, and Volleyball.

We noted the following organizations failed to have the principal sign the budget for 2014-2015: Girls' Soccer, Softball, and Boys' Soccer.

We noted the JROTC failed to complete an Annual Financial Report for 2014-2015.

We noted the following organizations failed to have the principal sign the Annual Financial Report for 2014-2015: Band, Girls' Soccer, Volleyball, Softball, and Boys' Soccer.

We noted the JROTC organization failed to receive an EIN for 2014-2015.

We noted the following organizations failed to obtain liability insurance for 2014-2015: JROTC and Softball.

MANAGEMENT RESPONSE

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

INVENTORY CONTROL WORKSHEETS

We noted during the review of check listings, a check written from the FCCLA fund to Wal-Mart for concession supplies. Upon further investigation, we noted receipts from concession sales into this fund, but there were no forms F-SA-5, Inventory Control Worksheets on file.

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, 2015

BROWN STREET EDUCATION CENTER

PURCHASE ORDER

We noted that check #02766, dated 08/21/2014, written to E-town Electronics from the General Fund, had an attached invoice that was dated 08/18/2014, three days prior to the day the Purchase Order Form and check were dated. Redbook requires that all purchases be approved before being bought.

MANAGEMENT RESPONSE

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

CURRENT YEAR COMMENTS

GC BURKHEAD ELEMENTARY SCHOOL

FUNDRAISERS

We noted that F-SA-17, Sales Collection Form, for the Backyard Books Bookfair was not completed.

MANAGEMENT RESPONSE

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

HOWEVALLEY ELEMENTARY SCHOOL

UNALLOWED EXPENDITURES

We noted that check #1985, dated 07/09/2014, written to Wal-Mart Business in the amount of \$501.89 for classroom supplies, had an attached receipt for printer ink, post-it notes, and white out. According to Redbook, these should not be purchased with student activity funds.

We noted that check #1986, dated 08/04/2014, written to Wal-Mart Business in the amount of \$215.79 for supplies, had an attached receipt for an iPad Air keyboard that was purchased using funds from the General Fund. According to Redbook, these should not be purchased with school activity funds.

MANAGEMENT RESPONSE

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

LINCOLN TRAIL ELEMENTARY SCHOOL

ANNUAL FINANCIAL REPORT

We noted that the Annual Financial Report (form F-SA-15A) was not signed or dated by either the principal or the treasurer. The Redbook requires that this form be submitted by 07/25/2015.

We noted that the Annual Financial Report (form F-SA-15A) submitted for the charitable gaming account was not signed or dated by either the principal or the treasurer. The Redbook requires that this form be submitted by 07/25/2015.

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, 2015

MISSING FORMS

We noted that the deposit made on 03/02/2015, in the amount of \$3,460.78, contained the following: copies of checks received from attendees of the Book Fair, an invoice with the computation of amount of monies to be remitted back to Scholastic post the Book Fair, and a hand-written calculation of the total amount of checks and cash received during that Book Fair. There was not a Sales Collection Form (form F-SA-17), a Multiple Receipt Form (form F-SA-6), or pre-numbered receipts present with the deposit.

MANAGEMENT RESPONSE

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

UNTIMELY DEPOSITS

We noted that the deposit made on 03/02/2015, in the amount of \$3,460.78, contained an invoice with the computation of amount of monies to be remitted back to Scholastic post the Book Fair that was dated 02/17/2015. The deposit was not made until nine business days after the school received the money. Redbook requires that funds be deposited into the school's bank account the next business day if greater than \$100.00.

We noted that the deposit made on 09/16/2014, in the amount of \$1,500.00, contained a Multiple Receipt Form (form F-SA-6) that was dated 09/11/2014, five days prior to the deposit. Redbook requires that funds be deposited into the school's bank account the next business day if greater than \$100.00.

We noted that the deposit made on 11/18/2014 contained a Requisition and Report of Ticket Sales Form (form F-SA-1) for sale of tickets to a school play that was held on 11/13/2014. Funds were not deposited until three business days later on 11/18/2014. Redbook requires that funds be deposited into the school's bank account the next business day if greater than \$100.00.

MANAGEMENT RESPONSE

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

TICKET SALES

We noted during the review of receipts, that the deposit made on 11/18/2014 contained a Requisition and Report of Ticket Sales Form (form F-SA-1) for sale of tickets to a school play. The same individual signed off as taking the tickets and selling the tickets. Redbook requires that these duties be segregated.

MANAGEMENT RESPONSE

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

INVENTORY CONTROL WORKSHEETS

We noted during review of inventory control for the bookstore that there was one Inventory Control Worksheets (form F-SA-5) present for the entire fiscal year. Redbook requires that Inventory Control Worksheets be completed monthly.

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, 2015

MISSING TRAVEL VOUCHER

We noted that check #2741, dated 10/13/2014, in the amount of \$334.76 from the KY Trip – 5th Grade Fund, was for the reimbursement of travel expenses. However, there was no Travel Voucher (form F-SA-16) on file. Redbook requires that Travel Vouchers be submitted to the principal for approval before reimbursing for travel expenses from school activity funds.

MANAGEMENT RESPONSE

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

UNALLOWABLE PURCHASES

We noted that check #2714, dated 08/07/2014, in the amount of \$100.86 from the General Fund, was written to Staples for miscellaneous office supplies, including pens, tape, cleaning supplies. Redbook disallows the purchase of operational or maintenance items from school activity funds.

We noted that check #2723, dated 09/02/2014, in the amount of \$52.50 from the General Fund, was written to XBS for toner and ink cartridges. Redbook disallows the purchase of operational or maintenance items from school activity funds.

We noted that check #2729, dated 09/15/2014, in the amount of \$265.25 from the General Fund, was written to Wal-Mart for miscellaneous office supplies, including air fresheners, coffee, pens, and cleaning supplies. Redbook disallows the purchase of operational or maintenance items from school activity funds.

MANAGEMENT RESPONSE

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

MEADOW VIEW ELEMENTARY SCHOOL

ANNUAL FINANCIAL REPORT

We noted that the Annual Financial Report (form F-SA-15A) was not signed by the school's treasurer, or approved by the school's principal. The Redbook says that the Annual Financial Report must be submitted by 07/25/2015.

MANAGEMENT RESPONSE

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

UNTIMELY DEPOSITS

We noted that during review of receipts, the deposit dated 10/15/2014 included cash over \$100 collected between 9/30/2014 and 10/14/2014 and documented on Multiple Receipt Form (form F-SA-6). The Redbook states that deposits must be made daily if school-wide cash collections are greater than \$100.

We noted that during review of receipts, the deposit dated 5/12/2015 included cash and checks collected as far back as 05/04/2015 and documented on Multiple Receipt Form (form F-SA-6). The Redbook states that deposits must be made daily if school-wide cash collections are greater than \$100.

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, 2015

CREDIT CARDS

We noted that the Credit Card Sign In/Out Log (form F-SA-13) that was completed for the Wal-Mart credit card documented where an employee had the card checked out for a few days at a time on six occurrences.

MANAGEMENT RESPONSE

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

UNALLOWED PURCHASE

We noted that during review of disbursements, check #1705, dated 11/24/2014 included school supplies paid for out of the Fifth Grade fund. The Redbook indicates that this is not an allowed purchase, nor is it allowed to be paid for from this fund.

We also noted that check #1685, dated 09/24/2014, written to School Specialty Inc. in the amount of \$2,251.24 was for the purchase of classroom supplies. This supplies included: a mail center wall mount, carpet squares, and a paper chart tablet. Redbook requires that operational expenses not be paid from school activity funds.

MANAGEMENT RESPONSE

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

NEW HIGHLAND ELEMENTARY SCHOOL

ANNUAL FINANCIAL REPORT

We noted that the Annual Financial Report (form F-SA-15A) was not signed by the school's treasurer, or approved by the school's principal. The Redbook says that the Annual Financial Report must be submitted by 07/25/2015.

MANAGEMENT RESPONSE

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

USE OF MULTIPLE RECEIPT FORM FOR CONCESSIONS

We noted that during review of receipts, the sale of concessions dated 5/21/2015 was recorded on F-SA-6, MRF, rather than on the proper inventory control worksheets. The Redbook requires that concessions be documented on Sales Collection Form (form F-SA-17) and Inventory Control Worksheet (form F-SA-5).

MANAGEMENT RESPONSE

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

RADCLIFF ELEMENTARY SCHOOL

VENDOR RECEIPTS FOR DISBURSEMENTS

We noted that a standard vendor invoice was not included with Check #1224, dated 3/16/15, payable to Domino's. Documentation provided by the vendor was not a standard receipt, invoice, or bill of sale. The documentation only indicated the total amount due.

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, 2015

VINE GROVE ELEMENTARY SCHOOL

CHARITABLE GAMING

We noted the ending cash balance on the 6/30/15 bank statement/reconciliation does not agree to with the ending balance reported on the Annual Financial for charitable gaming.

MANAGEMENT RESPONSE

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

WOODLAND ELEMENTARY SCHOOL

ANNUAL FINANCIAL REPORT

We noted that the Annual Financial Report (form F-SA-15A) was not signed by the school's treasurer. The Redbook says that the Annual Financial Report must be submitted by 07/25/2015.

MANAGEMENT RESPONSE

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

DATE OF PURCHASE ORDER

We noted that during review of disbursements, check #3347 in the amount of \$540 and the corresponding purchase order were dated 10/2/2014. These documents related to a 9/22/2014 online order for student memberships. The Redbook indicates that the purchase order should be completed on the same date or before the vendor invoice.

SCA also noted that during review of disbursements, check #3352 in the amount of \$1,142.12 and the corresponding purchase order were dated 12/4/2014. These documents related to a 12/3/2014 invoice for hotel rooms at the Galt House. The Redbook indicates that the purchase order should be completed on the same date or before the vendor invoice.

MANAGEMENT RESPONSE

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

IMPROPER FUNDRAISER FORMS

We noted that during review of fundraisers, the fundraiser approved on 9/17/2014 for temporary tattoo sales did not include the proper forms. Fundraiser Approval (F-SA-2A), Fundraiser Worksheet (F-SA-2B), and Inventory Control Worksheet (F-SA-5) were present, but the Redbook indicates that any fundraiser involving the sale of purchased merchandise should also include Sales Collection Form (F-SA-17). This form was not present.

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, 2015

EAST HARDIN MIDDLE SCHOOL

PURCHASE ORDERS

We noted that check #10830, dated 07/18/2014, written to Wal-Mart Business in the amount of \$931.27 included four Purchase Order Forms (F-SA-7) that were not signed or dated by the sponsor.

We noted that check #10992, dated 10/28/2014, written to Spirit Cruises in the amount of \$2,400.00 for the deposit on the 8th grade trip from the 8th Grade Trip Fund included a receipt from Spirit Cruises dated 10/02/2014. Redbook requires that the Purchase Order Form (form F-SA-7) be completed before the purchasing of goods.

MANAGEMENT RESPONSE

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

NORTH MIDDLE SCHOOL

INVENTORY CONTROL WORKSHEET

We noted that the Inventory Control Worksheet (form F-SA-5) completed for the concession stand held by the GBK Team had no signature for the person completing the inventory count.

MANAGEMENT RESPONSE

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

TICKET SALES

We noted that the Requisition and Report of Ticket Sales Forms (form F-SA-1) that were completed for the football game held on 09/16/2014 had the same individual initial as the ticket seller and sign off as the ticket taker.

We noted that the Requisition and Report of Ticket Sales Forms (form F-SA-1) for the girl's basketball game held on 08/25/2014 did not have a signature line or signature present for ticket taker.

We also noted that the majority of the Requisition and Report of Ticket Sales Forms (form F-SA-1) for the athletic events held had the same person(s) sign off as both the ticket sellers and the ticket takers.

MANAGEMENT RESPONSE

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

FUNDRAISERS

We noted that fundraiser held by Band and approved on 9/10/14 included ticket sales and concessions. For ticket sales, Redbook requires Report of Ticket Sales (form F-SA-1) and Fundraiser Worksheet (form F-SA-2B). For concessions/snack sales, Redbook requires Sales Collection Form (form F-SA-17) and Inventory Control Worksheet (form F-SA-5). Neither form was present.

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, 2015

MULTIPLE RECEIPT FORMS

We noted that the Multiple Receipt Form (form F-SA- 6) that was attached to the deposit made on 09/04/2014 had the total check amount listed as \$1,144.50, the actual check amount totaled to \$1,322.50. The correct amount of \$1,322.50 was deposited into the school's bank account on 09/04/2015.

MANAGEMENT RESPONSE

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

INCORRECT FORMS

We noted that during the review of disbursements, check #7758 dated 05/22/2015 did not include an Expense Report (form F-SA-9), and as a result, no dates were included to confirm the purchase order was completed on or before the same day goods were ordered.

MANAGEMENT RESPONSE

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

WEST HARDIN MIDDLE SCHOOL

CREDIT CARD SIGN IN/OUT

We noted on the form F-SA-13, Credit Card Sign In/Out for the Sam's Club credit card, that the card was checked out on October 31, 2014 and returned on November 5, 2014. We also noted on the form F-SA-13, Credit Card Sign In/Out for the Walmart credit card, that the card was checked out on November 7, 2014 and returned on November 11, 2014. Redbook requires that the card, approved purchase orders and itemized store receipts be submitted no later than the close of the next business day.

MANAGEMENT RESPONSE

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

DISBURSEMENTS

We noted that Check #5470 on 11/7/2014, payable to Staples, was made out of an inappropriate activity fund. The purpose of the Kindles that were bought was to reward students at a rally. The rally was not associated with School Pictures, which was the fund used for the purchase.

MANAGEMENT RESPONSE

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

CENTRAL HARDIN HIGH SCHOOL

TICKET SALES

We noted that the Requisition and Report of Ticket Sales (form F-SA-1) that was submitted for the boys' basketball game held on 01/09/2015 had the same person's signature for the ticket taker that initialed as being the ticket seller. Redbook requires that these duties be performed by two separate individuals.

We also noted that the Requisition and Report of Ticket Sales (form F-SA-1) that was submitted for the football game held on 11/21/2014 had the same person's signature for the ticket taker that initialed as being the ticket seller. Redbook requires that these duties be performed by two separate individuals.

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, 2015

EXTERNAL BOOSTER CLUBS

We noted that the External Support/Booster Organization Budget (form F-SA-4B) that was submitted for the Band Booster Club was not signed by the Organization Treasurer or the President.

MANAGEMENT RESPONSE

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

UNTIMELY DEPOSITS

We noted that the ticket sales in the amount of \$10,640.70 that were collected at the football game that was held on 11/21/2015 were not deposited until 11/25/2015. Redbook requires that these funds be deposited the next business day if greater than \$100.00.

MANAGEMENT RESPONSE

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

ACCOUNTS PAYABLE

We noted that the Account Payable listing for fiscal year-end 2015 did not include check #39161, dated 07/20/2015, written to BSN Sports, LLC in the amount of \$8,906.57 from seven various funds. The check included seven invoices all of which were dated in June 2015. Therefore, this check would be classified as a payable at the end of June and should have been included in the Accounts Payable Listing.

MANAGEMENT RESPONSE

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

NORTH HARDIN HIGH SCHOOL

CREDIT CARDS

We noted that the Credit Card Sign In/Out Log (form F-SA-13) had the treasurer's name as the person checking out the card and the treasurer's signature as the witness of when the card was returned on twelve occurrences.

MANAGEMENT RESPONSE

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

TICKET SALES

We noted that the Requisition and Report of Ticket Sales Form (form F-SA-1) that was completed for the football game held on 08/22/2014 had the same individual initial as the ticket seller and sign off as the ticket taker. Redbook requires that these duties be segregated.

MANAGEMENT RESPONSE

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

INVENTORY CONTROL WORKSHEETS

We noted during the review of check listings, a check written from the FCCLA fund to Wal-Mart for concession supplies. Upon further investigation, we noted receipts from concession sales into this fund, but there were no forms F-SA-5, Inventory Control Worksheets on file.

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, 2015

IMPROPER RECORDING OF CHECKS

We noted that during review of receipts, the deposit dated 9/22/2014 included a receipt for the amount of \$90 deposited into the Wrestling fund. There was no copy of the check attached and the payer and amount were not listed on the deposit ticket. Additionally, the check was intended for a donation for custodian. Staff donations should be deposited to the Faculty Concessions fund.

MANAGEMENT RESPONSE

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

IMPROPER SALE OF SCHOOL ASSETS

We noted that during review of receipts, the deposit dated 4/14/2015 included receipt #27687 for \$102 in cash remitted from the sale of scrap metal. Sale of school assets should be made at Board level.

MANAGEMENT RESPONSE

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

BROWN STREET EDUCATION CENTER

ANNUAL FINANCIAL REPORT

We noted that the Annual Financial Report that was submitted by the school's treasurer was not signed by the school's treasurer or approved by the school's principal.

MANAGEMENT RESPONSE

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

EARLY COLLEGE AND CAREER CENTER

INVENTORY CONTROL WORKSHEET

We noted that there was an Inventory Control Worksheet (form F-SA-5) for the robotics concession stand with the fundraiser dates as 12/11/2014-05/29/2015. Redbook requires that Inventory Control Worksheets be kept monthly.

MANAGEMENT RESPONSE

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

FUNDRAISER APPROVALS

We noted that there was a concession stand fundraiser held by Project Lead the Way Fund during the Robotics Tournament of which no Fundraiser Approval Form (form F-SA-2A) was present.

We noted that there was a Fundraiser Approval Form (form F-SA-2A) for the cheer signs fundraiser held by the Project Lead the Way Fund, but it was not signed or dated for approval by the principal.

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, 2015

DATE OF PURCHASE ORDER

We noted that during review of disbursements, check #5019 in the amount of \$52 to Skills USA included a purchase order dated 2/27/2015. This check and purchase order corresponded to an invoice dated 1/31/2015. The Redbook indicates that all purchase orders must be dated on or before the date of the vendor's invoice.

We noted that during review of disbursements, check #5026 in the amount of \$100 to James Grant Long III included a purchase order dated 3/16/2015. This check and purchase order corresponded to an invoice dated 3/14/2015. The Redbook indicates that all purchase orders must be dated on or before the date of the vendor's invoice.

MANAGEMENT RESPONSE

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