

HARDIN COUNTY SCHOOL DISTRICT
BASIC FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION,
AND INDEPENDENT AUDITOR'S REPORTS

Year Ended June 30, 2017

HARDIN COUNTY SCHOOL DISTRICT

TABLE OF CONTENTS

YEAR ENDED JUNE 30, 2017

	<u>Page</u>
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-11
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position.....	12
Statement of Activities	13
Fund Financial Statements:	
Balance Sheet – Governmental Funds	14
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position.....	15
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	17
Statement of Net Position – Proprietary Funds	18
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds.....	19
Statement of Cash Flows – Proprietary Funds	20
Statement of Fiduciary Net Position – Fiduciary Funds.....	21
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	22
Notes to the Basic Financial Statements	23-48
Required Supplementary Information:	
Budgetary Comparison Schedules	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual - General Fund	49
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Special Revenue Fund	50

HARDIN COUNTY SCHOOL DISTRICT

TABLE OF CONTENTS - CONTINUED

YEAR ENDED JUNE 30, 2017

	<u>Page</u>
Pension Schedules and Notes to Schedules	
Schedule of the District's Proportionate Share of the CERS Net Pension Liability.....	51
Schedule of the District's Proportionate Share of the TRS Net Pension Liability.....	52
Schedule of Contributions to CERS.....	53
Schedule of Contributions to TRS.....	54
Notes to Required Supplementary Information.....	55
Supplementary Information:	
Combining Statements – Nonmajor Funds:	
Combining Balance Sheet – Nonmajor Governmental Funds	56
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	57
Combining Statement of Net Position – Nonmajor Proprietary Funds – Enterprise Funds.....	58
Combining Statement of Revenues, Expenses and Changes in Fund Net Position – Nonmajor Enterprise Funds – Proprietary Funds.....	59
Combining Statement of Cash Flows – Nonmajor Enterprise Funds – Proprietary Funds	60
Combining Statement of Fiduciary Net Position – Fiduciary Funds	61
Schools:	
Schedule of Assets, Cash Receipts and Disbursements and Liabilities – All Schools.....	62
Schedule of Assets, Cash Receipts and Disbursements and Liabilities – Central Hardin High School	63-64
Schedule of Assets, Cash Receipts and Disbursements and Liabilities – John Hardin High School	65-66
Schedule of Assets, Cash Receipts and Disbursements and Liabilities – North Hardin High School	67-68
Schedule of Expenditures of Federal Awards	69-71
Notes to the Schedule of Expenditures of Federal Awards.....	72
Schedule of Findings and Questioned Costs.....	73-74
Summary Schedule of Prior Year Audit Findings	75

HARDIN COUNTY SCHOOL DISTRICT

TABLE OF CONTENTS - CONTINUED

YEAR ENDED JUNE 30, 2017

	<u>Page</u>
Independent Auditor's Report on Internal Control Over Financial Reporting On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	76-77
Independent Auditor's Report on Compliance For Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.....	78-79
Management Letter and Comments	80-83

CHRIS R. CARTER, CPA
ANN M. FISHER, CPA
SCOTT KISSELBAUGH, CPA
PHILIP A. LOGSDON, CPA
BRIAN S. WOOSLEY, CPA



STILES, CARTER & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS
WWW.SCACPA.COM

AMERICAN INSTITUTE OF CPAS
KENTUCKY SOCIETY OF CPAS

INDEPENDENT AUDITOR'S REPORT

Kentucky State Committee for School District Audits
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, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the 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 on 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, 2017, 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, 2017, the District adopted Governmental Accounting Standards Board 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*, Statement 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, Statement 77, *Tax Abatement Disclosures*, Statement 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*, Statement 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement 14*, and Statement 81, *Irrevocable Split-Interest Agreements*. 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 pages 51 to 52 and schedule of contributions on pages 53 to 54 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 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also 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 September 29, 2017, on our consideration of Hardin County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hardin County School District's internal control over financial reporting and compliance.



Certified Public Accountants
Elizabethtown, Kentucky
September 29, 2017

REQUIRED SUPPLEMENTARY INFORMATION

**HARDIN COUNTY SCHOOL DISTRICT - ELIZABETHTOWN, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2017**

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, 2017. 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 \$24.9 million. The ending fund balance was \$25.8 million. The major reason for the change was due to increased tax income.
- 2 The beginning Construction Fund fund balance was \$7.7 million. The ending fund balance was \$13.5 million. The major reason for the change in fund balance was due to unspent bond proceeds as projects are in progress.

USING THIS ANNUAL REPORT

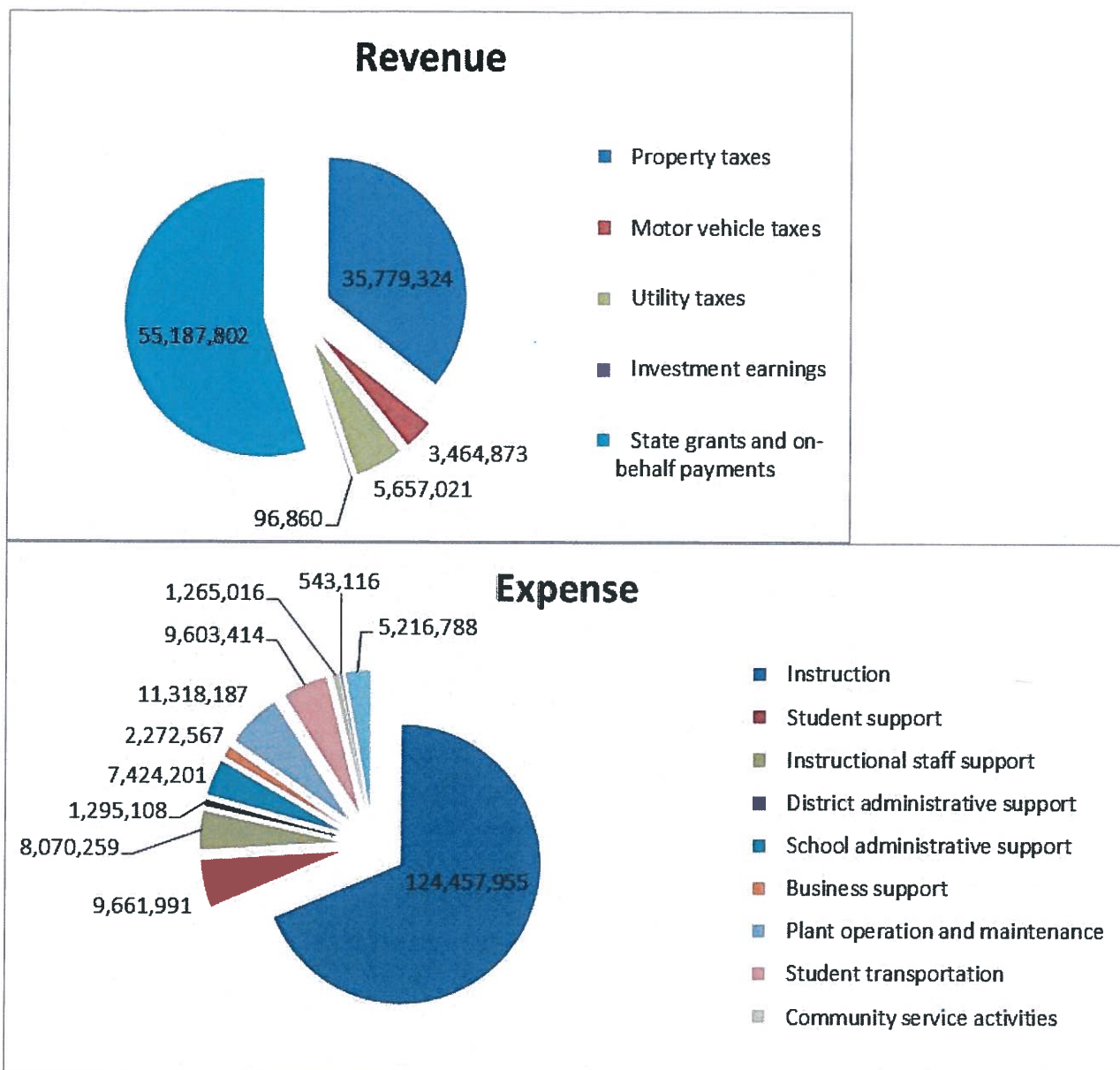
This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This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

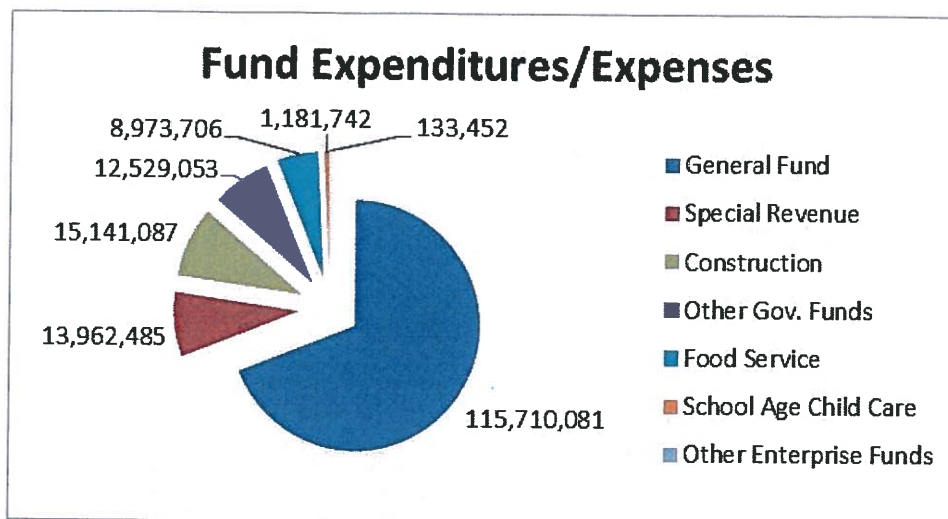
The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues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

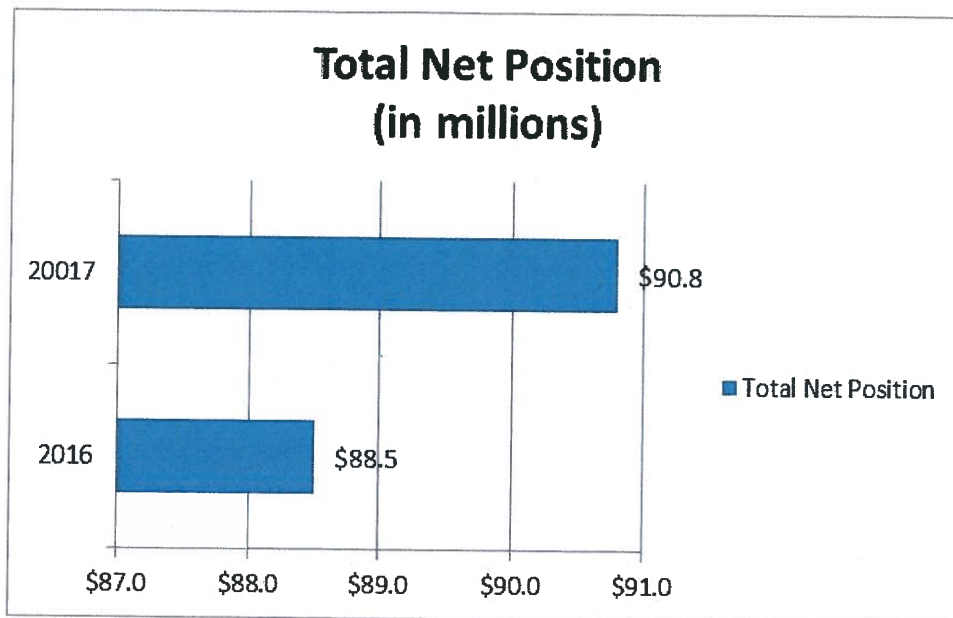
Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23 - 48 of this report.

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 \$90.8 million as of June 30, 2017. 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, 2017 and 2016
(Table 1)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Current and Other Assets	\$ 44,789,053	\$ 36,966,286	\$ 1,985,410	\$ 1,488,219	\$ 46,774,463	\$ 38,454,505
Capital Assets	228,482,650	221,235,811	1,040,435	1,079,561	229,523,085	222,315,372
Total Assets	273,271,703	258,202,097	3,025,845	2,567,780	276,297,548	260,769,877
Deferred Outflows	11,128,925	8,843,498	1,422,770	868,090	12,551,695	9,711,588
Long-term Debt	179,363,163	162,181,212	6,409,768	5,511,267	185,772,931	167,692,479
Other Liabilities	12,281,128	12,595,247	23,194	17,758	12,304,322	12,613,005
Total Liabilities	191,644,291	174,776,459	6,432,962	5,529,025	198,077,253	180,305,484
Deferred Inflows	7,477	1,432,718	1,471	276,682	8,948	1,709,400
Net Position						
Net investment in capital assets	82,778,056	87,519,068	1,040,435	1,079,561	83,818,491	88,598,629
Restricted	15,630,931	9,352,813	-	-	15,630,931	9,352,813
Unrestricted	(5,660,127)	(6,035,463)	(3,026,253)	(3,449,398)	(8,686,380)	(9,484,861)
Total Net Position	\$ 92,748,860	\$ 90,836,418	\$ (1,985,818)	\$ (2,369,837)	\$ 90,763,042	\$ 88,466,581

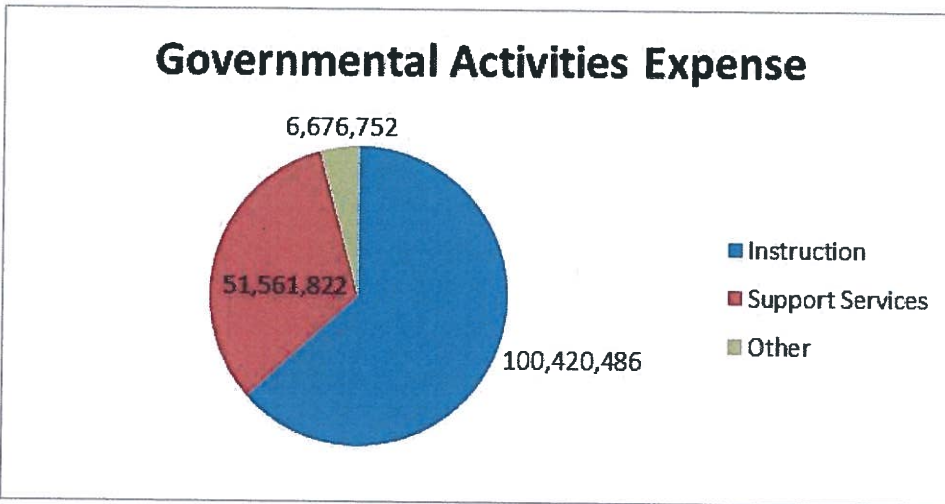


The following Table 2 presents a summary of changes in net position for the fiscal years ended June 30, 2017 and 2016.

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
REVENUES						
Program revenues						
Charges for services	\$ 150,385	\$ 156,492	\$ 2,470,324	\$ 2,434,248	\$ 2,620,709	\$ 2,590,740
Operating grants and contributions	76,209,036	51,713,653	8,089,224	7,662,885	84,298,260	59,376,538
Capital grants and contributions	6,050,838	5,757,589	-	-	6,050,838	5,757,589
General revenues						
Property taxes	35,779,324	35,312,617	-	-	35,779,324	35,312,617
Motor vehicle taxes	3,464,873	3,287,923	-	-	3,464,873	3,287,923
Utility taxes	5,657,021	5,723,594	-	-	5,657,021	5,723,594
Other taxes	9,928	10,498	-	-	9,928	10,498
Investment earnings	96,860	17,135	3,639	393	100,499	17,528
State and formula grants	55,187,802	54,668,081	-	-	55,187,802	54,668,081
Miscellaneous	544,709	738,832	-	-	544,709	738,832
Total revenues	183,150,776	157,386,414	10,563,187	10,097,526	193,713,963	167,483,940
EXPENSES						
Program Activities						
Instruction	124,457,955	100,420,486	-	-	124,457,955	100,420,486
Student support	9,661,991	9,103,361	-	-	9,661,991	9,103,361
Instructional staff support	8,070,259	8,204,019	-	-	8,070,259	8,204,019
District administrative support	1,295,108	1,258,637	-	-	1,295,108	1,258,637
School administrative support	7,424,201	7,763,016	-	-	7,424,201	7,763,016
Business support	2,272,567	2,213,823	-	-	2,272,567	2,213,823
Plant operation and maintenance	11,318,187	11,889,579	-	-	11,318,187	11,889,579
Student transportation	9,603,414	11,129,387	-	-	9,603,414	11,129,387
Community service activities	1,265,016	1,266,083	-	-	1,265,016	1,266,083
Other	543,116	456,511	-	-	543,116	456,511
Interest costs	5,216,788	4,954,158	-	-	5,216,788	4,954,158
Business-type Activities						
Food service	-	-	8,973,706	9,311,520	8,973,706	9,311,520
Childcare	-	-	1,181,742	1,284,739	1,181,742	1,284,739
Early College and Career Center	-	-	30,791	34,846	30,791	34,846
Educational television	-	-	102,661	119,783	102,661	119,783
Total expenses	181,128,602	158,659,060	10,288,900	10,750,888	191,417,502	169,409,948
Transfers	(109,732)	(170,580)	109,732	170,580	-	-
Increase (decrease) in net position	\$ 1,912,442	\$ (1,443,226)	\$ 384,019	\$ (482,782)	\$ 2,296,461	\$ (1,926,008)

Governmental Activities

Instruction comprises 69%, support services comprise 27% and expense for community services, interest and other items accounts for 4% of governmental 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		Net Cost of Services	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Instruction	\$ 124,457,955	\$ 100,420,486	\$ 60,493,121	\$ 59,485,237
Support Services	49,645,727	51,561,822	38,556,881	41,878,242
Community Services	1,266,016	1,266,083	21,315	76,739
Facility acquisition and construction	-	-	(4,983,786)	(4,649,556)
Other	543,116	456,511	481,076	394,539
Interest costs	5,216,788	4,954,158	4,149,736	3,846,125
Total expenses	<u>\$ 181,129,602</u>	<u>\$ 158,659,060</u>	<u>\$ 98,718,343</u>	<u>\$ 101,031,326</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 \$10,563,187 and expenses of \$10,288,900 for fiscal year 2017. Of the revenues, \$2,470,324 was charges for services, \$8,089,224 was from State and Federal operating grants, and \$3,639 was from investment earnings. The food service fund also received \$109,732 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 \$180.5 million and expenditures and other financing uses of \$173.6 million. Net changes in fund balances for the year were most significant in the General Fund \$.9 million and the Construction Fund \$5.9 million.

The increase in the General Fund was primarily due to additional tax revenue. The increase in the Construction Fund was due to not spending bond proceeds received during the fiscal year.

General Fund-Budget Highlights

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

For the General Fund revenues were budgeted at \$87.9 million with actual amounts of \$114.9 million. Budgeted expenditures of \$109.7 million compare with actual expenditures of \$115.7 million. The most significant fluctuation is for on-behalf payments of \$22.9 million.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2017 the School District had \$229.5 million invested in land, land improvements, buildings, vehicles, equipment, and construction in progress, and \$228.5 million in governmental activities. Table 4 shows fiscal year 2017 and 2016 balances.

(Table 4)
Capital Assets
(Net of Depreciation)

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land	\$ 7,539,317	\$ 7,539,317	\$ 16,790	\$ 16,790	\$ 7,556,107	\$ 7,556,107
Land improvements	2,628,970	2,701,183	-	-	2,628,970	2,701,183
Buildings and improvements	176,908,011	165,684,012	20,612	24,816	176,928,623	165,708,828
Technology	2,154,912	3,438,943	58	414	2,154,970	3,439,357
Vehicles	5,652,499	5,459,328	59,861	11,459	5,712,360	5,470,787
General equipment	1,843,506	1,916,720	943,114	1,026,082	2,786,620	2,942,802
Total	196,727,215	186,739,503	1,040,435	1,079,561	197,767,650	187,819,064
Construction in progress	31,755,435	34,496,308	-	-	31,755,435	34,496,308
Total	<u>\$ 228,482,650</u>	<u>\$ 221,235,811</u>	<u>\$ 1,040,435</u>	<u>\$ 1,079,561</u>	<u>\$ 229,523,085</u>	<u>\$ 222,315,372</u>

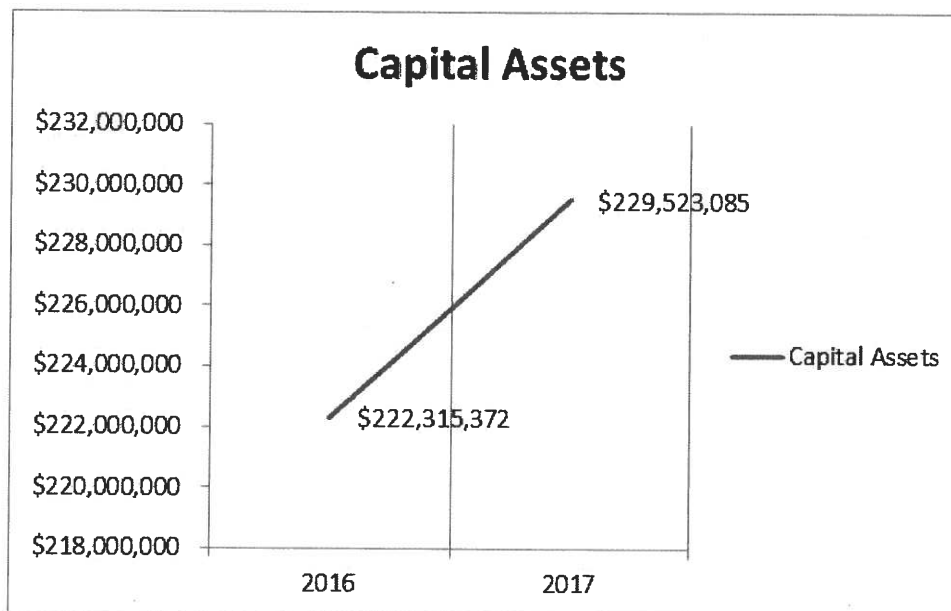


Table 5 shows the changes in capital assets for the fiscal years ended June 30, 2017 and 2016.

(Table 5)
Change in Capital Assets

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Beginning balance	\$ 221,235,811	\$ 213,103,667	\$ 1,079,561	\$ 1,088,164	\$ 222,315,372	\$ 214,191,831
Additions	33,772,490	16,538,850	164,112	189,657	33,936,602	16,728,507
Retirements	(18,059,499)	(302,238)	(3,610)	(1,726)	(18,063,109)	(303,964)
Depreciation	(8,466,152)	(8,104,468)	(199,628)	(196,534)	(8,665,780)	(8,301,002)
Ending balance	<u>\$ 228,482,650</u>	<u>\$ 221,235,811</u>	<u>\$ 1,040,435</u>	<u>\$ 1,079,561</u>	<u>\$ 229,523,085</u>	<u>\$ 222,315,372</u>

Ongoing construction costs are in construction in progress at June 30, 2017.

Debt

At June 30, 2017, the School District had \$148.4 million in bonds outstanding, of this amount \$7 million is to be paid from KSFCC funding provided by the State of Kentucky. A total of \$6 million is due within one year. The District issued the 2016 refunding 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. Cecilia Valley Elementary will continue to be under construction and hopes to be open in 17-18 school year.

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 has enabled 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 financial concerns with no additional state funding in SEEK through 2017-2018. A key challenge will be to maintain the level of student achievement with current funding sources.

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 2017-2018 with a 4.2% contingency. Significant Board action that impacts the finances includes pay increases for all employees including KTRS/CERS 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 John Stith, Chief Operations Officer (270) 769-8800, 65 W. A. Jenkins Road, Elizabethtown, Kentucky, 42701.

BASIC FINANCIAL STATEMENTS

HARDIN COUNTY SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2017

Assets	Governmental Activities	Business- Type Activities	Total
Current Assets			
Cash, cash equivalents and investments	\$ 41,826,401	\$ 1,647,200	\$ 43,473,601
Inventory		281,920	281,920
Receivables:			
Taxes-current	669,713		669,713
Taxes-delinquent	75,747		75,747
Other receivables	170,805	7,142	177,947
Intergovernmental-State	40,881		40,881
Intergovernmental-Indirect Federal	1,989,098	49,148	2,038,246
Intergovernmental-Direct Federal	16,408		16,408
Total Current Assets	44,789,053	1,985,410	46,774,463
Noncurrent Assets			
Non-depreciable capital assets	39,294,752	16,790	39,311,542
Depreciable capital assets, net of accumulated depreciation	189,187,898	1,023,645	190,211,543
Total Noncurrent Assets	228,482,650	1,040,435	229,523,085
Total Assets	273,271,703	3,025,845	276,297,548
Deferred Outflows of Resources			
Deferred amount on debt refundings	3,900,294		3,900,294
CERS	7,228,631	1,422,770	8,651,401
Total Deferred Outflows of Resources	11,128,925	1,422,770	12,551,695
Liabilities			
Current Liabilities			
Accounts payable	3,338,853	23,194	3,362,047
Unearned revenue	994,749		994,749
Bond obligations	6,005,000		6,005,000
Compensated absences	355,259		355,259
Interest payable	1,587,267		1,587,267
Total Current Liabilities	12,281,128	23,194	12,304,322
Noncurrent Liabilities			
Bond obligations	143,599,888		143,599,888
Net pension liability - CERS	32,565,941	6,409,768	38,975,709
Compensated absences	3,197,334		3,197,334
Total Noncurrent Liabilities	179,363,163	6,409,768	185,772,931
Total Liabilities	191,644,291	6,432,962	198,077,253
Deferred Inflows of Resources			
CERS	7,477	1,471	8,948
Total Deferred Inflows of Resources	7,477	1,471	8,948
Net Position			
Net investment in capital assets	82,778,056	1,040,435	83,818,491
Restricted	15,630,931		15,630,931
Unrestricted	(5,660,127)	(3,026,253)	(8,686,380)
Total Net Position	\$ 92,748,860	\$ (1,985,818)	\$ 90,763,042

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

HARDIN COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
Year Ended June 30, 2017

FUNCTIONS/PROGRAMS

Governmental Activities:

Instruction

Support services:

Student

Instruction staff

District administrative

School administrative

Business

Plant operation and maintenance

Student transportation

Community service activities

Facilities acquisition and construction

Other

Interest on long-term debt

Total Governmental Activities

Business-Type Activities:

Food service

School Age Child Care

Early College and Career Center

Educational television

Total Business-Type Activities

Total Primary Government

Net (Expenses) Revenues and Changes in Net Position			
	Governmental Activities	Business- Type Activities	Total
	\$ (60,493,121)	\$ -	\$ (60,493,121)
	(7,478,168)		(7,478,168)
	(4,069,516)		(4,069,516)
	(1,221,268)		(1,221,268)
	(5,806,031)		(5,806,031)
	(1,904,048)		(1,904,048)
	(10,277,418)		(10,277,418)
	(7,800,432)		(7,800,432)
	(21,315)		(21,315)
	4,983,786		4,983,786
	(481,076)		(481,076)
	(4,149,736)		(4,149,736)
	(98,718,343)	-	(98,718,343)
		507,264	507,264
		(231,705)	(231,705)
		(112)	(112)
		(4,799)	(4,799)
		270,648	270,648
	-		
	(98,718,343)	270,648	(98,447,695)

General Revenues:

Taxes:

Property taxes

Motor vehicle taxes

Utility taxes

Other taxes

Investment earnings

State and formula grants

Miscellaneous

Transfers of capital assets

Total general revenues and transfers

Change in net position

Net position - beginning,

Net position - ending

35,779,324	35,779,324
3,464,873	3,464,873
5,657,021	5,657,021
9,928	9,928
96,860	100,499
55,187,802	55,187,802
544,709	544,709
(109,732)	-
100,630,785	100,744,156
1,912,442	2,296,461
90,836,418	88,466,581
\$ 92,748,860	\$ 90,763,042

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, 2017

	General Fund	Special Revenue	Construction Fund	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash, cash equivalents and investments	\$26,569,969	\$ 115,864	\$ 14,394,725	\$ 745,840	\$ 41,826,398
Receivables:					
Taxes - current	669,713				669,713
Taxes - delinquent	75,747				75,747
Other receivables	170,805				170,805
Intergovernmental - State		40,881			40,881
Intergovernmental - Indirect Federal	206,850	1,782,248			1,989,098
Intergovernmental - Direct Federal		16,408			16,408
Due from other funds	30,230				30,230
Total Assets	<u>\$27,723,314</u>	<u>\$ 1,955,401</u>	<u>\$ 14,394,725</u>	<u>\$ 745,840</u>	<u>\$ 44,819,280</u>
Liabilities and Fund Balances:					
Liabilities					
Accounts payable	\$ 1,898,797	\$ 549,708	\$ 881,541	\$ 8,807	\$ 3,338,853
Due to other funds		30,230			30,230
Unearned revenue		994,749			994,749
Total Liabilities	<u>1,898,797</u>	<u>1,574,687</u>	<u>881,541</u>	<u>8,807</u>	<u>4,363,832</u>
Fund Balances					
Restricted	1,000,000	380,714	13,513,184	737,033	15,630,931
Committed	5,072,188				5,072,188
Unassigned	19,752,329				19,752,329
Total Fund Balances	<u>25,824,517</u>	<u>380,714</u>	<u>13,513,184</u>	<u>737,033</u>	<u>40,455,448</u>
Total Liabilities and Fund Balances	<u>\$27,723,314</u>	<u>\$ 1,955,401</u>	<u>\$ 14,394,725</u>	<u>\$ 745,840</u>	<u>\$ 44,819,280</u>

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

HARDIN COUNTY SCHOOL DISTRICT

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

June 30, 2017

Total fund balance per fund financial statements	\$ 40,455,448
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.	228,482,650
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.	3,900,294
Governmental funds do not record deferred outflows of resources for pensions but those are reported on the statement of net position as deferred outflows of resources.	7,228,631
Governmental funds do not record deferred inflows of resources for pensions but those are reported on the statement of net position as deferred inflows of resources.	(7,477)
Certain liabilities are not reported in this fund financial statement because they are not due and payable, but they are presented in the statement of net position:	
Bonds payable (net of discounts and premiums)	(149,604,888)
Interest payable	(1,587,264)
Compensated absences	(3,552,593)
Net pension liability - CERS	<u>(32,565,941)</u>
Net position for governmental activities	<u><u>\$ 92,748,860</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, 2017

	General Fund	Special Revenue	Construction Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
From local sources:					
Taxes:					
Property	\$ 26,067,664	\$ -	\$ -	\$ 9,711,660	\$ 35,779,324
Motor vehicle	3,464,873				3,464,873
Utilities	5,657,021				5,657,021
Other taxes	9,928				9,928
Earnings on investments	64,075	747	28,005	4,033	96,860
Other local revenues	695,094	139,247	7,390	334,358	1,176,089
Intergovernmental - State	78,094,959	5,686,989	38,600	6,050,838	89,871,386
Intergovernmental - Indirect Federal	838,685	7,701,937			8,540,622
Intergovernmental - Direct Federal	59,584	85,576			145,160
Total Revenues	114,951,883	13,614,496	73,995	16,100,889	144,741,263
Expenditures:					
Instruction	68,344,926	10,438,157		136,275	78,919,358
Support services:					
Student	9,635,368	36,434		111	9,671,913
Instruction staff	6,131,661	1,853,354		96,295	8,081,310
District administrative	1,194,973				1,194,973
School administrative	7,427,155				7,427,155
Business	2,266,250				2,266,250
Plant operation and maintenance	11,177,052	10,460		8,926	11,196,438
Student transportation	9,379,933	413,390		1,868	9,795,191
Facilities acquisition and construction	19,088		15,023,387		15,042,475
Community service activities	117,288	1,148,650			1,265,938
Other	16,387	62,040			78,427
Bond issue costs			117,700		117,700
Debt service:					
Principal				7,565,000	7,565,000
Interest				4,720,578	4,720,578
Total Expenditures	115,710,081	13,962,485	15,141,087	12,529,053	157,342,706
Excess (Deficit) of Revenues over Expenditures	(758,198)	(347,989)	(15,067,092)	3,571,836	(12,601,443)
Other Financing Sources (Uses):					
Revenue bond proceeds			19,675,000		19,675,000
Bond discount			(374,626)		(374,626)
Proceeds from disposal of capital assets	127,761				127,761
Transfers in	2,821,820	384,866	1,650,772	11,058,525	15,915,983
Transfers out	(1,220,537)			(14,695,446)	(15,915,983)
Total Other Financing Sources (Uses)	1,729,044	384,866	20,951,146	(3,636,921)	19,428,135
Net Change in Fund Balances	970,846	36,877	5,884,054	(65,085)	6,826,692
Fund Balance, July 1, 2016	24,853,671	343,837	7,629,130	802,118	33,628,756
Fund Balance, June 30, 2017	\$ 25,824,517	\$ 380,714	\$ 13,513,184	\$ 737,033	\$ 40,455,448

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, 2017

Net change in total fund balances per fund financial statements	\$ 6,826,692
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.	7,542,108
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.	(19,300,374)
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.	7,565,000
In the statement of activities, only the gain (loss) on sale of capital assets is reported, whereas in the governmental funds, the proceeds for the sale increased financial resources.	(295,269)
The difference between actuarial pension contributions to CERS and actual contributions made are recorded as adjustments in the statement of activities.	131,225
Generally, expenditures recognized in this fund financial statement are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred.	<u>(556,940)</u>
Change in net position of governmental activities	<u>\$ 1,912,442</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, 2017

	Food Service Fund	School Age Child Care	Other Enterprise Funds	Total Enterprise Funds
Assets				
<u>Current Assets</u>				
Cash, cash equivalents and investments	\$ 1,485,307	\$ 145,339	\$ 16,554	\$ 1,647,200
Accounts receivable			7,142	7,142
Inventory	281,920			281,920
Intergovernmental receivable - Indirect Federal	49,148			49,148
Total Current Assets	1,816,375	145,339	23,696	1,985,410
<u>Noncurrent Assets</u>				
Non-depreciable capital assets				
Capital assets, net of accumulated depreciation	16,790 1,023,645			16,790 1,023,645
Total Noncurrent Assets	1,040,435	-	-	1,040,435
Total Assets	2,856,810	145,339	23,696	3,025,845
Deferred Outflows of Resources				
CERS	1,149,747	261,364	11,659	1,422,770
Total Deferred Outflows of Resources	1,149,747	261,364	11,659	1,422,770
Liabilities				
<u>Current Liabilities</u>				
Accounts payable	14,453	5,991	2,750	23,194
Total Current Liabilities	14,453	5,991	2,750	23,194
<u>Noncurrent Liabilities</u>				
Net pension liability - CERS	5,179,764	1,177,480	52,524	6,409,768
Total Noncurrent Liabilities	5,179,764	1,177,480	52,524	6,409,768
Total Liabilities	5,194,217	1,183,471	55,274	6,432,962
Deferred Inflows of Resources				
CERS	1,189	270	12	1,471
Total Deferred Inflows of Resources	1,189	270	12	1,471
<u>Net Position</u>				
Net investment in capital assets	1,040,435			1,040,435
Unrestricted	(2,229,284)	(777,038)	(19,931)	(3,026,253)
Total Net Position	\$ (1,188,849)	\$ (777,038)	\$ (19,931)	\$ (1,985,818)

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, 2017

	Food Service Fund	School Age Child Care	Other Enterprise Funds	Total Enterprise Funds
Operating Revenues				
Lunchroom sales	\$ 1,587,225	\$ -	\$ -	\$ 1,587,225
Other	491	764,552		765,043
Tuition and fees			118,056	118,056
Total Operating Revenues	1,587,716	764,552	118,056	2,470,324
Operating Expenses				
Salaries and wages	4,080,073	1,092,682	51,661	5,224,416
Materials and supplies	4,493,918	41,336	46,438	4,581,692
Depreciation	199,628			199,628
Other operating expenses	198,978	47,724	35,353	282,055
Total Operating Expenses	8,972,597	1,181,742	133,452	10,287,791
Operating (loss)	(7,384,881)	(417,190)	(15,396)	(7,817,467)
Non-Operating Revenues (Expenses)				
Federal grants	6,400,581			6,400,581
Donated commodities	574,365			574,365
State grants	81,496			81,496
State on-behalf payments	836,812	185,485	10,485	1,032,782
Loss on disposal of capital assets	(1,109)			(1,109)
Interest income	3,639			3,639
Total Non-Operating Revenues (Expenses)	7,895,784	185,485	10,485	8,091,754
Capital contributions	109,732			109,732
Changes in net position	620,635	(231,705)	(4,911)	384,019
Net Position, July 1, 2016	(1,809,484)	(545,333)	(15,020)	(2,369,837)
Net Position, June 30, 2017	\$ (1,188,849)	\$ (777,038)	\$ (19,931)	\$ (1,985,818)

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, 2017

	Food Service Fund	School Age Child Care	Other Enterprise Funds	Total Enterprise Funds
Cash Flows from Operating Activities				
Cash received from:				
Lunchroom sales	\$ 1,587,225	\$ -	\$ -	\$ 1,587,225
Other	491			491
Tuition and fees		764,552	118,455	883,007
Cash paid to/for:				
Employees	(3,139,596)	(735,162)	(40,936)	(3,915,694)
Supplies	(3,928,195)	(40,158)	(45,681)	(4,014,034)
Other activities	(198,978)	(47,724)	(35,353)	(282,055)
Net Cash Used by Operating Activities	(5,679,053)	(58,492)	(3,515)	(5,741,060)
Cash flows from Non-Capital Financing Activities				
Federal grants	6,401,972			6,401,972
State grants	81,496			81,496
Net Cash Provided by Non-Capital Financing Activities	6,483,468	-	-	6,483,468
Cash Flows from Capital and Related Financing Activities				
Purchase of capital assets	(54,380)	-	-	(54,380)
Cash Flows from Investing Activities				
Sale of investments	731,633	203,831	20,069	955,533
Receipt of interest income	3,639			3,639
Net Cash Provided by Investing Activities	735,272	203,831	20,069	959,172
Net change in cash and cash equivalents	1,485,307	145,339	16,554	1,647,200
Balances, beginning of year	-	-	-	-
Balances, end of year	\$ 1,485,307	\$ 145,339	\$ 16,554	\$ 1,647,200
Reconciliation of operating loss to net cash provided (used) by operating activities:				
Operating loss	\$ (7,384,881)	\$ (417,190)	\$ (15,396)	\$ (7,817,467)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:				
Depreciation	199,628			199,628
Donated commodities	574,365			574,365
State on-behalf payments	836,812	185,485	10,485	1,032,782
GASB 68 pension expense	103,665	172,035	240	275,940
Change in assets and liabilities:				
Accounts receivable			399	399
Inventory	(12,144)			(12,144)
Accounts payable	3,502	1,178	757	5,437
Net Cash Used by Operating Activities	\$ (5,679,053)	\$ (58,492)	\$ (3,515)	\$ (5,741,060)
Schedule of Non-cash Transactions				
Donated commodities received from federal government	\$ 574,365	\$ -	\$ -	\$ 574,365
State on-behalf payments	\$ 836,812	\$ 185,485	\$ 10,485	\$ 1,032,782
CERS Pensions	\$ 103,665	\$ 172,035	\$ 240	\$ 275,940

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, 2017

	Private Purpose Trust Funds	Agency Fund
Assets		
Cash, cash equivalents and investments	\$ 186,123	\$ 1,251,018
Receivables		6,850
Total Assets	<u>\$ 186,123</u>	<u>\$ 1,257,868</u>
Liabilities		
Accounts payable	\$ -	\$ 20,110
Due to student groups		1,237,758
Total Liabilities	<u>\$ -</u>	<u>\$ 1,257,868</u>
Net Position Held in Trust	<u>\$ 186,123</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, 2017

	Private Purpose Trust Funds
Additions	
Net interest and investment gains	\$ 322
Other additions	1,426
Deductions	
Expenses paid	<u>(1,300)</u>
Change in net position	448
Net Position, beginning of year	<u>185,675</u>
Net Position, end of year	<u><u>\$ 186,123</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, 2017

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, 2017

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, 2017

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.

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, 2017

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. This is a major fund of the District.
- (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, 2017

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, 2017

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, 2017, 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 capital 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, 2017

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, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

L. IMPACT OF RECENTLY ISSUED ACCOUNTING PRINCIPLES

Recently Issued And Adopted Accounting Principles

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. This statement was adopted during the fiscal year ended June 30, 2017 and did not have an impact 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 August 2015, the GASB issued Statement 77, *Tax Abatement Disclosures*. This statement is effective for periods beginning after December 15, 2015. This statement was adopted during the fiscal year ended June 30, 2017 and did not have an impact on the District's financial statements.

In December 2015, the GASB issued Statement 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*. This statement is effective for periods beginning after December 15, 2015. This statement was adopted during the fiscal year ended June 30, 2017 and did not have an impact on the District's financial statements.

In January 2016, the GASB issued Statement 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement 14*. This statement is effective for periods beginning after June 15, 2016. This statement was adopted during the fiscal year ended June 30, 2017 and did not have an impact on the District's financial statements.

In March 2016, the GASB issued Statement 81, *Irrevocable Split-Interest Agreements*. This statement is effective for periods beginning after December 15, 2016. This statement was adopted during the fiscal year ended June 30, 2017 and did not have an impact on the District's financial statements.

Recently Issued Accounting Pronouncements

In March 2016, the GASB issued Statement 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68 and No. 72*. This statement is effective for periods beginning after June 15, 2016 except for the requirements of the Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. 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, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

In November 2016, the GASB issued Statement 83, *Certain Asset Retirement Obligations*. This statement is effective for periods beginning after June 15, 2018. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

In January 2017, the GASB issued Statement 84, *Fiduciary Activities*. This statement is effective for periods beginning after December 15, 2018. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

In March 2017, the GASB issued Statement 85, *Omnibus 2017*. 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 May 2017, the GASB issued Statement 86, *Certain Debt Extinguishment Issues*. 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 2017, the GASB issued Statement 87, *Leases*. This statement is effective for periods beginning after December 15, 2019. 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, 2017, to finance operations were \$.629 per \$100 valuation for real property, \$.629 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, 2017

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, 2017, \$32,709,899 of the District's bank balance of \$37,417,134 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, 2017, the District had the following investments and maturities:

	Fair Value	Average Credit Quality/Ratings (1)	Maturity Less Than 1
United States Treasury Bill	\$ 19,985,083	AAA	\$ 19,985,083

(1) Ratings are provided where applicable to indicate associated *Credit Risk*. N/A indicates not applicable. Ratings are from Moody's Investors Service.

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, 2017

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. No investments are reported at amortized cost. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District's investment is a level 1 input.

NOTE 4 – INTERFUND ACTIVITIES

The following transfers were made during the year:

Fund Financial Statements

From Fund	To Fund	Purpose	Amount
General	Special Revenue	Grants	\$ 384,866
General	Construction	Construction	449,493
General	Nonmajor Governmental	Debt Service	386,178
Nonmajor Governmental	General	COFT	1,292,770
Nonmajor Governmental	Construction	Construction	1,201,279
Nonmajor Governmental	General	BFFT	1,529,050
Nonmajor Governmental	Nonmajor Governmental	Debt Service	10,672,347
			<u>\$ 15,915,983</u>

Government-Wide Financial Statements

Construction	Food Service	Capital Assets	\$ 109,732
--------------	--------------	----------------	------------

The Special Revenue Fund also owed the General Fund \$30,230 for expenditures paid by the General Fund.

HARDIN COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
June 30, 2017

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2017, was as follows:

Governmental Activities	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
Capital Assets Not Being Depreciated:				
Land	\$ 7,539,317	\$ -	\$ -	\$ 7,539,317
Construction in progress	34,496,308	15,023,357	(17,764,230)	31,755,435
Total Capital Assets Not Being Depreciated	42,035,625	15,023,357	(17,764,230)	39,294,752
Capital Assets Being Depreciated:				
Land improvements	6,791,066	163,181		6,954,247
Buildings and improvements	236,206,572	17,135,357	(813,038)	252,528,891
Technology equipment	10,644,542	70,924	(327,448)	10,388,018
Vehicles	16,269,749	1,149,513	(530,393)	16,888,869
General equipment	9,658,112	230,158	(36,811)	9,851,459
Total Capital Assets Being Depreciated at Historical Cost	279,570,041	18,749,133	(1,707,690)	296,611,484
Less Accumulated Depreciation For:				
Land improvements	4,089,883	235,394		4,325,277
Buildings and improvements	70,522,560	5,626,826	(528,506)	75,620,880
Technology equipment	7,205,599	1,347,371	(319,864)	8,233,106
Vehicles	10,810,421	956,342	(530,393)	11,236,370
General equipment	7,741,392	300,219	(33,658)	8,007,953
Total accumulated depreciation	100,369,855	8,466,152	(1,412,421)	107,423,586
Total Other Capital Assets, net	179,200,186	10,282,981	(295,269)	189,187,898
Governmental Activities Capital Assets - Net	\$ 221,235,811	\$ 25,306,338	\$ (18,059,499)	\$ 228,482,650
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		(22,440)	1,779
Vehicles	109,421	54,380		163,801
General equipment	3,854,390	109,732	(159,483)	3,804,639
Totals at historical cost	4,329,418	164,112	(181,923)	4,311,607
Less Accumulated Depreciation For:				
Land improvements	14,407			14,407
Buildings and improvements	302,165	4,204		306,369
Technology equipment	23,805	356	(22,440)	1,721
Vehicles	97,962	5,978		103,940
General equipment	2,828,308	189,090	(155,873)	2,861,525
Total accumulated depreciation	3,266,647	199,628	(178,313)	3,287,962
Total Other Capital Assets, net	1,062,771	(35,516)	(3,610)	1,023,645
Business-Type Activities Capital Assets - Net	\$ 1,079,561	\$ (35,516)	\$ (3,610)	\$ 1,040,435
Depreciation was charged to governmental functions as follows:				
Instruction	\$ 7,250,852			
Student support	733			
Instructional staff	75			
District administration	40,029			
School administration	5,890			
Business support	10,869			
Plant	219,873			
Transportation	937,831			
	\$ 8,466,152			

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2017

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, 2017, is as follows:

	Balance July 1, 2016	Additions	Reductions	Balance June 30, 2017	Amounts Due Within One Year
Governmental Activities:					
Bonds Payable:					
Revenue bonds	\$ 136,330,000	\$ 19,675,000	\$ (7,565,000)	\$ 148,440,000	\$ 6,005,000
Add: Premium	3,107,092		(331,447)	2,775,645	
Less: (Discount)	<u>(1,371,998)</u>	<u>(374,626)</u>	<u>135,867</u>	<u>(1,610,757)</u>	
Total Bonds Payable	138,065,094	19,300,374	(7,760,580)	149,604,888	6,005,000
Other Liabilities:					
Compensated absences	<u>3,491,866</u>	<u>768,346</u>	<u>(707,619)</u>	<u>3,552,593</u>	<u>355,259</u>
Total Other Liabilities	<u>3,491,866</u>	<u>768,346</u>	<u>(707,619)</u>	<u>3,552,593</u>	<u>355,259</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 141,556,960</u>	<u>\$ 20,068,720</u>	<u>\$ (8,468,199)</u>	<u>\$ 153,157,481</u>	<u>\$ 6,360,259</u>

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.

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2017

NOTE 7 – LONG-TERM LIABILITIES – CONTINUED

Bond Liabilities

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

Issue Date	Original Proceeds	Rates
June 2009	1,960,000	2.00% - 4.00%
July 2010 Refunding	5,580,000	1.00% - 3.00%
February 2011	3,750,000	1.00% - 4.85%
May 2011	6,725,000	2.00% - 5.00%
July 2013 Refunding	14,585,000	2.00% - 2.75%
August 2013	16,610,000	0.50% - 4.25%
May 2014	21,230,000	2.00% - 3.50%
May 2014 Refunding	2,875,000	2.00% - 3.00%
November 2014 Refunding	7,300,000	2.00% - 3.00%
MARCH 2015	14,510,000	2.00% - 3.25%
March 2015 Refunding A	9,705,000	3.00% - 4.00%
March 2015 Refunding B	10,000,000	2.00% - 3.00%
March 2016 Refunding	25,925,000	2.00% - 3.00%
July 2016	19,675,000	2.00% - 2.625%

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 July 22, 2016, the District issued \$19,675,000 in School Building Revenue Bonds at an average interest rate of 2.67 percent. The net proceeds of \$19,182,674 (after \$117,700 in issuance costs and \$374,626 in discount) were deposited in the Construction Fund.

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2017

NOTE 7 – LONG-TERM LIABILITIES – CONTINUED

The bonds may be called prior to maturity and redemption premiums are specified in each issue. Assuming no bonds are called prior to scheduled maturity, the minimum obligations of the District, including amounts to be paid by the Commission, at June 30, 2017, for debt service (principal and interest) are as follows:

Year	Principal	Interest	Participation	District's Portion
2018	\$ 6,005,000	\$ 4,793,967	\$ 786,631	\$ 10,012,336
2019	7,845,000	4,607,566	953,986	11,498,580
2020	8,475,000	4,376,314	953,986	11,897,328
2021	7,975,000	4,144,180	799,864	11,319,316
2022	8,175,000	3,945,983	799,866	11,321,117
2023-2027	45,440,000	15,548,605	3,276,856	57,711,749
2028-2032	40,580,000	7,348,403	871,398	47,057,005
2033-2037	23,945,000	1,400,211	-	25,345,211
	<u>\$ 148,440,000</u>	<u>\$ 46,165,229</u>	<u>\$ 8,442,587</u>	<u>\$ 186,162,642</u>

NOTE 8 – PENSION PLANS

Plan Descriptions

The Hardin County School District participates in the Teachers' Retirement System of the State of Kentucky (TRS), 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. TRS, 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. TRS 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 TRS and CERS issue a publicly available financial reports that include financial statements and required supplementary information. TRS' report may be obtained at www.ktrs.ky.gov. CERS' report may be obtained at www.kyret.ky.gov.

TRS

Benefits 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, 2017

NOTE 8 – PENSION PLANS – CONTINUED

Participants that retire before age 60 with less than 27 years of service receive reduced retirement benefits. 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. Effective July 1, 2008, the System has been amended to change the benefit structure for members hired on or after that date.

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, 2017

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 12.855 percent of their annual salary. The school districts' contractually required contribution rate for the year ended June 30, 2017, 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, 2017.

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

At June 30, 2017, 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 \$590,799,546.

The net pension liability was measured as of June 30, 2016, 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 and the State, actuarially determined. At June 30, 2016, the District's proportion was 0 percent.

For the year ended June 30, 2017, the District recognized pension expense of \$48,130,601 and revenue of \$48,130,601 (\$9,721,088 in the governmental funds and an additional \$38,409,513 in government-wide activities) for support provided by the State. At June 30, 2017, the District reported no deferred outflows of resources and no deferred inflows of resources related to TRS.

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2017

NOTE 8 – PENSION PLANS – CONTINUED

The total pension liability in the June 30, 2016 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 results of the experience study for the period July 1, 2010 - June 30, 2015 will be reflected in the June 30, 2016 valuation and the June 30, 2017 GASB 67 report.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study prepared as of June 30, 2015, submitted to and adopted by the Board on September 19, 2016.

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.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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	100%	

Discount Rate

The discount rate used to measure the total pension liability as of the Measurement Date was 4.20%. 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 2040 plan year and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent interest rate (SEIR). Therefore, the long-term expected rate of return of 7.50% on Plan investments was applied to periods through 2039 and the Municipal Bond Index Rate of 3.01% was applied to periods after 2039, resulting in an SEIR of 4.20%.

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2017

NOTE 8 – PENSION PLANS – CONTINUED

The TPL used last year was determined using a discount rate equal to 4.88%, which was based on a municipal bond index rate of 3.82%. These two amounts are rolled forward to June 30, 2016 using standard roll forward techniques. The roll forward calculation adds the annual normal cost (also called the service cost), subtracts the actual benefit payments and refunds for the plan year and then applies the assumed interest rate (SEIR) for the year. The difference between the two roll-forward amounts as of June 30, 2016 is the gain or loss due to changes in assumptions and other inputs. In addition, we have determined an expected TPL as of June 30, 2016 based on the TPL roll-forward in the June 30, 2015 GASB 67 report. The difference between this amount and the roll-forward of the actual TPL based on the 4.88% interest rate is reflected as an experience gain or loss for the year.

Sensitivity Of The Net Pension Liability To Changes In The Discount Rate

The District has no proportional share of the net pension liability. The following presents the sensitivity of the System's net pension liability calculated using the discount rate of 4.20 percent, as well as what the System's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.20 percent) or 1-percentage-point higher (5.20 percent) than the current rate:

	1% Decrease (3.20%)	Current Discount Rate (4.20%)	1% Increase (5.20%)
System's net pension liability (in thousands)	\$ 37,937,230	\$ 30,924,069	\$ 25,168,197

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position, which has been determined on the same basis as that used by the plan, is available in the separately issued TRS financial report. The financial statements are prepared on the accrual basis of accounting. Member contributions and employer matching contributions are recognized in the fiscal year due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Medical Insurance Plan

Plan Description

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

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

Contributions

The post-employment medical benefit provided by TRS is financed on a pre-funded basis beginning July 1, 2010 with the implementation of the "Shared Responsibility" legislation. In order to fund medical benefits, active member contributions are matched by the state at .75% of members' gross salaries. Beginning July 1, 2010 member contributions to the TRS medical plan increased incrementally to 3.75% on July 1, 2015 under the Shared Responsibility Plan. Also, the premiums collected from retirees and investment income contributes to funding the plan.

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2017

NOTE 8 – PENSION PLANS – CONTINUED

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. Effective July 1, 2009, and on July 1 of each year thereafter through June 30, 2014, 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. No COLA has been granted since July 1, 2011.

Contributions

For the fiscal year ended June 30, 2017, 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, 2017, was 13.95 percent of annual creditable compensation. Contributions to the pension plan from the District were \$2,671,603.

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

At June 30, 2017, the District reported a liability of \$38,975,709 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, 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, 2017, the District's proportion was 0.791607 percent which was a decrease of .0003344 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2017, the District recognized pension expense of \$5,360,197. At June 30, 2017, the District reported its proportionate share of the CERS deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2017

NOTE 8 – PENSION PLANS – CONTINUED

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 170,158	\$ 8,948
Changes in actuarial assumptions	2,064,725	-
Difference between projected and actual investment earnings	3,664,114	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	80,801	-
Contributions paid to CERS subsequent to the measurement date	2,671,603	-
	<u>\$ 8,651,401</u>	<u>\$ 8,948</u>

The amount reported as deferred outflows for District contributions subsequent to the measurement date of \$2,671,603 will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Pension Expense Amount
2018	\$ 2,212,253
2019	1,487,026
2020	1,448,903
2021	822,668
	<u>\$ 5,970,850</u>

Actuarial Assumptions

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25 percent
Salary increases	4.0 percent, average, including inflation
Investment rate of return	7.50 percent, net of pension plan investment expense, including inflation

The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back for one year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back four years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2017

NOTE 8 – PENSION PLANS – CONTINUED

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2008 – June 30, 2013.

The long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years for the Systems. The most recent analysis, performed for the period covering fiscal years 2008 through 2013, is outlined in a report dated December 3, 2015. Several factors are considered in evaluating the long-term historical data, estimates inherent in current market data, and a log-normal 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
Combined Equity	44%	5.40%
Combined Fixed Income	19%	1.50%
Real Return (Diversified Inflation Strategies)	10%	3.50%
Real Estate	5%	4.50%
Absolute Return (Diversified Hedge Funds)	10%	4.25%
Private Equity	10%	8.50%
Cash	2%	-0.25%
Total	100%	

Discount Rate

The discount rate used to measure the total pension liability as of the Measurement Date was 7.5%. The projection of cash flows used to determine the discount rate assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 27 year amortization period of the unfunded actuarial accrued liability. The discount rate determination does not use a municipal bond rate. Projected future benefit payments for all current plan members were projected through 2117. The target asset allocation and best estimates of arithmetic nominal rates of return for each major asset class are summarized in the CERS Comprehensive Annual Financial Report.

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 7.5 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 (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2017

NOTE 8 – PENSION PLANS – CONTINUED

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
District's proportionate share of the net pension liability	\$ 48,570,042	\$ 38,975,709	\$ 30,751,451

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position, which has been determined on the same basis as that used by the plan, is available in the separately issued CERS financial report. The financial statements are prepared on the accrual basis of accounting. Member contributions and employer matching contributions are recognized in the fiscal year due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

CERS also provides post-retirement health care coverage as follows:

For members participating prior to July 1, 2003, years of service and respective percentages of the maximum contribution are as follows:

Years of Service	% paid by Insurance Fund	% Paid by Member through Payroll Deduction
20 or more	10	0%
15-19	7	25%
10-14	5	50%
4-9	2	75%
Less than 4	0	100%

As a result of House Bill 290 (2004 General Assembly), medical insurance benefits are calculated differently for members who began participation on or after July 1, 2003. Once members reach a minimum vesting period of ten years, non-hazardous employees whose participation began on or after July 1, 2003, earn ten dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount.

The District is required to contribute at an actuarially determined rate. As of June 30, 2017, 2016, and 2015, the District's required contribution rate was 4.73%, 4.64%, and 4.92%, of annual covered payroll. The contribution requirements of plan members and the District are established and may be amended by the Kentucky Retirement Systems Board of Trustees. Contributions to the Insurance Fund from the District were \$905,855, \$884,840, and \$912,405 for the years ended June 30, 2017, 2016, and 2015.

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, 2017

NOTE 9 – FUND BALANCES

Nonspendable fund balances are those that cannot be spent on future obligations. At June 30, 2017, 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, 2017, the District had \$1,000,000 restricted for sick leave in the general fund, \$380,714 restricted for grants in the special revenue fund, \$325,613 restricted for school activities in the District Activity Fund, \$78,273 restricted for capital projects in the FSPK fund, \$13,513,184 restricted for capital projects in the Construction Fund and \$333,147 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, 2017: \$289,413 for roofing, \$716,069 for land, \$153,689 for Map Assessment, \$498,827 for technology, \$847,380 for construction, \$159,000 for textbooks, \$470,000 for nurses, \$21,000 for SACS fees, \$885,320 for EC3 equipment and costs, \$125,000 for band, \$406,490 for student resources 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. There was no amount assigned related to encumbrances at June 30, 2017. 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, 2017

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.

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, 2017 in the amounts of \$1,188,849, \$777,038 and \$19,931. The deficit net position is a result of the recording of the net pension liability for CERS as part 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:

Debt Service Fund	\$	156,103
Food Service Fund		92,124
School Age Child Care		231,705
Early College & Career Center		112
Educational Television		4,799

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2017

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, 2017 were as follows:

Health	\$ 13,254,153
Life	24,207
Admin	192,365
HRA	1,143,590
TRS	9,721,088
Technology	183,279
Debt Service	1,067,052
Less: Federal Reimbursement	<u>(578,743)</u>
Total on-behalf	<u>\$ 25,006,991</u>

General Fund	\$ 22,907,157
Food Service Fund	836,812
Daycare Fund	185,485
Educational Television Fund	10,485
Debt Service Fund	<u>1,067,052</u>
	<u>\$ 25,006,991</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, 2017

	Original	Final	Actual
Revenues			
From local sources:			
Taxes:			
Property	\$ 23,650,000	\$ 23,650,000	\$ 26,067,664
Motor vehicle	3,000,000	3,000,000	3,464,873
Utilities	5,000,000	5,000,000	5,657,021
Other	10,000	10,000	9,928
Earnings on investments	10,000	10,000	64,075
Other local revenues	149,986	412,517	695,094
Intergovernmental - State	54,631,516	55,084,877	78,094,959
Intergovernmental - Indirect Federal		621,646	838,685
Intergovernmental - Direct Federal	150,000	150,000	59,584
Total Revenues	86,601,502	87,939,040	114,951,883
Expenditures			
Instruction	55,839,445	60,249,170	68,344,926
Support services:			
Student	7,232,355	7,573,741	9,635,368
Instruction staff	5,058,320	5,217,444	6,131,661
District administrative	1,190,241	1,193,630	1,194,973
School administrative	5,646,171	5,685,494	7,427,155
Business	1,833,141	1,924,207	2,266,250
Plant operation and maintenance	10,298,448	10,718,048	11,177,052
Student transportation	9,659,222	10,672,891	9,379,933
Facilities acquisition and construction	25,000	25,000	19,088
Community service activities	165,860	182,183	117,288
Other	3,631,792	6,270,825	16,387
Total Expenditures	100,579,995	109,712,633	115,710,081
Excess (Deficit) of Revenues over Expenditures	(13,978,493)	(21,773,593)	(758,198)
Other Financing Sources (Uses)			
Proceeds from disposal of capital assets	10,000	10,000	127,761
Transfers in		2,744,439	2,821,820
Transfers out	(686,178)	(1,106,441)	(1,220,537)
Total Other Financing Sources (Uses)	(676,178)	1,647,998	1,729,044
Net Change in Fund Balance	(14,654,671)	(20,125,595)	970,846
Fund Balance, July 1, 2016	14,654,671	20,125,595	24,853,671
Fund Balance, June 30, 2017	\$ -	\$ -	\$ 25,824,517

**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 \$22,907,157.

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

Year Ended June 30, 2017

	Original	Final	Actual
Revenues			
Earnings on investments	\$ 60	\$ 688	\$ 747
Other local revenues	106,500	114,000	139,247
Intergovernmental - State	5,899,399	5,904,760	5,686,989
Intergovernmental - Indirect Federal	7,146,346	7,366,339	7,701,937
Intergovernmental - Direct Federal	318,100	196,775	85,576
Total Revenues	13,470,405	13,582,562	13,614,496
Expenditures			
Instruction	9,919,935	10,103,772	10,438,157
Support services:			
Student	30,925	35,134	36,434
Instruction staff	1,956,663	2,075,242	1,853,354
Plant operation and maintenance	20,017	20,537	10,460
Student transportation	675,528	411,112	413,390
Community service activities	1,105,721	1,146,443	1,148,650
Other	61,616	61,378	62,040
Total Expenditures	13,770,405	13,853,618	13,962,485
Excess (Deficit) of Revenues over Expenditures	(300,000)	(271,056)	(347,989)
Other Financing Sources (Uses)			
Transfers in	300,000	270,770	384,866
Total Other Financing Sources (Uses)	300,000	270,770	384,866
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	-	(286)	36,877
Fund Balance, July 1, 2016	-	286	343,837
Fund Balance, June 30, 2017	\$ -	\$ -	\$ 380,714

HARDIN COUNTY SCHOOL DISTRICT**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE CERS NET PENSION LIABILITY**

June 30, 2017

Last 10 Years *

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability	0.791607%	0.791941%	0.786733%
Proportionate share of the net pension liability	\$ 38,975,709	\$ 34,049,704	\$ 25,525,000
Covered - employee payroll	\$ 19,069,830	\$ 18,544,808	\$ 19,295,082
Proportionate share of the net pension liability as percentage of covered payroll	204.4%	183.6%	132.3%
Plan fiduciary net position as a percentage of the total pension liability	55.50%	59.97%	66.80%

* Fiscal year 2015 was the first year of implementation, therefore, only three years are shown.

HARDIN COUNTY SCHOOL DISTRICT

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

June 30, 2017

Last 10 Years *

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability	2.002700%	1.996500%	1.9624%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State proportionate share of the net pension liability associated with the District	<u>590,799,546</u>	<u>464,602,978</u>	<u>403,257,677</u>
Total	<u>\$ 590,799,546</u>	<u>\$ 464,602,978</u>	<u>\$ 403,257,677</u>
Covered - employee payroll	\$ 60,328,710	\$ 59,612,198	\$ 59,187,538
District's proportionate share of the net pension liability as percentage of covered payroll	0.0%	0.0%	0.0%
Plan fiduciary net position as a percentage of the total pension liability	35.22%	42.49%	45.59%

* Fiscal year 2015 was the first year of implementation, therefore, only three years are shown.

HARDIN COUNTY SCHOOL DISTRICT**SCHEDULE OF CONTRIBUTIONS TO CERS**

June 30, 2017

Last 10 Years *

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually require contribution (actuarially determined)	\$ 2,671,603	\$ 2,368,473	\$ 2,364,463
Contribution in relation to the actuarially determined contributions	<u>2,671,603</u>	<u>2,368,473</u>	<u>2,364,463</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 19,151,273	\$ 19,069,830	\$ 18,544,808
Contributions as a percentage of covered employee payroll	13.95%	12.42%	12.75%

* Fiscal year 2015 was the first year of implementation, therefore, only three years are shown.

HARDIN COUNTY SCHOOL DISTRICT**SCHEDULE OF CONTRIBUTIONS TO TRS**

June 30, 2017

Last 10 Years *

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution (actuarially determined)	\$ -	\$ -	\$ -
Contribution in relation to the actuarially determined contributions	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 61,270,021	\$ 60,328,710	\$ 59,612,198
Contributions as a percentage of covered employee payroll	0.00%	0.00%	0.00%

* Fiscal year 2015 was the first year of implementation, therefore, only three years are shown.

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2017

CERS

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

Changes of assumptions. There were no changes in assumptions.

TRS

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

Changes of assumptions. The following changes in assumptions were made:

Changes of assumptions. In the 2011 valuation and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Tables rather than the 1994 Group Annuity Mortality Table, which was used prior to 2011. In the 2011 valuation, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience. In the 2011 valuation, the Board adopted an interest smoothing methodology to calculate liabilities for purposes of determining the actuarially determined contributions. Beginning with the 2014 valuation, the interest smoothing methodology is no longer used.

SUPPLEMENTARY INFORMATION

HARDIN COUNTY SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

June 30, 2017

	District Activity Fund	Capital Outlay Fund	FSPK Fund	Debt Service Fund	Total Nonmajor Governmental Funds
Assets:					
Cash, cash equivalents and investments	\$ 334,420	\$ -	\$ 78,273	\$ 333,147	\$ 745,840
Total Assets	<u>\$ 334,420</u>	<u>\$ -</u>	<u>\$ 78,273</u>	<u>\$ 333,147</u>	<u>\$ 745,840</u>
Liabilities and Fund Balances:					
Liabilities					
Accounts payable	\$ 8,807	-	-	-	\$ 8,807
Total Liabilities	8,807	-	-	-	8,807
Fund Balances					
Restricted	\$ 325,613		78,273	333,147	737,033
Total Fund Balances	<u>325,613</u>	<u>-</u>	<u>78,273</u>	<u>333,147</u>	<u>737,033</u>
Total Liabilities and Fund Balances	<u>\$ 334,420</u>	<u>\$ -</u>	<u>\$ 78,273</u>	<u>\$ 333,147</u>	<u>\$ 745,840</u>

HARDIN COUNTY SCHOOL DISTRICT

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

Year Ended June 30, 2017

	District Activity Fund	Capital Outlay Fund	FSPK Fund	Debt Service Fund	Total Nonmajor Governmental Funds
Revenues					
From local sources:					
Taxes:					
Property	\$ -	\$ -	\$ 9,711,660	\$ -	\$ 9,711,660
Earnings on investments			135	3,898	4,033
Other local revenue	334,358				334,358
Intergovernmental - State		1,292,770	3,691,016	1,067,052	6,050,838
Total Revenues	334,358	1,292,770	13,402,811	1,070,950	16,100,889
Expenditures					
Instruction	136,275				136,275
Support services:					
Student	111				111
Instruction staff	96,295				96,295
Plant operation and maintenance	8,926				8,926
Student transportation	1,868				1,868
Debt service:					
Principal				7,565,000	7,565,000
Interest				4,720,578	4,720,578
Total Expenditures	243,475	-	-	12,285,578	12,529,053
Excess (Deficit) of Revenues over Expenditures	90,883	1,292,770	13,402,811	(11,214,628)	3,571,836
Other Financing Sources (Uses)					
Transfers in				11,058,525	11,058,525
Transfers out		(1,292,770)	(13,402,676)		(14,695,446)
Total Other Financing Sources (Uses)	-	(1,292,770)	(13,402,676)	11,058,525	(3,636,921)
Net Change in Fund Balances	90,883	-	135	(156,103)	(65,085)
Fund balance, July 1, 2016	234,730	-	78,138	489,250	802,118
Fund balance, June 30, 2017	\$ 325,613	\$ -	\$ 78,273	\$ 333,147	\$ 737,033

HARDIN COUNTY SCHOOL DISTRICT

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

June 30, 2017

	Early College and Career Center	Educational Television	Total Nonmajor Enterprise Funds
Assets			
<u>Current Assets</u>			
Cash, cash equivalents and investments	\$ 10,233	\$ 6,321	\$ 16,554
Accounts receivable	580	6,562	7,142
Total Current Assets	10,813	12,883	23,696
Deferred Outflows of Resources			
CERS		11,659	11,659
Total Deferred Outflows of Resources	-	11,659	11,659
Liabilities			
<u>Current Liabilities</u>			
Accounts payable	411	2,339	2,750
Total Current Liabilities	411	2,339	2,750
<u>Noncurrent Liabilities</u>			
Net pension liability - CERS		52,524	52,524
Total Noncurrent Liabilities	-	52,524	52,524
Total Liabilities	411	54,863	55,274
Deferred Inflows of Resources			
CERS		12	12
Total Deferred Inflows of Resources	-	12	12
<u>Net Position</u>			
Unrestricted	10,402	(30,333)	(19,931)
Total Net Position	\$ 10,402	\$ (30,333)	\$ (19,931)

HARDIN COUNTY SCHOOL DISTRICT

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

Year Ended June 30, 2017

	Early College and Career Center	Educational Television	Total Nonmajor Enterprise Funds
Operating Revenues			
Tuition and fees	\$ 30,679	\$ 87,377	\$ 118,056
Total Operating Revenues	30,679	87,377	118,056
Operating Expenses			
Salaries and wages	93	51,568	51,661
Materials and supplies	27,790	18,648	46,438
Other operating expenses	2,908	32,445	35,353
Total Operating Expenses	30,791	102,661	133,452
Operating income (loss)	(112)	(15,284)	(15,396)
Non-Operating Revenues (Expenses)			
State on-behalf payments		10,485	10,485
Total Non-Operating Revenues (Expenses)	-	10,485	10,485
Change in net position	(112)	(4,799)	(4,911)
Net Position, July 1, 2016	10,514	(25,534)	(15,020)
Net Position, June 30, 2017	\$ 10,402	\$ (30,333)	\$ (19,931)

HARDIN COUNTY SCHOOL DISTRICT

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

Year Ended June 30, 2017

	Early College and Career Center	Educational Television	Total Other Enterprise Funds
Cash Flows from Operating Activities			
Cash received from:			
Tuition and fees	\$ 32,399	\$ 86,056	\$ 118,455
Cash paid to/for:			
Employees	(93)	(40,843)	(40,936)
Supplies	(27,379)	(18,302)	(45,681)
Other activities	(2,908)	(32,445)	(35,353)
Net Cash Provided(Used) by Operating Activities	<u>2,019</u>	<u>(5,534)</u>	<u>(3,515)</u>
Cash Flows from Investing Activities			
Sale of investments	<u>8,214</u>	<u>11,855</u>	<u>20,069</u>
Net Cash Provided by Investing Activities	<u>8,214</u>	<u>11,855</u>	<u>20,069</u>
Net change in cash and cash equivalents	10,233	6,321	16,554
Balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Balances, end of year	<u>\$ 10,233</u>	<u>\$ 6,321</u>	<u>\$ 16,554</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:			
Operating loss	\$ (112)	\$ (15,284)	\$ (15,396)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
State on-behalf payments		10,485	10,485
GASB 68 pension expense		240	240
Change in assets and liabilities:			
Accounts receivable	1,720	(1,321)	399
Accounts payable	411	346	757
Net cash provided (used) by operating activities	<u>\$ 2,019</u>	<u>\$ (5,534)</u>	<u>\$ (3,515)</u>
Schedule of non-cash transactions:			
State on-behalf payments	<u>\$ -</u>	<u>\$ 10,485</u>	<u>\$ 10,485</u>
CERS Pensions	<u>\$ -</u>	<u>\$ 240</u>	<u>\$ 240</u>

HARDIN COUNTY SCHOOL DISTRICT

COMBINING STATEMENT OF FIDUCIARY NET POSITION

AGENCY FUNDS

June 30, 2017

	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	\$ 14,979	\$ 5,964	\$ 188,868	\$ 17,119	\$ 8,477	\$ 85,627
Receivables			2,228			
Total Assets	<u>\$ 14,979</u>	<u>\$ 5,964</u>	<u>\$ 191,096</u>	<u>\$ 17,119</u>	<u>\$ 8,477</u>	<u>\$ 85,627</u>
Liabilities						
Accounts payable	\$ -	\$ -	\$ 1,949	\$ -	\$ -	\$ 10,022
Due to student groups	14,979	5,964	189,147	17,119	8,477	75,605
Total Liabilities	<u>\$ 14,979</u>	<u>\$ 5,964</u>	<u>\$ 191,096</u>	<u>\$ 17,119</u>	<u>\$ 8,477</u>	<u>\$ 85,627</u>
	G.C. Burkhead Elementary	Heartland Elementary	Howevally Elementary	J.T. Alton Middle School	John Hardin High School	Lakewood Elementary
Assets						
Cash and cash equivalents	\$ 40,907	\$ 25,919	\$ 25,665	\$ 59,929	\$ 111,719	\$ 14,478
Receivables					1,827	
Total Assets	<u>\$ 40,907</u>	<u>\$ 25,919</u>	<u>\$ 25,665</u>	<u>\$ 59,929</u>	<u>\$ 113,546</u>	<u>\$ 14,478</u>
Liabilities						
Accounts payable	\$ 882	\$ -	\$ -		\$ 7,257	\$ -
Due to student groups	40,025	25,919	25,665	59,929	106,289	14,478
Total Liabilities	<u>\$ 40,907</u>	<u>\$ 25,919</u>	<u>\$ 25,665</u>	<u>\$ 59,929</u>	<u>\$ 113,546</u>	<u>\$ 14,478</u>
	Lincoln Trail Elementary	Meadowview Elementary	New Highland Elementary	North Hardin High School	North Middle School	North Park Elementary
Assets						
Cash and cash equivalents	\$ 163,548	\$ 7,740	\$ 15,726	\$ 271,720	\$ 26,992	\$ 3,390
Receivables				2,795		
Total Assets	<u>\$ 163,548</u>	<u>\$ 7,740</u>	<u>\$ 15,726</u>	<u>\$ 274,515</u>	<u>\$ 26,992</u>	<u>\$ 3,390</u>
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to student groups	163,548	7,740	15,726	274,515	26,992	3,390
Total Liabilities	<u>\$ 163,548</u>	<u>\$ 7,740</u>	<u>\$ 15,726</u>	<u>\$ 274,515</u>	<u>\$ 26,992</u>	<u>\$ 3,390</u>
	Radcliff Elementary	Rineyville Elementary	Vine Grove Elementary	West Hardin Middle School	Woodland Elementary	Agency Fund
Assets						
Cash and cash equivalents	\$ 24,017	\$ 40,588	\$ 29,659	\$ 52,032	\$ 15,955	\$ 1,251,018
Receivables						6,850
Total Assets	<u>\$ 24,017</u>	<u>\$ 40,588</u>	<u>\$ 29,659</u>	<u>\$ 52,032</u>	<u>\$ 15,955</u>	<u>\$ 1,257,868</u>
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,110
Due to student groups	24,017	40,588	29,659	52,032	15,955	1,237,758
Total Liabilities	<u>\$ 24,017</u>	<u>\$ 40,588</u>	<u>\$ 29,659</u>	<u>\$ 52,032</u>	<u>\$ 15,955</u>	<u>\$ 1,257,868</u>

HARDIN COUNTY SCHOOL DISTRICT

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

AGENCY FUNDS

June 30, 2017

SCHOOL	CASH BALANCES July 1, 2016	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2017	RECEIVABLES June 30, 2017	ACCOUNTS PAYABLE June 30, 2017	DUE TO STUDENT GROUPS June 30, 2017
Bluegrass Middle School	\$ 20,329	\$ 87,919	\$ 93,269	\$ 14,979	\$ -	\$ -	\$ 14,979
Brown Street Educ. Center	3,831	5,060	2,927	5,964	-	-	5,964
Central Hardin High	181,370	692,069	684,571	188,868	2,228	1,949	189,147
Creekside Elementary	18,812	39,708	41,401	17,119	-	-	17,119
Early College and Career Center	8,232	8,144	7,899	8,477	-	-	8,477
East Hardin Middle	77,876	286,774	279,023	85,627	-	10,022	75,605
G.C. Burkhead Elementary	46,186	54,979	60,258	40,907	-	882	40,025
Heartland Elementary	25,692	62,790	62,563	25,919	-	-	25,919
Howe Valley Elementary	25,659	26,727	26,721	25,665	-	-	25,665
J.T. Alton Middle	67,796	112,405	120,272	59,929	-	-	59,929
John Hardin High	82,771	429,313	400,365	111,719	1,827	7,257	106,289
Lakewood Elementary	18,881	27,364	31,767	14,478	-	-	14,478
Lincoln Trail Elementary	180,107	30,607	47,166	163,548	-	-	163,548
Meadowview Elementary	17,117	16,528	25,905	7,740	-	-	7,740
New Highland Elementary	30,806	31,548	46,628	15,726	-	-	15,726
North Hardin High	227,531	726,012	681,823	271,720	2,795	-	274,515
North Middle	27,385	98,580	98,973	26,992	-	-	26,992
North Park Elementary	1,771	9,410	7,791	3,390	-	-	3,390
Radcliff Elementary	27,949	21,931	25,863	24,017	-	-	24,017
Rineyville Elementary	42,784	13,847	16,043	40,588	-	-	40,588
Vine Grove Elementary	36,915	31,407	38,663	29,659	-	-	29,659
West Hardin Middle	50,972	73,993	72,933	52,032	-	-	52,032
Woodland Elementary	20,535	11,971	16,551	15,955	-	-	15,955
	<u>\$ 1,241,307</u>	<u>\$ 2,899,086</u>	<u>\$ 2,889,375</u>	<u>\$ 1,251,018</u>	<u>\$ 6,850</u>	<u>\$ 20,110</u>	<u>\$ 1,237,758</u>

HARDIN COUNTY SCHOOL DISTRICT
SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES
CENTRAL HARDIN HIGH SCHOOL
YEAR ENDED JUNE 30, 2017

NAME OF ACTIVITY	CASH BALANCES July 1, 2016	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2017	RECEIVABLES AND DUE FROM OTHER FUNDS June 30, 2017	ACCOUNTS PAYABLE AND DUE TO OTHER FUNDS June 30, 2017	DUE TO STUDENT GROUPS June 30, 2017
Academic Team	\$ -	\$ 578	\$ 578	\$ -	\$ -	\$ -	\$ -
Agriculture Department	4,618	2,004	6,582	40	-	-	40
Archery Club	7,037	6,302	12,763	576	-	-	576
Art Club	-	2,282	2,282	-	-	-	-
Arts and Humanities	60	-	-	60	259	-	319
Athletic Concession	-	31,372	31,371	1	-	-	1
Athletic Equipment	-	-	-	-	-	-	-
Athletics	21,111	35,565	24,456	32,220	-	777	31,443
B A D Club	15	-	15	-	-	-	-
Band	-	5,284	5,264	20	-	-	20
Baseball	3,344	4,691	3,240	4,795	-	-	4,795
Basketball-Boys	4,963	67,631	71,785	809	-	-	809
Basketball-Girls	3,892	13,510	17,202	200	-	-	200
BETA Club	2,324	6,909	8,452	781	-	256	525
Bowling	10	4,691	4,193	508	-	-	-
Bruin Book Club	276	-	276	-	-	-	-
Bruins for Christ	-	-	-	-	-	-	-
Business Department	1,793	18,161	7,121	12,833	-	-	12,833
Charitable Causes	-	3,750	3,750	-	-	-	-
Cheerleading	13,030	12,226	24,454	802	-	-	802
Choir	2,894	16,445	19,339	-	200	-	200
Creative Arts Club	103	465	286	282	-	-	282
Cross Country	6,301	13,105	12,058	7,348	-	-	7,348
Drama Club	4,841	5,669	8,680	1,830	-	-	1,830
Earth Club	901	177	631	447	-	-	447
Educators Rising	13	130	124	19	-	-	19
English Department	212	1,630	1,842	-	-	-	-
Faculty Fund	982	2,122	2,606	498	-	-	498
Faculty Flower Fund	469	-	47	422	-	-	422
FBLA	-	1,437	1,429	8	-	-	8
FCA	509	258	356	411	-	-	411
FCCLA	-	885	680	205	-	-	205.00
FCS	265	568	515	318	-	-	318
FFA	500	47,548	46,135	1,913	1,478	-	3,391
FMD	1,680	128	749	1,059	132	-	1,191
Football	5,893	30,160	34,651	1,402	-	858	544
Foreign Language Dept.	482	-	-	482	-	-	482
French Club	155	117	150	122	-	-	122
Friends of Rachel	1,595	1,297	1,176	1,716	-	-	1,716
Fund 22 Sweep	-	43,397	43,397	-	-	-	-
Game Club	8	20	-	28	-	-	28
General Student Fund	28,262	96,419	70,233	54,448	-	-	54,448
German Club	-	954	796	158	-	-	158
Golf	1,324	6,947	8,031	240	-	-	240
Golf Ball Drop	-	-	-	-	-	-	-
Grade 10	-	-	-	-	-	-	-
Grade 11	-	2,478	1,230	1,248	-	-	1,248
Grade 12	-	16,087	15,825	262	-	-	262
Grade 9	1,248	2,756	4,004	-	-	-	-
Guidance	525	16,039	14,698	1,866	-	-	1,866
H O S A	1,394	1,618	1,488	1,524	-	-	1,524
International Club	-	151	41	110	-	-	110
Journalism	230	5,747	5,168	809	-	-	809
JROTC	13,125	16,656	17,926	11,855	-	-	11,855
Library/Media Center	1,569	76	974	671	-	-	671
Math Department	118	14	-	132	-	-	132
Photography Club	-	5	-	5	-	-	5
Project Graduation	1,523	10,211	11,616	118	-	58	60
Scholarship	3,055	2,533	5,250	338	-	-	338
Science Department	1,183	-	39	1,144	-	-	1,144
Science Honor Society	851	1,260	1,529	582	-	-	582

HARDIN COUNTY SCHOOL DISTRICT

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

CENTRAL HARDIN HIGH SCHOOL-CONCLUDED

YEAR ENDED JUNE 30, 2017

NAME OF ACTIVITY	CASH BALANCES July 1, 2016	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2017	ACCOUNTS RECEIVABLE AND DUE FROM OTHER FUNDS June 30, 2017	ACCOUNTS PAYABLE AND DUE TO OTHER FUNDS June 30, 2017	DUE TO STUDENT GROUPS June 30, 2017
Soccer-Boys	3,093	18,421	18,328	3,186	-	-	3,186
Soccer-Girls	980	5,203	5,566	617	159	-	776
Social Studies Dept.	2,115	-	-	2,115	-	-	2,115
Softball	50	19,154	18,178	1,026	-	-	1,026
Spanish Club	125	1,101	1,192	34	-	-	34
Speech	-	7,748	7,523	225	-	-	225
Student Concessions	-	-	-	-	-	-	-
Student Council	5,861	2,808	5,722	2,947	-	-	2,947
Swimming	241	770	112	899	-	-	899
Teenage Republican Par	302	-	-	302	-	-	302
Tennis	20	1,142	1,162	-	-	-	-
Textbooks	-	-	-	-	-	-	-
Track	1,267	9,566	5,220	5,613	-	-	5,613
TSA Club	1,252	3,821	3,302	1,771	-	-	1,771
Varsity Club	136	1,060	948	248	-	-	248
Volleyball	4,839	17,889	17,567	5,161	-	-	5,161
Wrestling	793	8,961	6,626	3,128	-	-	3,128
Y Club	-	31,868	30,581	1,287	-	-	1,287
Yearbooks	14,795	24,520	27,315	12,000	-	-	12,000
Yoga Club	-	145	37	108	-	-	108
Young Democrats	170	-	-	170	-	-	170
Charitable Gaming	648	15,320	15,602	366	-	-	366
Sub Total	181,370	729,962	722,464	188,868	2,228	1,949	188,639
Interfund Transfers	-	37,892	37,892	-	-	-	-
TOTAL	\$ 181,370	\$ 692,070	\$ 684,572	\$ 188,868	\$ 2,228	\$ 1,949	\$ 189,147

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

JOHN HARDIN HIGH SCHOOL

YEAR ENDED JUNE 30, 2017

NAME OF ACTIVITY	CASH BALANCES July 1, 2016	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2017	RECEIVABLES AND DUE FROM OTHER FUNDS June 30, 2017	ACCOUNTS PAYABLE AND DUE TO OTHER FUNDS June 30, 2017	DUE TO STUDENT GROUPS June 30, 2017
Academic Team	\$ 1,044	\$ 930	\$ 1,967	\$ 7	\$ -	\$ -	\$ 7
Agriculture Department	772	-	145	627	-	-	627
Archery	1,643	41,146	35,874	6,915	-	-	6,915
Art Department	-	98	-	98	-	-	98
Athletic Concession	-	25,577	25,577	-	-	-	-
Athletics	1,383	10,400	7,585	4,198	-	1,822	2,376
Band	-	9,746	9,745	1	-	-	1
Baseball	-	4,269	2,682	1,587	-	-	1,587
Basketball - Boys	7,072	23,555	29,663	964	-	-	964
Basketball - Girls	465	8,878	8,279	1,064	-	1,000	64
Beta	307	10,088	9,064	1,331	-	304	1,027
Bowling	3,280	1,834	1,704	3,410	-	-	3,410
Business Education Dept.	-	-	-	-	-	-	-
Charitable Causes	-	1,600	1,244	356	-	-	356
Cheerleading	1,199	3,556	3,039	1,716	-	-	1,716
Chemistry Club	82	-	82	-	-	-	-
Choral	2,250	2,545	3,809	986	-	-	986
Cross Country	3,710	14,043	13,080	4,673	-	-	4,673
Dance Team	-	-	-	-	-	-	-
Deca	1,945	23,054	22,782	2,217	-	-	2,217
Drama Club	240	-	114	126	-	-	126
Dual Credit Courses	473	2,584	471	2,586	-	-	2,586
English Department	1,120	-	410	710	-	-	710
Euro Trip	-	303	286	17	-	-	17
Excel Program	71	45	45	71	-	-	71
School Building Rental	1,056	202	-	1,258	-	-	1,258
Faculty Awards	-	-	-	-	-	-	-
Faculty Flower Fund	-	180	133	47	-	-	47
Faculty Fund	-	3,510	2,780	730	-	-	730
Faculty Steward Fund	-	-	-	-	-	-	-
FCA	123	-	-	123	-	-	123
FCCLA	-	19,332	16,907	2,425	677	2,346	756
FCS	569	-	544	25	-	-	25
FFA	3,644	8,700	6,828	5,516	-	1,350	4,166
Football	-	40,453	39,819	634	-	-	634
Football Fundraiser	-	-	-	-	-	-	-
Foreign Language Dept.	160	-	-	160	-	-	160
Fund 22 Sweep	-	9,071	9,071	-	-	-	-
General Student Fund	459	13,736	9,213	4,982	800	-	5,782
Golf	2,456	873	851	2,478	-	-	2,478
Grade 9	242	1,504	1,688	58	-	-	58
Grade 10	14	428	-	442	-	-	442
Grade 11	367	6,068	3,525	2,910	-	-	2,910
Grade 12	197	39,380	37,220	2,357	-	-	2,357
Guidance	1,231	11,290	11,065	1,456	-	-	1,456
HOSA	-	1,197	1,193	4	-	-	4
International Club	-	-	-	-	-	-	-
Journalism	-	601	409	192	-	-	192
JROTC	8,622	27,274	22,196	13,700	-	-	13,700
Lady Dawg Club	-	-	-	-	-	-	-
Library/Media Center	5,817	-	908	4,909	-	-	4,909
Math Department	290	-	-	290	-	-	290
McCurry Classic	1,184	2,955	1,320	2,819	-	-	2,819
Musicals	2,012	2,709	2,585	2,136	-	-	2,136
National Honor Society	-	-	-	-	-	-	-
Pep Club	157	2,027	1,746	438	-	-	438
Project Graduation	-	11,666	11,666	-	350	-	350
SADD Club	1,133	837	1,393	577	-	-	577
School Concessions	-	-	-	-	-	-	-
Science Department	3,052	108	108	3,052	-	-	3,052
Soccer - Boys	799	7,045	6,884	960	-	-	960

HARDIN COUNTY SCHOOL DISTRICT

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

JOHN HARDIN HIGH SCHOOL-CONCLUDED

YEAR ENDED JUNE 30, 2017

NAME OF ACTIVITY	CASH BALANCES July 1, 2016	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2017	RECEIVABLES AND DUE FROM OTHER FUNDS June 30, 2017	ACCOUNTS PAYABLE AND DUE TO OTHER FUNDS June 30, 2017	DUE TO STUDENT GROUPS June 30, 2017
Soccer - Girls	4,824	8,429	8,093	5,160	-	-	5,160
Social Studies Dept.	-	-	-	-	-	-	-
Softball	-	4,525	4,525	-	-	-	-
Special Education Dept.	288	1,258	1,191	355	-	-	355
Speech	-	-	-	-	-	-	-
Student Council	1,023	-	167	856	-	-	856
Swimming - CHHS	-	3,137	2,857	280	-	-	280
Swimming - JHHS	975	2,100	1,841	1,234	-	-	1,234
Swimming - NHHS	992	2,216	2,607	601	-	-	601
Tennis	-	4,713	4,053	660	-	-	660
Textbooks	-	-	-	-	-	-	-
Three-Point Club	-	-	-	-	-	-	-
Track	7,218	5,198	4,683	7,733	-	435	7,298
TSA Club	-	2,427	2,427	-	-	-	-
Volleyball	1,267	9,011	10,278	-	-	-	-
Winter Guard	4	-	-	4	-	-	4
Wrestling	-	3,477	3,477	-	-	-	-
Y Club	243	8,434	8,527	150	-	-	150
Yearbooks	5,297	3,135	2,084	6,348	-	-	6,348
Sub Total	82,771	453,457	424,509	111,719	1,827	7,257	106,289
Interfund Transfers	-	24,144	24,144	-	-	-	-
TOTAL	\$ 82,771	\$ 429,313	\$ 400,365	\$ 111,719	\$ 1,827	\$ 7,257	\$ 106,289

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

YEAR ENDED JUNE 30, 2017

NAME OF ACTIVITY	CASH BALANCES July 1, 2016	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2017	RECEIVABLES AND DUE FROM OTHER FUNDS June 30, 2017	ACCOUNTS PAYABLE AND DUE TO OTHER FUNDS June 30, 2017	DUE TO STUDENT GROUPS June 30, 2017
Academic Team	\$ 1,990	\$ 475.00	\$ 853.00	\$ 1,612	\$ -	\$ -	\$ 1,612
Agriculture Department	4,658	3,446	5,799	2,305	-	-	2,305
Archery	983	2,536	2,612	907	-	-	907
Art Club	193	859	681	371	-	-	371
Art Department	40	-	8	32	-	-	32
Athletic Contingency	705	18,736	17,849	1,592	-	-	1,592
Athletic Fund	3,434	21,186	15,371	9,249	-	-	9,249
Athletic Uniforms	31,390	18,172	9,856	39,706	-	-	39,706
Band	4,056	38,226	35,862	6,420	-	-	6,420
Baseball	-	4,830	4,830	-	-	-	-
Beta Club	3,587	12,784	11,329	5,042	-	-	5,042
Bingo Fund	-	96,000	96,000	-	-	-	-
Bowling	1,607	1,411	2,035	983	-	-	983
Boys Basketball	9,553	26,004	24,929	10,628	-	-	10,628
Business Education Dept.	169	-	-	169	-	-	169
Cameron Irwin Scholars	1,122	-	-	1,122	-	-	1,122
CATS Incentives	-	-	-	-	-	-	-
Cheerleaders	2,456	9,882	6,931	5,407	-	-	5,407
Chorus	4,015	26,484	24,608	5,891	-	-	5,891
Class of Yesteryear	-	-	-	-	-	-	-
Climate Committee	35	2,368	1,094	1,309	-	-	1,309
Commitment Committee	170	875	1,045	-	-	-	-
Cross Country/Boys	5,807	10,074	5,478	10,403	-	-	10,403
Cross Country/Girls	1,339	10,079	7,540	3,878	-	-	3,878
Drama Club	2,165	1,674	2,056	1,783	-	-	1,783
Dual Credit Books	-	-	-	-	-	-	-
English Department	775	-	-	775	-	-	775
FAC Contingency	-	-	-	-	-	-	-
Faculty Flower Fund	391	163	417	137	-	-	137
Faculty Fund	2,335	2,946	3,041	2,240	-	-	2,240
FBLA	462	2,600	2,166	896	-	-	896
FCA	177	604	454	327	-	-	327
FCCLA	3,303	15,329	17,842	790	-	-	790
FCS	251	20	-	271	-	-	271
FFA	650	12,687	13,337	-	-	-	-
Football	8,129	30,394	31,174	7,349	-	-	7,349
Foreign Language Department	33	-	-	33	-	-	33
Fund 22	5,121	5,880	11,001	-	-	-	-
Gaming Club	422	65	116	371	-	-	371
General Student Fund	5,444	6,982	4,829	7,597	-	-	7,597
German Club	1,543	236	-	1,779	-	-	1,779
Girls Basketball	697	11,327	11,015	1,009	-	-	1,009
Golf-Boys	2,374	1,825	2,455	1,744	-	-	1,744
Golf-Girls	877	3,912	3,005	1,784	-	-	1,784
Grade 10	2,486	475	-	2,961	-	-	2,961
Grade 11	853	2,475	953	2,375	-	-	2,375
Grade 12	3,877	19,111	19,024	3,964	-	-	3,964
Grade 9	2,256	-	1,525	731	-	-	731
Guidance	3,101	4,929	4,883	3,147	-	-	3,147
Health Science Department	6	248	153	101	-	-	101
HOSA	80	719	-	799	-	-	799
Journalism	35	-	-	35	-	-	35
JROTC	6,730	27,251	28,623	5,358	-	-	5,358
JROTC Can Food Drive	946	1,262	1,390	818	-	-	818
Library/Media Center	1,252	836	158	1,930	-	-	1,930

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

NORTH HARDIN HIGH SCHOOL-CONCLUDED

YEAR ENDED JUNE 30, 2017

NAME OF ACTIVITY	CASH BALANCES July 1, 2016	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2017	RECEIVABLES AND DUE FROM OTHER FUNDS June 30, 2017	ACCOUNTS PAYABLE AND DUE TO OTHER FUNDS June 30, 2017	DUE TO STUDENT GROUPS June 30, 2017
Math Department	952	100	75	977	-	-	977
National Guards	500	-	-	500	-	-	500
National Honor Society	1,682	-	-	1,682	-	-	1,682
NHHS Bingo	27,524	264,828	257,694	34,658	2,795	-	37,453
P E Dept	366	-	315	51	-	-	51
PBIS	767	1,851	1,725	893	-	-	893
Pep Club	2,900	3,370	4,556	1,714	-	-	1,714
Photography Club	1,532	258	-	1,790	-	-	1,790
Postage	2,236	62	-	2,298	-	-	2,298
Poster Maker	-	-	-	-	-	-	-
Project Graduation	3,728	8,685	7,863	4,550	-	-	4,550
Rachel's Challenge	1,131	354	226	1,259	-	-	1,259
School Concessions	227	-	227	-	-	-	-
Science Club	787	348	-	1,135	-	-	1,135
Science Department	2,082	-	238	1,844	-	-	1,844
Soccer/Boys	4,072	13,652	13,213	4,511	-	-	4,511
Soccer/Girls	1,022	4,449	4,638	833	-	-	833
Social Studies Dept.	-	-	-	-	-	-	-
Softball	1,478	12,065	10,126	3,417	-	-	3,417
Spanish Club	833	238	250	821	-	-	821
Spec Ed (Radford)	-	-	-	-	-	-	-
Special Education Dept.	581	30	375	236	-	-	236
Speech/Debate	150	-	-	150	-	-	150
STLP	-	431	-	431	-	-	431
Student Council	853	918	1,032	739	-	-	739
Student Support Services	2,291	950	780	2,461	-	-	2,461
Swimming	3,917	950	1,103	3,764	-	-	3,764
Tennis	1,593	2,042	2,901	734	-	-	734
Textbooks	2,077	18	-	2,095	-	-	2,095
Track/Boys	6,260	9,535	5,804	9,991	-	-	9,991
Track/Girls	2,287	7,774	5,367	4,694	-	-	4,694
Travel	-	-	-	-	-	-	-
Trojan Stichary	82	81	-	163	-	-	163
TSA Club	105	1,630	1,659	76	-	-	76
Volleyball	2,248	13,609	9,798	6,059	-	-	6,059
Will Yates Scholarship	1,000	1,000	1,000	1,000	-	-	1,000
Wrestling	-	5,703	5,703	-	-	-	-
Y Club	2,229	6,891	6,366	2,754	-	-	2,754
Yearbook	13,958	7,727	6,375	15,310	-	-	15,310
Sub Total	227,530	827,926	783,736	271,720	2,795	-	274,515
Interfund Transfers	-	366,742	101,914	-	-	-	-
TOTAL	\$ 227,530	\$ 461,184	\$ 681,822	\$ 271,720	\$ 2,795	\$ -	\$ 274,515

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

HARDIN COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2017

<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	7750002-16	\$ 989,204
		7750002-17	3,344,380
School Breakfast Program	10.553	7760005-16	449,833
		7760005-17	1,520,431
Summer Food Service Program for Children	10.559	7690024-16	3,121
		7690023-16	29,801
		7690023-17	1,387
		7740023-17	62,424
Non-Cash Assistance (Commodities)			
National School Lunch Program	10.555	057502-02	574,365
TOTAL CHILD NUTRITION CLUSTER			6,974,946
TOTAL U.S. DEPT. OF AGRICULTURE			6,974,946
<u>U.S. DEPARTMENT OF DEFENSE</u>			
U. S. Army JROTC	12.000	504A	5,955
		504B	(2,973)
		504C	196,689
			199,671
Competitive Grants: Promoting K-12 Student Achievement at Military-Connected Schools	12.556	3423	7,742
TOTAL U.S. DEPARTMENT OF DEFENSE			207,413
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Passed Through State Department of Education			
Special Education Cluster (IDEA) -			
Special Education - Grants to States	84.027	337A	26,440
		337AP	16,993
		337B	251,195
		337BP	43,640
		337C	2,892,898
			3,231,166
Special Education - Preschool Grants	84.173	3434P	(1)
		343A	7,130
		343B	2,297
		343C	66,482
			75,908
TOTAL SPECIAL EDUCATION CLUSTER (IDEA)			3,307,074

HARDIN COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2017

<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	59,584
Passed Through Kentucky Council on Postsecondary Education			
Adult Education - State Grant Program	84.002	365B	1
		365C	36,260
		370C	10,500
		3734	56
		373C	95,139
			<u>141,956</u>
Passed Through State Department of Education			
Title I Grants to Local Educational Agencies	84.010	310A	(1,967)
		310AM	36
		310B	460,980
		310BE	55,786
		310BI	1,969
		310BM	9,220
		310BP	30,152
		310C	2,401,228
		310CD	84,317
		310CE	94,360
		310CL	58,393
		310CM	27,178
		310CP	177,954
		314A	10,060
		314B	127,447
		314C	1,851
			<u>3,538,964</u>
Migrant Education - State Grant Program	84.011	311B	40,884
		311C	47,322
			<u>88,206</u>
Title I State Agency Program for Neglected and Delinquent Children	84.013	313C	17,790
			<u>17,790</u>
Vocational Education - Basic Grants to States	84.048	348A	(7,466)
		348AA	383
		348B	10,698
		348BA	6,957
		348C	127,966
			<u>138,538</u>
English Language Acquisition Grants	84.365	345B	24,678
		345C	8,590
			<u>33,268</u>

HARDIN COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2017

<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	401A	153,595
		401B	172,317
		401BM	111,627
		401C	<u>246</u>
			<u>437,785</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>7,763,165</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 14,945,524</u></u>

HARDIN COUNTY SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2017

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, 2017. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). 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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE C – FOOD DISTRIBUTION

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

NOTE D – INDIRECT COST RATE

The District has elected to not use the 10 percent de minimum indirect cost rate allowed under the Uniform Guidance.

NOTE E – 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, 2017

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 ☐ no
- Significant deficiency(ies) identified
that are not considered to be material
weaknesses? ☐ yes ☒ none reported

Noncompliance material to financial
statements noted?

☐ yes ☒ no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified
that are not considered to be material
weakness(es)? ☐ yes ☒ 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 2 CFR 200.516(a)?

☐ yes ☒ no

Section I-Summary of Auditor's Results – Continued

Identification of major programs:

CFDA Number	Federal Program or Cluster
	DEPARTMENT OF EDUCATION
84.010	Title I Grants to Local Educational Agencies

Dollar threshold used to distinguish
Between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? X yes no

Section II – Financial Statement Findings

MATERIAL WEAKNESSES**REFERENCE NUMBER 2017-001 ADJUSTMENTS**

Condition: As part of the audit we proposed material adjustments to the financial statements.

Criteria: The District's management is responsible for establishing and maintaining internal controls for the proper recording of all the District's accounting transactions.

Cause: The District did not identify items to be corrected.

Effect: The design of the internal controls identifying adjustments did not prevent material adjustments.

Recommendation: We recommend District management and financial personnel review the procedures and processes involved in recording journal entries and enhance its internal control policies to ensure proper recording of these items.

Views of Responsible Officials: Management has reviewed its procedures and has implemented additional oversight as of September 29, 2017.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

HARDIN COUNTY SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

June 30, 2017

DEPARTMENT OF AGRICULTURE

FINDING 2016-001 – Child Nutrition Cluster – CFDA No. 10.553/10.555/10.559 – Passed Through State Department of Education

Significant Deficiency – Procurement

Condition This finding was a significant deficiency stating that the District's policies and procedures were in accordance with state requirements but did not include the required federal requirements regarding procurement.

Recommendation: The auditor recommended that the District adopt revised procurement procedures.

Current Status: The District implemented revised procurement procedures effective July 1, 2016. No similar findings were noted in the June 30, 2017 audit.

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



CHRIS R. CARTER, CPA
ANN M. FISHER, CPA
SCOTT KISSELBAUGH, CPA
PHILIP A. LOGSDON, CPA
BRIAN S. WOOSLEY, CPA

STILES, CARTER & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS
WWW.SCACPA.COM

AMERICAN INSTITUTE OF CPAS
KENTUCKY SOCIETY OF CPAS

**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**

Kentucky State Committee for School District Audits
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, 2017, 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 September 29, 2017.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs at item 2017-001 that we consider to be a material weakness.

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 September 29, 2017.

Hardin County School District's Response to Findings

Hardin County School District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Hardin County School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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
September 29, 2017

**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**



CHRIS R. CARTER, CPA
ANN M. FISHER, CPA
SCOTT KISSELBAUGH, CPA
PHILIP A. LOGSDON, CPA
BRIAN S. WOOSLEY, CPA

STILES, CARTER & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS
WWW.SCACPA.COM

AMERICAN INSTITUTE OF CPAS
KENTUCKY SOCIETY OF CPAS

**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Kentucky State Committee for School District Audits
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 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, 2017. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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 the Uniform Guidance 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, 2017.

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 the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Certified Public Accountants
Elizabethtown, Kentucky
September 29, 2017

MANAGEMENT LETTER AND COMMENTS



CHRIS R. CARTER, CPA
ANN M. FISHER, CPA
SCOTT KISSELBAUGH, CPA
PHILIP A. LOGSDON, CPA
BRIAN S. WOOSLEY, CPA

STILES, CARTER & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS
WWW.SCACPA.COM

AMERICAN INSTITUTE OF CPAS
KENTUCKY SOCIETY OF CPAS

Kentucky State Committee for School District Audits
Members of the Board of Education of
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, 2017, 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 September 29, 2017, contains our report on the District's internal control. This letter does not affect our report dated September 29, 2017, 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.

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

Certified Public Accountants
Elizabethtown, Kentucky
September 29, 2017

HARDIN COUNTY SCHOOL DISTRICT

COMMENTS

June 30, 2017

UNCORRECTED PRIOR YEAR COMMENTS

BROWN STREET EDUCATIONAL CENTER

CREDIT CARDS (REPEAT COMMENT)

Upon review of form F-SA-13, SCA noted that when an employee, other than the bookkeeper, turns the credit card in, the bookkeeper is the witness. However, when the bookkeeper turns in the credit card, there is no witness that signs the form F-SA-13. There were 7 instances of credit cards being turned in with no witness signing the form F-SA-13.

MANAGEMENT RESPONSE

The school treasurer works in the office alone most of the time and didn't secure a signature from anyone else when returning the credit card after a purchase. To prevent this violation in the future, the school treasurer will have the clerk that relieves her to go get the supplies witness the return of the card in writing.

NORTH HARDIN HIGH SCHOOL

ACCOUNTS RECEIVABLE

Upon review of the Sequential List of Receipts for July 2017 for the charitable gaming account, we noted a receipt on 07/03/2017 in the amount of \$2,795.00 for bingo proceeds from the game held on 06/29/2016. However, this amount was not listed on the Form F-SA-15B for June 2017.

MANAGEMENT RESPONSE

According to the bingo regulations the bingo chair person has 2 working days to deposit the money after a bingo session. The bingo session was on Thursday night 6/29 so he is good as long as he has it deposited by COB on Monday 7/3 which he did. We never hold it over the weekend during the school year but in the summer the chairperson does the deposits because of me not being a 12 month employee and out on break. It will not show up on our EPES report in June because it wasn't deposited in June.

UNTIMELY DEPOSIT

SCA noted that the deposit dated 4/14/2017 consisted of two multiple receipt forms (F-SA-6) dated 4/14/2017, but included numerous checks dated prior to 3/25/2017, including a \$75 check dated 2/24/2017, indicating that the funds were held longer than one business day before deposit. Redbook states that receipts should be deposited within one business day.

MANAGEMENT RESPONSE

NHHS does a bank deposit everyday if there is money to be deposited. As the school treasurer, I stress over and over not to hold onto deposits. Our new principal also stressed this on opening day. We will continue to stress about timely deposits.

INVENTORY CONTROL WORKSHEET

Inventory control worksheets were completed for December – February. The inventory control worksheet for February had ending inventory recorded. An inventory control worksheet was not completed for March (or the rest of the fiscal year). Redbook requires inventory control worksheets to be completed every month there is inventory.

MANAGEMENT RESPONSE

There were no inventory control sheets for March or the rest of the fiscal year because there was no inventory. The inventory was for boys basketball concessions and the season was over. It stated the February had ending inventory recorded so I believe they was saying that was the last one.

CURRENT YEAR COMMENTS

EARLY COLLEGE AND CAREER CENTER

RECEIPTS

SCA noted that the Skills USA sponsor signed the Multiple Receipt Form (for receipt #3098) for all of the students who turned their dues in for Welding Skills USA dues. Redbook requires students in the 3rd grade and above to sign the form as they turn in money.

MANAGEMENT RESPONSE

The teacher will be retrained on how to complete a multiple receipt form and making sure students sign for themselves when collecting money.

RINEYVILLE ELEMENTARY SCHOOL

CREDIT CARDS

SCA noted that the school does not maintain a credit card sign-in/out log for its Walmart credit card. Redbook requires the use of a Credit Card Sign-In/Out Log (Form F-SA-13) for each credit card.

MANAGEMENT RESPONSE

Each credit card is locked in a safe in the office of the bookkeeper. Attached to the card is a sign out/in log (Form F-SA-13) that is monitored by the bookkeeper.

UNTIMELY DEPOSIT

SCA noted that the deposit dated 11/29/2016 consisted of 13 checks, 10 of which were dated during October 2016, indicating that the funds were held longer than one business day before deposit. Redbook states that receipts should be deposited within one business day.

MANAGEMENT RESPONSE

The Bookkeeper has emailed all staff and reminded them that all monies received should be recorded on Form F-SA-6 and turned in to the bookkeeper on the day collected. The Bookkeeper will complete the deposit and said deposit will be taken to the bank by someone other than the bookkeeper.

BLUEGRASS MIDDLE SCHOOL

INVENTORY CONTROL WORKSHEET

Only one inventory control worksheet (F-SA-5) was maintained for concessions inventory for the period 08/05/2016 – 05/20/2017. Redbook requires an inventory control worksheet to be completed every month that there is inventory.

MANAGEMENT RESPONSE

Individuals who were involved with the inventory control worksheet were met with and explained to that an inventory control worksheet must be completed each month. We discussed how to make this work within our system and with our staffing.

The inventory will be completed monthly by the director of the program running concessions. To date it is our athletic director who will complete the inventory control worksheet monthly. He will turn the completed form into the principal, and as a double check into our finance secretary.

J.T. ALTON MIDDLE SCHOOL

INVENTORY CONTROL WORKSHEET

The Inventory Control Worksheet for concessions for October 2016 had a variance (subtotal A – subtotal B) of \$1,677.10. A detailed explanation was not given on the worksheet. SCA inquired of the athletic director, who noted that the ending inventory count was probably incomplete. Redbook requires significant variances to be explained adequately.

MANAGEMENT RESPONSE

The variance between Subtotal A and Subtotal B on the concessions stand inventory for the month of October 2016 could have been due to multiple reasons. Student workers that work the concessions stand for each home sporting event at school. They also assist in the end of the month inventory count. They may have miscounted the items for the month of October creating the variance. Another possible error may have been made as the numbers were entered into the spreadsheet, an inadvertent typographical error could have occurred, causing the variance.

To ensure this does not happen again, student workers will be carefully monitored as they count the inventory each month, and recount any items that have unusual numbers. Also, as the the information is entered into the Inventory Control Spreadsheet, a second person will check to ensure that the numbers have been entered correctly.

NORTH MIDDLE SCHOOL

DATE OF DEPOSITS

SCA noted the deposit dated 9/2/2016 included 11 checks dated from 8/11/16 through 8/18/16, indicating that they were held for deposit until 9/2/2016. The Redbook says the cash should be deposited within one business day.

MANAGEMENT RESPONSE

The error did occur. The sponsor was new, and thought she should hold the deposit in the safe until she collected the money from all of the students involved. It has been explained to her that it needed to be turned in as she received it. The error was corrected.

CENTRAL HARDIN HIGH SCHOOL

INVENTORY CONTROL WORKSHEETS

Inventory control worksheets were only kept until the end of basketball season (March 2017). The March 2017 inventory control worksheet still had \$1,289 of ending inventory listed. Redbook requires inventory control worksheets to be filled out until there is no inventory left.

MANAGEMENT RESPONSE

Procedures have been reviewed to make sure there is no repeat of this issue. Inventory items that were not expired were donated to CH Project Grad. We failed to document this on an additional inventory control worksheet.