

**HARDIN COUNTY BOARD OF EDUCATION**

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

Year Ended June 30, 2010

# HARDIN COUNTY BOARD OF EDUCATION

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### INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hardin County Board of Education as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements, as listed in the accompanying table of contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements prescribed by the Kentucky State Committee for School District Audits in *Appendix I of the Independent Auditor's Contract - General Audit Requirements*, *Appendix II of the Independent Auditor's Contract - State Audit Requirements*, and *Appendix III of the Independent Auditor's Contract - Electronic Submission*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 25, 2010, on our consideration of Hardin County Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages 3 through 10, and the Budgetary Comparison Information on pages 38 through 39 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hardin County Board of Education's basic financial statements. The combining financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Also, the accompanying Schedule of Expenditures of Federal Awards on pages 53 through 55 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Stiles, Carter & Associates*

Certified Public Accountants  
August 24, 2010

## **REQUIRED SUPPLEMENTARY INFORMATION**

**HARDIN COUNTY BOARD OF EDUCATION - ELIZABETHTOWN, KENTUCKY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2010**

The discussion and analysis of Hardin County Board of Education's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2010. 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 \$16 million. The ending fund balance was \$18.4 million. General fund revenues decreased \$711 thousand and expenditures decreased \$258 thousand compared to the previous fiscal year. Also, the General fund was responsible for paying \$400 thousand in energy bond debt service. In addition, the General Fund transferred \$312 thousand to the Special Revenue Fund for the technology grant match.
- 2 The beginning Construction Fund fund balance was \$17.2 million. The ending fund balance was \$3.9 million. The major reason for the change in fund balance was due to completion of North Middle School and North Hardin High School's Phase II and III renovations. The District also began renovations to Parkway Elementary (formerly Radcliff Middle) and the North Hardin High School Phase V project.
- 3 The national economic climate resulted in the District receiving funds from the American Reinvestment and Recovery Act. The District received \$8.5 million.

**USING THIS ANNUAL REPORT**

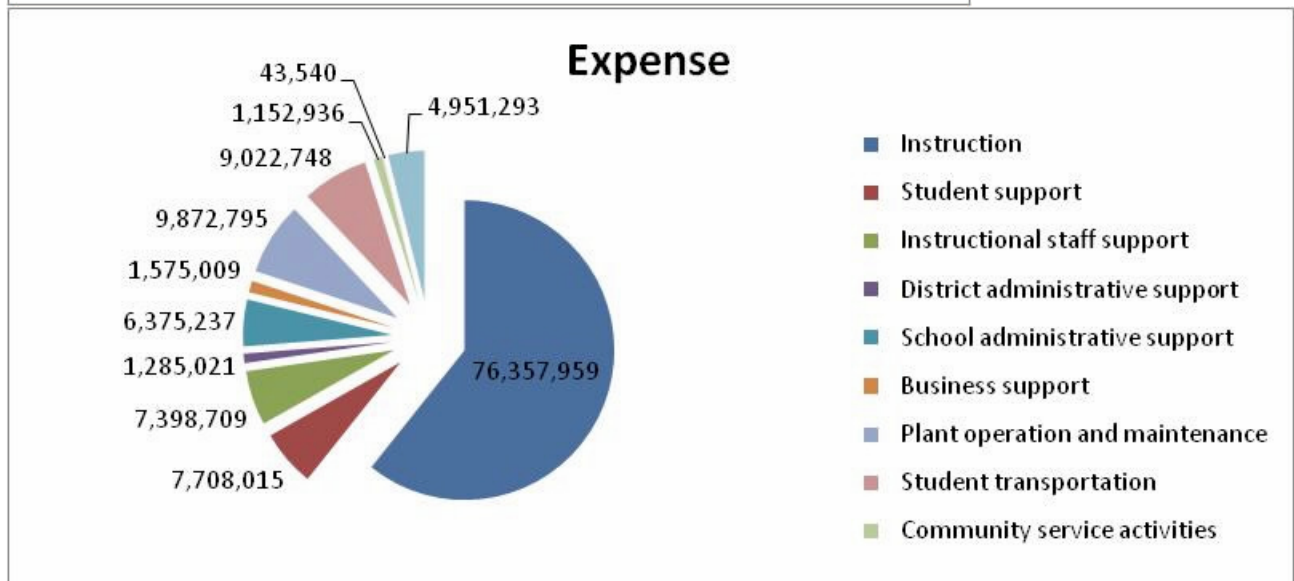
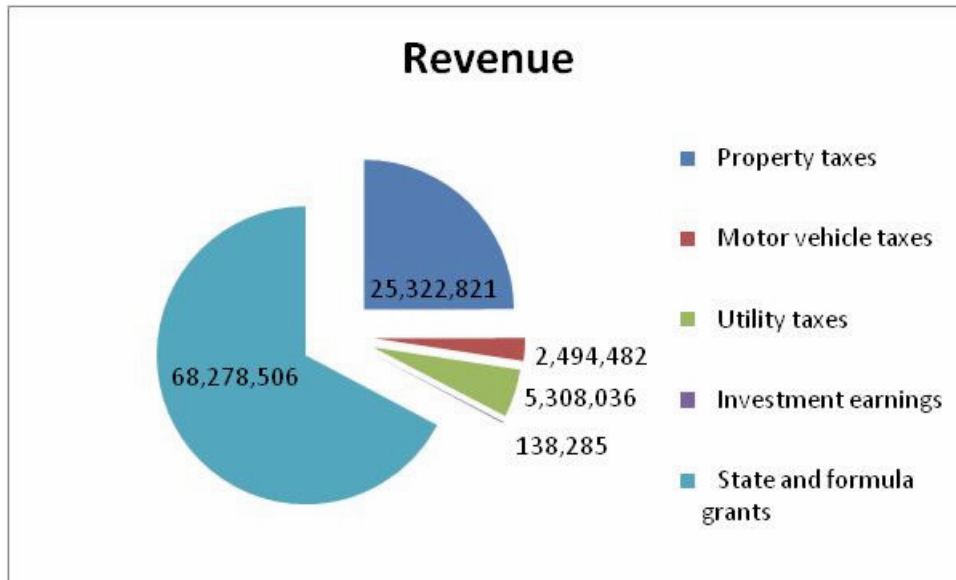
This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This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

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

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

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

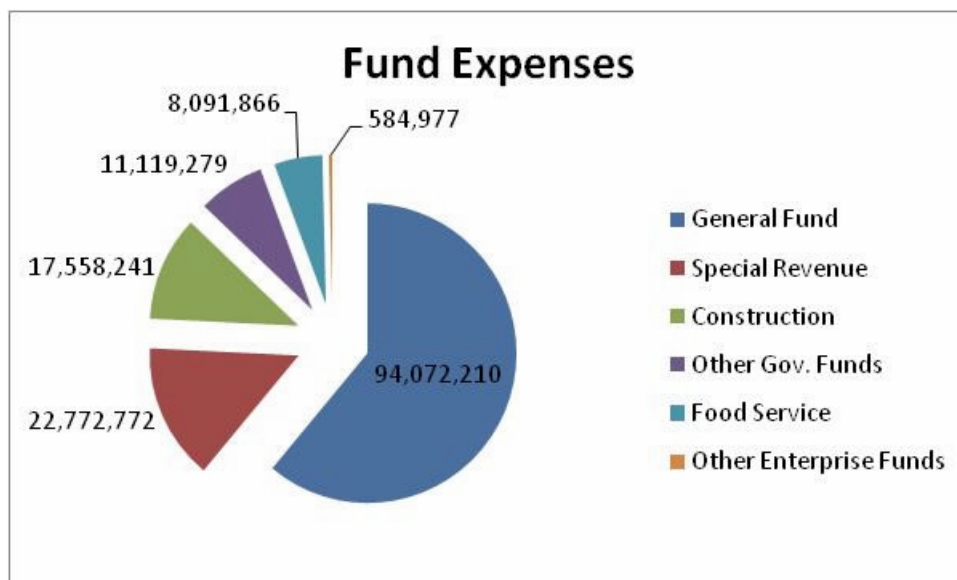
The government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, operation and maintenance of plant,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



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

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





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

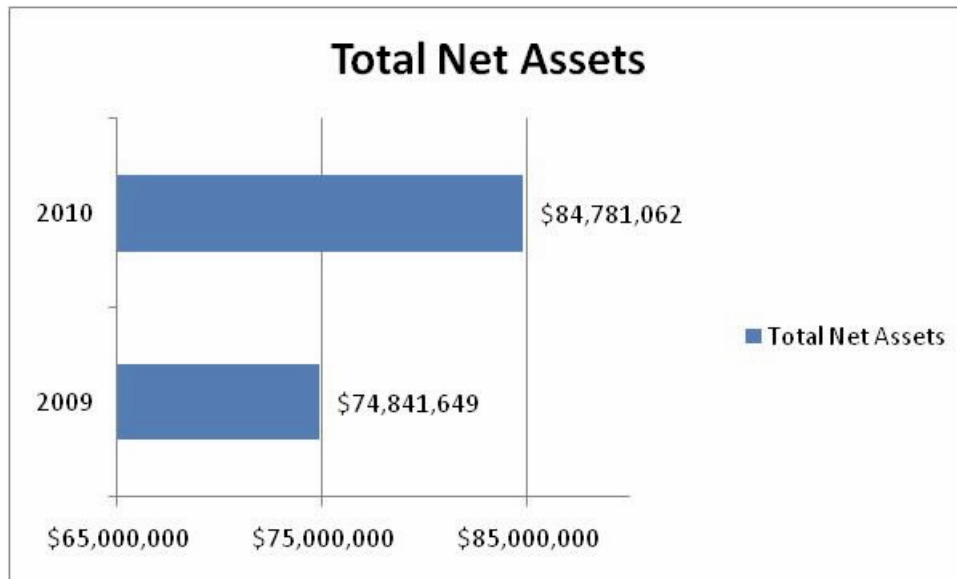
**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22 - 37 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as an indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$84.1 million as of June 30, 2010. The largest portion of the District's net assets reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment and construction in progress), less any related debt used to acquire those assets that is outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves are not be used to liquidate these liabilities. The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition, disposal and depreciation of capital assets.

**Net Assets for the period ending June 30, 2010 and 2009  
(Table 1)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Current and Other Assets	\$27,866,996	\$38,203,500	\$1,671,973	\$1,027,156	\$29,538,969	\$39,230,656
Capital Assets	<u>167,978,725</u>	<u>153,586,333</u>	<u>1,322,182</u>	<u>1,237,938</u>	<u>169,300,907</u>	<u>154,824,271</u>
Total Assets	<u>195,845,721</u>	<u>191,789,833</u>	<u>2,994,155</u>	<u>2,265,094</u>	<u>198,839,876</u>	<u>194,054,927</u>
Long-term Debt	103,336,801	104,838,922	-	-	103,336,801	104,838,922
Other Liabilities	<u>10,651,798</u>	<u>14,316,287</u>	<u>70,215</u>	<u>58,069</u>	<u>10,722,013</u>	<u>14,374,356</u>
Total Liabilities	<u>113,988,599</u>	<u>119,155,209</u>	<u>70,215</u>	<u>58,069</u>	<u>114,058,814</u>	<u>119,213,278</u>
<b>Net Assets</b>						
Investment in capital assets (net of debt)	62,796,345	42,807,411	1,322,182	1,237,938	64,118,527	44,045,349
Restricted	5,718,853	18,602,940	-	-	5,718,853	18,602,940
Unrestricted	<u>13,341,924</u>	<u>11,224,273</u>	<u>1,601,758</u>	<u>969,087</u>	<u>14,943,682</u>	<u>12,193,360</u>
<b>Total Net Assets</b>	<u>\$81,857,122</u>	<u>\$72,634,624</u>	<u>\$2,923,940</u>	<u>\$2,207,025</u>	<u>\$84,781,062</u>	<u>\$74,841,649</u>

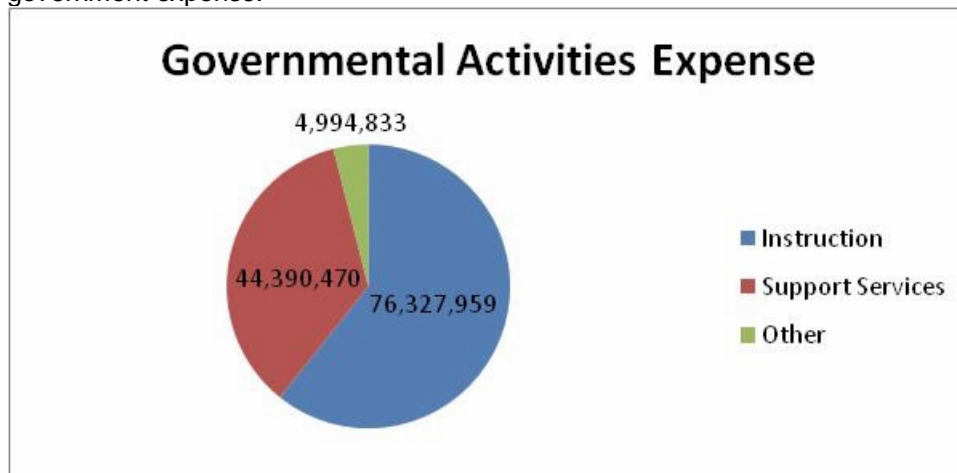


The following Table 2 presents a summary of changes in net assets for the fiscal years ended June 30, 2010 and 2009.

	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
<b>REVENUES</b>						
<b>Program revenues</b>						
Charges for services	\$ 100,894	\$ 159,739	\$3,314,262	\$3,197,242	\$ 3,415,156	\$ 3,356,981
Operating grants and contributions	26,113,157	16,772,332	5,832,381	5,153,562	31,945,538	21,925,894
Capital grants and contributions	6,932,007	2,852,337	105,142	-	7,037,149	2,852,337
<b>General revenues</b>						
Property taxes	25,322,821	23,688,870	-	-	25,322,821	23,688,870
Motor vehicle taxes	2,494,482	2,536,395	-	-	2,494,482	2,536,395
Utility taxes	5,308,036	5,059,620	-	-	5,308,036	5,059,620
Other taxes	5,228	5,115	-	-	5,228	5,115
Investment earnings	134,803	660,132	3,482	6,625	138,285	666,757
State and formula grants	68,278,506	70,472,252	-	-	68,278,506	70,472,252
Miscellaneous	414,317	523,153	-	-	414,317	523,153
<b>Total revenues</b>	<b>135,104,251</b>	<b>122,729,945</b>	<b>9,255,267</b>	<b>8,357,429</b>	<b>144,359,518</b>	<b>131,087,374</b>
<b>EXPENSES</b>						
<b>Program Activities</b>						
Instruction	76,357,959	71,251,522	-	-	76,357,959	71,251,522
Student support	7,708,015	7,107,283	-	-	7,708,015	7,107,283
Instructional staff support	7,398,709	6,840,695	-	-	7,398,709	6,840,695
District administrative support	1,285,021	377,399	-	-	1,285,021	377,399
School administrative support	6,375,237	5,764,712	-	-	6,375,237	5,764,712
Business support	1,575,009	1,537,966	-	-	1,575,009	1,537,966
Plant operation and maintenance	9,872,795	9,598,451	-	-	9,872,795	9,598,451
Student transportation	9,022,748	7,815,186	-	-	9,022,748	7,815,186
Community service activities	1,152,936	1,131,233	-	-	1,152,936	1,131,233
Other	43,540	63,384	-	-	43,540	63,384
Interest costs	4,951,293	5,116,820	-	-	4,951,293	5,116,820
<b>Business-type Activities</b>						
Food service	-	-	8,091,866	7,932,507	8,091,866	7,932,507
Childcare	-	-	499,346	433,971	499,346	433,971
Educational television	-	-	85,631	100,892	85,631	100,892
<b>Total expenses</b>	<b>125,743,262</b>	<b>116,604,651</b>	<b>8,676,843</b>	<b>8,467,370</b>	<b>134,420,105</b>	<b>125,072,021</b>
Special item - sale of building	-	43,000	-	-	-	43,000
Transfers	(138,491)	(504,554)	138,491	504,554	-	-
<b>Increase in net assets</b>	<b>\$ 9,222,498</b>	<b>\$ 5,663,740</b>	<b>\$ 716,915</b>	<b>\$ 394,613</b>	<b>\$ 9,939,413</b>	<b>\$ 6,058,353</b>

## Governmental Activities

Instruction comprises 61% of governmental program expenses. Support services expenses make up 35% of government expenses. The remaining expense for interest and other items accounts for 4% of total government expense.



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

	<b>Governmental Activities Total</b>		<b>Net Cost of Services</b>	
	<b>Cost of Services</b>			
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Instruction	\$ 76,357,959	\$ 71,251,522	\$50,163,374	\$57,530,414
Support Services	44,390,470	40,172,925	40,036,994	36,621,421
Other	43,540	63,384	6,650	12,201
Interest costs	<u>4,951,293</u>	<u>5,116,820</u>	<u>2,390,186</u>	<u>2,656,207</u>
<b>Total expenses</b>	<b><u>\$125,743,262</u></b>	<b><u>\$116,604,651</u></b>	<b><u>\$92,597,204</u></b>	<b><u>\$96,820,243</u></b>

### **Business-Type Activities**

The business-type activities include the food service, child care and educational television operations. These programs had total revenues of \$9,255,267 and expenses of \$8,676,843 for fiscal year 2010. Of the revenues, \$3,314,262 was charges for services, \$5,832,381 was from State and Federal operating grants, \$105,142 was from Federal capital grants and \$3,482 was from investment earnings. Business activities receive no support from tax revenues. The food service fund also received \$138,491 of capital asset contributions paid for from the Construction Fund. The School District will continue to monitor the charges and costs of this activity. If it becomes necessary, the School District will make adjustments to the operations of this activity.

### **The School District's Funds**

Information about the School District's major funds starts on page 13. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$143,248,028 and expenditures and other financing uses of \$153,838,652. Net changes in fund balances for the year were most significant in the General Fund \$2,359,607 and the Construction Fund (\$13,295,454).

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

### **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 \$76,021,529 with actual amounts of \$97,118,130. Budgeted expenditures of \$90,389,168 compare with actual expenditures of \$94,072,210. The most significant fluctuation is for on-behalf payments of \$17,798,808. If on-behalf payments were not included in revenues, revenues would be \$79,319,322, which is \$3,297,793 over budget. If on-behalf payments were not included in expenditures, expenditures would be \$76,273,402, which is \$14,115,766 under budget.

## Capital Assets and Debt Administration

### Capital Assets

At the end of fiscal year 2010 the School District had \$169,330,907 invested in land, land improvements, buildings, vehicles, equipment, and construction in progress, and \$168,008,725 in governmental activities. Table 4 shows fiscal year 2010 and 2009 balances.

	<b>Capital Assets (Net of Depreciation)</b>					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Land	\$ 5,359,248	\$ 5,359,998	\$ 16,790	\$ 16,790	\$ 5,376,038	\$ 5,376,788
Land improvements	1,895,337	2,097,863	-	-	1,895,337	2,097,863
Buildings and improvements	148,646,940	121,224,303	40,173	45,281	148,687,113	121,269,584
Technology	1,284,537	1,518,885	-	71	1,284,537	1,518,956
Vehicles	3,910,046	3,029,273	29,499	-	3,939,545	3,029,273
General equipment	1,786,478	1,468,713	1,235,720	1,175,796	3,022,198	2,644,509
Total	162,882,586	134,699,035	1,322,182	1,237,938	164,204,768	135,936,973
Construction in progress	5,096,139	18,887,298	-	-	5,096,139	18,887,298
Total	<u>\$ 167,978,725</u>	<u>\$ 153,586,333</u>	<u>\$ 1,322,182</u>	<u>\$ 1,237,938</u>	<u>\$ 169,300,907</u>	<u>\$ 154,824,271</u>

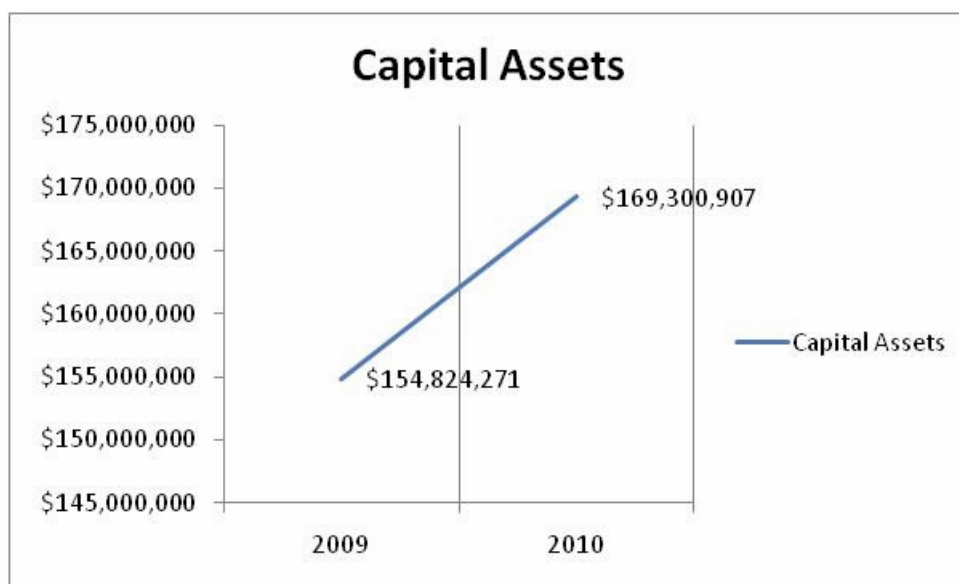


Table 5 shows the changes in capital assets for the fiscal years ended June 30, 2010 and 2009.

#### Change in Capital Assets

	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Beginning balance	\$ 153,586,333	\$ 133,507,761	\$ 1,237,938	\$ 806,692	\$ 154,824,271	\$ 134,314,453
Additions	20,011,261	25,617,675	253,030	604,089	20,264,291	26,221,764
Retirements	(2,287)	(117,173)	-	(5,181)	(2,287)	(122,354)
Depreciation	(5,616,582)	(5,421,930)	(168,786)	(167,662)	(5,785,368)	(5,589,592)
Ending balance	<u>\$ 167,978,725</u>	<u>\$ 153,586,333</u>	<u>\$ 1,322,182</u>	<u>\$ 1,237,938</u>	<u>\$ 169,300,907</u>	<u>\$ 154,824,271</u>

Construction was completed on North Middle School and North Hardin High School's Phase II and III renovations. The District also began renovations to Parkway Elementary (formerly Radcliff Middle) and the North Hardin High School Phase V project. Ongoing construction costs are in construction in progress at June 30, 2010.

## **Debt**

At June 30, 2010, the School District had \$107,660,000 in bonds outstanding, of this amount \$10,349,464 is to be paid from KSFCC funding provided by the State of Kentucky. A total of \$5,120,000 is due within one year.

## **District Challenges for the Future**

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

The most important challenge is to increase the academic achievement of our students. The District has increased the funding in several areas to move toward this goal. The District has implemented MAP and Compass Learning in many schools as measures to improve learning and data quality. Thoughtful Ed and Literacy First have continued to be funded as programs. The District has implemented programs to control energy costs and is saving approximately \$500 thousand per year and has also streamlined telephone services to reduce costs. By making the district operations more efficient, money saved can be used to improve student achievement.

The second District challenge mentioned is maintaining and improving the average daily attendance. The District receives funding through the SEEK formula based on this count. Growth within the district has increased. As a result of continued growth in average daily attendance the District has been able to levy the growth and BRAC nickel taxes. This additional revenue will greatly enhance the bonding capacity for the District to construct additional classroom space to meet the needs of additional students. While attendance is critical to the funding of the District, it is more important to note that good attendance has a direct relationship to student achievement. Maintaining excellence and emphasizing serving the public are the main factors influencing this district challenge.

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

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

## **Future Budgetary Implications**

In Kentucky, the public schools fiscal year is July 1 - June 30; other programs, i.e. some federal programs operate on a different fiscal calendar, but are reflected in the District overall budget. By law, the budget must have a minimum 2% contingency. The District adopted a budget for 2010 - 2011 with a 2.4% contingency. Significant Board action that impacts the finances includes pay increases for all employees, additional spending for facility repairs outside of bonded building and renovation projects, and continued funding of Board initiatives.

## **Contacting the School District's Financial Management**

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

## **BASIC FINANCIAL STATEMENTS**

# HARDIN COUNTY BOARD OF EDUCATION

## STATEMENT OF NET ASSETS

June 30, 2010

<b>Assets</b>	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Total</b>
<b><u>Current Assets</u></b>			
Cash and cash equivalents	\$ 11,536,897	\$ 1,254,508	\$ 12,791,405
Investments	9,151,018		9,151,018
Inventory		310,803	310,803
Receivables:			
Taxes-current	600,875		600,875
Taxes-delinquent	100,272		100,272
Other receivables	40,647	9,711	50,358
Intergovernmental-State	2,326,177		2,326,177
Intergovernmental-Indirect Federal	4,093,770	96,951	4,190,721
Intergovernmental-Direct Federal	17,340		17,340
<b>Total Current Assets</b>	<b>27,866,996</b>	<b>1,671,973</b>	<b>29,538,969</b>
<b><u>Noncurrent Assets</u></b>			
Capital assets, net of accumulated depreciation	167,978,725	1,322,182	169,300,907
<b>Total Noncurrent Assets</b>	<b>167,978,725</b>	<b>1,322,182</b>	<b>169,300,907</b>
<b>Total Assets</b>	<b>195,845,721</b>	<b>2,994,155</b>	<b>198,839,876</b>
<b>Liabilities</b>			
<b><u>Current Liabilities</u></b>			
Accounts payable	3,229,321	70,215	3,299,536
Accrued liabilities	104,820		104,820
Deferred revenue	361,145		361,145
Current portion of bond obligations	5,120,000		5,120,000
Current portion of accrued sick leave	363,825		363,825
Interest payable	1,472,687		1,472,687
<b>Total Current Liabilities</b>	<b>10,651,798</b>	<b>70,215</b>	<b>10,722,013</b>
<b><u>Noncurrent Liabilities</u></b>			
Noncurrent portion of bond obligations	102,540,000		102,540,000
Less: Deferred amount on refunding	(836,726)		(836,726)
Less: Bond discount and expense	(1,640,894)		(1,640,894)
Noncurrent portion of accrued sick leave	3,274,421		3,274,421
<b>Total Noncurrent Liabilities</b>	<b>103,336,801</b>	<b>-</b>	<b>103,336,801</b>
<b>Total Liabilities</b>	<b>113,988,599</b>	<b>70,215</b>	<b>114,058,814</b>
<b><u>Net Assets</u></b>			
Invested in capital assets, net of related debt	62,796,345	1,322,182	64,118,527
Restricted for:			
Capital projects	4,392,843		4,392,843
Debt service	1,326,010		1,326,010
Unrestricted	13,341,924	1,601,758	14,943,682
<b>Total Net Assets</b>	<b>\$ 81,857,122</b>	<b>\$ 2,923,940</b>	<b>\$ 84,781,062</b>

See accompanying notes to financial statements.



**HARDIN COUNTY BOARD OF EDUCATION**  
**STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2010

	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets		
		Charges For Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business- Type Activities	Total
<b>FUNCTIONS/PROGRAMS</b>							
<b>Governmental Activities:</b>							
Instruction	\$ 76,357,959	\$ 90,443	\$ 21,733,242	\$ 4,370,900	\$ (50,163,374)	\$ -	\$ (50,163,374)
Support services:							
Student	7,708,015		94,526		(7,613,489)		(7,613,489)
Instruction staff	7,398,709		2,119,216		(5,279,493)		(5,279,493)
District administrative	1,285,021				(1,285,021)		(1,285,021)
School administrative	6,375,237		170,436		(6,204,801)		(6,204,801)
Business	1,575,009				(1,575,009)		(1,575,009)
Plant operation and maintenance	9,872,795		36,240		(9,836,555)		(9,836,555)
Student transportation	9,022,748	10,451	811,808		(8,200,489)		(8,200,489)
Community service activities	1,152,936		1,110,799		(42,137)		(42,137)
Other	43,540		36,890		(6,650)		(6,650)
Interest on long-term debt	4,951,293			2,561,107	(2,390,186)		(2,390,186)
<b>Total Governmental Activities</b>	<b>125,743,262</b>	<b>100,894</b>	<b>26,113,157</b>	<b>6,932,007</b>	<b>(92,597,204)</b>	<b>-</b>	<b>(92,597,204)</b>
<b>Business-Type Activities:</b>							
Food service	8,091,866	2,783,224	5,733,675	105,142		530,175	530,175
Child care	499,346	438,275	89,686			28,615	28,615
Educational television	85,631	92,763	9,020			16,152	16,152
<b>Total Business-Type Activities</b>	<b>8,676,843</b>	<b>3,314,262</b>	<b>5,832,381</b>	<b>105,142</b>	<b>-</b>	<b>574,942</b>	<b>574,942</b>
<b>Total Primary Government</b>	<b>\$134,420,105</b>	<b>\$ 3,415,156</b>	<b>\$ 31,945,538</b>	<b>\$ 7,037,149</b>	<b>(92,597,204)</b>	<b>574,942</b>	<b>(92,022,262)</b>
<b>General Revenues:</b>							
Taxes:							
Property taxes					25,322,821		25,322,821
Motor vehicle taxes					2,494,482		2,494,482
Utility taxes					5,308,036		5,308,036
Other taxes					5,228		5,228
Investment earnings					134,803	3,482	138,285
State and formula grants					68,278,506		68,278,506
Miscellaneous					414,317	-	414,317
<b>Total general revenues</b>					<b>101,958,193</b>	<b>3,482</b>	<b>101,961,675</b>
Transfers					(138,491)	138,491	-
Change in net assets					9,222,498	716,915	9,939,413
Net assets - beginning					72,634,624	2,207,025	74,841,649
Net assets - ending					<b>\$ 81,857,122</b>	<b>\$ 2,923,940</b>	<b>\$ 84,781,062</b>

See accompanying notes to financial statements.

## **FUND FINANCIAL STATEMENTS**

# HARDIN COUNTY BOARD OF EDUCATION

## BALANCE SHEET

### GOVERNMENTAL FUNDS

June 30, 2010

	General Fund	Special Revenue	Construction Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>					
Cash and cash equivalents	\$ 10,507,700	\$ -	\$ 2,131,303	\$ 1,897,288	\$ 14,536,291
Investments	9,151,018				9,151,018
Receivables:					
Taxes - current	600,875				600,875
Taxes - delinquent	100,272				100,272
Other receivables	36,542	4,105			40,647
Intergovernmental - State	474	308,217	2,017,486		2,326,177
Intergovernmental - Indirect Federal	147,327	3,946,443			4,093,770
Intergovernmental - Direct Federal		17,340			17,340
<b>Total Assets</b>	<u>\$ 20,544,208</u>	<u>\$ 4,276,105</u>	<u>\$ 4,148,789</u>	<u>\$ 1,897,288</u>	<u>\$ 30,866,390</u>
<b>Liabilities and Fund Balances:</b>					
<b>Liabilities</b>					
Accounts payable	\$ 2,064,006	\$ 628,082	\$ 284,233	\$ -	\$ 2,976,321
Cash overdraft		2,999,393			2,999,393
Accrued liabilities	104,820				104,820
Deferred revenue		361,145			361,145
<b>Total Liabilities</b>	2,168,826	3,988,620	284,233	-	6,441,679
<b>Fund Balances</b>					
Restricted			3,864,556	1,897,288	5,761,844
Committed	2,513,689				2,513,689
Assigned	728,572	287,485			1,016,057
Unassigned	15,133,121				15,133,121
<b>Total Fund Balances</b>	<u>18,375,382</u>	<u>287,485</u>	<u>3,864,556</u>	<u>1,897,288</u>	<u>24,424,711</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 20,544,208</u>	<u>\$ 4,276,105</u>	<u>\$ 4,148,789</u>	<u>\$ 1,897,288</u>	<u>\$ 30,866,390</u>

See accompanying notes to financial statements.

## HARDIN COUNTY BOARD OF EDUCATION

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

June 30, 2010

Total fund balance per fund financial statements	\$ 24,424,711
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Amounts reported for governmental activities in the statement of net  
assets are different because:

Capital assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net assets.	167,978,725
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Certain liabilities are not reported in this fund financial statement because  
because they are not due and payable, but they are presented  
in the statement of net assets:

Bonds payable	(107,660,000)
Bond discount and expense	1,640,894
Deferred amount on refunding	836,726
Interest payable	(1,472,687)
Accounts payable	(253,001)
Accrued sick leave	<u>(3,638,246)</u>

Net assets for governmental activities	<u>\$ 81,857,122</u>
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See accompanying notes to financial statements.

# HARDIN COUNTY BOARD OF EDUCATION

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

### GOVERNMENTAL FUNDS

Year Ended June 30, 2010

	General Fund	Special Revenue	Construction Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
From local sources:					
Taxes:					
Property	\$ 19,913,741	\$ -	\$ -	\$ 5,409,080	\$ 25,322,821
Motor vehicle	2,494,482				2,494,482
Utilities	5,308,036				5,308,036
Other taxes	5,228				5,228
Earnings on investments	103,319	911	30,548	25	134,803
Other local revenues	480,894	117,185			598,079
Intergovernmental - State	68,278,506	4,470,703	4,370,900	5,649,431	82,769,540
Intergovernmental - Indirect Federal	257,054	17,715,507			17,972,561
Intergovernmental - Direct Federal	276,870	197,966			474,836
<b>Total Revenues</b>	<b>97,118,130</b>	<b>22,502,272</b>	<b>4,401,448</b>	<b>11,058,536</b>	<b>135,080,386</b>
<b>Expenditures:</b>					
Instruction	53,971,493	18,392,857			72,364,350
Support services:					
Student	7,613,489	94,526			7,708,015
Instruction staff	5,277,338	2,119,216			7,396,554
District administrative	977,234				977,234
School administrative	6,203,558	170,436			6,373,994
Business	1,557,716				1,557,716
Plant operation and maintenance	9,335,806	36,240		476,549	9,848,595
Student transportation	9,065,535	811,808			9,877,343
Facilities acquisition and construction	27,904		17,558,421		17,586,325
Community service activities	42,137	1,110,799			1,152,936
Other		36,890		6,650	43,540
Debt service:					
Principal				5,940,000	5,940,000
Interest				4,696,080	4,696,080
<b>Total Expenditures</b>	<b>94,072,210</b>	<b>22,772,772</b>	<b>17,558,421</b>	<b>11,119,279</b>	<b>145,522,682</b>
<b>Excess (Deficit) of Revenues over Expenditures</b>	<b>3,045,920</b>	<b>(270,500)</b>	<b>(13,156,973)</b>	<b>(60,743)</b>	<b>(10,442,296)</b>
<b>Other Financing Sources (Uses):</b>					
Proceeds from sale of fixed assets	26,153				26,153
Transfers in		312,133		7,865,356	8,177,489
Transfers out	(712,466)		(138,481)	(7,465,023)	(8,315,970)
<b>Total Other Financing Sources (Uses)</b>	<b>(686,313)</b>	<b>312,133</b>	<b>(138,481)</b>	<b>400,333</b>	<b>(112,328)</b>
<b>Net Change in Fund Balances</b>	<b>2,359,607</b>	<b>41,633</b>	<b>(13,295,454)</b>	<b>339,590</b>	<b>(10,554,624)</b>
<b>Fund Balance, July 1, 2009</b>	<b>16,015,775</b>	<b>245,852</b>	<b>17,160,010</b>	<b>1,557,698</b>	<b>34,979,335</b>
<b>Fund Balance, June 30, 2010</b>	<b>\$ 18,375,382</b>	<b>\$ 287,485</b>	<b>\$ 3,864,556</b>	<b>\$ 1,897,288</b>	<b>\$ 24,424,711</b>

See accompanying notes to financial statements.

## HARDIN COUNTY BOARD OF EDUCATION

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

Year Ended June 30, 2010

Net change in total fund balances per fund financial statements	\$ (10,554,624)
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.	14,502,168
Bond payments are recognized as expenditures of current financial resources in the fund financial statement but are reductions of liabilities in the statement of net assets.	5,940,000
In the statement of activities, only the gain (loss) on sale of fixed assets is reported, whereas in the governmental funds, the proceeds for the sale increased financial resources.	(2,287)
Transfers of capital assets from governmental to proprietary funds are not recorded in the fund financial statements but are recorded in the statement of activities	(138,491)
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>(524,268)</u>
Change in net assets of governmental activities	<u><u>\$ 9,222,498</u></u>

See accompanying notes to financial statements.

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

June 30, 2010

	Food Service Fund	Other Enterprise Funds	Total Enterprise Funds
<b>Assets</b>			
<b><u>Current Assets</u></b>			
Cash and cash equivalents	\$ 1,106,771	\$ 147,737	\$ 1,254,508
Inventory	310,803		310,803
Other receivables	9,711		9,711
Intergovernmental receivable - Indirect Federal	96,951		96,951
<b>Total Current Assets</b>	<b>1,524,236</b>	<b>147,737</b>	<b>1,671,973</b>
<b><u>Noncurrent Assets</u></b>			
Capital assets, net of accumulated depreciation	1,322,182		1,322,182
<b>Total Noncurrent Assets</b>	<b>1,322,182</b>	<b>-</b>	<b>1,322,182</b>
<b>Total Assets</b>	<b>2,846,418</b>	<b>147,737</b>	<b>2,994,155</b>
<b>Liabilities</b>			
<b><u>Current Liabilities</u></b>			
Accounts payable	65,213	5,002	70,215
<b>Total Current Liabilities</b>	<b>65,213</b>	<b>5,002</b>	<b>70,215</b>
<b><u>Net Assets</u></b>			
Invested in capital assets, net of related debt	1,322,182		1,322,182
Unrestricted	1,459,023	142,735	1,601,758
<b>Total Net Assets</b>	<b>\$ 2,781,205</b>	<b>\$ 142,735</b>	<b>\$ 2,923,940</b>

See accompanying notes to financial statements.

# **HARDIN COUNTY BOARD OF EDUCATION**

## **STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**

### **PROPRIETARY FUNDS**

Year Ended June 30, 2010

	Food Service Fund	Other Enterprise Funds	Total Enterprise Funds
<b>Operating Revenues</b>			
Lunchroom sales	\$ 2,758,306	\$ -	\$ 2,758,306
Other revenue	24,918		24,918
Tuition and fees		531,038	531,038
<b>Total Operating Revenues</b>	<b>2,783,224</b>	<b>531,038</b>	<b>3,314,262</b>
<b>Operating Expenses</b>			
Salaries and wages	3,957,934	507,425	4,465,359
Materials and supplies	3,751,737	36,755	3,788,492
Depreciation	168,786		168,786
Other operating expenses	213,409	40,797	254,206
<b>Total Operating Expenses</b>	<b>8,091,866</b>	<b>584,977</b>	<b>8,676,843</b>
Operating (loss)	(5,308,642)	(53,939)	(5,362,581)
<b>Non-Operating Revenues (Expenses)</b>			
Federal grants	4,574,099		4,574,099
Donated commodities	423,449		423,449
State grants	84,194		84,194
State on-behalf payments	757,075	98,706	855,781
Interest income	3,482		3,482
<b>Total Non-Operating Revenues (Expenses) Before Contributions</b>	<b>5,842,299</b>	<b>98,706</b>	<b>5,941,005</b>
Capital contributions	138,491		138,491
Changes in net assets	672,148	44,767	716,915
<b>Net Assets, July 1, 2009</b>	<b>2,109,057</b>	<b>97,968</b>	<b>2,207,025</b>
<b>Net Assets, June 30, 2010</b>	<b>\$ 2,781,205</b>	<b>\$ 142,735</b>	<b>\$ 2,923,940</b>

See accompanying notes to financial statements.



**HARDIN COUNTY BOARD OF EDUCATION**

**STATEMENT OF CASH FLOWS**

**PROPRIETARY FUNDS**

Year Ended June 30, 2010

	Food Service Fund	Other Enterprise Funds	Total Enterprise Funds
<b>Cash Flows from Operating Activities</b>			
Cash received from:			
Lunchroom sales	\$ 2,758,306	\$ -	\$ 2,758,306
Tuition and fees		531,038	531,038
Other activities	15,207		15,207
Cash paid to/for:			
Employees	(3,200,859)	(408,719)	(3,609,578)
Supplies	(3,381,229)	(37,862)	(3,419,091)
Other activities	(213,409)	(40,797)	(254,206)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(4,021,984)</b>	<b>43,660</b>	<b>(3,978,324)</b>
<b>Cash flows from Non-Capital Financing Activities</b>			
Federal grants	4,986,222		4,986,222
State grants	84,194		84,194
<b>Net Cash Provided by Non-Capital Financing Activities</b>	<b>5,070,416</b>	<b>-</b>	<b>5,070,416</b>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Purchases of capital assets	(114,539)	-	(114,539)
<b>Cash Flows from Investing Activities</b>			
Receipt of interest income	3,482		3,482
<b>Net increase in cash and cash equivalents</b>	<b>937,375</b>	<b>43,660</b>	<b>981,035</b>
<b>Balances, beginning of year</b>	<b>169,396</b>	<b>104,077</b>	<b>273,473</b>
<b>Balances, end of year</b>	<b>\$ 1,106,771</b>	<b>\$ 147,737</b>	<b>\$ 1,254,508</b>
Reconciliation of operating loss to net cash provided (used) by operating activities:			
Operating loss	\$ (5,308,642)	\$ (53,939)	\$ (5,362,581)
Adjustments to reconcile operating loss to net cash used by operating activities:			
Depreciation	168,786		168,786
Donated commodities	423,449		423,449
State on-behalf payments	757,075	98,706	855,781
Change in assets and liabilities:			
Accounts receivable	(9,711)		(9,711)
Inventory	(66,193)		(66,193)
Accounts payable	13,252	(1,107)	12,145
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ (4,021,984)</b>	<b>\$ 43,660</b>	<b>\$ (3,978,324)</b>
<b>Schedule of Non-cash Transactions</b>			
Donated commodities received from federal government	\$ 423,449	\$ -	\$ 423,449
State on-behalf payments	\$ 757,075	\$ 98,706	\$ 855,781

See accompanying notes to financial statements.

**HARDIN COUNTY BOARD OF EDUCATION**

**STATEMENT OF FIDUCIARY NET ASSETS**

**FIDUCIARY FUNDS**

June 30, 2010

	Private Purpose Trust Funds	Agency Fund
<b>Assets</b>		
Cash and cash equivalents	\$ 191,417	\$ 1,247,825
Accounts receivable		9,306
<b>Total Assets</b>	<u>\$ 191,417</u>	<u>\$ 1,257,131</u>
<b>Liabilities</b>		
Accounts payable	\$ -	\$ 36,071
Due to student groups		1,221,060
<b>Total Liabilities</b>	<u>\$ -</u>	<u>\$ 1,257,131</u>
<b>Net Assets Held in Trust</b>	<u>\$ 191,417</u>	<u>\$ -</u>

See accompanying notes to financial statements.

**HARDIN COUNTY BOARD OF EDUCATION**

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**

**FIDUCIARY FUNDS**

Year Ended June 30, 2010

	Private Purpose Trust Funds
<b>Additions</b>	
Net interest and investment gains	\$ 758
Other additions	808
<b>Deductions</b>	
Expenses paid	<u>(900)</u>
Change in net assets	666
<b>Net Assets, beginning of year</b>	<u>190,751</u>
<b>Net Assets, end of year</b>	<u><u>\$ 191,417</u></u>

See accompanying notes to financial statements.

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

## **HARDIN COUNTY BOARD OF EDUCATION**

### **NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2010

#### **NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### Reporting Entity

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

During the year ended June 30, 2010, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." The standard established the fund balance categories of nonspendable, restricted, committed, assigned and unassigned. Information concerning the District's fund balances can be found in Note C.

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

The financial statements of the District include those of separately administered organizations that are controlled by or dependent on the Board. Control or dependence is determined on the basis of budget adoption, funding and appointment of the respective governing board.

Based on the foregoing criteria, the financial statements of the following organization are included in the accompanying financial statements:

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

##### Basis of Presentation

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

## **HARDIN COUNTY BOARD OF EDUCATION**

### **NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**

June 30, 2010

#### **NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Government-wide Financial Statements – The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

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

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

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

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the changes in fund balances. Proprietary funds are reported using the economic resources measurement focus. All assets and liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases and decreases in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities. Fiduciary funds are also reported using the economic resources measurement focus.

The District has the following funds:

I. Governmental Fund Types

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

## **HARDIN COUNTY BOARD OF EDUCATION**

### **NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**

June 30, 2010

#### **NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

- (B) The Special Revenue Fund accounts for proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. It includes federal financial programs where unused balances are returned to the grantor at the close of the specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally-funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report on pages 53 through 55. This is a major fund of the District.
- (C) Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.
  - 1. The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund receives those funds designated by the state as Capital Outlay Funds and is restricted for use in financing projects identified in the District's facility plan.
  - 2. The Facility Support Program of Kentucky (FSPK) accounts for funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the District's facility plan.
  - 3. The Construction Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction. This is a major fund of the District.
- (D) Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

#### **II. Proprietary Fund Types (Enterprise Fund)**

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

## HARDIN COUNTY BOARD OF EDUCATION

### NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2010

#### NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

##### III. Fiduciary Fund Type (Agency Fund)

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

##### Basis of Accounting

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

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenues from nonexchange transactions must also be available before it can be recognized.

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

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

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



## **HARDIN COUNTY BOARD OF EDUCATION**

### **NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**

June 30, 2010

#### **NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

##### Basis of Accounting - Continued

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation, are not recognized in governmental funds.

##### Property Taxes

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

The property tax rates assessed for the year ended June 30, 2010, to finance operations were \$.497 per \$100 valuation for real property, \$.504 per \$100 valuation for business personal property and \$.540 per \$100 valuation for motor vehicles.

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

##### Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of one thousand dollars with the exception of computers, digital cameras and real property for which there is no threshold. The District does not possess any infrastructure. Improvements are capitalized; the cost of, normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life are not.

## HARDIN COUNTY BOARD OF EDUCATION

### NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2010

#### NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

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

#### Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental and business-type activities columns of the statements of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

#### Budgetary Process

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

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

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

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

#### Encumbrances

Encumbrances are not liabilities and, therefore, are not reported as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end and outstanding encumbrances at year-end are reappropriated in the next year.

## **HARDIN COUNTY BOARD OF EDUCATION**

### **NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**

June 30, 2010

#### **NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

##### Cash and Cash Equivalents

The District considers demand deposits, money market funds, and other investments with an original maturity of 90 days or less, to be cash equivalents.

##### Inventories

On government-wide financial statements inventories are stated at cost and are expensed when used.

On fund financial statements inventories are stated at cost. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased.

The food service fund uses the specific identification method and the general fund uses the first-in, first-out method.

##### Prepaid Assets

Payments made that will benefit periods beyond June 30, 2010, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

##### Receivables

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

##### Accrued Liabilities and Long-Term Obligations

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

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, accumulated sick leave, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year-end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

## **HARDIN COUNTY BOARD OF EDUCATION**

### **NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**

June 30, 2010

#### **NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

##### Net Assets

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

##### Operating Revenues and Expenses

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

##### Contributions of Capital

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

##### Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

#### **NOTE B – ESTIMATES**

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

## **HARDIN COUNTY BOARD OF EDUCATION**

### **NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**

June 30, 2010

#### **NOTE C – FUND BALANCES**

Restricted fund balances arise when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. At June 30, 2010, the District had \$3,864,556 as restricted for capital projects in the Construction Fund and \$1,897,288 restricted in the nonmajor funds (\$571,278 restricted for capital projects and \$1,326,010 restricted for debt service).

Committed fund balances are those amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, which, for the District is the Board of Education. The Board of Education must approve by majority vote the establishment (and modification or rescinding) of a fund balance commitment. The District had the following commitments at June 30, 2010: \$750,000 for buses, \$47,079 for land, \$368,538 for nurses, \$398,072 for debt service and \$950,000 for sick leave.

Amounts that are constrained by the government's *intent* to be used for specific purposes, but are neither restricted nor committed. The Board of Education allows program supervisors to complete purchase orders which result in the encumbrance of funds. The amount assigned related to encumbrances at June 30, 2010, was \$1,016,057. Assigned fund balance also includes (a) all remaining amounts (except for negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed and (b) amounts in the general fund that are intended to be used for a specific purpose.

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

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

#### **NOTE D – DEPOSITS AND INVESTMENTS**

##### **DEPOSITS**

**Custodial Credit Risk – Deposits.** Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy is to have all deposits secured by pledged securities. At June 30, 2010, \$23,772,301 of the District's bank balance of \$25,976,387 was exposed to custodial credit risk. The bank balance not covered by depository insurance was collateralized by securities held by the pledging financial institution.

## HARDIN COUNTY BOARD OF EDUCATION

### NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2010

#### INVESTMENTS

As of June 30, 2010, the District had the following investments and maturities:

	Fair Value	Maturity Less Than 1 Year
Repurchase agreement	<u>\$9,151,018</u>	<u>\$ 9,151,018</u>

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

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

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

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

# HARDIN COUNTY BOARD OF EDUCATION

## NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2010

### NOTE E – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2010, was as follows:

Governmental Activities	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010
<b>Non-Depreciable Assets:</b>				
Land	\$ 5,359,998	\$ -	\$ (750)	\$ 5,359,248
Construction in progress	18,887,298	18,200,142	(31,991,301)	5,096,139
<b>Depreciable Assets:</b>				
Land improvements	5,114,920			5,114,920
Buildings and improvements	160,745,032	31,331,935		192,076,967
Technology equipment	7,303,560	385,217	(262,645)	7,426,132
Vehicles	11,077,190	1,555,102	(733,327)	11,898,965
General equipment	7,594,144	530,166	(923)	8,123,387
Totals at historical cost	216,082,142	52,002,562	(32,988,946)	235,095,758
<b>Accumulated depreciation:</b>				
Land improvements	3,017,057	202,526		3,219,583
Buildings and improvements	39,520,729	3,909,298		43,430,027
Technology equipment	5,784,675	618,028	(261,108)	6,141,595
Vehicles	8,047,917	674,329	(733,327)	7,988,919
General equipment	6,125,431	212,401	(923)	6,336,909
Total accumulated depreciation	62,495,809	5,616,582	(995,358)	67,117,033
Governmental Activities Capital Assets - Net	<u>\$ 153,586,333</u>	<u>\$ 46,385,980</u>	<u>\$ (31,993,588)</u>	<u>\$ 167,978,725</u>
Depreciation was charged to governmental functions as follows:				
Instruction	\$ 4,797,569			
District administration	38,731			
School administration	4,424			
Business support	37,312			
Plant	58,349			
Transportation	680,197			
	<u>\$ 5,616,582</u>			
<b>Business-Type Activities</b>				
<b>Non-Depreciable Assets:</b>				
Land	\$ 16,790	\$ -	\$ -	\$ 16,790
<b>Depreciable Assets:</b>				
Land improvements	20,202			20,202
Buildings and improvements	318,523			318,523
Technology equipment	69,831		(1,400)	68,431
Vehicles	49,012	30,517		79,529
General equipment	3,314,727	222,513		3,537,240
Totals at historical cost	3,789,085	253,030	(1,400)	4,040,715
<b>Accumulated depreciation:</b>				
Land improvements	20,202			20,202
Buildings and improvements	273,242	5,108		278,350
Technology equipment	69,760	71	(1,400)	68,431
Vehicles	49,012	1,018		50,030
General equipment	2,138,931	162,589		2,301,520
Total accumulated depreciation	2,551,147	168,786	(1,400)	2,718,533
Business-type Activities Capital Assets - Net	<u>\$ 1,237,938</u>	<u>\$ 84,244</u>	<u>\$ -</u>	<u>\$ 1,322,182</u>

# **HARDIN COUNTY BOARD OF EDUCATION**

## **NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**

June 30, 2010

### **NOTE F – LONG-TERM OBLIGATIONS**

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

<u>Issue Date</u>	<u>Original Proceeds</u>	<u>Rates</u>	<u>Issue Date</u>	<u>Original Proceeds</u>	<u>Rates</u>
September 1998	\$15,885,000	3.50% - 4.25%	February 2005*	\$2,910,000	2.50% - 3.70%
February 2000	19,760,000	5.00% - 5.75%	June 2005 Energy	5,455,000	3.30% - 4.20%
July 2001A	9,405,000	4.10% - 4.75%	June 2005 Refunding	17,350,000	3.00% - 4.00%
July 2001B	2,415,000	3.75% - 4.25%	June 2006	14,145,000	4.00% - 4.375%
December 2002	2,915,000	1.25% - 3.20%	June 2007	17,430,000	4.00% - 4.75%
July 2003	9,310,000	1.75% - 4.00%	July 2008	30,365,000	3.50% - 4.625%
June 2004	9,290,000	3.50% - 4.50%	June 2009	1,960,000	2.00% - 4.00%

\* Partial refunding of the February 2000 issue

The District, through the General Fund (including utility taxes and the Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund) is obligated to make payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Hardin County Board of Education Finance Corporation to construct school facilities. The District has an option to purchase the property under lease at any time by retiring the bonds then outstanding. The District has "participation agreements" with the Kentucky School Facilities Construction Commission. The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs. The table below sets forth the amount to be paid by the District and the Commission for each year until maturity of all bond issues. The liability for the total bond amount remains with the District and, as such, the total principal outstanding has been recorded in the financial statements. The bonds may be called prior to maturity and redemption premiums are specified in each issue. Assuming no bonds are called prior to scheduled maturity, the minimum obligations of the District, including amounts to be paid by the Commission, at June 30, 2010, for debt service (principal and interest) are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Participation</u>	<u>District's Portion</u>
2011	\$ 5,120,000	\$ 4,493,431	\$ 1,545,634	\$ 8,067,797
2012	4,870,000	4,303,167	1,106,179	8,066,988
2013	5,015,000	4,117,077	1,066,184	8,065,893
2014	5,095,000	3,929,245	954,171	8,070,074
2015	5,295,000	3,727,979	954,039	8,068,940
2016-2020	29,335,000	15,278,109	4,267,075	40,346,034
2021-2025	28,710,000	9,026,903	2,974,315	34,762,588
2026-2029	24,220,000	2,359,762	912,384	25,667,378
	<u>\$107,660,000</u>	<u>\$47,235,673</u>	<u>\$13,779,981</u>	<u>\$141,115,692</u>



## HARDIN COUNTY BOARD OF EDUCATION

### NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2010

#### NOTE F – LONG-TERM OBLIGATIONS – CONTINUED

##### Accumulated Unpaid Sick Leave Benefits

Upon retirement from the school system, an employee will receive from the District an amount equal to 30% of the value of accumulated sick leave. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the School District's past experience of making termination payments. The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements the current portion of unpaid accrued sick leave is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "accumulated sick leave payable" in the general fund. The noncurrent portion of the liability is not reported.

Long-term liability activity for the year ended June 30, 2010, was as follows:

	Balance July 1, 2009	Additions	Reductions	Balance June 30, 2010	Amounts Due Within One Year
Revenue bonds payable	\$ 113,600,000	\$ -	\$ 5,940,000	\$ 107,660,000	\$ 5,120,000
Accrued sick leave	3,369,189	761,403	492,346	3,638,246	363,825
	<u>\$ 116,969,189</u>	<u>\$ 761,403</u>	<u>\$ 6,432,346</u>	<u>\$ 111,298,246</u>	<u>\$ 5,483,825</u>

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

#### NOTE G – RETIREMENT PLANS

All the District's eligible employees participate in the Kentucky Teacher's Retirement System (KTRS), a statewide multiple-employer public employee retirement system covering all employees of local school districts within the State of Kentucky. KTRS is a cost sharing public employee retirement system with one exception: all risks and costs are not shared by the District but are the liability of the State of Kentucky. KTRS is funded through state and employee contributions and the District has no legal obligation for paying benefits. As discussed below, the District may be required in certain situations to make limited contributions on behalf of certain employees. The State of Kentucky contributes 13.105% of the employee's gross earnings for employees with un-refunded accounts before July 1, 2008 and 14.105% of employee's gross earnings for employees on or after July 1, 2008, except for those District employees being paid from and participating in federally funded programs. During the years ended June 30, 2010, 2009 and 2009, contributions of \$7,274,967, \$7,228,106, and \$7,263,297 were made by the State of Kentucky and \$635,979, \$403,865 and \$429,778 in contributions were passed through the District's federally funded programs. Contributions by the employees are 9.855% of gross earnings for employees with un-refunded accounts before July 1, 2008 and 10.855% of employee's gross earnings for employees on or after July 1, 2008 and are withheld by the District. The contribution rate is actuarially determined.

## **HARDIN COUNTY BOARD OF EDUCATION**

### **NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**

June 30, 2010

#### **NOTE H – RETIREMENT PLANS – CONTINUED**

Such withholdings during the years ended June 30, 2010, 2009 and 2008, totaled \$5,959,516, \$5,743,598 and \$5,785,216 and were paid by the District to the State of Kentucky. The District has no other liability under the plan. The District's total payroll for all employees during the years ended June 30, 2010, 2009 and 2008 was \$78,358,274, \$75,784,993 and \$76,703,180 and \$60,043,959, \$58,104,419 and \$58,703,359 of such amount related to employees covered by the retirement plan. All payments were made to the retirement system in the amount of the annually required contributions. Additional information and historical trend information can be obtained from the separately issued Teacher Retirement System of Kentucky Comprehensive Annual Financial Report by writing to Kentucky Teachers' Retirement System, 479 Versailles Road, Frankfort, Kentucky 40601.

Substantially all other employees (classified personnel) are covered under the County Employee's Retirement System (CERS). Funding for the Plan is provided through payroll withholdings of 5% for those employee participating in CERS before September 1, 2008 and 6% for those employee participating in CERS on or after September 1, 2008 and a District contribution for the years ended June 30, 2010, 2009 and 2008 of 16.16%, 13.50% and 16.18% of the employee's total compensation subject to contribution. The contribution rate is actuarially determined. The District's contribution requirement for CERS for the years ended June 30, 2010, 2009 and 2008, was \$3,796,530, \$3,267,088 and \$3,749,850 which consisted of \$2,901,604, \$2,382,386 and \$2,845,658 from the District and \$894,926, \$884,702 and \$904,192 from the employees. The total covered payroll for CERS during the years ended June 30, 2010, 2009 and 2008 was \$17,932,150, \$17,671,252 and \$17,595,407. Benefits under both plans will vary based on final compensation, years of service and other factors as fully described in the Plan documents. All payments were made to the retirement system in the amount of the annually required contributions. The County Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Kentucky Retirement Systems, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601.

#### **Deferred Compensation**

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

#### **NOTE I – COMMITMENTS**

During the year ended June 30, 2010, the Board had construction contracts for construction projects.

#### **NOTE J – CONTINGENCIES**

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

## **HARDIN COUNTY BOARD OF EDUCATION**

### **NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**

June 30, 2010

#### **NOTEK – LITIGATION**

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

#### **NOTE L – INSURANCE AND RELATED ACTIVITIES**

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

#### **NOTE M – RISK MANAGEMENT**

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

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

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

#### **NOTE N – DEFICIT OPERATING BALANCES**

There are no funds of the District that currently have a deficit fund balance. However, the Construction fund had operations that resulted in a current year deficit of revenues over expenditures resulting in a corresponding reduction of fund balance of \$13,295,454.

#### **NOTE O – COBRA**

Under COBRA, employers are mandated to notify terminated employees of available continuing insurance coverage. Failure to comply with this requirement may put the School District at risk for a substantial loss.

## **HARDIN COUNTY BOARD OF EDUCATION**

### **NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**

June 30, 2010

#### **NOTE P – TRANSFER OF FUNDS**

The following transfers were made during the year:

##### **Fund Financial Statements**

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General	Special Revenue	Technology Match	\$ 312,133
Nonmajor Governmental	Nonmajor Governmental	Debt Service	7,465,023
General	Nonmajor Governmental	Debt Service	400,333
			<u>\$ 8,177,489</u>

##### **Government-wide Financial Statements**

Governmental Activities	Food Service	Assets	\$ 138,481
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#### **NOTE Q – INTERFUND RECEIVABLES AND PAYABLES**

There were no interfund balances at June 30, 2010.

#### **NOTE R – ON-BEHALF PAYMENTS**

The District receives on-behalf payments from the State of Kentucky for items including retirement and insurance. The amount received for the fiscal year ended June 30, 2010, was \$18,654,589. These payments were recorded as follows:

General Fund	\$ 17,798,808
Food Service Fund	757,075
School Age Child Care Fund	89,686
Educational Television Fund	<u>9,020</u>
Total	<u>\$ 18,654,589</u>

#### **NOTE S – FISCAL AGENT**

During the fiscal year ended June 30, 2010, the District served as the fiscal agent for a WIA Youth Activities grant through the Lincoln Trail Area Development District. The total expenditures were \$191,788 and were recorded in the District's fiscal agent fund.

#### **NOTE T – SUBSEQUENT EVENTS**

On July 22, 2010, the District issued \$5,580,000 in refunding revenue bonds to refund the 2001A. The bonds carry an interest rate between 2% and 3% and mature June 1, 2021.

**REQUIRED SUPPLEMENTARY INFORMATION**

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

Year Ended June 30, 2010

	<u>Original</u>	<u>Final</u>	<u>Actual</u>
<b>Revenues</b>			
From local sources:			
Taxes:			
Property	\$ 17,425,000	\$ 17,400,000	\$ 19,913,741
Motor vehicle	2,600,000	2,400,000	2,494,482
Utilities	5,000,000	5,000,000	5,308,036
Other	5,000	5,000	5,228
Earnings on investments	400,000	100,000	103,319
Other local revenues	229,197	367,010	480,894
Intergovernmental - State	60,864,466	50,499,519	68,278,506
Intergovernmental - Indirect Federal			257,054
Intergovernmental - Direct Federal	250,000	250,000	276,870
<b>Total Revenues</b>	<b>86,773,663</b>	<b>76,021,529</b>	<b>97,118,130</b>
<b>Expenditures</b>			
Instruction	57,694,669	48,701,071	53,969,338
Support services:			
Student	6,005,533	6,145,930	7,613,489
Instruction staff	4,350,828	4,360,277	5,279,493
District administrative	1,065,092	1,090,665	977,234
School administrative	4,632,533	4,717,152	6,203,558
Business	1,567,204	1,599,279	1,557,716
Plant operation and maintenance	9,565,324	9,763,982	9,335,806
Student transportation	8,184,724	9,177,865	9,065,535
Facilities acquisition and construction	215,000	515,000	27,904
Community service activities	59,688	92,947	42,137
Other	3,425,000	4,225,000	
<b>Total Expenditures</b>	<b>96,765,595</b>	<b>90,389,168</b>	<b>94,072,210</b>
<b>Excess (Deficit) of Revenues over Expenditures</b>	<b>(9,991,932)</b>	<b>(14,367,639)</b>	<b>3,045,920</b>
<b>Other Financing Sources (Uses)</b>			
Proceeds from sale of fixed assets	15,000	15,000	26,153
Transfers in			
Transfers out	(701,000)	(713,133)	(712,466)
<b>Total Other Financing Sources (Uses)</b>	<b>(686,000)</b>	<b>(698,133)</b>	<b>(686,313)</b>
<b>Net Change in Fund Balance</b>	<b>(10,677,932)</b>	<b>(15,065,772)</b>	<b>2,359,607</b>
<b>Fund Balance, July 1, 2009</b>	<b>10,677,932</b>	<b>15,065,772</b>	<b>16,015,775</b>
<b>Fund Balance, June 30, 2010</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 18,375,382</b>

**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 \$17,798,808.

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

Year Ended June 30, 2010

	Original	Final	Actual
<b>Revenues</b>			
Earnings on investments	\$ -	\$ 497	\$ 911
Other local revenues	85,500	117,489	117,185
Intergovernmental - State	4,872,434	4,721,864	4,470,703
Intergovernmental - Indirect Federal	7,599,552	17,239,721	17,715,507
Intergovernmental - Direct Federal	198,083	198,083	197,966
<b>Total Revenues</b>	<b>12,755,569</b>	<b>22,277,654</b>	<b>22,502,272</b>
<b>Expenditures</b>			
Instruction	9,422,422	17,647,048	18,392,857
Support services:			
Student	124,533	92,945	94,526
Instruction staff	1,807,045	2,413,655	2,119,216
School administrative	106,117	169,333	170,436
Plant operation and maintenance		20,486	36,240
Student transportation	437,402	1,124,637	811,808
Community service activities	1,107,047	1,085,593	1,110,799
Other	51,003	36,090	36,890
<b>Total Expenditures</b>	<b>13,055,569</b>	<b>22,589,787</b>	<b>22,772,772</b>
<b>Excess (Deficit) of Revenues over Expenditures</b>	<b>(300,000)</b>	<b>(312,133)</b>	<b>(270,500)</b>
<b>Other Financing Sources (Uses)</b>			
Transfers in	300,000	312,133	312,133
<b>Total Other Financing Sources (Uses)</b>	<b>300,000</b>	<b>312,133</b>	<b>312,133</b>
<b>Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses</b>	<b>-</b>	<b>-</b>	<b>41,633</b>
<b>Fund Balance, July 1, 2009</b>	<b>-</b>	<b>-</b>	<b>245,852</b>
<b>Fund Balance, June 30, 2010</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 287,485</b>

## **SUPPLEMENTARY INFORMATION**



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

June 30, 2010

	Capital Outlay Fund	FSPK Fund	Debt Service Fund	Total Nonmajor Governmental Funds
<b>Assets:</b>				
Cash and cash equivalents	\$ 569,511	\$ 1,767	\$ 1,326,010	\$ 1,897,288
<b>Total Assets</b>	<u>\$ 569,511</u>	<u>\$ 1,767</u>	<u>\$ 1,326,010</u>	<u>\$ 1,897,288</u>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
<b>Total Liabilities</b>	-	-	-	-
<b>Fund Balances</b>				
Restricted	569,511	1,767	1,326,010	1,897,288
<b>Total Fund Balances</b>	<u>569,511</u>	<u>1,767</u>	<u>1,326,010</u>	<u>1,897,288</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 569,511</u>	<u>\$ 1,767</u>	<u>\$ 1,326,010</u>	<u>\$ 1,897,288</u>

# **HARDIN COUNTY BOARD OF EDUCATION**

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

Year Ended June 30, 2010

	Capital Outlay Fund	FSPK Fund	Debt Service Fund	Total Nonmajor Governmental Funds
<b>Revenues</b>				
From local sources:				
Taxes:				
Property	\$ -	\$ 5,409,080	\$ -	\$ 5,409,080
Earnings on investments	25			25
Intergovernmental - State	1,268,973	1,819,350	2,561,108	5,649,431
<b>Total Revenues</b>	1,268,998	7,228,430	2,561,108	11,058,536
<b>Expenditures</b>				
Plant operation and maintenance	476,549			476,549
Other	500	500	5,650	6,650
Debt service:				
Principal			5,940,000	5,940,000
Interest			4,696,080	4,696,080
<b>Total Expenditures</b>	477,049	500	10,641,730	11,119,279
<b>Excess (Deficit) of Revenues over Expenditures</b>	791,949	7,227,930	(8,080,622)	(60,743)
<b>Other Financing Sources (Uses)</b>				
Transfers in			7,865,356	7,865,356
Transfers out	(237,093)	(7,227,930)		(7,465,023)
<b>Total Other Financing Sources (Uses)</b>	(237,093)	(7,227,930)	7,865,356	400,333
<b>Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses</b>	554,856	-	(215,266)	339,590
<b>Fund balance, July 1, 2009</b>	14,655	1,767	1,541,276	1,557,698
<b>Fund balance, June 30, 2010</b>	\$ 569,511	\$ 1,767	\$ 1,326,010	\$ 1,897,288

**HARDIN COUNTY BOARD OF EDUCATION****COMBINING STATEMENT OF NET ASSETS - NONMAJOR PROPRIETARY FUNDS  
- ENTERPRISE FUNDS**

June 30, 2010

	<u>School Age Child Care</u>	<u>Educational Television</u>	<u>Total Nonmajor Enterprise Funds</u>
<b>Assets</b>			
<b><u>Current Assets</u></b>			
Cash and cash equivalents	<u>\$ 119,293</u>	<u>\$ 28,444</u>	<u>\$ 147,737</u>
<b>Total Current Assets</b>	<u>119,293</u>	<u>28,444</u>	<u>147,737</u>
 <b>Liabilities</b>			
<b><u>Current Liabilities</u></b>			
Accounts payable	<u>3,506</u>	<u>1,496</u>	<u>5,002</u>
<b>Total Current Liabilities</b>	<u>3,506</u>	<u>1,496</u>	<u>5,002</u>
 <b><u>Net Assets</u></b>			
Unrestricted	<u>115,787</u>	<u>26,948</u>	<u>142,735</u>
<b>Total Net Assets</b>	<u>\$ 115,787</u>	<u>\$ 26,948</u>	<u>\$ 142,735</u>

# **HARDIN COUNTY BOARD OF EDUCATION**

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

Year Ended June 30, 2010

	School Age Child Care	Educational Television	Total Nonmajor Enterprise Funds
<b>Operating Revenues</b>			
Tuition and fees	\$ 438,275	\$ 92,763	\$ 531,038
<b>Total Operating Revenues</b>	438,275	92,763	531,038
<b>Operating Expenses</b>			
Salaries and wages	462,047	45,378	507,425
Materials and supplies	26,535	10,220	36,755
Other operating expenses	10,764	30,033	40,797
<b>Total Operating Expenses</b>	499,346	85,631	584,977
Operating income (loss)	(61,071)	7,132	(53,939)
<b>Non-Operating Revenues ( Expenses)</b>			
State on-behalf payments	89,686	9,020	98,706
<b>Total Non-Operating Revenues (Expenses)</b>	89,686	9,020	98,706
<b>Change in net assets</b>	28,615	16,152	44,767
<b>Net Assets, July 1, 2009</b>	87,172	10,796	97,968
<b>Net Assets, June 30, 2010</b>	\$ 115,787	\$ 26,948	\$ 142,735

# **HARDIN COUNTY BOARD OF EDUCATION**

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

Year Ended June 30, 2010

	School Age Child Care	Educational Television	Total Other Enterprise Funds
<b>Cash Flows from Operating Activities</b>			
Cash received from:			
Tuition and fees	\$ 438,275	\$ 92,763	\$ 531,038
Cash paid to/for:			
Employees	(372,361)	(36,358)	(408,719)
Supplies	(26,072)	(11,790)	(37,862)
Other activities	(10,764)	(30,033)	(40,797)
<b>Net Cash Provided by Operating Activities</b>	<u>29,078</u>	<u>14,582</u>	<u>43,660</u>
Net increase in cash and cash equivalents	29,078	14,582	43,660
<b>Balances, beginning of year</b>	<u>90,215</u>	<u>13,862</u>	<u>104,077</u>
<b>Balances, end of year</b>	<u><u>\$ 119,293</u></u>	<u><u>\$ 28,444</u></u>	<u><u>\$ 147,737</u></u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating loss	\$ (61,071)	\$ 7,132	\$ (53,939)
Adjustments to reconcile operating loss to net cash used by operating activities:			
State on-behalf payments	89,686	9,020	98,706
Change in assets and liabilities:			
Accounts payable	463	(1,570)	(1,107)
<b>Net cash provided by operating activities</b>	<u><u>\$ 29,078</u></u>	<u><u>\$ 14,582</u></u>	<u><u>\$ 43,660</u></u>
<b>Schedule of non-cash transactions:</b>			
State on-behalf payments	<u><u>\$ 89,686</u></u>	<u><u>\$ 9,020</u></u>	<u><u>\$ 98,706</u></u>

# HARDIN COUNTY BOARD OF EDUCATION

## COMBINING STATEMENT OF FIDUCIARY NET ASSETS

### AGENCY FUNDS

June 30, 2010

	Bluegrass Middle School	Brown Street Education Center	Central Hardin High School	Creekside Elementary	East Hardin Middle School	G.C. Burkhead Elementary
<b>Assets</b>						
Cash and cash equivalents	\$ 47,456	\$ 4,150	\$ 211,971	\$ 24,532	\$ 79,881	\$ 54,828
Accounts receivable		-	2,956	100	926	
<b>Total Assets</b>	<u>\$ 47,456</u>	<u>\$ 4,150</u>	<u>\$ 214,927</u>	<u>\$ 24,632</u>	<u>\$ 80,807</u>	<u>\$ 54,828</u>
<b>Liabilities</b>						
Accounts payable		\$ -	\$ 26,558	\$ 388	\$ 1,907	\$ 1,282
Due to student groups	47,456	4,150	188,369	24,244	78,900	53,546
<b>Total Liabilities</b>	<u>\$ 47,456</u>	<u>\$ 4,150</u>	<u>\$ 214,927</u>	<u>\$ 24,632</u>	<u>\$ 80,807</u>	<u>\$ 54,828</u>
	Heartland Elementary	Howe Valley Elementary	J.T. Alton Middle School	John Hardin High School	Lakewood Elementary	Lincoln Trail Elementary
<b>Assets</b>						
Cash and cash equivalents	\$ 22,005	\$ 27,176	\$ 100,628	\$ 99,482	\$ 34,144	\$ 68,292
Accounts receivable	91	-				108
<b>Total Assets</b>	<u>\$ 22,096</u>	<u>\$ 27,176</u>	<u>\$ 100,628</u>	<u>\$ 99,482</u>	<u>\$ 34,144</u>	<u>\$ 68,400</u>
<b>Liabilities</b>						
Accounts payable	\$ 107	\$ 24		\$ 1,110	\$ -	\$ 21
Due to student groups	21,989	27,152	100,628	98,372	34,144	68,379
<b>Total Liabilities</b>	<u>\$ 22,096</u>	<u>\$ 27,176</u>	<u>\$ 100,628</u>	<u>\$ 99,482</u>	<u>\$ 34,144</u>	<u>\$ 68,400</u>
	Meadowview Elementary	New Highland Elementary	North Hardin High School	North Middle School	Radcliff Elementary	Rineyville Elementary
<b>Assets</b>						
Cash and cash equivalents	\$ 27,505	\$ 38,684	\$ 176,808	\$ 32,404	\$ 25,002	\$ 54,867
Accounts receivable			5,125			
<b>Total Assets</b>	<u>\$ 27,505</u>	<u>\$ 38,684</u>	<u>\$ 181,933</u>	<u>\$ 32,404</u>	<u>\$ 25,002</u>	<u>\$ 54,867</u>
<b>Liabilities</b>						
Accounts payable	\$ -	\$ -	\$ 757	\$ 514		\$ 303
Due to student groups	27,505	38,684	181,176	31,890	25,002	54,564
<b>Total Liabilities</b>	<u>\$ 27,505</u>	<u>\$ 38,684</u>	<u>\$ 181,933</u>	<u>\$ 32,404</u>	<u>\$ 25,002</u>	<u>\$ 54,867</u>
	Vine Grove Elementary	West Hardin Middle School	Woodland Elementary	Agency Fund		
<b>Assets</b>						
Cash and cash equivalents	\$ 39,378	\$ 53,685	\$ 24,947	\$ 1,247,825		
Accounts receivable				9,306		
<b>Total Assets</b>	<u>\$ 39,378</u>	<u>\$ 53,685</u>	<u>\$ 24,947</u>	<u>\$ 1,229,955</u>		
<b>Liabilities</b>						
Accounts payable	\$ -	\$ -	\$ 3,100	\$ 36,071		
Due to student groups	39,378	53,685	21,847	1,221,060		
<b>Total Liabilities</b>	<u>\$ 39,378</u>	<u>\$ 53,685</u>	<u>\$ 24,947</u>	<u>\$ 1,229,955</u>		

# **HARDIN COUNTY BOARD OF EDUCATION**

## **SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES**

### **AGENCY FUNDS**

June 30, 2010

<b>SCHOOL</b>	<b>CASH BALANCES July 1, 2009</b>	<b>RECEIPTS</b>	<b>DISBURSE- MENTS</b>	<b>CASH BALANCES June 30, 2010</b>	<b>ACCOUNTS RECEIVABLE June 30, 2010</b>	<b>ACCOUNTS PAYABLE June 30, 2010</b>	<b>DUE TO STUDENT GROUPS June 30, 2010</b>
Bluegrass Middle School	\$ 42,485	\$ 105,660	\$ 100,689	\$ 47,456	\$ -	\$ -	\$ 47,456
Brown Street Educ. Center	3,876	5,036	4,762	4,150	-	-	4,150
Central Hardin High	194,694	508,649	491,372	211,971	2,956	26,558	188,369
Creekside Elementary	26,157	2,534	4,159	24,532	100	388	24,244
East Hardin Middle	66,210	211,010	197,339	79,881	926	1,907	78,900
G.C. Burkhead Elementary	53,940	60,337	59,449	54,828	-	1,282	53,546
Heartland Elementary	22,142	21,066	21,203	22,005	91	107	21,989
Howe Valley Elementary	25,119	10,421	8,364	27,176	-	24	27,152
J.T. Alton Middle	106,762	142,181	148,315	100,628	-	-	100,628
John Hardin High	118,125	388,902	407,545	99,482	-	1,110	98,372
Lakewood Elementary	30,213	55,253	51,322	34,144	-	-	34,144
Lincoln Trail Elementary	62,598	276,530	270,836	68,292	108	21	68,379
Meadowview Elementary	22,367	31,050	25,912	27,505	-	-	27,505
New Highland Elementary	36,926	43,101	41,343	38,684	-	-	38,684
North Hardin High	191,106	813,625	827,923	176,808	5,125	757	181,176
North Middle	29,701	60,886	58,183	32,404	-	514	31,890
Radcliff Elementary	22,239	22,432	19,669	25,002	-	-	25,002
Rineyville Elementary	56,806	26,462	28,401	54,867	-	303	54,564
Vine Grove Elementary	35,822	26,036	22,480	39,378	-	-	39,378
West Hardin Middle	43,394	71,914	61,623	53,685	-	-	53,685
Woodland Elementary	23,311	35,529	33,893	24,947	-	3,100	21,847
	<u>\$ 1,213,993</u>	<u>\$2,918,614</u>	<u>\$ 2,884,782</u>	<u>\$ 1,247,825</u>	<u>\$ 9,306</u>	<u>\$ 36,071</u>	<u>\$ 1,221,060</u>

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

JOHN HARDIN HIGH SCHOOL

YEAR ENDED JUNE 30, 2010

NAME OF ACTIVITY	CASH BALANCES July 1, 2009	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2010	ACCOUNTS RECEIVABLE AND DUE FROM OTHER FUNDS June 30, 2010	ACCOUNTS PAYABLE AND DUE TO OTHER FUNDS June 30, 2010	DUE TO STUDENT GROUPS June 30, 2010
Academic Team	\$ 908	\$ 3,125	\$ 1,267	\$ 2,766	\$ -	\$ -	\$ 2,766
Agriculture Department	7,258	5,483	7,883	4,858	-	-	4,858
American Red Cross	-	334	334	-	-	-	-
Anime/Magna Club	144	-	-	144	-	-	144
Art Club	154	80	112	122	-	-	122
Art Department	-	40	-	40	-	-	40
Arts & Humanities Dept.	-	-	-	-	-	-	-
ASL Club	30	-	-	30	-	-	30
Athletic Concession	-	19,082	19,082	-	-	-	-
Athletic Fund	1,084	8,133	8,491	726	-	-	726
AVID	-	1,854	1,835	19	-	-	19
Badminton	-	268	262	6	-	-	6
Band	-	4,989	4,986	3	-	-	3
Band Equipment/Usage	2,095	2,000	4,095	-	-	-	-
Baseball	569	4,982	5,495	56	-	-	56
Basketball-Boy's	7,565	11,014	7,099	11,480	-	-	11,480
Basketball-Girl's	6,570	16,875	19,957	3,488	-	-	3,488
Bus & Market Chicago	-	4,760	4,738	22	-	-	22
Business Education Dept.	-	599	599	-	-	-	-
CATS Incentive	17	3,908	3,827	98	-	-	98
Canine Club	-	-	-	-	-	-	-
Cheerleading	-	4,280	4,280	-	-	-	-
Chess Club	123	672	770	25	-	-	25
Chorus	2,424	6,956	8,162	1,218	-	-	1,218
Corn Hole Club	80	501	581	-	-	-	-
Counseling Department	2,577	9,535	9,943	2,169	-	-	2,169
Cross Country	-	2,831	2,056	775	-	-	775
Cultural Arts Fund	-	500	500	-	-	-	-
Deca	-	13,082	12,999	83	-	-	83
Drama Club	2,598	1,484	356	3,726	-	-	3,726
English Department	1,085	-	11	1,074	-	-	1,074
European Trip	-	-	-	-	-	-	-
Excel Program	-	230	121	109	-	-	109
Facility Rentals	815	-	-	815	-	-	815
Faculty Awards	544	-	-	544	-	-	544
Faculty Concessions	170	2,872	3,006	36	-	-	36
Faculty Flower Fund	551	-	240	311	-	-	311
Faculty Social Fund	-	-	-	-	-	-	-
Faculty Steward Fund	22	-	-	22	-	-	22
Family & Consumer Sciences	-	737	484	253	-	-	253
FBLA	989	1,478	1,584	883	-	-	883
FCA	497	357	469	385	-	-	385
FCCLA	-	10,510	9,637	873	-	-	873
FEA	121	50	129	42	-	-	42
FFA	210	24,114	24,232	92	-	-	92
Football	3,863	69,787	60,089	13,561	-	-	13,561
Football Fundraiser	356	355	711	-	-	-	-
Foreign Language Club	124	-	-	124	-	-	124
Foreign Language Dept.	129	32	44	117	-	-	117
French Club	24	1,108	1,132	-	-	-	-
General Funds	7,137	12,469	19,288	318	-	-	318
Girl Talk Club	55	132	149	38	-	-	38
Golf	234	1,087	540	781	-	-	781
Grade 10	198	200	356	42	-	-	42
Grade 11	623	5,112	4,487	1,248	-	-	1,248
Grade 12	1,571	14,512	14,323	1,760	-	70	1,690
Grade 9	201	1,965	1,750	416	-	-	416
Guitar Hero Club	108	-	-	108	-	-	108
Hawg Heaven Football	-	1,605	1,605	-	-	-	-
Investments	-	-	-	-	-	-	-
Journalism	-	1,269	1,216	53	-	-	53
JROTC	4,962	7,158	8,177	3,943	-	294	3,649
Just For Justin	-	-	-	-	-	-	-



**HARDIN COUNTY BOARD OF EDUCATION**
**SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES**
**JOHN HARDIN HIGH SCHOOL-CONCLUDED**
**YEAR ENDED JUNE 30, 2010**

NAME OF ACTIVITY	CASH BALANCES July 1, 2009	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2010	ACCOUNTS RECEIVABLE AND DUE FROM OTHER FUNDS June 30, 2010	ACCOUNTS PAYABLE AND DUE TO OTHER FUNDS June 30, 2010	DUE TO STUDENT GROUPS June 30, 2010
Lady Dawg Club	1,261	3,303	4,235	329	-	-	329
Library/Media Center	811	1,530	893	1,448	-	-	1,448
Lifesmarts Club	60	-	-	60	-	-	60
Literacy First	2	-	-	2	-	-	2
Math Department	404	-	-	404	-	-	404
Matmaids	88	-	88	-	-	-	-
National Honor Society	86	476	392	170	-	-	170
North Hardin Hope	-	-	-	-	-	-	-
Pep Club	225	15,598	15,675	148	-	-	148
Photography Club	-	998	462	536	-	-	536
Physical Education Dept.	-	-	-	-	-	-	-
Project Graduation	584	8,570	9,018	136	-	-	136
Relay for Life	-	-	-	-	-	-	-
SADD Club	490	674	894	270	-	-	270
Scholarship	-	-	-	-	-	-	-
School Concessions	4,714	1,615	6,053	276	-	-	276
School Store	10	-	-	10	-	-	10
Science Fiction Club	291	1,214	1,108	397	-	-	397
Science Department	604	3,152	3,142	614	-	-	614
Science / AP Chemistry	-	106	106	-	-	-	-
Scrapbooking Club	17	50	-	67	-	-	67
Small Learning Group G	-	3,934	3,934	-	-	-	-
Soccer-Boys	2,783	10,721	13,492	12	-	-	12
Soccer-Girls	1,369	6,532	6,617	1,284	-	-	1,284
Social Studies Dept.	373	1,545	1,694	224	-	-	224
Softball	998	13,676	13,613	1,061	-	-	1,061
Special Education Dept.	729	1,046	1,329	446	-	-	446
Special Education Learning	-	101	-	101	-	-	101
Speech	150	480	583	47	-	-	47
Student Council	124	1,257	987	394	-	-	394
Student Flower Fund	-	-	-	-	-	-	-
Student School Fund	2,090	2,535	3,719	906	-	-	906
Swimming	-	-	-	-	-	-	-
Tech Education Dept.	2	-	-	2	-	-	2
Tech Student Association	660	-	-	660	-	199	461
Tennis	-	3,777	3,535	242	-	-	242
The Big Read	289	1,774	1,348	715	-	-	715
Textbooks	4,022	283	2,536	1,769	-	-	1,769
Three-Point Club	8,244	12,942	13,166	8,020	-	547	7,473
Track	404	6,889	7,292	1	-	-	1
Ultimate Frisbee	67	-	-	67	-	-	67
Unite to Read Program	-	-	-	-	-	-	-
Volleyball	3,976	4,782	5,590	3,168	-	-	3,168
Weightlifting Club	59	245	-	304	-	-	304
Winter Guard	8	-	-	8	-	-	8
Wrestling	68	14,288	14,268	88	-	-	88
Y Club	991	9,653	9,649	995	-	-	995
Young Republicans	771	5	354	422	-	-	422
Yearbooks	21,516	5,403	13,042	13,877	-	-	13,877
Sub Total	118,125	423,660	442,303	99,482	-	1,110	98,372
Interfund Transfers	-	34,758	34,758	-	-	-	-
TOTAL	\$ 118,125	\$ 388,902	\$ 407,545	\$ 99,482	\$ -	\$ 1,110	\$ 98,372

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

JOHN HARDIN HIGH SCHOOL

YEAR ENDED JUNE 30, 2010

NAME OF ACTIVITY	CASH BALANCES July 1, 2009	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2010	ACCOUNTS RECEIVABLE AND DUE FROM OTHER FUNDS June 30, 2010	ACCOUNTS PAYABLE AND DUE TO OTHER FUNDS June 30, 2010	DUE TO STUDENT GROUPS June 30, 2010
Academic Team	\$ 908	\$ 3,125	\$ 1,267	\$ 2,766	\$ -	\$ -	\$ 2,766
Agriculture Department	7,258	5,483	7,883	4,858	-	-	4,858
American Red Cross	-	334	334	-	-	-	-
Anime/Magna Club	144	-	-	144	-	-	144
Art Club	154	80	112	122	-	-	122
Art Department	-	40	-	40	-	-	40
Arts & Humanities Dept.	-	-	-	-	-	-	-
ASL Club	30	-	-	30	-	-	30
Athletic Concession	-	19,082	19,082	-	-	-	-
Athletic Fund	1,084	8,133	8,491	726	-	-	726
AVID	-	1,854	1,835	19	-	-	19
Badminton	-	268	262	6	-	-	6
Band	-	4,989	4,986	3	-	-	3
Band Equipment/Usage	2,095	2,000	4,095	-	-	-	-
Baseball	569	4,982	5,495	56	-	-	56
Basketball-Boy's	7,565	11,014	7,099	11,480	-	-	11,480
Basketball-Girl's	6,570	16,875	19,957	3,488	-	-	3,488
Bus & Market Chicago	-	4,760	4,738	22	-	-	22
Business Education Dept.	-	599	599	-	-	-	-
CATS Incentive	17	3,908	3,827	98	-	-	98
Canine Club	-	-	-	-	-	-	-
Cheerleading	-	4,280	4,280	-	-	-	-
Chess Club	123	672	770	25	-	-	25
Chorus	2,424	6,956	8,162	1,218	-	-	1,218
Corn Hole Club	80	501	581	-	-	-	-
Counseling Department	2,577	9,535	9,943	2,169	-	-	2,169
Cross Country	-	2,831	2,056	775	-	-	775
Cultural Arts Fund	-	500	500	-	-	-	-
Deca	-	13,082	12,999	83	-	-	83
Drama Club	2,598	1,484	356	3,726	-	-	3,726
English Department	1,085	-	11	1,074	-	-	1,074
European Trip	-	-	-	-	-	-	-
Excel Program	-	230	121	109	-	-	109
Facility Rentals	815	-	-	815	-	-	815
Faculty Awards	544	-	-	544	-	-	544
Faculty Concessions	170	2,872	3,006	36	-	-	36
Faculty Flower Fund	551	-	240	311	-	-	311
Faculty Social Fund	-	-	-	-	-	-	-
Faculty Steward Fund	22	-	-	22	-	-	22
Family & Consumer Sciences	-	737	484	253	-	-	253
FBLA	989	1,478	1,584	883	-	-	883
FCA	497	357	469	385	-	-	385
FCCLA	-	10,510	9,637	873	-	-	873
FEA	121	50	129	42	-	-	42
FFA	210	24,114	24,232	92	-	-	92
Football	3,863	69,787	60,089	13,561	-	-	13,561
Football Fundraiser	356	355	711	-	-	-	-
Foreign Language Club	124	-	-	124	-	-	124
Foreign Language Dept.	129	32	44	117	-	-	117
French Club	24	1,108	1,132	-	-	-	-
General Funds	7,137	12,469	19,288	318	-	-	318
Girl Talk Club	55	132	149	38	-	-	38
Golf	234	1,087	540	781	-	-	781
Grade 10	198	200	356	42	-	-	42
Grade 11	623	5,112	4,487	1,248	-	-	1,248
Grade 12	1,571	14,512	14,323	1,760	-	70	1,690
Grade 9	201	1,965	1,750	416	-	-	416
Guitar Hero Club	108	-	-	108	-	-	108
Hawg Heaven Football	-	1,605	1,605	-	-	-	-
Investments	-	-	-	-	-	-	-
Journalism	-	1,269	1,216	53	-	-	53
JROTC	4,962	7,158	8,177	3,943	-	294	3,649
Just For Justin	-	-	-	-	-	-	-

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

JOHN HARDIN HIGH SCHOOL-CONCLUDED

YEAR ENDED JUNE 30, 2010

NAME OF ACTIVITY	CASH BALANCES July 1, 2009	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2010	ACCOUNTS RECEIVABLE AND DUE FROM OTHER FUNDS June 30, 2010	ACCOUNTS PAYABLE AND DUE TO OTHER FUNDS June 30, 2010	DUE TO STUDENT GROUPS June 30, 2010
Lady Dawg Club	1,261	3,303	4,235	329	-	-	329
Library/Media Center	811	1,530	893	1,448	-	-	1,448
Lifesmarts Club	60	-	-	60	-	-	60
Literacy First	2	-	-	2	-	-	2
Math Department	404	-	-	404	-	-	404
Matmaids	88	-	88	-	-	-	-
National Honor Society	86	476	392	170	-	-	170
North Hardin Hope	-	-	-	-	-	-	-
Pep Club	225	15,598	15,675	148	-	-	148
Photography Club	-	998	462	536	-	-	536
Physical Education Dept.	-	-	-	-	-	-	-
Project Graduation	584	8,570	9,018	136	-	-	136
Relay for Life	-	-	-	-	-	-	-
SADD Club	490	674	894	270	-	-	270
Scholarship	-	-	-	-	-	-	-
School Concessions	4,714	1,615	6,053	276	-	-	276
School Store	10	-	-	10	-	-	10
Science Fiction Club	291	1,214	1,108	397	-	-	397
Science Department	604	3,152	3,142	614	-	-	614
Science / AP Chemistry	-	106	106	-	-	-	-
Scrapbooking Club	17	50	-	67	-	-	67
Small Learning Group G	-	3,934	3,934	-	-	-	-
Soccer-Boys	2,783	10,721	13,492	12	-	-	12
Soccer-Girls	1,369	6,532	6,617	1,284	-	-	1,284
Social Studies Dept.	373	1,545	1,694	224	-	-	224
Softball	998	13,676	13,613	1,061	-	-	1,061
Special Education Dept.	729	1,046	1,329	446	-	-	446
Special Education Learning	-	101	-	101	-	-	101
Speech	150	480	583	47	-	-	47
Student Council	124	1,257	987	394	-	-	394
Student Flower Fund	-	-	-	-	-	-	-
Student School Fund	2,090	2,535	3,719	906	-	-	906
Swimming	-	-	-	-	-	-	-
Tech Education Dept.	2	-	-	2	-	-	2
Tech Student Association	660	-	-	660	-	199	461
Tennis	-	3,777	3,535	242	-	-	242
The Big Read	289	1,774	1,348	715	-	-	715
Textbooks	4,022	283	2,536	1,769	-	-	1,769
Three-Point Club	8,244	12,942	13,166	8,020	-	547	7,473
Track	404	6,889	7,292	1	-	-	1
Ultimate Frisbee	67	-	-	67	-	-	67
Unite to Read Program	-	-	-	-	-	-	-
Volleyball	3,976	4,782	5,590	3,168	-	-	3,168
Weightlifting Club	59	245	-	304	-	-	304
Winter Guard	8	-	-	8	-	-	8
Wrestling	68	14,288	14,268	88	-	-	88
Y Club	991	9,653	9,649	995	-	-	995
Young Republicans	771	5	354	422	-	-	422
Yearbooks	21,516	5,403	13,042	13,877	-	-	13,877
Sub Total	118,125	423,660	442,303	99,482	-	1,110	98,372
Interfund Transfers	-	34,758	34,758	-	-	-	-
<b>TOTAL</b>	<b>\$ 118,125</b>	<b>\$ 388,902</b>	<b>\$ 407,545</b>	<b>\$ 99,482</b>	<b>\$ -</b>	<b>\$ 1,110</b>	<b>\$ 98,372</b>

**HARDIN COUNTY BOARD OF EDUCATION**
**SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES**
**NORTH HARDIN HIGH SCHOOL**
**YEAR ENDED JUNE 30, 2010**

NAME OF ACTIVITY	CASH BALANCES July 1, 2009	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2010	ACCOUNTS RECEIVABLE AND DUE FROM OTHER FUNDS June 30, 2010	ACCOUNTS PAYABLE AND DUE TO OTHER FUNDS June 30, 2010	DUE TO STUDENT GROUPS June 30, 2010
Academic Team	\$ 3,042	\$ 1,785	\$ 1,926	\$ 2,901	\$ -	\$ -	\$ 2,901
Agriculture Department	7,225	3,089	2,708	7,606	-	-	7,606
Art Club	1,135	715	569	1,281	-	-	1,281
Art Department	-	500	-	500	-	-	500
Athletic Fund	1,048	76,391	76,290	1,149	-	-	1,149
Athletic Uniforms	3,478	23,826	9,887	17,417	-	-	17,417
Beta Club	5,949	4,019	6,222	3,746	-	-	3,746
Band	1,121	21,677	21,637	1,161	-	-	1,161
Baseball	-	19,264	14,227	5,037	-	-	5,037
Bingo Fund	-	177,146	177,146	-	4,677	757	3,920
Boys Basketball	6,432	18,843	18,277	6,998	-	-	6,998
Business Education Dept.	-	200	136	64	-	-	64
Cheerleaders	801	11,436	9,466	2,771	-	-	2,771
Children's Miracle Net	-	134	134	-	-	-	-
Chorus	1,038	1,919	2,923	34	-	-	34
Counseling Department	564	6,582	5,132	2,014	-	-	2,014
Cross Country/Boys	1,271	4,045	1,945	3,371	-	-	3,371
Cross Country/Girls	834	5,210	4,262	1,782	-	-	1,782
Dance Team	10	-	-	10	-	-	10
Drama Club	671	2,197	2,056	812	-	-	812
English Department	216	100	-	316	-	-	316
Faculty Concessions	222	6,147	5,863	506	-	-	506
Faculty Flower Fund	-	991	991	-	-	-	-
Family & Consumer Sciences	3,614	5,620	6,901	2,333	-	-	2,333
FBLA	363	2,410	1,080	1,693	-	-	1,693
FCA	352	277	483	146	-	-	146
FCCLA	1,993	11,913	11,857	2,049	-	-	2,049
FFA	131	10,483	10,614	-	-	-	-
Football	6,059	52,924	57,862	1,121	-	-	1,121
Foreign Language Department	102	300	369	33	-	-	33
French Club	1,894	443	947	1,390	-	-	1,390
Future Educators of America	477	975	887	565	-	-	565
Gaming Club	156	60	48	168	-	-	168
German Club	3,217	443	-	3,660	-	-	3,660
Girls Basketball	18,812	22,810	23,352	18,270	-	-	18,270
Golf	787	8,061	7,037	1,811	-	-	1,811
Grade 10	991	1,712	1,098	1,605	-	-	1,605
Grade 11	2,250	956	-	3,206	-	-	3,206
Grade 12	3,682	22,888	24,635	1,935	-	-	1,935
Grade 9	-	4,112	3,622	490	-	-	490
Instructional/Operations	187	9,167	9,268	86	-	-	86
Journalism	1,133	6,600	7,418	315	-	-	315
JROTC	-	-	-	-	-	-	-
JROTC Teams	2,693	10,729	12,305	1,117	-	-	1,117
KJHS Club	955	100	-	1,055	-	-	1,055
Library/Media Center	602	556	408	750	-	-	750
Martial Arts	747	116	-	863	-	-	863
Math Department	931	600	1,336	195	-	-	195
Matmaids	-	-	-	-	-	-	-
National Honor Society	3,753	4,976	6,795	1,934	-	-	1,934
NHHS Bingo	53,991	277,947	312,411	19,527	-	-	19,527
Nurse	-	-	-	-	-	-	-
Pep Club	1,334	1,924	2,973	285	-	-	285
Photography Club	333	443	-	776	-	-	776
Physical Education Dept.	-	140	140	-	-	-	-
Prom Shop	41	-	-	41	-	-	41
SADD	370	1,986	2,062	294	-	-	294
School Concessions	962	9,194	8,802	1,354	-	-	1,354
School Fund	2,075	15,336	17,226	185	448	-	633
School Store	2,298	1,889	2,815	1,372	-	-	1,372
Science Club	3,521	1,256	176	4,601	-	-	4,601
Science Department	1,359	1,000	1,040	1,319	-	-	1,319
Soccer/Boys	5,308	15,605	17,399	3,514	-	-	3,514

# **HARDIN COUNTY BOARD OF EDUCATION**

## **SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES**

### **NORTH HARDIN HIGH SCHOOL-CONCLUDED**

**YEAR ENDED JUNE 30, 2010**

<b>NAME OF ACTIVITY</b>	<b>CASH BALANCES July 1, 2009</b>	<b>RECEIPTS</b>	<b>DISBURSE- MENTS</b>	<b>CASH BALANCES June 30, 2010</b>	<b>ACCOUNTS RECEIVABLE AND DUE FROM OTHER FUNDS June 30, 2010</b>	<b>ACCOUNTS PAYABLE AND DUE TO OTHER FUNDS June 30, 2010</b>	<b>DUE TO STUDENT GROUPS June 30, 2010</b>
Soccer/Girls	3,315	9,585	7,934	4,966	-	-	4,966
Social Studies Dept.	-	568	548	20	-	-	20
Softball	1,897	14,793	16,601	89	-	-	89
Spanish Club	3,800	931	180	4,551	-	-	4,551
Spanish Travel	-	-	-	-	-	-	-
Special Education Dept.	1,781	2,283	3,167	897	-	-	897
Speech	20	273	77	216	-	-	216
Student Council	3,073	3,765	2,989	3,849	-	-	3,849
Student Support Services	823	699	931	591	-	-	591
Swimming	2,901	1,771	1,609	3,063	-	-	3,063
Tech Ed Department	-	-	-	-	-	-	-
Tennis	-	2,475	1,779	696	-	-	696
Textbooks	443	3,893	3,893	443	-	-	443
Track/Boys	2,360	11,745	6,814	7,291	-	-	7,291
Track/Girls	510	6,041	3,499	3,052	-	-	3,052
Travel	12	-	-	12	-	-	12
TSA Club	551	3,631	2,324	1,858	-	-	1,858
Volleyball	3,114	8,826	11,122	818	-	-	818
Wrestling	20	5,153	4,349	824	-	-	824
Y Club	430	9,883	9,432	881	-	-	881
Yearbooks	3,315	42,565	42,989	2,891	-	-	2,891
Youth in Charge	211	495	440	266	-	-	266
Sub Total	191,106	1,021,542	1,035,840	176,808	5,125	757	181,176
Interfund Transfers	-	207,917	207,917	-	-	-	-
<b>TOTAL</b>	<b>\$ 191,106</b>	<b>\$ 813,625</b>	<b>\$ 827,923</b>	<b>\$ 176,808</b>	<b>\$ 5,125</b>	<b>\$ 757</b>	<b>\$ 181,176</b>

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

# HARDIN COUNTY BOARD OF EDUCATION

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2010

<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>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
Child Nutrition Cluster - Cash Assistance			
Passed Through State Department of Education			
National School Lunch Program	10.555	7750002-09	\$ 686,765
		7750002-10	2,404,277
School Breakfast Program	10.553	7760005-09	283,246
		7760005-10	996,307
Summer Food Service Program for Children	10.559	7690024-09	9,915
		7740023-09	35,222
		7740023-10	53,225
Non-Cash Assistance (Commodities)			
National School Lunch Program	10.555	057502-02	423,449
<b>TOTAL CHILD NUTRITION CLUSTER</b>			<b>4,892,406</b>
Child Nutrition Discretionary Grants Limited Availability	10.579	* 7730002-2009	105,142
<b>TOTAL U.S. DEPT. OF AGRICULTURE</b>			<b>4,997,548</b>
<b><u>U.S. DEPARTMENT OF DEFENSE</u></b>			
National Guard Civilian Youth Opportunities	12.404	5040	197,966
Competitive Grants: Promoting K-12 Student Achievement at Military-Connected Schools	12.556	* 3420	911,296
<b>TOTAL U.S. DEPARTMENT OF DEFENSE</b>			<b>1,109,262</b>
<b><u>U.S. DEPARTMENT OF LABOR</u></b>			
Passed through Lincoln Trail Area Development District			
ARRA - WIA Youth Activities	17.259	LTADD-WIA- ARRA-SY01	191,788
<b>TOTAL U.S. DEPARTMENT OF LABOR</b>			<b>191,788</b>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>			
Title I, Part A Cluster - Passed Through State Department of Education			
Title I Grants to Local Educational Agencies	84.010	* 3100	2,029,484
		3100D	230,540
		3100M	16,433
		3100T	21,999
		3109	592,813
		3109D	136,261
		3109M	5,490
		3109T	5,874
		3130	43,762
		3130T	3,450
		3139T	6,000
		3140	99,176
		3149	25,994
		3208	17,043
		3209	505,530
			<b>3,739,849</b>

# **HARDIN COUNTY BOARD OF EDUCATION**

## **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

YEAR ENDED JUNE 30, 2010

<b>FEDERAL GRANTOR/PASS-THROUGH GRANTOR / PROGRAM TITLE</b>	<b>FEDERAL CFDA NUMBER</b>		<b>PASS THROUGH GRANTOR'S NUMBER</b>	<b>FEDERAL EXPENDITURES</b>
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	*	3919 3919D 3919T 3999	531,979 48,334 5,992 27,051
				613,356
<b>TOTAL TITLE I, PART A CLUSTER</b>				<b>4,353,205</b>
Special Education Cluster (IDEA) - Passed Through State Department of Education				
Special Education - Grants to States	84.027	*	3370 3379	2,740,669 1,983
				2,742,652
Special Education - Preschool Grants	84.173	*	3430	120,873
ARRA - Special Education - Grants to States (Idea, Part B), Recovery Act	84.391	*	4249	2,416,893
ARRA - Special Education - Preschool Grants (Idea Preschool), Recovery Act	84.392	*	4239	110,854
<b>TOTAL SPECIAL EDUCATION CLUSTER (IDEA)</b>				<b>5,391,272</b>
Education Technology State Grants Cluster - Passed Through State Department of Education				
Education Technology State Grants	84.318		4250	26,328
ARRA - Education Technology State Grants, Recovery Act	84.386		4850	3,701
<b>TOTAL EDUCATION TECHNOLOGY STATE GRANTS CLUSTER</b>				<b>30,029</b>
<b><u>OTHER U.S. DEPARTMENT OF EDUCATION PROGRAMS</u></b>				
Impact Aid	84.041		N/A	276,870
Passed Through Kentucky Council on Postsecondary Education				
Adult Education - State Grant Program	84.002		3700 3730 3730S	15,140 159,878 3,407
				178,425
Passed Through State Department of Education				
Migrant Education - State Grant Program	84.011		3110 3119	44,731 23,081
				67,812
Vocational Education - Basic Grants to States	84.048		3480 3489	103,438 19,459
				122,897



# **HARDIN COUNTY BOARD OF EDUCATION**

## **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

YEAR ENDED JUNE 30, 2010

<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>
Safe and Drug Free Schools and Communities - State Grants	84.186	4060 4069	17,486 36,308 <u>53,794</u>
Tech-Prep Education	84.243	3489A	3,666
Twenty-First Century Community Learning Centers	84.287	5500 5509	1,820 129,462 <u>131,282</u>
English Language Acquisition Grants	84.365	3450 3450I 3459	35,961 27,510 20,736 <u>84,207</u>
Improving Teacher Quality - State Grants	84.367 *	4010 4019 4018	628,764 55,372 20,240 <u>704,376</u>
ARRA - State Fiscal Stabilization Fund - Education State Grants, Recovery Act	84.394 *	17L0	5,043,331
School Improvement Grants	84.377	3209G	257,823
Passed through Green River Regional Co-op Fund for the Improvement of Education	84.215	5180 5189	189,169 189,023 <u>378,192</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>17,077,181</u>
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Passed Through Kentucky Council on Child Abuse Community Based Child Abuse Prevention Grants	93.590	6429	688
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>688</u>
<u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u>			
Passed Through State Department of Education Learn and Serve America - School and Community Based Programs	94.004	6750	3,211
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			<u>3,211</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 23,379,678</u>

## HARDIN COUNTY BOARD OF EDUCATION

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2010

#### NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Hardin County Board of Education and is presented on the accrual basis of accounting for proprietary funds and the modified accrual basis of accounting for governmental funds. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

#### NOTE B – FOOD DISTRIBUTION

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

#### NOTE C - SUBRECIPIENTS

Hardin County Board of Education provided federal awards to the following entities as subrecipients of the ARRA – WIA Youth Activities CFDA No. 17.259 grant:

Entity	Amount
KY Student Ventures Corporation	\$ 115,440
Innovative Productivity, Inc.	20,753
Lincoln Trail Innovation Center	13,875
St. Ronald School	1,000
Grayson County Schools	1,000
Larue County Schools	1,000
Meade County Schools	1,000
City of Lebanon	1,000
Bardstown Independent Schools	1,000
Washington County Schools	1,000
Bernheim Arboretum	500
Total	<u><u>\$ 157,568</u></u>

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**HARDIN COUNTY BOARD OF EDUCATION  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2010**

---

**Section I-Summary of Auditor's Results**

---

**Financial Statements**

Type of auditor's report issued (unqualified):

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?                           yes                      X   no

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified?                           yes                      X   no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?                           yes                      X   no

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?                           yes                      X   no

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**Section I-Summary of Auditor's Results - Concluded**

---

Identification of major programs:

CFDA Number	Federal Program or Cluster
10.579	Child Nutrition Discretionary Grants Limited Availability
12.556	Competitive Grants: Promoting K-12 Student Achievement at Military-Connected Schools
<b>Title I, Part A Cluster</b>	
84.010	Title I Grants to Local Educational Agencies
84.389	ARRA - Title I Grants to Local Educational Agencies, Recovery Act
<b>Special Education Cluster (IDEA) -</b>	
84.027	Special Education - Grants to States
84.173	Special Education - Preschool Grants
84.391	ARRA - Special Education - Grants to States (Idea, Part B), Recovery Act
84.392	ARRA - Special Education - Preschool Grants (Idea Preschool), Recovery Act
84.367	Improving Teacher Quality - State Grants
84.394	ARRA - State Fiscal Stabilization Fund - Education State Grants, Recovery Act

Dollar threshold used to distinguish  
Between type A and type B programs: \$ 701,390

Auditee qualified as low-risk auditee? ☐ yes ☒ no

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**Section II – Financial Statement Findings**

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**MATERIAL WEAKNESSES****REFERENCE NUMBER 2010-01 ADJUSTMENTS**

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

**Condition:** As part of the audit we proposed material adjustments related to capital assets to the financial statements.

**Cause:** The District did not identify items to be included in construction in progress.

**Effect:** The design of the internal controls over fixed assets 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.

**Management Response:** Management will review the procedures and processes involved in recording journal entries and enhance its internal control policies to ensure proper recording of these items. Procedures will be implemented by October 1, 2010.

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### Section III – Federal Award Findings and Questioned Costs

---

None

## **SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**

**HARDIN COUNTY BOARD OF EDUCATION**

**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**

June 30, 2010

**DEPARTMENT OF EDUCATION**

**FINDING 2009-2: Improving Teacher Quality – State Grants**

**CONDITION:** Personnel activity reports and/or periodic certifications were not completed for all employees charged to the Improving Teacher Quality grant.

**RECOMMENDATION:** The auditor recommended that procedures be implemented to obtain required documentation.

**CURRENT STATUS:** The finding was corrected in the current audit.



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

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### INDEPENDENT AUDITOR'S REPORT

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hardin County Board of Education as of and for the year ended June 30, 2010, which collectively comprise Hardin County Board of Education's basic financial statements and have issued our report thereon dated August 24, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the requirements prescribed by the Kentucky State Committee for School District Audits in Appendices I, II and III of the *Independent Auditor's Contract*.

#### Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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 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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2010-01 to be a material weakness.

#### Compliance and Other Matters

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

We noted certain matters that we reported to management of Hardin County Board of Education in a separate letter dated August 24, 2010.

Hardin County Board of Education's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Hardin County Board of Education's response and, accordingly, we express no opinion on it.

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.

*Stiles, Carter & Associates*

Certified Public Accountants  
August 24, 2010

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

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### INDEPENDENT AUDITOR'S REPORT

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

#### Compliance

We have audited Hardin County Board of Education's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of are applicable to each Hardin County Board of Education's major federal programs for the year ended June 30, 2010. Hardin County Board of Education's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Hardin County Board of Education's management. Our responsibility is to express an opinion on Hardin County Board of Education's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133 and the requirements prescribed by the Kentucky State Committee for School District Audits in Appendices I, II and III of the Independent Auditor's Contract. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Hardin County Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Hardin County Board of Education's compliance with those requirements.

In our opinion, Hardin County Board of Education 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, 2010.

#### Internal Control Over Compliance

Management of Hardin County Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Hardin County Board of Education's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Hardin County Board of Education's internal control over compliance.

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

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

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



Certified Public Accountants  
August 24, 2010

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Elizabethtown, Kentucky

In planning and performing our audit of the basic financial statements of Hardin County Board of Education for the year ended June 30, 2010, we considered the District's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiencies. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. Any uncorrected comments from the prior year have been included in the memorandum. A separate report dated August 24, 2010, contains our report on the District's internal control. This letter does not affect our report dated August 24, 2010, on the financial statements of the Hardin County Board of Education.

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

Certified Public Accountants  
August 24, 2010

## **HARDIN COUNTY BOARD OF EDUCATION**

### **COMMENTS**

June 30, 2010

### **UNCORRECTED PRIOR YEAR COMMENTS**

#### **CENTRAL HARDIN HIGH SCHOOL**

##### **Inventory Control Worksheet**

We noted the Inventory Control Worksheet was incomplete for concession sales.

##### **Management Response**

The District's finance officer has contacted the school to implement corrective actions.

### **CURRENT YEAR COMMENTS**

#### **CENTRAL HARDIN HIGH SCHOOL**

##### **Fundraiser Worksheets**

We noted the Fund Raiser Worksheet (Form F-SA-2B) was improperly completed for the FFA's Fruit Sales fundraiser.

##### **Management Response**

The District's finance officer has contacted the school to implement corrective actions.

#### **EAST HARDIN MIDDLE SCHOOL**

##### **Credit Card Sign In/Out Form**

We noted one credit card sign in/out form was kept for all credit cards. A separate credit card form should be used for each card.

##### **Management Response**

The District's finance officer has contacted the school to implement corrective actions.

##### **Fundraiser Worksheets**

We noted the Fund Raiser Worksheet (Form F-SA-2B) was incomplete for the candy gram and carnations fundraiser as well as the candy bar sales fundraiser.

##### **Management Response**

The District's finance officer has contacted the school to implement corrective actions.



**HARDIN COUNTY BOARD OF EDUCATION**

**COMMENTS – CONTINUED**

June 30, 2010

**CURRENT YEAR COMMENTS – CONTINUED**

**EAST HARDIN MIDDLE SCHOOL – CONTINUED**

**Inventory Control Worksheet**

We noted the inventory control worksheets for concession stand sales were improperly completed with deliveries not being listed at sales price.

**Management Response**

The District's finance officer has contacted the school to implement corrective actions.

**Cash Advancements**

We noted a cash advancement not supported by receipts of purchase as required.

**Management Response**

The District's finance officer has contacted the school to implement corrective actions.

**J.T. ALTON MIDDLE SCHOOL**

**Unallowable Purchase**

We noted the school made unallowable purchases of basic and routine operating items.

**Management Response**

The District's finance officer has contacted the school to implement corrective actions.

**Purchase Approval**

We noted the principal's approval was not properly obtained prior to purchases.

**Management Response**

The District's finance officer has contacted the school to implement corrective actions.

**Purchase Orders**

We note a blanket P.O. reused from another fiscal year authorizing purchases for "various fund account".

**Management Response**

The District's finance officer has contacted the school to implement corrective actions.

## **HARDIN COUNTY BOARD OF EDUCATION**

### **COMMENTS – CONTINUED**

June 30, 2010

### **CURRENT YEAR COMMENTS – CONTINUED**

#### **LAKEWOOD ELEMENTARY SCHOOL**

##### **Unallowable Purchase**

We noted the school made unallowable purchases of basic and routine operating items.

##### **Management Response**

The District's finance officer has contacted the school to implement corrective actions.

#### **NORTH HARDIN HIGH SCHOOL**

##### **Purchase Approval**

During our audit, we noted the principal does not require purchase orders to be completed for food purchases for athletes. The Redbook requires that purchases be initiated with a purchase order.

##### **Management Response**

The District's finance officer has contacted the school to implement corrective actions.

#### **WOODLAND ELEMENTARY SCHOOL**

##### **Fundraiser Worksheets**

We noted the Fund Raiser Worksheet (Form F-SA-2B) was incomplete for the Beta Club African-American Heritage fundraiser.

##### **Management Response**

The District's finance officer has contacted the school to implement corrective actions.