

**RACELAND-WORTHINGTON
INDEPENDENT SCHOOL DISTRICT**

**FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2012**

TOGETHER WITH INDEPENDENT AUDITOR'S REPORTS



**Kelley,
Galloway &
Company, PSC**

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Kentucky State Committee for
School District Audits
Members of the Board of Education
Raceland-Worthington Independent School District
Raceland, 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 Raceland-Worthington Independent School District (the "District"), as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the foregoing table of contents. These financial statements are the responsibility of the management of the Raceland-Worthington Independent School District. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 to the Independent Auditor's Contract - General Audit Requirements and Appendix II to the Independent Auditor's Contract - State Audit Requirements, and Appendix III to the Independent Auditor's Contract - Electronic Submission*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic 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 Raceland-Worthington Independent School District as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General Fund and the Special Revenue Fund 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 our report dated November 1, 2012, on our consideration of Raceland-Worthington Independent School District's internal control over financial reporting and 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 conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis information on pages 4 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Raceland-Worthington Independent School District's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Additionally, the schedule of expenditures of federal awards contained on pages 42 and 43 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 not a required part of the basic financial statements of Raceland-Worthington Independent School District. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated in all material respects in relation to the financial statements as a whole.

Kelley, Galloway & Company, PSC

November 1, 2012

**RACELAND-WORTHINGTON INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED JUNE 30, 2012**

As management of the Raceland-Worthington Independent School District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the financial statements.

FINANCIAL HIGHLIGHTS

- The District issued Refunding Bonds to refinance the outstanding Series 2003 bonds in fiscal 2012. The District's total debt payments were \$767,879 during the current fiscal year.
- The District renovates and constructs facilities consistent with a long-range facilities plan that is established with community input and is in compliance with Kentucky Department of Education (KDE) regulations. The District's top facility priority in its current plan of record is the construction of a new Worthington Elementary building. The District's Superintendent is working with state government personnel to obtain funding for the project. The award notifications of this funding is scheduled within the next year.
- State funding for local school districts continues to be a concern. Funding from the state for facilities and day to day operations both need to be increased to ensure the best education for students in a safe and inviting setting.
- The General Fund had approximately \$7.3 million in revenue, which primarily consisted of the state program (SEEK), property, franchise, and motor vehicle taxes. Excluding inter-fund transfers, there were approximately \$7.4 million in General Fund expenditures.

OVERVIEW OF FINANCIAL STATEMENTS

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 a useful 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. Taxes and intergovernmental revenues also support fixed assets and related debt.

The government-wide financial statements can be found on pages 8 and 9 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. Fiduciary funds are trust funds established by benefactors to aid in student education, welfare and teacher support. The only proprietary funds are our vending and food service operations. All other activities of the district are included in the governmental funds.

The basic governmental fund financial statements can be found on pages 10 - 19 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 20 - 32 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$5.0 million as of June 30, 2012.

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 are still 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 cannot 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 and disposal of capital assets, and the depreciation of capital assets.

GOVERNMENT-WIDE BASIS

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Current Assets	\$ 480,609	\$ 1,085,716
Noncurrent Assets	13,648,469	13,693,340
Total Assets	<u>\$ 14,129,078</u>	<u>\$ 14,779,056</u>
Current Liabilities	\$ 640,528	\$ 839,830
Noncurrent Liabilities	8,417,509	8,721,351
Total Liabilities	<u>9,058,037</u>	<u>9,561,181</u>
Net Assets		
Investment in capital assets (net of debt)	5,131,129	5,072,851
Restricted	162,692	404,798
Unrestricted	(222,780)	(259,774)
Total Net Assets	<u>\$ 5,071,041</u>	<u>\$ 5,217,875</u>

FUND BASIS

The following table presents a summary of revenue and expense, excluding transfers, of governmental funds for the fiscal years ended June 30, 2012 and 2011, respectively.

	2012	2011
	<u>Amount</u>	<u>Amount</u>
Revenues:		
Local revenue sources	\$ 1,539,587	\$ 1,439,376
State revenue sources	5,534,940	5,248,596
Employee benefits paid by State	1,390,626	1,093,502
Indirect Federal sources	515,187	1,326,264
Issuance of debt	2,280,000	1,523,218
Interest income	4,656	7,160
Total revenues	<u>11,264,996</u>	<u>10,638,116</u>
Expenses:		
Instruction	5,441,695	5,477,380
Student Support Services	176,460	169,620
Instructional Support	533,880	608,333
District Administration	500,309	547,383
School Administration	497,017	463,325
Business Support	215,538	218,566
Plant Operations	644,321	780,733
Student Transportation	295,379	297,987
Facilities Acquisition and Construction	217,433	2,391,401
Community Services	70,312	66,778
Debt service	2,989,062	732,950
Total expenses	<u>11,581,406</u>	<u>11,754,456</u>
Revenue over (under) expenses	<u>\$ (316,410)</u>	<u>\$ (1,116,340)</u>

- The District’s total revenues for the governmental funds for the fiscal year ended June 30, 2012 and 2011, net of inter-fund transfers and bond proceeds, were \$8.9 million and \$9.1 million, respectively.
- The total cost of all programs and services for the governmental funds was approximately \$8.4 million and \$8.6 million, net of debt service and facilities construction for the fiscal years ended June 30, 2012 and 2011, respectively.

Comments on Budget Comparisons

- General Fund budget compared to actual revenue varied slightly from line item to line item with the ending actual revenue balance being \$67,554 more than budget. This budget variance is due primarily to an increase in property tax revenue from the one-time collection of 2011 disputed franchise tax.
- For fiscal year 2012 the carryover from previous years was used to cover expenditures to enhance the total educational program for our students and community. The remaining carryover monies are retained by the District to maintain financial security for the District.

FUTURE BUDGETARY IMPLICATIONS

In Kentucky the public school fiscal year is July 1-June 30; other programs, i.e. some federal, operate on a different fiscal calendar but are reflected in the District's overall budget. By law the budget must have a minimum 2% contingency. The District adopted a budget for 2013 with \$154,494 in contingency (2%). The Governmental Funds beginning cash balance for beginning the fiscal year is \$89,784. There was no significant Board action that impacted the finances during the current year.

Questions regarding this report should be directed to Superintendent Frank Melvin (606) 836-2144 or to Finance Officer, Mary S. Johnson (606) 836-7218 or by mail at 600 Ram Boulevard, Raceland, Kentucky 41169.

RACELAND-WORTHINGTON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2012

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 89,784	\$ 128,553	\$ 218,337
Receivables (net of allowances for uncollectibles):			
Taxes	55,473	-	55,473
Other	65,446	-	65,446
Intergovernmental - federal	114,582	20	114,602
Inventories	-	26,751	26,751
Deferred bond costs	215,242	-	215,242
Capital assets, not being depreciated	625,213	-	625,213
Capital assets, being depreciated, net	12,774,359	33,655	12,808,014
Total assets	13,940,099	188,979	14,129,078
Liabilities			
Cash overdraft	99,590	-	99,590
Accounts payable	1,094	-	1,094
Deferred revenue	14,992	-	14,992
Portion due or payable within one year:			
Debt obligations	449,208	-	449,208
Accrued interest	75,644	-	75,644
Noncurrent liabilities:			
Portion due or payable after one year:			
Debt obligations	7,852,890	-	7,852,890
Accrued sick leave	564,619	-	564,619
Total liabilities	9,058,037	-	9,058,037
Net Assets			
Invested in capital assets, net of related debt	5,097,474	33,655	5,131,129
Restricted for:			
Capital projects	-	-	-
Debt service	7,368	-	7,368
Other	-	155,324	155,324
Unrestricted	(222,780)	-	(222,780)
Total net assets	\$ 4,882,062	\$ 188,979	\$ 5,071,041

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

RACELAND-WORTHINGTON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
Instruction	\$ 5,441,578	\$ -	\$ 824,918	\$ -	\$ (4,616,660)	\$ -	\$ (4,616,660)
Support services:							
Students	178,708	-	-	-	(178,708)	-	(178,708)
Instructional staff	535,133	-	44,483	-	(490,650)	-	(490,650)
District administration	509,999	-	-	-	(509,999)	-	(509,999)
School administration	498,118	-	-	-	(498,118)	-	(498,118)
Business and other support services	219,014	-	-	-	(219,014)	-	(219,014)
Operation and maintenance of plant	976,447	-	-	-	(976,447)	-	(976,447)
Student transportation	328,321	-	1,381	-	(326,940)	-	(326,940)
Community services	70,312	-	70,312	-	-	-	-
Debt service	353,491	-	-	626,541	273,050	-	273,050
Total governmental activities	9,111,121	-	941,094	626,541	(7,543,486)	-	(7,543,486)
Business-type activities:							
Food service	501,831	198,555	280,890	-	-	(22,386)	(22,386)
Total business-type activities	501,831	198,555	280,890	-	-	(22,386)	(22,386)
Total primary government	\$ 9,612,952	\$ 198,555	\$ 1,221,984	\$ 626,541	\$ (7,543,486)	\$ (22,386)	\$ (7,565,872)
General revenues:							
Taxes:							
Property taxes, levied for general purposes					\$ 1,316,922	\$ -	\$ 1,316,922
Motor vehicle					157,995	-	157,995
Intergovernmental revenues:							
State					5,873,118	-	5,873,118
Investment earnings					4,656	1,677	6,333
Other local revenues					64,670	-	64,670
Total general revenues					7,417,361	1,677	7,419,038
Change in net assets					(126,125)	(20,709)	(146,834)
Net assets, June 30, 2011					5,008,187	209,688	5,217,875
Net assets, June 30, 2012					\$ 4,882,062	\$ 188,979	\$ 5,071,041

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

RACELAND-WORTHINGTON INDEPENDENT SCHOOL DISTRICT
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 JUNE 30, 2012

	General Fund	Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 82,416	\$ -	\$ 7,368	\$ 89,784
Receivables (net of allowances for uncollectibles):				
Property taxes	55,473	-	-	55,473
Other	65,446	-	-	65,446
Intergovernmental - federal	-	114,582	-	114,582
Total assets	<u>\$ 203,335</u>	<u>\$ 114,582</u>	<u>\$ 7,368</u>	<u>\$ 325,285</u>
Liabilities and Fund Balances				
Liabilities:				
Cash overdraft	\$ -	\$ 99,590	\$ -	\$ 99,590
Accounts payable	1,094	-	-	1,094
Deferred revenue	-	14,992	-	14,992
Total liabilities	<u>1,094</u>	<u>114,582</u>	<u>-</u>	<u>115,676</u>
Fund balances:				
Restricted for accrued sick leave	63,256	-	-	63,256
Restricted for capital expenditures	-	-	-	-
Restricted for debt service	-	-	7,368	7,368
Unassigned	138,985	-	-	138,985
Total fund balances	<u>202,241</u>	<u>-</u>	<u>7,368</u>	<u>209,609</u>
Total liabilities and fund balances	<u>\$ 203,335</u>	<u>\$ 114,582</u>	<u>\$ 7,368</u>	<u>\$ 325,285</u>

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

RACELAND-WORTHINGTON INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET ASSETS
JUNE 30, 2012

Fund balances—total governmental funds		\$	209,609
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>			
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.</p>			13,399,572
<p>Bond issuance costs are not financial resources and therefore are not reported in the governmental funds financial statements.</p>			215,242
<p>Some liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the governmental funds financial statements.</p>			
Bonds payable	(8,302,098)		
Accrued sick leave	(564,619)		
Accrued interest	(75,644)		
			(8,942,361)
Net assets of governmental activities		\$	4,882,062

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

RACELAND-WORTHINGTON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	General Fund	Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
From local sources:				
Taxes -				
Property	\$ 1,243,181	\$ -	\$ 73,741	1,316,922
Motor vehicles	147,939	-	10,056	157,995
Tuition and fees	47,330	-	-	47,330
Interest income	3,126	-	1,530	4,656
Other local revenues	5,710	11,630	-	17,340
Intergovernmental - State	5,873,118	425,907	626,541	6,925,566
Intergovernmental - Indirect federal	-	515,187	-	515,187
Total revenues	<u>7,320,404</u>	<u>952,724</u>	<u>711,868</u>	<u>8,984,996</u>
Expenditures:				
Current:				
Instruction	4,585,957	855,738	-	5,441,695
Support services:				
Students	176,460	-	-	176,460
Instructional staff	489,397	44,483	-	533,880
District administration	500,309	-	-	500,309
School administration	497,017	-	-	497,017
Business and other support services	215,538	-	-	215,538
Operation and maintenance of plant	644,321	-	-	644,321
Student transportation	293,998	1,381	-	295,379
Facilities acquisition and construction	-	-	217,433	217,433
Community services	-	70,312	-	70,312
Debt service	10,200	-	757,679	767,879
Total expenditures	<u>7,413,197</u>	<u>971,914</u>	<u>975,112</u>	<u>9,360,223</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(92,793)</u>	<u>(19,190)</u>	<u>(263,244)</u>	<u>(375,227)</u>
Other financing sources (uses):				
Proceeds from issuance of debt	-	-	2,280,000	2,280,000
Payment to refunded bond escrow agent	-	-	(2,221,183)	(2,221,183)
Transfers in	11,676	19,190	421,535	452,401
Transfers out	(19,190)	-	(433,211)	(452,401)
Total other financing sources and uses	<u>(7,514)</u>	<u>19,190</u>	<u>47,141</u>	<u>58,817</u>
Net change in fund balances	(100,307)	-	(216,103)	(316,410)
Fund balances, June 30, 2011	<u>302,548</u>	<u>-</u>	<u>223,471</u>	<u>526,019</u>
Fund balances, June 30, 2012	<u>\$ 202,241</u>	<u>\$ -</u>	<u>\$ 7,368</u>	<u>\$ 209,609</u>

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

RACELAND-WORTHINGTON INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

Net change in fund balances—total governmental funds \$ (316,410)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	253,454	
Depreciation expense	<u>(431,433)</u>	(177,979)

Bond and capital lease proceeds are recognized as revenues in the fund financial statement, but are increases in liabilities in the statement of net assets. (58,817)

Generally, expenditures recognized in the fund financial statements are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred for the following:

Long-term portion of accrued sick leave		13,182
Amortization of bond issuance costs		(5,680)
Amortization of bond discount		(29,435)
Change in accrued interest		(4,184)

Costs related to bond issuance are recognized as expenditures of current financial resources in the fund financial statements, but are included as deferred costs in the statement of net assets. 55,670

Losses on disposal of capital assets are not recognized in the fund financial statements. However, in the statement of activities, these losses are recognized. (489)

Bond and capital lease payments are recognized as expenditures of current financial resources in the fund financial statements, but are reductions of liabilities in the statement of net assets. 398,017

Change in net assets of governmental activities \$ (126,125)

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

RACELAND-WORTHINGTON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012

	<u>Food Service Fund</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 128,553
Receivables (net of allowances for uncollectibles)	
Intergovernmental - federal	20
Inventories	26,751
Total current assets	<u>155,324</u>
Noncurrent assets:	
Capital assets, net of accumulated depreciation	<u>33,655</u>
Total noncurrent assets	<u>33,655</u>
Total assets	<u>\$ 188,979</u>
Liabilities	
Current liabilities:	
Accounts payable	<u>\$ -</u>
Total current liabilities	<u>-</u>
Total liabilities	<u>-</u>
Net Assets	
Invested in capital assets	33,655
Restricted	155,324
Total net assets	<u>188,979</u>
Total liabilities and net assets	<u>\$ 188,979</u>

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

RACELAND-WORTHINGTON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Food Service Fund</u>
Operating revenues:	
Lunchroom sales	\$ 198,555
Total operating revenues	<u>198,555</u>
Operating expenses:	
Salaries and wages	140,074
Employee benefits	52,741
Contract services	19,162
Materials and supplies	284,094
Depreciation	5,490
Other operating expenses	<u>270</u>
Total operating expenses	<u>501,831</u>
Operating loss	<u>(303,276)</u>
Nonoperating revenues :	
Federal grants	224,428
Investment income	1,677
On-behalf payments	24,659
Donated commodities	26,885
State grants	<u>4,918</u>
Total nonoperating revenue	<u>282,567</u>
Decrease in net assets	(20,709)
Net assets, June 30, 2011	<u>209,688</u>
Net assets, June 30, 2012	<u><u>\$ 188,979</u></u>

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

**RACELAND-WORTHINGTON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Food Service Fund</u>
Cash flows from operating activities:	
Cash received from:	
Lunchroom sales	\$ 198,555
Cash paid to/for:	
Payments to suppliers and providers of goods and services	(323,773)
Payments to employees	(140,074)
Other payments	(270)
Net cash used for operating activities	<u>(265,562)</u>
 Cash flows from noncapital financing activities:	
Government grants	<u>241,893</u>
Net cash provided by noncapital and related financing activities	<u>241,893</u>
 Cash flows from capital and related financing activities:	
Purchases of capital assets	<u>(10,784)</u>
Net cash used for capital and related financing activities	<u>(10,784)</u>
 Cash flows from investing activities:	
Interest received on investments	<u>1,677</u>
Net cash provided by investing activities	<u>1,677</u>
 Net decrease in cash and cash equivalents	(32,776)
 Cash and cash equivalents, June 30, 2011	<u>161,329</u>
 Cash and cash equivalents, June 30, 2012	<u>\$ 128,553</u>
 Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (303,276)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	5,490
On-behalf payments	24,659
Donated commodities	26,885
Change in assets and liabilities:	
Inventory	(19,320)
Accounts Payable	-
Net cash used for operating activities	<u>\$ (265,562)</u>
 Non-cash items:	
Donated commodities	\$ 26,885
On-behalf payments	24,659

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

**RACELAND-WORTHINGTON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2012**

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ 182,459
Accounts receivable	5,127
Total assets	<u>187,586</u>
Liabilities	
Accounts payable	5,519
Due to students	182,067
Total liabilities	<u>187,586</u>
Net assets held in trust	<u><u>\$ -</u></u>

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

RACELAND-WORTHINGTON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes -				
Property	\$ 1,140,434	\$ 1,173,713	\$ 1,243,181	\$ 69,468
Motor vehicles	135,000	135,000	147,939	12,939
Tuition and fees	63,804	63,804	47,330	(16,474)
Interest income	4,000	4,000	3,126	(874)
Other local revenues	2,000	2,000	5,710	3,710
Intergovernmental - State	4,494,573	4,483,707	4,482,492	(1,215)
Total revenues	<u>5,839,811</u>	<u>5,862,224</u>	<u>5,929,778</u>	<u>67,554</u>
Expenditures:				
Current:				
Instruction	3,456,743	3,443,490	3,476,546	(33,056)
Support services:				
Students	145,427	152,652	153,015	(363)
Instructional staff	445,775	445,641	417,365	28,276
General administration	401,153	424,153	470,986	(46,833)
School administration	435,604	434,404	428,060	6,344
Business and other support services	180,485	180,485	188,902	(8,417)
Operation and maintenance of plant	645,640	657,316	610,361	46,955
Student transportation	263,891	263,891	267,136	(3,245)
Community services	-	-	-	-
Debt service	12,000	12,000	10,200	1,800
Contingency	103,954	103,954	-	103,954
Total expenditures	<u>6,090,672</u>	<u>6,117,986</u>	<u>6,022,571</u>	<u>95,415</u>
Excess (deficiency) of revenues over expenditures	<u>(250,861)</u>	<u>(255,762)</u>	<u>(92,793)</u>	<u>162,969</u>
Other financing sources (uses):				
Transfers in	-	11,676	11,676	-
Transfers out	(12,415)	(19,190)	(19,190)	-
Total other financing sources and uses	<u>(12,415)</u>	<u>(7,514)</u>	<u>(7,514)</u>	<u>-</u>
Net change in fund balances	<u>(263,276)</u>	<u>(263,276)</u>	<u>(100,307)</u>	<u>162,969</u>
Fund balances, June 30, 2011	<u>263,276</u>	<u>263,276</u>	<u>302,548</u>	<u>39,272</u>
Fund balances, June 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 202,241</u>	<u>\$ 202,241</u>
Adjustments to Generally Accepted Accounting Principles -				
Intergovernmental State Revenue			1,390,626	
On-behalf payments:				
Instruction			(1,109,411)	
Support services:				
Students			(23,445)	
Instructional staff			(72,032)	
General administration			(29,323)	
School administration			(68,957)	
Business and other support services			(26,636)	
Operation and maintenance of plant			(33,960)	
Student transportation			(26,862)	
Fund balance, June 30, 2012 (GAAP basis)			<u>\$ 202,241</u>	

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

RACELAND-WORTHINGTON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Other local revenues	\$ -	\$ 18,496	\$ 11,630	\$ (6,866)
Intergovernmental - State	414,077	418,910	425,907	6,997
Intergovernmental - Indirect federal	435,425	478,481	515,187	36,706
Total revenues	<u>849,502</u>	<u>915,887</u>	<u>952,724</u>	<u>36,837</u>
Expenditures:				
Current:				
Instruction	779,598	812,973	855,738	(42,765)
Support services:				
Instructional staff	16,562	43,100	44,483	(1,383)
Operation and maintenance of plant	-	5,000	-	5,000
Student transportation	1,314	1,314	1,381	(67)
Community services	64,443	72,690	70,312	2,378
Total expenditures	<u>861,917</u>	<u>935,077</u>	<u>971,914</u>	<u>(36,837)</u>
Excess (deficiency) of revenues over expenditures	<u>(12,415)</u>	<u>(19,190)</u>	<u>(19,190)</u>	<u>-</u>
Other financing sources (uses):				
Transfers in	12,415	19,190	19,190	-
Transfers out	-	-	-	-
Total other financing sources and uses	<u>12,415</u>	<u>19,190</u>	<u>19,190</u>	<u>-</u>
Net change in fund balances	-	-	-	-
Fund balances, June 30, 2011	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, June 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**RACELAND-WORTHINGTON INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

(1) REPORTING ENTITY

The Raceland-Worthington Independent 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 the Raceland-Worthington Independent School District (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 as 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.

The District, for financial reporting purposes, includes all of the funds and account groups relevant to the operation of the Raceland-Worthington Independent School District. 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 District. 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. Copies of component unit reports may be obtained from the District's Finance Office at 600 Ram Boulevard, Raceland, Kentucky 41169.

Raceland-Worthington Independent School District Finance Corporation

On January 2, 1990, Raceland-Worthington Independent, Kentucky, Board of Education resolved to authorize the establishment of the Raceland-Worthington Independent 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) as an agency of the Board for financing the costs of school building facilities. The Board Members of the Raceland-Worthington Independent Board of Education also comprise the Corporation's Board of Directors.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Raceland-Worthington Independent School District substantially comply with the rules prescribed by the Kentucky Department of Education for local school districts.

Basis of Presentation

The basic financial statements include both government-wide statements and fund financial statements. The government-wide statements focus on the District as a whole, while the fund financial statements focus on major funds. Each presentation provides valuable information that can be analyzed and compared between years and between governments to enhance the usefulness of the information.

Government-wide statements - provide information about the primary government (the District). The statements include a statement of net assets and a statement of activities. These statements report the financial activities of the overall government, except for fiduciary activities.

They also distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties.

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 a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities and segment of its business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses to programs or functions, except where allowable for certain grant programs. 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, including internally dedicated resources and all taxes, are reported as general revenues, 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 - provide information about the District's funds, including fiduciary funds. Separate statements are presented for the governmental, proprietary, and fiduciary fund categories. The emphasis of fund financial statements is on major funds, each displayed in a separate column. All remaining funds are aggregated and reported as nonmajor funds. Fiduciary funds are aggregated and 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 net total assets. Proprietary funds and fiduciary funds are reported using the economic resources measurement focus. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

The District has the following funds:

I. Governmental Fund Types

- (A) The General Fund is the primary operating fund of the District. It accounts for financial resources used for general types of operations. This is a budgeted fund and any unrestricted fund balances are considered as resources available for use. This is a major fund of the District.
- (B) The Special Revenue Fund accounts for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report. This is a major fund of the District.

- (C) Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment (other than those financed by Proprietary Funds).
1. The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund receives those funds designated by the state as Capital Outlay Funds and is restricted for use in financing projects identified in the District's facility plan.
 2. The Facility Support Program of Kentucky (FSPK) Fund 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 School Construction Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction expenditures.
- (D) The Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest and related costs; and, for the payment of interest on general obligation notes payable, as required by Kentucky Law.

II. Proprietary Funds (Enterprise Fund)

The School Food Service Fund is used to account for school food service activities, including the National School Lunch Program, which is conducted in cooperation with the U.S. Department of Agriculture (USDA). The District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

III. Fiduciary Fund Types (includes agency and trust funds)

The Activity Funds account for activities of student groups and other types of activities requiring clearing accounts. These funds are accounted for in accordance with *Uniform Program of Accounting for School Activity Funds*.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Government 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, are 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 they can be recognized.

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.

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

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.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditure) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable.

Property Taxes

Property taxes collected are recorded as revenues in the fund for which they were levied. The District's ad valorem property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District. The assessed value of property upon which the levy for the 2012 fiscal year was based was \$142,713,229.

The tax rates assessed for the year ended June 30, 2012 to finance general fund operations were \$.858 on real estate and \$.858 per \$100 valuation on tangible property.

Taxes are due on October 1 and become delinquent by February 1 following the October 1 levy date. Current tax collections for the year ended June 30, 2012 were 97.39% of the tax levy.

In-Kind

Local contributions, which include contributed services provided by individuals, private Districts and local governments, are used to match federal and state administered funding on various grants. The District also receives commodities from U.S.D.A. The amounts of such services and commodities are recorded in the accompanying financial statements at their estimated fair market values.

Cash and Cash Equivalents

The Board considers demand deposits, money market funds, and other investments with an original maturity of 6 months or less, to be cash equivalents.

Inventories

Supplies and materials are charged to expenditures when purchased with the exception of the Proprietary Funds, which records inventory using the accrual basis of accounting. Inventories are stated at the lower of cost or market, on the first-in, first-out basis.

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 capital 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. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life are not.

All reported capital assets, other than land, 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>Estimated Lives</u>
Buildings and improvements	25-50 years
Land improvements	20 years
Technology equipment	5 years
Vehicles	5-10 years
Audio-visual equipment	15 years
Food service equipment	5-12 years
Furniture and fixtures	7 years
Other general	7-11 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 difference between the budgetary basis and the GAAP basis is that on-behalf payments made by the state for the District are not budgeted. See note (11) for these amounts which were not known by the District at the time the budget was adopted.

Once the budget is approved, it can be amended. Amendments are presented to the Board at their regular meetings. Per Board policy, only amendments that aggregate greater than \$50,000 require Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law.

Each budget is prepared and controlled by the budget coordinator at the revenue and expenditure function/object level. All budget appropriations lapse at year-end.

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, the noncurrent portion of capital leases, 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, all 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.

Fund Balance Reserves

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance-amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balance-amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance-amounts constrained to specific purposes by the District itself, using its decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the District takes the action to remove or change the constraint;
- Assigned fund balance-amounts the District intends to use for a specific purpose (such as encumbrances); intent can be expressed by the District or by an official or body to which the District delegates the authority;
- Unassigned fund balance-amounts that are available for any purpose; unassigned amounts are reported only in the General Fund.

When committed, assigned and unassigned resources are available for use, it is the District's policy to use committed and assigned resources first, then unassigned resources as they are needed.

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.

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. All other revenues are nonoperating. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead. Other expenses are nonoperating.

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.

Estimates

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

Future Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has recently issued GASB No. 62, *Codification of Accounting and Financial Reporting Guidance*, that incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. The requirements of GASB No. 62 are effective for fiscal year 2013 and thereafter. The District has not completed the process of the evaluation of GASB No. 62, but does not expect it to have an impact on its financial statements.

The Governmental Accounting Standards Board (GASB) has recently issued GASB No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, that provides financial reporting guidance for deferred outflows and inflows of resources. While these elements were introduced and defined by Concepts Statement No. 4, *Elements of Financial Statements*, as a consumption and acquisition of net assets by the government that is applicable to a future reporting period, respectively, these elements have not been included in previous reporting guidance. The requirements of GASB No. 63 are effective for fiscal year 2013 and thereafter. The District has not completed the process of evaluating GASB No. 63, but it is expected to change only the formatting and naming of its statement of position and components thereof, with no overall financial impact.

(3) DEBT OBLIGATIONS

The amount shown in the accompanying financial statements as bond obligations represents the Board's future obligations to make lease payments relating to the bonds issued by the Greenup County Fiscal Court and the Raceland-Worthington Independent School District Finance Corporation ("RWISDFC"), aggregating \$11,910,249.

Bonds

The General Fund, Facilities Support Program (FSPK) Fund and the SEEK Capital Outlay Fund are obligated to make lease payments. The lease agreements provide among other things, (1) for rentals sufficient to satisfy debt service requirements on bonds issued by the Fiscal Court and the RWISDFC to construct school facilities and (2) the Board with the option to purchase the properties under leases at any time by retiring the bonds then outstanding. The proceeds from certain refunding issues have been placed in escrow accounts to be used to service the related debt.

The original amount of present outstanding issues, the issue dates, and interest rates are summarized below:

<u>Issue</u>	<u>Original Amount</u>	<u>Interest Rates</u>
1999 KISTA	\$ 379,000	4.20-5.45%
Issue of 2003	3,195,000	1.00-4.10%
Issue of 2005	1,900,000	3.10-4.20%
2009 KISTA	86,249	2.00-3.90%
Issue of 2011	2,495,000	2.00-4.00%
Issue of 2011B	1,575,000	1.58-4.00%
Issue of 2012	2,280,000	1.05-2.25%
	<u>\$ 11,910,249</u>	

The bonds may be called prior to maturity at dates and redemption premiums specified in each issue.

A summary of activity in bond obligations and other debts is as follows:

<u>Description</u>	<u>Balance at June 30, 2011</u>	<u>Issued</u>	<u>Payments</u>	<u>Balance at June 30, 2012</u>
General obligation and KISTA bonds - \$11,910,249 originally issued with interest rates ranging from 1.00% to 5.45%	\$ 8,647,733	\$ 2,280,000	\$(2,508,017)	\$ 8,419,716
Less: unamortized discount on bond issues	(114,183)	(32,870)	29,435	(117,618)
Accumulated unpaid sick leave benefits	577,801	-	(13,182)	564,619
	<u>\$ 9,111,351</u>	<u>\$ 2,247,130</u>	<u>\$(2,491,764)</u>	<u>\$ 8,866,717</u>

In connection with the bond issues, the Board entered into a participation agreement with the Kentucky School Facilities Construction Commission, whereby the Commission has agreed to provide amounts on an annual basis (reflected in the following table) toward the payment of principal and interest requirements on the bonds. The agreement is in effect for a period of two years. The obligation of the Commission to make said payments shall automatically renew every two years, unless the Commission provides the Board notice of its intention not to participate within sixty days prior to the expiration of the two year period.

During the year, the District sold \$2,280,000 in revenue bonds with an average rate of 1.8% to advance refund \$2,110,000 of the series of 2003 bonds with an average rate of 3.0%. The proceeds of the refunding bonds were used to purchase U.S. government securities, which were deposited in an irrevocable trust with an escrow agent to provide for all future payments on the refunded bonds. Thus, the refunded bonds are considered to be defeased and the liability for those bonds has been removed from the general long-term debt account group.

As a result of this advance refunding, the District reduced its total debt service payments over the next twelve years by \$133,844 and obtained an economic gain (difference between the present values of the debt service payments of the old and new bonds) of \$115,895.

Assuming no issues are called prior to scheduled maturity and that the Kentucky School Facilities Construction Commission continues to renew its agreement, the minimum obligations at June 30, 2012 for debt service (principal and interest) are as follows:

Year	Kentucky School Facilities Construction Commission		Raceland-Worthington Independent School District		Total
	Principal	Interest	Principal	Interest	
2013	\$ 198,076	\$ 116,159	\$ 251,132	\$ 211,194	\$ 776,561
2014	202,468	115,271	252,963	209,068	779,770
2015	207,698	73,073	260,019	162,705	703,495
2016	211,381	68,598	267,591	157,116	704,686
2017	217,733	63,670	272,525	150,905	704,833
2018-2022	1,063,900	230,745	1,434,230	638,829	3,367,704
2023-2027	635,504	95,106	1,559,496	392,115	2,682,221
2028-2031	238,277	19,131	1,146,723	93,468	1,497,599
	<u>\$ 2,975,037</u>	<u>\$ 781,753</u>	<u>\$ 5,444,679</u>	<u>\$ 2,015,400</u>	<u>\$ 11,216,869</u>

(4) 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. At June 30, 2012, the District followed the vesting method of calculation and the assumption that all vested employees with ten years of experience will retire from the District. Accordingly, a liability of \$564,619 is shown in the June 30, 2012 government-wide financial statements. The District has the option of funding up to 50% of the total amount accrued as a reservation of the General Fund balance. At June 30, 2012, the District had restricted \$63,256 for sick leave payout.

(5) RETIREMENT PLANS

A. Kentucky Teachers Retirement System:

The Kentucky Local School District contributes to the Teachers Retirement System of Kentucky ("KTRS"), a cost sharing, multiple-employer defined benefit pension plan. KTRS administers retirement and disability annuities, and death and survivor benefits to employees of the public school systems and other public educational agencies in Kentucky. KTRS requires that members of KTRS occupy a position requiring a four (4) year college degree or certification by Kentucky Department of Education (KDE). Job classifications that permit experience to substitute for either of these requirements do not participate in KTRS.

The KTRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the Kentucky Revised Statutes (KRS). KTRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. That report may be obtained by writing to Kentucky Teachers Retirement System, 479 Versailles Road, Frankfort, Kentucky 40601 or from the KTRS web-site at <http://www.ktrs.ky.gov/>.

Funding policy - Contribution rates are established by KRS. Members who established an account in a state retirement system before July 1, 2008 are required to contribute 10.355% of their salaries to KTRS. Members hired after July 1, 2008, contribute 10.855% of their salaries to KTRS. The Commonwealth of Kentucky contributes matching contributions at the rate of 13.105% of salaries for members in a state retirement system before July 1, 2008 and 14.105% for members hired after July 1, 2008. The Federal program for any salaries paid by that program pays the matching contributions.

The District's total payroll for the year was \$5,617,384. The payroll for employees covered under KTRS was \$4,564,262. For the years ended June 30, 2012, 2011, and 2010, the Commonwealth of Kentucky contributed \$566,260, \$458,506, and \$430,276, respectively, to KTRS for the benefit of the District's participating employees. The

District's contributions to KTRS for the years ending June 30, 2012, 2011, and 2010 were \$55,798, \$79,820, and \$53,393, respectively, which represents those employees covered by Federal programs.

B. Medical Insurance Plan

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

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

Funding policy - In order to fund the post-retirement healthcare benefit, 2.5% of the gross annual payroll of members hired before July 1, 2008 is contributed. 1.25% is paid by member contributions and .75% from state appropriation, and .50% from the employer. Members hired after July 1, 2008 contribute an additional .50% to the medical insurance fund. Also, premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

C. County Employee's Retirement System:

The District contributes to the County Employee's Retirement System ("CERS"), a cost-sharing, multiple-employer defined benefit pension plan administered by the Kentucky General Assembly. It covers substantially all regular full-time members employed in non-hazardous duty positions of each county and school board, and any additional eligible local agencies electing to participate in the CERS. CERS provides for retirement, disability, and death benefits to plan members. Cost of living adjustments are provided at the discretion of the State legislature.

The CERS issues a publicly available financial report included in the Kentucky Retirement Systems Annual Report that includes financial statements and the required supplementary information for CERS. That report may be obtained by writing to Kentucky Retirement Systems, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky, 40601, or by calling (502) 564-4646 or from the KRS website at <https://kyret.ky.gov>.

Plan members are required to contribute 5% of their annual creditable compensation, and the District is required to contribute 18.96% of the employee's total compensation. Plan members hired after July 1, 2008 contribute an additional 1% towards health insurance. The contribution requirements of CERS members and the District are established and may be amended by the CERS Board of Trustees. The District's contributions to CERS for the years ending June 30, 2012, 2011, and 2010 were \$196,255, \$195,138, and \$182,371, respectively, equal to the required contributions for the year.

(6) CASH AND CASH EQUIVALENTS

The funds of the District must be deposited and invested under the terms of a contract. The depository bank places approved pledged securities for safekeeping and trust with the District's agent bank in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar

amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

At June 30, 2012, the carrying amount of the Board's cash and cash equivalents was \$301,206 and the bank balances totaled \$657,668. Of the total bank balances, \$261,368 was insured by the Bank Insurance Fund and \$396,300 was secured by collateral held by the pledging banks in, the District's name.

General Fund cash and cash equivalents at June 30, 2012 consisted of a money market checking account.

The cash deposits held at financial institutions can be categorized according to three levels of risk.

These three levels of risks are as follows:

- Category 1 Deposits, which are insured or collateralized with securities, held by the District or by its agent in the District's name.
- Category 2 Deposits, which are collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.
- Category 3 Deposits, which are not collateralized or insured.

Based on these three levels of risk, the District's cash deposits are classified as Category 2.

Due to the nature of the accounts and certain limitations imposed on the use of funds, each bank account within the following funds is considered to be restricted: SEEK Capital Outlay Fund, Facility Support Program (FSPK) Fund, Education Building Fund, Special Revenue (Grant) Funds, Bond and Interest Redemption Fund, School Food Service Funds, and School Activity Funds.

(7) CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2012, was as follows:

<u>Governmental Activities</u>	<u>June 30, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2012</u>
Land	\$ 625,213	\$ -	\$ -	\$ 625,213
Construction in progress	1,408,332	217,433	(1,625,765)	-
Land improvements	684,801	-	-	684,801
Buildings and improvements	14,796,213	1,636,529	-	16,432,742
Technology equipment	554,920	23,485	(15,688)	562,717
Vehicles	670,288	-	-	670,288
General	574,589	1,772	(1,725)	574,636
Totals at historical cost	<u>19,314,356</u>	<u>1,879,219</u>	<u>(1,643,178)</u>	<u>19,550,397</u>
Less: accumulated depreciation -				
Land improvements	(432,958)	(25,393)	-	(458,351)
Buildings and improvements	(3,949,805)	(300,892)	-	(4,250,697)
Technology equipment	(472,845)	(39,455)	15,199	(497,101)
Vehicles	(473,796)	(39,148)	-	(512,944)
General	(406,912)	(26,545)	1,725	(431,732)
Total accumulated depreciation	<u>(5,736,316)</u>	<u>(431,433)</u>	<u>16,924</u>	<u>(6,150,825)</u>
Governmental Activities Capital Assets - Net	<u>\$ 13,578,040</u>	<u>\$ 1,447,786</u>	<u>\$ (1,626,254)</u>	<u>\$ 13,399,572</u>

<u>Business - Type Activities</u>				
Food service equipment	\$ 210,552	\$ 498	\$ -	\$ 211,050
Technology equipment	<u>2,629</u>	<u>10,286</u>	<u>-</u>	<u>12,915</u>
Totals at historical cost	<u>213,181</u>	<u>10,784</u>	<u>-</u>	<u>223,965</u>
Less: accumulated depreciation				
Food service and equipment	(183,254)	(320)	-	(183,574)
Technology equipment	<u>(1,566)</u>	<u>(5,170)</u>	<u>-</u>	<u>(6,736)</u>
Total accumulated depreciation	<u>(184,820)</u>	<u>(5,490)</u>	<u>-</u>	<u>(190,310)</u>
 Business-Type Activities				
Capital Assets - Net	<u>\$ 28,361</u>	<u>\$ 5,294</u>	<u>\$ -</u>	<u>\$ 33,655</u>

Depreciation expense was allocated to governmental functions as follows:

Instruction	\$ 48,597
Student support services	2,248
Instructional staff	1,253
District administration	9,690
School administration	1,101
Business support services	3,476
Plant operation & maintenance	332,126
Student transportation	<u>32,942</u>
	<u>\$ 431,433</u>

(8) 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 on 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.

(9) RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To obtain insurance for workers' compensation, errors and omissions, and general liability coverage, the District 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. Contributions to the Workers' Compensation Fund are based on premium rates established by such fund in conjunction with the excess insurance carrier, subject to claims experience modifications and a group discount amount. Dividends may be declared, but are not payable until twenty-four (24) months after the expiration of the self-insurance term. The Liability Insurance Fund pays insurance premiums of the participating members established by the insurance carrier. The Trust can terminate coverage if it is unable to obtain acceptable excess general liability coverage and for any reason by giving ninety (90) days notice. In the event the Trust terminated coverage, any amount remaining in the Fund (after payment of operational and administrative costs and claims for which coverage was provided) would be returned to the member on a pro rata basis.

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.

(10) COBRA

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

(11) ON-BEHALF PAYMENTS

For fiscal year 2012, the Commonwealth of Kentucky contributed payments on behalf of the Raceland-Worthington Independent School District as follows:

<u>Plan/Description</u>	<u>Amount</u>
Kentucky Teachers Retirement System	\$ 566,260
Health and Life Insurance Plans	840,025
Vocational	8,999

These amounts are included in the financial statements as State Revenue and an expense allocated to the different functions in the same proportion as full-time employees.

(12) TRANSFER OF FUNDS

The following transfers were made during the year.

<u>Type</u>	<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
Debt Service	Capital Project Fund (FSPK and SEEK)	Debt Service Fund	Debt Service	\$ 421,535
Operating	General Fund	Special Revenue Fund	Match	19,190
Operating	Capital Project Fund (FSPK and SEEK)	General Fund	Reimbursement	11,676

SUPPLEMENTAL INFORMATION

RACELAND-WORTHINGTON INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

	Capital Project Funds	Debt Service Funds	Total Non-Major Governmental Funds
ASSETS:			
Cash and cash equivalents	\$ -	\$ 7,368	\$ 7,368
Accounts receivable	-	-	-
Total assets	\$ -	\$ 7,368	\$ 7,368
LIABILITIES AND FUND BALANCE:			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Total liabilities	-	-	-
Fund Balances:			
Restricted for capital expenditures	-	-	-
Restricted for debt service	-	7,368	7,368
Total fund balance	-	7,368	7,368
Total liabilities and fund balances	\$ -	\$ 7,368	\$ 7,368

RACELAND-WORTHINGTON INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Capital Project Funds	Debt Service Funds	Total Non-Major Governmental Funds
REVENUES:			
From local sources -			
Property taxes	\$ 73,741	\$ -	\$ 73,741
Motor vehicle taxes	10,056	-	10,056
Earnings on investments	55	1,475	1,530
Intergovernmental - State	349,359	277,182	626,541
Total revenues	<u>433,211</u>	<u>278,657</u>	<u>711,868</u>
EXPENDITURES:			
Current -			
Facilities acquisition and construction	217,433	-	217,433
Debt service	-	757,679	757,679
Total expenditures	<u>217,433</u>	<u>757,679</u>	<u>975,112</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>215,778</u>	<u>(479,022)</u>	<u>(263,244)</u>
OTHER FINANCING SOURCES (USES):			
Proceeds of refunding bonds	-	2,280,000	2,280,000
Payment to refunded bond escrow agent	-	(2,221,183)	(2,221,183)
Operating transfers in	-	421,535	421,535
Operating transfers out	(433,211)	-	(433,211)
Total other financing sources (uses)	<u>(433,211)</u>	<u>480,352</u>	<u>47,141</u>
NET CHANGE IN FUND BALANCES	(217,433)	1,330	(216,103)
FUND BALANCE JUNE 30, 2011	<u>217,433</u>	<u>6,038</u>	<u>223,471</u>
FUND BALANCE JUNE 30, 2012	<u>\$ -</u>	<u>\$ 7,368</u>	<u>\$ 7,368</u>

RACELAND-WORTHINGTON INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2012

	FSPK Fund	SEEK Funds	Construction Fund	Total Capital Project Funds
ASSETS:				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Accounts receivable	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCE:				
Liabilities:				
Accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted for capital expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

RACELAND-WORTHINGTON INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	FSPK Fund	SEEK Funds	Construction Fund	Total Capital Project Funds
REVENUES:				
From local sources -				
Property taxes	\$ 73,741	\$ -	\$ -	\$ 73,741
Motor vehicle taxes	10,056	-	-	10,056
Earnings on investments	-	55	-	55
Intergovernmental - State	253,409	95,950	-	349,359
Total revenues	<u>337,206</u>	<u>96,005</u>	<u>-</u>	<u>433,211</u>
EXPENDITURES:				
Current -				
Facilities acquisition and construction	-	-	217,433	217,433
Total expenditures	<u>-</u>	<u>-</u>	<u>217,433</u>	<u>217,433</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>337,206</u>	<u>96,005</u>	<u>(217,433)</u>	<u>215,778</u>
OTHER FINANCING SOURCES (USES):				
Proceeds of refunding bonds	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Operating transfers in	-	-	-	-
Operating transfers out	(337,206)	(96,005)	-	(433,211)
Total other financing sources (uses)	<u>(337,206)</u>	<u>(96,005)</u>	<u>-</u>	<u>(433,211)</u>
NET CHANGE IN FUND BALANCES	-	-	(217,433)	(217,433)
FUND BALANCE JUNE 30, 2011	<u>-</u>	<u>-</u>	<u>217,433</u>	<u>217,433</u>
FUND BALANCE JUNE 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

RACELAND-WORTHINGTON INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NON-MAJOR DEBT SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2012

	1998	2003	2005	2010	2010B	2012	KISTA	Totals
	Bond	Bond	Bond	Bond	Bond	Bond	Bond	Debt Service
	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund
ASSETS:								
Cash and cash equivalents	\$ 1,226	\$ 1,005	\$ 425	\$ 25	\$ 85	\$ 4,602	\$ -	\$ 7,368
Total assets	\$ 1,226	\$ 1,005	\$ 425	\$ 25	\$ 85	\$ 4,602	\$ -	\$ 7,368
LIABILITIES AND FUND BALANCE:								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balances:								
Restricted for debt service	1,226	1,005	425	25	85	4,602	-	7,368
Total fund balance	1,226	1,005	425	25	85	4,602	-	7,368
Total liabilities and fund balances	\$ 1,226	\$ 1,005	\$ 425	\$ 25	\$ 85	\$ 4,602	\$ -	\$ 7,368

RACELAND-WORTHINGTON INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	1998	2003	2005	2010	2010B	2012	KISTA	Totals
	Bond Fund	Bond Fund	Bond Fund	Bond Fund	Bond Fund	Bond Fund	Bond Fund	Debt Service Fund
REVENUES:								
Intergovernmental - State	\$ -	\$ 125,010	\$ 43,245	\$ 47,127	\$ 31,012	\$ -	\$ 30,788	\$ 277,182
Interest income	2	3	3	12	-	1,455	-	1,475
Total revenues	2	125,013	43,248	47,139	31,012	1,455	30,788	278,657
EXPENDITURES:								
Debt service	-	255,066	162,185	169,200	84,770	55,670	30,788	757,679
Total expenditures	-	255,066	162,185	169,200	84,770	55,670	30,788	757,679
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2	(130,053)	(118,937)	(122,061)	(53,758)	(54,215)	-	(479,022)
OTHER FINANCING SOURCES (USES):								
Proceeds of refunding bonds	-	-	-	-	-	2,280,000	-	2,280,000
Payment to refunded bond escrow agent	-	-	-	-	-	(2,221,183)	-	(2,221,183)
Operating transfers in	-	130,056	118,940	122,073	50,466	-	-	421,535
Total other financing sources (uses)	-	130,056	118,940	122,073	50,466	58,817	-	480,352
NET CHANGE IN FUND BALANCES	2	3	3	12	(3,292)	4,602	-	1,330
FUND BALANCE JUNE 30, 2011	1,224	1,002	422	13	3,377	-	-	6,038
FUND BALANCE JUNE 30, 2012	\$ 1,226	\$ 1,005	\$ 425	\$ 25	\$ 85	\$ 4,602	\$ -	\$ 7,368

RACELAND-WORTHINGTON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
SCHOOL ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Cash Balance June 30, 2011	Receipts	Disbursements	Cash Balance June 30, 2012	Accounts Receivable	Accounts Payable	Deposits Held in Custody for Students June 30, 2012
Raceland-Worthington Independent High School	\$ 101,200	\$ 420,461	\$ 382,892	\$ 138,769	\$ 5,127	\$ (5,519)	\$ 138,377
Campbell Elementary	26,214	32,182	24,259	34,137	-	-	34,137
Worthington Elementary	11,029	29,566	31,042	9,553	-	-	9,553
	<u>\$ 138,443</u>	<u>\$ 482,209</u>	<u>\$ 438,193</u>	<u>\$ 182,459</u>	<u>\$ 5,127</u>	<u>\$ (5,519)</u>	<u>\$ 182,067</u>

RACELAND-WORTHINGTON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
SCHOOL ACTIVITY FUNDS
RACELAND-WORTHINGTON INDEPENDENT HIGH SCHOOL
FOR THE YEAR ENDED JUNE 30, 2012

	Cash Balance June 30, 2011	Receipts	Disburse- ment	Transfers	Cash Balance June 30, 2012	Accounts Receivable (Accounts Payable)	Deposits Held in Custody for Students June 30, 2012
7th & 8th Schedule	\$ -	\$ 3,681	\$ 91	\$ (3,590)	\$ -	\$ -	\$ -
After Prom	728	-	728	-	-	-	-
All "A" Classic	-	1,665	1,228	150	587	-	587
All "A" Classic	-	1,135	904	300	531	-	531
AP Account	270	206	188	-	288	-	288
Archery Club	14	7,145	3,463	(174)	3,522	-	3,522
Art Account	1,140	-	-	485	1,625	-	1,625
Arts/Music Scholarship	398	-	-	-	398	-	398
Athletic Allotment	-	6,152	1,430	(4,701)	21	-	21
Athletic Director	178	570	683	-	65	-	65
B Basketball Fund R.	1,002	3,341	2,681	1,013	2,675	-	2,675
Badge Company	5	-	-	(5)	-	-	-
Band	528	7,911	7,677	(753)	9	-	9
Band Booster	1,676	29,596	27,764	(581)	2,927	-	2,927
Baseball	563	7,587	5,861	917	3,206	-	3,206
Baseball Field	677	26	2,428	1,752	27	-	27
Baseball Fundraisers	8,260	22,755	15,536	(2,129)	13,350	-	13,350
Baseball Spring Trip	1,371	4,937	6,475	1,558	1,391	-	1,391
BETA/FBLA/Key Clubs	-	2,620	1,768	(852)	-	-	-
Boys Basketball	7,824	23,618	29,015	(211)	2,216	-	2,216
Boys Basketball (720)	599	2,425	1,865	(889)	270	-	270
Boys Basketball Camp	-	1,040	1,105	65	-	-	-
Boy's Golf	-	675	1,505	1,505	675	750	1,425
Boy's Track & Field	60	863	1,336	413	-	-	-
Boy's Track Fundraiser	-	2,389	2,455	146	80	-	80
Calculator Batteries	435	-	427	815	823	-	823
Cash - Tickets	-	-	-	-	-	-	-
Chamber Singers Trip	-	-	-	-	-	-	-
Chorus	133	3,555	2,393	380	1,675	-	1,675
College Course	-	11,690	8,131	(1,000)	2,559	-	2,559
Computer Classes	1,141	-	-	1,071	2,212	-	2,212
Cross-Country	-	86	1,861	1,775	-	-	-
Cultural Arts Center	1,412	8,222	6,982	-	2,652	-	2,652
Drama Club	1,019	1,868	1,321	-	1,566	-	1,566
Eighth Grade Class	1,210	-	146	131	1,195	-	1,195
FBLA	1,650	3,940	4,124	426	1,892	-	1,892
FCA-Christian Athletes	40	-	-	-	40	-	40
FHA/FCCLA	2,772	9,321	8,837	-	3,256	-	3,256
Field Trip	25	415	475	35	-	-	-
Fight Like a Girl Tees	-	-	-	-	-	-	-
Flower Fund	-	290	377	87	-	-	-
Football	2,847	29,999	26,283	800	7,363	(5,519)	1,844
Football Booster	-	1,435	1,435	-	-	-	-
Football Coaches	514	-	473	-	41	-	41
Football Fundraiser	88	-	-	-	88	-	88
Freshman Class	1,713	-	146	338	1,905	-	1,905
Freshmen Schedule	-	5,619	72	(5,547)	-	-	-
Girls Basketball	3,953	15,616	17,588	939	2,920	-	2,920
Girls BB Fundraisers	5,899	4,367	11,123	1,344	487	-	487
Girl's Golf	-	275	821	821	275	-	275
Girls Roundball	-	10,058	6,108	(3,632)	318	-	318
Girls Softball	-	6,931	4,672	949	3,208	-	3,208
Girl's Track & Field	192	1,036	3,455	2,227	-	-	-
Girls Volleyball	60	4,336	3,590	(769)	37	-	37
Greenhouse	-	-	-	-	-	-	-
Grounds	2	-	-	(2)	-	-	-
Group Fundraiser	-	265	-	-	265	-	265
Home Economics	985	405	1,889	1,547	1,048	-	1,048
JR & SR Hi Academics	-	184	424	324	84	-	84
Jr Beta Club	2,283	756	924	-	2,115	-	2,115

RACELAND-WORTHINGTON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
SCHOOL ACTIVITY FUNDS
RACELAND-WORTHINGTON INDEPENDENT HIGH SCHOOL (CONCLUDED)
FOR THE YEAR ENDED JUNE 30, 2012

	Cash Balance June 30, 2011	Receipts	Disburse- ment	Transfers	Cash Balance June 30, 2012	Accounts Receivable (Accounts Payable)	Deposits Held in Custody for Students June 30, 2012
Jr Hi Football	\$ 2,295	\$ 13,146	\$ 13,995	\$ 104	\$ 1,550	\$ -	\$ 1,550
Jr Hi Lost/Rental	100	25	250	282	157	-	157
Jr High Cheerleaders	1	-	-	-	1	-	1
Junior Class	2,356	6,388	8,876	2,261	2,129	-	2,129
Junior Schedule	-	3,862	139	(3,723)	-	-	-
JV Cheerleading	140	2,702	790	-	2,052	-	2,052
Key Club	167	911	1,051	224	251	-	251
Latin Honor Society	22	20	23	-	19	-	19
Library	74	129	196	63	70	-	70
Library Paper Account	9	-	-	-	9	-	9
Lockers/Library	2,064	-	1,423	1,970	2,611	-	2,611
Lost/Rental/Textbooks	17,128	80	2,839	6,962	21,331	-	21,331
Miscellaneous	26	2,002	3,974	1,981	35	-	35
MS Boys Basketball	1,076	9,209	9,554	-	731	-	731
MS Girls Basketball	-	3,300	2,530	9	779	-	779
MS Girl's Softball	-	-	-	-	-	-	-
Newspaper	136	-	-	(136)	-	-	-
Pep Club	29	552	47	(175)	359	-	359
Pop Machine	222	12,786	8,525	(3,900)	583	-	583
Program ADS/Basetball	600	2,695	781	(2,200)	314	-	314
Rams Incentive Prog	322	2,163	2,971	526	40	-	40
Rebound/Concession	601	12,812	3,798	(206)	9,409	3,028	12,437
Relay for Life	-	2,018	1,161	(510)	347	-	347
RVC Competition	94	-	-	-	94	-	94
RWEA	2,543	465	310	-	2,698	-	2,698
Scholarship Fund	346	-	300	40	86	-	86
School Fundraiser	-	-	-	-	-	-	-
Senior Class	906	1,196	2,772	2,039	1,369	-	1,369
Senior Class Trip	247	1,026	1,103	167	337	-	337
Senior Schedule	-	3,583	-	(3,583)	-	-	-
Seventh Grade Class	620	-	146	186	660	-	660
Softball Fundraisers	9	14,987	11,595	(1,849)	1,552	-	1,552
Softball Spring Trip	-	2,435	5,155	2,965	245	-	245
Sophomore Schedule	-	3,685	57	(3,628)	-	-	-
Sophomore Class	3,855	510	359	(1,700)	2,306	-	2,306
Spanish Club	652	615	898	(361)	8	-	8
Spanish Cruise Fund	4	4,135	3,281	(337)	521	-	521
Spanish Honor Society	367	1,387	2,135	383	2	-	2
Special Ed Dept	-	-	-	-	-	-	-
Sr Beta Club	1,760	4,596	5,587	339	1,108	-	1,108
Stone Scholarship Fund	5,300	50	1,000	-	4,350	-	4,350
Student Council	653	-	200	-	453	-	453
Student Rewards	13	-	-	(13)	-	-	-
Summer School	118	1,580	1,636	-	62	-	62
Technical Student	225	2,790	2,545	(7)	463	-	463
Technology Education	301	1,563	1,940	509	433	-	433
Tennis	-	550	3,171	2,621	-	-	-
Varsity Cheerleading	155	33,065	32,852	596	964	1,349	2,313
Volleyball Fundraiser	329	7,979	8,301	(7)	-	-	-
Winter Guard	161	817	1,333	500	145	-	145
Workbooks	1,346	-	202	130	1,274	-	1,274
Yearbook	162	7,641	2,828	-	4,975	-	4,975
Total	\$ 101,200	\$ 420,461	\$ 382,892	\$ -	\$ 138,769	\$ (392)	\$ 138,377

**RACELAND-WORTHINGTON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Program or Award Amount	Expenditures
<u>U.S. Department of Education</u>				
Passed through Kentucky Department of Juvenile Justice				
Title I Program for Neglected and Delinquent Children	84.013	NA	\$ 18,210	\$ 18,210
Passed through State Department of Education:				
Twenty-First Century Community Learning Centers	84.287	3400002-09	112,425	63,942
Title I Grants to Local Educational Agencies	84.010	3100002-11	123,252	123,252
Title I Grants to Local Educational Agencies	84.010	3100002-12	13,695	13,695
Title I Grants to Local Educational Agencies	84.010	3100102-11	53,825	53,825
Title I Grants to Local Educational Agencies	84.010	3100202-11	24,135	3,338
				<u>194,110</u>
Title I Program for Neglected and Delinquent Children	84.013	3100102-08	1,821	1,821
EduJobs	84.410	EJOB00-10	12,731	12,731
Special Education Cluster (IDEA):				
Special Education Grants to States -IDEA, Part B	84.027	3810002-11	177,509	177,509
Special Education Preschool Grants	84.173	3800002-11	2,124	2,124
				<u>179,633</u>
Improving Teacher Quality State Grants	84.367	3230002-11	38,214	38,214
Vocational Education Basic Grants to States	84.048	4620832-09	521	521
Vocational Education Basic Grants to States	84.048	4621110-10	6,005	6,005
				<u>6,526</u>
Total U.S. Department of Education				<u>515,187</u>
<u>U.S. Department of Agriculture</u>				
Child Nutrition Cluster:				
Passed through State Department of Education:				
National School Lunch Program	10.555	7750002-11	-	35,714 *
National School Lunch Program	10.555	7750002-12	-	133,043 *
School Breakfast Program	10.553	7760005-11	-	11,119 *
School Breakfast Program	10.553	7760005-12	-	44,317 *
Summer Food Service Program	10.559	7740023-11	-	214 *
Summer Food Service Program	10.559	7690024-11	-	21 *
				<u>224,428</u>
Non-Cash Assistance				
National School Lunch Program - Food Donation	10.555	7750002-12	-	26,885 *
Total U.S. Department of Agriculture (Child Nutrition Cluster)				<u>251,313</u>
Total Federal Assistance				<u>\$ 766,500</u>

* Denoted major program.

**RACELAND-WORTHINGTON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONCLUDED)
FOR THE YEAR ENDED JUNE 30, 2012**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Raceland-Worthington Independent School District under programs of the federal government for the year ended June 30, 2012. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Government, and Non-Profit Organizations. Because the schedule presents only a selected portion of operations of the Raceland-Worthington Independent School District, it is not intended to and does not present the financial position, changes in net assets or cash flows of the District.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, Cost Principles for State and Local Governments, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represents adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

NOTE C - FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2012, commodities on hand are included in the total inventory of \$20,310.



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

Kentucky State Committee for
School District Audits
Members of the Board of Education
Raceland-Worthington Independent School District
Raceland, 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 the Raceland-Worthington Independent School District (the "District") as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 1, 2012. 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 to the Independent Auditor's Contract - General Audit Requirements and Appendix II to the Independent Auditor's Contract - State Audit Requirements and Appendix III to the Independent Auditor's Contract - Electronic Submission*.

Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's basic 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 material noncompliance that is required to be reported under *Government Auditing Standards*. In addition, the results of our tests disclosed no instances of material noncompliance of specific state statutes or regulations identified in *Appendix II to the Independent Auditor's Contract - State Audit Requirements* and *Appendix III to the Independent Auditor's Contract - Electronic Submission*.

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

Kelley Dalloway & Company, PSC

November 1, 2012



Kelley,
Galloway &
Company, PSC

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

Kentucky State Committee for
School District Audits
Members of the Board of Education
Raceland-Worthington Independent School District
Raceland, Kentucky

Compliance

We have audited the Raceland-Worthington Independent School District's (the "District") 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 the District's major federal programs for the year ended June 30, 2012. The District'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 the District's management. Our responsibility is to express an opinion on the District'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 audit requirements prescribed by the Kentucky State Committee for School District Audits in *Appendix I to the Independent Auditor's Contract - General Audit Requirements* and *Appendix II to the Independent Auditor's Contract - State Audit Requirements* and *Appendix III to the Independent Auditor's Contract - Electronic Submission*. 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 the District's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Raceland-Worthington Independent School District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2012-01.

Internal Control Over Compliance

The management of the District 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 the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine 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 the District's internal control over compliance.

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

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 the Board, management, 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.

Kelley, Galloway & Company, PSC

November 1, 2012

RACELAND-WORTHINGTON INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2012

A. SUMMARY OF AUDIT RESULTS

Type of Auditor's report issued: Unqualified

Internal Control over financial reporting:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified that are not considered to material weaknesses? yes none reported

Noncompliance material to the financial statements noted? yes no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified that are not considered to be material weakness(es). yes none reported

Type of audit 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 no

The District had the following major programs with CFDA numbers in parentheses for the year ended June 30, 2012:

Child Nutrition Cluster (10.553, 10.555 and 10.559)

Dollar threshold to distinguish between Type A and Type B Programs: \$ 300,000

The District qualified as a low risk auditee yes no

(B) FINDINGS RELATED TO FINANCIAL STATEMENTS IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS

None noted in the current year.

RACELAND-WORTHINGTON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONCLUDED)
FOR THE YEAR ENDED JUNE 30, 2012

(C) FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

2012-01 FEDERAL COMPLIANCE - APPLICATIONS

Federal Program Information: Child Nutrition Cluster, Federal Catalog No. 10.533, 10.555 and 10.559, U.S. Department of Agriculture

Condition: During our testing of free and reduced applications, we noted that 1 of the 40 applications tested was improperly classified as eligible to receive free lunch and breakfast. On the application, the District properly concluded that the individual was only eligible for reduced lunch and breakfast pricing. However, the student classification within the food service system was "Free."

Criteria: Eligibility for reduced price and free meals is based on household income. Individuals not meeting the income guidelines should be properly classified in the food service system.

Effect: Noncompliance with program eligibility requirements.

Recommendation: In the future, additional care should be taken while inputting a student's free or reduced status into the food service system.

Management's Response:

The food service system software, NutriKids, that the District was using required a "bridging" procedure to allow communication between the NutriKids software and the Kentucky Department of Education mandated Infinite Campus Student Information software. The District experienced a total "crash" of the server housing the NutriKids software during one of these bridging procedures. All information in the NutriKids program was lost. The NutriKids support staff were able to recover portions of the information but the District Food Service Director had to manually re-build the majority of the information as well as verifying the recovered information. The status of the applicant was correct prior to the crash. Data input was required on approximately 400 students. It was human error on input of the data in a very restrictive timeline to get the system going to serve our students.

Corrective Action Plan:

The District's corrective action plan, which was implemented for the 2012-2013 school year, was to discontinue the use of the NutriKids software and use the Infinite Campus Student Information software for food service information processing, eliminating the bridging procedure. The information in Infinite Campus is a statewide program which is housed on a server at the Kentucky Department of Education; therefore, the backup of all information is at the State Department level.

In addition, all personnel of the District have been reminded to verify all data entered into software programs.

RACELAND-WORTHINGTON INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012

There were no findings in the prior year.