

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

Year Ended June 30, 2012

SCOTT COUNTY SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Education
Scott County School District
Georgetown, Kentucky

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Scott County School District as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements, as listed in the accompanying table of contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements prescribed by the Kentucky State Committee for School District Audits in *Appendix I of the Independent Auditor's Contract - General Audit Requirements*, *Appendix II of the Independent Auditor's Contract - State Audit Requirements*, *Appendix III of the Independent Auditor's Contract - Audit Extension Request* and *Appendix IV of the Independent Auditor's Contract - Instructions for Submission of the Audit Report*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 30, 2012, on our consideration of Scott County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 9 and 39 through 40 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 Scott County School District's financial statements as a whole. The combining financial statements and school schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining financial statements, school schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 accounting standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Stiles, Carter & Associates

Certified Public Accountants
August 30, 2012

REQUIRED SUPPLEMENTARY INFORMATION

**SCOTT COUNTY SCHOOL DISTRICT – GEORGETOWN, KENTUCKY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2012**

The discussion and analysis of Scott County School District’s financial performance provides an overall review of the school district’s financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to review the school district’s financial performance as a whole; readers should also review the financial statements and notes to the financial statements to enhance their understanding of the school district’s financial performance.

FINANCIAL HIGHLIGHTS

- The Scott County Board of Education completed the 2011/2012 fiscal year in a position of financial readiness with the General Fund reflecting an ending (unassigned) fund balance of \$3.4 million. This \$3.4 million is in addition to \$3.5 million in committed funds as detailed in Note C – Fund Balances, page 29.
- On January 9, 2007, the Board approved an Educational Broadband service Lease Agreement with Nextel Spectrum Acquisition Corporation, a wholly-owned indirect subsidiary of Sprint Nextel Corporation, that provided a onetime payment to the Board of \$600,000; plus \$6,000 per month in years 1 through 5, \$7,000 per month in years 6 through 15, \$8,000 per month in years 16 through 20, \$9,000 per month in years 21 through 25, \$10,000 per month in years 26 through 30. The Board restricted the use of these funds for equipment for Elkhorn Crossing School (Scott County’s Career Technical Center).
- On December 14, 2010, the Board approved initial plans to construct phase I of a new elementary school to be funded from Kentucky School Facility Construction Commission and local Revenue Bonds.
- On March 8, 2011, the Board approved initial plans to expand the 9th Grade School Cafeteria to be funded from local Revenue Bonds.
- On January 1, 2012, the Board issued 2012 Series Revenue Bonds in the amount of \$20,250,000 to fund construction of phase I of the new elementary school and expand the 9th Grade School Cafeteria.
- A major influence on the district that created the ability to maintain the level of ending balances for FY 2012 can largely be attributed to the effects of the following federal stimulus fund initiatives from the federal government. Each of the following projects are accounted for in the Special Revenue/Grant Funds as shown:

| | |
|--|---------------------------|
| Title I | \$ 1,317 |
| Educational Technology Grants | 7,639 |
| McKinney-Vento Homeless Children & Youth | 2,956 |
| Education Jobs Grant | <u>1,180,571</u> |
| TOTAL | <u>\$1,192,483</u> |

Education Jobs Grant funds available to the district through September 30, 2012 total \$221,081.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Scott County Public School District as a financial whole, or as an entire operating entity.

The statement of net assets and statement of activities provide information about the activities of the whole school district, presenting both an aggregate view of the school district's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the school district's most significant funds with all other non-major funds presented in total in a single column. For Scott County School District, the General Fund is the most significant fund.

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.

While this report contains the large number of funds used by the school district to provide programs and activities, the view of the school district as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2012?" The statement of net assets and the statement of activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting system used by most private sector companies. The basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash was received or paid.

These two statements report the school district's net assets and changes in those assets. This change in net assets is important because it identifies whether the financial position of the school district has improved or diminished for the school district as a whole. The cause of this change may be the result of many factors, some financial, some not. Non-financial factors include the school district's property tax base, current property tax laws in Kentucky affecting revenue growth, facility conditions, required educational programs and other factors.

In the statement of net assets and the statement of activities, the school district is divided into two distinct kinds of activities:

Government Activities – Most of the school district's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and other support activities.

Business-Type Activity – This service is provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The school district's food service operations and the high school Child Care Program are reported as a business activity.

The government-wide financial statements can be found on pages 10-11 of this report.

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

The basic governmental fund financial statements can be found on pages 12-20 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 21-38 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 \$37.9 million at June 30, 2012.

The largest portion of the district’s net assets reflect its investment in capital assets (e.g., land and land improvements, buildings and improvements, infrastructure, vehicles, equipment and construction in progress), less any related debt used to acquire those assets that is outstanding. The district uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the district’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves 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.

**Net Assets for the Period ending June 30, 2012 and 2011
(Table 1)**

| | Governmental Activities | | Business-Type Activities | | Total Primary Government | |
|---|-------------------------|---------------------|--------------------------|--------------------|-----------------------------|---------------------|
| | <u>2012</u> | <u>2011</u> | <u>2012</u> | <u>2011</u> | <u>2012</u> | <u>2011</u> |
| Current and Other Assets | \$30,045,281 | \$16,605,013 | \$1,401,933 | \$1,314,286 | \$31,447,214 | \$17,919,299 |
| Capital Assets | 128,921,453 | 127,462,162 | 956,428 | 1,037,089 | 129,877,881 | 128,499,251 |
| Total Assets | 158,966,734 | 144,067,175 | 2,358,361 | 2,351,375 | 161,325,095 | 146,418,550 |
| Long-Term Debt | 113,734,844 | 98,363,152 | - | - | 113,734,844 | 98,363,152 |
| Other Liabilities | 9,529,451 | 11,797,251 | 69,101 | 65,848 | 9,598,552 | 11,863,099 |
| Total Liabilities | 123,264,295 | 110,160,403 | 69,101 | 65,848 | 123,333,396 | 110,226,251 |
| Net Assets | | | | | | |
| Investment in capital assets (net of debt) | 13,688,427 | 27,424,976 | 956,428 | 1,037,089 | 14,644,855 | 28,462,065 |
| Restricted | 17,272,547 | 1,767,530 | - | - | 17,272,547 | 1,767,530 |
| Unrestricted | 4,741,465 | 4,714,266 | 1,332,832 | 1,248,438 | 6,074,297 | 5,962,704 |
| Total Net Assets | \$35,702,439 | \$33,906,772 | \$2,289,260 | \$2,285,527 | \$37,991,699 | \$36,192,299 |

The following are significant current year transactions that have had an impact on the Statement of Net Assets:

- The District placed in service \$6.5 million in capital assets and removed from service \$1.0 million in capital assets (valued at cost) and incurred net depreciation of \$4.2 million as detailed in Note E – Capital Assets, page 31.
- The District Revenue bonds payable increased by \$15.76 million as detailed in Note F – Long- Term Obligations, page 33.

Comments on Budget Comparisons

- The district's total Governmental Fund revenues, net of inter-fund transfers, and bond proceeds were \$74 million.
- General Fund budget compared to actual revenue varied slightly from line item to line item with the ending actual balance being \$10.3 million more than budget or approximately 22.0%. The variance is explained by unbudgeted on-behalf payments made by the State of Kentucky in the amount of \$9.8 million and exceeding budget in local tax (property, motor vehicle, utility and occupational license) revenues of \$291 thousand and other local revenue of \$258 thousand.
- The district's total Governmental Fund expenditures totaled \$78.4 million including debt service and capital improvements.
- General Fund budget expenditures to actual varied significantly in all categories. This resulted from the district not budgeting on-behalf payments made by the State of Kentucky as instructed by the Department of Education and not having to spend budgeted transfers and contingency funds.

The following Table 2 presents a summary of changes in net assets for the fiscal year ended June 30, 2012 and 2011.

(Table 2) Changes in Net Assets

| | Governmental Activities | | Business-Type Activities | | Total Primary Government | |
|--|-------------------------|--------------------|--------------------------|------------------|--------------------------|--------------------|
| | <u>2012</u> | <u>2011</u> | <u>2012</u> | <u>2011</u> | <u>2012</u> | <u>2011</u> |
| REVENUES | | | | | | |
| Program Revenues | | | | | | |
| Charges for services | \$125,632 | \$112,222 | \$1,727,188 | \$1,720,764 | \$1,852,820 | \$1,832,986 |
| Operating grants and contributions | 10,494,054 | 11,182,551 | 2,695,056 | 2,484,416 | 13,189,110 | 13,666,967 |
| Capital Grants and contributions | 1,101,321 | 974,212 | - | - | 1,101,321 | 974,212 |
| General Revenues | | | | | | |
| Property Tax | 15,839,617 | 15,294,298 | - | - | 15,839,617 | 15,294,298 |
| Motor vehicle taxes | 1,802,878 | 1,713,697 | - | - | 1,802,878 | 1,713,697 |
| Utility taxes | 3,739,174 | 3,574,964 | - | - | 3,739,174 | 3,574,964 |
| Occupational taxes | 2,980,059 | 2,777,913 | - | - | 2,980,059 | 2,777,913 |
| Gain on disposal of capital assets | 32,894 | 533 | - | - | 32,894 | 533 |
| Investment earnings | 177,422 | 174,209 | 2,487 | 7,938 | 179,909 | 182,147 |
| State and formula grants | 37,088,160 | 33,501,981 | - | - | 37,088,160 | 33,501,981 |
| Miscellaneous | 1,112,796 | 1,475,998 | - | - | 1,112,796 | 1,475,998 |
| Total Revenues | 74,494,007 | 70,782,578 | 4,424,731 | 4,213,118 | 78,918,738 | 74,995,696 |
| EXPENSES | | | | | | |
| Program Activities: | | | | | | |
| Instruction | 43,630,930 | 42,202,960 | - | - | 43,630,930 | 42,202,960 |
| Student Support | 4,113,884 | 3,764,845 | - | - | 4,113,884 | 3,764,845 |
| Instructional staff support | 3,166,247 | 3,105,980 | - | - | 3,166,247 | 3,105,980 |
| District administrative support | 994,588 | 973,447 | - | - | 994,588 | 973,447 |
| School administrative support | 3,607,309 | 3,426,585 | - | - | 3,607,309 | 3,426,585 |
| Business support | 1,042,476 | 1,041,698 | - | - | 1,042,476 | 1,041,698 |
| Plant operation and maintenance | 5,780,436 | 5,439,947 | - | - | 5,780,436 | 5,439,947 |
| Student transportation | 4,446,665 | 4,019,334 | - | - | 4,446,665 | 4,019,334 |
| Community service activities | 1,642,341 | 1,460,496 | - | - | 1,642,341 | 1,460,496 |
| Other | 163,006 | 154,330 | - | - | 163,006 | 154,330 |
| Interest costs | 4,118,858 | 3,726,748 | - | - | 4,118,858 | 3,726,748 |
| Business-type Activities: | | | | | | |
| Food Service | - | - | 4,312,952 | 4,025,324 | 4,312,952 | 4,025,324 |
| Child Care | - | - | 99,646 | 96,757 | 99,646 | 96,757 |
| Total Expenses | 72,706,740 | 69,316,370 | 4,412,598 | 4,122,081 | 77,119,338 | 73,438,451 |
| Change in net assets before transfers | 1,787,267 | 1,466,208 | 12,133 | 91,037 | 1,799,400 | 1,557,245 |
| Transfers | 8,400 | 16,400 | (8,400) | (16,400) | - | - |
| Change in net assets | \$1,795,667 | \$1,482,608 | \$3,733 | \$74,637 | \$1,799,400 | \$1,557,245 |

Governmental Activities

Instruction comprises 60.0% of governmental program expenses. Support services expenses make up 31.8% of government expenses. The remaining expense for community services activities, interest and other items accounts for the remaining 8.2% of total government expense.

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

(Table 3)

| | Governmental Activities | | | |
|-----------------------|-------------------------|---------------------|----------------------|---------------------|
| | Total Cost of Services | | Net Cost of Services | |
| | <u>2012</u> | <u>2011</u> | <u>2012</u> | <u>2011</u> |
| Instruction | \$43,630,930 | \$42,202,960 | \$35,244,378 | \$34,579,685 |
| Support Services | 23,151,605 | 21,771,836 | 21,367,063 | 18,631,594 |
| Community Services | 1,642,341 | 1,460,496 | 1,166,986 | 1,023,527 |
| Other | 163,006 | 154,330 | 62,479 | 60,043 |
| Interest Costs | 4,118,858 | 3,726,748 | 3,144,827 | 2,752,536 |
| Total Expenses | \$72,706,740 | \$69,316,370 | \$60,985,733 | \$57,047,385 |

Business-Type Activities

The business-type activities include the food service operation, child care program within Scott County High School and a summer enrichment program.

The food service operation had total revenues of \$4,373,078 and expenses of \$4,312,952 for fiscal year 2012. Revenues include \$1,697,873 from charges for services, \$2,675,205 from state and federal grants and \$2,487 from investment earnings. The food service operation also paid \$60,000 to the general fund for indirect costs. The food service program receives no support from tax revenues.

The child care program within Scott County High School primarily serves students with infants. This program had total revenues of \$43,931, transfers from the general fund of \$48,000 and expenses of \$92,824 for fiscal year 2012. Of the revenues, \$24,080 was charges for services and \$19,851 was from state sources.

The summer enrichment program had total tuition revenue of \$5,235, transfers from the general fund of \$3,600 and expenses of \$6,821.

The district will continue to monitor the charges and costs of these activities. If it becomes necessary, the school district will increase the charges for these activities.

The School District's Funds

Information about the school district's major funds starts on page 12. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$103.2 million and expenditures and other financing uses of \$87.3 million. Net changes in fund balances for the year were most significant in the General Fund, Special Revenue Fund, and Construction Fund, with an increase in the Construction Fund balance of \$15.2 million from unexpended proceeds from sale of bonds.

General Fund Budget Highlights

The school district's budget is prepared according to Kentucky law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund. The State Department of Education requires a zero-based budget with any budgeted remaining fund balance shown as a contingency expense in the budget process. The State Department of Education does not allow the district to budget on-behalf payments for employee retirement and insurance made by the State of Kentucky.

Actual General Fund receipts (excluding on-behalf payments) for 2011/2012 of \$46,891,052 were 101% of the budgeted receipts total of \$46,419,365. Taxes collected for the year were \$18,289,180 for the General Fund and accounted for 39.0% of the annual General Fund receipts. State revenues (excluding on-behalf payments) were \$27,261,427 for the General Fund and accounted for 53.9% of the General Fund receipts.

Plant operation and maintenance expenditures included \$281,715 in costs for property insurance, operations of Elkhorn Crossing School and building repairs and maintenance funded by Capital Outlay Funds. These costs included \$103,066 for property insurance, \$24,939 for custodial services, \$46,766 for utilities, and \$106,944 for building repairs and maintenance.

Student transportation expenditures (excluding on-behalf payments) of \$3,792,994 included \$602,894 for the purchase of buses and \$642,109 for diesel fuel.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2012, the school district had \$129.9 million invested in capital assets and \$128.9 million in governmental activities. Table 4 shows fiscal year 2012 and 2011 balances.

(Table 4)
Capital Assets
(Net of Depreciation)

| | Governmental Activities | | Business-Type Activities | | Total Primary Government | |
|----------------------------|-------------------------|----------------------|--------------------------|--------------------|--------------------------|----------------------|
| | <u>2012</u> | <u>2011</u> | <u>2012</u> | <u>2011</u> | <u>2012</u> | <u>2011</u> |
| Land | \$6,463,345 | \$6,386,439 | \$ - | \$ - | \$6,463,345 | \$6,386,439 |
| Construction in progress | 5,095,625 | 531,153 | - | - | 5,095,625 | 531,153 |
| Land Improvements | 1,887,503 | 2,040,478 | - | - | 1,887,503 | 2,040,478 |
| Buildings and improvements | 110,488,845 | 113,483,297 | - | - | 110,488,845 | 113,483,297 |
| Technology | 1,227,646 | 1,381,137 | 48,671 | 30,010 | 1,276,317 | 1,411,147 |
| Vehicles | 2,765,800 | 2,576,460 | 52 | 670 | 2,765,852 | 2,577,130 |
| General equipment | 992,689 | 1,063,198 | 907,705 | 1,006,409 | 1,900,394 | 2,069,607 |
| Total | \$128,921,453 | \$127,462,162 | \$956,428 | \$1,037,089 | \$129,877,881 | \$128,499,251 |

Table 5 shows changes in capital assets for the year ended June 30, 2012 and 2011.

(Table 5)
Change in Capital Assets

| | Governmental Activities | | Business-Type Activities | | Total Primary Government | |
|-----------------------|-------------------------|----------------------|--------------------------|--------------------|--------------------------|----------------------|
| | <u>2012</u> | <u>2011</u> | <u>2012</u> | <u>2011</u> | <u>2012</u> | <u>2011</u> |
| Beginning balance | \$127,462,162 | \$129,606,033 | \$1,037,089 | \$980,778 | \$128,499,251 | \$130,586,811 |
| Additions | 6,483,267 | 2,898,380 | 74,003 | 217,955 | 6,557,270 | 3,116,335 |
| Retirements | (48,054) | (20,132) | (4,170) | (4,571) | (52,224) | (24,703) |
| Depreciation | (4,975,922) | (5,022,119) | (150,494) | (157,073) | (5,126,416) | (5,179,192) |
| Ending Balance | \$128,921,453 | \$127,462,162 | \$956,428 | \$1,037,089 | \$129,877,881 | \$128,499,251 |

BUDGETARY IMPLICATIONS

In Kentucky, the public schools fiscal year is July 1st – June 30th; other programs, i.e. some federal programs operate on a different fiscal calendar, but are reflected in the district overall budget. The district’s budget for 2012 included \$3,288,000 in Board Committed Funds for future obligations, and completed the year with a budgeted General Fund Contingency Reserve of \$955,837.

With a current enrollment of 8,505 students, Scott County School District has experienced an average annual growth in student enrollment of 182 students or 2.40% per year over the last five years. To accommodate this increase in enrollment, the district has been building new schools and renovating and expanding existing schools. These new and expanded facilities come with increased cost for utilities; maintenance of grounds and facilities, and additional personnel costs (instructional, administrative and support staffing). New schools also require funds for the purchase of computers, library books, instructional materials and equipment that can only be paid from the General Fund.

In the past, these costs have been offset by increases in state funding (SEEK), increases in business and residential property subject to local taxation, and increases in utility, occupational and net profits tax revenues. However, as with all Kentucky school districts, revenue from property tax is limited to a 4% annual growth on previous year existing property. The low growth in property assessments (less than 1% average per year since 2008/2009) subject to taxation has diminished the Board’s ability to add facilities to meet current student enrollment growth.

These growth related costs, along with the continuing need to increase student capacity, decrease in local revenue per student and limited state revenue growth, will continue to create budgetary challenges for the Scott County School District.

Contacting the School District’s Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the school district’s finances and to reflect the school district’s accountability for the monies it receives. Questions about this report or additional financial information needs should be directed to Superintendent, Patricia Putty or Finance Officer, Randy Cutright at (502) 863-3663 or by mail, to Scott County Public Schools, PO Box 578, Georgetown, KY 40324.

BASIC FINANCIAL STATEMENTS

SCOTT COUNTY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

June 30, 2012

| Assets | <u>Governmental Activities</u> | <u>Business- Type Activities</u> | <u>Total</u> |
|--|------------------------------------|--|----------------------|
| <u>Current Assets</u> | | | |
| Cash and cash equivalents | \$ 8,318,314 | \$ 1,191,697 | \$ 9,510,011 |
| Investments | 16,492,900 | | 16,492,900 |
| Prepays | 72,818 | | 72,818 |
| Inventory | | 181,664 | 181,664 |
| Receivables: | | | |
| Taxes-current | 934,909 | | 934,909 |
| Taxes-delinquent | 29,307 | | 29,307 |
| Other receivables | 652,468 | 249 | 652,717 |
| Intergovernmental-State | 76,038 | | 76,038 |
| Intergovernmental-Indirect Federal | 965,064 | 28,323 | 993,387 |
| Total Current Assets | 27,541,818 | 1,401,933 | 28,943,751 |
| <u>Noncurrent Assets</u> | | | |
| Bond discount and expense | 1,544,622 | | 1,544,622 |
| Deferred amount on refunding | 958,841 | | 958,841 |
| Capital assets, net of accumulated depreciation | 128,921,453 | 956,428 | 129,877,881 |
| Total Noncurrent Assets | 131,424,916 | 956,428 | 132,381,344 |
| Total Assets | 158,966,734 | 2,358,361 | 161,325,095 |
| Liabilities | | | |
| <u>Current Liabilities</u> | | | |
| Accounts payable | 2,368,559 | 26,877 | 2,395,436 |
| Accrued liabilities | 409,364 | 1,540 | 410,904 |
| Deferred revenue | 102,838 | 40,684 | 143,522 |
| Current portion of bond obligations | 4,675,000 | | 4,675,000 |
| Current portion of capital lease obligations | 239,327 | | 239,327 |
| Current portion of accrued sick leave | 183,147 | | 183,147 |
| Interest payable | 1,551,216 | | 1,551,216 |
| Total Current Liabilities | 9,529,451 | 69,101 | 9,598,552 |
| <u>Noncurrent Liabilities</u> | | | |
| Noncurrent portion of bond obligations | 111,390,000 | | 111,390,000 |
| Noncurrent portion of capital lease obligations | 1,432,162 | | 1,432,162 |
| Noncurrent portion of accrued sick leave | 912,682 | | 912,682 |
| Total Noncurrent Liabilities | 113,734,844 | - | 113,734,844 |
| Total Liabilities | 123,264,295 | 69,101 | 123,333,396 |
| <u>Net Assets</u> | | | |
| Invested in capital assets, net of related debt | 13,688,427 | 956,428 | 14,644,855 |
| Restricted for: | | | |
| Grants | 478,283 | | 478,283 |
| Capital projects | 16,727,512 | | 16,727,512 |
| Debt service | 66,752 | | 66,752 |
| Unrestricted | 4,741,465 | 1,332,832 | 6,074,297 |
| Total Net Assets | \$ 35,702,439 | \$ 2,289,260 | \$ 37,991,699 |

See accompanying notes to financial statements.

SCOTT COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
Year Ended June 30, 2012

| FUNCTIONS/PROGRAMS | Expenses | Program Revenues | | | Net (Expenses) Revenues and Changes in Net Assets | | |
|---------------------------------------|----------------------|----------------------------|--|--------------------------------------|--|---------------------------------|----------------------|
| | | Charges For Services | Operating Grants & Contributions | Capital Grants & Contributions | Governmental Activities | Business- Type Activities | Total |
| Governmental Activities: | | | | | | | |
| Instruction | \$ 43,630,930 | \$ 125,632 | \$ 8,133,630 | \$ 127,290 | \$ (35,244,378) | \$ - | \$ (35,244,378) |
| Support services: | | | | | | | |
| Student | 4,113,884 | | 570,296 | | (3,543,588) | | (3,543,588) |
| Instruction staff | 3,166,247 | | 783,964 | | (2,382,283) | | (2,382,283) |
| District administrative | 994,588 | | | | (994,588) | | (994,588) |
| School administrative | 3,607,309 | | 172,932 | | (3,434,377) | | (3,434,377) |
| Business | 1,042,476 | | 8,561 | | (1,033,915) | | (1,033,915) |
| Plant operation and maintenance | 5,780,436 | | 43,637 | | (5,736,799) | | (5,736,799) |
| Student transportation | 4,446,665 | | 205,152 | | (4,241,513) | | (4,241,513) |
| Community service activities | 1,642,341 | | 475,355 | | (1,166,986) | | (1,166,986) |
| Other | 163,006 | | 100,527 | | (62,479) | | (62,479) |
| Interest on long-term debt | 4,118,858 | | | 974,031 | (3,144,827) | | (3,144,827) |
| Total Governmental Activities | 72,706,740 | 125,632 | 10,494,054 | 1,101,321 | (60,985,733) | - | (60,985,733) |
| Business-Type Activities: | | | | | | | |
| Food service | 4,312,952 | 1,697,873 | 2,675,205 | | | 60,126 | 60,126 |
| Child care | 99,646 | 29,315 | 19,851 | | | (50,480) | (50,480) |
| Total Business-Type Activities | 4,412,598 | 1,727,188 | 2,695,056 | - | - | 9,646 | 9,646 |
| Total Primary Government | \$ 77,119,338 | \$ 1,852,820 | \$ 13,189,110 | \$ 1,101,321 | (60,985,733) | 9,646 | (60,976,087) |
| | | | General Revenues: | | | | |
| | | | Taxes: | | | | |
| | | | Property taxes | | 15,839,617 | | 15,839,617 |
| | | | Motor vehicle taxes | | 1,802,878 | | 1,802,878 |
| | | | Utility taxes | | 3,739,174 | | 3,739,174 |
| | | | Occupational taxes | | 2,980,059 | | 2,980,059 |
| | | | Gain on capital asset disposal | | 32,894 | | 32,894 |
| | | | Investment earnings | | 177,422 | 2,487 | 179,909 |
| | | | State and formula grants | | 37,088,160 | | 37,088,160 |
| | | | Miscellaneous | | 1,112,796 | | 1,112,796 |
| | | | Total general revenues | | 62,773,000 | 2,487 | 62,775,487 |
| | | | Transfers | | 8,400 | (8,400) | - |
| | | | Change in net assets | | 1,795,667 | 3,733 | 1,799,400 |
| | | | Net assets - beginning | | 33,906,772 | 2,285,527 | 36,192,299 |
| | | | Net assets - ending | | \$ 35,702,439 | \$ 2,289,260 | \$ 37,991,699 |

See accompanying notes to financial statements.

FUND FINANCIAL STATEMENTS

SCOTT COUNTY SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2012

| | General Fund | Special Revenue | FSPK Fund | Construction Fund | Debt Service Fund | Nonmajor Governmental Fund - Capital Outlay Fund | Total Governmental Funds |
|--|---------------------|---------------------|-----------------|----------------------|-------------------|--|--------------------------|
| Assets: | | | | | | | |
| Cash and cash equivalents | \$ 6,592,987 | \$ - | \$ 1,363 | \$ 1,908,088 | \$ 66,752 | \$ 113,649 | \$ 8,682,839 |
| Investments | | | | 16,492,900 | | | 16,492,900 |
| Prepays | 65,033 | 7,785 | | | | | 72,818 |
| Receivables: | | | | | | | |
| Taxes - current | 934,909 | | | | | | 934,909 |
| Taxes - delinquent | 29,307 | | | | | | 29,307 |
| Other receivables | 626,244 | 1,684 | | 24,540 | | | 652,468 |
| Intergovernmental - State | | 76,038 | | | | | 76,038 |
| Intergovernmental - Indirect Federal | | 965,064 | | | | | 965,064 |
| Total Assets | \$ 8,248,480 | \$ 1,050,571 | \$ 1,363 | \$ 18,425,528 | \$ 66,752 | \$ 113,649 | \$ 27,906,343 |
| Liabilities and Fund Balances: | | | | | | | |
| Liabilities | | | | | | | |
| Accounts payable | \$ 450,606 | \$ 104,925 | \$ - | \$ 1,813,028 | \$ - | \$ - | \$ 2,368,559 |
| Cash overdraft | - | 364,525 | | | | | 364,525 |
| Accrued liabilities | 409,364 | | | | | | 409,364 |
| Deferred revenue | | 102,838 | | | | | 102,838 |
| Total Liabilities | 859,970 | 572,288 | - | 1,813,028 | - | - | 3,245,286 |
| Fund Balances | | | | | | | |
| Nonspendable | 65,033 | 7,785 | | | | | 72,818 |
| Restricted | | 470,498 | 1,363 | 3,471,770 | 66,752 | 113,649 | 4,124,032 |
| Committed | 3,467,975 | | | | | | 3,467,975 |
| Assigned | 467,470 | | | 13,140,730 | | | 13,608,200 |
| Unassigned | 3,388,032 | | | | | | 3,388,032 |
| Total Fund Balances | 7,388,510 | 478,283 | 1,363 | 16,612,500 | 66,752 | 113,649 | 24,661,057 |
| Total Liabilities and Fund Balances | \$ 8,248,480 | \$ 1,050,571 | \$ 1,363 | \$ 18,425,528 | \$ 66,752 | \$ 113,649 | \$ 27,906,343 |

See accompanying notes to financial statements.

SCOTT COUNTY SCHOOL DISTRICT

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

June 30, 2012

| | |
|--|----------------------|
| Total fund balance per fund financial statements | \$ 24,661,057 |
| Amounts reported for governmental activities in the statement of net assets are different because: | |
| Capital assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net assets. | 128,921,453 |
| Certain liabilities are not reported in this fund financial statement because because they are not due and payable, but they are presented in the statement of net assets: | |
| Bonds payable | (116,065,000) |
| Bond discount and expense | 1,544,622 |
| Deferred amount on refunding | 958,841 |
| Capital leases payable | (1,671,489) |
| Interest payable | (1,551,216) |
| Accrued sick leave | <u>(1,095,829)</u> |
| Net assets for governmental activities | <u>\$ 35,702,439</u> |

See accompanying notes to financial statements.

SCOTT COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

Year Ended June 30, 2012

| | General Fund | Special Revenue Fund | FSPK Fund | Construction Fund | Debt Service Fund | Nonmajor Governmental Fund - Capital Outlay Fund | Total Governmental Funds |
|---|---------------------|----------------------|--------------------|----------------------|--------------------|--|--------------------------|
| Revenues: | | | | | | | |
| From local sources: | | | | | | | |
| Taxes: | | | | | | | |
| Property | \$ 9,767,069 | \$ - | \$ 6,072,548 | \$ - | \$ - | \$ - | \$ 15,839,617 |
| Motor vehicle | 1,802,878 | | | | | | 1,802,878 |
| Utilities | 3,739,174 | | | | | | 3,739,174 |
| Occupational | 2,980,059 | | | | | | 2,980,059 |
| Earnings on investments | 83,720 | 649 | 4 | 92,958 | | 91 | 177,422 |
| Other local revenues | 1,245,120 | 110,757 | | 7,290 | | | 1,363,167 |
| Intergovernmental - State | 37,088,160 | 2,970,326 | 1,410,949 | | 974,031 | 765,859 | 43,209,325 |
| Intergovernmental - Indirect Federal | 11,605 | 5,158,840 | | | | | 5,170,445 |
| Intergovernmental - Direct Federal | | 59,023 | | | | | 59,023 |
| Total Revenues | 56,717,785 | 8,299,595 | 7,483,501 | 100,248 | 974,031 | 765,950 | 74,341,110 |
| Expenditures: | | | | | | | |
| Instruction | 33,854,122 | 5,915,881 | | | | | 39,770,003 |
| Support services: | | | | | | | |
| Student | 3,562,237 | 570,296 | | | | | 4,132,533 |
| Instruction staff | 2,371,647 | 783,964 | | | | | 3,155,611 |
| District administrative | 959,948 | | | | | | 959,948 |
| School administrative | 3,402,662 | 172,932 | | | | | 3,575,594 |
| Business | 1,049,279 | 8,561 | | | | | 1,057,840 |
| Plant operation and maintenance | 5,743,732 | 43,637 | | | | | 5,787,369 |
| Student transportation | 4,405,292 | 205,152 | | | | | 4,610,444 |
| Facilities acquisition and construction | | | | 5,091,940 | | | 5,091,940 |
| Community service activities | 1,166,987 | 475,355 | | | | | 1,642,342 |
| Other | 305,260 | 100,527 | | | | | 405,787 |
| Bond issue costs | | | | 102,100 | | | 102,100 |
| Debt service: | | | | | | | |
| Principal | | | | | 4,495,000 | | 4,495,000 |
| Interest | | | | | 3,659,347 | | 3,659,347 |
| Total Expenditures | 56,821,166 | 8,276,305 | - | 5,194,040 | 8,154,347 | - | 78,445,858 |
| Excess (Deficit) of Revenues over Expenditures | (103,381) | 23,290 | 7,483,501 | (5,093,792) | (7,180,316) | 765,950 | (4,104,748) |
| Other Financing Sources (Uses): | | | | | | | |
| Proceeds from sale of bonds | | | | 20,250,000 | | | 20,250,000 |
| Bond discount | | | | (405,000) | | | (405,000) |
| Proceeds from disposal of capital assets | 80,951 | | | | | | 80,951 |
| Transfers in | 398,616 | 147,754 | | 712,217 | 7,237,727 | | 8,496,314 |
| Transfers out | (51,600) | (54,831) | (7,483,497) | (213,064) | | (684,922) | (8,487,914) |
| Total Other Financing Sources (Uses) | 427,967 | 92,923 | (7,483,497) | 20,344,153 | 7,237,727 | (684,922) | 19,934,351 |
| Net Change in Fund Balances | 324,586 | 116,213 | 4 | 15,250,361 | 57,411 | 81,028 | 15,829,603 |
| Fund Balance, July 1, 2011 | 7,063,924 | 362,070 | 1,359 | 1,362,139 | 9,341 | 32,621 | 8,831,454 |
| Fund Balance, June 30, 2012 | \$ 7,388,510 | \$ 478,283 | \$ 1,363 | \$ 16,612,500 | \$ 66,752 | \$ 113,649 | \$ 24,661,057 |

See accompanying notes to financial statements.

SCOTT COUNTY SCHOOL DISTRICT

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

Year Ended June 30, 2012

| | |
|---|---------------------|
| Net change in total fund balances per fund financial statements | \$ 15,829,603 |
| Amounts reported for governmental activities in the statement of activities are different because: | |
| Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which capital outlays exceeds depreciation expense for the year. | 1,507,345 |
| The proceeds for the issuance of bonds provide current financial resources and are reported in this fund financial statement but they are presented as liabilities in the statement of net assets. | (19,742,900) |
| Bond payments are recognized as expenditures of current financial resources in the fund financial statement but are reductions of liabilities in the statement of net assets. | 4,495,000 |
| Capital lease payments are recognized as expenditures of current financial resources in the fund financial statement but are reductions of liabilities in the statement of net assets. | 242,781 |
| In the statement of activities, only the gain (loss) on sale of fixed assets is reported, whereas in the governmental funds, the proceeds for the sale increased financial resources. | (48,054) |
| Generally, expenditures recognized in this fund financial statement are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred. | <u>(488,108)</u> |
| Change in net assets of governmental activities | <u>\$ 1,795,667</u> |

See accompanying notes to financial statements.

SCOTT COUNTY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

June 30, 2012

| | Food Service Fund | Child Care Fund | Total Enterprise Funds |
|--|-------------------------|-----------------------|------------------------------|
| Assets | | | |
| <u>Current Assets</u> | | | |
| Cash and cash equivalents | \$ 1,183,353 | \$ 8,344 | \$ 1,191,697 |
| Inventory | 181,664 | | 181,664 |
| Other receivables | 249 | | 249 |
| Intergovernmental receivable - Indirect Federal | 28,323 | | 28,323 |
| Total Current Assets | 1,393,589 | 8,344 | 1,401,933 |
| <u>Noncurrent Assets</u> | | | |
| Capital assets, net of accumulated depreciation | 956,428 | | 956,428 |
| Total Noncurrent Assets | 956,428 | - | 956,428 |
| Total Assets | 2,350,017 | 8,344 | 2,358,361 |
| Liabilities | | | |
| <u>Current Liabilities</u> | | | |
| Accounts payable | 26,877 | | 26,877 |
| Accrued liabilities | | 1,540 | 1,540 |
| Deferred revenue | 40,684 | | 40,684 |
| Total Current Liabilities | 67,561 | 1,540 | 69,101 |
| <u>Net Assets</u> | | | |
| Invested in capital assets, net of related debt | 956,428 | | 956,428 |
| Unrestricted | 1,326,028 | 6,804 | 1,332,832 |
| Total Net Assets | \$ 2,282,456 | \$ 6,804 | \$ 2,289,260 |

See accompanying notes to financial statements.

SCOTT COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

PROPRIETARY FUNDS

Year Ended June 30, 2012

| | Food Service Fund | Child Care Fund | Total Enterprise Funds |
|---|-------------------------|-----------------------|------------------------------|
| Operating Revenues | | | |
| Lunchroom sales | \$ 1,657,227 | \$ - | \$ 1,657,227 |
| Other revenue | 40,646 | | 40,646 |
| Tuition and fees | | 29,315 | 29,315 |
| Total Operating Revenues | 1,697,873 | 29,315 | 1,727,188 |
| Operating Expenses | | | |
| Salaries and wages | 1,985,802 | 98,870 | 2,084,672 |
| Materials and supplies | 1,956,348 | 776 | 1,957,124 |
| Depreciation | 150,494 | | 150,494 |
| Other operating expenses | 216,138 | | 216,138 |
| Total Operating Expenses | 4,308,782 | 99,646 | 4,408,428 |
| Operating (loss) | <u>(2,610,909)</u> | <u>(70,331)</u> | <u>(2,681,240)</u> |
| Non-Operating Revenues (Expenses) | | | |
| Federal grants | 1,967,616 | | 1,967,616 |
| Donated commodities | 207,124 | | 207,124 |
| State grants | 35,948 | 7,222 | 43,170 |
| State on-behalf payments | 464,517 | 12,629 | 477,146 |
| Loss on disposal of fixed assets | (4,170) | | (4,170) |
| Interest income | 2,487 | | 2,487 |
| Total Non-Operating Revenues (Expenses) Before Contributions and Transfers | 2,673,522 | 19,851 | 2,693,373 |
| Transfers in | - | 51,600 | 51,600 |
| Transfers out | (60,000) | | (60,000) |
| Changes in net assets | 2,613 | 1,120 | 3,733 |
| Net Assets, July 1, 2011 | 2,279,843 | 5,684 | 2,285,527 |
| Net Assets, June 30, 2012 | \$ 2,282,456 | \$ 6,804 | \$ 2,289,260 |

See accompanying notes to financial statements.

SCOTT COUNTY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

Year Ended June 30, 2012

| | Food Service Fund | Child Care Fund | Total Enterprise Funds |
|---|-------------------------|-----------------------|------------------------------|
| Cash Flows from Operating Activities | | | |
| Cash received from: | | | |
| Lunchroom sales | \$ 1,661,956 | \$ - | \$ 1,661,956 |
| Tuition and fees | | 29,315 | 29,315 |
| Other activities | 40,646 | | 40,646 |
| Cash paid to/for: | | | |
| Employees | (1,521,285) | (84,701) | (1,605,986) |
| Supplies | (1,717,387) | (1,009) | (1,718,396) |
| Other activities | (216,138) | | (216,138) |
| Net Cash Used by Operating Activities | (1,752,208) | (56,395) | (1,808,603) |
| Cash flows from Non-Capital Financing Activities | | | |
| Federal grants | 1,975,556 | | 1,975,556 |
| State grants | 35,948 | 7,222 | 43,170 |
| Transfers from other funds | | 51,600 | 51,600 |
| Transfers to other funds | (60,000) | | (60,000) |
| Net Cash Provided by Non-Capital Financing Activities | 1,951,504 | 58,822 | 2,010,326 |
| Cash Flows from Capital and Related Financing Activities | | | |
| Purchases of capital assets | (74,003) | - | (74,003) |
| Cash Flows from Investing Activities | | | |
| Receipt of interest income | 2,487 | | 2,487 |
| Net increase in cash and cash equivalents | 127,780 | 2,427 | 130,207 |
| Balances, beginning of year | 1,055,573 | 5,917 | 1,061,490 |
| Balances, end of year | \$ 1,183,353 | \$ 8,344 | \$ 1,191,697 |
| Reconciliation of operating loss to net cash used by operating activities: | | | |
| Operating loss | \$ (2,610,909) | \$ (70,331) | \$ (2,681,240) |
| Adjustments to reconcile operating loss to net cash used by operating activities: | | | |
| Depreciation | 150,494 | | 150,494 |
| Donated commodities | 207,124 | | 207,124 |
| State on-behalf payments | 464,517 | 12,629 | 477,146 |
| Change in assets and liabilities: | | | |
| Other receivables | 362 | | 362 |
| Inventory | 34,258 | | 34,258 |
| Deferred revenue | 4,367 | | 4,367 |
| Accrued liabilities | | 1,540 | 1,540 |
| Accounts payable | (2,421) | (233) | (2,654) |
| Net Cash Used by Operating Activities | \$ (1,752,208) | \$ (56,395) | \$ (1,808,603) |
| Schedule of Non-cash Transactions | | | |
| Donated commodities received from federal government | \$ 207,124 | \$ - | \$ 207,124 |
| State on-behalf payments | \$ 464,517 | \$ 12,629 | \$ 477,146 |

See accompanying notes to financial statements.

SCOTT COUNTY SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

June 30, 2012

| | <u>Private Purpose Trust Funds</u> | <u>Agency Fund</u> |
|---------------------------------|--|------------------------|
| Assets | | |
| Cash and cash equivalents | \$ 33,187 | \$ 1,521,574 |
| Accounts receivable | | 15,943 |
| Total Assets | <u>\$ 33,187</u> | <u>\$ 1,537,517</u> |
| Liabilities | | |
| Accounts payable | \$ - | \$ 295,366 |
| Due to student groups | | 1,242,151 |
| Total Liabilities | <u>\$ -</u> | <u>\$ 1,537,517</u> |
| Net Assets Held in Trust | <u>\$ 33,187</u> | <u>\$ -</u> |

See accompanying notes to financial statements.

SCOTT COUNTY SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

Year Ended June 30, 2012

| | Private Purpose Trust Funds |
|--------------------------------------|--------------------------------------|
| Additions | |
| Net interest and investment gains | \$ 80 |
| Other additions | 9,546 |
| Deductions | |
| Expenses paid | <u>(10,040)</u> |
| Change in net assets | (414) |
| Net Assets, beginning of year | <u>33,601</u> |
| Net Assets, end of year | <u><u>\$ 33,187</u></u> |

See accompanying notes to financial statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS

SCOTT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Scott County Board of Education ("Board"), a five-member group, is the level of government, which has oversight responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of Scott County 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. Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to develop policies, which may influence operations and primary accountability for fiscal matters. As allowed in Section P80 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, the District has elected not to apply to its proprietary activities Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989

The District, for financial purposes, includes all of the funds and account groups relevant to the operation of the Scott County 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 Board. Control or dependence is determined on the basis of budget adoption, funding and appointment of the respective governing board.

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

Scott County School District Finance Corporation – On November 8, 1988, the School District resolved to authorize the establishment of the SCOTT County School District Finance Corporation (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS Section 58.180) (the "Corporation") as an agency for the District for financing the costs of school building facilities. The members of the Board also comprise the Corporation's Board of Directors. The Corporation is blended into the District's financial statements.

Basis of Presentation

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

SCOTT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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

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

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

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

The District has the following funds:

I. Governmental Fund Types

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

SCOTT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

II. Proprietary Fund Types (Enterprise Fund)

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

SCOTT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

III. Fiduciary Fund Type (Agency Fund)

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

Basis of Accounting

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

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

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

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

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

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

SCOTT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of Accounting - Continued

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

Property Taxes

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

The property tax rates assessed for the year ended June 30, 2012, to finance operations were \$.433 per \$100 valuation for real property, \$.433 per \$100 valuation for business personal property and \$.548 per \$100 valuation for motor vehicles.

The District levies a utility gross receipts license tax in the amount of 3% of the gross receipts derived from the furnishings, within the county, of telephonic and telegraphic communications services, cablevision services, electric power, water, and natural, artificial and mixed gas. The District also levies an occupational license tax of 0.5%.

Capital Assets

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

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

SCOTT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

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

Interfund Balances

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

Budgetary Process

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

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

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

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

Encumbrances

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

SCOTT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Cash and Cash Equivalents

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

Inventories

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

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

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

Prepaid Assets

Payments made that will benefit periods beyond June 30, 2012, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Receivables

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

Accrued Liabilities and Long-Term Obligations

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

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

SCOTT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Net Assets

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

Operating Revenues and Expenses

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

Contributions of Capital

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

Interfund Activity

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

NOTE B – ESTIMATES

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

SCOTT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

NOTE C – FUND BALANCES

Nonspendable fund balances are those that cannot be spent on future obligations. At June 30, 2012, the General Fund has \$665,033 and the Special Revenue Fund has \$7,785 of nonspendable fund balance related to prepaid items.

Restricted fund balances arise when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. At June 30, 2012, the District had \$470,498 restricted for grants in the special revenue fund, \$1,363 restricted for capital projects in the FSPK fund, \$3,471,770 restricted for capital projects in the Construction Fund, \$66,752 restricted for debt service in the Debt Service Fund and \$113,649 restricted for capital projects in the non-major fund.

Committed fund balances are those amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, which, for the District is the School Board. The School Board must approve by majority vote the establishment (and modification or rescinding) of a fund balance commitment. The District had the following general fund commitments at June 30, 2012: \$367,487 for vocational items, \$569,766 for sick leave, \$150,000 for occupational tax refunds, \$45,000 for internal service, \$750,000 for textbooks, \$490,692 for site-based carryforward and \$1,095,030 for personnel.

Amounts that are constrained by the government's *intent* to be used for specific purposes, but are neither restricted nor committed. The School District allows program supervisors to complete purchase orders which result in the encumbrance of funds. The amount assigned related to encumbrances at June 30, 2012, was \$1,644,371 (\$467,470 in the general fund and \$13,140,730 in the construction fund). Assigned fund balance also includes (a) all remaining amounts (except for negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed and (b) amounts in the general fund that are intended to be used for a specific purpose.

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

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

NOTE D – DEPOSITS AND INVESTMENTS

DEPOSITS

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy is to have all deposits secured by pledged securities. At June 30, 2012, \$13,923,819 of the District's bank balance of \$14,697,773 was exposed to custodial credit risk. Of the bank balance not covered by depository insurance, the entire amount was collateralized by securities held by the pledging financial institution.

SCOTT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

NOTE D – DEPOSITS AND INVESTMENTS – CONTINUED

INVESTMENTS

As of June 30, 2012, the District had the following investments and maturities:

| | <u>Fair Value</u> | <u>Average Credit Quality Ratings</u> | <u>More Than 10</u> |
|-------------------------------|-------------------|---|-------------------------|
| Small Business Administration | \$ 16,492,900 | Unrated | \$ 16,492,900 |

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

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

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. **Concentration of Credit Risk** is the risk of loss attributed to the magnitude of the District’s investment in a single issuer. U.S. Government securities and investments in mutual funds are excluded from this risk. The District has all of its investment in a Small Business Administration investment. **Custodial Credit Risk** is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District’s investment is held by the counterparty in the District’s name. The investment is collateralized at 105%.

SCOTT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

NOTE E – CAPITAL ASSETS

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

| Governmental Activities | Balance July 1, 2011 | Additions | Deductions | Balance June 30, 2012 |
|---|-------------------------|---------------------|--------------------|--------------------------|
| Non-Depreciable Assets: | | | | |
| Land | \$ 6,386,439 | \$ 120,000 | \$ (43,094) | \$ 6,463,345 |
| Construction in progress | 531,153 | 4,564,472 | | 5,095,625 |
| Depreciable Assets: | | | | |
| Land improvements | 3,591,319 | 4,600 | | 3,595,919 |
| Buildings and improvements | 147,217,553 | 606,955 | | 147,824,508 |
| Technology equipment | 6,023,376 | 451,929 | (465,920) | 6,009,385 |
| Vehicles | 6,088,657 | 624,394 | (393,854) | 6,319,197 |
| General equipment | 2,324,839 | 110,917 | (43,323) | 2,392,433 |
| Totals at historical cost | 172,163,336 | 6,483,267 | (946,191) | 177,700,412 |
| Accumulated depreciation: | | | | |
| Land improvements | 1,550,841 | 157,575 | | 1,708,416 |
| Buildings and improvements | 33,734,256 | 3,601,407 | | 37,335,663 |
| Technology equipment | 4,642,239 | 603,860 | (464,360) | 4,781,739 |
| Vehicles | 3,512,197 | 435,054 | (393,854) | 3,553,397 |
| General equipment | 1,261,641 | 178,026 | (39,923) | 1,399,744 |
| Total accumulated depreciation | 44,701,174 | 4,975,922 | (898,137) | 48,778,959 |
| Governmental Activities Capital Assets - Net | <u>\$ 127,462,162</u> | <u>\$ 1,507,345</u> | <u>\$ (48,054)</u> | <u>\$ 128,921,453</u> |
| Depreciation was charged to governmental functions as follows: | | | | |
| Instruction | \$ 4,270,679 | | | |
| Student support | 63,769 | | | |
| Instructional staff support | 27,624 | | | |
| District administration | 33,962 | | | |
| School administration | 15,837 | | | |
| Business support | 29,032 | | | |
| Plant | 79,280 | | | |
| Transportation | 455,739 | | | |
| | <u>\$ 4,975,922</u> | | | |
| Business-Type Activities | | | | |
| Technology equipment | \$ 122,011 | \$ 31,978 | \$ (2,823) | \$ 151,166 |
| Vehicles | 3,090 | | | 3,090 |
| General equipment | 2,108,233 | 42,025 | (19,431) | 2,130,827 |
| Totals at historical cost | 2,233,334 | 74,003 | (22,254) | 2,285,083 |
| Accumulated depreciation: | | | | |
| Technology equipment | 92,001 | 13,317 | (2,823) | 102,495 |
| Vehicles | 2,420 | 618 | | 3,038 |
| General equipment | 1,101,824 | 136,559 | (15,261) | 1,223,122 |
| Total accumulated depreciation | 1,196,245 | 150,494 | (18,084) | 1,328,655 |
| Business-type Activities Capital Assets - Net | <u>\$ 1,037,089</u> | <u>\$ (76,491)</u> | <u>\$ (4,170)</u> | <u>\$ 956,428</u> |

SCOTT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

NOTE F – LONG-TERM OBLIGATIONS

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

| Issue Date | Original Proceeds | Rates | Issue Date | Original Proceeds | Rates |
|------------|-------------------|----------------|------------|-------------------|----------------|
| 2004 | \$ 12,100,000 | 2.00% - 4.30% | 2010 REF | 3,720,000 | 2.00% - 3.375% |
| 2004B | 4,500,000 | 2.50% - 5.00% | 2010B REF | 11,550,000 | 0.40% - 2.60% |
| 2005 | 22,125,000 | 3.00% - 4.375% | 2011 REF | 12,030,000 | 1.00% - 3.20% |
| 2007 | 8,200,000 | 4.00% - 4.25% | 2012 | 20,250,000 | 2.00% - 3.40% |
| 2007B | 12,400,000 | 4.00% - 4.30% | | | |
| 2008 | 7,650,000 | 3.50% - 3.90% | | | |
| 2008 REF | 1,835,000 | 2.00% - 3.25% | | | |
| 2009 | 15,000,000 | 3.00% - 4.375% | | | |

The District, through the General Fund (including utility taxes and the Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund) is obligated to make payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Scott County School District Finance Corporation to construct school facilities. The District has an option to purchase the property under lease at any time by retiring the bonds then outstanding. The District has “participation agreements” with the Kentucky School Facilities Construction Commission. The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs.

On January 18, 2012, the District issued \$20,250,000 in Revenue Bonds with an interest rates ranging from 2.0% to 3.4%. The net proceeds of \$19,808,209 (after \$102,100 in cost of issuance, \$405,000 in bond discount, and \$65,309 of interest) were deposited in the Construction Fund.

The table below sets forth the amount to be paid by the District and the Commission for each year until maturity of all bond issues. The liability for the total bond amount remains with the District and, as such, the total principal outstanding has been recorded in the financial statements. The bonds may be called prior to maturity and redemption premiums are specified in each issue. Assuming no bonds are called prior to scheduled maturity, the minimum obligations of the District, including amounts to be paid by the Commission, at June 30, 2012, for debt service (principal and interest) are as follows:

| Year | Principal | Interest | Participation | District's Portion |
|-----------|-----------------------|----------------------|----------------------|-----------------------|
| 2013 | \$ 4,675,000 | \$ 4,224,518 | \$ 1,000,369 | \$ 7,899,149 |
| 2014 | 4,850,000 | 4,058,753 | 992,321 | 7,916,432 |
| 2015 | 4,975,000 | 3,929,020 | 988,076 | 7,915,944 |
| 2016 | 5,065,000 | 3,789,608 | 933,943 | 7,920,665 |
| 2017 | 5,220,000 | 3,634,675 | 933,944 | 7,920,731 |
| 2018-2022 | 28,100,000 | 15,459,171 | 3,953,889 | 39,605,282 |
| 2023-2027 | 32,575,000 | 9,901,480 | 2,828,532 | 39,647,948 |
| 2028-2032 | 30,605,000 | 3,057,003 | 1,256,749 | 32,405,254 |
| | <u>\$ 116,065,000</u> | <u>\$ 48,054,228</u> | <u>\$ 12,887,823</u> | <u>\$ 151,231,405</u> |

SCOTT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

NOTE F – LONG-TERM OBLIGATIONS – CONTINUED

Accumulated Unpaid Sick Leave Benefits

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

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

Long-term liability activity for the year ended June 30, 2012, was as follows:

| | Balance July 1, 2011 | Additions | Reductions | Balance June 30, 2012 | Amounts Due Within One Year |
|-----------------------|-------------------------|----------------------|---------------------|--------------------------|-----------------------------------|
| Revenue bonds payable | \$ 100,310,000 | \$ 20,250,000 | \$ 4,495,000 | \$ 116,065,000 | \$ 4,675,000 |
| Accrued sick leave | 1,067,232 | 188,191 | 159,595 | 1,095,828 | 183,147 |
| | <u>\$ 101,377,232</u> | <u>\$ 20,438,191</u> | <u>\$ 4,654,595</u> | <u>\$ 117,160,828</u> | <u>\$ 4,858,147</u> |

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

NOTE G – CAPITAL LEASE PAYABLE

The following is an analysis of the leased property under capital lease by class:

Classes of Property

Buses

| | |
|--------------------------|--------------|
| Gross amount of assets | \$ 2,323,184 |
| Accumulated amortization | 785,139 |

SCOTT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

NOTE G – CAPITAL LEASE PAYABLE – CONTINUED

The following is a schedule by years of the future minimum lease payments under capital lease together with the present value of the net minimum lease payments as of June 30, 2012:

| | | |
|--|----|-------------------------|
| 2013 | \$ | 308,498 |
| 2014 | | 285,886 |
| 2015 | | 287,058 |
| 2016 | | 278,060 |
| 2017 | | 266,677 |
| Thereafter | | <u>490,928</u> |
| Total minimum lease payments | | 1,917,107 |
| Less: Amount representing interest | | <u>(246,618)</u> |
| Present Value of Net Minimum Lease Payments | \$ | <u><u>1,670,489</u></u> |

NOTE H – OPERATING LEASES

Commitments under operating lease agreements for office equipment provide the minimum future rental payments as of June 30:

| | | |
|-------|----|----------------------|
| 2013 | \$ | 11,391 |
| 2014 | | 8,281 |
| 2015 | | <u>2,840</u> |
| Total | \$ | <u><u>22,512</u></u> |

Rent expense for the year ended June 30, 2012, was \$26,941.

SCOTT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

NOTE I – RETIREMENT PLANS

All the District's eligible employees participate in the Kentucky Teacher's Retirement System (KTRS), a statewide multiple-employer public employee retirement system covering all employees of local school districts within the State of Kentucky. KTRS is a cost sharing public employee retirement system with one exception: all risks and costs are not shared by the District but are the liability of the State of Kentucky. KTRS is funded through state and employee contributions and the District has no legal obligation for paying benefits. As discussed below, the District may be required in certain situations to make limited contributions on behalf of certain employees.

The State of Kentucky contributes 13.105% of the employee's gross earnings for employees with un-refunded accounts before July 1, 2008 and 14.105% of employee's gross earnings for employees on or after July 1, 2008, except for those District employees being paid from and participating in federally funded programs. During the years ended June 30, 2012, 2011 and 2010, contributions of \$3,989,456, \$3,943,602, and \$4,162,422 were made by the State of Kentucky and \$476,277, \$301,047 and \$291,825 in contributions were passed through the District's federally funded programs. Contributions by the employees are 10.355% of gross earnings for employees with un-refunded accounts before July 1, 2008 and 10.855% of employee's gross earnings for employees on or after July 1, 2008 and are withheld by the District. The contribution rate is actuarially determined. Such withholdings during the years ended June 30, 2012, 2011 and 2010, totaled \$3,507,563, \$3,081,803 and \$3,128,542 and were paid by the District to the State of Kentucky. The District has no other liability under the plan. The District's total payroll for all employees during the years ended June 30, 2012, 2011 and 2010 was \$44,078,846, \$42,458,466 and \$43,478,932 and \$33,691,712, \$32,299,651 and \$33,873,624 of such amount related to employees covered by the retirement plan. All payments were made to the retirement system in the amount of the annually required contributions. Additional information and historical trend information can be obtained from the separately issued Teacher Retirement System of Kentucky Comprehensive Annual Financial Report by writing to Kentucky Teachers' Retirement System, 479 Versailles Road, Frankfort, Kentucky 40601.

Substantially all other employees (classified personnel) are covered under the County Employee's Retirement System (CERS). Funding for the Plan is provided through payroll withholdings of 5% for those employee participating in CERS before September 1, 2008 and 6% for those employee participating in CERS on or after September 1, 2008 and a District contribution for the years ended June 30, 2012, 2011 and 2010 of 18.96%, 16.93% and 16.16% of the employee's total compensation subject to contribution. The contribution rate is actuarially determined. The District's contribution requirement for CERS for the years ended June 30, 2012, 2011 and 2010, was \$2,455,505, \$2,111,970 and \$2,008,701 which consisted of \$1,931,332, \$1,631,291 and \$1,530,994 from the District and \$524,173, \$480,679 and \$477,707 from the employees. The total covered payroll for CERS during the years ended June 30, 2012, 2011 and 2010 was \$10,187,159, \$9,634,654 and \$9,451,050. Benefits under both plans will vary based on final compensation, years of service and other factors as fully described in the Plan documents. All payments were made to the retirement system in the amount of the annually required contributions. The County Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Kentucky Retirement Systems, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601.

SCOTT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

NOTE I – RETIREMENT PLANS – CONTINUED

Deferred Compensation

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

NOTE J – COMMITMENTS

During the year ended June 30, 2012, the Board had construction contract commitments for construction projects.

NOTE K – CONTINGENCIES

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

NOTE L – LITIGATION

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

NOTE M – INSURANCE AND RELATED ACTIVITIES

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

SCOTT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

NOTE N – RISK MANAGEMENT

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

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

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

NOTE O – COBRA

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

NOTE P – TRANSFER OF FUNDS

The following transfers were made during the year:

Fund Financial Statements

| From Fund | To Fund | Purpose | Amount |
|-----------------------|------------------------|-----------------------|---------------------|
| General | Nonmajor Business-Type | Operations | \$ 51,600 |
| Special Revenue | General | Indirect Costs | 54,831 |
| Nonmajor Governmental | General | Capital Funds Request | 283,785 |
| Nonmajor Governmental | Construction | Construction | 400,523 |
| Nonmajor Governmental | Debt Service | Debt Service | 614 |
| FSPK | Construction | Construction | 311,694 |
| FSPK | Debt Service | Debt Service | 7,171,803 |
| Construction | Special Revenue | KETS | 147,754 |
| Construction | Debt Service | Interest | 65,309 |
| Food Service | General | Indirect Costs | 60,000 |
| | | | \$ 8,547,913 |

Government-wide Financial Statements

| | | | |
|--------------------------|--------------------------|----------------|-----------|
| Business-Type Activities | Governmental Activities | Indirect Costs | \$ 60,000 |
| Governmental Activities | Business-Type Activities | Operations | 51,600 |

SCOTT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

NOTE Q – INTERFUND RECEIVABLES AND PAYABLES

There were no interfund balances at June 30, 2011.

NOTE R – ON-BEHALF PAYMENTS

The District receives on-behalf payments from the State of Kentucky for items including retirement and insurance. The amount received for the fiscal year ended June 30, 2012, was \$10,303,879. These payments were recorded as follows:

| | |
|-------------------|----------------------|
| General Fund | \$ 9,826,733 |
| Food Service Fund | 464,517 |
| Child Care Fund | <u>12,629</u> |
| Total | <u>\$ 10,303,879</u> |

REQUIRED SUPPLEMENTARY INFORMATION

SCOTT COUNTY SCHOOL DISTRICT

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

GENERAL FUND

Year Ended June 30, 2012

| | <u>Original</u> | <u>Final</u> | <u>Actual</u> |
|---|-------------------|-------------------|---------------------|
| Revenues | | | |
| From local sources: | | | |
| Taxes: | | | |
| Property | \$ 9,672,443 | \$ 9,799,756 | \$ 9,767,069 |
| Motor vehicle | 1,772,500 | 1,762,316 | 1,802,878 |
| Utilities | 3,849,000 | 3,631,000 | 3,739,174 |
| Occupational | 2,660,000 | 2,805,000 | 2,980,059 |
| Earnings on investments | 83,000 | 69,000 | 83,720 |
| Other local revenues | 1,199,610 | 986,440 | 1,245,120 |
| Intergovernmental - State | 26,318,054 | 27,291,603 | 37,088,160 |
| Intergovernmental - Indirect Federal | 10,000 | 10,000 | 11,605 |
| Intergovernmental - Direct Federal | 61,500 | 64,250 | |
| Total Revenues | <u>45,626,107</u> | <u>46,419,365</u> | <u>56,717,785</u> |
| Expenditures | | | |
| Instruction | 27,172,152 | 27,539,993 | 33,854,122 |
| Support services: | | | |
| Student | 2,954,905 | 2,835,008 | 3,562,237 |
| Instruction staff | 2,046,759 | 2,141,049 | 2,371,647 |
| District administrative | 968,580 | 956,172 | 959,948 |
| School administrative | 2,823,135 | 3,092,686 | 3,402,662 |
| Business | 978,018 | 1,059,106 | 1,049,279 |
| Plant operation and maintenance | 5,167,387 | 5,777,182 | 5,743,732 |
| Student transportation | 3,115,421 | 4,135,609 | 4,405,292 |
| Community service activities | 708,214 | 708,933 | 1,166,987 |
| Other | 1,702,931 | 1,258,768 | 305,260 |
| Total Expenditures | <u>47,637,502</u> | <u>49,504,506</u> | <u>56,821,166</u> |
| Excess (Deficit) of Revenues over Expenditures | (2,011,395) | (3,085,141) | (103,381) |
| Other Financing Sources (Uses) | | | |
| Proceeds from disposal of capital assets | | | 80,951 |
| Transfers in | 111,145 | 413,740 | 398,616 |
| Transfers out | (277,059) | (336,403) | (51,600) |
| Total Other Financing Sources (Uses) | <u>(165,914)</u> | <u>77,337</u> | <u>427,967</u> |
| Net Change in Fund Balance | (2,177,309) | (3,007,804) | 324,586 |
| Fund Balance, July 1, 2011 | <u>2,177,309</u> | <u>3,007,804</u> | <u>7,063,924</u> |
| Fund Balance, June 30, 2012 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 7,388,510</u> |

EXPLANATION OF DIFFERENCES BETWEEN BUDGETARY INFLOWS AND OUTFLOWS AND GAAP REVENUES AND EXPENDITURES

Both inflows and outflows are equally different in the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds by the amount of on-behalf payments of \$9,826,733.

SCOTT COUNTY SCHOOL DISTRICT

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

SPECIAL REVENUE FUND

Year Ended June 30, 2012

| | <u>Original</u> | <u>Final</u> | <u>Actual</u> |
|--|------------------|------------------|-------------------|
| Revenues | | | |
| Earnings on investments | \$ - | \$ 578 | \$ 649 |
| Other local revenues | | 83,320 | 110,757 |
| Intergovernmental - State | 2,688,690 | 2,821,960 | 2,970,326 |
| Intergovernmental - Indirect Federal | 3,016,587 | 4,048,032 | 5,158,840 |
| Intergovernmental - Direct Federal | <u>3,069,036</u> | | <u>59,023</u> |
| Total Revenues | <u>8,774,313</u> | <u>6,953,890</u> | <u>8,299,595</u> |
| Expenditures | | | |
| Instruction | 4,749,867 | 5,006,786 | 5,915,881 |
| Support services: | | | |
| Student | 115,199 | 204,026 | 570,296 |
| Instruction staff | 485,362 | 1,522,540 | 783,964 |
| School administrative | 63,864 | 98,856 | 172,932 |
| Business | | | 8,561 |
| Plant operation and maintenance | | 14,877 | 43,637 |
| Student transportation | | | 205,152 |
| Community service activities | 470,300 | 479,705 | 475,355 |
| Other | | <u>77,000</u> | <u>100,527</u> |
| Total Expenditures | <u>5,884,592</u> | <u>7,403,790</u> | <u>8,276,305</u> |
| Excess (Deficit) of Revenues over Expenditures | 2,889,721 | (449,900) | 23,290 |
| Other Financing Sources (Uses) | | | |
| Transfers in | 180,000 | 147,754 | 147,754 |
| Transfers out | <u>(685)</u> | <u>(59,925)</u> | <u>(54,831)</u> |
| Total Other Financing Sources (Uses) | <u>179,315</u> | <u>87,829</u> | <u>92,923</u> |
| Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses | 3,069,036 | (362,071) | 116,213 |
| Fund Balance, July 1, 2011 | <u>-</u> | <u>-</u> | <u>362,070</u> |
| Fund Balance, June 30, 2012 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 478,283</u> |

SUPPLEMENTARY INFORMATION

SCOTT COUNTY SCHOOL DISTRICT

COMBINING STATEMENT OF FIDUCIARY NET ASSETS

AGENCY FUNDS

June 30, 2012

| | Anne Mason Elementary | Eastern Elementary | Elkhorn Crossing | Garth Elementary | Georgetown Middle | Northern Elementary | Royal Spring Elementary |
|---------------------------|-----------------------------|-------------------------------|-----------------------------|------------------------|-------------------------------|------------------------|----------------------------|
| Assets | | | | | | | |
| Cash and cash equivalents | \$ 159,618 | \$ 89,885 | \$ 6,288 | \$ 144,662 | \$ 78,800 | \$ 68,896 | \$ 90,006 |
| Receivables | 2,315 | 40 | 510 | 74 | - | - | 65 |
| Total Assets | \$ 161,933 | \$ 89,925 | \$ 6,798 | \$ 144,736 | \$ 78,800 | \$ 68,896 | \$ 90,071 |
| Liabilities | | | | | | | |
| Accounts payable | \$ 35,797 | \$ 38,315 | \$ - | \$ 38,836 | \$ 344 | \$ 16,388 | \$ 3,452 |
| Due to student groups | 126,136 | 51,610 | 6,798 | 105,900 | 78,456 | 52,508 | 86,619 |
| Total Liabilities | \$ 161,933 | \$ 89,925 | \$ 6,798 | \$ 144,736 | \$ 78,800 | \$ 68,896 | \$ 90,071 |
| | | | | | | | |
| | Scott County High School | Scott County Middle School | Scott County Ninth Grade | Southern Elementary | Stamping Ground Elementary | Western Elementary | Agency Fund |
| Assets | | | | | | | |
| Cash and cash equivalents | \$ 298,825 | \$ 109,028 | \$ 29,311 | \$ 107,311 | \$ 86,452 | \$ 252,492 | \$ 1,521,574 |
| Receivables | 423 | 1,550 | 175 | 7,915 | 2,697 | 179 | 15,943 |
| Total Assets | \$ 299,248 | \$ 110,578 | \$ 29,486 | \$ 115,226 | \$ 89,149 | \$ 252,671 | 1,537,517 |
| Liabilities | | | | | | | |
| Accounts payable | \$ 3,360 | \$ 5,016 | \$ - | \$ 61,222 | \$ 14,090 | \$ 78,546 | \$ 295,366 |
| Due to student groups | 295,888 | 105,562 | 29,486 | 54,004 | 75,059 | 174,125 | 1,242,151 |
| Total Liabilities | \$ 299,248 | \$ 110,578 | \$ 29,486 | \$ 115,226 | \$ 89,149 | \$ 252,671 | \$ 1,537,517 |

SCOTT COUNTY SCHOOL DISTRICT

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

YEAR ENDED JUNE 30, 2012

| NAME OF ACTIVITY | CASH | RECEIPTS | DISBURSE- MENTS | CASH | RECEIVABLES | ACCOUNTS PAYABLE | DUE TO |
|----------------------------|--------------------------|---------------------|---------------------|---------------------------|------------------|---------------------|---------------------|
| | BALANCES July 1, 2011 | | | BALANCES June 30, 2012 | | | June 30, 2012 |
| Anne Mason Elementary | \$ 95,212 | \$ 312,847 | \$ 248,441 | \$ 159,618 | 2,315 | 35,797 | \$ 126,136 |
| Eastern Elementary | 95,811 | 245,241 | 251,167 | 89,885 | 40 | 38,315 | 51,610 |
| Garth Elementary | 104,126 | 280,066 | 239,530 | 144,662 | 74 | 38,836 | 105,900 |
| Northern Elementary | 97,135 | 123,347 | 151,586 | 68,896 | - | 16,388 | 52,508 |
| Southern Elementary | 94,011 | 281,479 | 268,179 | 107,311 | 7,915 | 61,222 | 54,004 |
| Stamping Ground Elementary | 57,323 | 150,389 | 121,260 | 86,452 | 2,697 | 14,090 | 75,059 |
| Western Elementary | 318,509 | 423,749 | 489,766 | 252,492 | 179 | 78,546 | 174,125 |
| Elkhorn Crossing | 4,268 | 16,316 | 14,296 | 6,288 | 510 | - | 6,798 |
| Georgetown Middle | 74,263 | 146,796 | 142,259 | 78,800 | - | 344 | 78,456 |
| Royal Spring Middle | 58,511 | 209,726 | 178,231 | 90,006 | 65 | 3,452 | 86,619 |
| Scott County Middle | 123,983 | 212,439 | 227,394 | 109,028 | 1,550 | 5,016 | 105,562 |
| Scott County Ninth Grade | 25,807 | 50,317 | 46,813 | 29,311 | 175 | - | 29,486 |
| Scott County High | 313,967 | 923,442 | 938,584 | 298,825 | 423 | 3,360 | 295,888 |
| | <u>\$ 1,462,926</u> | <u>\$ 3,376,154</u> | <u>\$ 3,317,506</u> | <u>\$ 1,521,574</u> | <u>\$ 15,943</u> | <u>\$ 295,366</u> | <u>\$ 1,242,151</u> |

SCOTT COUNTY SCHOOL DISTRICT

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

SCOTT COUNTY HIGH SCHOOL

YEAR ENDED JUNE 30, 2012

| NAME OF ACTIVITY | CASH BALANCES July 1, 2011 | RECEIPTS | DISBURSE- MENTS | CASH BALANCES June 30, 2012 | RECEIVABLES June 30, 2012 | ACCOUNTS PAYABLE June 30, 2012 | DUE TO STUDENT GROUPS June 30, 2012 |
|------------------------|----------------------------------|----------|--------------------|-----------------------------------|------------------------------|--------------------------------------|--|
| ACADEMIC TEAM | 299 | - | - | 299 | - | - | \$ 299 |
| ADVANCED PLACEMENT | 15,270 | 59,718 | 61,553 | 13,435 | - | - | 13,435 |
| AFJROTC | 575 | 15,342 | 11,267 | 4,650 | - | - | 4,650 |
| AFJROTC-UA | - | 552 | 182 | 370 | - | - | 370 |
| AFJROTC-CADET MEDALS | - | - | - | - | - | - | - |
| AFJROTC-CADET TL | - | 584 | - | 584 | - | - | 584 |
| AF LOGISTIC SUPPORT | - | - | - | - | - | - | - |
| AG DEPT FARM | 11,453 | 8,452 | 6,901 | 13,004 | - | - | 13,004 |
| AG DEPT FARM CD | - | - | - | - | - | - | - |
| ALTERNATIVE PROGRAM | - | - | - | - | - | - | - |
| ANNUAL | 21,356 | 3,590 | 5,593 | 19,353 | - | - | 19,353 |
| AP GRANT | 200 | - | - | 200 | - | - | 200 |
| AQUAPONICS PROJECT | 252 | - | 252 | - | - | - | - |
| ARCHERY | - | 1,035 | 1,035 | - | - | - | - |
| ART EXPLORERS | 26 | 250 | 181 | 95 | - | - | 95 |
| ART FEES | 634 | 645 | 126 | 1,153 | - | - | 1,153 |
| ATH-BAND ACTIVITIES | - | - | - | - | - | - | - |
| ATHLETIC GENERAL | - | 116,704 | 116,704 | - | - | - | - |
| ATHLETIC OFFICE | 9,651 | 7,004 | 16,655 | - | - | - | - |
| ATHLETIC TRAINER | 143 | 3,292 | 3,245 | 190 | - | - | 190 |
| AUDITORIUM RENTAL | 3,500 | - | - | 3,500 | - | - | 3,500 |
| BAND | 5,304 | 14,409 | 15,582 | 4,131 | 423 | 1,300 | 3,254 |
| BASEBALL | 194 | 33,561 | 30,641 | 3,114 | - | - | 3,114 |
| BASEBALL DISTRICTS | - | 2,445 | 2,445 | - | - | - | - |
| BASKETBALL CONCESSIONS | 233 | 21,604 | 21,837 | - | - | - | - |
| BETA CLUB | 140 | 4,575 | 4,705 | 10 | - | - | 10 |
| BEVINS FFA DONATION | 3,000 | - | - | 3,000 | - | - | 3,000 |
| BIOMED SCIENCE | - | - | - | - | - | - | - |
| BOWLING CLUB | 5 | - | 5 | - | - | - | - |
| BOWLING | 430 | 8,669 | 7,286 | 1,813 | - | - | 1,813 |
| BOYS BASKETBALL | 620 | 62,905 | 61,555 | 1,970 | - | - | 1,970 |
| BOYS BSKT BALL | 24 | 36,019 | 36,043 | - | - | - | - |
| BOYS BSKT STATE | - | 15,988 | 15,953 | 35 | - | - | 35 |
| BOYS GOLF | 3,253 | 8,455 | 9,481 | 2,227 | - | - | 2,227 |
| BOYS SOCCER | 247 | 8,084 | 5,111 | 3,220 | - | - | 3,220 |
| BOYS TENNIS | 442 | 1,000 | 1,350 | 92 | - | - | 92 |
| BOYS TENNIS BOOSTER | 1,399 | 204 | 103 | 1,500 | - | - | 1,500 |
| BOYS TRACK | 576 | 5,095 | 5,372 | 299 | - | - | 299 |
| BSKT GATE RECEIPTS | - | - | - | - | - | - | - |
| BUSINESS FEES | 3,272 | 990 | 1,266 | 2,996 | - | - | 2,996 |
| CBI | - | 1,538 | 1,530 | 8 | - | - | 8 |
| CHEER BOOSTERS | 5,027 | 5,182 | 7,729 | 2,480 | - | - | 2,480 |
| CHESS CLUB | 146 | - | - | 146 | - | - | 146 |
| CHILDCARE ACCT | 694 | - | 75 | 619 | - | - | 619 |
| CHORAL | 27 | 38,312 | 33,715 | 4,624 | - | - | 4,624 |
| COMPUTER LAB | 2 | - | 2 | - | - | - | - |
| CONCESSIONS FTBL VAR | 533 | 18,079 | 18,073 | 539 | - | - | 539 |
| CO-OP | 215 | - | - | 215 | - | - | 215 |
| CORPORATE SPONSORS | 35 | 19,139 | 17,772 | 1,402 | - | - | 1,402 |
| COURTESY COMMITTEE | 53 | 1,025 | 926 | 152 | - | - | 152 |
| CROSS COUNTRY | 513 | 1,565 | 1,249 | 829 | - | - | 829 |
| CSI | 5 | - | 5 | - | - | - | - |
| CULTURAL EXCHANGE | 2 | - | 2 | - | - | - | - |
| CUTTER FOREIGN | 74 | - | - | 74 | - | - | 74 |
| DANCE TEAM | 27 | 12,528 | 10,396 | 2,159 | - | - | 2,159 |
| DECA | 3,575 | 29,531 | 32,031 | 1,075 | - | - | 1,075 |
| DRAMA | 13,784 | 11,990 | 14,474 | 11,300 | - | - | 11,300 |
| ENVIRONMENTAL CLUB | 481 | 350 | 565 | 266 | - | - | 266 |
| FACULTY SNACK MACHINE | 100 | 100 | 199 | 1 | - | - | 1 |
| FACULTY VENDING | 2,101 | 800 | 2,562 | 339 | - | - | 339 |
| FBLA | 1,106 | 767 | 385 | 1,488 | - | - | 1,488 |
| FCA | 186 | 615 | 691 | 110 | - | - | 110 |
| FCCLA | 238 | 9,921 | 9,753 | 406 | - | - | 406 |
| FEA | 904 | 70 | - | 974 | - | - | 974 |
| FFA | 1,541 | 42,447 | 38,881 | 5,107 | - | - | 5,107 |
| FIELD TRIP | 761 | 500 | 667 | 594 | - | - | 594 |

SCOTT COUNTY SCHOOL DISTRICT

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

SCOTT COUNTY HIGH SCHOOL- CONTINUED

YEAR ENDED JUNE 30, 2012

| NAME OF ACTIVITY | CASH | | DISBURSEMENTS | CASH | | ACCOUNTS PAYABLE | DUE TO STUDENT GROUPS |
|---------------------------|--------------|----------|---------------|---------------|---------------|------------------|-----------------------|
| | BALANCES | RECEIPTS | | BALANCES | RECEIVABLE | | |
| | July 1, 2011 | | | June 30, 2012 | June 30, 2012 | June 30, 2012 | June 30, 2012 |
| FIRST CARDINAL | 3,489 | - | - | 3,489 | - | - | 3,489 |
| FISTER SCHOLARSHIP | 3,655 | 200 | 250 | 3,605 | - | - | 3,605 |
| FMD ACTIVITIES- 229 & 343 | 564 | 1,528 | 1,724 | 368 | - | - | 368 |
| FOOTBALL | - | 91,503 | 91,432 | 71 | - | - | 71 |
| FOOTBALL STATEFINALS | - | 15,529 | 15,528 | 1 | - | - | 1 |
| FOREIGN LANGUAGE | 11 | 1,264 | 620 | 655 | - | - | 655 |
| FRENCH CLUB | 698 | 1,473 | 1,807 | 364 | - | - | 364 |
| FRISBEE | 152 | - | 152 | - | - | - | - |
| GENERAL FUND | 938 | 2,308 | 3,234 | 12 | - | - | 12 |
| GERMAN CLUB | 170 | 818 | 933 | 55 | - | - | 55 |
| GIRLS BASKETBALL | 186 | 31,277 | 27,065 | 4,398 | - | - | 4,398 |
| GIRLS BSKT STATE | - | - | - | - | - | - | - |
| GIRLS GOLF | 840 | 4,131 | 4,971 | - | - | - | - |
| GIRLS SOCCER | 3,776 | 10,155 | 4,270 | 9,661 | - | - | 9,661 |
| GIRLS SOCCER BOOSTERS | - | - | - | - | - | - | - |
| GIRLS TENNIS | 4,320 | 1,601 | 2,378 | 3,543 | - | - | 3,543 |
| GIRLS TENNIS BOOSTERS | 845 | 204 | 103 | 946 | - | - | 946 |
| GIRLS TRACK | 606 | 5,095 | 5,366 | 335 | - | - | 335 |
| GO CLUB | 74 | - | 74 | - | - | - | - |
| GUIDANCE RECOVERY | 854 | 2,165 | 2,081 | 938 | - | - | 938 |
| H4H | 76 | - | 76 | - | - | - | - |
| HANTIS | - | 607 | 607 | - | - | - | - |
| HALL OF FAME | - | 4,349 | 4,349 | - | - | - | - |
| HELPERS FOR HUMANITY | 774 | 76 | 849 | 1 | - | - | 1 |
| HISTORICAL SOCIETY | 49 | - | 49 | - | - | - | - |
| HOME ECONOMICS | 1,869 | 3,871 | 3,315 | 2,425 | - | 257 | 2,168 |
| HORTICULTURE | 2,728 | 21,167 | 19,216 | 4,679 | - | - | 4,679 |
| HOSA | 1,206 | - | 1,206 | - | - | - | - |
| HOSPITALITY ACCT | 40 | 4,005 | 3,666 | 379 | - | - | 379 |
| INTEREST | 465 | 388 | 762 | 91 | - | - | 91 |
| INTERNATIONAL CLUB | 334 | 524 | 215 | 643 | - | 50 | 593 |
| INTERVENTION PROGRAM | 13,010 | 16,902 | 11,780 | 18,132 | - | 215 | 17,917 |
| J/P OVERTIME | 15,558 | 7,297 | 20,859 | 1,996 | - | - | 1,996 |
| JAPAN-STUDENT TRIP | 657 | 11,797 | 12,425 | 29 | - | - | 29 |
| JAPANESE | 62 | 4,440 | 3,898 | 604 | - | - | 604 |
| JCB | 486 | 340 | 513 | 313 | - | - | 313 |
| JOURNALISM | 171 | - | 171 | - | - | - | - |
| JTF MEMORIAL FFA CD | 4,241 | - | 250 | 3,991 | - | - | 3,991 |
| JUNIOR CLASS | 6,888 | 31,477 | 36,296 | 2,069 | - | - | 2,069 |
| KEY CLUB | 1,153 | 494 | - | 1,647 | - | - | 1,647 |
| KNITTING CLUB | 64 | - | 64 | - | - | - | - |
| LACROSSE-BOYS | - | 12,015 | 10,940 | 1,075 | - | - | 1,075 |
| LACROSSE-GIRLS | - | 7,415 | 7,340 | 75 | - | - | 75 |
| LOCKER AND PLANNER | 13,598 | 8,660 | 8,332 | 13,926 | - | - | 13,926 |
| MATH FUND | 967 | 370 | 5 | 1,332 | - | 650 | 682 |
| NATIONAL HONOR SOCIETY | 1,061 | 2,018 | 2,352 | 727 | - | - | 727 |
| NEWSCAST | - | 85 | - | 85 | - | - | 85 |
| NEWSPAPER, YEARBOOK | 234 | - | 234 | - | - | - | - |
| OLYMPIAD OF SCIENCE | - | - | - | - | - | - | - |
| PLP/CARDINAL CHALLENGE | 5,395 | 30,959 | 35,556 | 798 | - | - | 798 |
| PEP CLUB | 435 | - | - | 435 | - | - | 435 |
| PSYCHOLOGY CLUB | 414 | 155 | 85 | 484 | - | - | 484 |
| RESERVED SEATING | 1,282 | 12,249 | 12,821 | 710 | - | - | 710 |
| SAMARITAN | - | - | - | - | - | - | - |
| SAVE-US | 352 | 310 | 254 | 408 | - | - | 408 |
| SCHS/BFPF 9-12 | - | 1,710 | 152 | 1,558 | - | - | 1,558 |
| SCIENCE CLUB | 284 | - | 284 | - | - | - | - |
| SCIENCE FEES | 5,623 | 2,795 | 2,702 | 5,716 | - | - | 5,716 |
| SENIOR/SENIOR | 34 | - | 34 | - | - | - | - |
| SENIOR CLASS | 2,590 | 6,419 | 6,801 | 2,208 | - | - | 2,208 |
| SMAC/LIBRARY | 394 | 219 | 198 | 415 | - | 30 | 385 |
| SOFTBALL | 9,113 | 20,987 | 27,803 | 2,297 | - | - | 2,297 |
| SOFTBALL DISTRICTS | - | 855 | 855 | - | - | - | - |
| SPANISH | - | - | - | - | - | - | - |
| SPEECH | 345 | - | - | 345 | - | - | 345 |

SCOTT COUNTY SCHOOL DISTRICT

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

SCOTT HIGH SCHOOL- CONCLUDED

YEAR ENDED JUNE 30, 2012

| NAME OF ACTIVITY | CASH | | DISBURSEMENTS | CASH | | RECEIVABLES | ACCOUNTS PAYABLE | DUE TO STUDENT GROUPS |
|--------------------------|--------------|-----------|---------------|---------------|---------------|---------------|------------------|-----------------------|
| | BALANCES | RECEIPTS | | BALANCES | RECEIVABLES | | | |
| | July 1, 2011 | | | June 30, 2012 | June 30, 2012 | June 30, 2012 | June 30, 2012 | June 30, 2012 |
| STEP CLUB | 185 | - | 185 | - | - | - | - | - |
| STLP | 1 | - | 1 | - | - | - | - | - |
| STUDENT COUNCIL | 3,512 | 4,295 | 2,398 | 5,409 | - | - | - | 5,409 |
| STUDENT FEE | 4,544 | 24,665 | 26,187 | 3,022 | - | 858 | - | 2,164 |
| STUDENT INCENTIVE | 1,626 | 4,164 | 4,481 | 1,309 | - | - | - | 1,309 |
| STUDENT PASSES | 7,260 | 4,704 | 8,360 | 3,604 | - | - | - | 3,604 |
| STUDENT VENDING | 2,611 | 1,201 | 2,554 | 1,258 | - | - | - | 1,258 |
| SUSAN MOORE | - | - | - | - | - | - | - | - |
| SWAT | 8 | - | 8 | - | - | - | - | - |
| SWEET 16 BBSKT | - | - | - | - | - | - | - | - |
| SWIMMING | 2,500 | 8,378 | 7,160 | 3,718 | - | - | - | 3,718 |
| SWING CLUB | 250 | - | 250 | - | - | - | - | - |
| TAAC | 215 | - | - | 215 | - | - | - | 215 |
| TEACHER INCENTIVE | 511 | 426 | 937 | - | - | - | - | - |
| TEACHER SUB ACCT | - | 109 | 109 | - | - | - | - | - |
| TECHNOLOGY STUDENT | 3,414 | 1,620 | 437 | 4,597 | - | - | - | 4,597 |
| TEXTBOOK RENTAL | - | 9,171 | 9,171 | - | - | - | - | \$ - |
| TOYOTA CLASSIC | 40,194 | 96,692 | 99,985 | 36,901 | - | - | - | 36,901 |
| TRANSPORTATION | 294 | 19,826 | 19,826 | 294 | - | - | - | 294 |
| TRIM HONORS | 95 | 295 | - | 390 | - | - | - | 390 |
| TRIM HONORS | 2,000 | 3,000 | 3,000 | 300 | - | - | - | 300 |
| VO-AG | 7,722 | 9,274 | 6,237 | 10,759 | - | - | - | 10,759 |
| VOLLEYBALL | 1,725 | 4,872 | 4,358 | 2,239 | - | - | - | 2,239 |
| VOLLEYBALL DISTRICTS | 126 | - | 126 | - | - | - | - | - |
| WEBSITE | 265 | 1,719 | 1,854 | 130 | - | - | - | 130 |
| WORLD LANGUAGE | 221 | - | - | 221 | - | - | - | 221 |
| WRESTLING | - | 11,328 | 7,859 | 3,469 | - | - | - | 3,469 |
| YAADD | 2,808 | - | - | 2,808 | - | - | - | 2,808 |
| YOUNG DEMS | 631 | 75 | 99 | 607 | - | - | - | 607 |
| YOUNG FARMERS OF AMERICA | 34 | 1 | - | 35 | - | - | - | 35 |
| YOUNG HISTORIANS | 16 | - | 16 | - | - | - | - | - |
| YOUNG POLITICIANS | 132 | - | 132 | - | - | - | - | - |
| YOUNG REPUBLICANS | 511 | 100 | 100 | 511 | - | - | - | 511 |
| YOUTH ALIVE CLUB | 126 | 161 | 113 | 174 | - | - | - | 174 |
| YOUTH IMPACT CLUB | 1,231 | 255 | 93 | 1,393 | - | - | - | 1,393 |
| 42ND BASKETBALL | - | - | - | - | - | - | - | - |
| 4-H CLUB | 588 | - | - | 588 | - | - | - | 588 |
| CHARITABLE GAMING | - | - | - | - | - | - | - | - |
| Sub Total | 313,967 | 1,228,186 | 1,243,328 | 298,825 | 423 | 3,360 | \$ 295,888 | |
| Intertund Transfers | - | 304,744 | 304,744 | - | - | - | - | |
| Total | 313,967 | 1,532,930 | 1,548,072 | 298,825 | 423 | 3,360 | \$ 295,888 | |

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

SCOTT COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2012

| <u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR / PROGRAM TITLE</u> | <u>FEDERAL CFDA NUMBER</u> | <u>PASS THROUGH GRANTOR'S NUMBER</u> | <u>FEDERAL EXPENDITURES</u> |
|---|------------------------------------|--|---------------------------------|
| <u>U.S. DEPARTMENT OF AGRICULTURE</u> | | | |
| Child Nutrition Cluster - | | | |
| Cash Assistance | | | |
| Passed Through State Department of Education | | | |
| National School Lunch Program | 10.555 | 7750002-11 | \$ 303,874 |
| | | 7750002-12 | 1,141,359 |
| School Breakfast Program | 10.553 | 7760005-11 | 93,093 |
| | | 7760005-12 | 385,621 |
| Summer Food Service Program for Children | 10.559 | 7690024-11 | 1,204 |
| | | 7740023-11 | 14,142 |
| | | 7740023-12 | 28,323 |
| Non-Cash Assistance (Commodities) | | | |
| National School Lunch Program | 10.555 | 057502-02 | <u>207,124</u> |
| TOTAL CHILD NUTRITION CLUSTER | | | <u>2,174,740</u> |
| TOTAL U.S. DEPT. OF AGRICULTURE | | | <u>2,174,740</u> |
| <u>U.S. DEPARTMENT OF DEFENSE</u> | | | |
| National Guard Civilian Youth Opportunities | 12.404 | N/A | 59,023 |
| TOTAL U.S. DEPARTMENT OF DEFENSE | | | <u>59,023</u> |
| <u>U.S. DEPARTMENT OF JUSTICE</u> | | | |
| Passed Through the City of Georgetown | | | |
| ARRA - Public Safety Partnership and Community Policing Grants, Recovery Ac | 16.710 | 4501 | 18,127 |
| | | 4601 | 79,567 |
| TOTAL U.S. DEPARTMENT OF JUSTICE | | | <u>97,694</u> |
| <u>U.S. DEPARTMENT OF LABOR</u> | | | |
| Passed through Bluegrass Area Development Cooperative | | | |
| WIA Youth Activities | 17.259 | 5881 | 6,502 |
| | | 5881A | 16,540 |
| | | 5882 | 50,000 |
| | | 5882A | <u>27,486</u> |
| TOTAL U.S. DEPARTMENT OF LABOR | | | <u>100,528</u> |
| <u>U.S. DEPARTMENT OF ENERGY</u> | | | |
| Passed through Kentucky School Boards Association | | | |
| State Energy Program | 81.041 | 5692 | <u>15,018</u> |
| TOTAL U.S. DEPARTMENT OF ENERGY | | | <u>15,018</u> |

SCOTT COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2012

| <u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR / PROGRAM TITLE</u> | <u>FEDERAL CFDA NUMBER</u> | <u>PASS THROUGH GRANTOR'S NUMBER</u> | <u>FEDERAL EXPENDITURES</u> |
|---|------------------------------------|--|---------------------------------|
| <u>U.S. DEPARTMENT OF EDUCATION</u> | | | |
| Title I, Part A Cluster - | | | |
| Passed Through State Department of Education | | | |
| Title I Grants to Local Educational Agencies | | | |
| | 84.010 | 3100M | 1,676 |
| | | 3101 | 308,612 |
| | | 3101D | 40,750 |
| | | 3101M | 33,927 |
| | | 3101T | 4,931 |
| | | 3102 | 722,754 |
| | | 3102D | 177,088 |
| | | 3102M | 515 |
| | | 3201 | 50,193 |
| | | | <u>1,340,446</u> |
| | | | |
| ARRA - Title I Grants to Local Educational Agencies, Recovery Act | 84.389 | 3919 | 812 |
| | | 3919D | 505 |
| | | | <u>1,317</u> |
| | | | |
| TOTAL TITLE I, PART A CLUSTER | | | <u>1,341,763</u> |
| | | | |
| Special Education Cluster (IDEA) - | | | |
| Passed Through State Department of Education | | | |
| Special Education - Grants to States | | | |
| | 84.027 | 3370A | 34,732 |
| | | 3370P | 10,306 |
| | | 3371 | 1,111,409 |
| | | 3371C | 199,975 |
| | | 3371P | 1,997 |
| | | 3372 | 316,437 |
| | | | <u>1,674,856</u> |
| | | | |
| Special Education - Preschool Grants | 84.173 | 3430 | 10,231 |
| | | 3431 | 49,965 |
| | | 3432 | 8,127 |
| | | | <u>68,323</u> |
| | | | |
| TOTAL SPECIAL EDUCATION CLUSTER (IDEA) | | | <u>1,743,179</u> |
| | | | |
| Education Technology State Grants Cluster - | | | |
| Passed Through State Department of Education | | | |
| Education Technology State Grants | | | |
| | 84.318 | 4251 | 85 |
| | | | |
| ARRA - Education Technology State Grants, Recovery Act | 84.386 | 4850 | 7,639 |
| | | | |
| TOTAL EDUCATION TECHNOLOGY STATE GRANTS CLUSTER | | | <u>7,724</u> |

SCOTT COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2012

| <u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR / PROGRAM TITLE</u> | <u>FEDERAL CFDA NUMBER</u> | <u>PASS THROUGH GRANTOR'S NUMBER</u> | <u>FEDERAL EXPENDITURES</u> |
|---|------------------------------------|--|---|
| <u>OTHER U.S. DEPARTMENT OF EDUCATION PROGRAMS</u> | | | |
| Passed Through Kentucky Council on Postsecondary Education Adult Education - State Grant Program | 84.002 | 3651 3702 3732 3732S | 11,036 10,000 61,015 2,885 <hr/> 84,936 |
| Passed Through State Department of Education Migrant Education - State Grant Program | 84.011 | 3111 3112 | 35,809 67,580 <hr/> 103,389 |
| Vocational Education - Basic Grants to States | 84.048 | 3480A 3481 3481A 3481B 3482 3632 | 2,068 5,120 2,848 1,037 69,430 99,253 <hr/> 179,756 |
| Safe and Drug Free Schools and Communities - State Grants | 84.186 | 4060 | 13,791 |
| English Language Acquisition Grants | 84.365 | 3451 3452I | 26,327 1,664 <hr/> 27,991 |
| Improving Teacher Quality - State Grants | 84.367 | 4011 4012 | 18,600 239,728 <hr/> 258,328 |
| ARRA - McKinney-Vento Homeless Children and Youth, Recovery Act | 84.387 | 3219 | 2,956 |
| Education Jobs | 84.410 | 4411 | 1,180,571 <hr/> 4,944,384 |
| TOTAL U.S. DEPARTMENT OF EDUCATION | | | <hr/> 4,944,384 |
| <u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u> | | | |
| Passed Through State Department of Education Comprehensive School Health Program | 93.938 | 4182 | 1,216 <hr/> 1,216 |
| TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | <hr/> 1,216 |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | <hr/> \$ 7,392,603 |

SCOTT COUNTY SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2012

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Scott County 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of Scott County School District, it is not intended to and does not present the financial position, changes in net assets or cash flows of Scott County School District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING

Expenditures reported on the schedule are reported on the accrual basis of accounting for proprietary funds and the modified accrual basis of accounting for governmental funds. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

NOTE C – FOOD DISTRIBUTION

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

NOTE D – SUBRECIPIENTS

There were no subrecipients during the fiscal year.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I-Summary of Auditor's Results - Concluded

Identification of major programs:

| CFDA Number | Federal Program or Cluster |
|----------------|---|
| | DEPARTMENT OF AGRICULTURE |
| 10.553 | School Breakfast Program |
| 10.555 | National School Lunch Program |
| 10.559 | Summer Food Service Program for Children |
| | DEPARTMENT OF EDUCATION |
| | Special Education Cluster (IDEA) - |
| 84.027 | Special Education - Grants to States |
| 84.173 | Special Education - Preschool Grants |
| | Other Programs |
| 84.410 | Education Jobs |

Dollar threshold used to distinguish
Between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? yes no

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

SCOTT COUNTY SCHOOL DISTRICT

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

June 30, 2012

DEPARTMENT OF EDUCATION

FINDING 2011-02: Special Education Cluster

Condition: The finding was a significant deficiency and resulted in questioned costs of \$910.08 for a lack of documentation of preparation of personnel activity reports and/or periodic certifications for employees.

Recommendation: The auditor recommended that procedures be implemented requiring the completion of personnel activity reports and/or periodic certifications for employees.

Current Status: The finding was corrected during the current period.

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

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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Education
Scott County School District
Georgetown, Kentucky

We have audited the financial statements of Scott County School District as of and for the year ended June 30, 2012, and have issued our report thereon dated August 30, 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 requirements prescribed by the Kentucky State Committee for School District Audits in Appendices I, II III and IV of the *Independent Auditor's Contract*.

Internal Control Over Financial Reporting

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

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 previously.

Compliance and Other Matters

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

We noted certain matters that we reported to management of Scott County School District in a separate letter dated August 30, 2012.

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

Stiles, Carter & Associates

Certified Public Accountants
August 30, 2012

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

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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Education
Scott County School District
Georgetown, Kentucky

Compliance

We have audited Scott County School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of are applicable to each Scott County School District's major federal programs for the year ended June 30, 2012. Scott County School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Scott County School District's management. Our responsibility is to express an opinion on Scott County School 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 requirements prescribed by the Kentucky State Committee for School District Audits in Appendices I, II III and IV of the Independent Auditor's Contract. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Scott County School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Scott County School District's compliance with those requirements.

In our opinion, Scott County School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of Scott County School 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 Scott County School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Scott County School District's internal control over compliance.

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

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

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

Stites, Carter & Associates

Certified Public Accountants
August 30, 2012

MANAGEMENT LETTER AND COMMENTS

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Members of the Board of Education
Scott County School District
Georgetown, Kentucky

In planning and performing our audit of the basic financial statements of Scott County School District for the year ended June 30, 2012, we considered the District's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiencies. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. Any uncorrected comments from the prior year have been included in the memorandum. A separate report dated August 30, 2012, contains our report on the District's internal control. This letter does not affect our report dated August 30, 2012, on the financial statements of the Scott County School District.

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

Stiles, Carter & Associates

Certified Public Accountants
August 30, 2012

SCOTT COUNTY BOARD OF EDUCATION

COMMENTS

JUNE 30, 2012

CURRENT YEAR COMMENTS

ANNE MASON ELEMENTARY

FUNDRAISERS

We noted the F-SA-2B, FundRaiser Worksheet, for the Fazoli's Dinner for the 5th grade trip was improperly completed. Based on the number of tickets listed as sold, receipts should have been \$729.00 but only \$685.00 was listed, leaving \$44.00.

Management Response

The District will contact the school and work with school administration to implement corrective action.

GEORGETOWN MIDDLE SCHOOL

FUNDRAISERS

We noted that F-SA-2B, fundraiser worksheet, for the Softball Snack Cart fundraiser was on file but fields for budgeted sales, total receipts, total expenses, and total value of unsold items were left blank.

Management Response

The District will contact the school and work with school administration to implement corrective action.

INVENTORY CONTROL

We noted F-SA-5, inventory control worksheet, was not completed for items donated and sold at basketball concessions.

Management Response

The District will contact the school and work with school administration to implement corrective action.

TICKET SALES

We noted F-SA-1, requisition for ticket sales for a football game dated 10/13/11 and a volleyball game dated 8/30/11 did not have a separate line for the ticket seller and ticket taker.

Management Response

The District will contact the school and work with school administration to implement corrective action.

MULTIPLE RECEIPT FORMS

We noted that the F-SA-6, multiple receipt form, dated 3/13/2012 for the cheer banquet did not have student signatures or initials.

Management Response

The District will contact the school and work with school administration to implement corrective action.

SCOTT COUNTY BOARD OF EDUCATION

COMMENTS-CONTINUED

JUNE 30, 2012

NINTH GRADE SCHOOL

INVENTORY CONTROL

We noted form F-SA-5, Inventory Control Worksheet, was not completed prior to December 2011 for the pen/pencil machine and F-SA-5 for Cardinal Kroger did not have beginning inventory listed.

Management Response

The District will contact the school and work with school administration to implement corrective action.

FUNDRAISERS

We noted Form F-SA-2B was not filled out properly for either sucker sales or candy sales fundraisers. F-SA-2B for sucker sales did not document beginning inventory, receipts, expenses, and ending inventory and F-SA-2B for candy sales had calculation errors for receipts.

Management Response

The District will contact the school and work with school administration to implement corrective action.

NORTHERN ELEMENTARY

FUNDRAISERS

We noted F-SA-2B, fundraiser worksheet, for the Valentine Messages fund raiser did not list the quantity or value of candy donated to calculate budgeted sales.

Management Response

The District will contact the school and work with school administration to implement corrective action.

ROYAL SPRINGS MIDDLE SCHOOL

TICKET SALES

We noted F-SA-1, requisition for ticket sales, for a girls basketball game dated 10/6/2011 did not have a separate ticket seller and ticket taker.

Management Response

The District will contact the school and work with school administration to implement corrective action.

MULTIPLE RECEIPT FORMS

We noted F-SA-6, multiple receipt forms, for the following deposits did not have student signatures or initials: deposit for \$2,658.37 dated 08/15/11 and deposit for \$1,885.96 dated 12/16/2011.

Management Response

The District will contact the school and work with school administration to implement corrective action.

TICKET SALES

We noted the ticket sales form F-SA-1 for a girl's basketball game dated 10/6/11 had the same name and initials for ticket taker and ticket seller.

Management Response

The District will contact the school and work with school administration to implement corrective action.

SCOTT COUNTY BOARD OF EDUCATION

COMMENTS-CONTINUED

JUNE 30, 2012

SCOTT COUNTY HIGH SCHOOL

INVENTORY CONTROL

We noted inventory was not documented for items received, sold or kept on hand for athletic concessions. Per a conversation with the central fund treasurer and athletic department treasurer, the school purchases concessions inventory that is delivered directly to the concession stands for football and basketball and booster club volunteers receive the inventory, sells items at the concession stands and turns in receipts to the school without corresponding paperwork.

Management Response

The District will contact the school and work with school administration to implement corrective action.

SCOTT COUNTY MIDDLE SCHOOL

NEGATIVE BALANCE

We noted the CBI Program has a negative fund balance of \$655.51.

Management Response

The District will contact the school and work with school administration to implement corrective action.

SOUTHERN ELEMENTARY SCHOOL

MULTIPLE RECEIPT FORM

We noted F-SA-6, multiple receipt form, for the 5th Grade Dance Fundraiser, dated 2/17/12 for \$1,534.00 did not have student signatures or initials.

Management Response

The District will contact the school and work with school administration to implement corrective action.

INVENTORY CONTROL

We noted that t-shirts are being sold from the bookstore without F-SA-5, inventory control worksheets, being completed for items on hand and sold.

Management Response

The District will contact the school and work with school administration to implement corrective action.