

**Bourbon County School District**

**Audited Financial Statements  
and Other Financial Information**

**June 30, 2014**

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# SUMMERS, MCCRARY & SPARKS, P.S.C.

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## INDEPENDENT AUDITORS' REPORT

Kentucky State Committee of School District Audits  
Members of the Board of Education  
Bourbon County School District  
Paris, Kentucky 40361

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bourbon County School District (the District) as of and for the year ended June 30, 2014 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Auditor Responsibilities* and *State Compliance Requirements* sections contained in the Kentucky Public School Districts' Audit Contract and Requirements. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bourbon County School District as of June 30, 2014 and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund and the Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis information on pages 4 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bourbon County School District's basic financial statements. The combining and individual non-major fund financial statements and the schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2014, on our consideration of Bourbon 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Summers, McCrary & Sparks, PSC*

Summers, McCrary & Sparks, PSC  
Lexington, Kentucky  
October 25, 2014

**BOURBON COUNTY SCHOOL DISTRICT – PARIS, KENTUCKY  
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2014**

As management of the Bourbon County School District (District), we offer readers of the District’s financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

**FINANCIAL HIGHLIGHTS**

The beginning General Fund balance for the District was \$3,798,770. The ending General Fund balance was \$3,901,176.

Average Daily Attendance (ADA), used to calculate base SEEK funding, decreased by 15 students. It is important to remember that kindergarten still receives a 50% ADA reduction for the SEEK calculation (funded at the ½ day level).

Property assessments certified by the Commissioner of Education showed a total real estate and personal property valuation of \$982,004,794. At the real estate rate of 57.6 and personal property rate of 57.6 cents per \$100 of assessed property, less exonerations of \$2,767,863 the calculated collection should yield \$5,640,405. The actual collections were \$5,389,698.

The district was concerned about the state funding due to the economy so a raise was not applied to the salary tables.

The General Fund had \$20,768,806 in revenue, which primarily consisted of the state program (SEEK), property, utility, and motor vehicle taxes. Excluding inter-fund transfers, there was \$20,462,360 in General Fund expenditures.

The District completed the local facility plan in 2013. Our rating in the bond market remains at AA3, with the District having a total of \$1,240,000 in bonding potential as of September 1, 2014 at 90% of Capital Outlay funding. The Districts outstanding bonds totaled \$17,904,000 at June 30, 2014.

**OVERVIEW OF FINANCIAL STATEMENTS**

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

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

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

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

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

The government-wide financial statements can be found on pages 9-10 of this report.

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

The basic governmental fund financial statements can be found on pages 11-21 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22-44 of this report.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$14.8 million as of June 30, 2014 as compared to \$14.6 million in the prior year.

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

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

**Net position for the periods ending June 30, 2014 and 2013**

	June 30, 2014	June 30, 2013
Current Assets	\$5,640,839	\$5,392,906
Noncurrent Assets	28,090,891	28,687,044
<b>Total Assets</b>	<b>33,731,730</b>	<b>34,079,950</b>
<b>Deferred Outflows of Resources</b>	<b>240,566</b>	<b>253,227</b>
Current Liabilities	1,418,088	\$1,787,296
Noncurrent Liabilities	17,321,890	17,936,592
<b>Total Liabilities</b>	<b>18,739,978</b>	<b>19,723,888</b>
<b>Deferred Inflows of Resources</b>	<b>377,216</b>	<b>0</b>
Net position		
Investment in capital assets (net)	9,935,172	9,449,785
Restricted	228,030	260,913
Unreserved Fund Balance	4,691,900	4,898,591
<b>Total Net position</b>	<b>\$ 14,855,102</b>	<b>\$14,609,289</b>

**Comments on Budget Comparisons**

The District's total general fund revenues for the fiscal year ended June 30, 2014 net of inter-fund transfers, were \$20,768,806 an increase of \$629,953 from the total revenues of \$20,138,853 for 2013.

General fund budget compared to actual revenue varied slightly from line item to line item with the ending actual revenues being \$1,233,058 less than budget (excluding on-behalf). Revenues for 2014 exceeded budget by \$2,810,801. General fund budget compared to actual expenditures varied slightly from line item to line item with the ending actual expenditures being \$1,577,743 less than budget (excluding on-behalf). The tentative budget revenues increased in the area of Property Taxes due to the increase in the property tax rates and a conservative prior year budget number and also in the Earning on Investment budget due to an understatement from the prior year. The tentative budget expenditures were increased throughout all line items to estimate the increase cost of services provided.

The following table presents a summary of revenues and expenses for the fiscal years ended June 30, 2014 and 2013.

**Summary of Revenue and Expenditures**

	Governmental		Business-type		Total	
	2014	2013	2014	2013	2014	2013
<b>Revenues:</b>						
Local revenue sources	\$8,053,909	\$7,221,407	\$426,006	\$522,667	\$8,479,915	\$7,744,074
State revenue sources	15,449,818	15,718,631	141,444	148,214	15,591,262	15,866,845
Federal revenue sources	3,469,954	3,674,114	1,189,990	1,129,282	4,659,944	4,803,396
Investments	38,050	91,332	4,325	6,974	42,375	98,306
<b>Total revenue</b>	<b>27,011,731</b>	<b>26,705,484</b>	<b>1,761,765</b>	<b>1,807,137</b>	<b>28,773,496</b>	<b>28,512,621</b>
<b>Expenses:</b>						
Instruction	16,396,052	16,631,674	0	0	16,396,052	16,631,674
Student support services	1,148,765	911,422	0	0	1,148,765	911,422
Instructional support	1,149,255	1,187,940	0	0	1,149,255	1,187,940
District administration	824,265	779,151	0	0	824,265	1,195,111
School administration	1,425,513	1,416,473	0	0	1,425,513	1,416,473
Business Support	545,611	576,510	0	0	545,611	576,510
Plant operations	2,486,333	2,262,564	0	0	2,486,333	2,262,564
Student transportation	2,021,480	1,993,139	0	0	2,021,480	1,993,139
Community Service	244,208	245,863	0	0	244,208	245,863
Facility Acquisition	127,231	54,179	0	0	127,231	54,179
Interest on long-term debt	450,887	721,705	0	0	450,887	721,705
Food Service	0	0	1,375,025	1,385,633	1,375,025	1,385,633
Child Care	0	0	201,694	214,219	201,694	214,219
<b>Total expenses</b>	<b>26,819,600</b>	<b>26,780,620</b>	<b>1,576,719</b>	<b>1,599,852</b>	<b>28,396,319</b>	<b>28,380,472</b>
KSBIT Assessment	52,104	(415,960)	0	0	52,104	(415,960)
Transfers	65,023	64,166	(65,023)	(64,166)	0	0
Change in net position	309,258	(426,930)	120,023	143,119	429,281	(283,811)
Beginning net position	13,717,990	14,144,920	891,299	748,180	14,267,040	14,893,100
Effect of GASB 65	(183,468)	0	0	0	(183,468)	0
<b>Ending net position</b>	<b>\$13,843,780</b>	<b>\$13,717,990</b>	<b>\$1,011,322</b>	<b>\$891,299</b>	<b>\$14,855,102</b>	<b>\$14,609,289</b>

**Governmental Activities**

The majority of revenue was derived from local taxes making up 29% of the total revenue and state funding making up 59% of total revenue. Instruction makes up 61% of total Governmental Fund Expenditures. Central support services expenditures are: Transportation 8%, Maintenance & Operations 9%, School Administration 5% and Other Support Functions 17%.

**Business-Type Activities**

Revenues for Food Service Fund totals \$1,543,219 as of June 30, 2014, a decrease of \$28,178 from 2013. These revenues include lunchroom sales, federal and state grants, federal commodities, and interest income. Total Operating Expenditures for Food Service Fund totals \$1,375,025 as of June 30, 2014, a decrease of \$10,608 from 2013. The Change in Net position (Revenues less Expenditures) for the Food Service Fund is an increase of \$103,171.

**Debt**

At June 30, 2014, the School District had \$17,904,000 in revenue bonds outstanding; of this amount \$2,807,799 is to be paid from the KSFCC funding provided by the State of Kentucky. A total of \$911,000 is due within one year.

**Capital Assets**

The Board added \$893,351 in capital assets during the year, primarily for construction projects, technology equipment and school buses.

**BUDGETARY IMPLICATIONS**

In Kentucky the public school fiscal year is July 1-June 30; other programs, i.e. some federal operate on a different fiscal calendar, but are reflected in the district overall budget. By law the budget must have a minimum 2% contingency. Significant Board actions that impacted the finances included the Section 7 allocation of all day Kindergarten, expenditures for an alternative school setting, paraprofessional educators not required by KRS and additional staff to reduce class size below the KRS requirement.

Questions regarding this report should be directed to Andrea A. Kiser, Finance Officer (859) 987-2180 or by mail at the Bourbon County Board of Education, 3343 Lexington Rd., Paris, KY 40361.

**BOURBON COUNTY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2014**

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>ASSETS:</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 3,821,684	\$ 894,935	\$ 4,716,619
Accounts receivable			
Taxes	141,604	-	141,604
Accounts	36,294	16,129	52,423
Intergovernmental - Federal	696,986	-	696,986
Inventory	-	33,207	33,207
<b>Total Current Assets</b>	<u>4,696,568</u>	<u>944,271</u>	<u>5,640,839</u>
<b>Noncurrent Assets</b>			
Bond discounts net of accumulated amortization of \$144,526	251,719	-	251,719
Non-depreciated capital assets	66,520	-	66,520
Net depreciated capital assets	<u>27,699,436</u>	<u>73,216</u>	<u>27,772,652</u>
<b>Total Noncurrent Assets</b>	<u>28,017,675</u>	<u>73,216</u>	<u>28,090,891</u>
<b>TOTAL ASSETS</b>	<u>\$ 32,714,243</u>	<u>\$ 1,017,487</u>	<u>\$ 33,731,730</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred Gain/Loss on Bond Refinance	240,566	-	240,566
<b>Total deferred outflow of resources</b>	<u>\$ 240,566</u>	<u>\$ -</u>	<u>\$ 240,566</u>
<b>LIABILITIES:</b>			
<b>Current Liabilities</b>			
Accounts payable	68,541	6,165	74,706
Current portion of bond obligations	911,000	-	911,000
Current portion of accrued sick leave	114,720	-	114,720
Accrued interest payable	206,357	-	206,357
Current portion of KSBIT payable	<u>111,305</u>	<u>-</u>	<u>111,305</u>
<b>Total Current Liabilities</b>	<u>1,411,923</u>	<u>6,165</u>	<u>1,418,088</u>
<b>Noncurrent Liabilities</b>			
Noncurrent portion of bond obligations	16,993,000	-	16,993,000
KSBIT Payable	252,551	-	252,551
Noncurrent portion of accrued sick leave	<u>76,339</u>	<u>-</u>	<u>76,339</u>
<b>Total Noncurrent Liabilities</b>	<u>17,321,890</u>	<u>-</u>	<u>17,321,890</u>
<b>TOTAL LIABILITIES</b>	<u>18,733,813</u>	<u>6,165</u>	<u>18,739,978</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Grants received in advance	377,216	-	377,216
<b>Total deferred inflow of resources</b>	<u>\$ 377,216</u>	<u>\$ -</u>	<u>\$ 377,216</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	9,861,956	73,216	9,935,172
Restricted			
Debt Service	123,655	-	123,655
Capital projects (expendable)	104,375	-	104,375
Other purposes	-	938,106	938,106
Unrestricted	<u>3,753,794</u>	<u>-</u>	<u>3,753,794</u>
<b>TOTAL NET POSITION</b>	<u>\$ 13,843,780</u>	<u>\$ 1,011,322</u>	<u>\$ 14,855,102</u>

See Accompanying Notes to the Financial Statements

**BOURBON COUNTY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2014**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT		
					GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Primary Government							
Governmental Activities:							
Instructional	\$ 16,396,052	\$ 14,858	\$ 7,941,547	\$ -	\$ (8,439,647)	\$ -	\$ (8,439,647)
Support Services:							
Student	1,148,765	-	145,056	-	(1,003,709)	-	(1,003,709)
Instructional staff	1,149,255	-	128,287	-	(1,020,968)	-	(1,020,968)
District administration	824,265	-	59,141	-	(765,124)	-	(765,124)
School administration	1,425,513	-	273,243	-	(1,152,270)	-	(1,152,270)
Business	545,611	-	205,216	-	(340,395)	-	(340,395)
Plant operations and maintainance	2,486,333	-	114,923	-	(2,371,410)	-	(2,371,410)
Student transportation	2,021,480	115,133	133,173	-	(1,773,174)	-	(1,773,174)
Community services	244,208	92,600	-	-	(151,608)	-	(151,608)
Facilities acquisition and construction	127,231	-	-	-	(127,231)	-	(127,231)
Interest on long-term debt	450,887	-	-	340,859	(110,028)	-	(110,028)
Total Governmental Activities	26,819,600	222,591	9,000,586	340,859	(17,255,564)	-	(17,255,564)
Business Type Activities:							
Food Service	1,375,025	253,199	1,285,695	-	-	163,869	163,869
Child Care	201,694	172,807	45,739	-	-	16,852	16,852
Total Business Type Activities	1,576,719	426,006	1,331,434	-	-	180,721	180,721
Total Primary Government	\$ 28,396,319	\$ 648,597	\$ 10,332,020	\$ 340,859	\$ (17,255,564)	\$ 180,721	\$ (17,074,843)
			General Revenues:				
			Taxes:				
			Property	\$ 5,939,778	\$ -	\$ 5,939,778	
			Motor vehicle	658,225	-	658,225	
			Utilities	1,160,236	-	1,160,236	
			State and formula grants	9,578,328	-	9,578,328	
			Interest and investment earnings	38,050	4,325	42,375	
			Miscellaneous	73,078	-	73,078	
			Transfers	65,023	(65,023)	-	
			Total General Revenues and Transfers	17,512,718	(60,698)	17,452,020	
			Extraordinary Item - KSBIT assessment	52,104	-	52,104	
			Change in Net Position	309,258	120,023	429,281	
			Net Position - beginning of year	13,717,990	891,299	14,609,289	
			Effect of Adoption of GASB 65	(183,468)	-	(183,468)	
			Net Position - beginning restated	13,534,522	891,299	14,425,821	
			Net Position - end of year	\$ 13,843,780	\$ 1,011,322	\$ 14,855,102	

See Accompanying Notes to the Financial Statements

**BOURBON COUNTY SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2014**

	GENERAL FUND	SPECIAL REVENUE (GRANT) FUNDS	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 3,592,186	\$ -	\$ 229,498	\$ 3,821,684
Accounts receivable				
Taxes	141,604	-	-	141,604
Accounts	36,294	-	-	36,294
Intergovernmental - Federal	-	696,986	-	696,986
Due from other funds	298,415	-	-	298,415
<b>TOTAL ASSETS</b>	<b>\$ 4,068,499</b>	<b>\$ 696,986</b>	<b>\$ 229,498</b>	<b>\$ 4,994,983</b>
 <b>LIABILITIES:</b>				
Accounts payable	\$ 45,718	\$ 21,355	\$ 1,468	\$ 68,541
Accrued sick leave	10,300	-	-	10,300
KSBIT payable	111,305	-	-	111,305
Due to other funds	-	298,415	-	298,415
Unearned revenue	-	377,216	-	377,216
<b>TOTAL LIABILITIES</b>	<b>167,323</b>	<b>696,986</b>	<b>1,468</b>	<b>865,777</b>
 <b>FUND BALANCES:</b>				
Restricted				
Debt service	-	-	123,655	123,655
Capital projects	-	-	104,375	104,375
Sick leave	85,230	-	-	85,230
Assigned	-	-	-	-
Unassigned	3,815,946	-	-	3,815,946
<b>TOTAL FUND BALANCES</b>	<b>3,901,176</b>	<b>-</b>	<b>228,030</b>	<b>4,129,206</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 4,068,499</b>	<b>\$ 696,986</b>	<b>\$ 229,498</b>	<b>\$ 4,994,983</b>

See Accompanying Notes to the Financial Statements

**BOURBON COUNTY SCHOOL DISTRICT  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2014**

Total Governmental Fund Balances	\$	4,129,206
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets are not reported in the fund financial statement because they are not current financial resources, but they are reported in the statement of net assets.		
Bond discounts		251,719
Advanced bond refunding loss		240,566
Capital assets		27,765,956
Certain liabilities (such as bonds payable, the long-term portion of accrued sick leave, and accrued interest) are not reported in the fund financial statement because they are not due and payable, but are presented in the statement of net assets.		
Bond obligations		(17,904,000)
Accrued interest		(206,357)
Other accrued liabilities		(252,551)
Accrued sick leave		(180,759)
		(18,543,667)
Net Position of Governmental Activities	\$	13,843,780

**BOURBON COUNTY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014**

	GENERAL FUND	SPECIAL REVENUE (GRANT) FUNDS	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES:</b>				
From local sources:				
Taxes:				
Property	\$ 5,389,698	\$ -	\$ 550,080	\$ 5,939,778
Motor vehicle	658,225	-	-	658,225
Utilities	1,160,236	-	-	1,160,236
Earnings on investments	38,050	-	-	38,050
Other local revenues	37,751	259,452	-	297,203
Intergovernmental - State	13,484,846	1,053,835	911,137	15,449,818
Intergovernmental - Indirect federal	-	3,469,954	-	3,469,954
<b>TOTAL REVENUES</b>	<u>20,768,806</u>	<u>4,783,241</u>	<u>1,461,217</u>	<u>27,013,264</u>
<b>EXPENDITURES:</b>				
Current:				
Instruction:	12,413,105	3,177,992	-	15,591,097
Support Services:				
Student	927,525	209,314	-	1,136,839
Instructional staff	579,360	605,193	-	1,184,553
District administration	695,249	-	-	695,249
School administration	1,285,881	138,390	-	1,424,271
Business	544,758	853	-	545,611
Plant operations and maintainance	2,332,044	46,971	-	2,379,015
Student transportation	1,684,438	314,054	-	1,998,492
Community services	-	243,787	-	243,787
Facilities acquisition and construction	-	-	658,094	658,094
Debt service	-	-	1,508,451	1,508,451
<b>TOTAL EXPENDITURES</b>	<u>20,462,360</u>	<u>4,736,554</u>	<u>2,166,545</u>	<u>27,365,459</u>
Excess (Deficit) of Revenues over Expenditures	<u>306,446</u>	<u>46,687</u>	<u>(705,328)</u>	<u>(352,195)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating transfers in	65,023	38,758	1,287,640	1,391,421
Operating transfers out	(157,758)	(85,445)	(1,083,195)	(1,326,398)
Payments to refund debt escrow agent	-	-	-	-
Issuance of debt	-	-	468,000	468,000
<b>TOTAL OTHER FINANCING SOURCES (USES):</b>	<u>(92,735)</u>	<u>(46,687)</u>	<u>672,445</u>	<u>533,023</u>
Extraordinary Item-KSBIT Assessment	<u>(111,305)</u>	<u>-</u>	<u>-</u>	<u>(111,305)</u>
Net Change in Fund Balances	102,406	-	(32,883)	69,523
Fund balance - beginning of year	<u>3,798,770</u>	<u>-</u>	<u>260,913</u>	<u>4,059,683</u>
Fund balance - end of year	<u>\$ 3,901,176</u>	<u>\$ -</u>	<u>\$ 228,030</u>	<u>\$ 4,129,206</u>

See Accompanying Notes to the Financial Statements

**BOURBON COUNTY SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2014**

Net Change in Fund Balances - Total Governmental Funds	\$	69,523
Amounts reported for governmental activities in the statement of activities are different because:		
Bond discounts are expensed as incurred in the fund financial statement, but are amortized over the life of the bond in the statement of activities:		
Amortization expense		(32,030)
Bond discounts		8,859
The proceeds from the disposal of capital assets provide current financial resources and are reported in the fund financial statements. However, for governmental activities the proceeds are reported net of the cost less any accumulated depreciation.		
		(1,533)
Bond proceeds are recognized in this fund financial statement as resources available for use as current financial resources, but bond proceeds are not recognized in the statement of activities.		
Bond proceeds		(468,000)
Payments to escrow agents use current financial resources and are reported in the fund financial statement but they are not presented in the statement of activities.		
		97,699
Capital outlays are reported as expenditures in the fund financial statement because they are 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.		
Capital outlays		886,151
Depreciation expense		(1,280,929)
Generally, expenditures recognized in the 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.		
Accrued interest		43,434
KSBIT		52,104
Sick leave		(5,622)
Bond and 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 position.		
		<u>939,602</u>
Change in Net Position of Governmental Activities	\$	<u><u>309,258</u></u>

**BOURBON COUNTY SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2014**

	GENERAL FUND			VARIANCE Favorable (Unfavorable)
	BUDGETED AMOUNTS		ACTUAL	
	ORIGINAL	FINAL		
REVENUES:				
From local sources:				
Taxes:				
Property	\$ 4,460,000	\$ 4,610,000	\$ 5,389,698	\$ 779,698
Motor vehicle	500,000	500,000	658,225	158,225
Utilities	900,000	1,000,000	1,160,236	160,236
Tuition and fees	6,000	6,000	-	(6,000)
Earnings on investments	80,000	15,000	38,050	23,050
Other local revenues	-	-	37,751	37,751
Intergovernmental - State	9,803,939	13,404,748	13,484,846	80,098
TOTAL REVENUES	<u>15,749,939</u>	<u>19,535,748</u>	<u>20,768,806</u>	<u>1,233,058</u>
EXPENDITURES:				
Current:				
Instruction:	10,403,028	13,123,985	12,413,105	710,880
Support Services:				
Student	662,873	865,556	927,525	(61,969)
Instructional staff	433,224	571,361	579,360	(7,999)
District administration	1,005,408	952,623	695,249	257,374
School administration	1,031,153	1,292,713	1,285,881	6,832
Business	434,872	548,210	544,758	3,452
Plant operations and maintenance	2,824,077	2,746,079	2,332,044	414,035
Student transportation	1,816,187	1,939,576	1,684,438	255,138
Debt service	-	-	-	-
Other	-	-	-	-
TOTAL EXPENDITURES	<u>18,610,822</u>	<u>22,040,103</u>	<u>20,462,360</u>	<u>1,577,743</u>
Excess (Deficit) of Revenues over Expenditures	<u>(2,860,883)</u>	<u>(2,504,355)</u>	<u>306,446</u>	<u>2,810,801</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers in	-	65,000	65,023	23
Operating transfers out	(100,644)	(202,393)	(157,758)	44,635
Contingency	(1,175,021)	(869,464)	-	869,464
TOTAL OTHER FINANCING SOURCES (USES):	<u>(1,275,665)</u>	<u>(1,006,857)</u>	<u>(92,735)</u>	<u>914,122</u>
Extraordinary Item-KSBIT Assessment	-	-	(111,305)	(111,305)
Net Change in Fund Balances	(4,136,547)	(3,511,212)	102,406	3,613,618
Fund balance - beginning of year	<u>4,136,547</u>	<u>3,511,212</u>	<u>3,798,770</u>	<u>287,558</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,901,176</u>	<u>\$ 3,901,176</u>

**BOURBON COUNTY SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR THE YEAR ENDED JUNE 30, 2014**

	SPECIAL REVENUE FUND			VARIANCE Favorable (Unfavorable)
	BUDGETED AMOUNTS		ACTUAL	
	ORIGINAL	FINAL		
<b>REVENUES:</b>				
From local sources:				
Other local revenues	\$ 36,400	\$ 2,300	\$ 259,452	\$ 257,152
Intergovernmental - State	873,947	114,212	1,053,835	939,623
Intergovernmental - Indirect federal	3,297,196	739,805	3,469,954	2,730,149
<b>TOTAL REVENUES</b>	<u>4,207,543</u>	<u>856,317</u>	<u>4,783,241</u>	<u>3,926,924</u>
<b>EXPENDITURES:</b>				
Current:				
Instruction:	2,598,264	574,052	3,177,992	(2,603,940)
Support Services:				
Student	193,410	26,910	209,314	(182,404)
Instructional staff	685,363	153,986	605,193	(451,207)
School administration	160,653	63,774	138,390	(74,616)
Business	-	-	853	(853)
Plant operations and maintenance	53,816	4,172	46,971	(42,799)
Student transportation	320,747	51,874	314,054	(262,180)
Community services	255,290	630	243,787	(243,157)
Debt Service	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>4,267,543</u>	<u>875,398</u>	<u>4,736,554</u>	<u>(3,861,156)</u>
Excess (Deficit) of Revenues over Expenditures	<u>(60,000)</u>	<u>(19,081)</u>	<u>46,687</u>	<u>65,768</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating transfers in	60,000	21,242	38,758	17,996
Operating transfers out	-	-	(85,445)	(85,445)
<b>TOTAL OTHER FINANCING SOURCES (USES):</b>	<u>60,000</u>	<u>21,242</u>	<u>(46,687)</u>	<u>(67,449)</u>
Net Change in Fund Balances	-	2,161	-	(1,681)
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ 2,161</u>	<u>\$ -</u>	<u>\$ (1,681)</u>

See Accompanying Notes to the Financial Statements

**BOURBON COUNTY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2014**

	FOOD SERVICE FUND	NON-MAJOR PROPRIETARY FUNDS	TOTAL PROPRIETARY FUNDS
<b>ASSETS:</b>			
Current Assets			
Cash and cash equivalents	\$ 710,827	\$ 184,108	\$ 894,935
Accounts receivable	13,787	2,342	16,129
Inventory	33,207	-	33,207
Total Current Assets	757,821	186,450	944,271
Noncurrent Assets			
Machinery & equipment	378,299	-	378,299
Accumulated depreciation	(305,083)	-	(305,083)
Total Noncurrent Assets	73,216	-	73,216
<b>TOTAL ASSETS</b>	<b>\$ 831,037</b>	<b>\$ 186,450</b>	<b>\$ 1,017,487</b>
<b>LIABILITIES:</b>			
Current Liabilities			
Accounts payable	\$ 5,105	\$ 1,060	\$ 6,165
Noncurrent Liabilities			
	-	-	-
<b>TOTAL LIABILITIES</b>	<b>5,105</b>	<b>1,060</b>	<b>6,165</b>
<b>NET POSITION:</b>			
Invested in capital assets, net of related debt	73,216	-	73,216
Restricted	752,716	185,390	938,106
<b>TOTAL NET POSITION</b>	<b>825,932</b>	<b>185,390</b>	<b>1,011,322</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 831,037</b>	<b>\$ 186,450</b>	<b>\$ 1,017,487</b>

See Accompanying Notes to the Financial Statements

**BOURBON COUNTY SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	FOOD SERVICE FUND	NON-MAJOR PROPRIETARY FUNDS	TOTAL PROPRIETARY FUNDS
<b>OPERATING REVENUES:</b>			
Lunchroom sales	\$ 253,199	\$ -	\$ 253,199
Other operating revenues	-	172,807	172,807
<b>TOTAL OPERATING REVENUES</b>	<u>253,199</u>	<u>172,807</u>	<u>426,006</u>
<b>OPERATING EXPENSES:</b>			
Salaries and wages	430,565	115,684	546,249
Employee benefits	200,570	55,521	256,091
Contract services	34,627	457	35,084
Materials and supplies	694,663	30,032	724,695
Property	598	-	598
Miscellaneous	3,045	-	3,045
Depreciation	10,957	-	10,957
<b>TOTAL OPERATING EXPENSES</b>	<u>1,375,025</u>	<u>201,694</u>	<u>1,576,719</u>
Operating income (loss)	(1,121,826)	(28,887)	(1,150,713)
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Federal grants	1,078,070	5,088	1,083,158
Federal commodities	106,832	-	106,832
State grants	100,793	40,651	141,444
Interest income	4,325	-	4,325
<b>NON-OPERATING REVENUES (EXPENSES)</b>	<u>1,290,020</u>	<u>45,739</u>	<u>1,335,759</u>
Net income (loss) before operating transfers	168,194	16,852	185,046
Operating transfers	(65,023)	-	(65,023)
Change in net position	103,171	16,852	120,023
Total net position - beginning of year	722,761	168,538	891,299
Total net position - end of year	<u>\$ 825,932</u>	<u>\$ 185,390</u>	<u>\$ 1,011,322</u>

**BOURBON COUNTY SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014**

	FOOD SERVICE FUND	NON-MAJOR PROPRIETARY FUNDS	TOTAL PROPRIETARY FUNDS
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 253,199	\$ 170,465	\$ 423,664
Cash paid to suppliers	(626,469)	(29,656)	(656,125)
Cash paid to employees	(545,849)	(147,276)	(693,125)
Net Cash Provided (Used) by Operating Activities	(919,119)	(6,467)	(925,586)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers	(65,023)	-	(65,023)
Governmental grants	1,171,526	21,810	1,193,336
Net Cash Provided (Used) by Noncapital Activities	1,106,503	21,810	1,128,313
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase of Capital Assets	(5,093)	-	(5,093)
Net Cash Provided (Used) by Financing Activities	(5,093)	-	(5,093)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	4,325	-	4,325
Net Cash Provided (Used) by Investing Activities	4,325	-	4,325
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	186,616	15,343	201,959
<b>Cash and cash equivalents - beginning of year</b>	524,211	168,765	692,976
<b>Cash and cash equivalents - end of year</b>	\$ 710,827	\$ 184,108	\$ 894,935
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ (1,121,826)	\$ (28,887)	\$ (1,150,713)
Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities:			
Federal commodities	106,832	-	106,832
On-behalf payments	85,286	23,929	109,215
Depreciation	10,957	-	10,957
Changes in Assets and Liabilities:			
Accounts Receivable	-	(2,342)	(2,342)
Inventory	(3,214)	-	(3,214)
Accounts payable	2,846	833	3,679
Net Cash Provided (Used) by Operating Activities	\$ (919,119)	\$ (6,467)	\$ (925,586)
<b>Schedule of non-cash transactions:</b>			
Donated commodities received from federal government	\$ 106,832	\$ -	\$ 106,832
On-behalf payments	\$ 85,286	\$ 23,929	\$ 109,215

See Accompanying Notes to the Financial Statements

**BOURBON COUNTY SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2014**

	SPECIAL PURPOSE TRUST FUNDS	AGENCY FUNDS
<b>ASSETS:</b>		
Cash and cash equivalents	\$ -	\$ 296,797
Accounts receivable	-	691
	-	691
<b>TOTAL ASSETS</b>	\$ -	\$ 297,489
<b>LIABILITIES:</b>		
Accounts payable	\$ -	\$ 21,872
Due to student groups	-	275,121
	-	275,121
<b>TOTAL LIABILITIES</b>	\$ -	\$ 296,993
<b>NET POSITION:</b>		
Net position - restricted for school activity funds		\$ 496

See Accompanying Notes to the Financial Statements

**BOURBON COUNTY SCHOOL DISTRICT  
STATEMENT OF CHANGES IN NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>SPECIAL PURPOSE TRUST FUNDS</u>
ADDITIONS	
Contributions	\$ 500
DEDUCTIONS	
Scholarships awarded	<u>500</u>
Change in Net Position	-
Total net position - beginning of year	<u>-</u>
Total net position - end of year	<u><u>\$ -</u></u>

See Accompanying Notes to the Financial Statements

**BOURBON COUNTY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2014**

***NOTE 1 – REPORTING ENTITY***

The Bourbon 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 the Bourbon 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, as Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to develop policies which may influence operations and primary accountability for fiscal matters.

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

**Blended Component Unit**

**Bourbon County Board of Education Finance Corporation** - In a prior year, the Board resolved to authorize the establishment of the Bourbon County School District Finance Corporation (a non-stock, non-profit corporation organized under Section 162.385 of the School Bond Act and Chapter 273 and KRS 58.180) (the Corporation) as an agency of the District for financing the costs of school building improvements. The Board members of the Bourbon County Board of Education also comprise the corporation's Board of Directors. The Corporation does not publish individual component unit financial statements.

**BOURBON COUNTY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF FUNDS**

**BASIS OF PRESENTATION**

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activity of the reporting entity, except for fiduciary funds. The statements distinguish between governmental and business-type activities. The government-wide financial statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund and fiduciary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements and the statements for governmental funds.

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

Fund Financial Statements

Fund financial statements report detailed information about the District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major 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 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

**BOURBON COUNTY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF FUNDS (Cont'd)**

Fund Financial Statements (Cont'd)

changes in the total fund balances. Proprietary funds and fiduciary funds are reported using the economic resources measurement focus. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

The District has the following funds:

**I. Governmental Fund Types**

(A) The General Fund is the primary operating fund of the District. It accounts for financial resources used for general types of operations. This is a budgeted fund, and any fund balances are considered as resources available for use. This is a major fund of the District.

(B) The Special Revenue Fund accounts for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes. Project accounting is employed to maintain integrity for the various sources of funds. The Special Revenue Fund is a major fund.

(C) Capital Project Funds are used to account for financial resources used for the acquisition or construction of major capital facilities and equipment (other than those financed by Proprietary Funds). The following are Capital Project Funds:

- 1) The Support Education Excellence in Kentucky (SEEK) Fund receives those funds designated by the state as Capital Outlay Funds (unless authorized for retention in the General Fund) and is generally restricted for use in financing capital acquisitions. This is a non-major fund of the District.
- 2) The Facility Support Program of Kentucky 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 non-major fund of the District.

**BOURBON COUNTY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF FUNDS (Cont'd)**

Fund Financial Statements (Cont'd)

- 3) The Construction Fund accounts for funds from two sources. First, funds generated by sales of bonds issues are used for various construction and renovation projects. Second, proceeds from the sale of properties and equipment owned by the District are to be used at the discretion of the Board for construction projects in future years. This is a non-major fund of the District.

(D) The Debt Service Fund accounts for financial resources used for payment of principal and interest and other debt related costs. This is a non-major fund of the District.

II. Proprietary Fund Types (Enterprise Fund)

(A) The Food Service Fund accounts for school food service activities, including the National School Lunch Program, which is conducted in cooperation with the U.S. Department of Agriculture ("USDA"). Amounts have been recorded for in-kind contribution of commodities from the USDA. The Food Service Fund is a major fund.

(B) The Day Care Fund is used to account for child care revenue. The Day Care Fund is a non-major fund.

The District applies all GASB pronouncements to proprietary funds as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

III. Fiduciary Fund Type (Agency)

(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*.

(B) The Special Purpose Trust Fund accounts for funds donated to the District for special purposes.

**BOURBON COUNTY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF FUNDS (Cont'd)**

**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.

In the Government-wide Statement of Net position and Statement of Activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenues from property taxes are 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.

In the fund financial statements, governmental funds and agency funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Revenues from local sources consist primarily of property taxes. Property taxes collected are recorded as revenues in the fund for which they were levied. Revenue is recognized when susceptible to accrual. Miscellaneous revenues are recorded on the same basis, if measurable. Investment earnings are recorded as earned since they are measurable and available.

Grant funds which are recorded in the special revenue fund as restricted funds are considered to be earned to the extent of expenditures made under the provisions of the grant and, accordingly, when such funds are received they are recorded as deferred revenues until earned.

**BOURBON COUNTY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF FUNDS (Cont'd)**

Budgetary Process

The District's budgetary process accounts for certain transactions on a basis of accounting other than Generally Accepted Accounting Principles (GAAP). The major difference between the budgetary basis and the GAAP basis is that on-behalf payments made by the state for the District are not budgeted. See Note 15 for these amounts which were not known by the District at the time the budget was adopted.

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

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

The budget for the Special Revenue Fund consists of the sum of each active grant's budget. Large variances between budgeted and actual activity can occur because grants with little activity during the year will have their entire budget rolled up into the combined budget for all grants.

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.

Inventory

Inventory consists of food purchased by the District and commodities granted by the United States Department of Agriculture (USDA). The commodities are recognized as revenues and expenditures by the Food Service Fund when consumed. Any material commodities on hand at year end are recorded as inventory. All purchased inventory items are valued at the lower of cost or market (first-in, first-out) using the consumption method and commodities assigned values are based on information provided by the USDA.

Prepaid Assets

Payments made that will benefit periods beyond year end 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.

**BOURBON COUNTY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF FUNDS (Cont'd)**

Property Taxes

Property Tax Revenues - Property taxes are 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 received after December 31, are considered delinquent and the County Attorney can file a lien against the property.

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 property tax rates assessed for the year ended June 30, 2014 to finance the General Fund operations were \$.576 per \$100 valuation for real property, \$.576 per \$100 valuation for business personal property and \$.547 per \$100 valuation for motor vehicles.

The District levies a 3% utility tax on all businesses and households within the County.

Capital Assets

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

All capital assets 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. 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 expensed.

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:

**BOURBON COUNTY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF FUNDS (Cont'd)**

Buildings and improvements	25-50 years
Land improvements	20 years
Technology equipment	5 years
Vehicles	5-10 years
Audio-visual equipment	15 years
Food service equipment	10-12 years
Furniture and fixtures	7 years
Other	10 years

Interfund Balances

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

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 the 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 amount "accumulated sick leave payable" in the general fund. The non-current portion of the liability is not reported in the fund financial statements, but is reflected in the statement of net position.

Unearned Revenue

Unearned 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 unearned revenue.

**BOURBON COUNTY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF FUNDS (Cont'd)**

Accrued Liabilities and Long-Term Obligations

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

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

Fund Balances

The District adopted GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54) for fiscal year 2011 for its governmental funds. Fund balances for each of the District's governmental funds (General Fund, special revenue funds, capital projects funds, and debt service funds) will be displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

- *Nonspendable fund balance*—amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact.
- *Restricted fund balance*—amounts that can be spent only for specific purposes because of constraints imposed by external providers (such as grantors, bondholders, and higher levels of government), or imposed by constitutional provisions or enabling legislation.
- *Committed fund balance*—amounts that can be spent only for specific purposes determined by a formal action of the government's highest level of decision-making authority.
- *Assigned fund balance*—amounts the government intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed.
- *Unassigned fund balance*—amounts that are available for any purpose; these amounts can be reported only in the District's General Fund.

**BOURBON COUNTY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF FUNDS (Cont'd)**

Fund Balances (Cont'd)

It is the Board's practice to liquidate funds when conditions have been met releasing these funds from legal, contractual, Board or managerial obligations, using restricted funds first, followed by committed funds, assigned funds, then unassigned funds.

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.

Net Position

Net position represents the difference between assets and liabilities. Invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its 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.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District does not have any of this type of item.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District does not have any of this type of item.

**BOURBON COUNTY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF FUNDS (Cont'd)**

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 various schools. All other revenues are non-operating. Operating expenses can be tied directly to the production of the goods and services, such as the materials and labor and direct overhead. Other expenses are non-operating.

Receivables from and payables to external parties are reported separately and are not offset in the proprietary fund financial statements and business-type activities of the government-wide financial statements, unless a right of offset exists.

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

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 in the financial statements and the accompanying notes. Actual results could differ from those estimates.

New Accounting Pronouncements

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, effective for periods beginning after December 15, 2012 will improve financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. The District implemented the new requirements for the fiscal year 2014 financial statements. The implementation of GASB 65 resulted in the write-off of bond issuance costs and the effect of adoption of GASB 65 is the reduction of beginning net position by \$183,468.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions: an Amendment of GASB Statement No. 27* improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement is effective for fiscal years beginning after June 15, 2014. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

**BOURBON COUNTY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 3 - CASH AND CASH EQUIVALENTS**

The Kentucky Revised Statutes authorize the District to invest money subject to its control in obligations of the United States; bonds or certificates of indebtedness of Kentucky and its agencies and instrumentalities; savings and loan associations insured by an agency of the United States up to the amount insured; and national or state banks chartered in Kentucky and insured by an agency of the United States providing such banks pledge as security obligations, as permitted by KRS 41.240 (4), having a current quoted market value at least equal to uninsured deposits.

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The District's deposit policy for custodial credit risk requires compliance with the provisions of state law.

At year end, the District's bank balances were collateralized by securities held by the pledging bank's trust department in the District's name and FDIC Insurance. At year end, the carrying amount of the District's cash and cash equivalents was \$5,013,416. The bank balance for the same time was \$6,155,622.

Due to the nature of the accounts and limitations imposed by the purposes of the various funds, all cash balances are considered to be restricted except for the General Fund.

**NOTE 4 - CAPITAL ASSETS**

Depreciation expense was charged to functions of the governmental activities of the District as follows:

**Governmental Activities:**

Instruction	\$908,209
Support Services:	
Student	11,926
Instructional staff	6,631
District administration	17,417
School administration	5,960
Plant operations & maintenance	107,318
Student transportation	223,047
Non-instructional	421
Total depreciation expense, governmental activities	<u>\$1,280,929</u>

**BOURBON COUNTY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 4 - CAPITAL ASSETS (cont'd)**

Capital asset activity for the fiscal year ended June 30, 2014 was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$66,520	\$0	\$0	\$66,520
Construction in progress	17,668	0	(17,668)	0
Total capital assets not being depreciated	84,188	0	(17,668)	66,520
Other capital assets				
Land Improvements	2,399,209	0	0	2,399,209
Buildings & Improvements	34,888,642	548,531	0	35,437,173
Technological Equipment	1,070,428	155,228	(47,659)	1,177,997
Vehicles	3,393,473	200,060	(112,736)	3,480,797
General Equipment	717,266	0	(25,398)	691,868
Total other assets	42,469,018	903,819	(185,793)	43,187,044
Less accumulated depreciation for:				
Land Improvements	(1,162,025)	(126,216)	0	(1,288,241)
Buildings & Improvements	(9,808,986)	(757,697)	0	(10,566,683)
Technological Equipment	(759,449)	(132,727)	47,283	(844,893)
Vehicles	(2,128,233)	(232,197)	112,736	(2,247,694)
General Equipment	(532,246)	(32,093)	24,240	(540,099)
Total accumulated depreciation	(14,390,939)	(1,280,930)	184,259	(15,487,610)
Other capital assets, net	28,078,079	(377,111)	(1,534)	27,699,434
Governmental Activities, net	\$28,162,267	(\$377,111)	(\$19,202)	\$27,765,954
Business Activities:				
Technological Equipment	\$12,676	\$5,093	(3,885)	\$13,884
General Equipment	408,331	0	(43,916)	364,415
Total	421,007	5,093	(47,801)	378,299
Less accumulated depreciation for:				
Technological Equipment	(10,443)	(1,189)	3,885	(7,747)
General Equipment	(331,484)	(9,768)	43,916	(297,336)
Total accumulated depreciation	(341,927)	(10,957)	47,801	(305,083)
Business Activities, net	\$79,080	(\$5,864)	0	\$73,216

**BOURBON COUNTY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 5 – LONG-TERM DEBT AND LEASE OBLIGATIONS**

Bonds

The District, through the General Fund, the Building Fund, and the SEEK Capital Outlay Fund are obligated to make payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Bourbon County School District Finance Corporation to construct school facilities. The District has the option to purchase the property under lease at any time by retiring the bonds then outstanding.

In connection with the school revenue bonds issued after May 1, 1996, the District entered into "Participation agreements" with the School Facility Construction Commission. The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs. The table below sets forth the amount to be paid by the District and the Commission for each year until maturity of all bond issues. The liability for the total bond amount remains with the District and, as such, the total principal outstanding has been recorded in the financial statements.

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

Issue	Proceeds	Rates	Maturity Dates	Outstanding Balance June 30, 2014
2005	\$3,230,000	2.80-3.80%	3/1/2020	\$2,580,000
2006	2,720,000	4.00-4.20%	7/1/2026	275,000
2009	5,940,000	3.25-4.15%	2/1/2029	5,670,000
2010	1,280,000	1.00-2.70%	7/1/2021	1,080,000
2010	229,000	2.25%	6/1/2018	116,000
2011	1,865,000	1.00-2.40%	4/1/2022	1,660,000
2012	3,940,000	0.75-3.625%	10/1/2031	3,840,000
2013R	2,255,000	1.9-2.1%	7/1/2026	2,215,000
	<u>\$23,954,000</u>			<u>\$17,904,000</u>

The bonds which 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, 2014 for debt service (principal and interest) are as follows:

**BOURBON COUNTY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 5 - LONG-TERM DEBT AND LEASE OBLIGATIONS (cont'd)**

YEAR	Bourbon County School District		Kentucky School Construction Commission		TOTAL
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	
2015	\$666,738	\$549,204	\$244,262	\$112,745	\$1,572,949
2016	684,140	531,748	251,860	105,001	1,572,749
2017	705,031	512,350	259,969	96,894	1,574,244
2018	726,537	449,538	264,463	50,706	1,494,244
2019	742,890	427,337	253,110	44,037	1,467,374
2020-2024	3,911,389	1,787,960	840,611	144,861	6,684,821
2025-2029	4,347,099	1,107,609	544,901	59,988	6,059,597
2030-2032	3,312,377	202,804	145,623	11,282	3,672,086
	<u>\$15,096,201</u>	<u>\$5,568,550</u>	<u>\$2,807,799</u>	<u>\$625,514</u>	<u>\$24,098,064</u>

Defeased Bonds

In 2013, the District defeased Series 2006 School Building Revenue Bonds by depositing the proceeds of new debt into an irrevocable trust with an escrow agent for future debt service payments on \$1,935,000 of the 2006 Series bonds. The remaining \$365,000 of the Series 2006 bonds originally scheduled to mature July 1, 2013 through July 1, 2016 will be paid as and when due by the revenues of the District. The Series 2006 School Building Revenue Bonds will be called on July 1, 2016, the earliest date on which the Series 2006 bonds are subject to redemption prior to maturity at par. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$253,227. This difference, reported in the accompanying statement of net position as a deferred outflow of resources, is being amortized to operations through 2026. Current year operations included amortization of \$12,661.

KSBIT Payable

In the prior year, the Kentucky School Board Insurance Trust (KSBIT) notified the District that its self-insurance pools for worker's compensation and liability insurance were underfunded. As a result, an assessment was required, under a fair methodology to be approved by the Kentucky Department of Insurance, of current and past participating members, to fund the deficit and the transfer of liability to a qualified insurer/reinsurer. On June 24, 2013, the KSBIT Board voted to submit a plan to the Kentucky Department of insurance using the novation option of funding. A novation transfers all existing KSBIT claims and risk to a highly rated reinsurer which will take over the future responsibility for all present and future claims. The District's liability under the novation method was estimated to be \$286,422. The District elected to make an initial payment of 25% of its assessment and finance the remaining liability over 6 years. The plan was approved in June 2014 and the first payment is due by August 15, 2014. The District has adjusted the estimated amount recorded in the prior year for the actual assessment of \$363,856.

**BOURBON COUNTY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 5 - LONG-TERM DEBT AND LEASE OBLIGATIONS (cont'd)**

The following is a summary of the District's long-term debt transactions for the year ended June 30, 2014:

	06/30/13 Beginning Balance	Additions	Reductions	06/30/14 Ending Balance	Amounts Due Within One Year
Bonds	\$18,353,000	\$468,000	\$917,000	\$17,904,000	\$911,000
Capital Leases	\$22,602	\$0	\$22,602	\$0	\$0
Sick Leave KSBIT	\$185,437	\$122,740	\$117,118	\$191,059	\$114,720
Payable	\$415,960	\$0	\$52,104	\$363,856	\$111,305

**NOTE 6 - COMMITMENTS UNDER NON-CAPITALIZED LEASES**

Commitments under operating lease agreements for office equipment provided for the minimum future rental payments as of June 30, 2014 are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2015	\$39,425
2016	19,713
	<u>\$59,138</u>

Expenditures for equipment under operating leases for the year ended June 30, 2014 totaled \$41,730.

**NOTE 7 - RETIREMENT PLAN**

Kentucky Teacher's Retirement System

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

**BOURBON COUNTY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 7 - RETIREMENT PLAN (Cont'd)**

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

*Funding policy* - Contribution rates for KTRS are established by KRS. Members are required to contribute 11.355% of their salaries to KTRS. The Commonwealth of Kentucky is required to contribute 13.105% of salaries for members in a state retirement system before July 1, 2008 and 14.105% of salaries for members who started their account after July 1, 2008. The federal program that pays for salaries also pays the matching contributions.

Medical Insurance Plan

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

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

*Funding policy* – In order to fund the post-employment healthcare benefit, active member contributions are matched by the state at .75% of members' gross salaries. Member contributions are 1.75% of salary. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan. Additionally, under the Shared Responsibility Plan, the local school district employers pay 1.0% of members' salary for the 2012-2013 fiscal year.

The District's total payroll for the year was \$16,008,101. The payroll for employees covered under KTRS was \$12,121,748. For the year ended June 30, 2014, the Commonwealth contributed \$1,378,094 for the benefit of the District's participating employees. The District's contributions to KTRS for the year ending June 30, 2014, were \$378,425, which represented those employees covered by federal programs. The District's required contributions for pension obligations to KTRS for the fiscal years ended June 30, 2013 and

**BOURBON COUNTY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 7 - RETIREMENT PLAN (Cont'd)**

2012 were \$1,753,900 and \$1,744,697, respectively; 100 percent has been contributed for fiscal years 2014, 2013, and 2012.

County Employees' Retirement System

Substantially all other employees (classified personnel) are covered under the County Employee's Retirement System (CERS), a cost sharing, multiple-employer defined benefit pension plan administered by the Kentucky Retirement System, an agency of the Commonwealth of Kentucky. CERS provides retirement, death and disability benefits to Plan members and beneficiaries. Cost of living adjustments are provided at the discretion of the State Legislature. Under the provisions of the Kentucky Revised Statute Section 61.645, the Board of Trustees of the Kentucky Retirement System administers CERS and has the authority to establish and amend benefit provisions.

Plan members are required to contribute either 5% or 6% of their annual covered compensation and the District is required to contribute at an actuarially determined rate. The current rate is 18.89% of the employee's total compensation. The contribution requirement for CERS for the year ended June 30, 2014 was \$903,200, which consisted of \$708,862 from the District and \$194,338 from the employees.

CERS issues a publicly available financial report included in the Kentucky Retirement Systems Annual Report that includes financial statements and the required supplementary information for CERS. A copy of the annual report may be obtained by writing to Kentucky Retirement Systems, Perimeter Park West, 1260 Louisville Road, Frankfort, KY 40601, or by calling (502) 564-4646.

Retirement Plans

The District also offers employees the option to participate in defined contribution plans under Sections 403(B) and 401(K) of the Internal Revenue Code. All regular full-time and part-time employees are eligible to participate and may contribute up to the maximum amount allowable by law.

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 their 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 and 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 report these assets and liabilities on its financial statements. Employee contributions made to the plans during the year totaled \$182,195. The District does not contribute to these plans.

**BOURBON COUNTY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 8 – 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. At June 30, 2014, this amount totaled \$191,059. The District follows a policy of funding up to one-half of the total amount accrued as a reservation of the General Fund balance.

**NOTE 9- 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 are covered through the purchase of commercial insurance. The District has purchased certain policies which are retrospectively rated and include workers' compensation insurance.

**NOTE 10 - CONTINGENCIES**

Funding for the District's Grant Funds is provided by federal, state and local government agencies. These funds are to be used for designated purposes only. If, based upon the grantor's review, the funds are considered not to have been used for the intended purpose the grantor may request a refund of monies advanced, or to refuse to reimburse the District for its disbursements. The amount of such future refunds and un-reimbursed disbursements, if any, is not expected to be significant. Continuation of the District's grant programs is predicated upon the grantor's satisfaction that the funds provided are being spent as intended and the grantor's intent to continue their programs.

In addition, the District operates in a heavily regulated environment. The operations of the District are subject to the administrative directives, rules and regulations of federal and state regulatory agencies, including, but not limited to, the U.S. Department of Education and the Kentucky Department of Education. Such administrative directives, rules and regulations are subject to change by an act of Congress or the Kentucky Legislature or an administrative change mandated by the Kentucky Department of Education. Such changes may occur with little or inadequate funding to pay for the related cost, including the additional administrative burden to comply with a change.

**BOURBON COUNTY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 11- RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To obtain insurance for worker's compensation, errors and omissions, and general liability coverage, the District participates in the Kentucky School Boards Insurance Trust Liability Insurance Fund. These public entity risk pools operate as common risk management and insurance programs for all school districts and other tax supported educational agencies of Kentucky who are members of the Kentucky School Boards Association. The District pays an annual premium to each fund for coverage. Contributions to the Workers' Compensation Fund are based on premium rates established by such a fund in conjunction with the excess insurance carrier, subject to claims experience modifications and a group discount amount. Dividends may be declared, but are not payable until twenty-four months after the expiration of the self-insurance term. The liability insurance fund pays insurance premiums of the participating members established by the insurance carrier. The Trust can terminate coverage if it is unable to obtain acceptable excess general liability coverage, and for any reason, by giving ninety days notice. In the event the Trust terminated coverage, any amount remaining in the Fund would be returned to the member on a pro rata basis.

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

**NOTE 12 - 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 (contingency).

**NOTE 13 - DEFICIT OPERATING/ FUND BALANCES**

There were no funds operating at a deficit fund balance at June 30, 2014. However, the following fund had operations that resulted in a current year deficit of revenues over expenditures resulting in the following reductions of fund balance:

Construction Fund	\$71,094
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**BOURBON COUNTY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 14 – INTERFUND TRANSACTIONS**

At June 30, 2014, the interfund status of payables and receivables (all current) of the various funds of the district are in the following table. All balances are expected to be settled within the next fiscal year.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Purpose</u>	<u>Amount</u>
General Fund	Special Revenue Fund	Advance	\$298,415

The following transfers were made during the year:

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General	Special Rev.	KETS Matching	\$38,758
General	Construction	Construction	\$119,000
Special Rev.	Debt Service	Debt Service	\$85,445
Capital Outlay	Debt Service	Debt Service	\$205,077
Building	Debt Service	Debt Service	\$878,118
Food Service	General	Indirect Costs	\$65,023

**NOTE 15 - ON-BEHALF PAYMENTS**

During the year, the Commonwealth of Kentucky contributed estimated payments on behalf of the District. These payments were recorded in the appropriate revenue and expense accounts on the statement of revenue, expenses, and changes in fund balance. These revenues and expenditures are not budgeted by the District. As a result, the actual expenditures for the General and Special Revenue funds exceeded budgeted amounts, as presented on pages 15 and 16.

For the fiscal year ended June 30, 2014, the on-behalf payments were recorded as follows:

General Fund	\$3,906,518
Food Service Fund	85,286
Day Care Fund	22,816
Techy Tees	1113
Debt Service Fund	<u>340,859</u>
Total	<u><u>\$4,356,592</u></u>

**BOURBON COUNTY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 16– LITIGATION**

The District is subject to several 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.

**BOURBON COUNTY SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2014**

	<u>CAPITAL OUTLAY FUND</u>	<u>BUILDING FUND</u>	<u>CONSTRUCTION FUND</u>	<u>DEBT SERVICE FUND</u>	<u>TOTAL NON-MAJOR GOVERNMENTAL FUNDS</u>
ASSETS:					
Cash and cash equivalents	\$ 37,163	\$ -	\$ 68,680	\$ 123,655	\$ 229,498
<b>TOTAL ASSETS</b>	<u>\$ 37,163</u>	<u>\$ -</u>	<u>\$ 68,680</u>	<u>\$ 123,655</u>	<u>\$ 229,498</u>
LIABILITIES:					
Accounts payable	\$ -	\$ -	\$ 1,468	\$ -	\$ 1,468
<b>TOTAL LIABILITIES</b>	-	-	1,468	-	1,468
FUND BALANCES:					
Restricted	37,163	-	67,212	123,655	228,030
<b>TOTAL FUND BALANCES</b>	<u>37,163</u>	<u>-</u>	<u>67,212</u>	<u>123,655</u>	<u>228,030</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 37,163</u>	<u>\$ -</u>	<u>\$ 68,680</u>	<u>\$ 123,655</u>	<u>\$ 229,498</u>

**BOURBON COUNTY SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 NON-MAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2014**

	CAPITAL OUTLAY FUND	BUILDING FUND	CONSTRUCTION FUND	DEBT SERVICE FUND	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
<b>REVENUES:</b>					
From local sources:					
Taxes:					
Property	\$ -	\$ 550,080	\$ -	\$ -	\$ 550,080
Intergovernmental - State	242,240	328,038	-	340,859	911,137
<b>TOTAL REVENUES</b>	<u>242,240</u>	<u>878,118</u>	<u>-</u>	<u>340,859</u>	<u>1,461,217</u>
<b>EXPENDITURES:</b>					
Current:					
Facilities acquisition and construction	-	-	658,094	-	658,094
Debt service	-	-	-	1,508,451	1,508,451
<b>TOTAL EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>658,094</u>	<u>1,508,451</u>	<u>2,166,545</u>
Excess (Deficit) of Revenues over Expenditures	<u>242,240</u>	<u>878,118</u>	<u>(658,094)</u>	<u>(1,167,592)</u>	<u>(705,328)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Bond Proceeds	-	-	468,000	-	468,000
Operating transfers in	-	-	119,000	1,168,640	1,287,640
Operating transfers out	(205,077)	(878,118)	-	-	(1,083,195)
<b>TOTAL OTHER FINANCING SOURCES (USES):</b>	<u>(205,077)</u>	<u>(878,118)</u>	<u>587,000</u>	<u>1,168,640</u>	<u>672,445</u>
Excess (Deficit) of revenues and Other financing sources over expenditures and other financing uses	37,163	-	(71,094)	1,048	(32,883)
Fund balance - beginning of year	-	-	138,306	122,607	260,913
Fund balance - end of year	<u>\$ 37,163</u>	<u>\$ -</u>	<u>\$ 67,212</u>	<u>\$ 123,655</u>	<u>\$ 228,030</u>

**BOURBON COUNTY SCHOOL DISTRICT  
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND FUND BALANCES  
SCHOOL ACTIVITY FUNDS  
For The Year Ended June 30, 2014**

	Cash Balances June 30, 2013	Receipts	Disbursements	Cash Balances June 30, 2014	Accounts Receivable June 30, 2014	Accounts Payable June 30, 2014	Fund Balances June 30, 2014
Bourbon Co. High School	\$ 137,222	\$ 516,580	\$ 495,539	\$ 158,263	\$ -	\$ 15,083	\$ 142,684
Bourbon Co. Middle	59,472	266,621	247,676	78,417	610	6,789	72,238
Cane Ridge Elementary	9,939	45,267	44,990	10,217	81	-	10,298
North Middletown Elementary	7,815	24,486	19,721	12,580	-	-	12,580
Bourbon Central Elementary	<u>52,923</u>	<u>63,374</u>	<u>78,976</u>	<u>37,321</u>	<u>-</u>	<u>-</u>	<u>37,321</u>
	<u>\$ 266,291</u>	<u>\$ 916,328</u>	<u>\$ 886,902</u>	<u>\$ 296,797</u>	<u>\$ 691</u>	<u>\$ 21,872</u>	<u>\$ 275,121</u>

**BOURBON COUNTY SCHOOL DISTRICT  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND FUND BALANCES  
BOURBON COUNTY COUNTY HIGH SCHOOL ACTIVITY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014**

ACCOUNTS:	Cash			Cash			Accounts		Accounts		Fund
	Balances June 30, 2013	Receipts	Disbursements	Balances June 30, 2014	Receivable June 30, 2014	Payable June 30, 2014	2014	2014	Balances June 30, 2014		
Advanced Placement	\$ 2,346	\$ 9,828	\$ 9,622	\$ 2,552	\$ -	\$ -	\$ -	\$ -	\$ 2,552		
Academic Team	-	-	-	-	-	-	-	-	-		
Art Club	598	1,842	313	2,127	-	-	-	-	2,127		
Baseball	16,611	23,627	27,316	12,922	-	1,000	-	-	11,922		
Boys Basketball	6,062	26,766	30,978	1,850	-	301	-	-	1,549		
Girls Basketball	4,815	21,350	24,045	2,120	-	100	-	-	2,020		
Cheerleading	5,102	23,026	26,318	1,810	-	1,311	-	-	499		
Athletic Promotion	3,876	7,151	8,632	2,395	-	1,300	-	-	1,095		
Concessions	-	7,787	7,787	-	-	-	-	-	-		
Football	961	49,884	43,501	7,344	-	-	-	-	7,344		
Track	-	2,229	2,229	-	-	-	-	-	-		
Golf	256	719	975	-	-	-	-	-	-		
Boys Soccer	482	12,038	11,167	1,353	-	-	-	-	1,353		
Boys Tennis	401	2,635	2,438	598	-	-	-	-	598		
Girls Softball	8,125	18,425	25,341	1,209	-	448	-	-	761		
Softdrink Account	-	409	351	58	-	-	-	-	58		
Girls Soccer	3,445	17,532	14,358	6,619	-	-	-	-	6,619		
District	-	29,021	29,021	-	-	-	-	-	-		
Regional	-	-	-	-	-	-	-	-	-		
Bass Fishing	376	495	375	496	-	-	-	-	-		
Cross Country	952	2,139	2,746	345	-	-	-	-	345		
Parking	-	4,080	4,080	-	-	-	-	-	-		
Science Honorary	119	-	-	119	-	-	-	-	119		
Fees	2,204	9,624	10,462	1,366	-	-	-	-	1,366		
College Classes	-	9,835	9,835	-	-	-	-	-	-		
Dance	7,309	12,849	12,359	7,799	-	2,195	-	-	5,604		
SADD	121	-	-	121	-	-	-	-	121		
Beta	13	1,685	1,694	4	-	-	-	-	4		
Office	625	3,931	3,344	1,212	-	-	-	-	1,212		
WBBA	666	160	61	766	-	-	-	-	766		
Small Engines	-	-	-	-	-	-	-	-	-		
Foods	200	12,049	10,202	2,047	-	-	-	-	2,047		
Volleyball	213	9,418	7,808	1,822	-	-	-	-	1,822		
Drama Club	270	114	138	247	-	-	-	-	247		
English	44	423	288	179	-	-	-	-	179		
FBLA	-	208	208	-	-	-	-	-	-		
FFA	8,388	27,856	27,310	8,934	-	5,981	-	-	2,953		
FFA Seed Corn	3,895	-	-	3,895	-	-	-	-	3,895		
FFA Book Project	3,193	5,518	4,554	4,157	-	-	-	-	4,157		
FFA Tractor	-	-	-	-	-	-	-	-	-		
FFA Investment	3,295	-	-	3,295	-	-	-	-	3,295		
FCCLA/FHA	-	4,353	4,353	-	-	-	-	-	-		
FCCLA Star Events	-	2,409	2,409	-	-	-	-	-	-		
Homecoming	-	576	576	-	-	-	-	-	-		
Horticulture	13,903	15,536	10,550	18,889	-	500	-	-	18,389		
Journalism	77	2,655	1,550	1,182	-	-	-	-	1,182		
Library	2,750	1,404	1,615	2,539	-	-	-	-	2,539		
NAHS	278	206	426	58	-	-	-	-	58		
National Honor Society	259	1,776	1,795	240	-	-	-	-	240		
Office Interest	753	7,292	3,808	4,237	-	-	-	-	4,237		
PSAT	-	112	112	-	-	-	-	-	-		
PE	144	1,336	638	842	-	-	-	-	842		
Prom	3,503	10,130	12,529	1,104	-	-	-	-	1,104		
School Play	9,524	14,184	11,312	12,396	-	-	-	-	12,396		
School Pictures	60	4,309	4,369	-	-	-	-	-	-		
Humanities	437	140	-	577	-	-	-	-	577		
SHH/Spanish Club	434	1,133	944	623	-	-	-	-	623		
STL	-	-	-	-	-	-	-	-	-		
2014	216	-	216	-	-	-	-	-	-		
GBB Christmas Tourney	-	-	-	-	-	-	-	-	-		
Girls Golf	-	9	9	-	-	-	-	-	-		
Seacamp	-	-	-	-	-	-	-	-	-		
WLC	2,052	-	27	2,026	-	-	-	-	2,026		
BCHS Preschool	585	196	104	677	-	-	-	-	677		
Rise	424	19,613	18,022	2,015	-	-	-	-	2,015		
Colonial Staples	-	-	-	-	-	-	-	-	-		
Student Needs	376	136	87	425	-	-	-	-	425		
Seniors/Games/Trip	-	-	-	-	-	-	-	-	-		
<b>SUBTOTALS</b>	<b>\$ 120,738</b>	<b>\$ 442,158</b>	<b>\$ 435,306</b>	<b>\$ 127,590</b>	<b>\$ -</b>	<b>\$ 13,136</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 113,959</b>		

**BOURBON COUNTY SCHOOL DISTRICT  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND FUND BALANCES  
BOURBON COUNTY COUNTY HIGH SCHOOL ACTIVITY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014**

ACCOUNTS:	Cash Balances June 30, 2013	Receipts	Disbursements	Cash Balances June 30, 2014	Accounts Receivable June 30, 2014	Accounts Payable June 30, 2014	Fund Balances June 30, 2014
SUBTOTALS	\$ 120,738	\$ 442,158	\$ 435,306	\$ 127,590	\$ -	\$ 13,136	\$ 113,959
Student Government	83	-	-	83	-	-	83
Vo Ag Mechanics	513	8,737	6,754	2,497	-	-	2,497
Library Student	-	-	-	-	-	-	-
TMH Fund	257	15	238	35	-	-	35
Speech Team	-	-	-	-	-	-	-
Drug Testing	-	-	-	-	-	-	-
Anatomy	91	186	5	272	-	-	272
Science Classes Trips	-	-	-	-	-	-	-
KYA Club	77	16,699	15,545	1,230	-	-	1,230
Special Ed Class Trips	-	-	-	-	-	-	-
Fashion Design	20	404	273	151	-	-	151
Floral Design	404	100	0	503	-	-	503
Faculty Club Social	522	721	402	841	-	205	636
Reading Component	-	-	-	-	-	-	-
Pep Club	516	60	340	237	-	-	237
Yearbook Account	-	1,305	-	1,305	-	-	1,305
FCA	924	-	-	924	-	-	924
Wrestling	3,109	4,530	5,395	2,243	-	527	1,716
Smoke & Pay	699	265	-	964	-	-	964
Future Educators Assoc	150	-	-	150	-	-	150
Math Batteries	521	926	309	1,138	-	527	611
Spray Painting	105	-	-	105	-	-	105
KJHS	-	-	-	-	-	-	-
Swimming	28	750	316	462	-	-	462
Assessment Committee	128	-	-	128	-	-	128
Science & Environment	249	-	-	249	-	-	249
Pennies for Patients	-	-	-	-	-	-	-
CATS - Student Rewards	251	-	-	251	-	-	251
DECA	177	-	-	177	-	-	177
2012/All God's Children	-	-	-	-	-	-	-
2011/Wesley's Place	-	-	-	-	-	-	-
Chorus	-	300	200	100	-	-	100
Colonel Staples	111	316	246	182	-	-	182
2010/Soldiers	-	-	-	-	-	-	-
Jeff Collins Golf	-	-	-	-	-	-	-
2013/Male A Wish	-	-	-	-	-	-	-
Key Club	137	-	-	137	-	-	137
German Trip	-	-	-	-	-	-	-
Bowling	572	7,232	6,540	1,265	-	-	1,265
Timmy Case Memorial	379	-	-	379	-	-	379
AP Calculus Trip	-	-	-	-	-	-	-
Friends of Rachel	42	-	-	42	-	-	42
KY Bank Shootout	-	4,341	4,341	-	-	-	-
KY Bank Shootout Con.	-	4,605	4,605	-	-	-	-
GBB/BBB Programs	-	-	-	-	-	-	-
Athletic Physicals	-	-	-	-	-	-	-
John Sosby Memorial	997	-	-	997	-	-	997
Girls Tennis	376	2,585	2,269	692	-	272	420
10th Regional	-	-	-	-	-	-	-
District Concessions	-	-	-	-	-	-	-
Soccer Regional	-	-	-	-	-	-	-
Textbooks	3,502	16,908	9,500	10,910	-	416	10,494
Colenelette	355	-	-	355	-	-	355
Michael Hickerson Fund	-	-	-	-	-	-	-
BCHS Band	436	-	54	383	-	-	383
Project Grad	-	2,756	2,756	-	-	-	-
YSC	-	-	-	-	-	-	-
Women in AG	631	464	-	1,095	-	-	1,095
Child Dev	27	45	5	67	-	-	67
Restitution	86	-	-	86	-	-	86
Back Pack Fund	8	170	140	38	-	-	38
Seniors	-	-	-	-	-	-	-
TOTALS	\$ 137,222	\$ 516,580	\$ 495,539	\$ 158,263	\$ -	\$ 15,083	\$ 142,684

BOURBON COUNTY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2014

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDS Number	Pass Through Grant Number	Federal Expenditures
<b><u>U.S. Department of Education</u></b>			
Passed Through Kentucky State Department of Education:			
Special Education Cluster (IDEA)-Cluster			
Special Education Grants to States	84.027	3810002-12	\$78,664
Special Education Grants to States	84.027	3810002-13	474,854
Special Education_Preschool Grants	84.173	3800002-12	12,779
Special Education Preschool Grants	84.173	3800002-13	21,327
Total Special Education Cluster (IDEA)- Cluster			587,624
Career and Technical Education -- Basic Grants	84.048	4611310-13	69
Career and Technical Education -- Basic Grants	84.048	4621310-13	96
Career and Technical Education -- Basic Grants	84.048	4621332-13	1,316
Career and Technical Education -- Basic Grants	84.048	3710006-13	93
Career and Technical Education – Basic Grants	84.048	3710002-13	18,787
Total Career and Technical Education			20,361
English Language Acquisition Grants	84.365	3300002-12	10,246
English Language Acquisition Grants	84.365	3300002-13	10,049
Total English Language Acquisition			20,295
Migrant Education State Grant Program	84.011	3110002-12	104,941
Migrant Education State Grant Program	84.011	3110002-13	208,076
Total Migrant Education			313,017
Adult Education - Basic Grants to States	84.002	3654	6,576
Adult Education - Basic Grants to States	84.002	384	3,460
Adult Education - Basic Grants to States	84.002	3733	77
Adult Education - Basic Grants to States	84.002	3734	35,670
Adult Education - Basic Grants to States	84.002	3803	20
Total Adult Education			45,803
Mathematics and Science Partnerships	84.366	3200102-11	212,648
Mathematics and Science Partnerships	84.366	3200102-13	65,939
Total Mathematics and Science Partnerships			278,587
Safe and Drug-Free Schools and Communities_National Programs	84.184	5343	8,003
Twenty-First Century Community Learning Centers	84.287	3400002-11	74,905
Twenty-First Century Community Learning Centers	84.287	3400002-12	296,011
Total Twenty-First Century Community Learning Centers			370,916
Improving Teacher Quality State Grants	84.367	3230002-12	89,235
Improving Teacher Quality State Grants	84.367	3230002-13	12,168
Total Improving Teacher Quality			101,403
Race to the Top	84.413	3960002-11	6,402
Title I Grants to Local Educational Agencies	84.010	3100002-12	136,976
Title I Grants to Local Educational Agencies	84.010	3100002-13	422,790
Total Title I			559,766
Total United States Department of Education			2,312,177
<b><u>United States Department of Justice- Direct Program</u></b>			
Juvenile Mentoring Program	16.726	4343	16,448
Juvenile Mentoring Program	16.726	4344	51,758
Total Juvenile Mentoring Program			68,206
Total United States Department of Justice			68,206
<b><u>Department of Health and Human Services- Direct Program</u></b>			
HEAD START - 6553	93.600	04CH243547	157,702
HEAD START - 6554	93.600	04CH243548	921,631

BOURBON COUNTY SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2014

Total HEAD START Program			1,079,333
<i>Total Department of Health and Human Services</i>			1,079,333
 <b><u>United States Department of Agriculture</u></b>			
Passed Through Kentucky State Department of Education:			
Child and Adult Care Food Program	10.558	7790021-13	1,318
Child and Adult Care Food Program	10.558	7790021-14	3,446
Child and Adult Care Food Program	10.558	7800016-13	38
Child and Adult Care Food Program	10.558	7800016-14	185
Total Child and Adult Care Food Program			4,987
 <b><i>Child Nutrition Cluster</i></b>			
School Breakfast Program	10.553	7760005-13	52,517
School Breakfast Program	10.553	7760005-14	195,839
National School Lunch Program	10.555	7750002-13	168,136
National School Lunch Program	10.555	7750002-14	642,301
Summer Food Service Program for Children	10.559	7690024-13	1,805
Summer Food Service Program for Children	10.559	7740023-13	17,473
Total Cash Assistance			1,078,070
 Non-Cash Assistance			
National School Lunch Program	10.555	4000823	106,832
Total Child Nutrition Cluster			1,184,902
Total U.S. Department of Agriculture			1,189,889
<b><i>Total Expenditures of Federal Awards</i></b>			<b>\$4,649,605</b>

**BOURBON COUNTY SCHOOL DISTRICT  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2014**

**NOTE 1- BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Bourbon County School District under the programs of the federal government for the year ended June 30, 2014. 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 operations of the Bourbon County School District, it is not intended to and does not present the financial position, changes in net assets or cash flows of the District.

**NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE 3 – FOOD DISTRIBUTION**

Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. For the year ended June 30, 2014, the District received food commodities totaling \$106,832.

# SUMMERS, MCCRARY & SPARKS, P.S.C.

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

Kentucky State Committee for School District Audits  
Members of the Board of Education  
Bourbon County School District  
Paris, KY

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the audit requirements prescribed by the Kentucky State Committee for School District Audits, as defined in the *Auditor Responsibilities and State Compliance Requirements* sections contained in the Kentucky Public School Districts' Audit Contract and Requirements, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Bourbon County School District (District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 25, 2014.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that

there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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*.

We noted certain matters that we reported to management of the District in a separate letter dated October 25, 2014.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Summers, McCrary & Sparks, PSC*

Summers, McCrary & Sparks, PSC  
Lexington, Kentucky  
October 25, 2014

# SUMMERS, MCCRARY & SPARKS, P.S.C.

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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Kentucky State Committee for School District Audits  
Members of the Board of Education  
Bourbon County School District  
Paris, Kentucky

### **Report on Compliance for Each Major Federal Program**

We have audited Bourbon County School District's (District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2014. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, Non-Profit Organizations* and the audit requirements prescribed by the Kentucky State Committee for School District Audits, in the *Auditor Responsibilities and State Compliance Requirements* sections contained in the Kentucky Public School Districts' Audit Contract and Requirements. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the Bourbon County School District, complied, in all material respects, with the types of 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, 2014.

### **Report on Internal Control Over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Summers, McCrary & Sparks, PSC*

Summers, McCrary & Sparks, PSC  
Lexington, Kentucky  
October 25, 2014

**BOURBON COUNTY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**Section 1 - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued - unmodified

Internal control over financial reporting:

Material weakness(es) identified?                      yes      X  no

Significant deficiencies identified  
that are not considered to be material  
weakness?              yes      X  none reported

Noncompliance material to financial  
statements noted?                                          yes      X  no

**Federal Awards**

Internal control over majority programs:

Material weakness(es) identified?                      yes      X  no

Significant deficiencies identified  
that are not considered to be material  
weakness(es)?                                                yes      X  none reported

Type of auditor's report issued on compliance for the major programs - unmodified

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027; 84.173	IDEA B
84.010	Title 1
84.011	Migrant Education

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

Auditee qualified as low-risk auditee?      X  yes              no

**BOURBON COUNTY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**Section II – Financial Statement Findings**

There were no findings this year.

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

There were no findings this year.

**BOURBON COUNTY SCHOOL DISTRICT  
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2014**

There were no findings in the prior year.

**SUMMERS, MCCRARY & SPARKS, P.S.C.**  
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Bourbon County School District  
Paris, Kentucky

In planning and performing our audit of the financial statements of Bourbon County School District for the year ended June 30, 2014, we considered the District's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated October 25, 2014 on the financial statements of the Bourbon 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 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.

Respectfully,

*Summers, McCrary & Sparks, PSC*

Summers, McCrary & Sparks, PSC  
Lexington, Kentucky  
October 25, 2014

**BOURBON COUNTY SCHOOL DISTRICT  
MANAGEMENT LETTER COMMENTS  
JUNE 30, 2014**

**BOARD**

Comment: During our review of cash disbursements, we noted a few instances of post dated purchase orders. Without properly approved purchase orders, unauthorized expenditures and overspending could occur. All purchase orders should be completed and approved prior to the purchase.

Response: The finance officer and accounts payable clerk will keep a closer eye on the purchase order dates. The information will be communicated to all administrators. Redbook Training will be held for all school bookkeepers and principals on October 21. We will discuss the importance of the purchase order before the actual orders in depth.

**SCHOOL ACTIVITY FUNDS**

**BOURBON COUNTY HIGH SCHOOL**

Comment: During our review of fundraising activity, we found multiple instances where the Fundraiser Worksheet (F-SA-2B) and the Inventory Control Worksheet (F-SA-5) were not being completed. We recommend the bookkeeper review the "Fundraising" section of the "Redbook", which states that for fundraisers where items are sold, the Fundraiser Worksheet (F-SA-2B) is required. The "Fundraising" section also states that fundraiser activities such as concessions, bookstores, pencil machines, and other activities involving inventory for sale shall use the Inventory Control Worksheet (F-SA-5).

Response: The bookkeeper, principal and the athletic director have reviewed the forms (F-SA-2B) and (F-SA-5) and have reviewed the "Fundraising" section in the "Redbook". The process has been reviewed on how to correctly handle this. We have also attended "Redbook" training.

**BOURBON COUNTY MIDDLE SCHOOL**

Any exceptions noted in testing appeared to be isolated incidents only and were communicated to management.

**CANE RIDGE ELEMENTARY**

Comment: During our review of cash disbursements, we found multiple instances of a purchase order being completed after the purchase was made. We recommend the Bookkeeper review the "Purchasing" section, item no. 5, of the "Redbook", which states that the purchase order shall be prepared and approved by the sponsor and principal before the payment is obligated.

**BOURBON COUNTY SCHOOL DISTRICT  
MANAGEMENT LETTER COMMENTS  
JUNE 30, 2014**

Response: The bookkeeper review item number 5 in the purchasing section of the Redbook and make sure policies are followed.

**NORTH MIDDLETOWN ELEMENTARY**

Comment: During our review of the Annual Financial Report, we found that the ending balance at June 30 did not agree to the reconciliation performed at year end. We recommend the Bookkeeper and Principle review the bank reconciliation at the end of each month to ensure it is in agreement with the monthly financial reports.

Response: NMES currently has a new bookkeeper. We will follow the rules/regulations of the Redbook. We will be attending a PD/training on October 21<sup>st</sup> to discuss Redbook procedures. All balances from prior year will roll to begin new year.

**BOURBON CENTRAL ELEMENTARY**

Comment: During our review of the Annual Financial Report, we found that the beginning balance at July 1 did not agree to the prior year ending balance at June 30. The "Hospitality" account had a larger beginning balance at July 1 as compared to the prior year ending balance at June 30. We recommend the Bookkeeper review the "Reporting" section of the "Redbook", which states that prior year balances should be entered at the beginning of each year.

Response: I have reviewed the Reporting section of the Redbook and will make sure that beginning balance agrees with the prior year's ending balance.

**STATUS OF PRIOR YEAR COMMENTS**

**BOARD**

- Previously, we noted insufficient internal controls over cash receipts for the after school programs. No similar finding occurred during the current year.

**BOURBON COUNTY SCHOOL DISTRICT  
MANAGEMENT LETTER COMMENTS  
JUNE 30, 2014**

**BOURBON COUNTY HIGH SCHOOL**

- Previously, during our review of accounts payable, we found multiple invoices that were not included on the accounts payable listing at year end, which should have been. We recommended that the Bookkeeper review the “Financial Reports” policy section, item no. 1, and the “Definitions” section of the “Redbook,” which states a listing of accounts payable (Form F-SA-15B) shall accompany the report. An accounts payable is when merchandise or services are received but not paid for at the end of the reporting period. No similar finding occurred in the current year.
- Previously, during our review of the school activity support organizations, we found the reports that are required to be submitted by the organizations, were not submitted properly. We recommended that the Bookkeeper review the “Redbook”, which states that all support organizations need to turn in a budget and a list of officers at the beginning of the school year, and an annual report at the end of the school year. No similar finding occurred in the current year.
- Previously, during our review of Ticket Sales, we found multiple ticket sale forms, “Requisition and Report of Ticket Sales” (Form F-SA-1), that were not completed correctly. We recommended that the Bookkeeper and Athletic Director need to review the form to ensure they are aware of all components of the form. No similar finding occurred in the current year.

**BOURBON COUNTY MIDDLE SCHOOL**

- Previously, during our review of the “Requisition and Report of Ticket Sales” (Form F-SA-1) forms, we found multiple forms that did not have an explanation of differences noted. We recommended that the Bookkeeper should review the “Ticket Sales” procedures section, item no. 6, of the “Redbook”, which states reconciliation, explanation of shortages/overages, and signatures are recorded using Form (F-SA-1). No similar finding occurred in the current year.
- Previously, during our review of cash disbursements, we found one check that was voided after it had been written. This check had the signature line removed, but “VOID” was not written on the check. We recommended that the Bookkeeper should review the “Purchasing” procedures section, item no. 8, of the “Redbook”, which states to void checks print the word VOID across the face of the check and tear the signature portion off. No similar finding occurred in the current year.

**BOURBON COUNTY SCHOOL DISTRICT  
MANAGEMENT LETTER COMMENTS  
JUNE 30, 2014**

**NORTH MIDDLETOWN ELEMENTARY**

- Previously, during our review of forms required to be completed by the Redbook, we found multiple instances where the bookkeeper had signed the sponsor's name and initialed off as being the one who signed their name. We recommended that the bookkeeper should obtain the sponsors signature when it is required, and not sign on behalf of a sponsor. No similar finding occurred in the current year.
- Previously, during our review of the school activity support organizations, we found the reports that are required to be submitted by the organizations, were not submitted properly. We recommended that the bookkeeper review the "Redbook", which states that all support organizations need to turn in a budget and a list of officers at the beginning of the school year, and an annual report at the end of the school year. No similar finding occurred in the current year.

**BOURBON CENTRAL ELEMENTARY**

- Previously, during our review of the school activity support organizations, we found the reports that are required to be submitted by the organizations, were not submitted properly. We recommended the Bookkeeper review the "Redbook", which states that all support organizations need to turn in a budget and a list of officers at the beginning of the school year, and an annual report at the end of the school year. No similar finding occurred in the current year.
- Previously, during our review of accounts payable, we found an invoice that was not included on the accounts payable listing at year end, which should have been. We recommended that the Bookkeeper should review the "Financial Reports" policy section, item no. 1, and the "Definitions" section of the "Redbook," which states a listing of accounts payable (Form F-SA-15B) shall accompany the report. No similar finding occurred in the current year.
- Previously, during our review of monthly bank reconciliation we noted two reconciliations that were not completed in a timely fashion. We recommended the bank reconciliation be performed, at a minimum, before the following month is over. No similar finding occurred in the current year.