

CAMPBELLSVILLE INDEPENDENT SCHOOL DISTRICT

FINANCIAL STATEMENTS,
SUPPLEMENTARY SCHEDULES
AND INDEPENDENT AUDITOR'S REPORT

For the Year Ended June 30, 2014

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INDEPENDENT AUDITOR'S REPORT

Kentucky State Committee for School District Audits
Members of the Board of Education
Campbellsville Independent School District
Campbellsville, Kentucky

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Campbellsville Independent School District (the "District") as of and for the year then 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 misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Schools District Audits Independent Auditor's Contract, Appendix I of the Independent Auditor's Contract – Audit Extension Request, and Appendix II of the Independent Auditor's Contract – Instructions for Submission of the Audit Report. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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 District as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity 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 and budgetary comparison information on Pages 3 through 7 and 33 through 34 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 conducting for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The additional information shown on Pages 35 through 38 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards and Notes to Schedule of Expenditures of Federal Awards on Pages 39 through 41 are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and are also not a required part of the basic financial statements of the District.

The additional information shown on pages 35 through 38 and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information shown on pages 35 through 38 and the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the 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 November 10, 2014, on our consideration of the Campbellsville Independent 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 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 Campbellsville Independent School Districts internal control over financial reporting

Wise, Buckner, Sprowles & Associates PLLC

Wise, Buckner, Sprowles & Associates PLLC
Certified Public Accountants

Campbellsville, KY
November 10, 2014

CAMPBELLSVILLE INDEPENDENT SCHOOL DISTRICT – CAMPBELLSVILLE, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
For the Year Ended June 30, 2014

As management of the Campbellsville Independent School District (District), we offer readers of the District’s financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 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 ending general fund balance for the District was \$2, 607,695. The previous year ending balance was \$2,346,775 and also served as the beginning balance for FY 2014. The District was able to maintain a comparable carry forward balance while completing some needed maintenance projects throughout the District as well as changing campus locations for the elementary and middle schools. A District Wide Needs Assessment Committee is utilized to look at long range planning and to be able to prioritize those needs into our Budgeting process.
- \$536,067 was paid by the District for debt service principal and interest in FY 2014. An additional \$465,780 was paid towards debt service from On-Behalf payments from the State.
- SEEK revenue increased by \$69,131 from FY 2013 because of an overall increase in our District Student ADA.
- The General Fund had \$7,529,868 in revenue excluding on-behalf revenues, which primarily consists of the state SEEK program and local taxes.

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 8-9 of this report.

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

The basic governmental fund financial statements can be found on pages 10-13 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 18-32 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 and deferred inflows of resources by \$10.1 million as of June 30, 2014.

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

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

Net Position for the periods ending June 30, 2014 and 2013 are as follows:

	<u>2014</u>	<u>2013</u>
Assets:		
Current Assets	\$ 3,420,362	\$ 3,032,779
Capital Assets	13,282,544	13,752,735
Total Assets	<u>16,702,906</u>	<u>16,785,514</u>
Liabilities:		
Current Liabilities	1,292,398	1,455,221
Non-Current Liabilities	5,269,206	5,924,694
Total Liabilities	<u>6,561,604</u>	<u>7,379,915</u>
Deferred Inflows of Resources		
Deferred Revenue	<u>5,661</u>	<u>-</u>
Net Position		
Net investment in capital assets	6,459,844	7,180,034
Restricted	621,441	507,451
Unreserved fund balance	3,054,356	1,718,114
Total Net Position	<u>\$ 10,135,641</u>	<u>\$ 9,405,599</u>

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

The District put into service \$301,233 of capital assets in the fiscal year ended June 30, 2014.

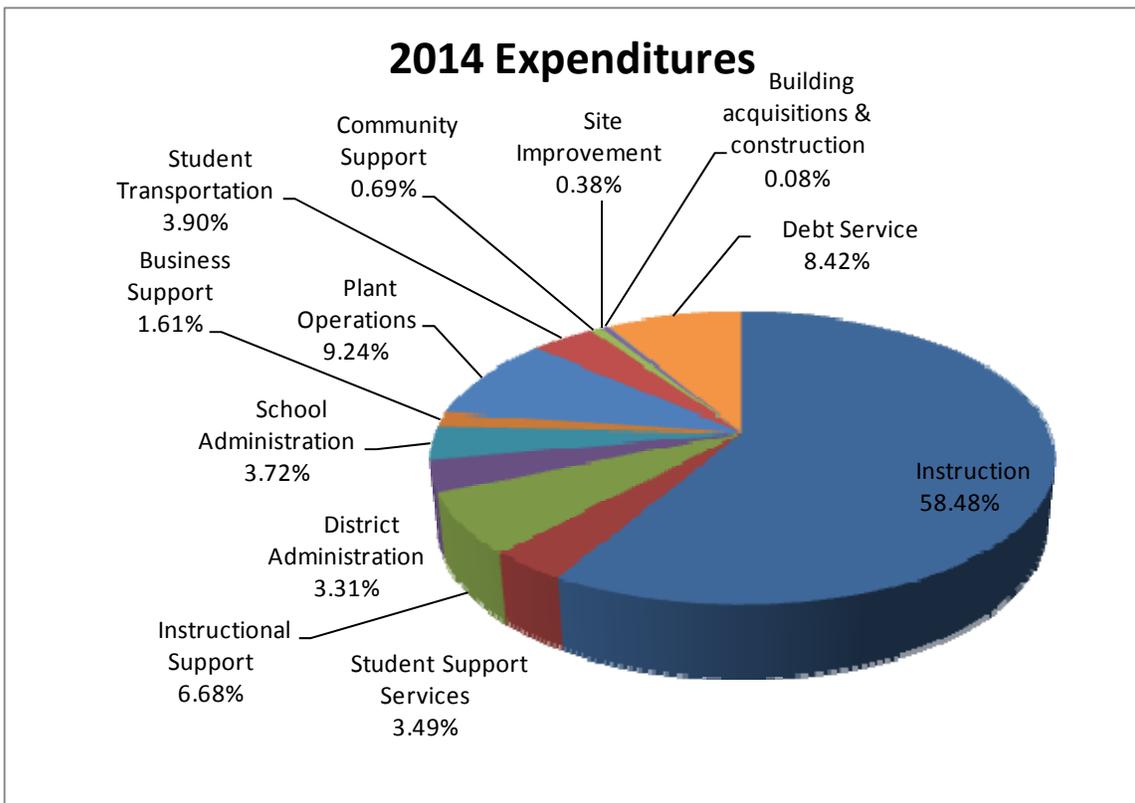
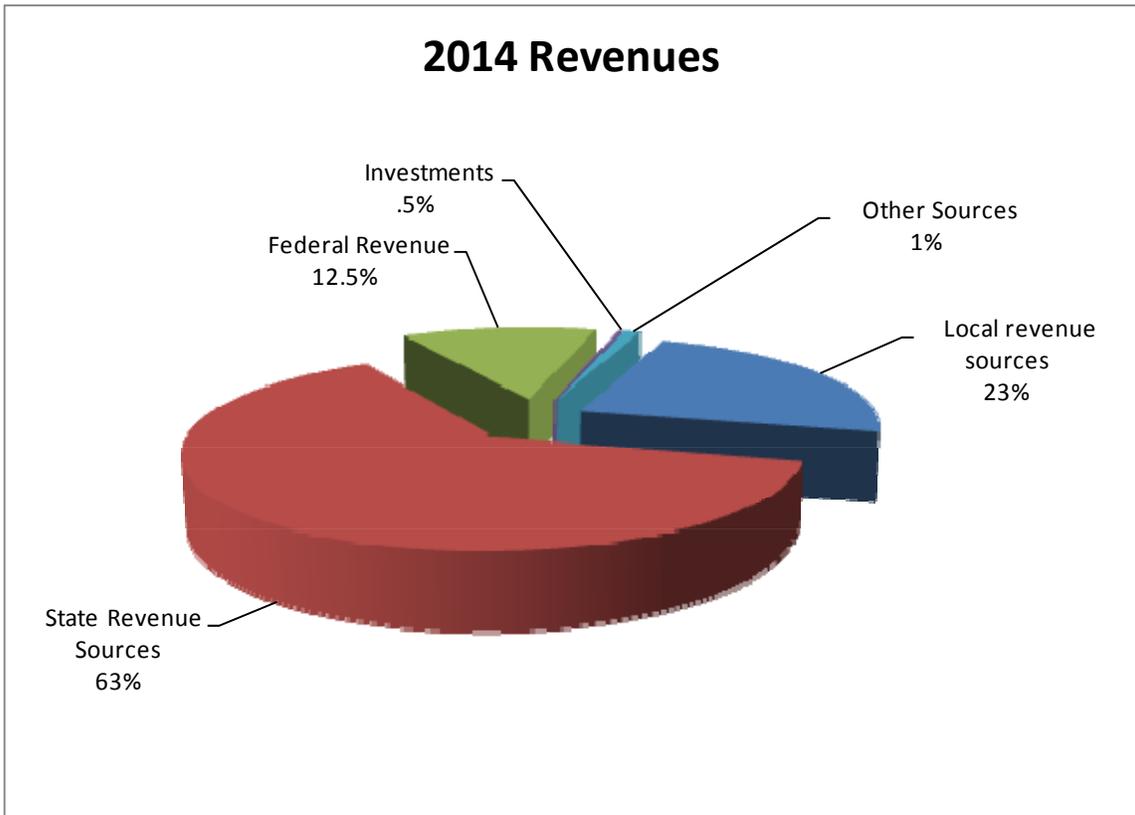
Comments on Budget Comparisons

- The District’s total revenues for the fiscal year ended June 30, 2013 net of inter-fund transfers were \$12,306,256.
- General fund budget compared to actual revenue varied slightly from line item to line item with the ending actual balance being \$2.46 million more than budget or approximately 36%. The variance is primarily explained by unbudgeted on-behalf payments made by the State of Kentucky in the amount of \$1.69 million.
- The total cost of all programs and services was \$8.8 million including debt service.
- The Board had a budgeted contingency of \$851,573.
- General fund budget expenditures to actual varied significantly in Instruction and Other expenses. This resulted from the District not budgeting on-behalf payments made by the State of Kentucky and not having to spend budgeted contingency funds.

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

	<u>2014</u>	<u>2013</u>
Revenues		
Local revenue sources	\$ 2,828,515	\$ 2,694,198
State revenue sources	7,674,777	7,856,311
Federal Revenue	1,517,798	1,535,911
Investments	33,166	32,595
Other Sources	<u>127,125</u>	<u>133,231</u>
Total revenues	<u>\$ 12,181,381</u>	<u>\$ 12,252,246</u>

The majority of revenue was derived from state funding (63%), with local taxes making up another (23%) of total revenue.



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

Expenses	<u>2014</u>	<u>2013</u>
Instruction	\$ 6,953,643	\$ 7,132,066
Student Support Services	414,612	409,563
Instructional Support	794,906	822,987
District Administration	394,119	383,926
School Administration	441,985	432,473
Business Support	190,939	205,931
Plant Operations	1,098,564	974,165
Student Transportation	464,303	456,048
Community Support	81,713	82,465
Site Improvement	45,650	79,560
Building acquisitions & construction	9,268	-
Debt Service	<u>1,001,847</u>	<u>987,088</u>
Total expenses	<u>\$ 11,891,549</u>	<u>\$ 11,966,272</u>

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. The district adopted a budget of \$11,933,014 with a contingency of \$851,573 or 7.1%. Anticipated increases in the cost for utilities as well as the increased obligation for Health and Life Insurance and KTRS Retirement have impacted the CISD budget for the upcoming year. Several small renovation and maintenance projects are ongoing to improve the facilities on all of the CISD campuses.

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. Questions regarding this report should be directed to the Superintendent Mike Deaton or to Chris Kidwell, Director of Financial Services (270) 465-4162 or by mail at 136 S Columbia Ave, Campbellsville, KY 42718.

CAMPBELLSVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2014

	Governmental Activities	Business Type Activities	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$ 2,731,114	\$ 217,679	\$ 2,948,793
Inventory	-	22,004	22,004
Accounts receivable:			
Taxes - current	131,123	-	131,123
Taxes - delinquent	6,398	-	6,398
Other accounts receivable	11,613	5,311	16,924
Intergovernmental - state	27,610	-	27,610
Intergovernmental - indirect federal	267,510	-	267,510
Total current assets	<u>3,175,368</u>	<u>244,994</u>	<u>3,420,362</u>
Noncurrent assets:			
Land and other non-depreciable assets	310,406	-	310,406
Capital assets net of accumulated depreciation	12,963,759	8,379	12,972,138
Total noncurrent assets	<u>13,274,165</u>	<u>8,379</u>	<u>13,282,544</u>
Total assets	<u>16,449,533</u>	<u>253,373</u>	<u>16,702,906</u>
Liabilities:			
Current liabilities:			
Checks issued in excess of cash	289,459	-	289,459
Accounts payable	18,479	1,520	19,999
KSBIT payable	58,495	-	58,495
Accrued interest payable	31,008	-	31,008
Current portion of bond obligations	769,000	-	769,000
Current portion of loans payable	18,100	-	18,100
Current portion of accrued sick leave	106,337	-	106,337
Total current liabilities	<u>1,290,878</u>	<u>1,520</u>	<u>1,292,398</u>
Noncurrent liabilities:			
KSBIT payable	72,631	-	72,631
Accrued liabilities	54,638	-	54,638
Noncurrent portion of bond obligation	4,863,000	-	4,863,000
Noncurrent portion of loans payable	172,600	-	172,600
Noncurrent portion of accrued sick leave	106,337	-	106,337
Total noncurrent liabilities	<u>5,269,206</u>	<u>-</u>	<u>5,269,206</u>
Total liabilities	<u>6,560,084</u>	<u>1,520</u>	<u>6,561,604</u>
Deferred Inflows of Resources:			
Deferred revenue	5,661	-	5,661
Net position:			
Net investment in capital assets	7,451,465	8,379	7,459,844
Restricted for:			
Inventories	-	22,004	22,004
Capital projects	599,437	-	599,437
Debt service	-	-	-
Unrestricted	1,832,886	221,470	2,054,356
Total net position	<u>\$ 9,883,788</u>	<u>\$ 251,853</u>	<u>\$ 10,135,641</u>

See accompanying notes to financial statements.

CAMPBELLSVILLE INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2014

	General Fund	Special Fund	Construction Fund	Other Governmental Funds	Total Governmental Funds
Assets and resources:					
Cash and cash equivalents	\$ 2,531,677	\$ -	\$ 199,437	\$ -	\$2,731,114
Accounts receivable					
Taxes - current	131,123	-	-	-	131,123
Taxes - delinquent	6,398	-	-	-	6,398
Other accounts receivable	11,613	-	-	-	11,613
Intergovernmental - state	-	27,610	-	-	27,610
Intergovernmental - indirect federal	-	267,510	-	-	267,510
Total assets and resources	<u>\$ 2,680,811</u>	<u>\$ 295,120</u>	<u>\$ 199,437</u>	<u>\$ -</u>	<u>\$3,175,368</u>
Liabilities and fund balance:					
Liabilities:					
Checks issued in excess of cash	\$ -	\$ 289,459	\$ -	\$ -	\$ 289,459
Accounts payable	18,479	-	-	-	18,479
Accrued payroll and related expenses	54,637	-	-	-	54,637
Unearned revenue	-	5,661	-	-	5,661
Total liabilities	<u>73,116</u>	<u>295,120</u>	<u>-</u>	<u>-</u>	<u>368,236</u>
Fund balance					
Restricted - future construction	-	-	199,437	-	199,437
Committed - sick leave payable	120,000	-	-	-	120,000
Committed - future construction	400,000	-	-	-	400,000
Unassigned fund balance	2,087,695	-	-	-	2,087,695
Total fund balance	<u>2,607,695</u>	<u>-</u>	<u>199,437</u>	<u>-</u>	<u>2,807,132</u>
 Total liabilities and fund balance	 <u>\$ 2,680,811</u>	 <u>\$ 295,120</u>	 <u>\$ 199,437</u>	 <u>\$ -</u>	 <u>\$3,175,368</u>

See accompanying notes to financial statements.

CAMPBELLSVILLE INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2014

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

Total Governmental Fund Balance		\$ 2,807,132
<p>Capital assets used in governmental activities are not current financial resources and therefore are not reported as assets in governmental funds.</p>		
Cost of Capital Assets	\$ 22,815,202	
Accumulated Depreciation	<u>(9,541,037)</u>	
		13,274,165
<p>Certain liabilities are not reported in the governmental fund financial statement because they are not due and payable, but they are presented in the statement of net assets.</p>		
Bonds and Loans Payable	\$ (5,822,700)	
Accrued Sick Leave	(212,674)	
KSBIT Payable	(131,126)	
Accrued Interest Payable	<u>(31,008)</u>	
		(6,197,508)
Rounding Difference		<u>(1)</u>
Net position - governmental activities		<u><u>\$ 9,883,788</u></u>

CAMPBELLSVILLE INDEPENDENT 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) Fund	Construction Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes:					
Property	\$1,766,571	\$ -	\$ -	\$ 196,726	\$ 1,963,297
Motor vehicles	137,937	-	-	-	137,937
Utilities	695,514	-	-	-	695,514
Other	29,141	-	-	-	29,141
Tuition and fees	2,626	-	-	-	2,626
Earnings on investments	33,166	-	-	-	33,166
Other local revenues	106,323	20,802	-	-	127,125
Intergovernmental - state	6,410,750	521,323	-	742,704	7,674,777
Intergovernmental - indirect federal	40,272	1,477,526	-	-	1,517,798
Total revenues	<u>9,222,300</u>	<u>2,019,651</u>	<u>-</u>	<u>939,430</u>	<u>12,181,381</u>
Expenditures:					
Instruction	5,266,928	1,686,715	-	-	6,953,643
Support services:					
Student support services	414,612	-	-	-	414,612
Instructional staff	559,026	235,880	-	-	794,906
District administration	393,287	832	-	-	394,119
School administration	430,362	11,623	-	-	441,985
Business support services	190,939	-	-	-	190,939
Plant operation & maintenance	1,090,878	7,686	-	-	1,098,564
Student transportation	454,711	9,592	-	-	464,303
Community service	-	81,713	-	-	81,713
Land improvement	-	-	45,650	-	45,650
Building acquisitions & construction	-	-	9,268	-	9,268
Debt service	-	-	-	1,001,847	1,001,847
Total expenditures	<u>8,800,743</u>	<u>2,034,041</u>	<u>54,918</u>	<u>1,001,847</u>	<u>11,891,549</u>
Excess (Deficit) of Revenues Over Expenditures	<u>421,557</u>	<u>(14,390)</u>	<u>(54,918)</u>	<u>(62,417)</u>	<u>289,832</u>
Other financing sources (uses):					
Proceeds from sale of assets	124,875	-	-	-	124,875
Operating transfers in	1,738	16,128	208,705	536,067	762,638
Operating transfers out	(287,250)	(1,738)	-	(473,650)	(762,638)
Total other financing sources (uses)	<u>(160,637)</u>	<u>14,390</u>	<u>208,705</u>	<u>62,417</u>	<u>124,875</u>
Excess (deficit) of revenues and other financing sources over expenditures and other financing uses	260,920	-	153,787	-	414,707
Fund balance - June 30, 2013 - restated	2,346,775	-	45,650	-	2,392,425
Fund balance June 30, 2014	<u>\$2,607,695</u>	<u>\$ -</u>	<u>\$ 199,437</u>	<u>\$ -</u>	<u>\$ 2,807,132</u>

See accompanying notes to financial statements.

CAMPBELLSVILLE INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2014

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

Net Change - Governmental Funds		\$ 414,707
<p>Governmental funds report capital outlays as expenditures because they use current financial resources, but they are presented as assets in the statement of net assets and depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities. The difference is the amount by which capital outlays exceeds depreciation expense for the year.</p>		
Capital Outlays	\$ 301,233	
Depreciation Expense	<u>(767,031)</u>	(465,798)
<p>Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balances. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net assets.</p>		
Decrease in Loans Payable	\$ 18,000	
Principal Paid		
District	471,384	
State	<u>260,616</u>	750,000
<p>Generally, expenditures recognized in this fund financial statement are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred.</p>		
Accrued Sick Leave	\$ (8,686)	
Accrued Interest Payable	<u>(4,871)</u>	(13,557)
<p>In the statement of net position the net gain/loss on the sale/disposal of assets is reported in where- as in the governmental funds the proceeds from the sale increases financial resources. Thus the change in net position differs from change in fund balances by the cost of the asset sold.</p>		
Sale of asset net of Gain/Loss		(2,771)
Change in net position of governmental activities		<u><u>\$ 682,581</u></u>

CAMPBELLSVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2014

	Food Service Fund
Assets:	
Current assets:	
Cash and cash equivalents	\$ 217,679
Inventory	22,004
Accounts receivable	5,311
Total current assets	244,994
Noncurrent assets:	
Capital assets net of accumulated depreciation	8,379
Total noncurrent assets	8,379
Total assets	253,373
Liabilities:	
Current liabilities:	
Accounts payable	1,520
Total current liabilities	1,520
Net position	
Net investment in capital assets	8,379
Restricted:	
Nonexpendable - inventory	22,004
Unrestricted	221,470
Total net position	\$ 251,853

See accompanying notes to financial statements.

CAMPBELLSVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2014

	Food Service Fund
Operating revenues:	
Lunchroom sales	\$ 100,689
Other operating revenue	325
Total operating revenues	<u>101,014</u>
Operating expenses:	
Salaries and wages	472,670
Contract services	14,126
Material and supplies	370,480
Property	3,924
Depreciation	1,622
Total operating expenses	<u>862,822</u>
Operating income (loss)	<u>(761,808)</u>
Non-operating revenues (expenses):	
Federal grants	713,090
Donated commodities	42,045
State grants	102,263
Interest income	1,527
Total non-operating revenues	<u>858,925</u>
Change in net position	97,117
Net position - June 30, 2013	<u>154,736</u>
Net position - June 30, 2014	<u><u>\$ 251,853</u></u>

See accompanying notes to financial statements.

CAMPBELLSVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2014

	Food Service Fund
Cash flows from operating activities:	
Cash received from:	
Lunchroom sales	\$ 101,014
Cash paid for:	
Employees	(377,759)
Supplies	(332,884)
Other activities	(18,050)
Net cash provided (used) by operating activities	(627,679)
Cash flows from capital and related financing activities:	
Acquisition of capital assets	-
Net cash provided (used) by capital and related financing activities	-
Cash flows from non-capital financing activities:	
State grants	7,352
Federal grants	755,766
Net cash provided by non-capital financing activities	763,118
Cash flows from investing activities:	
Receipt of interest income	1,527
Net cash provided (used) by investing activities	1,527
Net increase (decrease) in cash and cash equivalents	136,966
Balances, Beginning of Year	80,713
Balances, End of Year	\$ 217,679
Reconciliation of change in net income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (761,808)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities	
Depreciation	1,622
State On-behalf Payments	94,911
Donated Commodities	42,045
Change in Assets and Liabilities:	
(Increase) Decrease in Inventory	(5,203)
Increase (Decrease) in Accounts Payable	754
Net cash provided (used) by operating activities	\$ (627,679)
Schedule of non-cash transactions:	
On Behalf Payments from the State for Employee Benefits	\$ 94,911
Donated Commodities Received from Federal Government	42,045

See accompanying notes to financial statements.

CAMPBELLSVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS
June 30, 2014

	Agency Funds
Assets:	
Cash	\$ 105,228
Accounts receivable	12,104
Total assets	117,332
Liabilities:	
Accounts payable	255
Due to student groups	117,077
Total liabilities	117,332
Net position	\$ -

See accompanying notes to financial statements.

CAMPBELLSVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Campbellsville Independent Board of Education (“Board”), a five member group, is the level of government which has oversight responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the Campbellsville Independent School District (“District”). The District receives funding from local, state and federal government sources and must comply with the commitment requirements of these funding source entities. However, the District is not included in any other governmental “reporting entity” as defined in Section 2100, codification of Governmental Accounting and Financial Reporting Standards. 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 of the funds and account groups relevant to the operation of the Campbellsville Independent Board of Education. The financial statements presented herein do not include funds of groups and organizations, which although associated with the school system, have not originated within the Board itself such as Band Boosters, Parent-Teacher Associations, etc.

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

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

Campbellsville Independent School District Finance Corporation - On November 19, 1990, the Campbellsville Independent, Kentucky, Board of Education resolved to authorize the establishment of the Campbellsville Independent School District Finance Corporation (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS 58.180) as an agency of the Board for financing the costs of school building facilities. The Board Members of the Campbellsville Independent Board of Education also comprise the Corporation’s Board of Directors.

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 activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

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

The 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.

CAMPBELLSVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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 a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the changes in net total assets. Proprietary funds and fiduciary funds are reported using the economic resources measurement focus. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

The District has the following funds:

- Governmental Fund Types
 1. The General Fund is the main operating fund of the Board. It accounts for financial resources used for general types of operations. This is a budgeted fund, and any fund balances are considered as resources available for use. This is a major fund of the District.
 2. The Special Revenue (Grant) Fund accounts for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of the specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report on pages 38 through 40. This is a major fund of the District.
 3. Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment (other than those financed by Proprietary Fund).
 - a. The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund receives those funds designated by the state as Capital Outlay Funds and is restricted for use in financing projects identified in the district's facility plan.
 - b. The Facility Support Program of Kentucky (FSPK) accounts for funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the district's facility plan. This is a major fund of the District.
 - c. The Construction Fund includes Capital Projects Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction.
- Proprietary Fund Types (Enterprise Fund)
 1. The Food Service Fund is used to account for school food service activities, including the National School Lunch Program, which is conducted in cooperation with the U.S. Department of Agriculture (USDA). Amounts have been recorded for in-kind contribution of commodities from the USDA. The Food Service Fund is a major fund.
 2. 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.

CAMPBELLSVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

- Fiduciary Fund Type (includes agency funds)

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

Basis of Accounting

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

Revenues – Exchange and Non-exchange Transactions – Revenues resulting from exchange transactions, in which each party receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and available.

Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of the fiscal year-end.

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

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

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

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

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

Property Taxes

Property taxes are levied each November 1 on the assessed value listed as of the prior January 1, for all real and personal property in the city limits. The billings are considered due upon receipt by the taxpayer; however, the actual date is based on a period ending 30 days after the tax bill mailing. Property taxes collected are recorded as revenues in the fiscal year for which they were levied. All taxes collected are initially deposited into the General Fund and then transferred to the appropriate fund.

The property tax rates assessed for the year ended June 30, 2014, to finance the General Fund operations were \$.533 per \$100 valuation for real property, \$.533 per \$100 valuation for business personal property and \$.553 per \$100 valuation for motor vehicles.

CAMPBELLSVILLE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For the Year Ended June 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net 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 \$1,000 with the exception of buildings and building improvements for which the threshold is \$25,000. The cost of, normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life are not capitalized. The District does not possess any infrastructure.

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
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
Rolling Stock	15 years
Other	10 years

Inter-fund Balances

On fund financial statements, receivables and payables resulting from short-term inter-fund loans are classified as “inter-fund 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. For the year ended June 30, 2014 there were no inter-fund balances.

Budgetary Process

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

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

CAMPBELLSVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

- The budget can be amended after initial approval.
- 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.
- On-Behalf payments were not considered in the budget.

Cash and Cash Equivalents

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

Inventories

The only inventory maintained by the District consists of expendable supplies held for consumption and is accounted for in the Enterprise Fund. Inventory consists of donated and purchased food held for resale and is expensed when used. Purchased food is valued at cost and U.S. Government donated commodities value is determined by the U.S. Department of Agriculture.

Prepaid Assets

Payments made that will benefit periods beyond June 30, 2014 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.

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 Balance Reserves

Beginning with fiscal year 2011, the District implemented GASB Statement 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Non-spendable fund balance- amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balances- amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government), through constitutional provisions, or by enabling legislation;

CAMPBELLSVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

- Committed fund balance- amounts constrained to specific purposes by the District itself, using its decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the District takes the action to remove or change the constraint;
- Assigned fund balance- amounts the District intends to use for specific purpose (such as encumbrances); intent can be expressed by the District or by an official or body to which the District delegates the authority;
- Unassigned fund balances- amounts that are available for any purpose; positive amounts are reported only in the General Fund

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District Board has provided otherwise in its commitment or assignment actions.

Net Position

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

Operating Revenues and Expenses

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

Use of Resources

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

NOTE 2: ESTIMATES

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

NOTE 3: CASH AND CASH EQUIVALENTS

Custodial Credit Risk – Deposits. Custodial Credit is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy is to have all deposits secured by pledged securities.

The District's cash and cash equivalents consist of amounts deposited in both interest and non interest-bearing accounts. As of June 30, 2014, the carrying amount of the District's deposits, including activity funds was \$2,764,562. Of the total cash balance, \$250,000 was covered by Federal depository insurance, with the remainder covered by collateral held by the pledging banks' trust departments in their name and pledged to the District. Cash equivalents are funds temporarily invested in securities with maturity of 90 days or less.

CAMPBELLSVILLE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For the Year Ended June 30, 2014

NOTE 3: CASH AND CASH EQUIVALENT, CONTINUED

The District's cash and cash equivalents at June 30, 2014 consisted of the following:

	Bank Balance	Book Balance
Checking Accounts	\$ 3,191,833	\$ 2,764,562
	\$ 3,191,833	\$ 2,764,562

Breakdown per financial statements:

Governmental Funds	\$ 3,154,154	\$ 2,731,114
Agency Funds	109,459	105,228
Proprietary Funds	217,679	217,679
Checks Issued in Excess of Cash (Special Revenue)	(289,459)	(289,459)
	\$ 3,191,833	\$ 2,764,562

NOTE 4: INVESTMENTS

Kentucky revised statutes authorize the District to invest in the following:

- (1) Obligations of the United States and of its agencies and instrumentalities, repurchase agreements, and specially approved AAA rated corporate bonds;
- (2) Bonds or certificates of indebtedness of the Commonwealth of Kentucky and of its agencies and municipalities;
- (3) Any savings and loan associations insured by an agency of the United States up to the amount insured;
- (4) Interest bearing deposits in national and state banks chartered in Kentucky and insured by an agency of the United States up to the amount so insured, and in larger amounts providing such bank shall pledge as security obligations having a current quoted market value at least equal to any uninsured deposits.

Financial instruments which potentially subject the District to concentrations of credit risk consist principally of temporary cash investments, taxes receivable and receivables from federal and state governments.

As of June 30, 2014, the District had no investments.

CAMPBELLSVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 5: CAPITAL ASSETS

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

	Balance June 30, 2013	Additions	Retirements	Balance June 30, 2014
Governmental Activities:				
Capital Assets, not being Depreciated:				
Land	\$ 310,406	\$ -	\$ -	\$ 310,406
Total Capital Assets , not being Depr.	<u>310,406</u>	<u>-</u>	<u>-</u>	<u>310,406</u>
Capital Assets, being Depreciated:				
Land Improvements	647,887	151,349	-	799,236
Buildings and Building Improvements	19,382,400	22,553	(3,750)	19,401,202
Technology Equipment	1,043,521	35,953	(213,572)	865,902
Vehicles	916,994	91,378	-	1,008,372
General Equipment	430,084	-	-	430,084
Totals at historical cost	<u>22,420,886</u>	<u>301,233</u>	<u>(217,322)</u>	<u>22,504,797</u>
Less accumulated depreciation for:				
Land and improvements	372,982	16,611	-	389,593
Buildings and building improvements	7,086,561	548,655	(1,608)	7,633,608
Technology equipment	614,015	145,236	(212,943)	546,308
Vehicles	595,584	40,442	-	636,026
General Equipment	319,416	16,087	-	335,503
Total accumulated depreciation	<u>8,988,558</u>	<u>767,031</u>	<u>(214,551)</u>	<u>9,541,038</u>
Governmental activities capital assets - net	<u>\$ 13,742,734</u>	<u>\$ (465,798)</u>	<u>\$ (2,771)</u>	<u>\$ 13,274,165</u>
	Balance June 30, 2013	Additions	Retirements	Balance June 30, 2014
Proprietary Activities:				
Food service and equipment	\$ 167,890	\$ -	\$ -	\$ 167,890
Technology equipment	1,035	-	1,035	-
Totals at historical cost	<u>168,925</u>	<u>-</u>	<u>1,035</u>	<u>167,890</u>
Less accumulated depreciation for:				
Food service and equipment	157,889	1,622	-	159,511
Technology equipment	1,035	-	1,035	-
Total accumulated depreciation	<u>158,924</u>	<u>1,622</u>	<u>1,035</u>	<u>159,511</u>
Proprietary activities capital, net	<u>\$ 10,001</u>	<u>\$ (1,622)</u>	<u>\$ -</u>	<u>\$ 8,379</u>

CAMPBELLSVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 5: CAPITAL ASSETS, CONTINUED

Depreciation Expense Charged to Governmental Functions is as Follows:

Plant Operation and Maintenance	\$ 369,065
Instruction	342,456
Student Transportation	39,766
Staff Support Services	6,592
School Administration	3,556
Student Support	2,626
District Administration	1,647
Business Support Services	743
Community Service Operations	<u>580</u>
Total	<u>\$ 767,031</u>

NOTE 6: LONG-TERM OBLIGATIONS

The amount shown in the accompanying financial statements as lease obligations represents the District's future obligations to make lease payments relating to bonds issued by the Fiscal Court of Campbellsville Independent and Campbellsville Independent School District Finance Corporation.

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

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

Issue	District Original Amount	SFCC Original Amount	Interest Rate Ranges	Maturity Dates
1997	\$ 113,880	\$ 211,120	4.50% - 5.00%	June 1, 2018
2002	\$ 1,990,000	-	1.50% - 3.70%	June 30, 2013
2003	\$ 580,000	-	3.70%	November 1, 2018
2004	\$ 1,284,823	\$ 134,369	2.20% - 3.85%	June 30, 2015
2005	\$ 1,000,000	-	2.95% - 3.80%	February 1, 2016
2005	-	\$ 280,000	4.00%	September 1, 2025
2008	\$ 5,395,000	-	2.30%-4.125%	June 1, 2028

The District, through the General Fund (including utility taxes and the Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund) is obligated to make payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Campbellsville Independent School District Finance corporation to construct school facilities. The District has an option to purchase the property under lease at any time by retiring the bonds then outstanding.

The District has "participation agreements" with the Kentucky School Facilities Construction Commission. The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs. The table below sets forth the amount to be paid by the District and the Commission for each

year until maturity of all bond issues. The liability for the local bond amount remains with the District and, as such, the total principal outstanding has been recorded in the financial statements.

CAMPBELLSVILLE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For the Year Ended June 30, 2014

NOTE 6: LONG-TERM OBLIGATIONS, CONTINUED

The bonds may be called prior to maturity and redemption premiums are specified in each issued. 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:

Year	School District		Construction Commission		Total
	Principal	Interest	Principal	Interest	
2014-2015	\$ 495,941	\$ 47,284	\$ 273,059	\$ 172,878	\$ 989,162
2015-2016	520,099	28,329	267,901	163,188	979,517
2016-2017	79,335	7,185	274,665	153,484	514,669
2017-2018	82,722	3,534	282,278	143,385	511,919
2018-2019	45,000	833	275,000	133,042	453,875
2020-2024	-	-	1,576,000	492,854	2,068,854
2025-2029	-	-	1,460,000	151,162	1,611,162
Totals	\$ 1,223,097	\$ 87,165	\$ 4,408,903	\$ 1,409,993	\$ 7,129,158

Loans Payable

On July 1, 2012, the Kentucky Inter-local School Transportation Association (KISTA) refinanced a portion of the 2004 loan originally made for the purpose of installing a new roof on the high school. The Kentucky Inter-local Transportation Association (KISTA) did this by defeasing \$180,000 of the original bond issues used to finance the original loan with the District. Interest is payable semiannually on December 1 and June 1 at 2% for the first six (6) years which increases to a rate of 3% by maturity in 2024. The remaining \$30,000 will be paid in two (2) installments of \$15,000 maturing in May, 2014 with a rate of 3.75% for FY 2013 and 4.25% for FY 2014. The commission has expressed the intention to make 100% of the principal and interest payments. Debt service on the loan is as follows:

Year Ending June 30,	Kentucky School Facility Construction Commission	
	Principal	Interest
2015	\$ 18,100	\$ 4,666
2016	17,600	4,304
2017	17,000	3,952
2018	17,000	3,612
2019	21,000	3,272
2020-2024	100,000	8,750
	\$ 190,700	\$ 28,558

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.

CAMPBELLSVILLE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For the Year Ended June 30, 2014

NOTE 6: LONG-TERM OBLIGATIONS, CONTINUED

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 sick leave is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "accumulated sick leave payable" in the general fund. The non-current portion of the liability is not reported.

Long-term liability for the year ended June 30, 2014, was as follows:

	Beginning Balance June 30, 2013	Additions	Reductions	Ending Balance June 30, 2014	Amounts Due Within One Year
Governmental Activities:					
Revenue Bonds payable	\$ 6,364,000	\$ -	\$ (732,000)	\$ 5,632,000	\$ 769,000
Loans payable	208,700	-	(18,000)	190,700	18,100
KSBIT payable	248,529	-	(117,403)	131,126	58,495
Accrued sick leave	203,988	70,388	(61,702)	212,674	106,337
Governmental Activities:					
Long-term liabilities	<u>\$ 7,025,217</u>	<u>\$ 70,388</u>	<u>\$ (929,105)</u>	<u>\$ 6,166,500</u>	<u>\$ 951,932</u>

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

The total interest incurred for the year ended June 30, 2014 was \$251,847, all of which was charged to expense.

NOTE 7: COMMITMENTS UNDER NONCAPITALIZED LEASES

Commitments under operating lease agreements for equipment provide for minimum future rental payments as of June 30, 2014, as follows:

Year ending June 30:

2015	\$ 3,040
2016	-
2017	-
2018	-
2019	-
Total Minimum Payments	<u>\$ 3,040</u>

Rent expense for the year ended June 30, 2014 was \$12,451.

CAMPBELLSVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 8: RETIREMENT PLANS

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

Funding policy - Contribution rates are established by KRS. All members are required to contribute 11.355% of their salaries to KTRS. The Commonwealth of Kentucky is required to contribute 14.605% of salaries for members. The federal program for any salaries paid by that program pays the matching contributions.

During the years ended June 30, 2014, 2013 and 2012, contributions of \$631,180, \$651,590, and \$665,176 were made by the State of Kentucky and \$131,904, \$124,781, and \$118,878 in contributions were passed through the District's federally funded programs. The employee contribution rates of 11.355% are actuarially determined and withheld by the District. Such withholdings during the years ended June 30, 2014, 2013 and 2012 totaled \$643,537, \$629,654, and \$615,315 and were paid by the District to the State of Kentucky as required. The District has no other liability under the plan. The District's total payroll for all employees during the years ended June 30, 2014, 2013 and 2012 was \$7,007,947, \$7,396,159, and \$7,341,094 and \$5,667,432, \$5,800,588, and \$5,921,262 of such amounts related to employees covered by the retirement plan. All payments were made to the retirement system in the amount of the annually required contributions.

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

Substantially all other employees (classified personnel) are covered under the County Employees Retirement System (CERS). Funding for the Plan is provided through payroll withholdings of 5% and a District contribution for the years ended June 30, 2014, 2013 and 2012 of 18.89%, 19.55%, and 18.96% of the employee's total compensation subject to contribution. The contribution rate is actuarially determined. The District's contribution requirement for CERS for the years ended June 30, 2014, 2013 and 2012 was \$253,124, \$267,715, and \$256,002 from the District and \$69,702, \$70,513, and \$69,079 from employees. The total covered payroll for CERS during the years ended June 30, 2014, 2013 and 2012 was \$1,339,992, \$1,571,684, and \$1,419,832. Benefits under both plans will vary based on final compensation, years of service and other factors as fully described in the Plan documents. All payments were made to the retirement system in the amount of the annually required contributions.

The County Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Kentucky Retirement Systems, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601.

DEFERRED COMPENSATION:

The District offers its employees the option to participate in a defined contribution plan under Section 403(B), 401(K) and 457 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 contributes 1% of the salary of those employees participating in these plans. For the year ended June 30, 2014, total contributions were approximately \$235,463 to the plan.

CAMPBELLSVILLE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For the Year Ended June 30, 2014

NOTE 9: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To obtain insurance for workers' compensation, errors and omissions, and general liability coverage, the District purchases commercial insurance.

The District purchases unemployment insurance through Kentucky Employers Mutual Insurance. In addition, the District continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 10: CONTINGENCIES

The District receives funding from federal, state, and local government agencies and private contributions. These funds are to be used for designated purposes only. For government agency grants, if the grantor's review indicates that the funds have not been used for the intended purpose, the grantor may request a refund of monies advanced or 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.

The Kentucky School Boards Insurance Trust has issued an assessment due to premium loss to school districts. The total assessment for the Campbellsville Independent School District is \$248,529. This amount has been recorded as a liability in the statement of net position and extraordinary expense in the government wide statement of activities.

NOTE 11: 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 12: DEFICIT OPERATING/FUND BALANCES

There are no funds of the District that currently have a deficit fund balance. In addition, there were no funds that had operations that resulted in a current year deficit of expenditures over revenues resulting in a corresponding reduction of fund balance.

NOTE 13: TRANSFER OF FUNDS

The following transfers were made during the year:

<u>Type</u>	<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
Operating	General	Special	State Matching	\$ 16,128
Operating	General	Construction	Construction	208,705
Operating	General	Debt Service	Bond Payments	62,417
Operating	Building	Debt Service	Bond Payments	371,239
Operating	Special	General	Indirect Costs	1,738
Operating	Capital Outlay	Debt Service	Bond Payments	102,411
				<u>\$ 762,638</u>

CAMPBELLSVILLE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For the Year Ended June 30, 2014

NOTE 14: ON-BEHALF PAYMENTS

The District receives on-behalf payments for fringe benefits from the Commonwealth of Kentucky. For the year ended June 30, 2014, total payments were \$1,828,170. The following amounts were recognized as on-behalf payments and recorded in the appropriate revenue and expense accounts on the statement of activities:

Health Insurance	\$ 1,197,335
Kentucky Teacher's Retirement System	627,296
Flexible Plans	64,744
Technology	27,284
Administrative Fees	13,337
Life Insurance	2,811
Less: Federal Reimbursement	<u>(145,463)</u>
 Total	 <u><u>\$ 1,787,344</u></u>

NOTE 15: LITIGATION

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

NOTE 16: RESTRICTED NET ASSETS

The government-wide statement of net position reports \$621,441 of restricted net assets, of which \$599,437 is restricted by enabling legislation.

NOTE 17: EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT PERIOD FINANCIAL STATEMENTS AND PRIOR PERIOD ADJUSTMENT

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position; and GASB Statement No. 65, Items Previously Reported as Assets and Liabilities. The District has agreed to an installment agreement with the Kentucky School Board Insurance Trust of a reduced assessment of \$131,126. This agreement is \$117,403 less than the original proposed assessment reflected on the prior year government-wide financial statements. Additionally, the fund balance has been increased \$108 from a prior period A/P adjustment. The result of the new assessment, the prior period A/P adjustment and the application of GASB Statements No. 63 and 65 required restatement of portions of these financial statements as follows:

Net Position, July 1, 2013 as Previously Reported	\$ 9,405,599
Expense Bond Issuance Costs Previously Capitalized	(167,167)
Reduced KSBIT Assessment	117,403
Prior Period A/P Adjustment	<u>108</u>
 Beginning net position - restated	 <u><u>\$ 9,355,943</u></u>

CAMPBELLSVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 17: EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT PERIOD FINANCIAL STATEMENTS AND PRIOR PERIOD ADJUSTMENT (CONTINUED)

The beginning fund balance of the general fund in the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds has been restated to record a prior period adjustment of accounts payable in the amount of \$108. A reconciliation of the prior period ending general fund balance to the current year beginning general fund balance is as follows:

General fund balance, July 1, 2013 as Previously Reported	\$ 2,346,667
Adjustment to correct A/P	<u>108</u>
Beginning general fund balance - restated	<u><u>\$ 2,346,775</u></u>

NOTE 18: SUBSEQUENT EVENT

The District's management has evaluated subsequent events through November 10, 2014, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CAMPBELLSVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Favorable (Unfavorable)
Revenues:				
Taxes:				
Property	\$ 1,620,000	\$ 1,620,000	\$ 1,766,571	\$ 146,571
Motor vehicle	110,000	110,000	137,937	27,937
Utilities	550,000	550,000	695,514	145,514
Other	21,000	21,000	29,141	8,141
Tuition and fees	-	-	2,626	2,626
Earnings on investments	25,000	25,000	33,166	8,166
Other local revenues	22,000	22,000	106,323	84,323
Intergovernmental - state	4,384,500	4,384,323	6,410,750	2,026,427
Intergovernmental - indirect federal	25,000	25,000	40,272	15,272
Total revenues	<u>6,757,500</u>	<u>6,757,323</u>	<u>9,222,300</u>	<u>2,464,977</u>
Expenditures:				
Instruction	4,349,109	4,485,109	5,266,928	(781,819)
Support services:				
Student	344,503	344,503	414,612	(70,109)
Instructional staff	452,663	452,664	559,026	(106,362)
District administration	602,035	602,035	393,287	208,748
School administration	338,135	338,135	430,362	(92,227)
Business support services	154,600	154,600	190,939	(36,339)
Plant operations and maintenance	1,084,022	1,084,022	1,090,878	(6,856)
Student transportation	430,117	430,117	454,711	(24,594)
Community services	-	-	-	-
Contingency	770,743	851,573	-	851,573
Other	250,000	250,000	-	250,000
Total expenditures	<u>8,775,927</u>	<u>8,992,758</u>	<u>8,800,743</u>	<u>192,015</u>
Excess (deficit) of revenues over expenditures	<u>(2,018,427)</u>	<u>(2,235,435)</u>	<u>421,557</u>	<u>2,656,992</u>
Other financing sources (uses):				
Proceeds from sale of assets		124,875	124,875	-
Operating transfers in	2,584	2,761	1,738	(1,023)
Operating transfers out	(90,500)	(238,868)	(287,250)	(48,382)
Total other financing sources (uses)	<u>(87,916)</u>	<u>(111,232)</u>	<u>(160,637)</u>	<u>(49,405)</u>
Excess (deficit) of revenues and other financing sources over expenditures and other financing uses	<u>(2,106,343)</u>	<u>(2,346,667)</u>	<u>260,920</u>	<u>2,607,587</u>
Fund balance June 30, 2013	<u>2,106,343</u>	<u>2,346,667</u>	<u>2,346,775</u>	<u>108</u>
Fund balance June 30, 2014	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,607,695</u>	<u>\$ 2,607,695</u>

On-behalf payments totaling \$1,692,432 are not budgeted by the Campbellsville Independent School District

CAMPBELLSVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
SPECIAL REVENUE
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Favorable (Unfavorable)
Revenues				
Other local revenues	\$ -	\$ 23,488	\$ 20,802	\$ (2,686)
Intergovernmental - state	-	674,829	521,323	(153,506)
Intergovernmental - indirect federal	-	1,732,269	1,477,526	(254,743)
Total revenues	-	2,430,586	2,019,651	(410,935)
Expenditures:				
Instruction	-	1,908,431	1,686,715	221,716
Support services:				
Student	-	-	-	-
Instructional staff	-	318,626	235,880	82,746
District administration	-	785	832	(47)
School administration	-	11,695	11,623	72
Business support services	-	-	-	-
Plant operations and maintenance	-	7,613	7,686	(73)
Student transportation	-	18,511	9,592	8,919
Community services	-	178,013	81,713	96,300
Land improvements	-	-	-	-
Total expenditures	-	2,443,674	2,034,041	(409,633)
Excess (deficit) of revenues over expenditures	-	(13,088)	(14,390)	(1,302)
Other financing sources (uses)				
Operating transfers in	-	15,849	16,128	279
Operating transfers out	-	(2,761)	(1,738)	1,023
Total other financing sources (uses)	-	13,088	14,390	1,302
Excess (deficit) of revenues and other financing sources over expenditures and other financing uses	-	-	-	-
Fund balance June 30, 2013	-	-	-	-
Fund balance June 30, 2014	\$ -	\$ -	\$ -	\$ -

OTHER SUPPLEMENTARY INFORMATION

CAMPBELLSVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 June 30, 2014

	SEEK Capital Outlay Fund	FSPK Building Fund	Debt Service Fund	Total Non-Major Governmental Funds
Assets and resources:				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Accounts receivable:				
Taxes - current	-	-	-	-
Other accounts receivable	-	-	-	-
Intergovernmental - state	-	-	-	-
Intergovernmental - direct federal	-	-	-	-
Intergovernmental - indirect federal	-	-	-	-
Total assets and resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities and fund balance:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll and related liabilities	-	-	-	-
Current portion of accrued sick leave	-	-	-	-
Deferred revenues	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance:				
Restricted - debt service	-	-	-	-
Unassigned fund balance	-	-	-	-
Total fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CAMPBELLSVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES – NON-MAJOR GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2014

	SEEK Capital Outlay Fund	FSPK Building Fund	Debt Service Fund	Total Non-Major Governmental Funds
Revenues:				
Taxes:				
Property	\$ -	\$ 196,726	\$ -	\$ 196,726
Intergovernmental - state	102,411	174,513	465,780	742,704
Total revenues	<u>102,411</u>	<u>371,239</u>	<u>465,780</u>	<u>939,430</u>
Expenditures:				
Debt	-	-	1,001,847	1,001,847
Total expenditures	<u>-</u>	<u>-</u>	<u>1,001,847</u>	<u>1,001,847</u>
Excess (deficit) of revenues over expenditures	<u>102,411</u>	<u>371,239</u>	<u>(536,067)</u>	<u>(62,417)</u>
Other financing sources (uses)				
Operating transfers in	-	-	536,067	536,067
Operating transfers out	(102,411)	(371,239)	-	(473,650)
Total other financing sources (uses)	<u>(102,411)</u>	<u>(371,239)</u>	<u>536,067</u>	<u>62,417</u>
Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses	-	-	-	-
Fund balance June 30, 2013	-	-	-	-
Fund balance June 30, 2014	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SCHEDULE OF REVENUES, EXPENDITURES AND FUND BALANCES
SCHOOL ACTIVITY FUNDS

CAMPBELLSVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND FUND BALANCES
CAMPBELLSVILLE INDEPENDENT SCHOOL ACTIVITY FUNDS
For The Year Ended June 30, 2014

	Cash Balance July 1, 2013	Receipts Actual	Disbursements Actual	Cash Balance June 30, 2014	Accounts Receivable	Accounts Payable	Fund Balance June 30, 2014
<u>High School</u>							
General Fund	\$ 169	\$ 6,714	\$ 5,880	\$ 1,003	\$ -	\$ -	\$ 1,003
Good Behavior	1	-	-	1	-	-	1
Soft Drinks	30	361	377	14	-	-	14
Snacks	43	-	40	3	-	-	3
Teachers Lounge	79	699	772	6	-	-	6
Pictures	58	155	163	50	-	-	50
Text Book	183	-	-	183	-	-	183
Cheerleaders	770	9,776	10,546	-	-	-	-
Dance Team	66	-	-	66	-	-	66
Heartland Conference Account	12	1,200	1,162	50	-	-	50
Athletics	-	98,190	98,006	183	-	-	183
Boys Basketball	-	6,505	6,505	-	300	165	135
Girls Basketball	-	2,882	2,825	57	610	-	667
Football	-	15,919	15,919	-	-	-	-
Band	298	16,619	11,828	5,089	-	90	4,999
Tennis	-	1,896	1,896	-	-	-	-
Golf	-	3,086	3,086	-	-	-	-
Track	-	561	561	-	-	-	-
Cross Country	-	652	652	-	-	-	-
Volleyball	-	1,920	1,920	-	-	-	-
Swimming Fundraisers	1,220	2,405	2,585	1,040	-	-	1,040
Soccer Fundraisers	41	1,954	1,995	-	-	-	-
Baseball Fundraisers	-	44,960	44,960	-	-	-	-
Volleyball Fundraisers	1,443	6,640	7,500	583	-	-	583
Track Fundraisers	350	2,019	2,060	309	-	-	309
Cross Country Fundraisers	103	106	209	-	-	-	-
Tennis Fundraisers	-	1,771	649	1,123	-	-	1,123
Boys Basketball Fundraisers	-	21,333	19,122	2,211	-	-	2,211
Football Fundraisers	740	12,150	12,890	-	-	-	-
Girls Basketball Fundraisers	2,771	9,960	9,048	3,683	-	-	3,683
Softball Fundraisers	1,650	26,516	24,907	3,259	-	-	3,259
Golf Fundraiser	250	2,155	1,454	951	-	-	951
Honor Society	17	270	229	58	-	-	58
Academic Team	12	75	87	-	-	-	-
Gifted and Talented	273	-	-	273	-	-	273

CAMPBELLSVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND FUND BALANCES - CONTINUED
CAMPBELLSVILLE INDEPENDENT SCHOOL ACTIVITY FUNDS
For The Year Ended June 30, 2014

	Cash Balance July 1, 2013	Receipts Actual	Disbursements Actual	Cash Balance June 30, 2014	Accounts Receivable	Accounts Payable	Fund Balance June 30, 2014
Athletics Club	\$ 1,400	\$ 17,379	\$ 18,406	\$ 373	\$ -	\$ -	\$ 373
FEA	160	96	132	124	-	-	124
Soccer	-	2,004	2,004	-	-	-	-
FCA	17	1,144	1,161	-	-	-	-
FCCLA	138	2,666	2,540	264	-	-	264
FCS Class Account	55	280	284	51	-	-	51
SADD	138	-	-	138	-	-	138
Student Council	16	519	535	-	-	-	-
Yearbook	6,153	5,750	6,097	5,806	-	-	5,806
STLP	577	618	925	270	-	-	270
Staff Fund	231	1,064	961	334	-	-	334
Field Trips	69	-	-	69	-	-	69
Junior	1,856	7,571	5,872	3,555	-	-	3,555
Class of 2014	280	6,814	7,085	9	-	-	9
Senior	146	-	37	109	-	-	109
Counselor	12	122	109	25	-	-	25
Chorus	1,136	555	1,258	433	-	-	433
BETA	7	4,812	4,368	451	-	-	451
Anne Fraim Scholarship	172	-	-	172	-	-	172
Spanish	77	-	-	77	-	-	77
Bowling Team	60	1,168	1,228	-	-	-	-
Baseball	-	4,396	4,396	-	750	-	750
Softball	-	2,652	2,652	-	-	-	-
Credit Recovery	565	-	-	565	-	-	565
Virtual School	150	-	-	150	-	-	150
Purple Pep Club	119	-	-	119	116	-	235
Swim Team	-	793	793	-	-	-	-
21st Century	1,114	216	273	1,057	-	-	1,057
Project Graduation	-	529	-	529	-	-	529
Less: Interfund Transfers	-	(54,510)	(54,510)	-	-	-	-
Campbellsville High School	25,227	306,087	296,439	34,875	1,776	255	36,396
Campbellsville Middle School	35,009	130,944	137,501	28,452	-	-	28,452
Campbellsville Elementary	55,296	44,099	57,494	41,901	10,328	-	52,229
Totals	\$ 115,532	\$ 481,130	\$ 491,435	\$ 105,228	\$ 12,104	\$ 255	\$ 117,077

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

CAMPBELLSVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2014

	<u>Federal CFDA Number</u>	<u>Pass Through Number</u>	<u>Disbursements</u>
U.S. Department of Education			
Passed Through Kentucky Department of Education:			
Adult Education-Basic Grants to States	84.002	3654	\$ 10,493
Adult Education-Basic Grants to States	84.002	3714	20,102
Adult Education-Basic Grants to States	84.002	3734	<u>57,950</u>
			88,545
Title I Grants to Local Educational Agencies	84.010	3103	139,222
Title I Grants to Local Educational Agencies	84.010	3103M	849
Title I Grants to Local Educational Agencies	84.010	3104	466,545
Title I Grants to Local Educational Agencies	84.010	3104M	6,440
School Improvement Part A - Educational Recovery Staff	84.010	3204E	<u>105,411</u>
			718,467
Special Education Cluster:			
Special Education-Grants to States	84.027	3373	42,651
Special Education-Grants to States	84.027	3374	205,398
Special Education - Preschool Grants	84.173	3433	19,130
Special Education - Preschool Grants	84.173	3434	<u>24,781</u>
Total Special Education Cluster			291,960
Career and Technical Education-Basic Grants to States	84.048	3483A	936
Career and Technical Education-Basic Grants to States	84.048	3484	<u>16,671</u>
			17,607
Twenty-First Century Community Learning Centers	84.287	5502	47,922
Twenty-First Century Community Learning Centers	84.287	5502J	2,000
Twenty-First Century Community Learning Centers	84.287	5503	79,823
Twenty-First Century Community Learning Centers	84.287	5503U	4,406
Twenty-First Century Community Learning Centers	84.287	5504C	<u>5,889</u>
			140,040
Rural Education	84.358	3503	166
Rural Education	84.358	3504	<u>20,248</u>
			20,414
Improving Teacher Quality State Grants	84.367	4013	4,482
Improving Teacher Quality State Grants	84.367	4014	<u>92,507</u>
			96,989
Race To The Top	84.413	4521	15,147
Race To The Top	84.413	4523	<u>89,540</u>
			104,687
Totals for U.S. Department of Education			1,478,709

CAMPBELLSVILLE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – (CONTINUED)
 For The Year Ended June 30, 2014

	Federal CFDA Number	Pass Through Number	Disbursements
U.S. Department of Agriculture			
Passed Through Kentucky Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	7760005 13	\$ 43,812
School Breakfast Program	10.553	7760005 14	141,850
National School Lunch Program	10.555	7750002 13	122,580
National School Lunch Program	10.555	7750002 14	399,536
Summer Food Service Program for Children	10.559	7690024 14	5,311
Total Child Nutrition Cluster			713,089
Passed Through Kentucky Department of Agriculture:			
Food Distribution	10.565	51	42,045
Total U.S. Department of Agriculture			
Totals for U.S. Department of Agriculture			755,134
Total Federal Financial Assistance			\$ 2,233,843

CAMPBELLSVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2014

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Campbellsville Independent School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Government, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of, the basic financial statements.

NOTE B – FOOD DISTRIBUTION

Non-monetary assistance is reported in the schedule at the fair value of the commodities disbursed.

CAMPBELLSVILLE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year Ended June 30, 2014
Section I - Summary of Auditors' Results

Financial Statements

Type of audit 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(es)? _____ Yes _____ **X** None Noted

Noncompliance material to financial statements noted? _____ Yes _____ **X** No

Federal Awards

Internal control over major programs?

- Material weakness(es) identified? _____ Yes _____ **X** No
- Significant Deficiencies identified that are not considered to be material weakness(es)? _____ Yes _____ **X** None Noted

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? _____ Yes _____ **X** No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.287	U.S. Department of Education Passed through the Kentucky Department of Education: Twenty-first Century Community Learning Centers
10.553, 10.555, 10.559	U.S. Department of Agriculture Passed through the Kentucky Department of Agriculture: Child Nutrition Cluster

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

Auditee qualified as low-risk auditee? _____ **X** Yes _____ No

Section II - Financial Statement of Findings

No matters were reported

Section III - Federal Award Findings and Questioned Costs

No matters were reported.

CAMPBELLSVILLE INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2014

Financial Statement Findings

No matters were reported

Federal Award Findings and Questioned Costs:

No matters were reported



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 *GOVERNMENTAL AUDITING STANDARDS*

Kentucky State Committee for School District Audits
Members of the Board of Education
Campbellsville Independent School District
Campbellsville, KY 42718

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 requirements prescribed by the Kentucky State Committee for School District Audits *Independent Auditor's Contract* in Appendices I, and II of the *Independent Auditor's Contract*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Campbellsville Independent School District, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Campbellsville Independent School District's basic financial statements and have issued our report thereon dated November 10, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Campbellsville Independent School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Campbellsville Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Campbellsville Independent School 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 Campbellsville Independent School 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*. In addition, the results of our tests disclosed no instances of material noncompliance of specific state statutes or regulations identified in the *State Audit Requirements* section of the *Independent Auditor's Contract*.

Kentucky State Committee for School District Audits
And Members of the Board of Education of
Campbellsville Independent School District
Page 2

We also noted other matters that we reported to management of Campbellsville Independent School Board of Education in a separate letter dated November 10, 2014.

Purpose of this Report

The purpose of this report is to solely 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.

Wise, Buckner, Sprowles & Associates PLLC

Wise, Buckner, Sprowles & Associates PLLC
Campbellsville, KY

November 10, 2014



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
Campbellsville Independent School District
Campbellsville, KY 42718

Report on Compliance for Each Major Federal Program

We have audited Campbellsville Independent School District's compliance with the types of compliance requirements described in *OMB_Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Campbellsville Independent School District's major federal programs for the year ended June 30, 2014. Campbellsville Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the 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 Campbellsville Independent School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the audit requirements prescribed by the Kentucky State Committee for Schools District Audits Independent Auditor's Contract, Appendix I of the Independent Auditor's Contract – Audit Extension Request, and Appendix II of the Independent Auditor's Contract – Instructions for Submission of the Audit Report. 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 Campbellsville Independent School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Campbellsville Independent 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 Campbellsville Independent School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Campbellsville Independent School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program 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 Campbellsville Independent School District's internal control over compliance.

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

Wise, Buckner, Sprowles & Associates PLLC

Wise, Buckner, Sprowles & Associates PLLC
Certified Public Accountants

Campbellsville, Kentucky
November 10, 2014

MANAGEMENT LETTER



To the Members of the Board of Education
and Mike Deaton, Superintendent
of Campbellsville Independent School District

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

However, during our audit we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding these matters. Any uncorrected comments from the prior year have been included in the memorandum. A separate report dated November 10, 2014, contains our report on the District's internal control. This letter does not affect our report dated November 10, 2014, on the financial statements of the Campbellsville Independent School District.

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

This report is intended for the information of members of the Kentucky State Committee for School District Audits, the members of the Board of Education of Campbellsville Independent School District, the Kentucky Department of Education, management and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Wise, Buckner, Sprowles & Associates, PLLC

Wise, Buckner, Sprowles & Associates, PLLC
Certified Public Accountants

Campbellsville, KY
November 10, 2014

CAMPBELLSVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT LETTER POINTS
November 10, 2014

UNCORRECTED PRIOR YEAR COMMENTS

Fund Balance Differences – During our prior year audit procedures for the High School Activity Fund, we found that the preceding year ending balance of the activity fund did not agree with the prior year’s beginning balance.

Current Year Observation – During our current year audit procedures for the High School Activity Fund we found the discrepancy between the prior year ending fund balance and the current year beginning balance had not been corrected.

Accounts Receivable and Accounts Payable – During our prior year procedures for the High School Activity Fund, we found that Form F-SA-15B was not used to record the year-end accounts receivable and accounts payable.

Current Year Observation – We recommended that procedures be incorporated within the year-end closing procedures that identify and record accounts payable and accounts receivable and documented on Form F-SA-15B. Currently, we found that form F-SA-15B was still not being used to identify High School Activity Fund accounts receivable and accounts payable.

CURRENT YEAR COMMENTS

Auditors found no internal control related matters or other matters that needed to be further addressed within a management letter except those uncorrected prior year comments listed above.