

**CASEY COUNTY SCHOOL DISTRICT**  
**BASIC FINANCIAL STATEMENTS,**  
**SUPPLEMENTARY INFORMATION,**  
**AND INDEPENDENT AUDITOR'S REPORTS**  
Year Ended June 30, 2014

CASEY COUNTY SCHOOL DISTRICT

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## INDEPENDENT AUDITOR'S REPORT

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Members of the Board of Education  
Casey County School District  
Liberty, 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 Casey County School District as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the accompanying table of contents.

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

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

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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Independent Auditor's Contract*. 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 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 on 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 cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Emphasis of a Matter**

As discussed in Note 1 to the financial statements, the District adopted GASB Statement 65, *Items Previously Reported as Assets and Liabilities* and GASB Statement 66, *Technical Corrections – 2012 – an Amendment of GASB Statements No. 10 and No. 62* during the fiscal year.

## **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 11 and 40 through 41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

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

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

In accordance with *Government Auditing Standards*, we have also issued a report dated August 29, 2014, on our consideration of Casey County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Casey County School District's internal control over financial reporting and compliance.



Certified Public Accountants  
Elizabethtown, Kentucky  
August 29, 2014

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

This section of the financial statements for the Casey County School District (District) presents management’s discussion and analysis of the financial performance of the Casey County School District during the fiscal year that ended on June 30, 2014. As management of the District, we offer readers of the District’s financial statements this narrative overview and analysis to highlight and further explain the financial events that have taken place in the past year. We encourage readers to consider the information presented herein along with the District’s financial statements, which immediately follow this section.

**FINANCIAL HIGHLIGHTS**

- The District’s financial status had been improving steadily for many years, using the fund balance as a measuring tool. The total General Fund Fund Balance was \$6.5 million at June 30, 2014, compared to \$6.9 million at June 30, 2013, a decrease of \$478,000.
- Total net position increased .85 percent over the course of the year.
- General Fund revenues totaled \$17.07 million, which primarily consisted of funding through the state’s Support Education Excellence in Kentucky (SEEK) program and revenues from property, utilities, and motor vehicle taxes. General Fund revenues were \$17.57 million in FY 2013.
- Excluding interfund transfers, General Fund expenditures totaled \$17.48 million. This compares to \$18.03 million in the prior year. Salaries and benefits decreased \$.42 million.
- SEEK revenue decreased \$503,000 from FY 2013. The SEEK Guaranteed Base was \$3,833 in FY 2013, and \$3,827 in FY 2014.

**OVERVIEW OF FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the District’s basic financial statements. The District’s basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District’s budget for the year.

**Government-wide financial statements.** The government-wide financial statements, Statement of Net Position and Statement of Activities, 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, respectively. To assess the District’s overall health, one needs to consider additional non-financial factors such as changes in the District’s property tax base and the condition of school buildings and other facilities.

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 expenditures are reported in this statement for some items that will only result in cash flows in future fiscal periods.

In the government-wide financial statements, the District's activities are divided into two categories:

- Governmental activities – Most of the District's basic services are included here, such as regular and special needs education, transportation, and administration. Property taxes and state formula aid finance most of these activities.
- Business-type activities – The District charges fees to help cover the costs of certain services it provides. The District's food services, and daycare and community education operations are included here.

**Fund financial statements.** The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by State Laws and by bond covenants. The District establishes other funds to control and manage money for specific purposes (like the Construction Fund) or to show that it is properly using certain Revenues (like the Building Fund, Capital Outlay Fund, and Special Revenue Fund).

The District has two kinds of funds:

- Governmental funds: Most of the District's basic services are included in governmental funds, which generally focus on how money flows into and out of those funds and the balances left at year end that are available for spending in future periods. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information with the governmental funds statements that explains the relationships (or differences) between the governmental activities and the governmental funds, through the Statement of Net Position and the Statement of Activities.
- Proprietary funds: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

**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.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net Position may serve over time as a useful indicator of the District's financial position. For the District, assets exceeded liabilities by \$21.26 million as of June 30, 2014.

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

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets. Net Position is summarized in Table 1.

**Table 1**

	<b>Net Position (in Millions)</b>					
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total School District</b>	
	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>
<b>Assets:</b>						
Current and Other Assets	7.43	6.90	0.53	0.55	7.96	7.45
Capital Assets	32.64	31.65	0.32	0.27	32.96	31.92
<b>Total Assets</b>	<b>40.07</b>	<b>38.55</b>	<b>0.85</b>	<b>0.82</b>	<b>40.92</b>	<b>39.37</b>
<b>Deferred Outflow of Resources</b>						
	-	0.59	-	-	-	0.59
<b>Liabilities:</b>						
Current Liabilities	2.06	2.21	-	-	2.06	2.21
Noncurrent Liabilities	17.78	16.49	-	-	17.78	16.49
<b>Total Liabilities</b>	<b>19.84</b>	<b>18.70</b>	<b>-</b>	<b>-</b>	<b>19.84</b>	<b>18.70</b>
<b>Net Position:</b>						
<b>Net Investment in</b>						
Capital Assets	13.37	13.57	0.32	0.27	13.69	13.84
Restricted	-	0.33	-	-	-	0.33
Unrestricted Fund Position	6.86	6.54	0.53	0.55	7.39	7.09
<b>Total Net Position</b>	<b>20.23</b>	<b>20.44</b>	<b>0.85</b>	<b>0.82</b>	<b>21.08</b>	<b>21.26</b>

**Changes in net position.** The District's total net position increased \$.18 million. This is largely due to the reduction of outstanding bond obligations and the acquisition of capital assets. Current assets decreased \$.51 million, non-current assets decreased \$1.04 million and liabilities decreased \$1.14 million. The district's total revenues decreased .78 percent to \$24.37 million. (See Table 2 on the next page.) Property taxes and state and formula grants accounted for most of the District's revenues.

**Table 2**

**Statement of Activities  
(in Millions)**

	Governmental Activities		Business-Type Activities		Total School District	
	2013	2014	2013	2014	2013	2014
Revenues:						
Program Revenues:						
Charges for Services	-	-	0.37	0.35	0.37	0.35
Operating Grants and Contributions	7.56	6.79	1.33	1.30	8.89	8.09
Capital Grants and Contributions	1.35	2.11			1.35	2.11
General Revenue:						
Property Taxes	2.17	2.26			2.17	2.26
Motor Vehicle Taxes	0.43	0.44			0.43	0.44
Utility Taxes	0.75	0.76			0.75	0.76
Unmined Minerals	-	0.00			-	0.00
State and formula grants	10.66	10.11			10.66	10.11
State on-behalf payments	-	-			-	-
Unrestricted Investment Earnings	0.12	0.11	0.01	0.01	0.13	0.12
Sale of Building	-	-			-	-
Sale of equipment	-	-			-	-
Extraordinary Item	(0.22)	0.08	-	-	(0.22)	0.08
Miscellaneous	0.03	0.05			0.03	0.05
<b>Total Revenues</b>	<b>22.85</b>	<b>22.71</b>	<b>1.71</b>	<b>1.66</b>	<b>24.56</b>	<b>24.37</b>
Program Expenses:						
Instruction	14.06	13.73			14.06	13.73
Support Services:					-	-
Student	1.08	1.09			1.08	1.09
Instructional Staff	0.61	0.60			0.61	0.60
District Administration	0.55	0.42			0.55	0.42
School Administration	1.03	1.01			1.03	1.01
Business	0.66	0.66			0.66	0.66
Plant Operation and Maintenance	1.95	2.00			1.95	2.00
Student Transportation	1.78	1.98			1.78	1.98
Food Service Operations	-	-	1.57	1.55	1.57	1.55
Community Services Operations	0.25	0.24	0.01	0.02	0.26	0.26
Enterprise Operations	-	-	0.12	0.12	0.12	0.12
Interest	0.68	0.65			0.68	0.65
Amortization	-	-			-	-
Depreciation	-	-	-	-	-	-
<b>Total Expenses</b>	<b>22.65</b>	<b>22.38</b>	<b>1.70</b>	<b>1.69</b>	<b>24.35</b>	<b>24.07</b>
Change in Net Position	0.20	0.33	0.01	(0.03)	0.21	0.30
Net Position, Beginning, as restated	20.03	20.11	0.84	0.85	20.87	20.96
Net Position, Ending	20.23	20.44	0.85	0.82	21.08	21.26

The total cost of all programs and resources decreased 1.15 percent from \$24.35 million to \$24.07 million. The District's expenses are predominantly related to educating and caring for students (57.04%). The purely administrative activities of the District accounted for 15.7% of total costs. Instructional costs decreased \$.33 million (2.35%).

Total revenue surpassed expenses, increasing net position \$.30 million over the prior year.

#### **Governmental Activities**

Revenues for the District's governmental activities decreased \$.14 million, whereas total expenses decreased .27 million.

#### **Business-type activities**

Revenues for the District's business-type activities decreased \$.05 million, whereas total expenses decreased \$.01 million. The net position decreased by \$.03 million.

### **FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported combined fund balances of \$6.9 million, which is a decrease of \$.01 million from the prior year.

The District has been budgeting and spending conservatively for several years now based on recommendations of the Kentucky Department of Education's District Support staff. The economy still has not fully recovered from the downturn that started in 2008. Every year, KDE staff warns all Districts to be fiscally conservative for fear that state grants will be cut further. The District's SEEK funding is at the same levels as FY 2008, with the Legislators pushing more and more of the funding of schools onto the local level.

Table 3 on the next page shows revenues and expenses for selected funds.

**Table 3**  
**(in Millions)**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>FSPK and Building Funds</b>	<b>Construction and Debt Svc Funds</b>
<b>Revenues:</b>				
Local Revenue	3.33	0.04	0.30	-
State Revenue	13.65	0.68	0.64	1.46
Federal Revenue	0.10	2.43	-	-
Other	-	0.08	-	0.87
<b>Total Revenues</b>	<b>17.08</b>	<b>3.23</b>	<b>0.94</b>	<b>2.33</b>
<b>Expenditures:</b>				
Instruction	9.98	2.95	-	-
Student Support	1.06	0.03	-	-
Instructional Staff	0.53	0.06	-	-
District Admin	0.43	-	-	-
School Support	1.01	-	-	-
Business Support	0.66	-	-	-
Plant Operation & Maintenance	1.97	0.02	-	-
Student Transportation	1.82	-	-	-
Community Svc.	0.02	0.22	-	-
Debt Service	-	-	-	2.33
Fund Transfer/Other	0.08	-	0.97	-
Site Improvement	-	-	-	-
<b>Total Expenditures</b>	<b>17.56</b>	<b>3.28</b>	<b>0.97</b>	<b>2.33</b>
<b>Revenue Over (Under) Expenses</b>	<b>(0.48)</b>	<b>(0.05)</b>	<b>(0.03)</b>	<b>-</b>

**General Fund Revenue/Expenditures (Fund 1)**

The majority of revenue was derived from State Sources (79.9%) with local property, motor vehicle and utility taxes making up 19.5% of total revenue.

The instruction function comprises 56.8% of the expenditures. The instruction function includes the Schools' expenditures for staff and supplies. The student support services function is comprised of spending for attendance services, guidance counseling, health services, psychological testing, and speech, hearing and vision services. The instructional staff support function includes spending for staff support personnel and librarians. The district administration support function includes spending for workers comp, sick leave pay for retirees, property insurance, tax collection fees, and superintendent's office expenses. The school support function includes spending for principals and secretaries. The Plant Operation and Maintenance function accounts for 11.2% of the expenditures, while the Student Transportation services function accounts for 10.4%. Community services expenditures includes activities concerned with providing services to students, staff, or the community which are not considered instructional.

### Special Revenue Fund Revenue/Expenditures

The majority of revenue was derived from federal sources (75.2%). The majority of expenditures (89.9%) is spent in the instructional function.

### FSPK and Construction Funds Revenue/Expenditures

Fund 310 is the capital outlay fund and Fund 320 is the building fund (FSPK). State funding makes up the Capital Outlay fund and the building fund is made up of state and local revenue. Fund 400 is the debt service fund and is used to make bond payments. Therefore, the Funds 310 and 320 were used to collect the state and local revenues, and transfers were then made to Fund 400 as debt service payments came due.

### CAPITAL ASSETS

At the end of fiscal 2014, the District had \$31.92 million invested in capital assets, including land, buildings, buses, computers and other equipment. This amount represents a net decrease (including additions and deductions) of \$.92 million, or 2.71%, from last year.

**Table 4**  
**Capital Assets at Year-End**  
**(Net of Depreciation, in Millions)**

	Governmental Activities		Business-Type Activities		Totals	
	2013	2014	2013	2014	2013	2014
Land	4.00	1.68	-	-	4.00	1.68
Buildings & Improvements	26.82	28.15	-	-	26.82	28.15
Technology Equipment	0.34	0.41	-	-	0.34	0.41
Vehicles	1.06	1.15	-	-	1.06	1.15
General Equipment	0.30	0.26	0.32	0.27	0.62	0.53
Construction in Progress	-	-	-	-	-	-
<b>Totals</b>	<b>32.52</b>	<b>31.65</b>	<b>0.32</b>	<b>0.27</b>	<b>32.84</b>	<b>31.92</b>

## DEBT

No new bonds were issued in FY 2014. The District anticipates selling new bonds in FY 2015 to finance the roof projects at Casey County High and Middle Schools.

**Table 5**  
**Outstanding Debt at Year-End**  
**(in Millions)**

	Government Activities	
	2013	2014
General Obligation Bonds	19.15	18.08
	<hr/>	<hr/>
Total Obligations	<u>19.15</u>	<u>18.08</u>

### Comments on Budget Comparisons

Over the course of the fiscal year, the District revised the annual operating budget as needed and to meet the statutory deadlines from the Kentucky Department of Education.

- Actual General Fund revenues exceeded the budget by \$.55 million. The line item that varied most significantly was SEEK revenues. The District budgeted SEEK at only 98.8% in order to be conservative.
- Actual General Fund expenditures were less than budget by \$2.8 million. This is primarily due to management's conservative style of budgeting and also budgeting for major maintenance issues at the High School, Middle School, and Liberty Elementary School that did not have to be undertaken in FY 2013.

### FUTURE BUDGETARY IMPLICATIONS

In Kentucky the public school fiscal year is July 1-June 30. Some federal programs operate on a different fiscal calendar, but are reflected in the district overall budget. By law, the budget must have a minimum 2% contingency. The district adopted a final working budget with \$.55 million in contingency (2.05%). State funding is not keeping pace with mandated state requirements and will continue to be an issue. However, the Legislators did approve more funding for education in the 2014 Legislative Session, which will impact our budgets in FY 2015 and 2016. Specific employee raises were also mandated and the increase in SEEK funding is not projected to exceed the cost of the mandated raises, so the District will continue to struggle to budget for projected expenditures.

Issues which will impact future budgets include:

- State budgetary shortfalls which could result in the inability to fully fund SEEK.
- Sequestration of Federal Funds.
- Insufficient funding of the state transportation formula.
- Increasing retirement costs to be borne by district could be significant.

- The District has not experienced any real growth in student population for several years, although costs of providing services continues to increase. Also, several factories in the area have shut down over the past few years. Thus, management will continue to be challenged with balancing our staffing needs with declining enrollment and prudently providing the resources to meet the students' needs in a time of increasing prices for goods and services.

#### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions regarding this report or need additional financial information, contact Deena Randolph, Manager of District-Wide Services, at (606) 787-6941 or by mail at Casey County Board of Education, 1922 N. US 127, Liberty, Kentucky 42539.

## **BASIC FINANCIAL STATEMENTS**

CASEY COUNTY SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2014

<b>Assets</b>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
<b><u>Current Assets</u></b>			
Cash and cash equivalents	\$ 6,480,364	\$ 506,549	\$ 6,986,913
Inventory		28,149	28,149
Receivables:			
Taxes-current	110,831		110,831
Taxes-delinquent	2,953		2,953
Other receivables	78,533		78,533
Intergovernmental-Indirect Federal	231,422	15,831	247,253
Prepays	933		933
<b>Total Current Assets</b>	<b>6,905,036</b>	<b>550,529</b>	<b>7,455,565</b>
<b><u>Noncurrent Assets</u></b>			
Non-depreciable capital assets	914,397		914,397
Depreciable capital assets, net of accumulated depreciation	30,734,663	271,334	31,005,997
<b>Total Noncurrent Assets</b>	<b>31,649,060</b>	<b>271,334</b>	<b>31,920,394</b>
<b>Total Assets</b>	<b>38,554,096</b>	<b>821,863</b>	<b>39,375,959</b>
<b>Deferred Outflows of Resources</b>			
Deferred amount on debt refundings	592,738		592,738
<b>Total Deferred Outflows of Resources</b>	<b>592,738</b>	<b>-</b>	<b>592,738</b>
<b>Liabilities</b>			
<b><u>Current Liabilities</u></b>			
Accounts payable	66,071		66,071
Accrued liabilities	5,351		5,351
Unearned revenue	84,006		84,006
Bond obligations	1,785,000		1,785,000
Compensated absences	108,030		108,030
Interest payable	162,235		162,235
<b>Total Current Liabilities</b>	<b>2,210,693</b>	<b>-</b>	<b>2,210,693</b>
<b><u>Noncurrent Liabilities</u></b>			
Bond obligations	16,293,928		16,293,928
Compensated absences	65,933		65,933
KSBIT	132,074		132,074
<b>Total Noncurrent Liabilities</b>	<b>16,491,935</b>	<b>-</b>	<b>16,491,935</b>
<b>Total Liabilities</b>	<b>18,702,628</b>	<b>-</b>	<b>18,702,628</b>
<b><u>Net Position</u></b>			
Net investment in capital assets	13,570,132	271,334	13,841,466
Restricted	330,115		330,115
Unrestricted	6,543,959	550,529	7,094,488
<b>Total Net Position</b>	<b>\$ 20,444,206</b>	<b>\$ 821,863</b>	<b>\$ 21,266,069</b>

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

CASEY COUNTY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2014

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges For Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business- Type Activities	Total
<b>Governmental Activities:</b>							
Instruction	\$ 13,732,402	\$ 400	\$ 5,411,570	\$ -	\$ (8,320,432)	\$ -	\$ (8,320,432)
Support services:							
Student	1,088,703		269,686		(819,017)		(819,017)
Instruction staff	598,239		191,892		(406,347)		(406,347)
District administrative	423,363		51,875		(371,488)		(371,488)
School administrative	1,010,947		232,767		(778,180)		(778,180)
Business	659,164		73,181		(585,983)		(585,983)
Plant operation and maintenance	2,005,775		164,935		(1,840,840)		(1,840,840)
Student transportation	1,977,282		183,992		(1,793,290)		(1,793,290)
Community service activities	237,663		215,495		(22,168)		(22,168)
Facilities acquisition and construction	-			644,440	644,440		644,440
Interest on long-term debt	649,913			1,463,937	814,024		814,024
<b>Total Governmental Activities</b>	<b>22,383,451</b>	<b>400</b>	<b>6,795,393</b>	<b>2,108,377</b>	<b>(13,479,281)</b>	<b>-</b>	<b>(13,479,281)</b>
<b>Business-Type Activities:</b>							
Food service	1,550,704	246,862	1,261,597			(42,245)	(42,245)
Daycare	115,044	87,743	34,105			6,804	6,804
Community education	20,798	18,493	2,120			(185)	(185)
<b>Total Business-Type Activities</b>	<b>1,686,546</b>	<b>353,098</b>	<b>1,297,822</b>	<b>-</b>	<b>-</b>	<b>(35,626)</b>	<b>(35,626)</b>
<b>Total Primary Government</b>	<b>\$ 24,069,997</b>	<b>\$ 353,498</b>	<b>\$ 8,093,215</b>	<b>\$ 2,108,377</b>	<b>(13,479,281)</b>	<b>(35,626)</b>	<b>(13,514,907)</b>
<b>General Revenues:</b>							
Taxes:							
					2,256,677		2,256,677
					441,477		441,477
					764,302		764,302
					982		982
					107,466	6,765	114,231
					10,105,638		10,105,638
					52,798		52,798
					83,320		83,320
					13,812,660	6,765	13,819,425
					333,379	(28,861)	304,518
					20,228,719	850,724	21,079,443
					(117,892)		(117,892)
					20,110,827	850,724	20,961,551
					<u>\$ 20,444,206</u>	<u>\$ 821,863</u>	<u>\$ 21,266,069</u>

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

**FUND FINANCIAL STATEMENTS**

CASEY COUNTY SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2014

	General Fund	Special Revenue	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>					
Cash and cash equivalents	\$ 6,297,665	\$ -	\$ -	\$ 280,050	\$ 6,577,715
Receivables:					
Taxes - current	110,831				110,831
Taxes - delinquent	2,953				2,953
Other receivables	78,533				78,533
Intergovernmental - Indirect Federal		231,422			231,422
Prepays	933				933
<b>Total Assets</b>	<u>\$ 6,490,915</u>	<u>\$ 231,422</u>	<u>\$ -</u>	<u>\$ 280,050</u>	<u>\$ 7,002,387</u>
<b>Liabilities and Fund Balances:</b>					
<b>Liabilities</b>					
Cash overdraft		\$ 97,351			\$ 97,351
Accounts payable	66,071				66,071
Accrued liabilities	5,351				5,351
Compensated absences	8,130				8,130
Unearned revenue		84,006			84,006
<b>Total Liabilities</b>	79,552	181,357	-	-	260,909
<b>Fund Balances</b>					
Nonspendable	933				933
Restricted		50,065		280,050	330,115
Committed	3,036,284				3,036,284
Assigned	69,665				69,665
Unassigned	3,304,481				3,304,481
<b>Total Fund Balances</b>	<u>6,411,363</u>	<u>50,065</u>	<u>-</u>	<u>280,050</u>	<u>6,741,478</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 6,490,915</u>	<u>\$ 231,422</u>	<u>\$ -</u>	<u>\$ 280,050</u>	<u>\$ 7,002,387</u>

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

**CASEY COUNTY SCHOOL DISTRICT**

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

June 30, 2014

Total fund balance per fund financial statements	\$ 6,741,478
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net position.	31,649,060
Governmental funds record debt refundings as other financing uses when the issues are refunded. Unamortized losses on refundings are reported on the statement of net position as deferred outflows of resources.	592,738
Certain liabilities are not reported in this fund financial statement because they are not due and payable, but they are presented in the statement of net assets:	
Bonds payable (net of discounts/premiums)	(18,078,928)
Interest payable	(162,235)
Compensated absences	(165,833)
KSBIT	<u>(132,074)</u>
Net position for governmental activities	<u>\$ 20,444,206</u>

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

CASEY COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

Year Ended June 30, 2014

	General Fund	Special Revenue	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
From local sources:					
Taxes:					
Property	\$ 1,955,703	\$ -	\$ -	\$ 300,974	\$ 2,256,677
Motor vehicle	441,477				441,477
Utilities	764,302				764,302
Other taxes	982				982
Earnings on investments	105,825	954		687	107,466
Other local revenues	53,198	39,904			93,102
Intergovernmental - State	13,655,244	677,010	1,463,937	644,440	16,440,631
Intergovernmental - Indirect Federal	97,329	2,386,184			2,483,513
Intergovernmental - Direct Federal		45,360			45,360
<b>Total Revenues</b>	<b>17,074,060</b>	<b>3,149,412</b>	<b>1,463,937</b>	<b>946,101</b>	<b>22,633,510</b>
<b>Expenditures:</b>					
Instruction	9,977,533	2,951,501			12,929,034
Support services:					
Student	1,057,080	31,622			1,088,702
Instruction staff	534,934	63,305			598,239
District administrative	429,185				429,185
School administrative	1,005,084				1,005,084
Business	659,164				659,164
Plant operation and maintenance	1,971,979	19,097			1,991,076
Student transportation	1,823,543	801			1,824,344
Facilities acquisition and construction				100,327	100,327
Community service activities	23,138	214,526			237,664
Debt service:					
Principal			1,750,000		1,750,000
Interest			585,772		585,772
<b>Total Expenditures</b>	<b>17,481,640</b>	<b>3,280,852</b>	<b>2,335,772</b>	<b>100,327</b>	<b>23,198,591</b>
<b>Excess (Deficit) of Revenues over Expenditures</b>	<b>(407,580)</b>	<b>(131,440)</b>	<b>(871,835)</b>	<b>845,774</b>	<b>(565,081)</b>
<b>Other Financing Sources (Uses):</b>					
Proceeds from disposal of capital assets	4,096				4,096
Transfers in		75,000	871,835		946,835
Transfers out	(75,000)			(871,835)	(946,835)
<b>Total Other Financing Sources (Uses)</b>	<b>(70,904)</b>	<b>75,000</b>	<b>871,835</b>	<b>(871,835)</b>	<b>4,096</b>
<b>Net Change in Fund Balances</b>	<b>(478,484)</b>	<b>(56,440)</b>	<b>-</b>	<b>(26,061)</b>	<b>(560,985)</b>
<b>Fund Balance, July 1, 2013</b>	<b>6,889,847</b>	<b>106,505</b>	<b>-</b>	<b>306,111</b>	<b>7,302,463</b>
<b>Fund Balance, June 30, 2014</b>	<b>\$ 6,411,363</b>	<b>\$ 50,065</b>	<b>\$ -</b>	<b>\$ 280,050</b>	<b>\$ 6,741,478</b>

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

**CASEY COUNTY SCHOOL DISTRICT**

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

Year Ended June 30, 2014

Net change in total fund balances per fund financial statements	\$ (560,985)
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which depreciation expense exceeds capital outlays for the year.	(858,076)
Bond payments are recognized as expenditures of current financial resources in the fund financial statement but are reductions of liabilities in the statement of net position.	1,750,000
In the statement of activities, only the gain (loss) on sale of capital assets is reported, whereas in the governmental funds, the proceeds for the sale increased financial resources.	(11,690)
Estimated claims that are not mature are not reported in this fund financial statement, but those that are probable and reasonably estimable This item is recorded as extraordinary item in the statement of activities as it is unusual in nature and infrequent in occurrence.	83,320
Generally, expenditures recognized in this fund financial statement are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred.	<u>(69,190)</u>
Change in net position of governmental activities	<u><u>\$ 333,379</u></u>

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

CASEY COUNTY SCHOOL DISTRICT

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

June 30, 2014

	Food Service Fund	Other Enterprise Funds	Total Enterprise Funds
<b>Assets</b>			
<b><u>Current Assets</u></b>			
Cash and cash equivalents	\$ 498,815	\$ 7,734	\$ 506,549
Inventory	28,150		28,150
Intergovernmental receivable - Indirect Federal	15,831		15,831
<b>Total Current Assets</b>	<b>542,796</b>	<b>7,734</b>	<b>550,530</b>
<b><u>Noncurrent Assets</u></b>			
Capital assets, net of accumulated depreciation	271,333		271,333
<b>Total Noncurrent Assets</b>	<b>271,333</b>	<b>-</b>	<b>271,333</b>
<b>Total Assets</b>	<b>814,129</b>	<b>7,734</b>	<b>821,863</b>
<b>Liabilities</b>			
<b><u>Current Liabilities</u></b>			
Accounts payable			-
<b>Total Current Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Net Position</u></b>			
Net investment in capital assets	271,333		271,333
Unrestricted	542,796	7,734	550,530
<b>Total Net Position</b>	<b>\$ 814,129</b>	<b>\$ 7,734</b>	<b>\$ 821,863</b>

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

**CASEY COUNTY SCHOOL DISTRICT**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

PROPRIETARY FUNDS

Year Ended June 30, 2014

	Food Service Fund	Other Enterprise Funds	Total Enterprise Funds
<b>Operating Revenues</b>			
Lunchroom sales	\$ 246,862	\$ -	\$ 246,862
Tuition and fees		106,236	106,236
<b>Total Operating Revenues</b>	246,862	106,236	353,098
<b>Operating Expenses</b>			
Salaries and wages	738,883	114,129	853,012
Materials and supplies	714,085	21,456	735,541
Depreciation	51,900		51,900
Other operating expenses	45,836	257	46,093
<b>Total Operating Expenses</b>	1,550,704	135,842	1,686,546
Operating (loss)	(1,303,842)	(29,606)	(1,333,448)
<b>Non-Operating Revenues (Expenses)</b>			
Federal grants	1,055,610		1,055,610
Donated commodities	66,435		66,435
State grants	14,015	17,140	31,155
State on-behalf payments	125,537	19,085	144,622
Interest income	6,765		6,765
<b>Total Non-Operating Revenues (Expenses)</b>	1,268,362	36,225	1,304,587
Changes in net position	(35,480)	6,619	(28,861)
<b>Net Position, July 1, 2013</b>	849,609	1,115	850,724
<b>Net Position, June 30, 2014</b>	\$ 814,129	\$ 7,734	\$ 821,863

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

CASEY COUNTY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

Year Ended June 30, 2014

	Food Service Fund	Other Enterprise Funds	Total Enterprise Funds
<b>Cash Flows from Operating Activities</b>			
Cash received from:			
Lunchroom sales	\$ 246,862	\$ -	\$ 246,862
Tuition and fees		106,236	106,236
Cash paid to/for:			
Employees	(613,346)	(95,044)	(708,390)
Supplies	(650,237)	(21,456)	(671,693)
Other activities	(45,836)	(257)	(46,093)
<b>Net Cash Used by Operating Activities</b>	(1,062,557)	(10,521)	(1,073,078)
<b>Cash flows from Non-Capital Financing Activities</b>			
Federal grants	1,134,260		1,134,260
State grants	14,015	17,140	31,155
<b>Net Cash Provided by Non-Capital Financing Activities</b>	1,148,275	17,140	1,165,415
<b>Cash Flows from Investing Activities</b>			
Receipt of interest income	6,765		6,765
<b>Net Cash Provided by Investing Activities</b>	6,765	-	6,765
Net change in cash and cash equivalents	92,483	6,619	99,102
<b>Balances, beginning of year</b>	406,332	1,115	407,447
<b>Balances, end of year</b>	<u>\$ 498,815</u>	<u>\$ 7,734</u>	<u>\$ 506,549</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:			
Operating loss	\$ (1,303,842)	\$ (29,606)	\$ (1,333,448)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation	51,900		51,900
Donated commodities	66,435		66,435
State on-behalf payments	125,537	19,085	144,622
Change in assets and liabilities:			
Inventory	(1,795)		(1,795)
Accounts payable	(792)		(792)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ (1,062,557)</u>	<u>\$ (10,521)</u>	<u>\$ (1,073,078)</u>
<b>Schedule of Non-cash Transactions</b>			
Donated commodities received from federal government	<u>\$ 66,435</u>	<u>\$ -</u>	<u>\$ 66,435</u>
State on-behalf payments	<u>\$ 125,537</u>	<u>\$ 19,085</u>	<u>\$ 144,622</u>

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

**CASEY COUNTY SCHOOL DISTRICT**

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

June 30, 2014

	<u>Private Purpose Trust Funds</u>	<u>Agency Fund</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 5,791	\$ 145,877
Receivables		
<b>Total Assets</b>	<u>\$ 5,791</u>	<u>\$ 145,877</u>
<b>Liabilities</b>		
Accounts payable	\$ -	\$ 13,208
Due to student groups		132,669
<b>Total Liabilities</b>	<u>\$ -</u>	<u>\$ 145,877</u>
<b>Net Position Held in Trust</b>	<u>\$ 5,791</u>	<u>\$ -</u>

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

**CASEY COUNTY SCHOOL DISTRICT**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUNDS

Year Ended June 30, 2014

	<u>Private Purpose Trust Funds</u>
<b>Additions</b>	
Net interest and investment gains	\$ 79
<b>Deductions</b>	
Expenses paid	<u>(600)</u>
Change in net position	(521)
<b>Net Position, beginning of year</b>	<u>6,312</u>
<b>Net Position, end of year</b>	<u><u>\$ 5,791</u></u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

## CASEY COUNTY SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Casey County School District (the "District") have been prepared to conform with Accounting Principles Generally Accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

##### A. REPORTING ENTITY

The Casey County Board of Education ("Board"), a five-member group, is the level of government, which has oversight responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of Casey County School District. 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.

For financial reporting purposes, the accompanying financial statements include all of the operations over which the District is financially accountable. The District is financially accountable for organizations that make up its legal entity, as well as legally separate organizations that meet certain criteria. In accordance with GASB 14, "The Financial Reporting Entity," as amended by GASB 39, "Determining Whether Certain Organizations Are Component Units", the criteria for inclusion in the reporting entity involve those cases where the District or its officials appoint a voting majority of an organization's governing body, and is either able to impose its will on the organization or there is a potential for the organization to provide specific financial benefits to or to impose specific financial burdens on the District or the nature and significance of the relationship between the District and the organization is such that exclusion would cause the District's financial statements to be incomplete. Applying this definition, District management has determined that the component unit reportable within the accompanying financial statements is the Casey County School District Finance Corporation, (the "Corporation"). The financial statements presented herein do not include funds of groups and organizations, which although associated with the school system, have not originated within the Board itself such as Boosters, Parent-Teacher Associations, etc.

Blended Component Unit - Casey County School District Finance Corporation – In a prior year, the Board of Education resolved to authorize the establishment of the Casey County School District Finance Corporation (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS Section 58.180) (the "Corporation") as an agency for the District for financing the costs of school building facilities. The members of the Board also comprise the Corporation's Board of Directors. Therefore, the financial activities of the Corporation have been blended (reported as if it were part of the District) with those of the District. The Corporation does not publish individual component unit financial statements.

##### B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT 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.

## CASEY COUNTY SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

#### Fund Financial Statements

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

The Governmental Funds are accounted for on the "flow of current financial resources" measurement focus. This measurement focus is based on the concept of accountability, which includes measuring interperiod equity whether current year revenues were sufficient to pay for current year services. The Proprietary Funds are accounted for on an "economic resources" measurement focus. Accordingly, the Statement of Revenues, Expenses and Changes in Fund Net Position for the Proprietary Funds reports increases and decreases in total economic net worth. The private purpose trust fund is reported using the economic resources measurement focus.

#### Governmental Funds

Governmental Funds are those through which most District functions are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities (except those accounted for in the Proprietary Fund and Fiduciary Funds) are accounted for through Governmental Funds. The measurement focus is upon determination of changes in financial resources rather than upon determination of net income.

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

## CASEY COUNTY SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

- (B) The Special Revenue Fund accounts for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of the specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally-funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report. This is a major fund.
- (C) Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment (other than those financed by Proprietary Funds).
1. The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund receives those funds designated by the state as Capital Outlay Funds and is restricted for use in financing projects identified in the District's facility plan.
  2. The Facility Support Program of Kentucky (FSPK) accounts for funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the District's facility plan.
  3. The Construction Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction.
- (D) The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal and interest and related costs; and for the payment of interest on notes payable, as required by Kentucky Law. This is a major fund.

#### Proprietary Funds

Proprietary Funds are used to account for ongoing organizations and activities, which are operated and financed in a manner similar to those found in the private sector. The measurement focus is upon the determination of net income. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund's principal ongoing operations. Operating expenses include salaries, benefits, supplies and other items. All items not meeting this definition are reported as nonoperating revenues and expenses. The District has three Proprietary Funds.

- (A) The Food Service Fund is used to account for school food service activities, including the National School Lunch and Breakfast Programs, which are conducted in cooperation with the U.S. Department of Agriculture (USDA). Amounts have been recorded for in-kind contribution of commodities from the USDA and for on-behalf payments for retirement and health insurance paid by the State of Kentucky. This is a major fund.
- (B) The Daycare program is used to account for funds received from tuition fees charges for after school care of students.
- (C) The Community Education Fund is used to account for educational opportunities to the general public.

## CASEY COUNTY SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

##### Fiduciary Funds

Fiduciary Funds are used to account for assets held by the District on behalf of outside related organizations or on behalf of other funds within the District.

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

##### 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.

##### Modified Accrual

Under the modified accrual basis, revenues are recognized in the accounting period in which they become susceptible to accrual, i.e., both available and measurable. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Significant revenues susceptible to accrual include ad valorem taxes, reimbursable-type grants and interest on investments. The District considers all revenues (with the exception of the expenditure-driven grants) as available if they are collected within sixty (60) days after year-end. The expenditure driven grants are considered available if received within one year from the balance sheet date. Property tax revenue is recognized when taxes are received, except at year end when revenue is recognized for taxes received by the District within sixty (60) days subsequent to fiscal year end. Expenditures are recognized in the accounting period in which the liability is incurred. However, exceptions include the amount of unmatured principal and interest on general long-term debt, compensated absences, claims and judgments and certain prepaids which are recognized when due/paid.

In applying the susceptible to accrual concept to revenues from Federal and State sources, the legal contractual requirements of the numerous individual programs are used as guidance. Revenue from grants and entitlements is recognized when all eligibility requirements have been satisfied. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before the District will receive any amounts; therefore, revenues are recognized based upon the occurrence of expenditures. In the other type, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed legal and contractual requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met. In all cases, monies received before the revenue recognition criteria have been met are reported as unearned revenue.

## CASEY COUNTY SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

##### Accrual

Under the accrual basis of accounting, revenues are recognized in the period earned and expenses are recognized in the period incurred.

##### Revenue Recognition

State Revenue Sources - Revenues from State sources for current operations are primarily from the Support Education Excellence in Kentucky ("SEEK"), administered by the Kentucky Department of Education ("KDE"). The District files reports on average daily attendance ("ADA") student membership with the KDE. The KDE accumulates information from these reports and calculates the allocation of SEEK funds to the District. After review and verification of ADA reports and supporting documentation, the KDE may adjust subsequent fiscal period allocations of SEEK funding. Normally, such adjustments are treated as reductions of revenue in the year the reduction is made, as amounts are not significant.

Property Taxes - On an accrual basis, property tax revenue anticipated to be collected is recognized in the fiscal year for which it is levied. Delinquent taxes collected in subsequent periods are recognized as revenue during the fiscal year in which they are received.

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

#### C. BUDGETARY POLICIES

##### Budgetary Process

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

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

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

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

#### D. ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to reserve a portion of an applicable appropriation, is utilized for budgetary control purposes. Encumbrances are not the equivalent of expenditures, and accordingly, amounts assigned for encumbrances at the governmental fund level indicate that portion of the fund balance segregated for expenditure upon vendor performance.

**CASEY COUNTY SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**

June 30, 2014

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**E. CASH AND CASH EQUIVALENTS**

For purposes of the statement of cash flows, cash equivalents are considered to be demand deposits, money market funds, and other investments with an original maturity of 90 days or less.

**F. INVENTORIES**

Inventories are valued at cost, which approximates market. The food service fund uses the specific identification method and the general fund uses the first-in, first-out method. Inventory. The District's inventories include various items consisting of school supplies, paper, books, maintenance items, transportation items, commodities, etc. USDA commodities received from the Federal government are recorded at the value established by the Federal government using the average cost method.

**G. PREPAID ITEMS**

Expenditures for insurance and similar services extending over more than one accounting period are not allocated between or among accounting periods in the governmental funds and are instead accounted for as expenditures in the period of acquisition (Purchase method).

**H. 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 greater than \$5,000 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 does not possess any infrastructure. Improvements are capitalized; the cost of, normal maintenance and repairs that do not add to the value of the asset or materially extend an assets' life are not. All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives for both general capital assets and proprietary fund assets:

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

## CASEY COUNTY SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

##### I. LONG-TERM DEBT

In the fund-level financial statements, governmental funds report the face amount of debt issued, as well as any premiums (discounts) as other financing sources (uses). Debt issuance costs are reported as debt service expenditures. In the government-wide financial statements, long-term debt is reported as liabilities in the statement of net position. Bond premiums/discounts and issuance cost are amortized over the life of the bonds while deferred loss on advance refundings are amortized over the shorter of the remaining life of the refunded bonds or the life of the new bonds both in a systematic and rational method, which approximates the effective-interest method.

##### J. COMPENSATED ABSENCES

Compensated absences are payments to employees for accumulated sick leave. These amounts also include the related employer's share of applicable taxes and retirement contributions. District employees may accumulate unused sick leave up to a specified amount depending on their date of hire. Sick leave is payable to employees upon termination or retirement at 30% of the current rate of pay on the date of termination or retirement. The District uses the termination method to calculate the compensated absences amounts. The entire compensated absence liability is reported on the government-wide financial statements. The current portion is the amount estimated to be used in the following year. An expenditure is recognized in the governmental fund as payments come due each period, for example, as a result of employee resignations and retirements. Compensated absences not recorded at the fund level represent a reconciling item between the fund level and government-wide presentations.

##### K. ACCOUNTING ESTIMATES

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

##### L. IMPACT OF RECENTLY ISSUED ACCOUNTING PRINCIPLES

###### Recently Issued And Adopted Accounting Principles

In May 2009, the GASB issued Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. GASB 54 requires the use of new fund balance classifications and clarifies existing governmental fund type definitions. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2010. The District adopted GASB Statement 54 in fiscal year 2011. Required disclosure is reported in Note 9.

In June 2010, the GASB issued Statement 59, *Financial Instruments Omnibus*. GASB 59 updates and improves existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. The requirements of this Statement will improve financial reporting by providing more complete information, by improving consistency of measurements, and by providing clarifications of existing standards. This Statement is effective for financial statements for periods beginning after June 15, 2010. The District adopted GASB Statement 59 in fiscal year 2012. The adoption of GASB 59 did not have any impact on the District's financial statements.

## CASEY COUNTY SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

In November 2010, the GASB issued Statement 60, *Accounting and Financial Reporting for Service Concession Arrangements*. GASB 60 provides financial reporting guidance for service concession arrangements (SCAs). SCAs are defined as an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. This statement is effective for periods beginning after December 15, 2011 and the District adopted GASB 60 in fiscal year 2013. The District does not have any SCAs and therefore the adoption of GASB 60 does not have any impact on the District's financial statements.

In November 2010, the GASB issued Statement 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*. GASB 61 provides additional criteria for classifying entities as component units to better assess the accountability of elected officials by ensuring that the financial reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. This statement is effective for periods beginning after June 15, 2012 and the District adopted GASB 61 in fiscal year 2013.

In December 2010, the GASB issued Statement 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AJCPA Pronouncements*. GASB 62 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. This statement is effective for periods beginning after December 15, 2011 and the District adopted GASB 62 in fiscal year 2013. The adoption of GASB 62 does not have any impact on the District's financial statements.

In June 2011, the GASB issued Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The statement of net assets is renamed the statement of net position and includes four components assets, deferred outflows of resources, liabilities and deferred inflows of resources. The provisions of this Statement are effective for financial statements for periods beginning after December 15, and the District adopted GASB 63 in fiscal year 2013.

In June 2011, the GASB issued Statement 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions an amendment of GASB Statement No. 53*. GASB 64 provides clarification on whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This statement is effective for periods beginning after June 15, 2011 and the District adopted GASB 64 in fiscal year 2013. The adoption of GASB 64 does not have any impact on the District's current financial statements.

## CASEY COUNTY SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

##### Recently Issued Accounting Pronouncements

In March 2012, the GASB issued Statement 65, *Items Previously Reported as Assets and Liabilities*. GASB 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This statement is effective for periods beginning after December 15, 2012 and the District adopted GASB 65 in fiscal year 2014 which resulted in a restatement of beginning net position of \$117,892 for bond issuance costs previously being amortized.

In March 2012, the GASB issued Statement 66, *Technical Corrections – 2012 – an Amendment of GASB Statements No. 10 and No. 62*. GASB 66 was issued to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement is effective for periods beginning after December 15, 2012 and the District adopted GASB 65 in fiscal year 2014. There was no effect on the financial statements.

In June 2012, the GASB issued Statement 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement 27*. GASB 68, as amended by GASB 71 addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts that have the following characteristics:

- Contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

The Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, the Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. This statement is effective for periods beginning after June 15, 2014. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

In January 2013, the GASB issued Statement 69, *Government Combinations and Disposals of Government Operations*. GASB 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. This statement is effective for periods beginning after December 15, 2013. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

**CASEY COUNTY SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**

June 30, 2014

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

In March 2013, the GASB issued Statement 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. GASB 70 requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. This statement is effective for periods beginning after June 15, 2013. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

**NOTE 2 – PROPERTY TAXES**

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

The property tax rates assessed for the year ended June 30, 2014, to finance operations were \$.435 per \$100 valuation for real property, \$.435 per \$100 valuation for business personal property and \$.563 per \$100 valuation for motor vehicles.

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

**NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS**

Deposits

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy is to have all deposits secured by pledged securities. At June 30, 2014, \$7,733,493 of the District's bank balance of \$7,983,493 was exposed to custodial credit risk. The bank balance not covered by depository insurance was collateralized by securities held by the pledging financial institution.

**NOTE 4 – INTERFUND ACTIVITIES**

The following transfers were made during the year:

From Fund	To Fund	Purpose	Amount
General	Special Revenue	Technology Match	\$ 75,000
Nonmajor Governmental	Debt Service	Debt	871,835
			\$ 946,835

CASEY COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

NOTE 5 – CAPITAL ASSETS

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

Governmental Activities	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
Capital Assets Not Being Depreciated:				
Land	\$ 914,397	\$ -	\$ -	\$ 914,397
Construction in progress	2,261,555	100,327	(2,361,882)	-
Total Capital Assets Not Being Depreciated	<u>3,175,952</u>	<u>100,327</u>	<u>(2,361,882)</u>	<u>914,397</u>
Capital Assets Being Depreciated:				
Land improvements	1,573,614			1,573,614
Buildings and improvements	36,297,270	2,129,560		38,426,830
Technology equipment	1,343,923	235,056	(200,822)	1,378,157
Vehicles	3,444,366	333,604	(129,872)	3,648,098
General equipment	896,172	24,125	(34,069)	886,228
Total Capital Assets Being Depreciated at Historical Cost	43,555,345	2,722,345	(364,763)	45,912,927
Accumulated depreciation:				
Land improvements	749,496	63,726		813,222
Buildings and improvements	9,475,079	805,812		10,280,891
Technology equipment	1,001,681	157,230	(194,198)	964,713
Vehicles	2,386,615	237,746	(129,872)	2,494,489
General equipment	599,599	54,352	(29,002)	624,949
Total accumulated depreciation	<u>14,212,470</u>	<u>1,318,866</u>	<u>(353,072)</u>	<u>15,178,264</u>
Total Other Capital Assets, net	<u>29,342,875</u>	<u>1,403,479</u>	<u>(11,691)</u>	<u>30,734,663</u>
Governmental Activities Capital Assets - Net	<u>\$ 32,518,827</u>	<u>\$ 1,503,806</u>	<u>\$ (2,373,573)</u>	<u>\$ 31,649,060</u>
Depreciation was charged to governmental functions as follows:				
Instruction	\$ 1,141,276			
District administration	2,869			
School administration	5,863			
Plant	15,920			
Transportation	152,938			
	<u>\$ 1,318,866</u>			
<u>Business-Type Activities</u>				
Capital Assets Being Depreciated:				
General equipment	\$ 772,934	\$ -	\$ (11,337)	\$ 761,597
Totals at historical cost	772,934	-	(11,337)	761,597
Accumulated depreciation:				
General equipment	449,701	51,900	(11,337)	490,264
Total accumulated depreciation	<u>449,701</u>	<u>51,900</u>	<u>(11,337)</u>	<u>490,264</u>
Business-type Activities Capital Assets - Net	<u>\$ 323,233</u>	<u>\$ (51,900)</u>	<u>\$ -</u>	<u>\$ 271,333</u>

**CASEY COUNTY SCHOOL DISTRICT**

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

**NOTE 6 – 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 the Kentucky School Boards Insurance Trust Unemployment Compensation Fund; however, risk has not been transferred to such fund. In addition, the District continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**NOTE 7 – LONG-TERM LIABILITIES**

A summary of changes in long-term liabilities for the year ended June 30, 2014, is as follows:

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014	Amounts Due Within One Year
<b>Governmental Activities:</b>					
Bonds Payable:					
Revenue bonds	\$ 19,970,000	\$ -	\$ 1,750,000	\$ 18,220,000	\$ 1,785,000
Less Premium (Discount)	(156,701)		15,629	(141,072)	-
Total Bonds Payable	19,813,299	-	1,765,629	18,078,928	1,785,000
Other Liabilities:					
Compensated absences	169,644	45,303	40,984	173,963	108,030
Claims	215,394		83,320	132,074	132,074
Total Other Liabilities	385,038	45,303	124,304	306,037	240,104
Total Governmental Activities Long-Term Liabilities	<u>\$ 20,198,337</u>	<u>\$ 45,303</u>	<u>\$ 1,889,933</u>	<u>\$ 18,384,965</u>	<u>\$ 2,025,104</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 compensated absences and claims.

**CASEY COUNTY SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED**

June 30, 2014

**NOTE 7 – LONG-TERM LIABILITIES – CONTINUED**

Bond Liabilities

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

<u>Issue</u>	<u>Original Proceeds</u>	<u>Rates</u>
2002R	\$ 3,430,000	2.00% - 3.80%
2004R	1,525,000	2.00% - 3.25%
2004R2	1,540,000	2.00% - 3.80%
2006	9,730,000	4.15% - 4.20%
2009R	935,000	1.00% - 3.10%
2010R	1,110,000	0.50% - 2.55%
2013	2,010,000	1.00% - 3.00%
2013R	7,265,000	1.00% - 2.25%

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 CASEY County School District Finance Corporation to construct school facilities. The District has an option to purchase the property under lease at any time by retiring the bonds then outstanding.

The District has “participation agreements” with the Kentucky School Facilities Construction Commission. The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs. The table below sets forth the amount to be paid by the District and the Commission for each year until maturity of all bond issues. The liability for the total bond amount remains with the District and, as such, the total principal outstanding has been recorded in the financial statements.

**CASEY COUNTY SCHOOL DISTRICT**

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2014

**NOTE 7 – LONG-TERM LIABILITIES - CONTINUED**

The bonds may be called prior to maturity and redemption premiums are specified in each issue. Assuming no bonds are called prior to scheduled maturity, the minimum obligations of the District, including amounts to be paid by the Commission, at June 30, 2014, for debt service (principal and interest) are as follows:

Year	Principal	Interest	Participation	District's Portion
2015	\$ 1,785,000	\$ 526,964	\$ 1,436,140	\$ 875,824
2016	1,675,000	479,139	1,389,277	764,862
2017	1,715,000	433,009	1,379,560	768,449
2018	1,440,000	387,800	1,346,596	481,204
2019	1,440,000	347,574	1,312,941	474,633
2020-2024	7,245,000	1,122,706	5,957,288	2,410,418
2025-2029	2,455,000	218,604	2,451,295	222,309
2030-2033	465,000	27,531	492,531	-
	<u>\$ 18,220,000</u>	<u>\$ 3,543,327</u>	<u>\$ 15,765,628</u>	<u>\$ 5,997,699</u>

**NOTE 8 – PENSION PLANS**

Plan Descriptions

The Casey County School District participates in the Teachers' Retirement System of the State of Kentucky, a component unit of the Commonwealth of Kentucky (KTRS) and the County Employees' Retirement System, a component unit of the Commonwealth of Kentucky (CERS), cost-sharing multiple-employer defined benefit plans. KTRS and CERS provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. KTRS is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the Kentucky Revised Statutes (KRS). Under the provisions of KRS Section 61.645, the Board of Trustees of Kentucky Retirement Systems (KERS) administers the CERS. The KTRS and CERS issue a publicly available financial report that includes financial statements and required supplementary information. KTRS' report may be obtained by writing to Kentucky Teachers' Retirement System, 479 Versailles Road, Frankfort, KY 40601-3800 or by calling (502) 573-3266. CERS' report may be obtained by writing to Kentucky Retirement Systems, Perimeter Park West, 1260 Louisville Road, Frankfort, KY 40601-6124 or by calling (502) 564-5656.

## CASEY COUNTY SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2014

#### NOTE 8 – PENSION PLANS - CONTINUED

##### Funding Policy

KTRS plan members are required to contribute 11.355% of their covered salary. CERS plan members are required to contribute 5.0% (6.0% for new hires effective July 1, 2008) of their covered salary. The District is required to contribute to the CERS and the Commonwealth of Kentucky is required to contribute to the KTRS. The contribution rate is actuarially determined. The current rate for KTRS is 13.105% of salaries for members in a state retirement system before July 1, 2008 and 14.105% of salaries for members who started their account after July 1, 2008 of annual covered payroll. The rate for CERS fiscal year 2014, 2013 and 2012 was 18.89%, 19.55% and 18.96% of annual covered payroll. The contribution requirements of the plan members, the District and Commonwealth of Kentucky are established and may be amended by the Plans' Board of Trustees. The District's contributions to CERS for the years ended June 30, 2014, 2013 and 2012 were \$586,801, \$607,961 and \$591,104, respectively, equal to the required contributions for each year.

For the years ended June 30, 2014, 2013 and 2012, the Commonwealth contributed \$1,046,862, \$1,101,411 and \$1,065,821 to KTRS for the benefit of the District's participating employees. The District's contributions to the KTRS for the years ended June 30, 2014, 2013 and 2012 were \$349,559, \$306,827 and \$321,181.

##### Medical Insurance Plan

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

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

##### Funding Policy

Funding policy – In order to fund the post-employment healthcare benefit, active member contributions are matched by the state at .75% of members' gross salaries. Member contributions are 2.25% of salary. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan. Additionally, under the Shared Responsibility Plan, local school district employers pay 1.5% of members' salary for the 2014 fiscal year.

## CASEY COUNTY SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2014

#### NOTE 8 – PENSION PLANS – CONTINUED

##### Deferred Compensation

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Sections 457, 401(k) and 403(b). The Plans, available to all employees, permits them to defer a portion of their salary until future years. This deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, allows entities with little or no administrative involvement who do not perform the investing function for these plans to omit plan assets and related liabilities from their financial statements. The District, therefore, does not show these assets and liabilities on these financial statements.

#### NOTE 9 – FUND BALANCES

Nonspendable fund balances are those that cannot be spent on future obligations. At June 30, 2014, there was \$933 of prepaid items recorded as nonspendable fund balances

Restricted fund balances arise when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. At June 30, 2014, the District had \$50,065 restricted for grants in the special revenue fund, \$112,308 restricted for capital projects in the Capital Outlay Fund, \$130,131 restricted for capital projects in the FSPK Fund, and \$37,611 restricted for capital projects in the Construction Fund.

Committed fund balances are those amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, which, for the District is the Board of Education. The Board of Education must approve by majority vote the establishment (and modification or rescinding) of a fund balance commitment. The District had the following general fund commitments at June 30, 2014: \$1,420,000 for construction, \$275,000 for buses, \$174,000 for equipment, \$600,000 for personnel, \$300,000 for technology, and \$267,284 for sick leave.

Amounts that are constrained by the government's *intent* to be used for specific purposes, but are neither restricted nor committed. The Board of Education allows program supervisors to complete purchase orders which result in the encumbrance of funds. The amount assigned related to encumbrances at June 30, 2014, was \$52,103 in the general fund. Assigned fund balance also includes (a) all remaining amounts (except for negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed and (b) amounts in the general fund that are intended to be used for a specific purpose. The District also had assigned \$17,562 for site based council carryforward.

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

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

## CASEY COUNTY SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

#### NOTE 10 – COMMITMENTS AND CONTINGENCIES

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

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 basic financial statements as a result of the cases presently in progress.

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

On January 14, 2013 the District was notified that in order to settle outstanding claims and deficits of the Kentucky School Boards Insurance Trust (KSBIT), a non-profit self-insured pool, an assessment would be made to present and prior insurance trust members. On June 26, 2013, members were notified that the KSBIT board voted on June 24, 2013 to submit a plan for the assessment to the Kentucky Department of Insurance in favor of a novation option, under which a highly rated reinsurer would assume all of the liabilities of KSBIT and its members for claims for a set amount. The option resulted in an estimated liability for the District of \$215,394. In August 2014, the District received an invoice for \$132,074 which is the amount expected to satisfy the claim. This amount is recorded as a current liability in the Statement of Net Position as it is expected to be paid by June 30, 2014; however, it was not due at June 30, 2014, for the fund financial statements. The item is also an extraordinary item in the Statement of Activities because the item is unusual in nature and infrequent in occurrence.

#### NOTE 11 – DEFICIT OPERATING BALANCES

There are no funds of the District that currently have a deficit fund balance. However, the following funds had operations that resulted in a current year deficit of revenues over expenditures resulting in a corresponding reduction of fund balance/net position:

General Fund	\$	478,484
Special Revenue Fund		56,440
Construction Fund		99,640
Food Service Fund		35,480
Community Education Fund		185

#### NOTE 12 – ON-BEHALF PAYMENTS

The District receives on-behalf payments from the Commonwealth of Kentucky for items including pension, technology, health care costs, operating costs and debt service. The amount recognized for the year ended June 30, 2014 was \$5,158,165, recorded as follows \$3,549,606 in the General Fund, \$1,463,937 recorded in the Debt Service Fund, \$125,537 in the Food Service Fund, \$16,965 in the Daycare Fund and \$2,120 in the Community Education Fund.

#### NOTE 13 – SUBSEQUENT EVENTS

On August 1, the District issued \$370,000 in revenue bonds to finance construction projects.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CASEY COUNTY SCHOOL DISTRICT**

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

**GENERAL FUND**

Year Ended June 30, 2014

	<u>Original</u>	<u>Final</u>	<u>Actual</u>
<b>Revenues</b>			
From local sources:			
Taxes:			
Property	\$ 1,796,000	\$ 1,916,000	\$ 1,955,703
Motor vehicle	400,000	400,000	441,477
Utilities	700,000	725,000	764,302
Other			982
Earnings on investments	80,000	80,000	105,825
Other local revenues		7,612	53,198
Intergovernmental - State	13,209,400	13,364,767	13,655,244
Intergovernmental - Indirect Federal	15,000	30,000	97,329
<b>Total Revenues</b>	<u>16,200,400</u>	<u>16,523,379</u>	<u>17,074,060</u>
<b>Expenditures</b>			
Instruction	10,857,423	10,635,664	9,977,533
Support services:			
Student	1,049,093	981,340	1,057,080
Instruction staff	520,022	525,890	534,934
District administrative	855,372	789,945	429,185
School administrative	904,600	909,614	1,005,084
Business	717,456	680,948	659,164
Plant operation and maintenance	2,884,180	3,053,083	1,971,979
Student transportation	2,204,135	2,146,732	1,823,543
Facilities acquisition and construction	55,000		
Community service activities	34,117	33,300	23,138
Other	684,002	545,426	
<b>Total Expenditures</b>	<u>20,765,400</u>	<u>20,301,942</u>	<u>17,481,640</u>
<b>Excess (Deficit) of Revenues over Expenditures</b>	(4,565,000)	(3,778,563)	(407,580)
<b>Other Financing Sources (Uses)</b>			
Proceeds from disposal of capital assets			4,096
Transfers out	(75,000)	(75,000)	(75,000)
<b>Total Other Financing Sources (Uses)</b>	<u>(75,000)</u>	<u>(75,000)</u>	<u>(70,904)</u>
<b>Net Change in Fund Balance</b>	(4,640,000)	(3,853,563)	(478,484)
<b>Fund Balance, July 1, 2013</b>	<u>4,640,000</u>	<u>3,853,563</u>	<u>6,889,847</u>
<b>Fund Balance, June 30, 2014</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,411,363</u>

CASEY COUNTY SCHOOL DISTRICT

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

SPECIAL REVENUE FUND

Year Ended June 30, 2014

	Original	Final	Actual
<b>Revenues</b>			
Earnings on investments	\$ -	\$ -	\$ 954
Other local revenues	49,250	48,370	39,904
Intergovernmental - State	624,946	685,188	677,010
Intergovernmental - Indirect Federal	1,996,042	2,304,447	2,386,184
Intergovernmental - Direct Federal	50,480	50,480	45,360
<b>Total Revenues</b>	<u>2,720,718</u>	<u>3,088,485</u>	<u>3,149,412</u>
<b>Expenditures</b>			
Instruction	2,484,459	2,853,356	2,951,501
Support services:			
Student	23,993	26,576	31,622
Instruction staff	65,367	65,067	63,305
Plant operation and maintenance			19,097
Student transportation	3,886	3,886	801
Community service activities	218,013	218,799	214,526
<b>Total Expenditures</b>	<u>2,795,718</u>	<u>3,167,684</u>	<u>3,280,852</u>
<b>Excess (Deficit) of Revenues over Expenditures</b>	(75,000)	(79,199)	(131,440)
<b>Other Financing Sources (Uses)</b>			
Transfers in	75,000	75,000	75,000
<b>Total Other Financing Sources (Uses)</b>	<u>75,000</u>	<u>75,000</u>	<u>75,000</u>
<b>Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses</b>	-	(4,199)	(56,440)
<b>Fund Balance, July 1, 2013</b>	-	4,199	106,505
<b>Fund Balance, June 30, 2014</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,065</u>

**SUPPLEMENTARY INFORMATION**

**CASEY COUNTY SCHOOL DISTRICT**

**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2014

	<u>Capital Outlay Fund</u>	<u>FSPK Fund</u>	<u>Construction Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<b>Assets:</b>				
Cash and cash equivalents	<u>\$ 112,308</u>	<u>\$ 130,131</u>	<u>\$ 37,611</u>	<u>\$ 280,050</u>
<b>Total Assets</b>	<u><u>\$ 112,308</u></u>	<u><u>\$ 130,131</u></u>	<u><u>\$ 37,611</u></u>	<u><u>\$ 280,050</u></u>
<b>Fund Balances</b>				
Restricted	<u>\$ 112,308</u>	<u>\$ 130,131</u>	<u>\$ 37,611</u>	<u>\$ 280,050</u>
<b>Total Fund Balances</b>	<u><u>\$ 112,308</u></u>	<u><u>\$ 130,131</u></u>	<u><u>\$ 37,611</u></u>	<u><u>\$ 280,050</u></u>

CASEY COUNTY SCHOOL DISTRICT

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

Year Ended June 30, 2014

	Capital Outlay Fund	FSPK Fund	Construction Fund	Total Nonmajor Governmental Funds
<b>Revenues</b>				
From local sources:				
Taxes:				
Property	\$ -	\$ 300,974	\$ -	\$ 300,974
Earnings on investments			687	687
Intergovernmental - State	204,414	440,026		644,440
<b>Total Revenues</b>	204,414	741,000	687	946,101
<b>Expenditures</b>				
Facilities acquisition and construction			100,327	100,327
<b>Total Expenditures</b>	-	-	100,327	100,327
<b>Excess (Deficit) of Revenues over Expenditures</b>	204,414	741,000	(99,640)	845,774
<b>Other Financing Sources (Uses)</b>				
Transfers out	(169,857)	(701,978)		(871,835)
<b>Total Other Financing Sources (Uses)</b>	(169,857)	(701,978)	-	(871,835)
<b>Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses</b>	34,557	39,022	(99,640)	(26,061)
<b>Fund balance, July 1, 2013</b>	77,751	91,109	137,251	306,111
<b>Fund balance, June 30, 2014</b>	<u>\$ 112,308</u>	<u>\$ 130,131</u>	<u>\$ 37,611</u>	<u>\$ 280,050</u>

**CASEY COUNTY SCHOOL DISTRICT**

**COMBINING STATEMENT OF NET POSITION - NONMAJOR PROPRIETARY FUNDS  
- ENTERPRISE FUNDS**

June 30, 2014

	<u>Daycare</u>	<u>Community Education</u>	<u>Total Nonmajor Enterprise Funds</u>
<b>Assets</b>			
<b><u>Current Assets</u></b>			
Cash and cash equivalents	\$ 6,844	\$ 890	\$ 7,734
<b>Total Current Assets</b>	<u>6,844</u>	<u>890</u>	<u>7,734</u>
<b>Liabilities</b>			
<b><u>Current Liabilities</u></b>			
Accounts payable	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Current Liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b><u>Net Position</u></b>			
Unrestricted	<u>6,844</u>	<u>890</u>	<u>7,734</u>
<b>Total Net Position</b>	<u>\$ 6,844</u>	<u>\$ 890</u>	<u>\$ 7,734</u>

**CASEY COUNTY SCHOOL DISTRICT**

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

Year Ended June 30, 2014

	<u>Daycare</u>	<u>Community Education</u>	<u>Total Nonmajor Enterprise Funds</u>
<b>Operating Revenues</b>			
Tuition and fees	\$ 87,743	\$ 18,493	\$ 106,236
<b>Total Operating Revenues</b>	87,743	18,493	106,236
<b>Operating Expenses</b>			
Salaries and wages	102,202	11,927	114,129
Materials and supplies	12,780	8,676	21,456
Other operating expenses	62	195	257
<b>Total Operating Expenses</b>	115,044	20,798	135,842
Operating loss	(27,301)	(2,305)	(29,606)
<b>Non-Operating Revenues ( Expenses)</b>			
State grants	17,140		17,140
State on-behalf payments	16,965	2,120	19,085
<b>Total Non-Operating Revenues (Expenses)</b>	34,105	2,120	36,225
<b>Change in net position</b>	6,804	(185)	6,619
<b>Net Position, July 1, 2013</b>	40	1,075	1,115
<b>Net Position, June 30, 2014</b>	<u>\$ 6,844</u>	<u>\$ 890</u>	<u>\$ 7,734</u>

**CASEY COUNTY SCHOOL DISTRICT**

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

Year Ended June 30, 2014

	Daycare	Community Education	Total Other Enterprise Funds
<b>Cash Flows from Operating Activities</b>			
Cash received from:			
Tuition and fees	\$ 87,743	\$ 18,493	\$ 106,236
Cash paid to/for:			
Employees	(85,237)	(9,807)	(95,044)
Supplies	(12,780)	(8,676)	(21,456)
Other activities	(62)	(195)	(257)
<b>Net Cash Used by Operating Activities</b>	<u>(10,336)</u>	<u>(185)</u>	<u>(10,521)</u>
<b>Cash flows from Non-Capital Financing Activities</b>			
State grants	17,140		17,140
<b>Net Cash Provided by Non-Capital Financing Activities</b>	17,140	-	17,140
Net change in cash and cash equivalents	6,804	(185)	6,619
<b>Balances, beginning of year</b>	40	1,075	1,115
<b>Balances, end of year</b>	<u>\$ 6,844</u>	<u>\$ 890</u>	<u>\$ 7,734</u>
Reconciliation of operating loss to net cash used by operating activities:			
Operating loss	\$ (27,301)	\$ (2,305)	\$ (29,606)
Adjustments to reconcile operating loss to net cash used by operating activities:			
State on-behalf payments	16,965	2,120	19,085
<b>Net cash used by operating activities</b>	<u>\$ (10,336)</u>	<u>\$ (185)</u>	<u>\$ (10,521)</u>
<b>Schedule of non-cash transactions:</b>			
State on-behalf payments	<u>\$ 16,965</u>	<u>\$ 2,120</u>	<u>\$ 19,085</u>

CASEY COUNTY SCHOOL DISTRICT

COMBINING STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

June 30, 2014

	JONES PARK ELEMENTARY SCHOOL	LIBERTY ELEMENTARY SCHOOL	WALNUT HILL ELEMENTARY SCHOOL	CASEY COUNTY HIGH SCHOOL	CASEY COUNTY MIDDLE SCHOOL	Total Agency Fund
<b>Assets</b>						
Cash and cash equivalents	\$ 11,576	\$ 6,772	\$ 16,403	\$ 130,890	\$ 24,046	\$ 189,687
Receivables	247	1,800				2,047
<b>Total Assets</b>	<u>\$ 11,823</u>	<u>\$ 8,572</u>	<u>\$ 16,403</u>	<u>\$ 130,890</u>	<u>\$ 24,046</u>	<u>\$ 191,734</u>
<b>Liabilities</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ 721	\$ 130	\$ 851
Due to student groups	11,823	8,572	16,403	130,169	23,916	190,883
<b>Total Liabilities</b>	<u>\$ 11,823</u>	<u>\$ 8,572</u>	<u>\$ 16,403</u>	<u>\$ 130,890</u>	<u>\$ 24,046</u>	<u>\$ 191,734</u>

**CASEY COUNTY SCHOOL DISTRICT**  
 SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES  
 AGENCY FUNDS  
 YEAR ENDED JUNE 30, 2014

SCHOOL	CASH BALANCE July 1, 2013	RECEIPTS	DISBURSE- MENTS	CASH BALANCE June 30, 2014	RECEIVABLES June 30, 2014	ACCOUNTS PAYABLE June 30, 2014	DUE TO STUDENT GROUPS June 30, 2014
JONES PARK ELEMENTARY	\$ 12,078	\$ 27,410	\$ 27,912	\$ 11,576	\$ 247	\$ -	\$ 11,823
LIBERTY ELEMENTARY	10,703	21,738	25,669	6,772	1,800		8,572
WALNUT ELEMENTARY	14,585	30,675	28,857	16,403			16,403
CASEY COUNTY HIGH	75,008	372,324	316,442	130,890		721	130,169
CASEY COUNTY MIDDLE	33,503	147,386	156,843	24,046		130	23,916
	<u>\$ 145,877</u>	<u>\$ 599,533</u>	<u>\$ 555,723</u>	<u>\$ 189,687</u>	<u>\$ 2,047</u>	<u>\$ 851</u>	<u>190,883</u>

**CASEY COUNTY SCHOOL DISTRICT**  
**SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES**  
**CASEY COUNTY HIGH SCHOOL**  
**YEAR ENDED JUNE 30, 2014**

NAME OF ACTIVITY	CASH		DISBURSE- MENTS	CASH		ACCOUNTS RECEIVABLE	ACCOUNTS PAYABLE	DUE TO STUDENT GROUPS
	BALANCES July 1, 2013	RECEIPTS		BALANCES June 30, 2014	June 30, 2014			
ART CLUB	\$ 2,794	\$ 1,643	\$ 1,397	\$ 3,040	\$ -	\$ 206	\$ 2,834	
ATHLETICS	8,324	57,445	39,492	26,277	-	-	26,277	
ATH-VENDING	3,936	4,529	2,103	6,362	-	-	6,362	
BAND BOOSTERS	933	-	-	933	-	-	933	
BASEBALL BOOSTERS	-	7,494	4,384	3,110	-	-	3,110	
BASKETBALL BOOSTERS	-	11,557	10,831	726	-	-	726	
BASKETBALL BOOSTERS	-	21,969	19,428	2,541	-	-	2,541	
CHEER BOOSTERS	-	65,007	51,481	13,526	-	-	13,526	
CROSS COUNTRY	-	9,560	7,059	2,501	-	-	2,501	
DANCE BOOSTERS	-	1,165	198	967	-	-	967	
FOOTBALL BOOSTERS	-	1,862	1,862	-	-	-	-	
GOLF BOOSTERS/BOYS	-	1,966	330	1,636	-	-	1,636	
GOLF BOOSTERS/GIRLS	-	5,060	4,749	311	-	-	311	
SOCCER BOOSTERS	-	1,289	1,170	119	-	-	119	
SOFTBALL BOOSTERS	-	7,098	5,434	1,664	-	-	1,664	
TRACK BOOSTERS	-	5,342	3,782	1,560	-	-	1,560	
VOLLEYBALL BOOSTERS	-	18,233	11,781	6,452	-	-	6,452	
GIRLS TENNIS BOOSTERS	-	1,342	1,333	9	-	-	9	
BASKETBALL CLUB	1,268	6,562	7,830	-	-	-	-	
BBP WEIGHT LOSS PRO	-	-	-	-	-	-	-	
BETA CLUB	147	3,932	3,091	988	-	-	988	
C FUND	5,518	13,390	14,441	4,467	-	281	4,186	
CA FUND (STAFF)	2,339	4,166	2,638	3,867	-	-	3,867	
CCHS BASKETBALL CLUB	868	-	404	464	-	-	464	
CHOIR	62	9	71	-	-	-	-	
DRAMA CLUB	635	4,990	3,743	1,882	-	-	1,882	
FCA	251	355	312	294	-	-	294	
FCCLA	638	-	-	638	-	-	638	
FEA	724	-	-	724	-	-	724	
FFA	10,690	65,574	65,351	10,913	-	-	10,913	
FR-ROTC	5,478	16,071	16,924	4,625	-	59	4,566	
HOME ECONOMICS	326	-	-	326	-	-	326	
INDUSTRIAL ARTS	1,868	516	1,205	1,179	-	92	1,087	
JKG	45	-	-	45	-	-	45	
JUNIOR CLASS	6,832	11,890	11,049	7,673	-	-	7,673	
MEDIA TV	81	-	33	48	-	-	48	
OUTDOOR CLUB	698	691	319	1,070	-	83	987	
PEP CLUB	694	-	-	694	-	-	694	
PROJECT GRADUATION	1,830	542	2,299	73	-	-	73	
SCIENCE CLUB	717	124	-	841	-	-	841	
SCIENCE DEPT	786	1,155	1,831	110	-	-	110	
SENIOR CLASS	116	-	-	116	-	-	116	
SENIOR T-SHIRTS	234	1,001	977	258	-	-	258	
SPANISH CLUB	100	-	-	100	-	-	100	
STUDENT COUNCIL	37	1,666	1,322	381	-	-	381	
STUDENT PARKING	979	1,360	1,596	743	-	-	743	
UK HEALTH	60	-	-	60	-	-	60	
Y CLUB	37	17,350	16,569	818	-	-	818	
YEARBOOK	14,963	12,526	11,730	15,759	-	-	15,759	
TOTALS	<u>75,008</u>	<u>386,431</u>	<u>330,549</u>	<u>130,890</u>	<u>-</u>	<u>721</u>	<u>130,169</u>	
Transfers	-	14,107	14,107	-	-	-	-	
TOTALS	<u>\$ 75,008</u>	<u>\$ 372,324</u>	<u>\$ 316,442</u>	<u>\$ 130,890</u>	<u>\$ -</u>	<u>\$ 721</u>	<u>\$ 130,169</u>	

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**CASEY COUNTY SCHOOL DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

YEAR ENDED JUNE 30, 2014

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR / PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS THROUGH GRANTOR'S NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Child Nutrition Cluster -			
Cash Assistance			
Passed Through State Department of Education			
National School Lunch Program	10.555	7750002-13	\$ 150,287
		7750002-14	579,204
School Breakfast Program	10.553	7760005-13	60,905
		7760005-14	245,494
Summer Food Service Program for Children	10.559	7690024-13	839
		7740023-13	3,051
		7740023-14	15,831
Non-Cash Assistance (Commodities)			
National School Lunch Program	10.555	057502-02	66,435
<b>TOTAL CHILD NUTRITION CLUSTER</b>			<u>1,122,046</u>
<b>TOTAL U.S. DEPT. OF AGRICULTURE</b>			<u>1,122,046</u>
<u>U.S. DEPARTMENT OF COMMERCE</u>			
Passed Through State Department of Education			
Coastal Zone Mangement Estuarine Research Reserves	11.420	2704	1,451
<b>TOTAL U.S. DEPARTMENT OF COMMERCE</b>			<u>1,451</u>
<u>U.S. DEPARTMENT OF DEFENSE</u>			
National Guard Civilian Youth Opportunities	12.404	5044	45,360
<b>TOTAL U.S. DEPARTMENT OF DEFENSE</b>			<u>45,360</u>
<u>U.S. DEPARTMENT OF LABOR</u>			
Job Training Partnership Act	17.250	3824	10,000
<b>TOTAL U.S. APPALACHIAN REGIONAL COMMISSION</b>			<u>10,000</u>
<u>U.S. APPALACHIAN REGIONAL COMMISSION</u>			
Passed Through Berea College			
Appalachian Areal Development	23.002	4703	3,427
<b>TOTAL U.S. APPALACHIAN REGIONAL COMMISSION</b>			<u>3,427</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Special Education Cluster (IDEA) -			
Passed Through State Department of Education			
Special Education - Grants to States	84.027	3373	90,055
		3374	436,350
		3374P	125
			<u>526,530</u>
Special Education - Preschool Grants	84.173	3433	6,875
		3434	23,937
			<u>30,812</u>
<b>TOTAL SPECIAL EDUCATION CLUSTER (IDEA)</b>			<u>557,342</u>

The accompanying notes are an integral part of this schedule.

CASEY COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2014

FEDERAL GRANTOR/PASS-THROUGH GRANTOR / PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS THROUGH GRANTOR'S NUMBER	FEDERAL EXPENDITURES
<u>OTHER U.S. DEPARTMENT OF EDUCATION PROGRAMS</u>			
Reading is Fundamental	84.000	6873 6874	3,495 <u>4,000</u>
			<u>7,495</u>
Passed Through State Department of Education Title I Grants to Local Educational Agencies	84.010	3103 3103M 3104 3104M	478,117 21,954 810,681 9,669 <u>1,320,421</u>
Vocational Education - Basic Grants to States	84.048	3483A 3484	1,038 <u>19,616</u>
			<u>20,654</u>
Twenty-First Century Community Learning Centers	84.287	5502A 5502J 5503A 5503C 5503S 5503U 5503Z 5504C	2,918 1,967 73,223 40,279 4,118 13,634 1,066 25,160 <u>162,365</u>
Rural Education	84.358	3503 3504	8,236 <u>30,750</u>
			<u>38,986</u>
Improving Teacher Quality - State Grants	84.367	4013 4014	26,834 <u>131,791</u>
			<u>158,625</u>
Race to the Top	84.413	4521	<u>20,181</u>
Passed Through Kentucky Educational Development Corporation: Mathematics and Science Partnerships	84.366B	3524	<u>85,238</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>2,371,307</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 3,553,591</u>

## **CASEY COUNTY SCHOOL DISTRICT**

### **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Year Ended June 30, 2014

#### **NOTE A – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Casey County School District under programs of the federal government for the year ended June 30, 2014. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of Casey County School District, it is not intended to and does not present the financial position, changes in net assets or cash flows of Casey County School District.

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

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

#### **NOTE C – FOOD DISTRIBUTION**

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

#### **NOTE D – SUBRECIPIENTS**

There were no subrecipients during the fiscal year.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**CASEY COUNTY SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2014**

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

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**Financial Statements**

Type of auditor's report issued (unmodified):

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_yes \_\_\_X\_\_\_no
  
- Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_yes \_\_\_X\_\_\_none reported

Noncompliance material to financial statements noted?

\_\_\_\_\_yes \_\_\_X\_\_\_no

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_yes \_\_\_X\_\_\_no
  
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_\_\_yes \_\_\_X\_\_\_none reported

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



**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**

**CASEY COUNTY SCHOOL DISTRICT**

**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**

June 30, 2014

There were no prior audit findings.

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

CHRIS R. CARTER, CPA  
SCOTT KISSELBAUGH, CPA  
BRIAN S. WOOSLEY, CPA



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### INDEPENDENT AUDITOR'S REPORT

Members of the Board of Education  
Casey County School District  
Liberty, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the requirements prescribed by the Kentucky State Committee for School District Audits in 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 Casey County School District as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Casey County School District's basic financial statements, and have issued our report thereon dated August 29, 2014.

#### Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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 combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

## Compliance and Other Matters

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

We noted certain matters that we reported to management of Casey County School District in a separate letter dated August 29, 2014.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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.



Certified Public Accountants  
Elizabethtown, Kentucky  
August 29, 2014

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

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### INDEPENDENT AUDITOR'S REPORT

Members of the Board of Education  
Casey County School District  
Liberty, Kentucky

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

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

#### **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 Casey County 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 requirements prescribed by the Kentucky State Committee for School District Audits in Appendices I and II of the Independent Auditor's Contract. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Casey County School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

## Opinion on Each Major Federal Program

In our opinion, Casey County School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

## Report on Internal Control Over Compliance

Management of Casey County 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 Casey County 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 in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major 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 Casey County School District's internal control over compliance.

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



Certified Public Accountants  
Elizabethtown, Kentucky  
August 29, 2014

**MANAGEMENT LETTER AND COMMENTS**

CHRIS R. CARTER, CPA  
SCOTT KISSELBAUGH, CPA  
BRIAN S. WOOSLEY, CPA



**STILES, CARTER & ASSOCIATES, P.S.C.**

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Casey County School District  
Liberty, Kentucky

In planning and performing our audit of the basic financial statements of Casey County 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 several matters that are opportunities for strengthening internal controls and operating efficiencies. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. Any uncorrected comments from the prior year have been included in the memorandum. A separate report dated August 29, 2014, contains our report on the District's internal control. This letter does not affect our report dated August 29, 2014, on the financial statements of the Casey County School District.

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

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

Certified Public Accountants  
Elizabethtown, Kentucky  
August 29, 2014

## CASEY COUNTY SCHOOL DISTRICT

### COMMENTS

June 30, 2014

### PRIOR YEAR UNCORRECTED COMMENTS

#### CASEY COUNTY MIDDLE

##### ANNUAL FINANCIAL REPORT

We noted that form F-SA-15A, Annual Financial Report, for the school activity fund accounts and the charitable gaming accounts were signed and dated by the bookkeeper and principal on 8/1/2014. The Redbook requires that these forms be submitted by 7/25/2014.

##### MANAGEMENT RESPONSE

Management has discussed this item with school personnel and corrective action will be taken by September 30, 2014.

##### FUNDRAISER

We noted that form F-SA-2B, Fundraiser Worksheet was not signed or dated by the sponsor or principal for the Academic Team Old Kentucky Chocolates Fundraiser.

We noted that form F-SA-2B, Fundraiser Worksheet was not completed for the Baseball T-Shirt Sales Fundraiser. Budgeted Sales, Receipts, Expenses, and Total Count of Unsold Items was left blank on this worksheet.

##### MANAGEMENT RESPONSE

Management has discussed this item with school personnel and corrective action will be taken by September 30, 2014.

##### INVENTORY CONTROL

We noted that form F-SA-5, Inventory Control worksheet was not properly completed for the school's concessions for all athletic concessions. Form F-SA-5 was left blank for all concessions and was not signed or dated by the person completing inventory. The inventory was kept on a spreadsheet that showed sales price, deliveries, sales and ending inventory of each concession item, but these were not reconciled each month.

##### MANAGEMENT RESPONSE

Management has discussed this item with school personnel and corrective action will be taken by September 30, 2014.

##### TICKET SALES

We noted that form F-SA-1, Requisition and Report of Ticket Sales was not completed for the 1/9/2014 Boy's Basketball Game. The form was not signed by the school treasurer and was not initialed by the ticket seller beside the beginning and ending ticket numbers.

We noted that form F-SA-1, Requisition and Report of Ticket Sales was not completed for the 8/20/2013 Football game. The form was not signed by the ticket taker.

##### MANAGEMENT RESPONSE

Management has discussed this item with school personnel and corrective action will be taken by September 30, 2014.

CASEY COUNTY SCHOOL DISTRICT

COMMENTS – CONTINUED

June 30, 2014

**CASEY COUNTY MIDDLE – CONTINUED**

PURCHASE ORDER

We noted the school's forms F-SA-7, Purchase Orders, are not the most current forms, as there is no signature line for the sponsor requesting the purchase. None of the school's Purchase Orders were signed by sponsors.

We noted that check 9959 dated 9/17/2013 in the amount of \$530 written to Phil's for carpet cleaning out of the Central Fund contained form F-SA-7, Purchase Order, dated 9/6/2013, after the purchase was made on 9/5/2013.

We noted that check #10122, in the amount of \$125 dated 1/16/2014, written to Barb Pelley as a Cash Advance for a Tournament out of the Dance Team activity fund did not include a signed form F-SA-7, Purchase Order in the check documentation

MANAGEMENT RESPONSE

Management has discussed this item with school personnel and corrective action will be taken by September 30, 2014.

UNALLOWABLE PURCHASE

We noted that check 9586 dated 7/30/2013 in the amount of \$199.91 written to Ridgetop Greenhouse for five knockout pink roses and four holley bushes from the Central account. Maintenance items should not be paid for with student activity funds.

We noted check 9959 dated 9/17/2013 in the amount of \$530 written to Phil's for carpet cleaning from the Central Fund. Maintenance items should not be paid for with student activity funds.

MANAGEMENT RESPONSE

Management has discussed this item with school personnel and corrective action will be taken by September 30, 2014.

**CASEY COUNTY HIGH**

INVENTORY CONTROL

We noted that form F-SA-5, Inventory Control, was not properly completed for FFA T-shirt sales, as the January inventory count had leftover inventory of 29 t-shirts, however inventory control was not kept for the remainder of the year.

We noted that form F-SA-5, Inventory Control, was not properly completed for athletics cap sales, as the May inventory count had leftover inventory of 58 caps, however inventory control was not kept for the remainder of the year.

We noted that form F-SA-5, Inventory Control, for Cheerleading concessions was not properly completed, as the January inventory count had leftover inventory totaling \$1,022.75, however inventory control was not kept for the remainder of the year. September 2013 inventory had total ending inventory of \$68.28, October 2013 inventory was not completed, and November 2013 inventory had a beginning count of items totaling \$210. There was no reconciliation in October providing information on deliveries or collections. The November inventory count contained a post-it note saying "cheer did not have another concession from Sept until Nov", however the ending inventory of September did not equal the beginning inventory in November.

CASEY COUNTY SCHOOL DISTRICT

COMMENTS – CONTINUED

June 30, 2014

**CASEY COUNTY HIGH – CONTINUED**

MANAGEMENT RESPONSE

Management has discussed this item with school personnel and corrective action will be taken by September 30, 2014.

**JONES PARK ELEMENTARY**

ANNUAL FINANCIAL REPORT

We noted that form F-SA-15A, Annual Financial Report, was signed and dated by the bookkeeper on 8/9/2014 and signed and dated by the principal on 7/9/2014. Initially, the bookkeeper did not sign and date the report. The Redbook requires that this report be submitted by 7/25/2014.

MANAGEMENT RESPONSE

Management has discussed this item with school personnel and corrective action will be taken by September 30, 2014.

**CURRENT YEAR COMMENTS**

**CASEY COUNTY HIGH**

MISSING INVOICE

We noted that check 9680 dated 8/21/2013 in the amount of \$1,000 written to Victor Black for a cash advance of gate start up money from the Athletics fund, did not contain a Standard Invoice, form F-SA-8.

We noted check 10142 dated 2/4/2014 in the amount of \$4,000 written to Susan Stringer for a cash advance for the cheerleaders meals at nationals from the Cheer Boosters account, did not contain a Standard Invoice, form F-SA-8.

MANAGEMENT RESPONSE

Management has discussed this item with school personnel and corrective action will be taken by September 30, 2014.

CASH ADVANCE

We noted that check 10142 dated 2/4/2014 in the amount of \$4,000 written to Susan Stringer for a cash advance for the cheerleaders meals for 5 days at nationals from the Cheer Boosters account, contained form F-SA-9, Expense Report, however “amount returned” was listed as zero and receipts for money actually spent were not included.

We noted that check 10048 dated 12/19/2013 in the amount of \$450 written to Maze Stallworth for a cash advance for team meals from the Basketball Boosters account was not returned by the close of the next business day after the trip. The final receipt to close out this advance was not submitted until 2/14/2014. We also noted a receipt to the EndZone Pizza and Pub appeared as if food was only purchased for one individual, as there was only one order and there was no accompanying receipt for food purchased for students from this location. We also noted that on two receipts was handwritten “\$20 tip”, however in both instances, this amount was over the 15% tip allowed by the district.

MANAGEMENT RESPONSE

Management has discussed this item with school personnel and corrective action will be taken by September 30, 2014.

CASEY COUNTY SCHOOL DISTRICT

COMMENTS – CONTINUED

June 30, 2014

**CASEY COUNTY MIDDLE**

**SEGREGATION OF DUTIES**

We noted that Christy Bowling, Bookkeeper, records revenue in the accounting system and takes the deposit to the bank. These duties should be segregated.

**MANAGEMENT RESPONSE**

Management has discussed this item with school personnel and corrective action will be taken by September 30, 2014.

**CASH ADVANCE**

We noted that check #10122, in the amount of \$125 dated 1/16/2014, written to Barb Pelley as a Cash Advance for a Tournament out of the Dance Team activity fund did not include the receipt number or amount for the change returned from this cash advance on form F-SA-9, expense report. We also noted the sponsor or principal did not sign form F-SA-9, Expense report.

**MANAGEMENT RESPONSE**

Management has discussed this item with school personnel and corrective action will be taken by September 30, 2014.

**TRAVEL REIMBURSEMENT**

We noted that check #10125 dated 1/29/2014 in the amount of \$100 written to Jennifer Roy for a trip reimbursement from the Beta account did not contain form F-SA-16, Travel Voucher. We also noted there were no receipts for this reimbursement attached to check documentation.

**MANAGEMENT RESPONSE**

Management has discussed this item with school personnel and corrective action will be taken by September 30, 2014.

**MISSING SIGNATURE**

We noted a deposit dated 9/24/2013 in the amount of \$510.21 for Girl's Basketball concession sales contained form F-SA-17, Sales Collection form, that was not signed by the bookkeeper.

**MANAGEMENT RESPONSE**

Management has discussed this item with school personnel and corrective action will be taken by September 30, 2014.

**MULTIPLE RECEIPT FORM**

We noted a deposit dated 11/4/2013 in the amount of \$3,176 for the Jr. Beta Gourmet Delights Fundraiser contained form F-SA-6, Multiple Receipt Form, completed by the sponsor remitting the form.

**MANAGEMENT RESPONSE**

Management has discussed this item with school personnel and corrective action will be taken by September 30, 2014.

CASEY COUNTY SCHOOL DISTRICT

COMMENTS – CONTINUED

June 30, 2014

**LIBERTY ELEMENTARY**

INVENTORY

We noted that the F-SA-5, Inventory Control Worksheets, were not properly prepared for the Student Vending fund as the forms were not initialed by the person who collected the money or signed by the person who completed inventory.

MANAGEMENT RESPONSE

Management has discussed this item with school personnel and corrective action will be taken by September 30, 2014.

UNTIMELY DEPOSIT

We noted a deposit of \$139.88 dated 10/16/2014 contained an F-SA-6, Multiple Receipt Form, that was not signed or dated by the Person Remitting Money or the School Treasurer.

MANAGEMENT RESPONSE

Management has discussed this item with school personnel and corrective action will be taken by September 30, 2014.

PURCHASE ORDERS

We noted that F-SA-7, Purchase Orders, were not signed by the sponsor of the activity

MANAGEMENT RESPONSE

Management has discussed this item with school personnel and corrective action will be taken by September 30, 2014.

**WALNUT HILL ELEMENTARY**

SEGREGATION OF DUTIES

We noted the schools bookkeeper enters invoices into the accounting system, prints checks, matches invoices to checks and mails checks. These duties should be segregated.

MANAGEMENT RESPONSE

Management has discussed this item with school personnel and corrective action will be taken by September 30, 2014.

INVENTORY CONTROL

We noted the Student Vending F-SA-5, Inventory Control Worksheet, is being utilized every month. However, it is not the updated F-SA-5 from the revised Redbook. It lacks a line for the person completing inventory to sign off and date showing the person collecting money and doing inventory counts is not the same person. We also noted several instances of Subtotal B not correctly being completed. Subtotal B is the addition of Total Value of Collections and Total Value Ending Inventory, when adding both Subtotal B equaled Subtotal A.

MANAGEMENT RESPONSE

Management has discussed this item with school personnel and corrective action will be taken by September 30, 2014.

CASEY COUNTY SCHOOL DISTRICT

COMMENTS – CONTINUED

June 30, 2014

**WALNUT HILL ELEMENTARY – CONTINUED**

REDBOOK FORMS

We noted a deposit in the amount of \$107.50 dated 9/9/2013 contained form F—SA-17, Sales From Concessions/Bookstore/School Store/Pencil Machine Form, that had not been properly completed. The form lacked lines for the School Treasurer, and Preparer to sign off on.

We noted a deposit in the amount of \$160.00 dated 4/8/2014 contained form F—SA-17, Sales From Concessions/Bookstore/School Store/Pencil Machine Form, that had not been properly completed. The form lacked lines for the School Treasurer, and Preparer to sign off on.

MANAGEMENT RESPONSE

Management has discussed this item with school personnel and corrective action will be taken by September 30, 2014.