CHRISTIAN COUNTY SCHOOL DISTRICT

BASIC FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION,
AND INDEPENDENT AUDITOR'S REPORTS

Year Ended June 30, 2014

CHRISTIAN COUNTY SCHOOL DISTRICT

TABLE OF CONTENTS

YEAR ENDED JUNE 30, 2014

Page

Independent Auditor's Report 1-2

Management's Discussion and Analysis 3-9

Basic Financial Statements:

Government-wide Financial Statements:

Statement of Net Position 10

Statement of Activities 11

Fund Financial Statements:

Balance Sheet – Governmental Funds 12

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position 13

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds 14

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities 15

Statement of Net Position – Proprietary Funds 16

Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds 17

Statement of Cash Flows – Proprietary Funds 18

Statement of Fiduciary Net Position – Fiduciary Funds 19

Notes to the Basic Financial Statements 20-37

Required Supplementary Information:

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual - General Fund 38

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Special Revenue Fund 39

CHRISTIAN COUNTY SCHOOL DISTRICT

TABLE OF CONTENTS - CONTINUED

YEAR ENDED JUNE 30, 2014

Supplementary Information:

Combining Statements – Nonmajor Funds:

Combining Balance Sheet – Nonmajor Governmental Funds 40

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds 41

Combining Statement of Fiduciary Net Position – Fiduciary Funds 42

Schools:

Schedule of Assets, Cash Receipts and Disbursements and Liabilities – All Schools 43

Schedule of Assets, Cash Receipts and Disbursements and Liabilities – Christian County High School 44-45

Schedule of Assets, Cash Receipts and Disbursements and Liabilities – Hopkinsville High School 46-47

Schedule of Expenditures of Federal Awards 48-50

Notes to the Schedule of Expenditures of Federal Awards 51

Schedule of Findings and Questioned Costs 52-53

Schedule of Prior Year Audit Findings 54

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* 55-56

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 57-58

Management Letter and Comments 59-74

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

STILES, CARTER & ASSOCIATES, P.S.C.
CERTIFIED PUBLIC ACCOUNTANTS
2901 RING ROAD EAST
P. O. BOX 622
ELIZABETHTOWN, KY 42702-0622

TELEPHONE 270/769-6371
FAX 270/765-7934
www.scacpa.com

MEMBER
AMERICAN INSTITUTE
OF CPAs
KENTUCKY SOCIETY
OF CPAs

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Education
Christian County School District
Hopkinsville, 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 Christian 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 9 and 38 through 39 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 Christian 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 October 7, 2014, on our consideration of Christian 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 Christian County School District's internal control over financial reporting and compliance.

Stokes, Carter & Associates

Certified Public Accountants
Elizabethtown, Kentucky
October 7, 2014

REQUIRED SUPPLEMENTARY INFORMATION

CHRISTIAN COUNTY SCHOOL DISTRICT – HOPKINSVILLE, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2014

The discussion and analysis of Christian County School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to review the School District's financial performance as a whole. Readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

- The beginning cash and investment balance for the District was $17.1 million. Ending cash and investments was $34.8 million.

- Following the completion of the District long-range plan for facilities, there is a focus on investing in plant management.

- During fiscal 2014, the District's financial position improved. Net position increased by $512 thousand.

- The General Fund had $65.2 million in revenue, which primarily consisted of the state program (SEEK), state on-behalf payments for retirement and health insurance and property, utilities, and motor vehicle taxes. Excluding inter-fund transfers, there were $66.6 million in General Fund expenditures.

- Bonds are issued as the District builds and renovates facilities consistent with a long-range facilities plan that is established with community input and in keeping with Kentucky Department of Education (KDE) stringent compliance regulations. The District's total debt increased by $25.6 million during the fiscal year.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. There is a state mandated uniform accounting system and chart of accounts for all Kentucky public school districts utilizing the MUNIS administrative software. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental, proprietary and fiduciary funds. The proprietary funds include the food service operation and the child care operations. The fiduciary funds are agency funds. All other activities of the District are included in the governmental funds.

The basic governmental fund financial statements can be found on pages 12 - 19 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20 - 37 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by $49.9 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, buildings and improvements, vehicles, furniture and equipment and construction in progress), less any related debt used to acquire those assets that is outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

Net Position for the period ending June 30, 2014 and 2013
(Table 1)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Current and Other Assets	$ 35,507,743	$ 16,338,185	$ 1,787,041	$ 2,117,082	$ 37,294,784	$ 18,455,267
Capital Assets	90,045,089	82,139,985	492,630	557,197	90,537,719	82,697,182
Total Assets	125,552,832	98,478,170	2,279,671	2,674,279	127,832,503	101,152,449
Deferred Outflows	1065652				1,065,652	-
Long-term Debt	72,985,958	47,032,174	-	-	72,985,958	47,032,174
Other Liabilities	5,946,062	3,935,521	2,503	5,462	5,948,565	3,940,983
Total Liabilities	78,932,020	50,967,695	2,503	5,462	78,934,523	50,973,157
Net Position						
Investment in capital assets	15,250,320	33,810,119	492,630	557,197	15,742,950	34,367,316
Restricted	24,715,891	5,357,276	-	-	24,715,891	5,357,276
Unrestricted	7,720,253	8,343,080	1,784,538	2,111,620	9,504,791	10,454,700
Total Net Position	$ 47,686,464	$ 47,510,475	$ 2,277,168	$ 2,668,817	$ 49,963,632	$ 50,179,292

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

The District put in service $13.2 million in capital assets, issued $27.8 million in bonds and paid $2.2 million toward bonds.

Comments on Budget Comparisons

- The District's total revenues for the fiscal year ended June 30, 2014, net of Interfund transfers, were $91.9 million.
- General fund budget compared to actual revenue varied slightly from line item to line item with the ending actual balance being $12.9 million more than budget or approximately 25%. This variance was primarily related to on-behalf payments that were not budgeted.
- General fund budget expenditures to actual varied significantly in Instruction and Other Expenses. This resulted from the District not budgeting on-behalf payments made by the State of Kentucky and not having to spend budgeted contingency funds.

The following Table 2 presents a summary of changes in net position for the fiscal years ended June 30, 2014 and 2013.

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
REVENUES:						
Program revenues:						
Charges for services	$ 115,241	$ 14,247	$ 751,818	$ 948,583	$ 867,059	$ 962,830
Operating grants and contributions	26,014,450	26,015,466	5,714,643	5,636,595	31,729,093	31,652,061
Capital grants and contributions	4,777,721	4,927,025	-	-	4,777,721	4,927,025
General revenues:						
Property taxes	12,144,432	11,972,304	-	-	12,144,432	11,972,304
Motor vehicle taxes	1,715,253	1,657,962	-	-	1,715,253	1,657,962
Utility taxes	4,646,338	4,500,738	-	-	4,646,338	4,500,738
Other taxes	67	94	-	-	67	94
Investment earnings	340,432	316,632	16,835	24,010	357,267	340,642
Gain on disposal of capital assets	3,085	-	-	-	3,085	-
State and formula grants	34,675,506	34,802,989	-	-	34,675,506	34,802,989
Miscellaneous	1,041,936	1,103,098	-	-	1,041,936	1,103,098
Total revenues	85,474,461	85,310,555	6,483,296	6,609,188	91,957,757	91,919,743
EXPENSES						
Program Activities						
Instruction	51,676,838	51,375,260	-	-	51,676,838	51,375,260
Student support	5,023,775	4,654,378	-	-	5,023,775	4,654,378
Instructional staff support	2,222,773	2,547,442	-	-	2,222,773	2,547,442
District administrative support	2,106,931	2,252,928	-	-	2,106,931	2,252,928
School administrative support	4,104,381	3,777,518	-	-	4,104,381	3,777,518
Business support	2,784,352	2,927,535	-	-	2,784,352	2,927,535
Plant operation and maintenance	8,740,732	8,682,070	-	-	8,740,732	8,682,070
Student transportation	5,430,514	5,845,327	-	-	5,430,514	5,845,327
Community service activities	873,137	867,627	-	-	873,137	867,627
Interest costs	2,402,667	2,198,392	-	-	2,402,667	2,198,392
Business-type Activities:						
Food service			6,139,564	6,241,634	6,139,564	6,241,634
Child care	-	-	467,132	737,252	467,132	737,252
Total expenses	85,366,100	85,128,477	6,606,696	6,978,886	91,972,796	92,107,363
Excess before transfers and extraordinary item	108,361	182,078	(123,400)	(369,698)	(15,039)	(187,620)
Extraordinary item - KSBIT	135,077	(354,541)				
Transfers	268,249		(268,249)		-	-
Increase (decrease) in net position	$ 511,687	$ (172,463)	$ (391,649)	$ (369,698)	$ (15,039)	$ (187,620)

Governmental Activities

Instruction comprises 61% of governmental program expenses. Support services expenses make up 35% of government expenses. The remaining expense for community services and interest accounts for the remaining 4% of total government expense.

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

(Table 3) Governmental Activities Total	Cost of Services		Net Cost of Services	
	2014	2013	2014	2013
Instruction	$ 51,676,838	$ 51,375,260	$ 31,549,630	$ 31,161,226
Support Services	30,413,458	30,687,198	25,284,112	25,698,924
Community Services	873,137	867,627	-	-
Facilities acquisition and construction	-	-	(2,080,197)	(2,120,419)
Interest costs	2,402,667	2,198,392	(294,857)	(608,214)
Total expenses	$ 85,366,100	$ 85,128,477	$ 54,458,688	$ 54,131,517

Business-Type Activities

The business-type activities include the food service and child care operations. These programs had total revenues of $6.5 million and expenses of $6.6 million for fiscal year 2014. Of the revenues, $752 thousand was charges for services, $5.7 million was from State and Federal grants and $16 thousand was from investment earnings. The food service fund also transferred $268 thousand for indirect costs to the general fund. Business activities receive no support from tax revenues. The School District will continue to monitor the charges and costs of this activity. If it becomes necessary, the School District will increase the charges for this activity.

The School District's Funds

Information about the School District's major funds starts on page 12. These funds are accounted for using the modified accrual basis of accounting..

General Fund-Budget Highlights

The School District's budget is prepared according to Kentucky law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund. The State Department of Education requires a zero-based budget with any budgeted remaining fund balance shown as a contingency expense in the budget process.

For the General Fund, revenues were budgeted at $52.3 million.with actual amounts of $65.2 million Budgeted expenditures of $60.8 million compare with actual expenditures of $66.6 million. The most significant fluctuation is for unbudgeted on-behalf payments of $12.1 million.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2014 the School District had $90.5 million invested in land, buildings, vehicles and equipment and $90.1 million in governmental activities. Table 4 shows fiscal year 2014 and 2013 balances.

(Table 4)
Capital Assets at June 30, 2014 and 2013
(Net of Depreciation)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Land and land improvements	$ 3,687,689	$ 3,684,664	$ -	$ -	$ 3,687,689	$ 3,684,664
Buildings and improvements	67,425,614	69,443,288	-	-	67,425,614	69,443,288
Technology	3,029,034	3,712,385	15,953	2,816	3,044,987	3,715,201
Vehicles	3,827,138	3,118,058	-	-	3,827,138	3,118,058
General equipment	1,461,893	1,441,983	476,677	554,381	1,938,570	1,996,364
Total	79,431,368	81,400,378	492,630	557,197	79,923,998	81,957,575
Construction in progress	10,613,721	739,607	-	-	10,613,721	739,607
Total	$ 90,045,089	$ 82,139,985	$ 492,630	$ 557,197	$ 90,537,719	$ 82,697,182

Table 5 shows changes in capital assets for the year ended June 30, 2014 and 2013.

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Beginning balance	$ 82,139,985	$ 82,468,792	$ 557,197	$ 705,931	$ 82,697,182	$ 83,174,723
Restatement	-	127,810	-	(127,810)	-	-
Additions	13,078,565	35,264,121	138,252	74,036	13,216,817	35,338,157
Retirements	(637,539)	(31,282,862)	(95,667)	(665)	(733,206)	(31,283,527)
Depreciation	(4,535,922)	(4,437,876)	(107,152)	(94,295)	(4,643,074)	(4,532,171)
Ending balance	$ 90,045,089	$ 82,139,985	$ 492,630	$ 557,197	$ 90,537,719	$ 82,697,182

Debt

At June 30, 2014, the School District had $75.5 million in bonds outstanding, of this amount $18.2 million is to be paid from KSFCC funding provided by the State of Kentucky. A total of $2.5 million is due within one year. The district issued $27.7 million in revenue bonds during the year.

District Challenges for the Future

Christian County School District's financial status has declined in the last fiscal year. However, as we look forward, we expect unfunded mandates and the national economic climate to have an impact on our District.

The School District has experienced stable student enrollment during the past year. The need to maintain, renovate and/or build facilities in the next few years will create more challenges for the School District.

The District is experiencing increased personnel costs associated with preschool and special needs programs that have not been funded through state or federal programs.

Most costs associated with growth have, in the past, been offset due to increased student enrollment producing additional state funding, and continued increases in business and residential property subject to tax within the School District. Our property tax base continues to grow; however our School District, like all Kentucky School Districts, is limited to a 4% annual growth in property tax revenue on existing property.

Additional factors concerning our School District's financial status include the implementation of various unfunded mandates. Examples include the Flex Fund accounts (Professional Development, Safe Schools, Preschool, Textbooks and Extended School Services). State funding for these programs does not meet our needs as a District. Therefore, local generated funds will have to address these areas. Also, the uncertainty of state budgeted revenue projections may impact our funding.

With careful planning and monitoring of our finances, Christian County Schools' goal is to continue to provide a quality education for our students and a secure financial future for the School District.

Future Budgetary Implications

In Kentucky, the public schools fiscal year is July 1 - June 30; other programs, i.e. 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 budget for 2014 - 2015 with a 5.7% contingency. Significant Board action that impacts the finances includes pay increases for all employees, additional spending for facility repairs outside of bonded building and renovation projects, and continued funding of Board initiatives.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information contact Jessica Darnell, Director of Finance, 200 Glass Avenue, Hopkinsville, Kentucky, 42240, (270) 887-7000.

BASIC FINANCIAL STATEMENTS

CHRISTIAN COUNTY SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2014

Assets	Governmental Activities	Business-Type Activities	Total
Current Assets			
Cash and cash equivalents	$ 27,981,306	$ 1,565,859	$ 29,547,165
Investments	5,269,001		5,269,001
Prepaids	176,686		176,686
Inventory		80,619	80,619
Receivables:			
Taxes-current	533,696		533,696
Taxes-delinquent	51,949		51,949
Intergovernmental-State	72,110		72,110
Intergovernmental-Indirect Federal	1,136,190	140,563	1,276,753
Intergovernmental-Direct Federal	286,805		286,805
Total Current Assets	35,507,743	1,787,041	37,294,784
Noncurrent Assets			
Non-depreciable capital assets	13,236,123		13,236,123
Depreciable capital assets, net of accumulated depreciation	76,808,966	492,630	77,301,596
Total Noncurrent Assets	90,045,089	492,630	90,537,719
Total Assets	125,552,832	2,279,671	127,832,503
Deferred Outflows of Resources			
Deferred amount on debt refundings	1,065,652		1,065,652
Total Deferred Outflows of Resources	1,065,652	-	1,065,652
Liabilities			
Current Liabilities			
Accounts payable	1,990,778	2,503	1,993,281
Unearned revenue	605,271		605,271
Bond obligations	2,475,000		2,475,000
Compensated absences	297,730		297,730
KSBIT	54,866		54,866
Interest payable	522,417		522,417
Total Current Liabilities	5,946,062	2,503	5,948,565
Noncurrent Liabilities			
Bond obligations	72,319,769		72,319,769
Compensated absences	501,591		501,591
KSBIT	164,598		164,598
Total Noncurrent Liabilities	72,985,958	-	72,985,958
Total Liabilities	78,932,020	2,503	78,934,523
Net Position			
Net investment in capital assets	15,250,320	492,630	15,742,950
Restricted	24,715,891		24,715,891
Unrestricted	7,720,253	1,784,538	9,504,791
Total Net Position	$ 47,686,464	$ 2,277,168	$ 49,963,632

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

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

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges For Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities	Total
FUNCTIONS/PROGRAMS							
Governmental Activities:							
Instruction	$ 51,676,838	$ 115,241	$ 20,011,967	$ -	$ (31,549,630)	$ -	$ (31,549,630)
Support services:							
Student	5,023,775		1,235,142		(3,788,633)		(3,788,633)
Instruction staff	2,222,773		427,934		(1,794,839)		(1,794,839)
District administrative	2,106,931		167,309		(1,939,622)		(1,939,622)
School administrative	4,104,381		819,125		(3,285,256)		(3,285,256)
Business	2,784,352		341,655		(2,442,697)		(2,442,697)
Plant operation and maintenance	8,740,732		801,077		(7,939,655)		(7,939,655)
Student transportation	5,430,514		1,337,104		(4,093,410)		(4,093,410)
Community service activities	873,137		873,137		-		-
Facilities acquisition and construction				2,080,197	2,080,197		
Interest on long-term debt	2,402,667			2,697,524	294,857		294,857
Total Governmental Activities	85,366,100	115,241	26,014,450	4,777,721	(54,458,688)	-	(54,458,688)
Business-Type Activities:							
Food service	6,139,564	439,822	5,528,062			(171,680)	(171,680)
Child Care	467,132	311,996	186,581			31,445	31,445
Total Business-Type Activities	6,606,696	751,818	5,714,643	-	-	(140,235)	(140,235)
Total Primary Government	$ 91,972,796	$ 867,059	$ 31,729,093	$ 4,777,721	(54,458,688)	(140,235)	(54,598,923)
			General Revenues:				
			Taxes:				
			Property taxes		12,144,432		12,144,432
			Motor vehicle taxes		1,715,253		1,715,253
			Utility taxes		4,646,338		4,646,338
			Other taxes		67		67
			Investment earnings		340,432	16,835	357,267
			Gain on disposal of capital assets		3,085		3,085
			State and formula grants		34,675,506		34,675,506
			Miscellaneous		1,041,936		1,041,936
			Extraordinary item - KSBIT		135,077		135,077
			Total general revenues and extraordinary item		54,702,126	16,835	54,718,961
			Transfers		268,249	(268,249)	-
			Change in net position		511,687	(391,649)	120,038
			Net position - beginning, as previously reported		47,510,475	2,668,817	50,179,292
			Restatement for adoption of GASB 65		(335,698)		(335,698)
			Net position - beginning, as restated		47,174,777	2,668,817	49,843,594
			Net position - ending		$ 47,686,464	$ 2,277,168	$ 49,963,632

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

FUND FINANCIAL STATEMENTS

CHRISTIAN COUNTY SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2014

	General Fund	Special Revenue Fund	Construction Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Assets:						
Cash and cash equivalents	$ 7,556,345	$ -	$ 19,823,519	$ 806,559	$ 243,463	$ 28,429,886
Investments				5,269,001		5,269,001
Prepaids	176,686					176,686
Receivables:						
Taxes - current	533,696					533,696
Taxes - delinquent	51,949					51,949
Intergovernmental - State		72,110				72,110
Intergovernmental - Indirect Federal		1,136,190				1,136,190
Intergovernmental - Direct Federal		40,968				40,968
Total Assets	$ 8,318,676	$ 1,249,268	$ 19,823,519	$ 6,075,560	$ 243,463	$ 35,710,486
Liabilities and Fund Balances:						
Liabilities						
Accounts payable	$ 70,980	$ 64,612	$ 1,855,186	$ -	$ -	$ 1,990,778
Cash overdraft		448,580				448,580
Unearned revenue		605,271				605,271
Total Liabilities	70,980	1,118,463	1,855,186	-	-	3,044,629
Fund Balances						
Nonspendable	176,686					176,686
Restricted	297,730	130,805	17,968,333	6,075,560	243,463	24,715,891
Assigned	1,285,449					1,285,449
Unassigned	6,487,831					6,487,831
Total Fund Balances	8,247,696	130,805	17,968,333	6,075,560	243,463	32,665,857
Total Liabilities and Fund Balances	$ 8,318,676	$ 1,249,268	$ 19,823,519	$ 6,075,560	$ 243,463	$ 35,710,486

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

CHRISTIAN 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	$ 32,665,857
Amounts reported for governmental activities in the statement of net position are different because:	
Certain revenues are not reported in this fund financial statement because they are available, but they are presented in the statement of net position.	245,837
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.	90,045,089
Governmental funds record debt refundings as other financiing uses when the issues are refunded. Unamortized losses on refundings are reported on the statement of net position as deferred outflows of resources.	1,065,652
Certain liabilities are not reported in this fund financial statement because because they are not due and payable, but they are presented in the statement of net position:	
Bonds payable (net of discounts/premiums)	(74,794,769)
Interest payable	(522,417)
Compensated absences	(799,321)
KSBIT	(219,464)
Net position for governmental activities	$ 47,686,464

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

CHRISTIAN COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS

Year Ended June 30, 2014

	General Fund	Special Revenue Fund	Construction Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
From local sources:						
Taxes:						
Property	$ 10,456,294	$ -	$ -	$ -	$ 1,688,138	$ 12,144,432
Motor vehicle	1,715,253					1,715,253
Utilities	4,646,338					4,646,338
Other	67					67
Earnings on investments	136,543		37,446	164,516	1,927	340,432
Other local revenues	1,157,177	37,732				1,194,909
Intergovernmental - State	46,764,593	3,684,526		1,328,567	2,080,197	53,857,883
Intergovernmental - Indirect Federal	76,418	9,619,082				9,695,500
Intergovernmental - Direct Federal	220,646	286,959		1,368,957		1,876,562
Total Revenues	65,173,329	13,628,299	37,446	2,862,040	3,770,262	85,471,376
Expenditures:						
Instruction	37,076,208	12,095,958				49,172,166
Support services:						
Student	4,779,637	229,346				5,008,983
Instruction staff	2,125,725	86,990				2,212,715
District administrative	1,695,507					1,695,507
School administrative	4,003,231					4,003,231
Business	2,776,559					2,776,559
Plant operation and maintenance	8,414,290					8,414,290
Student transportation	5,692,480	527,433				6,219,913
Community service activities		873,137				873,137
Facilities acquisition and construction			10,512,220			10,512,220
Bond issuance costs			178,232			178,232
Debt service:						
Principal				2,170,000		2,170,000
Interest				2,006,165		2,006,165
Total Expenditures	66,563,637	13,812,864	10,690,452	4,176,165	-	95,243,118
Excess (Deficit) of Revenues over Expenditures	(1,390,308)	(184,565)	(10,653,006)	(1,314,125)	3,770,262	(9,771,742)
Other Financing Sources (Uses):						
Proceeds from sale of capital assets	2,517					2,517
Bond proceeds from revenue bonds			27,770,000			27,770,000
Bond discount			(393,566)			(393,566)
Transfers in	268,249	130,365	1,244,905	2,789,430		4,432,949
Transfers out	(368,223)				(3,796,477)	(4,164,700)
Total Other Financing Sources (Uses)	(97,457)	130,365	28,621,339	2,789,430	(3,796,477)	27,647,200
Excess (Deficit) of Revenue and Other Financing Sources over Expenditures and Other Financing Uses	(1,487,765)	(54,200)	17,968,333	1,475,305	(26,215)	17,875,458
Fund Balance, July 1, 2013	9,735,461	185,005	-	4,600,255	269,678	14,790,399
Fund Balance, June 30, 2014	$ 8,247,696	$ 130,805	$17,968,333	$ 6,075,560	$ 243,463	$ 32,665,857

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

CHRISTIAN 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	$ 17,875,458
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which capital outlays exceeds depreciation expense for the year.	7,904,537
The proceeds for the issuance of bonds provide current financial resources and are reported in this fund financial statement but they are presented as liabilities in the statement of net position.	(27,376,434)
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.	2,170,000
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.	567
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.	135,077
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.	(197,518)
Change in net position of governmental activities	$ 511,687

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

CHRISTIAN COUNTY SCHOOL DISTRICT

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

June 30, 2014

	Food Service Fund	Child Care Fund	Total
Assets			
Current Assets			
Cash and cash equivalents	$ 1,363,022	$ 202,837	$ 1,565,859
Intergovernmental receivable - Indirect Federal	140,563		140,563
Inventory	80,619		80,619
Total Current Assets	1,584,204	202,837	1,787,041
Noncurrent Assets			
Depreciable capital assets, net of accumulated depreciation	492,630		492,630
Total Noncurrent Assets	492,630	-	492,630
Total Assets	2,076,834	202,837	2,279,671
Liabilities			
Current Liabilities			
Accounts payable	2,078	425	2,503
Total Current Liabilities	2,078	425	2,503
Net Position			
Net investment in capital assets	492,630		492,630
Unrestricted	1,582,126	202,412	1,784,538
Total Net Position	$ 2,074,756	$ 202,412	$ 2,277,168

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

CHRISTIAN COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

PROPRIETARY FUNDS

Year Ended June 30, 2014

	Food Service Fund	Child Care Fund	Total
Operating Revenues:			
Lunchroom sales	$ 439,822	$ -	$ 439,822
Other operating revenues		311,996	311,996
Total Operating Revenues	439,822	311,996	751,818
Operating Expenses:			
Salaries and wages	2,752,238	420,868	3,173,106
Materials and supplies	3,042,682	38,960	3,081,642
Depreciation	107,152		107,152
Other operating expenses	141,825	7,304	149,129
Total Operating Expenses	6,043,897	467,132	6,511,029
Operating loss	(5,604,075)	(155,136)	(5,759,211)
Non-Operating Revenues (Expenses):			
Federal grants	4,545,799	98,249	4,644,048
Donated commodities	361,218		361,218
State grants	54,259	1,660	55,919
State on-behalf payments	566,786	86,672	653,458
Gain (loss) on disposal of equipment	(95,667)		(95,667)
Interest income	16,835		16,835
Total Non-Operating Revenues (Expenses)	5,449,230	186,581	5,635,811
Transfers out	(268,249)		(268,249)
Changes in net position	(423,094)	31,445	(391,649)
Net Position, July 1, 2013	2,497,850	170,967	2,668,817
Net Position June 30, 2014	$ 2,074,756	$ 202,412	$ 2,277,168

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

CHRISTIAN COUNTY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

Year Ended June 30, 2014

	Food Service Fund	Child Care Fund	Total
Cash Flows from Operating Activities			
Cash received from:			
Lunchroom sales	$ 439,822	$ -	$ 439,822
Other activities		311,996	311,996
Cash paid to/for:			
Employees	2,185,453	334,196	2,519,649
Supplies	2,656,278	41,291	2,697,569
Other activities	141,825	7,304	149,129
Net Cash Used by Operating Activities	(4,543,734)	(70,795)	(4,614,529)
Cash flows from Non-Capital Financing Activities			
Federal grants	4,887,498	98,249	4,985,747
State grants	54,259	1,660	55,919
Transfers to other funds	(268,248)		(268,248)
Net Cash Provided by Non-Capital Financing Activities	4,673,509	99,909	4,773,418
Cash Flows from Capital and Related Financing Activities			
Purchases of capital assets	(138,252)		(138,252)
Net Cash Used by Capital and Related Financing Activities	(138,252)	-	(138,252)
Cash Flows from Investing Activities			
Receipt of interest income	16,835		16,835
Net Cash Provided by Investing Activities	16,835	-	16,835
Net increase (decrease) in cash and cash equivalents	8,358	29,114	37,472
Balances, beginning of year	1,354,664	173,723	1,528,387
Balances, end of year	$ 1,363,022	$ 202,837	$ 1,565,859
Reconciliation of operating loss to net cash used by operating activities:			
Operating loss	$ (5,604,076)	$ (155,136)	$ (5,759,212)
Adjustments to reconcile operating loss to net cash used by operating activities:			
Depreciation	107,152		107,152
State on-behalf payments	566,786	86,672	653,458
Donated commodities	361,218		361,218
Change in assets and liabilities:			
Prepaids		50	50
Inventory	25,765		25,765
Accounts payable	(579)	(2,381)	(2,960)
Net cash used by operating activities	$ (4,543,734)	$ (70,795)	$ (4,614,529)
Schedule of non-cash transactions:			
Donated commodities received from federal government	$ 361,218	$ -	$ 361,218
State on-behalf payments	$ 566,786	$ 86,672	$ 653,458

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

CHRISTIAN COUNTY SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

June 30, 2014

	Agency Fund
Assets	
Cash and cash equivalents	$ 842,066
Receivables	466
Total Assets	842,532
Liabilities	
Accounts payable	10,165
Due to student groups	832,367
Total Liabilities	842,532
Net Position Held in Trust	$ -

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Christian 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 Christian 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 Christian 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 Christian 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 - Christian County School District Finance Corporation – In a prior year, the Board of Education resolved to authorize the establishment of the Christian 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.

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 Funds 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. The following are the District's Governmental Funds:

(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 of the District.

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 of the District.

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

1. The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund receives those funds designated by the state as Capital Outlay Funds and is restricted for use in financing projects identified in the District's facility plan.

2. The Facility Support Program of Kentucky (FSPK) 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. This is a major fund of the District.

(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 of the District.

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 two 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 of the District.

(B) The Child Care Fund accounts for the daycare operations of the District. Amounts have been recorded for on-behalf payments for retirement and health insurance paid by the State of Kentucky.

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.

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.

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 arc 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.

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.

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. 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

Payments made that will benefit periods beyond June 30, 2014, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

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:

Description	Governmental Activities Estimated Lives
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

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 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 2011. The adoption of GASB 59 does not have any impact on the District's financial statements.

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 arc 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, 2011 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 financial statements.

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 $335,698 for bond issuance costs previously being amortized.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Recently Issued Accounting Pronouncements

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 which resulted in no impact 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 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.

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.

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.

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 $.398 per $100 valuation for real property, $.398 per $100 valuation for business personal property and $.566 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 – DEPOSITS AND INVESTMENTS

Deposits
Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy is to have all deposits secured by pledged securities. At June 30, 2014, $32,209,443 of the District's bank balance of $33,302,300 was exposed to custodial credit risk. The bank balance not covered by depository insurance was collateralized by securities held by the pledging financial institution.

Investments
As of June 30, 2014, the District had a guaranteed investment contract with Nataxis Funding Corp., in the amount of $5,269,001 that is used for the 2010A bonds.

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

- Obligations of the United States and of its agencies and instrumentalities;
- Obligations of any corporation of the United States Government;
- Obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or a United States government agency;
- Commercial paper rated in the highest category by a nationally recognized rating agency;
- Bonds or certificates of indebtedness of this state and of its agencies and instrumentalities;
- Bankers' acceptances for banks rated in one (1) of the three (3) highest categories by a nationally recognized rating agency;

NOTE 3 – DEPOSITS AND INVESTMENTS – CONTINUED

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

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. **Concentration of Credit Risk** is the risk of loss attributed to the magnitude of the District's investment in a single issuer. U.S. Government securities and investments in mutual funds are excluded from this risk. The District has all of its investment in a Small Business Administration investment. **Custodial Credit Risk** is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investment is held by the counterparty in the District's name. The investment is collateralized at 102%.

NOTE 4 – INTERFUND ACTIVITIES

The following transfers were made during the year:

Fund Financial Statements

From Fund	To Fund	Purpose	Amount
General	Special Revenue	KETS	$ 130,365
General	Debt Service	Debt Service	237,858
Non-major Governmental	Construction	Construction	1,244,905
Non-major Governmental	Debt Service	Debt Service	2,551,572
Food Service	General	Indirect Costs	268,249
			$ 4,432,949

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	$ 2,568,020	$ 54,382	$ -	$ 2,622,402
Construction in progress	739,607	10,512,220	(638,106)	10,613,721
Total Capital Assets Not Being Depreciated	3,307,627	10,566,602	(638,106)	13,236,123
Capital Assets Being Depreciated:				
Land improvements	1,333,680			1,333,680
Buildings and improvements	98,217,735	58,374		98,276,109
Technology equipment	8,333,366	771,089	(886,468)	8,217,987
Vehicles	9,955,536	1,459,537		11,415,073
General equipment	3,893,136	222,963	(1,018,918)	3,097,181
Total Capital Assets Being Depreciated at historical cost	121,733,453	2,511,963	(1,905,386)	122,340,030
Accumulated depreciation:				
Land improvements	217,036	51,357		268,393
Buildings and improvements	28,774,447	2,076,048		30,850,495
Technology equipment	4,620,981	1,460,243	(892,271)	5,188,953
Vehicles	6,837,478	750,457		7,587,935
General equipment	2,451,153	197,817	(1,013,682)	1,635,288
Total accumulated depreciation	42,901,095	4,535,922	(1,905,953)	45,531,064
Total Other Capital Assets, Net	78,832,358	(2,023,959)	567	76,808,966
Government Activities Capital Assets - Net	$ 82,139,985	$ 8,542,643	$ (637,539)	$ 90,045,089
Business-Type Activities				
Technology equipment	$ 16,637	$ 19,926	$ (3,600)	$ 32,963
Food service equipment	2,609,404	118,326	(260,806)	2,466,924
Totals at historical cost	2,626,041	138,252	(264,406)	2,499,887
Accumulated depreciation:				
Technology equipment	13,821	6,769	(3,580)	17,010
Food service equipment	2,055,023	100,383	(165,159)	1,990,247
Total accumulated depreciation	2,068,844	107,152	(168,739)	2,007,257
Business-Type Activities Capital Assets - Net	$ 557,197	$ 31,100	$ (95,667)	$ 492,630

Depreciation was charged to governmental functions as follows:

Instruction	$ 2,973,371
Student support	14,792
Instructional staff	10,058
District administration	432,178
School administration	101,150
Business support	7,793
Plant	326,442
Transportation	670,138
	$ 4,535,922

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 Division of Unemployment Insurance; however, risk has not been transferred. 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
Governmental Activities:					
Bonds and Leases Payable:					
Revenue bonds	$ 49,935,000	$ 27,770,000	$ 2,170,000	$ 75,535,000	$ 2,475,000
Less Premium (Discount)	(393,080)	(393,566)	46,415	(740,231)	-
Total Bonds Payable	49,541,920	27,376,434	2,216,415	74,794,769	2,475,000
Other Liabilities:					
Compensated absences	820,075	283,385	304,139	799,321	297,730
Claims	354,541		135,077	219,464	54,866
Total Other Liabilities	1,174,616	283,385	439,216	1,018,785	352,596
Total Governmental Activities Long-Term Liabilities	$ 50,716,536	$ 27,659,819	$ 2,655,631	$ 75,813,554	$ 2,827,596

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.

NOTE 7 – LONG-TERM LIABILITIES – CONTINUED

Bond Liabilities

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

Issue Date	Original Proceeds	Rates	Issue Date	Original Proceeds	Rates
2002A	$ 545,000	1.50% - 3.65%	2010A	27,445,000	2.68%
2002B	1,945,000	1.40% - 3.60%	2010B	5,640,000	0.70% - 2.40%
2003	3,980,000	1.00% - 3.38%	2012	9,795,000	1.15% - 2.00%
2003E	2,200,000	2.00% - 3.70%	2014E	15,240,000	2.00% - 3.75%
2005A	13,870,000	4.00% - 4.30%	2014	12,530,000	2.00% - 3.50%
2008	2,975,000	3.50% - 4.125%			

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 Christian 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.

On May 1, 2014, the District issued $12,530,000 in Revenue Bonds with an average interest rate of 3.35 percent. The net proceeds of $12,285,232 (after $83,696 in cost of issuance and $161,072 in bond discount) were deposited in the construction fund.

On May 1, 2014, the District issued $15,240,000 in Revenue Bonds with an average interest rate of 3.46 percent. The net proceeds of $14,912,970 (after $94,536 in cost of issuance and $232,494 in bond discount) were deposited in the construction fund.

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	SFCC Participation	U.S. Government Participation	District's Portion
2015	$ 2,475,000	$ 2,675,702	$ 1,388,693	$ 1,475,169	$ 2,286,840
2016	2,045,000	2,751,791	1,368,828	1,475,169	1,952,794
2017	2,020,000	2,964,644	1,311,902	1,475,169	2,197,573
2018	2,070,000	2,635,209	1,290,595	1,475,169	1,939,445
2019	2,165,000	2,572,429	1,234,697	1,475,169	2,027,563
2020-2024	13,175,000	12,053,154	4,925,444	7,375,844	12,926,866
2025-2029	39,390,000	7,377,306	6,871,368	4,425,506	35,470,432
2030-2034	11,015,000	1,320,359	1,700,522	-	10,634,837
2035	1,180,000	22,125	-	-	1,202,125
	$ 75,535,000	$ 34,372,719	$ 20,092,049	$ 19,177,195	$ 70,638,475

NOTE 8 – PENSION PLANS

Plan Descriptions

The Christian 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.

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 $2,429,494, $2,506,944 and $2,455,245, respectively, equal to the required contributions for each year.

For the years ended June 30, 2014, 2013 and 2012, the Commonwealth contributed $4,327,022, $4,399,443 and $4,272,138 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 2013 were $1,255,357, $1,132,355 and $990,533.

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.

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 $176,686 for prepaids in the General Fund.

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 $297,730 restricted for sick leave in the General Fund, $130,805 restricted for grants in the Special Revenue Fund, $217,378 restricted for capital projects in the SEEK Capital Outlay Fund, $26,085 restricted for capital projects in the FSPK Fund, $17,968,333 restricted for capital projects in the Construction Fund and $6,075,560 restricted for debt service in the Debt Service 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 no commitments at June 30, 2014.

Assigned fund balances are those 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. 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 had the following assignments at June 30, 2014 in the General Fund - $288,260 for site based carryforward and $997,189 for purchase orders.

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

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

NOTE 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.

The District also has construction commitments for on-going projects at June 30, 2014.

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 $862,353. In August 2014, the District received an invoice for $219,464 which is the amount expected to satisfy the claim. The District paid $54,866 in August 2014 will pay $27,433 annually beginning. The amount paid in August 2014 is recorded as a current liability in the Statement of Net Position and the remaining balance is classified as noncurrent.as it is expected to be paid by June 30, 2015; however, the assessment 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	$ 1,487,765
Special Revenue Fund	54,200
FSPK Fund	243,593
Food Service Fund	423,094

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 $14,071,112, recorded as follows $12,089,087 in the General Fund, $1,328,567 recorded in the Debt Service Fund, $566,786 in the Food Service Fund and $86,672 in the Child Care Fund.

REQUIRED SUPPLEMENTARY INFORMATION

CHRISTIAN COUNTY SCHOOL DISTRICT

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

GENERAL FUND

Year Ended June 30, 2014

	Original	Final	Actual
Revenues:			
From local sources:			
Taxes:			
Property	$ 10,200,000	$ 10,400,000	$ 10,456,294
Motor vehicle	1,350,000	1,500,000	1,715,253
Utilities	4,000,000	4,500,000	4,646,338
Other			67
Earnings on investments	250,000	200,000	136,543
Other local revenues	1,010,000	1,047,471	1,157,177
Intergovernmental - State	34,205,933	34,552,862	46,764,593
Intergovernmental - Indirect Federal	40,000	40,000	76,418
Intergovernmental - Direct Federal	100,000	100,000	220,646
Total Revenues	51,155,933	52,340,333	65,173,329
Expenditures:			
Instruction	31,492,234	29,842,501	37,076,208
Support services:			
Student	3,671,033	3,656,826	4,779,637
Instruction staff	1,978,109	1,771,783	2,125,725
District administrative	1,596,795	1,584,147	1,695,507
School administrative	3,085,364	3,144,291	4,003,231
Business	2,644,907	2,694,650	2,776,559
Plant operation and maintenance	7,762,889	8,033,342	8,414,290
Student transportation	5,375,452	5,690,385	5,692,480
Community service activities			
Other non-instruction	2,165,108	4,411,723	
Total Expenditures	59,771,891	60,829,648	66,563,637
Excess (Deficit) of Revenues over Expenditures	(8,615,958)	(8,489,315)	(1,390,308)
Other Financing Sources (Uses):			
Proceeds from sale of capital assets	10,000	10,000	2,517
Transfers in			268,249
Transfers out	(368,529)	(368,529)	(368,223)
Total Other Financing Sources (Uses)	(358,529)	(358,529)	(97,457)
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	(8,974,487)	(8,847,844)	(1,487,765)
Fund Balance, July 1, 2013	8,974,487	8,847,844	9,735,461
Fund Balance, June 30, 2014	$ -	$ -	$ 8,247,696

Both inflows and outflows are equally different in the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds by the amount of on-behalf payments of $12,089,087.

CHRISTIAN 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
Revenues:			
Other local revenues	$ 10,000	$ 351	$ 37,732
Intergovernmental - State	3,578,602	4,015,794	3,684,526
Intergovernmental - Indirect Federal	6,902,985	10,271,614	9,619,082
Intergovernmental - Direct Federal	127,844	108,341	286,959
Total Revenues	10,619,431	14,396,100	13,628,299
Expenditures:			
Instruction	8,879,769	13,010,296	12,095,958
Support services:			
Student	461,995	159,532	229,346
Instruction staff	79,226	118,411	86,990
Student transportation	461,352	366,900	527,433
Community service activities	867,760	871,326	873,137
Total Expenditures	10,750,102	14,526,465	13,812,864
Excess (Deficit) of Revenues over Expenditures	(130,671)	(130,365)	(184,565)
Other Financing Sources (Uses):			
Transfers in	130,671	130,365	130,365
Total Other Financing Sources (Uses)	130,671	130,365	130,365
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	-	-	(54,200)
Fund Balance, July 1, 2013	-	-	185,005
Fund Balance, June 30, 2014	$ -	$ -	$ 130,805

SUPPLEMENTARY INFORMATION

CHRISTIAN COUNTY SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

June 30, 2014

	SEEK Capital Outlay Fund	FSPK Fund	Total Nonmajor Governmental Funds
Assets:			
Cash and cash equivalents	$ 217,378	$ 26,085	$ 243,463
Total Assets	$ 217,378	$ 26,085	$ 243,463
Liabilities and Fund Balances:			
Liabilities			
Accounts payable	$ -	$ -	$ -
Total Liabilities	-	-	-
Fund Balances			
Restricted	217,378	26,085	243,463
Total Fund Balances	217,378	26,085	243,463
Total Liabilities and Fund Balances	$ 217,378	$ 26,085	$ 243,463

CHRISTIAN COUNTY SCHOOL DISTRICT

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

Year Ended June 30, 2014

	SEEK Capital Outlay Fund	FSPK Fund	Total Nonmajor Governmental Funds
Revenues			
From local sources:			
Property taxes	$ -	$ 1,688,138	$ 1,688,138
Earnings on investments		1,927	1,927
Intergovernmental - State	814,775	1,265,422	2,080,197
Total Revenues	814,775	2,955,487	3,770,262
Other Financing Sources (Uses)			
Transfers out	(597,397)	(3,199,080)	(3,796,477)
Total Other Financing Sources (Uses)	(597,397)	(3,199,080)	(3,796,477)
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	217,378	(243,593)	(26,215)
Fund balance, July 1, 2013	-	269,678	269,678
Fund balance, June 30, 2014	$ 217,378	$ 26,085	$ 243,463

CHRISTIAN COUNTY SCHOOL DISTRICT

COMBINING STATEMENT OF FIDUCIARY NET POSITION

AGENCY FUNDS

June 30, 2014

	Belmont Elementary	Christian Co. High	Christian Co. Middle	Crofton Elementary
Assets				
Cash and cash equivalents	$ 35,021	$ 148,663	$ 49,963	$ 2,874
Receivables	-	135	-	-
Total Assets	$ 35,021	$ 148,798	$ 49,963	$ 2,874
Liabilities				
Accounts payable	$ -	$ -	$ -	$ -
Due to student groups	35,021	148,798	49,963	2,874
Total Liabilities	$ 35,021	$ 148,798	$ 49,963	$ 2,874

	Hopkinsville High	Hopkinsville Middle	Indian Hills Elementary	Lacy Elementary
Assets				
Cash and cash equivalents	$ 266,012	$ 98,703	$ 21,230	$ 13,220
Receivables	314	17	-	-
Total Assets	$ 266,326	$ 98,720	$ 21,230	$ 13,220
Liabilities				
Accounts payable	$ 1,406	$ 2,160	$ -	$ -
Due to student groups	264,920	96,560	21,230	13,220
Total Liabilities	$ 266,326	$ 98,720	$ 21,230	$ 13,220

	Millbrooke Elementary	North Drive Middle	Pembroke Elementary	Sinking Fork Elementary
Assets				
Cash and cash equivalents	$ 46,912	$ 19,342	29,556	31,991
Receivables	-	-	-	-
Total Assets	$ 46,912	$ 19,342	$ 29,556	$ 31,991
Liabilities				
Accounts payable	$ 5,102	$ 113	-	-
Due to student groups	41,810	19,229	29,556	31,991
Total Liabilities	$ 46,912	$ 19,342	$ 29,556	$ 31,991

	Gateway Academy	Total Agency Fund
Assets		
Cash and cash equivalents	$ 10,615	$ 842,066
Receivables	-	466
Total Assets	$ 10,615	$ 842,532
Accounts payable	$ 54	$ 10,165
Due to student groups	10,561	832,367
Total Liabilities	$ 10,615	$ 842,532

CHRISTIAN COUNTY SCHOOL DISTRICT

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

June 30, 2014

SCHOOL	CASH BALANCES July 1, 2013	RECEIPTS	DISBURSE-MENTS	CASH BALANCES June 30, 2014	RECEIVABLES June 30, 2014	ACCOUNTS PAYABLE June 30, 2014	DUE TO STUDENT GROUPS June 30, 2014
Belmont Elementary	$ 22,659	$ 35,841	$ 23,479	$ 35,021	$ -	$ -	$ 35,021
Christian County High	147,514	434,851	433,702	148,663	135	-	148,798
Christian County Middle	42,530	96,222	88,789	49,963	-	-	49,963
Crofton Elementary	5,690	24,902	27,718	2,874	-	-	2,874
Holiday Elementary	20,833	44,798	53,849	11,782	-	1,194	10,588
Hopkinsville High	258,071	439,990	432,049	266,012	314	1,406	264,920
Hopkinsville Middle	104,708	143,486	149,491	98,703	17	2,160	96,560
Indian Hills Elementary	25,411	24,007	28,188	21,230	-	-	21,230
Lacy Elementary	8,873	34,503	30,156	13,220	-	-	13,220
Martin Luther King Elementary	19,773	40,980	38,412	22,341	-	-	22,341
Millbrooke Elementary	43,290	95,902	92,280	46,912	-	5,102	41,810
North Drive Middle	43,299	44,365	68,322	19,342	-	113	19,229
Pembroke Elementary	35,538	10,125	16,107	29,556	-	-	29,556
Sinking Fork Elementary	28,905	18,921	15,835	31,991	-	-	31,991
South Christian Elementary	37,877	24,408	28,444	33,841	-	136	33,705
Gateway Academy	7,645	8,263	5,293	10,615	-	54	10,561
	$ 852,616	$1,521,564	$ 1,532,114	$ 842,066	$ 466	$ 10,165	$ 832,367

CHRISTIAN COUNTY SCHOOL DISTRICT

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

CHRISTIAN COUNTY HIGH SCHOOL

YEAR ENDED JUNE 30, 2014

NAME OF ACTIVITY	CASH BALANCES July 1, 2013	RECEIPTS	DISBURSE-MENTS	CASH BALANCES June 30, 2014	RECEIVABLES June 30, 2014	ACCOUNTS PAYABLE June 30, 2014	DUE TO STUDENT GROUPS June 30, 2014
General	$ 11,612	$ 16,012	$ 23,107	$ 4,517	$ -	$ -	$ 4,517
General Fee	285	-	-	285	-	-	285
Free & Reduced Lunch	-	59,287	59,287	-	-	-	-
PD CHHS	56	-	-	56	-	-	56
Background Checks	-	500	500	-	-	-	-
Guidance	1,951	22,809	1,872	22,888	-	-	22,888
Drivers Ed	-	-	-	-	-	-	-
General Administrative	19	1,430	-	1,449	-	-	1,449
Book Rental Fees	5,972	11,215	13,176	4,011	-	-	4,011
Teacher of the Year	-	500	462	38	-	-	38
Energy Incentive	-	-	-	-	-	-	-
Teachers Concessions	660	5,778	5,082	1,356	-	-	1,356
Athletic General	-	135,211	135,210	1	-	-	1
Hall of Fame	1,945	100	1,650	395	-	-	395
Toyota Football	-	-	-	-	-	-	-
Step Team	-	-	-	-	-	-	-
Activity Fee	3,111	22,120	18,658	6,573	-	-	6,573
Academic Team	-	2,623	2,490	133	-	-	133
Dance Team	3,300	6,179	5,824	3,655	-	-	3,655
Drama Club	349	2,107	1,386	1,070	-	-	1,070
FBLA	198	10,790	10,500	488	-	-	488
FCA	118	-	-	118	-	-	118
AG	1,192	-	832	360	-	-	360
FFA	10,432	48,395	46,062	12,765	-	-	12,765
FCCLA	709	-	-	709	-	-	709
Field Trip	-	-	-	-	-	-	-
Colonel Graphics	481	183	-	664	-	-	664
Crime Stoppers	209	-	-	209	-	-	209
Key Club	2,446	4,603	3,242	3,807	-	-	3,807
Gentlemen's Club	-	-	-	-	-	-	-
NHS	285	2,071	1,695	661	-	-	661
Octamiss	173	-	-	173	-	-	173
Sr Beta	750	3,836	1,870	2,716	-	-	2,716
Student Council	2,710	4,254	4,963	2,001	-	-	2,001
Prof. Careers	-	-	-	-	-	-	-
STLP	127	-	-	127	-	-	127
Band Fees	1,989	12,371	7,535	6,825	-	-	6,825
Art	2,086	7,374	4,805	4,655	-	-	4,655
Crockam	-	2,003	1,915	88	-	-	88
English	6,576	6,730	1,480	11,826	-	-	11,826
Humanities	2,311	1,627	1,210	2,728	-	-	2,728
Physical Education	1,466	1,058	1,998	526	-	-	526
ESS	286	-	-	286	-	-	286
Science Fees	13,336	7,365	8,179	12,522	-	-	12,522
Theatre Arts Fee	259	352	289	322	-	-	322
KYA	354	12,115	6,970	5,499	-	-	5,499
ROTC1	568	3,905	4,213	260	-	-	260
Choir	1,759	2,313	1,493	2,579	-	-	2,579
FCS (Home Ec)	1,372	3,300	2,662	2,010	-	-	2,010
Business Fees	2,858	3,265	1,937	4,186	-	-	4,186
Math Fees	1,853	1,891	1,624	2,120	-	-	2,120
Cheerleading V&JV	4,577	5,747	9,617	707	-	-	707
Yearbook	374	20,098	20,392	80	-		80
World Language Club	-	591	118	473	-	-	473
Library	1,336	51	-	1,387	-	-	1,387
Prom	10,141	10,028	8,681	11,488	-	-	11,488
Renaissace	93	-	93	-	-	-	-

CHRISTIAN COUNTY SCHOOL DISTRICT

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES - CONCLUDED

CHRISTIAN COUNTY HIGH SCHOOL

YEAR ENDED JUNE 30, 2014

NAME OF ACTIVITY	CASH BALANCES July 1, 2013	RECEIPTS	DISBURSE-MENTS	CASH BALANCES June 30, 2014	RECEIVABLES June 30, 2014	ACCOUNTS PAYABLE June 30, 2014	DUE TO STUDENT GROUPS June 30, 2014
Braem CBI	-	1,011	1,011	-	-	-	-
Graham CBI	-	1,000	1,000	-	-	-	-
Keeton CBI	-	1,000	850	150	-	-	150
Wood CBI	-	1,000	1,000	-	-	-	-
YSC D.Pyle	6,719	10,368	10,400	6,687	-	-	6,687
Project Graduation	22,886	1,739	24,574	51	-	-	51
Student Health	58	-	-	58	-	-	58
Marie Price Scholars	50	-	-	50	-	-	50
Running Club	-	-	-	-	-	-	-
FFA Scholarships	1,000	-	1,000	-	-	-	-
Project Grad CD	4,449	2	4,451	-	-	-	-
Project Grad CD	9,662	8	9,670	-	-	-	-
Charitable Gaming	6	18,920	19,051	(125)	135	-	10
Sub total	$ 147,514	$ 497,235	$ 496,086	$ 148,663	$ 135	$ -	$ 148,798
Interfund Transfers	-	62,386	62,386	-	-	-	-
Total	$ 147,514	$ 434,849	$ 433,700	$ 148,663	$ 135	$ -	$ 148,798

CHRISTIAN COUNTY SCHOOL DISTRICT

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

HOPKINSVILLE HIGH SCHOOL

YEAR ENDED JUNE 30, 2014

NAME OF ACTIVITY	CASH BALANCES July 1, 2013	RECEIPTS	DISBURSE-MENTS	CASH BALANCES June 30, 2014	RECEIVABLES June 30, 2014	ACCOUNTS PAYABLE June 30, 2014	DUE TO STUDENT GROUPS June 30, 2014
Pepsi	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Journalism	-	-	-	-	-	-	-
AYD	392	-	331	61	-	-	61
Field Trip Wages	-	-	-	-	-	-	-
Broadcasting	-	-	-	-	-	-	-
General	8,860	51,545	18,419	41,986	272	265	41,993
Book Obligations	-	-	-	-	-	-	-
Student Agenda	-	-	-	-	-	-	-
HHS Ping Pong Club	-	-	-	-	-	-	-
Lockers	11,297	-	11,297	-	-	-	-
Parking Permits	10,714	208	10,922	-	-	-	-
Vending Machines	26,683	7,867	34,550	-	-	-	-
Teachers Drinks	2,577	3,378	4,447	1,508	-	-	1,508
Teacher Incentives	-	-	-	-	-	-	-
Athletic Department	63,565	128,851	109,637	82,779	-	-	82,779
Claiborne/Toyota	-	-	-	-	-	-	-
Baseball	925	2,810	2,602	1,133	-	-	1,133
Boys Basketball	3,688	2,320	1,200	4,808	-	-	4,808
Girls Basketball	290	1,065	-	1,355	-	-	1,355
Cross Country	331	-	331	-	-	-	-
Football	740	18,243	13,325	5,658	-	-	5,658
Soccer	241	-	-	241	-	-	241
Girls Soccer	564	2,549	1,700	1,413	-	-	1,413
Softball	1,658	4,065	3,391	2,332	-	-	2,332
Swim Team	1,038	-	179	859	-	-	859
Track	3,575	4,187	1,703	6,059	-	-	6,059
Wrestling	906	3,555	3,778	683	-	-	683
Volleyball	1,694	3,000	4,107	587	-	-	587
Cheerleaders	8,102	11,568	12,276	7,394	-	-	7,394
Dance	838	13,006	13,444	400	-	-	400
Beta Club	2,627	4,196	5,583	1,240	-	-	1,240
Drama Club	2,221	1,385	1,998	1,608	-	-	1,608
FBLA	1,669	6,937	7,154	1,452	-	-	1,452
FFA	14,991	21,871	22,821	14,041	-	-	14,041
Key Club	-	-	-	-	-	-	-
Spanish Club	99	1,224	802	521	-	-	521
National Honor Society	3,509	-	300	3,209	-	-	3,209
Renaissance	343	2,092	1,312	1,123	-	-	1,123
Science Olympiad	90	4,460	4,309	241	-	-	241
Student Council	2,074	4,957	4,631	2,400	42	-	2,442
Art	52	1,602	1,182	472	-	-	472
Band	3,780	17,076	15,062	5,794	-	-	5,794
Marching Band	3,970	12,715	7,826	8,859	-	-	8,859
Business	4,286	2,456	1,394	5,348	-	-	5,348
English	6,543	2,051	2,985	5,609	-	-	5,609
Health Occupations	50	379	339	90	-	-	90
Family, Consumer Science	1,905	4,485	1,968	4,422	-	-	4,422
JROTC	1,112	17,846	15,346	3,612	-	-	3,612
Math	763	3,175	1,372	2,566	-	-	2,566
Science	1,851	5,141	4,735	2,257	-	-	2,257
Vocal Music	4,081	3,123	2,367	4,837	-	563	4,274
Student Technology	8,459	2,292	7,006	3,745	-	-	3,745
Weightlifting	1,487	540	1,212	815	-	-	815
Lifetime Activities	-	-	-	-	-	-	-
Class of 2016	-	-	-	-	-	-	-
Class of 2015	422	9,537	4,612	5,347	-	79	5,268
Class of 2014	4,941		3,955	986	-	499	487
Class of 2013	2,122	-	1,796	326	-	-	326

CHRISTIAN COUNTY SCHOOL DISTRICT

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES - CONCLUDED

HOPKINSVILLE HIGH SCHOOL

YEAR ENDED JUNE 30, 2014

NAME OF ACTIVITY	CASH BALANCES July 1, 2013	RECEIPTS	DISBURSE-MENTS	CASH BALANCES June 30, 2014	RECEIVABLES June 30, 2014	ACCOUNTS PAYABLE June 30, 2014	DUE TO STUDENT GROUPS June 30, 2014
Teacher of the Year	-	500	-	500			500
Fashionable Tigers	-	190	-	190			190
AP Guides	-	4,254		4,254			4,254
Region 2 FCCLA	-	775	173	602			602
Guidance	1,263	1,265	1,829	699	-	-	699
Guidance Testing	1,168	18,356	15,603	3,921	-	-	3,921
Library	354	-	120	234	-	-	234
Yearbook	17,006	20,817	36,337	1,486	-	-	1,486
FCCLA	160	5,477	4,684	953	-	-	953
HOSA	-	-	-	-	-	-	-
Community Base Grant	63	1,437	1,500	-	-	-	-
CBI 2	80	1,516	1,398	198	-	-	198
Debate & Speech	592	160	166	586	-	-	586
Accounting Club	371	-	222	149	-	-	149
Office Operation	-	-	-	-	-	-	-
Hclub	-	2,462	2,177	285	-	-	285
Team Sports	-	-	-	-	-	-	-
Ink Recycling	656	-	-	656	-	-	656
KYA	120	7,171	6,805	486	-	-	486
FCA	44	133	-	177	-	-	177
Step Team	301	-	-	301	-	-	301
Tri-M	764	-	-	764	-	-	764
PE/Health	2,194	2,817	4,019	992	-	-	992
Art Club	43	160	129	74	-	-	74
Social Studdies	-	-	-	-	-	-	-
JROTC Color Guard	1,153	117	597	673	-	-	673
HHS Ruff Scholarship	-	-	-	-	-	-	-
School Newspaper	-	-	-	-	-	-	-
Drama Class	414	5,585	4,999	1,000	-	-	1,000
Scholars Fund	413	8,094	7,636	871	-	-	871
Special Trip Account	2,019	-	-	2,019	-	-	2,019
Tigers & Stitches	-	-	-	-	-	-	-
Girl's Track	536	-	536	-	-	-	-
Tiger Law Society	327	18,727	18,770	284	-	-	284
Humanities Club	104	-	-	104	-	-	104
Energy Incentive	1	-	-	1	-	-	1
Band 2014	2,200	4,350	4,280	2,270	-	-	2,270
HHS I-20	250	-	-	250	-	-	250
Background Check	375	635	651	359	-	-	359
Staff Donation Fund	549	375	426	498	-	-	498
Tiger Take Out	1,790	-	1,790	-	-	-	-
Money Skills Class	275	-	275	-	-	-	-
HHS SOS	-	-	-	-	-	-	-
Senior Trip	361	-	361	-	-	-	-
Sub total	$ 258,071	$ 493,130	$ 485,189	$ 266,012	$ 314	$ 1,406	$ 264,920
Interfund Transfers	-	53,139	53,139	-	-	-	-
Total	$ 258,071	$ 439,991	$ 432,050	$ 266,012	$ 314	$ 1,406	$ 264,920

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

CHRISTIAN 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.S. DEPARTMENT OF AGRICULTURE			
Child Nutrition Cluster -			
Passed Through State Department of Education:			
National School Lunch	10.555	7750002-13	$ 641,911
		7750002-14	2,566,794
School Breakfast Program	10.553	7760005-13	245,529
		7760005-14	956,427
Summer Food Service Program for Children	10.559	7690024-13	2,727
		7740023-13	26,292
		7740023-14	25,050
Non-Cash Assistance (Commodities)			
National School Lunch Program	10.555	057502-02	361,218
TOTAL CHILD NUTRITION CLUSTER			4,825,948
OTHER U.S. DEPARTMENT OF AGRICULTURE PROGRAMS			
Passed Through State Department of Education:			
State Administrative	10.560	7850012-14	1,000
Fresh Fruit and Vegetable Program	10.582	77200012-11	6,563
		77200012-12	73,505
			81,068
TOTAL U.S. DEPT. OF AGRICULTURE			4,907,016
U.S. DEPARTMENT OF DEFENSE			
National Guard Civilian Youth Opportunities	12.404	5043	(8,493)
		5044	108,340
			99,847
Competitive Grants: Promoting K-12 Student Achievement at Military Connected Schools	12.556	6352	191,715
		6354	532,705
Passed Through University of Kentrucky:			
Competitive Grants: Promoting K-12 Student Achievement at Military Connected Schools	12.556	4294	680,760
			1,405,180
TOTAL U.S. DEPARTMENT OF DEFENSE			1,505,027
U.S. DEPARTMENT OF LABOR			
Passed Through Western Kentucky Area Development District			
WIA Youth Activities	17.259	5884	110,309
Job Training Partnership Act	17.250	3824	9,561
TOTAL U.S. DEPARTMENT OF LABOR			119,870
U.S. DEPARTMENT OF EDUCATION			
Special Education Cluster -			
Passed Through State Department of Education:			
Special Education - Grants to States	84.027	3372C	179,459
		3372P	26,089
		3373	179,431
		3373P	34,261
		3374	1,638,053
			2,057,293
Special Education - Preschool Grants	84.173	3432	(22,611)
		3432C	26,063
		3432P	827
		3433	146,223
		3433P	799
			151,301
TOTAL SPECIAL EDUCATION CLUSTER			2,208,594

The accompanying notes are an integral part of this schedule.

CHRISTIAN COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

YEAR ENDED JUNE 30, 2014

FEDERAL GRANTOR/PASS-THROUGH GRANTOR / PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS THROUGH GRANTOR'S NUMBER	FEDERAL EXPENDITURES
School Improvement Grants Cluster			
Passed Through State Department of Education			
School Improvement Grants	84.377	4602	120,339
		4603	507,383
			627,722
ARRA - School Improvement Grants, Recovery Act	84.388A	5600C	49,289
			49,289
TOTAL SCHOOL IMPROVEMENT GRANTS CLUSTER			677,011
OTHER U.S. DEPARTMENT OF EDUCATION PROGRAMS			
Impact Aid	84.041	GF	220,646
Passed Through State Department of Education			
Title I Grants to Local Educational Agencies	84.010	3102	636
		3102D	143,273
		3103	710,299
		3103M	12,653
		3103T	9,676
		3104	3,049,715
		3104M	21,032
		3134	13,480
		3134T	2,360
		3143	748
		3144	70,887
		3203E	1,970
		3204E	100,222
			4,136,951
Migrant Education - State Grant Program	84.011	3113	42,996
		3114	55,171
			98,167
Vocational Education - Basic Grants to States	84.048	3483	16,441
		3483A	5,653
		3484	103,016
			125,110
Education for Homeless Children and Youth	84.196	3163	23,172
		3164	27,293
			50,465
Twenty-First Century Community Learning Centers	84.287	5502	42,538
		5502J	1,000
		5503	51,375
		5503S	5,000
			99,913
English Language Acquisition Grants	84.365	3452	7,348
		3453	10,576
			17,924
Improving Teacher Quality - State Grants	84.367	4012	181,298
		4013	591,322
		4014	30,272
			802,892
Race to the Top	84.413A	4521	53,832
TOTAL U.S. DEPARTMENT OF EDUCATION			8,491,505

The accompanying notes are an integral part of this schedule.

CHRISTIAN COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONCLUDED

YEAR ENDED JUNE 30, 2014

FEDERAL GRANTOR/PASS-THROUGH GRANTOR / PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS THROUGH GRANTOR'S NUMBER	FEDERAL EXPENDITURES
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through State Department of Education			
ARRA - Head Start, Recovery Act	93.708	6553C	27,287
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			27,287
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 15,050,705

CHRISTIAN 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 Christian 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 Christian County School District, it is not intended to and does not present the financial position, changes in net assets or cash flows of Christian 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

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

Section I-Summary of Auditor's Results

Financial Statements

Type of auditor's report issued (unmodified):

Internal control over financial reporting:

• Material weakness(es) identified?	___X___yes	_____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

Section I-Summary of Auditor's Results - Continued

Identification of major programs:

CFDA Number	Federal Program or Cluster
	DEPARTMENT OF DEFENSE
12.556	Competitive Grants: Promoting K-12 Student Achievement at Military Connected Schools
	DEPARTMENT OF EDUCATION
	Special Education Cluster
84.027	Special Education - Grants to States
84.173	Special Education - Preschool Grants
	Other Programs
84.010	Title I Grants to Local Educational Agencies

Dollar threshold used to distinguish
Between type A and type B programs: $ 451,521

Auditee qualified as low-risk auditee? _____yes ___X_no

Section II – Financial Statement Findings

MATERIAL WEAKNESSES

REFERENCE NUMBER 2014-001 ADJUSTMENTS

Criteria: The District's management is responsible for establishing and maintaining internal controls for the proper recording of all the District's accounting transactions.

Condition: As part of the audit we proposed material adjustments to the financial statements.

Cause: The District did not identify items to be corrected.

Effect: The design of the internal controls identifying adjustments did not prevent material adjustments.

Recommendation: We recommend District management and financial personnel review the procedures and processes involved in recording journal entries and enhance its internal control policies to ensure proper recording of these items.

Management Response: Management will review the procedures and processes involved in recording journal entries and enhance its internal control policies to ensure proper recording of these items by October 31, 2014.

Section III – Federal Award Findings and Questioned Costs

No matters

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

CHRISTIAN 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 AND 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

STILES, CARTER & ASSOCIATES, P.S.C.
CERTIFIED PUBLIC ACCOUNTANTS
2901 RING ROAD EAST
P. O. BOX 622
ELIZABETHTOWN, KY 42702-0622

TELEPHONE 270/769-6371
FAX 270/765-7934
www.scacpa.com

MEMBER
AMERICAN INSTITUTE
OF CPAs
KENTUCKY SOCIETY
OF CPAs

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Education
Christian County School District
Hopkinsville, 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 Christian County School District as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Christian County School District's basic financial statements, and have issued our report thereon dated October 7, 2014.

Internal Control Over Financial Reporting

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

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying *Schedule of Findings and Questioned Costs*, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the deficiency described in the accompanying *Schedule of Findings and Questioned Costs* as item 2014-001 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Christian 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 Christian County School District in a separate letter dated October 7, 2014.

Christian County School District's Response to Findings

Christian County School District's response to the findings identified in our audit described in the accompanying *Schedule of Findings and Questioned Costs.* Christian County School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Stiles, Carter & Associates

Certified Public Accountants
Elizabethtown, Kentucky
October 7, 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

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

STILES, CARTER & ASSOCIATES, P.S.C.
CERTIFIED PUBLIC ACCOUNTANTS
2901 RING ROAD EAST
P. O. BOX 622
ELIZABETHTOWN, KY 42702-0622

TELEPHONE 270/769-6371
FAX 270/765-7934
www.scacpa.com

MEMBER
AMERICAN INSTITUTE
OF CPAs
KENTUCKY SOCIETY
OF CPAs

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Education
Christian County School District
Hopkinsville, Kentucky

Report on Compliance for Each Major Federal Program

We have audited Christian 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 Christian County School District's major federal programs for the year ended June 30, 2014. Christian 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 Christian 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; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. 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 Christian 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 Christian County School District's compliance

Opinion on Each Major Federal Program

In our opinion, Christian 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 Christian 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 Christian 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 Christian 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.

Stites, Carter & Associates

Certified Public Accountants
Elizabethtown, Kentucky
October 7, 2014

MANAGEMENT LETTER AND COMMENTS

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

STILES, CARTER & ASSOCIATES, P.S.C.
CERTIFIED PUBLIC ACCOUNTANTS
2901 RING ROAD EAST
P. O. BOX 622
ELIZABETHTOWN, KY 42702-0622

TELEPHONE 270/769-6371
FAX 270/765-7934
www.scacpa.com

MEMBER
AMERICAN INSTITUTE
OF CPAs
KENTUCKY SOCIETY
OF CPAs

Members of the Board of Education of
Christian County School District
Hopkinsville, Kentucky

In planning and performing our audit of the basic financial statements of Christian County School District for the year ended June 30, 2013, 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 October 7, 2014, contains our report on the District's internal control. This letter does not affect our report dated October 7, 2014, on the financial statements of the Christian 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 Christian County Board of Education, others within the District, the Kentucky Department of Education, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Stiles, Carter & Associates

Certified Public Accountants
Elizabethtown, Kentucky
October 7, 2014

CHRISTIAN COUNTY SCHOOL DISTRICT

COMMENTS

June 30, 2014

3RD YEAR UNCORRECTED

BELMONT ELEMENTARY

INVENTORY
We noted receipts for Bookstore did not contain form F-SA-5, Inventory Controls.

We noted one form F-SA-5, Inventory Control Worksheet, completed for snack sales for the month of August, however snack sales were ongoing throughout the end of the year, and ending inventory on the August count sheet was $309.25.

MANAGEMENT RESPONSE
Management will meet with school personnel and implement corrective action by October 31, 2014.

HOPKINSVILLE HIGH

TICKET SALES
We noted that the ticket sales in the amounts of $1,258.00, $1,782.00, $882.00, $1,765.00 were collected on 03/17/2014 and 03/18/2014 were not deposited until 03/19/2014.

EXTERNAL SUPPORT/BOOSTER ORGANIZATIONS
We noted the Band and Boys Basketball booster clubs submitted a check register in place of an Annual Financial Report for 2013-2014.

We noted Girls Soccer, Girls Basketball, and Swim booster clubs submitted an Annual Financial Report for 2013-2014 without beginning and ending balances.

We noted the Boys Basketball booster club did not submit a budget for 2013-2014.

MANAGEMENT RESPONSE
Management will meet with school personnel and implement corrective action by October 31, 2014.

2ND YEAR UNCORRECTED COMMENTS

CHRISTIAN COUNTY MIDDLE

MULTIPLE RECEIPT FORMS
We noted a deposit dated 02/27/2014 in the amount of $565.00 had an attached Multiple Receipt Form (F-SA-6) in the amount of $180.00 to the Beta Club Fund for dues received where the student's signatures were all completed by the same person.

MANAGEMENT RESPONSE
Management will meet with school personnel and implement corrective action by October 31, 2014.

MARTIN LUTHER KING JR ELEMENTARY

SEGREGATION OF DUTIES
We noted that the school's bookkeeper prints the checks, enters invoices into the accounting system, matches invoices to checks, clears the checks in the accounting system, and reconciles the bank account. These duties should be segregated.

MANAGEMENT RESPONSE
Management will meet with school personnel and implement corrective action by October 31, 2014.

MILLBROOKE ELEMENTARY

SEGREGATION OF DUTIES
We noted that the bookkeeper enters the invoices into the accounting system, prints the checks, and matched invoices to checks. These duties should be segregated.

MANAGEMENT RESPONSE
Management will meet with school personnel and implement corrective action by October 31, 2014.

SINKING FORK ELEMENTARY

SEGREGATION OF DUTIES
We noted that the school's bookkeeper prints the checks, enters invoices into the accounting system, matches invoices to checks, clears the checks in the accounting system, and reconciles the bank account. These duties should be segregated.

MANAGEMENT RESPONSE
Management will meet with school personnel and implement corrective action by October 31, 2014.

PRIOR YEAR UNCORRECTED COMMENTS

BELMONT ELEMENTARY

FUNDRAISERS
We noted the receipts for the following fundraisers did not contain form F-SA-2A, Fundraiser Approval: Candy Sales, 100 Mile Club, Box Tops and T-Shirt Sales.

We noted the following fundraisers did not contain form F-SA-2, Fundraiser Worksheet: Candy Sales, 100 Mile Club, Box Tops and T-Shirt Sales.

MANAGEMENT RESPONSE
Management will meet with school personnel and implement corrective action by October 31, 2014.

CHRISTIAN COUNTY MIDDLE

INVENTORY CONTROL
We noted form F-SA-5, Inventory Control Worksheet, for the Science Fund gumball fundraiser showed the date of "8/14/2013 – end of the year". Forms F-SA-2B, Fundraiser Worksheets were completed for the dates of 8/14/13 – 10/11/13, 5/1/14, and 6/4/14. Redbook requires that Inventory Control Worksheets to be completed monthly.

MANAGEMENT RESPONSE
Management will meet with school personnel and implement corrective action by October 31, 2014.

HOLIDAY ELEMENTARY

FUNDRAISERS
We noted form F-SA-2A, Fundraiser Approval for Magazine Sales for the Library fund, did not contain approval on file with the County Clerk office.

We noted form F-SA-2B, Fundraiser Worksheet, for the Spring Bookfair with the Library fund did not have information completed for Total Budgeted Sales, Total Receipts, Total Expenses and Total Value of Unsold Items. Actual Profit was completed showing $1,176.33. We noted that check 4304 dated 3/19/2014 in the amount of $3,901.29 written to Scholastic Bookfairs for spring bookfair from the Library fund contained an invoice from Scholastic showing $5,077.62 collected in cash and checks.

MANAGEMENT RESPONSE
Management will meet with school personnel and implement corrective action by October 31, 2014.

HOPKINSVILLE HIGH

TRAVEL REIMBURSEMENT
We noted check 15597 dated 6/10/2014 in the amount of $421.20 written to Keith Kelley for travel reimbursement from the Athletic Department fund contained form F-SA-16, Travel Voucher, which showed dates of travel back to 1/29/2014. The Redbook requires that travel reimbursement be submitted within one week of travel.

We noted check 15564 dated 05/29/2014 in the amount of $91.80 written to Curtis Higgins for a travel reimbursement from the Athletic Department fund contained form F-SA-16, Travel Voucher, which showed dates of travel back to 03/08/2014. The Redbook requires that travel reimbursement be submitted within one week of travel.

MANAGEMENT RESPONSE
Management will meet with school personnel and implement corrective action by October 31, 2014.

CHRISTIAN COUNTY SCHOOL DISTRICT

COMMENTS – CONTINUED

June 30, 2014

HOPKINSVILLE HIGH – CONTINUED

UNALLOWABLE PURCHASE
We noted check 15263 dated 2/17/2014 in the amount of $300 written to Velvet Allison for child care certification from the Vending Machines account.

We noted check 15508 dated 5/20/2014 in the amount of $1,440.20 written to MyOffice Products for Computer lab ink from the Student Technology Fund.

MANAGEMENT RESPONSE
Management will meet with school personnel and implement corrective action by October 31, 2014.

HOPKINSVILLE MIDDLE

MULTIPLE RECEIPT FORMS
We noted that a deposit dated 4/7/2014 in the amount of $385 contained a check from PTO in the amount of $300 for 8th grade dance decorations and a check from Commonwealth of Kentucky in the amount of $60 that were not recorded on form F-SA-6, Multiple Receipt Form.

MANAGEMENT RESPONSE
Management will meet with school personnel and implement corrective action by October 31, 2014.

LACY ELEMENTARY

INVENTORY CONTROLS
We noted that forms F-SA-5, Inventory Control for the snack sales were not completed properly. The August count showed an overage of $88 without an explanation. The September count did not carry forward the ending balance of August, showing a variance of $44.75, and only had completed the total beginning inventory and collections. There were no totals and the form did not contain a signature and date by the person completing the inventory. Total deliveries showed "see attached", however there was no attached delivery listing. There was no detail for total ending inventory. October count showed a beginning balance of $1,689.75 and Subtotal A equaled $3,326.58. Subtotal B equaled $2191.85, however there was no detail to explain the shortage of $1,134.73. Ending inventory on October count sheet was $1,138.13 higher than the beginning inventory in November. November Subtotal A and B were not completed, however when calculated, showed an overage of $2,308.96 with no explanation of the variance.

UNALLOWABLE PURCHASE
We noted check 2439 dated 10/30/2013 in the amount of $259.06 written to Cornette's Office Supply for the purchase of hp cartridges from the Comp4Ed fund and cardstock from the donations fund, however there were no donation forms on file to verify if this was the intended use of funds.

UNAPPROVED PURCHASE
We noted check 2424 dated 9/4/2013 in the amount of $157.21 written to Diana Hight for the purchase of ear buds from the Donations fund, contained form F-SA-7, Purchase Order, that was originally approved for Dollar Tree.

MANAGEMENT RESPONSE
Management will meet with school personnel and implement corrective action by October 31, 2014.

NORTH DRIVE MIDDLE

MULTIPLE RECEIPT FORMS
We noted that the deposit made on 06/16/2014, in the amount of $3,001.00, contained forms F-SA-6, Multiple Receipt Forms, for yearbook sales in the amounts totaling $2,381.00 where the student signatures were completed by the teacher.

MANAGEMENT RESPONSE
Management will meet with school personnel and implement corrective action by October 31, 2014.

INVENTORY CONTROL
We noted that the t-shirt fundraiser held via the Boys Basketball account completed one form F-SA-5, Inventory Control Worksheet, for the time period 01/01/2014 to 06/06/2014.

MANAGEMENT RESPONSE
Management will meet with school personnel and implement corrective action by October 31, 2014.

CURRENT YEAR COMMENTS

BELMONT ELEMENTARY

GRANTS
We noted deposit dated 9/4/2013 in the amount of $958.50 contained a check from the Gen YOUth Foundation for a Child Obesity Grant which was deposited into the school's bank account. The Redbook requires that no grant monies be deposited through the school activity funds.

MANAGEMENT RESPONSE
Management will meet with school personnel and implement corrective action by October 31, 2014.

UNTIMELY DEPOSIT
We noted that a deposit dated 9/4/2013 in the amount of $958.50 contained a "Bank Deposit" Form created by the school, dated 8/26/2013. Within this deposit was a check for a grant from Active Schools Acceleration Project in the amount of $500, two checks from the Commonwealth of Kentucky for disability in the total amount of $80 and a check from a teacher for a jeans donation in the amount of $25 that were not documented on form F-SA-6, Multiple Receipt Form or dated when received. Also included within this deposit was $353.50 for snacks from students that was not completed on form F-SA-17, Sales Collection Form. The grant from Active Schools Acceleration Project was documented on form F-SA-18, Donation Acceptance Form, that was dated 8/28/2013.

We noted that a deposit dated 1/9/2014 in the amount of $1,696.73 contained a check from Bluegrass Specialty Foods in the amount of $170.63 for a Zaxbys night and a check from BoxTops in the amount of $1,354.60 that were not documented on form F-SA-6, Multiple Receipt Form and were not dated when received. We also noted form F-SA-6, Multiple Receipt Form, in the amount of $122.50 for the collection of recorder fees dated 10/1/2013 by the person remitting the money and the bookkeeper.

MANAGEMENT RESPONSE
Management will meet with school personnel and implement corrective action by October 31, 2014.

CHRISTIAN COUNTY HIGH

CHARITABLE GAMING
We noted the ending balance on 6/30/2014 in the Charitable Gaming bank account is -$125.00.

MANAGEMENT RESPONSE
Management will meet with school personnel and implement corrective action by October 31, 2014.

TRANSFERS
We noted the following unallowable transfer: transfer #697 dated 5/13/2014 from General Fund to Teachers Concession in the amount of $2,320 for a best faith effort field trip.

MANAGEMENT RESPONSE
Management will meet with school personnel and implement corrective action by October 31, 2014.

EXTERNAL SUPPORT/BOOSTER ORGANIZATION
We noted the following External Support/Booster Organizations submitted a Budget for 2013-2014, however the budget was not signed by the Treasurer and President and was not signed and dated by the Principal: Band, Baseball, Basketball, Cheer, Choir, Cross Country, Football, ROTC, Softball, Volleyball and Wrestling.

We noted the Soccer External Support/Booster Organization submitted a Budget for 2013-2014, however this was not signed and dated by the Principal.

MANAGEMENT RESPONSE
Management will meet with school personnel and implement corrective action by October 31, 2014.

TICKET SALES
We noted form F-SA-1, Requisition and Report of Ticket Sales, dated 12/13/2013, for the Boys Basketball Toyota Classic, contained two gates, however the total amount deposited was $300 less than the total amount of money within the change box money and the ticket sales. Total cash for both gates was $5,925, total change box for both gates was $800, less $300 that was re-deposited with the ticket sales, leaves $5,425; total amount deposited was $5,125. We also noted an explanation from the bookkeeper that $300 of the change box was accidentally re-deposited with the ticket sales, and one gate had an overage of $1,380. The person in charge of sales noted that they "ran out of tickets". Each ticket is $5, so an overage of that amount would have been 276 individuals that would have not received a ticket. There was no documentation for this overage.

We noted form F-SA-1, Requisition and Report of Ticket Sales, dated 11/8/2013, for a football game, contained a note by the bookkeeper that "cash was over because gate 1 ran out of tickets". Total overage was $535, however there was no documentation for this overage. Tickets were sold for $5, so this overage would have been 107 individuals that would have not received a ticket.

MANAGEMENT RESPONSE
Management will meet with school personnel and implement corrective action by October 31, 2014.

CHRISTIAN COUNTY HIGH – CONTINUED

FUNDRAISERS
We noted the Key Club held a fundraiser to sell World's Finest Chocolate Candy Bars, however form F-SA-2B, Fundraiser Worksheet, showed $3,000 for collections, when only $2,578.35 was actually collected, which equals a profit of $1,028.35. Profit should have actually been $1,450. There was no documentation for the missing candy bars or money.

We noted the Softball team sold season passes without the use of forms F-SA-2A, Fundraiser Approval and F-SA-2B, Fundraiser Worksheet. There was also no form F-SA-5, Inventory Control, completed.

We noted the Art fund sold Tervis tumblers without the use of form F-SA-2B, Fundraiser Worksheet.

MANAGEMENT RESPONSE
Management will meet with school personnel and implement corrective action by October 31, 2014.

UNALLOWABLE PURCHASE
We noted that check #21183, dated 09/18/2013 in the amount of $803.38, written to Lake Barkley State Resort Park for conference room rental and meals was withdrawn from the General Fund. Per Brandi Williams, bookkeeper, the conference was for teachers. Professional development should not be paid from student activity funds.

We noted that check #21893, dated 05/15/2014 in the amount of $100.00, written to a student for an AP US History Reward was not an allowable purchase. According to the check listing, there were a total of 10 checks written for this reward totaling in the amount of $1,000.00. The Redbook states that cash awards are disallowed expenditures.

We noted check 21718 dated 3/13/2014 in the amount of $5,000 written to Leigh Malone for the purchase of Washington DC meal money did not contain receipts for meals purchased and only had students sign for receipt of $40 each.

MANAGEMENT RESPONSE
Management will meet with school personnel and implement corrective action by October 31, 2014.

COACHES CARDS
We noted the school purchased approximately 20 coaches cards for individuals who are not head or assistant coaches.

MANAGEMENT RESPONSE
Management will meet with school personnel and implement corrective action by October 31, 2014.

CHRISTIAN COUNTY SCHOOL DISTRICT

COMMENTS – CONTINUED

June 30, 2014

CHRISTIAN COUNTY MIDDLE

INAPPROPRIATE FUND
We noted a deposit dated 08/07/2013 in the amount of $1,621.10 had an attached receipt for $560.00 that was deposited into the Staff Lounge Fund. One of the two Multiple Receipt Forms (F-SA-6) attached to the receipt was labeled 6th Grade Orientation Fund which totaled $480.00.

MANAGEMENT RESPONSE
Management will meet with school personnel and implement corrective action by October 31, 2014.

PURCHASE ORDERS
We noted check 12117 dated 5/27/2014 in the amount of $200 written to Leslie Clardy for the purchase of classroom supplies from the General Fund contained receipts dated before the Purchase Order date of 5/27/2014.

MANAGEMENT RESPONSE
Management will meet with school personnel and implement corrective action by October 31, 2014.

STANDARD INVOICE
We noted check 12075 dated 3/25/2014 in the amount of $230 written to Theresa Blane to reimburse for KYA from the KYA fund was not paid from form F-SA-8, Standard Invoice, but instead was only paid from form F-SA-7, Purchase Order.

MANAGEMENT RESPONSE
Management will meet with school personnel and implement corrective action by October 31, 2014.

UNALLOWABLE PURCHASE
We noted check 11992 dated 11/19/2013 in the amount of $116.81 written to VEI Communication for the purchase of repairs on 2 radios from the General Fund. Operational purchases should not be made from school activity funds.

MANAGEMENT RESPONSE
Management will meet with school personnel and implement corrective action by October 31, 2014.

SALES TAX
We noted check 12019 dated 12/16/2013 in the amount of $1,200 written to Karen Kennedy for student Christmas gifts in from the General Fund contained receipts which included total sales tax paid in the amount of $128.49.

MANAGEMENT RESPONSE
Management will meet with school personnel and implement corrective action by October 31, 2014.

CROFTON ELEMENTARY

ANNUAL FINANCIAL REPORT
We noted form F-SA-15A, Annual Financial Report, was signed and dated by the bookkeeper and principal on 7/29/2014. The Redbook requires that this form be submitted on 7/25/2014.

MANAGEMENT RESPONSE
Management will meet with school personnel and implement corrective action by October 31, 2014.

INVENTORY CONTROL
We noted yearbooks were ordered in bulk, however form F-SA-5, Inventory Control, was not completed.

MANAGEMENT RESPONSE
Management will meet with school personnel and implement corrective action by October 31, 2014.

UNTIMELY DEPOSIT
We noted a deposit dated 10/10/2013 in the amount of $1,004.43 contained form F-SA-17, Sales Collection Form, from bookfair sales on 10/8/2013.

We noted a deposit dated 5/28/2014 in the amount of $1,644.60 contained fourteen forms F-SA-6, Multiple Receipt Forms, dated between 5/19/2014 (Monday) and 5/23/2014 (Friday) for various collections in the total amount of $1,268.60 that were not deposited until 5/28/2014 (Wednesday).

MANAGEMENT RESPONSE
Management will meet with school personnel and implement corrective action by October 31, 2014.

GATEWAY ACADEMY

UNALLOWABLE PURCHASE
We noted check 4464 dated 10/24/2013 in the amount of $23.74 written to Dawn Stalker for the purchase of drinks for the advisory lunch meeting from the General fund. Items for staff are not to be paid from student activity accounts.

MANAGEMENT RESPONSE
Management will meet with school personnel and implement corrective action by October 31, 2014.

UNDOCUMENTED AWARDS
We noted check 4482 dated 4/18/2014 in the amount of $41.97 written to Ivarson USA, LLC for the purchase of Ivar Urban 20 Blue/Grey Backpacks from the General fund did not contain a signature of the individual receiving the backpack.

MANAGEMENT RESPONSE
Management will meet with school personnel and implement corrective action by October 31, 2014.

GATEWAY ACADEMY – CONTINUED

FUNDRAISERS
We noted form F-SA-2A, Fundraiser Approval, for Beef Stick sales from the Skills USA fund, however there was no form F-SA-2B, Fundraiser Worksheet, on file.

MANAGEMENT RESPONSE
Management will meet with school personnel and implement corrective action by October 31, 2014.

INVENTORY CONTROLS
We noted forms, F-SA-5, Inventory Control, for Beef Stick sales did not contain any worksheets for the months of July 2013-September 2013. Ending inventory of October did not flow through to beginning inventory of November and ending inventory of November did not flow through to beginning inventory of December. We also noted that Tera Babb, Bookkeeper, is completing all of the forms.

MANAGEMENT RESPONSE
Management will meet with school personnel and implement corrective action by October 31, 2014.

HOLIDAY ELEMENTARY

UNALLOWABLE PURCHASE
We noted check 4236 dated 8/16/2013 in the amount of $1,392.49 written to Quill for the purchase teacher supply bags, and check 4244 dated 8/26/2013 in the amount of $2,027.80 written to Quill for the purchase of ink for printers, both from the PTO account, however there were no forms F-SA-18, Donation Acceptance Forms on file.

MANAGEMENT RESPONSE
Management will meet with school personnel and implement corrective action by October 31, 2014.

HOPKINSVILLE HIGH

CASH ADVANCE
We noted check 15305 dated 3/17/2014 in the amount of $3,379 written to Tim Haworth for team meals at the Boys Basketball state tournament from the Athletic fund contained $267 disbursed to students without receipts for money spent.

MANAGEMENT RESPONSE
Management will meet with school personnel and implement corrective action by October 31, 2014.

INAPPROPRIATE FUND
We noted that the deposit made on 09/06/2013 in the amount of $2,601.14 had an attached receipt from a donation from Target for $93.57 that was deposited into the Teachers Drinks Fund. The purpose of this donation was for books, field trips, technology or art supplies.

MANAGEMENT RESPONSE
Management will meet with school personnel and implement corrective action by October 31, 2014.

HOPKINSVILLE HIGH – CONTINUED

MULTIPLE RECEIPT FORM
We noted that the deposit made on 09/06/2013 in the amount of $2,601.14 had an attached Multiple Receipt Form for field trip fees totaling $1,400.00 to the Tiger Law Society Fund where the students' signatures were all completed by the same person.

We noted that the deposit made on 06/16/2014 in the amount of $3,151.45 had an attached Multiple Receipt Form for band fees totaling $2,410.00 to the Marching Band Fund where the students' signatures were all completed by the same person.

MANAGEMENT RESPONSE
Management will meet with school personnel and implement corrective action by October 31, 2014.

COACHES CARDS
We noted approximately 14 coaches cards purchased for individuals who were not head or assistant coaches.

MANAGEMENT RESPONSE
Management will meet with school personnel and implement corrective action by October 31, 2014.

HOPKINSVILLE MIDDLE

UNALLOWABLE PURCHASE
We noted check 3613 dated 6/3/2014 in the amount of $500 written to Ken Anderson for the purchase of Good Faith Effort rewards from the Good Faith Effort account contained form F-SA-6, Multiple Receipt Form that listed students who received either $20, $50 or $100 in cash prizes for good faith effort.

We noted check 3374 dated 12/4/2013 in the amount of $213.20 written to Vei Communications for the purchase of administrative radio repairs from the General Fund.

MANAGEMENT RESPONSE
Management will meet with school personnel and implement corrective action by October 31, 2014.

CREDIT CARD SIGN IN/OUT
We noted form F-SA-13, Credit Card Sign In/Out, contained 3 pages for the Chase card, however the form only listed that there were 2 cards and did not note which card was signed out each time.

MANAGEMENT RESPONSE
Management will meet with school personnel and implement corrective action by October 31, 2014.

INVENTORY CONTROLS
We noted forms F-SA-5, Inventory Control, for Football Concessions ending balance of one count did not flow through to beginning balance of the next count for all five counts completed.

MANAGEMENT RESPONSE
Management will meet with school personnel and implement corrective action by October 31, 2014.

HOPKINSVILLE MIDDLE – CONTINUED

INCORRECT ACCOUNT
We noted a deposit dated 4/7/2014 in the amount of $385 contained a check from the Commonwealth of Kentucky in the amount of $60 for student disability for three students was deposited into the Teacher Vending account.

We noted a deposit dated 6/12/2014 in the amount of $1,233.81 contained a check from the Commonwealth of Kentucky in the amount of $60 for student disability for three students was deposited into the Teacher Vending account.

MANAGEMENT RESPONSE
Management will meet with school personnel and implement corrective action by October 31, 2014.

INDIAN HILLS ELEMENTARY

UNALLOWABLE PURCAHSE
We noted check 1200 dated 7/22/2013 in the amount of $363.96 written to Bankcard Center for the purchase of professional development conference hotel from the General Fund.

MANAGEMENT RESPONSE
Management will meet with school personnel and implement corrective action by October 31, 2014.

INVENTORY CONTROLS
We noted Yearbooks were ordered in bulk, however form F-SA-5, Inventory Control, was not completed.

MANAGEMENT RESPONSE
Management will meet with school personnel and implement corrective action by October 31, 2014.

LACY ELEMENTARY

REDBOOK FORMS
We noted within each deposit contains a form created by the school to replace form F-SA-17, Sales Collection Form, however this replacement does not have a line for the signature of the school treasurer.

MANAGEMENT RESPONSE
Management will meet with school personnel and implement corrective action by October 31, 2014.

CHRISTIAN COUNTY SCHOOL DISTRICT

COMMENTS – CONTINUED

June 30, 2014

MARTIN LUTHER KING, JR ELEMENTARY

ANNUAL FINANCIAL REPORT
We noted form F-SA-15A, Annual Financial Report, was signed and dated by the bookkeeper and the principal on 07/29/2014. The Redbook requires that this form be submitted by 07/25/2014.

MANAGEMENT RESPONSE
Management will meet with school personnel and implement corrective action by October 31, 2014.

UNALLOWABLE PURCHASE
We noted that check #4902, dated 06/02/2014 in the amount of $100.00, written to a student from the Library Fund as an award for winning the school's talent show.

We noted that check #4841, dated 11/26/2013 in the amount of $3,266.20, written to VEI Communication, from the General Fund for the purchase of portable radios. The Redbook requires that operational items not be purchased with student activity funds.

MANAGEMENT RESPONSE
Management will meet with school personnel and implement corrective action by October 31, 2014.

MILLBROOKE ELEMENTARY

NEGATIVE BALANCE
We noted, after adding receivables and accounts payables, that the Fundraiser fund had a negative balance in the amount of $369.24.

MANAGEMENT RESPONSE
Management will meet with school personnel and implement corrective action by October 31, 2014.

REDBOOK FORMS
We noted that the bookkeeper completed all of the following forms: Inventory Control Worksheets (F-SA-5) for the Chili Festival concession and popcorn concession sales, Fundraiser Worksheets (F-SA-2B) for the Great American Fundraiser and the charitable gaming fundraisers.

MANAGEMENT RESPONSE
Management will meet with school personnel and implement corrective action by October 31, 2014.

INVENTORY CONTROLS
We noted forms F-SA-5, Inventory Control Worksheets, that were completed for the Chili Festival concession and popcorn concession sales Subtotal A did not equal Subtotal B and there was no explanation as to the variance.

MANAGEMENT RESPONSE
Management will meet with school personnel and implement corrective action by October 31, 2014.

UNALLOWABLE PURCHASE
We noted that check #4194, dated 07/01/2014 in the amount of $179.63, written to Amazon.com from the General Fund was for light bulbs. The Redbook states that renovation or maintenance items are classified as disallowed expenditures.

MANAGEMENT RESPONSE
Management will meet with school personnel and implement corrective action by October 31, 2014.

NORTH DRIVE MIDDLE

TRAVEL REIMBURSEMENT
We noted check #48 dated 05/09/2014 in the amount of $187.20, written to Charla Coleman for reimbursement for mileage, contained form F-SA-7, Purchase Order Form dated 05/07/2014; however travel was 04/21/2014-04/22/2014.

MANAGEMENT RESPONSE
Management will meet with school personnel and implement corrective action by October 31, 2014.

TICKET SALES
We noted that the deposit made on 08/21/2013, in the amount of $717.00, had documentation of receipts for ticket sales in the amount of $463.00, however did not include form F-SA-1, Requisition and Report of Ticket Sales.

MANAGEMENT RESPONSE
Management will meet with school personnel and implement corrective action by October 31, 2014.

GRANTS
We noted a receipt in the amount of $2,000.00 from the Dollar General Literacy Foundation in the form of a grant that was deposited into the Youth Literacy Grant account on 09/12/2014.

MANAGEMENT RESPONSE
Management will meet with school personnel and implement corrective action by October 31, 2014.

PURCHASE ORDER
We noted check 3415 in the amount of $591.28 dated 09/09/2013 written to Christian County Board of Education for football transportation contained form F-SA-7, Purchase Order, dated 09/09/2013 and an invoice dated 09/03/2013.

MANAGEMENT RESPONSE
Management will meet with school personnel and implement corrective action by October 31, 2014.

UNALLOWABLE PURCHASE
We noted check 3398 dated 07/12/2013 in the amount of $1,139.61 written to Christian Co Board of Ed for the reimbursement of a stipend paid for C. Coleman from the Yearbook Account. Stipends can not be paid from student activity funds.

MANAGEMENT RESPONSE
Management will meet with school personnel and implement corrective action by October 31, 2014.

PEMBROKE ELEMENTARY

UNTIMELY DEPOSITS
We noted that the deposit of $200.00, dated 11/25/2013, contained a form F-SA-18, Donation Acceptance Form, for $200.00 from the American Legion Auxiliary Unit that was dated 11/20/2013, five days before the deposit was made.

MANAGEMENT RESPONSE
Management will meet with school personnel and implement corrective action by October 31, 2014.

SINKING FORK ELEMENTARY

UNTIMELY DEPOSITS
We noted that a deposit of $128.00, dated 09/05/2014, contained form F-SA-6, Multiple Receipt Form, for $110.00 for Field Trip Fees that contained checks dated 08/26/2014, 10 days before the deposit was made.

MANAGEMENT RESPONSE
Management will meet with school personnel and implement corrective action by October 31, 2014.