

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

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

Year Ended June 30, 2014

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

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Members of the Board of Education
Elizabethtown Independent School District
Elizabethtown, 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 Elizabethtown Independent School District as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the 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 39 through 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Elizabethtown Independent 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 September 5, 2014, on our consideration of Elizabethtown Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not 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 Elizabethtown Independent School District's internal control over financial reporting and compliance.



Certified Public Accountants
Elizabethtown, Kentucky
September 5, 2014

REQUIRED SUPPLEMENTARY INFORMATION

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

The discussion and analysis of Elizabethtown Independent 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 \$11.5 million. Ending cash and investments were \$15 million. The District spent \$4.1 million of construction funds that were on hand at the end of the previous fiscal year.
- Following the completion of the District long-range plan for facilities, there is a focus on investing in plant management with the age and size of our facilities reflective of this need.
- The District’s general fund fund balance improved. Fund balance increased by \$285 thousand.
- The General Fund had \$18.8 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 \$18.5 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 decreased during the fiscal year by \$817 thousand.

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, deferred outflows 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 are 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. The fiduciary funds are agency funds and private purpose trust 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 - 20 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21 - 38 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, net position was \$18.9 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 periods 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	\$ 11,504,954	\$ 15,354,377	\$ 553,786	\$ 426,788	\$ 12,058,740	\$ 15,781,165
Capital Assets	<u>30,774,003</u>	<u>27,874,490</u>	<u>374,898</u>	<u>428,997</u>	<u>31,148,901</u>	<u>28,303,487</u>
Total Assets	<u>42,278,957</u>	<u>43,228,867</u>	<u>928,684</u>	<u>855,785</u>	<u>43,207,641</u>	<u>44,084,652</u>
Deferred Outflows	<u>254,108</u>				<u>254,108</u>	-
Long-term Debt	22,696,863	23,200,486	-	-	22,696,863	23,200,486
Other Liabilities	<u>1,806,414</u>	<u>2,479,998</u>	<u>3,234</u>	<u>2,326</u>	<u>1,809,648</u>	<u>2,482,324</u>
Total Liabilities	<u>24,503,277</u>	<u>25,680,484</u>	<u>3,234</u>	<u>2,326</u>	<u>24,506,511</u>	<u>25,682,810</u>
Net Position						
Net investment in capital assets	8,388,507	5,122,546	374,898	428,997	8,763,405	5,551,543
Restricted	5,575,296	8,831,517	-	-	5,575,296	8,831,517
Unrestricted	<u>4,065,985</u>	<u>3,594,320</u>	<u>550,552</u>	<u>424,462</u>	<u>4,616,537</u>	<u>4,018,782</u>
Total Net Position	<u>\$ 18,029,788</u>	<u>\$ 17,548,383</u>	<u>\$ 925,450</u>	<u>\$ 853,459</u>	<u>\$ 18,955,238</u>	<u>\$ 18,401,842</u>

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

The District invested \$4.2 million in capital assets and paid principal of \$817 thousand on its revenue bonds.

Comments on Budget Comparisons

- The District's total revenues for the fiscal year ended June 30, 2014, net of Interfund transfers, were \$24.9 million.
- General fund budget compared to actual revenue varied slightly from line item to line item with the ending actual balance being \$3.8 million more than budget or approximately 25%. This variance was related to on-behalf payments that were not budgeted.
- The total cost of all programs and services including debt service was \$23.5 million.
- 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	\$ 350,372	\$ 301,399	\$ 497,251	\$ 345,642	\$ 847,623	\$ 647,041
Operating grants and contributions	5,388,008	5,346,580	1,069,450	937,934	6,457,458	6,284,514
Capital grants and contributions	1,915,555	1,951,839	-	-	1,915,555	1,951,839
General revenues:						
Property taxes	4,601,970	4,374,474	-	-	4,601,970	4,374,474
Motor vehicle taxes	269,045	257,677	-	-	269,045	257,677
Utility taxes	994,005	989,753	-	-	994,005	989,753
Revenue in lieu of taxes	108,171	108,177	-	-	108,171	108,177
Gain on disposal of capital assets	5,498	-	-	-	5,498	-
Investment earnings	153,853	170,779	4,754	4,053	158,607	174,832
State and formula grants	9,501,188	9,293,596	-	-	9,501,188	9,293,596
Miscellaneous	12,371	17,711	-	-	12,371	17,711
Total revenues	23,300,036	22,811,985	1,571,455	1,287,629	24,871,491	24,099,614
EXPENSES						
Program Activities						
Instruction	14,340,481	14,075,824	-	-	14,340,481	14,075,824
Student support	802,944	753,351	-	-	802,944	753,351
Instructional staff support	908,152	846,592	-	-	908,152	846,592
District administrative support	591,754	563,507	-	-	591,754	563,507
School administrative support	1,268,815	1,255,781	-	-	1,268,815	1,255,781
Business support	572,607	674,801	-	-	572,607	674,801
Plant operation and maintenance	2,363,596	2,296,948	-	-	2,363,596	2,296,948
Student transportation	713,969	677,004	-	-	713,969	677,004
Community service activities	153,611	157,275	-	-	153,611	157,275
Other	24,752	63,687	-	-	24,752	63,687
Interest costs	1,025,383	1,038,966	-	-	1,025,383	1,038,966
Business-type Activities:						
Food service	-	-	1,301,934	1,255,366	1,301,934	1,255,366
Daycare	-	-	137,116	-	137,116	-
Total expenses	22,766,064	22,403,736	1,439,050	1,255,366	24,205,114	23,659,102
Excess before transfers	533,972	408,249	132,405	32,263	666,377	440,512
Extraordinary item - KSBIT	55,283	(150,909)			55,283	(150,909)
Transfers	60,414	56,863	(60,414)	(56,863)	-	-
Increase (decrease) in net position	\$ 649,669	\$ 314,203	\$ 71,991	\$ (24,600)	\$ 721,660	\$ 289,603

Governmental Activities

Instruction comprises 63% of governmental program expenses. Support services expenses make up 32% of government expenses. The remaining expense for community services, interest and other expense accounts for the remaining 5% 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

	Governmental Activities Total Cost of Services		Net Cost of Services	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Instruction	\$ 14,340,481	\$ 14,075,824	\$ 9,733,173	\$ 9,397,575
Support Services	7,221,837	7,067,984	6,198,376	6,147,529
Community Services & Other	178,363	220,962	24,752	63,687
Facilities acquisition and construction	-	-	(1,142,882)	(1,096,845)
Interest costs	1,025,383	1,038,966	298,710	291,972
Total expenses	<u>\$ 22,766,064</u>	<u>\$ 22,403,736</u>	<u>\$ 15,112,129</u>	<u>\$ 14,803,918</u>

Business-Type Activities

The business-type activities include the food service and daycare operations. These programs had total revenues of \$1,571,455 and expenses of \$1,439,050 for fiscal year 2014. Of the revenues, \$497,251 was charges for services, \$1,069,450 was from State and Federal grants and \$4,754 was from investment earnings. 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 these activities.

The School District's Funds

Information about the School District's major funds starts on page 12. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$24.6 million and expenditures and other financing uses of \$27.6 million.

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 \$15 million, with actual amounts of \$18.8 million. Budgeted expenditures of \$20.2 million compare with actual expenditures of \$18.5 million. The most significant fluctuation is for unbudgeted on-behalf payments of \$3.5 million.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2014 the School District had \$31.1 million invested in land, buildings, vehicles, equipment and construction in progress and \$30.8 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	\$ 364,747	\$ 376,847	\$ -	\$ -	\$ 364,747	\$ 376,847
Buildings and improvements	26,317,420	23,085,887	26,542	31,442	26,343,962	23,117,329
Technology	440,747	483,876	-	-	440,747	483,876
Vehicles	146,845	203,468	-	-	146,845	203,468
General equipment	324,946	291,715	348,356	397,555	673,302	689,270
Total	27,594,705	24,441,793	374,898	428,997	27,969,603	24,870,790
Construction in progress	3,179,298	3,432,697	-	-	3,179,298	3,432,697
Total	<u>\$ 30,774,003</u>	<u>\$ 27,874,490</u>	<u>\$ 374,898</u>	<u>\$ 428,997</u>	<u>\$ 31,148,901</u>	<u>\$ 28,303,487</u>

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Beginning balance	\$ 27,874,490	\$ 25,190,369	\$ 428,997	\$ 494,375	\$ 28,303,487	\$ 25,684,744
Additions	8,653,358	4,550,465	11,222	-	8,664,580	4,550,465
Retirements	(4,387,537)	(537,978)	-	-	(4,387,537)	(537,978)
Depreciation	<u>(1,366,308)</u>	<u>(1,328,366)</u>	<u>(65,321)</u>	<u>(65,378)</u>	<u>(1,431,629)</u>	<u>(1,393,744)</u>
Ending balance	<u>\$ 30,774,003</u>	<u>\$ 27,874,490</u>	<u>\$ 374,898</u>	<u>\$ 428,997</u>	<u>\$ 31,148,901</u>	<u>\$ 28,303,487</u>

Debt

At June 30, 2014, the School District had \$22.5 million in bonds outstanding, of this amount \$1.6 million is to be paid from KSFCC funding provided by the State of Kentucky. A total of \$825 thousand is due within one year.

District Challenges for the Future

Elizabethtown Independent School District's financial status has remained steady 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 consistent growth in student enrollment during the past year.

The District is experiencing increased personnel costs associated with preschool and special needs programs that have not been funded through state or federal programs. In addition, retirement costs of KTRS and CERS continue to increase.

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.

Also, the District is facing a liability from the Kentucky School Boards' Insurance Trust of \$98 thousand, which will be paid in 2015.

With careful planning and monitoring of our finances, Elizabethtown Independent 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 2014-15 with a 19% 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 Denise Morgan, Director of Finance, 219 Helm Street, Elizabethtown, Kentucky, 42701, (270) 765-6146.

BASIC FINANCIAL STATEMENTS

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2014

Assets	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
<u>Current Assets</u>			
Cash and cash equivalents	\$ 9,072,415	\$ 521,516	\$ 9,593,931
Investments	1,887,804		1,887,804
Interfund balances	14,236	(14,236)	-
Inventory		32,921	32,921
Receivables:			
Taxes-current	102,360		102,360
Taxes-delinquent	6,337		6,337
Other receivables	42,235		42,235
Intergovernmental-State	21,260		21,260
Intergovernmental-Indirect Federal	358,307	13,585	371,892
Total Current Assets	11,504,954	553,786	12,058,740
<u>Noncurrent Assets</u>			
Non-depreciable capital assets	3,447,093		3,447,093
Depreciable capital assets, net of accumulated depreciation	27,326,910	374,898	27,701,808
Total Noncurrent Assets	30,774,003	374,898	31,148,901
Total Assets	42,278,957	928,684	43,207,641
<u>Deferred Outflows of Resources</u>			
Deferred amount on debt refundings	254,108		254,108
Total Deferred Outflows of Resources	254,108	-	254,108
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Accounts payable	298,474	3,234	301,708
Accrued payroll and related expenses	750		750
Unearned revenue	125,174		125,174
Bond obligations	825,000		825,000
Capital lease obligations	42,943		42,943
Compensated absences	384,411		384,411
KSBIT	95,626		95,626
Interest payable	129,662		129,662
Total Current Liabilities	1,902,040	3,234	1,905,274
<u>Noncurrent Liabilities</u>			
Bond obligations	21,441,676		21,441,676
Capital lease obligations	75,877		75,877
Compensated absences	1,083,684		1,083,684
Total Noncurrent Liabilities	22,601,237	-	22,601,237
Total Liabilities	24,503,277	3,234	24,506,511
<u>Net Position</u>			
Net investment in capital assets	8,388,507	374,898	8,763,405
Restricted	5,575,296		5,575,296
Unrestricted	4,065,985	550,552	4,616,537
Total Net Position	\$ 18,029,788	\$ 925,450	\$ 18,955,238

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

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
Year Ended June 30, 2014

	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges For Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business- Type Activities	Total
FUNCTIONS/PROGRAMS							
Governmental Activities:							
Instruction	\$ 14,340,481	\$ 350,372	\$ 4,210,936	\$ 46,000	\$ (9,733,173)	\$ -	\$ (9,733,173)
Support services:							
Student	802,944		149,184		(653,760)		(653,760)
Instruction staff	908,152		337,444		(570,708)		(570,708)
District administrative	591,754		32,041		(559,713)		(559,713)
School administrative	1,268,815		215,392		(1,053,423)		(1,053,423)
Business	572,607		119,726		(452,881)		(452,881)
Plant operation and maintenance	2,363,596		84,775		(2,278,821)		(2,278,821)
Student transportation	713,969		84,899		(629,070)		(629,070)
Community service activities	153,611		153,611		-		-
Facilities acquisition and construction				1,142,882	1,142,882		1,142,882
Other	24,752				(24,752)		(24,752)
Interest on long-term debt	1,025,383			726,673	(298,710)		(298,710)
Total Governmental Activities	22,766,064	350,372	5,388,008	1,915,555	(15,112,129)	-	(15,112,129)
Business-Type Activities:							
Food service	1,301,934	341,229	1,057,867			97,162	97,162
Daycare	137,116	156,022	11,583			30,489	30,489
Total Business-Type Activities	1,439,050	497,251	1,069,450	-	-	127,651	127,651
Total Primary Government	\$ 24,205,114	\$ 847,623	\$ 6,457,458	\$ 1,915,555	(15,112,129)	127,651	(14,984,478)
General Revenues:							
Taxes:							
Property taxes					4,601,970		4,601,970
Motor vehicle taxes					269,045		269,045
Utility taxes					994,005		994,005
Revenue in lieu of taxes					108,171		108,171
Gain on disposal of capital assets				5,498			5,498
Investment earnings				153,853		4,754	158,607
State and formula grants				9,501,188			9,501,188
Miscellaneous				12,371			12,371
Transfers				60,414		(60,414)	-
Extraordinary item - KSBIT				55,283			55,283
Total general revenues, transfers and extraordinary item					15,761,798	(55,660)	15,706,138
Change in net position					649,669	71,991	721,660
Net position - beginning, as previously reported					17,548,383	853,459	18,401,842
Restatement for adoption of GASB 65					(168,264)		(168,264)
Net position - beginning, as restated					17,380,119	853,459	18,233,578
Net position - ending					\$ 18,029,788	\$ 925,450	\$ 18,955,238

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

FUND FINANCIAL STATEMENTS

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2014

	General Fund	Special Revenue Fund	FSPK Fund	Construction Fund	Other Governmental Funds	Total Governmental Funds
Assets:						
Cash and cash equivalents	\$ 5,587,808	\$ -	\$ 2,638,996	\$ 9,846	\$ 977,360	\$ 9,214,010
Investments				791,646	1,096,158	1,887,804
Due from other funds	14,236					14,236
Receivables:						
Taxes - current	102,360					102,360
Taxes - delinquent	6,337					6,337
Other receivables	37,126	5,109				42,235
Intergovernmental - State		21,260				21,260
Intergovernmental - Indirect Federal		358,307				358,307
Total Assets	<u>\$ 5,747,867</u>	<u>\$ 384,676</u>	<u>\$ 2,638,996</u>	<u>\$ 801,492</u>	<u>\$ 2,073,518</u>	<u>\$ 11,646,549</u>
Liabilities and Fund Balances:						
Liabilities						
Accounts payable	\$ 141,857	\$ 48,885	\$ -	\$ 107,732	\$ -	\$ 298,474
Cash overdraft		141,595				141,595
Accrued payroll and related expenses	750					750
Unearned revenue		125,174				125,174
Total Liabilities	142,607	315,654	-	107,732	-	565,993
Fund Balances						
Restricted	100,000	69,022	2,638,996	693,760	2,073,518	5,575,296
Unassigned	5,505,260					5,505,260
Total Fund Balances	<u>5,605,260</u>	<u>69,022</u>	<u>2,638,996</u>	<u>693,760</u>	<u>2,073,518</u>	<u>11,080,556</u>
Total Liabilities and Fund Balances	<u>\$ 5,747,867</u>	<u>\$ 384,676</u>	<u>\$ 2,638,996</u>	<u>\$ 801,492</u>	<u>\$ 2,073,518</u>	<u>\$ 11,646,549</u>

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

ELIZABETHTOWN INDEPENDENT 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	\$ 11,080,556
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net position.	30,774,003
Governmental funds record debt refundings as other financing uses when the issues are refunded. Unamortized losses on refundings are reported on the statement of net position as deferred outflows of resources.	254,108
Certain liabilities are not reported in this fund financial statement because they are not due and payable, but they are presented in the statement of net position:	
Bonds payable (net of discounts/premiums)	(22,266,676)
Capital lease obligations	(118,820)
Interest payable	(129,662)
Compensated absences	(1,468,095)
KSBIT	(95,626)
Net position for governmental activities	<u>\$ 18,029,788</u>

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

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS

Year Ended June 30, 2014

	General Fund	Special Revenue Fund	FSPK Fund	Construction Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
From local sources:						
Taxes:						
Property	\$ 3,918,826	\$ -	\$ 683,144	\$ -	\$ -	\$ 4,601,970
Motor vehicle	253,171		15,874			269,045
Utilities	994,005					994,005
Revenue in lieu of taxes	108,171					108,171
Tuition and fees	350,372					350,372
Earnings on investments	80,985	598	23,430	142	48,698	153,853
Other local revenues	64,087	79,333				143,420
Intergovernmental - State	12,993,687	662,360	919,622		419,432	14,995,101
Intergovernmental - Indirect Federal	25,788	1,112,976				1,138,764
Intergovernmental - Direct Federal	9,335				530,501	539,836
Total Revenues	18,798,427	1,855,267	1,642,070	142	998,631	23,294,537
Expenditures:						
Instruction	12,195,528	1,508,440				13,703,968
Support services:						
Student	785,377	16,923				802,300
Instruction staff	711,312	194,712				906,024
District administrative	461,886					461,886
School administrative	1,268,720					1,268,720
Business	572,132					572,132
Plant operation and maintenance	1,814,098					1,814,098
Student transportation	658,070	8,376				666,446
Community service activities		153,611				153,611
Other non-instruction	72,067					72,067
Facilities acquisition and construction				4,134,138		4,134,138
Debt service:						
Principal					817,000	817,000
Interest					959,588	959,588
Total Expenditures	18,539,190	1,882,062	-	4,134,138	1,776,588	26,331,978
Excess (Deficit) of Revenues over Expenditures	259,237	(26,795)	1,642,070	(4,133,996)	(777,957)	(3,037,441)
Other Financing Sources (Uses):						
Proceeds from sale of capital assets	5,498					5,498
Transfers in	60,414	40,392			1,201,438	1,302,244
Transfers out	(40,392)		(1,138,071)		(63,367)	(1,241,830)
Total Other Financing Sources (Uses)	25,520	40,392	(1,138,071)	-	1,138,071	65,912
Excess (Deficit) of Revenue and Other Financing Sources over Expenditures and Other Financing Uses	284,757	13,597	503,999	(4,133,996)	360,114	(2,971,529)
Fund Balance, July 1, 2013	5,320,503	55,425	2,134,997	4,827,756	1,713,404	14,052,085
Fund Balance, June 30, 2014	\$ 5,605,260	\$ 69,022	\$ 2,638,996	\$ 693,760	\$ 2,073,518	\$ 11,080,556

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

ELIZABETHTOWN INDEPENDENT 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	\$ (2,971,529)
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.	2,899,513
Bond and capital lease payments are recognized as expenditures of current financial resources in the fund financial statement but are reductions of liabilities in the statement of net position.	858,314
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.	55,283
Generally, expenditures recognized in this fund financial statement are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred.	<u>(191,912)</u>
Change in net position of governmental activities	<u>\$ 649,669</u>

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

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

June 30, 2014

	Food Service Fund	Daycare Fund	Total
Assets			
<u>Current Assets</u>			
Cash and cash equivalents	\$ 490,580	\$ 30,936	\$ 521,516
Intergovernmental - Indirect Federal	13,585		13,585
Inventory	32,921		32,921
Total Current Assets	537,086	30,936	568,022
<u>Noncurrent Assets</u>			
Depreciable capital assets, net of accumulated depreciation	374,898		374,898
Total Noncurrent Assets	374,898	-	374,898
Total Assets	911,984	30,936	942,920
Liabilities			
<u>Current Liabilities</u>			
Accounts payable	2,787	447	3,234
Due to other funds	14,236		14,236
Total Current Liabilities	17,023	447	17,470
<u>Net Position</u>			
Net investment in capital assets	374,898		374,898
Unrestricted	520,063	30,489	550,552
Total Net Position	\$ 894,961	\$ 30,489	\$ 925,450

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

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

PROPRIETARY FUNDS

Year Ended June 30, 2014

	Food Service Fund	Daycare Fund	Total
Operating Revenues:			
Lunchroom sales	\$ 341,229	\$ -	\$ 341,229
Tuition and fees		156,022	156,022
Total Operating Revenues	341,229	156,022	497,251
Operating Expenses:			
Salaries and wages	553,611	134,427	688,038
Materials and supplies	643,303	501	643,804
Depreciation	65,321		65,321
Other operating expenses	39,699	2,188	41,887
Total Operating Expenses	1,301,934	137,116	1,439,050
Operating income (loss)	(960,705)	18,906	(941,799)
Non-Operating Revenues (Expenses):			
Federal grants	893,116		893,116
Donated commodities	81,231		81,231
State on-behalf payments	71,264	11,583	82,847
State grants	12,256		12,256
Interest income	4,754		4,754
Total Non-Operating Revenues (Expenses) before Transfers	1,062,621	11,583	1,074,204
Transfers out	(60,414)		(60,414)
Change in net position	41,502	30,489	71,991
Net Position, July 1, 2013	853,459	-	853,459
Net Position June 30, 2014	\$ 894,961	\$ 30,489	\$ 925,450

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

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

Year Ended June 30, 2014

	Food Service Fund	Daycare Fund	Total
Cash Flows from Operating Activities			
Cash received from:			
Lunchroom sales	\$ 341,229	\$ -	\$ 341,229
Tuition and fees		156,022	156,022
Cash paid to/for:			
Employees	472,380	122,844	595,224
Supplies	583,511	501	584,012
Other activities	39,699	1,741	41,440
Net Cash Provided (Used) by Operating Activities	(754,361)	30,936	(723,425)
Cash flows from Non-Capital Financing Activities			
Federal grants	962,651		962,651
State grants	12,256		12,256
Transfers out	(60,414)		(60,414)
Net Cash Provided by Non-Capital Financing Activities	914,493	-	914,493
Cash Flows from Capital and Related Financing Activities			
Purchase of capital assets	(11,222)	-	(11,222)
Net Cash Used by Capital and Related Financing Activities	(11,222)	-	(11,222)
Cash Flows from Investing Activities			
Receipt of interest income	4,754		4,754
Net Cash Provided by Investing Activities	4,754	-	4,754
Net increase in cash and cash equivalents	153,664	30,936	184,600
Balances, beginning of year	336,916	-	336,916
Balances, end of year	<u>\$ 490,580</u>	<u>\$ 30,936</u>	<u>\$ 521,516</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (960,705)	\$ 18,906	\$ (941,799)
Adjustments to reconcile operating income (loss) to net cash provided (uses) by operating activities:			
Depreciation	65,321		65,321
State on-behalf payments	71,264	11,583	82,847
Donated commodities	81,231		81,231
Change in assets and liabilities:			
Inventory	(13,576)		(13,576)
Accounts payable	462	447	909
Due to other funds	1,642		1,642
Net cash provided (used) by operating activities	<u>\$ (754,361)</u>	<u>\$ 30,936</u>	<u>\$ (723,425)</u>
Schedule of non-cash transactions:			
Donated commodities received from federal government	<u>\$ 81,231</u>	<u>\$ -</u>	<u>\$ 81,231</u>
State on-behalf payments	<u>\$ 71,264</u>	<u>\$ 11,583</u>	<u>\$ 82,847</u>

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

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

June 30, 2014

	<u>Private Purpose Trust Funds</u>	<u>Agency Fund</u>
Assets		
Cash and cash equivalents	\$ 202,973	\$ 377,262
Receivables		70
Total Assets	<u>202,973</u>	<u>377,332</u>
Liabilities		
Accounts payable		9,405
Due to student groups		367,927
Total Liabilities	<u>-</u>	<u>377,332</u>
Net Position Held in Trust	<u>\$ 202,973</u>	<u>\$ -</u>

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

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

Year Ended June 30, 2014

	Private Purpose Trust Funds
Additions	
Contributions	\$ 35,194
Net interest and investment gains (losses)	2,145
	<u>37,339</u>
Deductions	
Scholarships paid	<u>(37,025)</u>
Change in net position	314
Net Position, July 1, 2013	<u>202,659</u>
Net Position, June 30, 2014	<u><u>\$ 202,973</u></u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Elizabethtown Independent 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 Elizabethtown Independent Board of Education ("Board"), a five-member group, is the level of government, which has oversight responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of Elizabethtown Independent 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 Elizabethtown Independent 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 - Elizabethtown Independent School District Finance Corporation – In a prior year, the Board of Education resolved to authorize the establishment of the Elizabethtown Independent School District Finance Corporation (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS 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.

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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

Fund Financial Statements

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

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

Governmental Funds

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

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

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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..
- (B) The Daycare 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.

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Fiduciary Funds

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

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

BASIS OF ACCOUNTING

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

Modified Accrual

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

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

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Accrual

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

Revenue Recognition

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

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

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

C. BUDGETARY POLICIES

Budgetary Process

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

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

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

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

D. ENCUMBRANCES

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

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

E. CASH AND CASH EQUIVALENTS

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

F. INVENTORIES

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

G. PREPAID ITEMS

Expenditures for insurance and similar services extending over more than one accounting period are allocated between or among accounting periods in the governmental funds.

H. CAPITAL ASSETS

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds. All capital assets greater than \$5,000 are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District does not possess any infrastructure. Improvements are capitalized; the cost of, normal maintenance and repairs that do not add to the value of the asset or materially extend an assets' life are not. All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives for both general capital assets and proprietary fund assets:

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

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

I. LONG-TERM DEBT

In the fund-level financial statements, governmental funds report the face amount of debt issued, as well as any premiums (discounts) as other financing sources (uses). Debt issuance costs are reported as debt service expenditures. In the government-wide financial statements, long-term debt is reported as liabilities in the statement of net position. Bond premiums/discounts are amortized over the life of the bonds while deferred amounts 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 vacation and accumulated sick leave. 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 did not have any impact on the District's financial statements.

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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

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

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

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

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Recently Issued Accounting Pronouncements

In March 2012, the GASB issued Statement 65, *Items Previously Reported as Assets and Liabilities*. GASB 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This statement is effective for periods beginning after December 15, 2012 and the District adopted GASB 64 in fiscal year 2014 which resulted in a restatement of beginning net position of \$168,264 for bond issuance costs previously being amortized.

In March 2012, the GASB issued Statement 66, *Technical Corrections – 2012 – an Amendment of GASB Statements No. 10 and No. 62*. GASB 66 was issued to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement is effective for periods beginning after December 15, 2012 and the District adopted GASB 64 in fiscal year 2014.

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

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

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

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

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

NOTE 2 – PROPERTY TAXES

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

The property tax rates assessed for the year ended June 30, 2014, to finance operations were \$.699 per \$100 valuation for real property, \$.699 per \$100 valuation for business personal property and \$.538 per \$100 valuation for motor vehicles.

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

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS

Deposits

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy is to have all deposits secured by pledged securities. At June 30, 2014, \$10,948,097 of the District's bank balance of \$11,198,097 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 the following investments and maturities:

	Fair Value	Average Credit Quality/Ratings (1)	Less Than 1
Money Market Mutual Funds	\$ 852,332	Not Rated	\$ 852,332
Federal National Mortgage Association Note	1,035,472	AAA	1,035,472
Total Investments	<u>\$ 1,887,804</u>		<u>\$ 1,887,804</u>

(1) Ratings are provided where applicable to indicate associated *Credit Risk*. N/A indicates not applicable. Ratings are from Moody's Investors Service.

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS – CONTINUED

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

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

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The district does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. **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.

NOTE 4 – INTERFUND ACTIVITIES

The following transfers were made during the year:

Fund Financial Statements

From Fund	To Fund	Purpose	Amount
General	Special Revenue	Technology Match	\$ 34,592
General	Special Revenue	Lead the Way	5,800
FSPK Fund	Nonmajor Governmental	Debt Service	1,138,071
Nonmajor Governmental	Nonmajor Governmental	Debt Service	63,367
Food Service	General	Indirect Costs	60,415

Government Wide Financial Statements

Food Service	General	Indirect Costs	60,415
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The Food Service fund also owed the General Fund \$14,236 for indirect costs at year-end.

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

NOTE 5 - CAPITAL ASSETS

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

Governmental Activities	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
Capital Assets Not Being Depreciated:				
Land	\$ 267,795	\$ -	\$ -	\$ 267,795
Construction in progress	3,432,697	4,134,138	(4,387,537)	3,179,298
Total Capital Assets Not Being Depreciated	3,700,492	4,134,138	(4,387,537)	3,447,093
Capital Assets Being Depreciated:				
Land improvements	568,233			568,233
Buildings and improvements	35,663,851	4,308,000		39,971,851
Technology equipment	1,582,613	143,458		1,726,071
Vehicles	1,286,430			1,286,430
General equipment	938,087	67,762		1,005,849
Total Capital Assets Being Depreciated at Historical Cost	40,039,214	4,519,220	-	44,558,434
Accumulated depreciation:				
Land improvements	459,181	12,100		471,281
Buildings and improvements	12,577,964	1,076,467		13,654,431
Technology equipment	1,098,737	186,587		1,285,324
Vehicles	1,082,962	56,623		1,139,585
General equipment	646,372	34,531		680,903
Total accumulated depreciation	15,865,216	1,366,308	-	17,231,524
Total Other Capital Assets, net	24,173,998	3,152,912	-	27,326,910
Governmental Activities				
Capital Assets - Net	\$ 27,874,490	\$ 7,287,050	\$ (4,387,537)	\$ 30,774,003
Business-Type Activities				
Buildings and improvements	\$ 339,450	\$ -	\$ -	\$ 339,450
Technology equipment	1,146			1,146
Food service equipment	994,949	11,222	(1,349)	1,004,822
Totals at historical cost	1,335,545	11,222	(1,349)	1,345,418
Accumulated depreciation:				
Buildings and improvements	308,008	4,900		312,908
Technology equipment	1,146			1,146
Food service equipment	597,394	60,421	(1,349)	656,466
Total accumulated depreciation	906,548	65,321	(1,349)	970,520
Business-Type Activities				
Capital Assets - Net	\$ 428,997	\$ (54,099)	\$ -	\$ 374,898

Depreciation was charged to governmental functions as follows:

Instruction	\$ 765,545
Student support	644
Instructional staff	2,128
District administration	401
School administration	95
Business support	475
Plant	549,497
Transportation	47,523
	<u>\$ 1,366,308</u>

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

NOTE 6 – RISK MANAGEMENT

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

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

NOTE 7 – LONG-TERM LIABILITIES

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

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014	Amounts Due Within One Year
Governmental Activities:					
Bonds and Leases Payable:					
Revenue bonds	\$ 23,289,000	\$ -	\$ 817,000	\$ 22,472,000	\$ 825,000
Capital leases	160,134		41,314	118,820	42,943
	23,449,134	-	858,314	22,590,820	867,943
Less Discount	(223,254)		17,930	(205,324)	-
Total Bonds and Leases Payable	23,225,880	-	876,244	22,385,496	867,943
Other Liabilities:					
Compensated absences	1,296,843	217,470	46,218	1,468,095	384,411
Claims	150,909		55,283	95,626	95,626
Total Other Liabilities	1,447,752	217,470	101,501	1,563,721	480,037
Total Governmental Activities Long-Term Liabilities	<u>\$ 24,673,632</u>	<u>\$ 217,470</u>	<u>\$ 977,745</u>	<u>\$ 23,949,217</u>	<u>\$ 1,347,980</u>

The debt service fund is primarily responsible for paying the bond obligations through funding from the capital outlay and FSPK funds. The general fund is primarily responsible for paying compensated absences and claims.

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2014

NOTE 7 – LONG-TERM LIABILITIES – CONTINUED

Bond Liabilities

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

Issue Date	Original Proceeds	Rates
1998	\$ 850,000	4.25% - 4.95%
2005A REF	1,870,000	2.80% - 3.65%
2005B REF	589,000	2.80% - 3.65%
2010 BAB	4,740,000	0.80% - 5.75%
2010 QSCB	6,425,000	5.45%
2010 QZAB	2,470,000	5.63%
2011R	4,625,000	1.50% - 2.60%
2013	3,345,000	1.00% - 2.125%

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

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

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

Year	Principal	Interest	SFCC Participation	U.S. Government Participation	District's Portion
2015	\$ 825,000	\$ 940,276	\$ 117,628	\$ 571,610	\$ 1,076,038
2016	849,000	918,138	117,631	571,545	1,077,962
2017	798,000	892,573	101,138	571,412	1,018,023
2018	800,000	878,329	81,427	571,206	1,025,696
2019	815,000	863,174	71,056	570,915	1,036,203
2020-2024	4,150,000	4,031,167	206,273	2,845,390	5,129,504
2025-2029	12,400,000	3,244,323	1,004,080	2,516,412	12,123,831
2030-2031	1,835,000	106,519		37,282	1,904,237
	<u>\$ 22,472,000</u>	<u>\$ 11,874,499</u>	<u>\$ 1,699,233</u>	<u>\$ 8,255,772</u>	<u>\$ 24,391,494</u>

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2014

NOTE 7 – LONG-TERM LIABILITIES - CONTINUED

Capital Lease Liabilities

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

Classes of Property

Buses

Gross amount of assets	\$363,473
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These assets are included in depreciable capital assets and depreciated in the statement of activities.

The following is a schedule by years of the future minimum lease payments under capital lease together with the present value of the net minimum lease payments as of June 30, 2014:

2015	47,447
2016	40,134
2017	<u>40,134</u>
Total minimum lease payments	127,715
Less: Amount representing interest	<u>(8,895)</u>
Present Value of Net Minimum Lease Payments	<u>\$ 118,820</u>

NOTE 8 – PENSION PLANS

Plan Descriptions

The Elizabethtown Independent 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.

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2014

NOTE 8 – PENSION PLANS – CONTINUED

Funding Policy

KTRS plan members are required to contribute 11.355% of their covered salary. CERS plan members are required to contribute 5.0% (6.0% for new hires effective July 1, 2008) of their covered salary. The District is required to contribute to the CERS and the Commonwealth of Kentucky is required to contribute to the KTRS. The contribution rate is actuarially determined. The current rate for KTRS is 13.105% of salaries for members in a state retirement system before July 1, 2008 and 14.105% of salaries for members who started their account after July 1, 2008 of annual covered payroll. The rate for CERS fiscal year 2014, 2013 and 2012 was 18.89%, 19.55% and 18.96% of annual covered payroll. The contribution requirements of the plan members, the District and Commonwealth of Kentucky are established and may be amended by the Plans' Board of Trustees. The District's contributions to CERS for the years ended June 30, 2014, 2013 and 2012 were \$543,471, \$559,217 and \$526,984, respectively, equal to the required contributions for each year.

For the years ended June 30, 2014, 2013 and 2012, the Commonwealth contributed \$1,288,446, \$1,225,789 and \$1,205,333 to KTRS for the benefit of the District's participating employees. The District's contributions to the KTRS for the years ended June 30, 2014, 2013 and 2012 were \$248,459, \$196,182 and \$190,077.

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.

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2014

NOTE 8 – PENSION PLANS – CONTINUED

Deferred Compensation

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

NOTE 9 – FUND BALANCES

Nonspendable fund balances are those that cannot be spent on future obligations. At June 30, 2014, there were no nonspendable fund balances

Restricted fund balances arise when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. At June 30, 2014, the District had \$100,000 restricted for sick leave in the general fund, \$69,022 restricted for grants in the special revenue fund, \$2,638,996 restricted for capital projects in the FSPK Fund, \$693,760 restricted for capital projects in the Construction Fund, \$956,040 restricted for capital projects in the SEEK Capital Outlay Fund and \$1,117,478 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 no assigned fund balances at June 30, 2014.

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.

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

NOTE 10 – COMMITMENTS AND CONTINGENCIES

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

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

The District has commitments related to construction projects at June 30, 2014.

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

On January 14, 2013 the District was notified that in order to settle outstanding claims and deficits of the Kentucky School Boards Insurance Trust (KSBIT), a non-profit self-insured pool, an assessment would be made to present and prior insurance trust members. On June 26, 2013, members were notified that the KSBIT board voted on June 24, 2013 to submit a plan for the assessment to the Kentucky Department of Insurance in favor of a novation option, under which a highly rated reinsurer would assume all of the liabilities of KSBIT and its members for claims for a set amount. The option resulted in an estimated liability for the District of \$150,909. In August 2014, the District received an invoice for \$95,626 which is the amount expected to satisfy the claim. This amount is recorded as a current liability in the Statement of Net Position as it is expected to be paid by June 30, 2014; however, it was not due at June 30, 2014, for the fund financial statements. The item is also an extraordinary item in the Statement of Activities because the item is unusual in nature and infrequent in occurrence.

NOTE 11 – DEFICIT OPERATING BALANCES

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

Construction Fund	\$ 4,133,996
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NOTE 12 – ON-BEHALF PAYMENTS

The District receives on-behalf payments from the Commonwealth of Kentucky and the United States Treasury for items including pension, technology, health care costs, operating costs and debt service. The amount received for the fiscal year ended June 30, 2014 was \$3,771,518 recorded as follows: \$3,492,499 in the General Fund, \$196,172 in the Debt Service Fund, \$71,264 in the Food Service Fund, and \$11,583 in the Daycare Fund.

REQUIRED SUPPLEMENTARY INFORMATION

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

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

GENERAL FUND

Year Ended June 30, 2014

	<u>Original</u>	<u>Final</u>	<u>Actual</u>
Revenues:			
From local sources:			
Taxes:			
Property	\$ 3,569,192	\$ 3,719,328	\$ 3,918,826
Motor vehicle	190,000	226,903	253,171
Utilities	1,000,000	1,000,000	994,005
Revenue in lieu of taxes	111,000	111,000	108,171
Tuition and fees	275,093	275,093	350,372
Earnings on investments	85,000	100,000	80,985
Other local revenues	1,000	47,000	64,087
Intergovernmental - State	8,994,384	9,520,474	12,993,687
Intergovernmental - Indirect Federal			25,788
Intergovernmental - Direct Federal	6,000	6,000	9,335
Total Revenues	<u>14,231,669</u>	<u>15,005,798</u>	<u>18,798,427</u>
Expenditures:			
Instruction	9,283,618	9,396,433	12,195,528
Support services:			
Student	614,341	614,341	785,377
Instruction staff	598,440	605,193	711,312
District administrative	571,842	511,249	461,886
School administrative	997,644	972,091	1,268,720
Business	1,013,117	1,013,118	572,132
Plant operation and maintenance	1,942,894	1,766,881	1,814,098
Student transportation	545,421	545,421	658,070
Community service activities			
Other non-instruction	3,589,390	4,814,952	72,067
Total Expenditures	<u>19,156,707</u>	<u>20,239,679</u>	<u>18,539,190</u>
Excess (Deficit) of Revenues over Expenditures	(4,925,038)	(5,233,881)	259,237
Other Financing Sources (Uses):			
Proceeds from sale of capital assets			5,498
Transfers in	60,000	60,000	60,414
Transfers out	(50,000)	(55,800)	(40,392)
Total Other Financing Sources (Uses)	<u>10,000</u>	<u>4,200</u>	<u>25,520</u>
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	(4,915,038)	(5,229,681)	284,757
Fund Balance, July 1, 2013	<u>4,915,038</u>	<u>5,229,681</u>	<u>5,320,503</u>
Fund Balance, June 30, 2014	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,605,260</u>

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 \$3,492,499.

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

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

SPECIAL REVENUE FUND

Year Ended June 30, 2014

	<u>Original</u>	<u>Final</u>	<u>Actual</u>
Revenues:			
Earnings on investments	\$ -	\$ -	\$ 598
Other local revenues	20,000	26,800	79,333
Intergovernmental - State	486,896	641,222	662,360
Intergovernmental - Indirect Federal	<u>951,807</u>	<u>1,064,161</u>	<u>1,112,976</u>
Total Revenues	1,458,703	1,732,183	1,855,267
Expenditures:			
Instruction	1,404,680	1,414,873	1,508,440
Support services:			
Student	32,181	19,974	16,923
Instruction staff	67,296	194,374	194,712
Student transportation	4,546	5,151	8,376
Community service activities		<u>153,611</u>	<u>153,611</u>
Total Expenditures	<u>1,508,703</u>	<u>1,787,983</u>	<u>1,882,062</u>
Excess (Deficit) of Revenues over Expenditures	(50,000)	(55,800)	(26,795)
Other Financing Sources (Uses):			
Transfers in	<u>50,000</u>	<u>55,800</u>	<u>40,392</u>
Total Other Financing Sources (Uses)	<u>50,000</u>	<u>55,800</u>	<u>40,392</u>
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	-	-	13,597
Fund Balance, July 1, 2013	<u>-</u>	<u>-</u>	<u>55,425</u>
Fund Balance, June 30, 2014	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 69,022</u></u>

SUPPLEMENTARY INFORMATION

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

June 30, 2014

	SEEK Capital Outlay Fund	Debt Service Fund	Total Nonmajor Governmental Funds
Assets:			
Cash and cash equivalents	\$ 956,040	\$ 21,320	\$ 977,360
Investments		1,096,158	1,096,158
Total Assets	<u>\$ 956,040</u>	<u>\$ 1,117,478</u>	<u>\$ 2,073,518</u>
Liabilities and Fund Balances:			
Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances			
Restricted	956,040	1,117,478	2,073,518
Total Fund Balances	<u>956,040</u>	<u>1,117,478</u>	<u>2,073,518</u>
Total Liabilities and Fund Balances	<u>\$ 956,040</u>	<u>\$ 1,117,478</u>	<u>\$ 2,073,518</u>

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

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

Year Ended June 30, 2014

	SEEK Capital Outlay Fund	Debt Service Fund	Total Nonmajor Governmental Funds
Revenues			
From local sources:			
Earnings on investments	\$ 8,642	\$ 40,056	\$ 48,698
Intergovernmental - State	223,260	196,172	419,432
Intergovernmental - Direct federal		530,501	530,501
Total Revenues	231,902	766,729	998,631
Expenditures			
Debt service:			
Principal		817,000	817,000
Interest		959,588	959,588
Total Expenditures	-	1,776,588	1,776,588
Excess (Deficit) of Revenues over Expenditures	231,902	(1,009,859)	(777,957)
Other Financing Sources (Uses)			
Transfers in		1,201,438	1,201,438
Transfers out	(63,367)		(63,367)
Total Other Financing Sources (Uses)	(63,367)	1,201,438	1,138,071
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	168,535	191,579	360,114
Fund balance, July 1, 2013	787,505	925,899	1,713,404
Fund balance, June 30, 2014	<u>\$ 956,040</u>	<u>\$ 1,117,478</u>	<u>\$ 2,073,518</u>

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF FIDUCIARY NET POSITION

AGENCY FUNDS

June 30, 2014

	Panther Academy	Helmwood Heights Elementary	Morningside Elementary	T.K. Stone Middle School	Elizabethtown High School	Total Agency Fund
Assets						
Cash and cash equivalents	\$ 3,165	\$ 24,339	\$ 98,085	\$ 51,454	\$ 200,219	\$ 377,262
Receivables	-	-	70	-	-	70
Total Assets	<u>\$ 3,165</u>	<u>\$ 24,339</u>	<u>\$ 98,155</u>	<u>\$ 51,454</u>	<u>\$ 200,219</u>	<u>\$ 377,332</u>
Liabilities						
Accounts payable	\$ -	\$ -	\$ 737	\$ 3,548	\$ 5,120	\$ 9,405
Due to student groups	3,165	24,339	97,418	47,906	195,099	367,927
Total Liabilities	<u>\$ 3,165</u>	<u>\$ 24,339</u>	<u>\$ 98,155</u>	<u>\$ 51,454</u>	<u>\$ 200,219</u>	<u>\$ 377,332</u>

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

AGENCY FUNDS

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
Elizabethtown High	\$ 178,455	\$ 315,373	\$ 293,609	\$ 200,219	\$ -	\$ 5,120	\$ 195,099
Helmwood Heights Elementary	20,529	53,958	50,148	24,339	-	-	24,339
Morningside Elementary	107,338	46,292	55,546	98,085	70	737	97,418
Panther Academy	6,242	10,342	13,419	3,165	-	-	3,165
T.K. Stone Middle	57,690	155,406	161,642	51,454	-	3,548	47,906
	<u>\$ 370,254</u>	<u>\$ 581,371</u>	<u>\$ 574,364</u>	<u>\$ 377,262</u>	<u>\$ 70</u>	<u>\$ 9,405</u>	<u>\$ 367,927</u>

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES
ELIZABETHTOWN HIGH SCHOOL
YEAR ENDED JUNE 30, 2014

NAME OF ACTIVITY	CASH			CASH		RECEIVABLES June 30, 2014	ACCOUNTS PAYABLE June 30, 2014	DUE TO STUDENT GROUPS June 30, 2014
	BALANCES July 1, 2013	RECEIPTS	DISBURSE- MENTS	BALANCES June 30, 2014				
Academic Team	\$ 103	\$ 25	\$ 85	\$ 43	\$ -	\$ -	\$ 43	
Adult Vending	292	1,132	794	630	-	-	630	
Agendas	464	-	-	464	-	-	464	
AP Chemistry	-	-	-	-	-	-	-	
AP Social Studies	228	-	56	172	-	-	172	
Art Club	536	193	98	631	-	-	631	
Athletic Concessions	6,147	13,009	7,990	11,166	-	-	11,166	
Athletic Fees	24,190	47,313	37,400	34,103	-	-	34,103	
Athletic Gate	44,955	49,647	47,365	47,237	-	-	47,237	
Athletics	2,723	6,606	9,273	56	-	-	56	
Band	257	2,322	2,479	100	-	-	100	
Baseball	117	5,693	4,719	1,091	-	-	1,091	
Baseball Camp	-	6,960	4,086	2,874	-	-	2,874	
Baseball Regional	-	5,124	1,878	3,246	-	-	3,246	
Belle	5,967	6,922	6,557	6,332	-	-	6,332	
Beta Club	762	3,343	2,334	1,771	-	-	1,771	
Beta Club Service Proj	44	-	-	44	-	-	44	
Beta-Service Proj #2	-	-	-	-	-	-	-	
Boy's Basketball	1,564	17,666	15,970	3,260	-	-	3,260	
Boy's Basketball Camp	632	1,700	892	1,440	-	299	1,141	
Boy's Basketball District	-	-	-	-	-	-	-	
Boy's Soccer	106	8,107	7,867	346	-	210	136	
Boy's Soccer Camp	233	3,760	1,333	2,660	-	-	2,660	
Boys Soccer Service Proj	-	-	-	-	-	-	-	
Boys Soccer Tournament	2	-	-	2	-	-	2	
Broadcasting	937	250	887	300	-	-	300	
Building Rental	1,833	2,530	3,704	659	-	-	659	
Business Education	1,389	960	1,895	454	-	-	454	
Cheerleader Club	19	-	-	19	-	-	19	
Cheerleading Clinic	792	-	-	792	-	-	792	
Cheerleading	1,063	5,497	5,490	1,070	-	-	1,070	
Chorus	2,828	7,177	4,903	5,102	-	-	5,102	
Chorus-Piano Restoration	300	250	-	550	-	-	550	
Class of 1960 Scholarship	174	60	-	234	-	-	234	
Class of 2005 Scholarship	1,000	-	-	1,000	-	-	1,000	
Community Donations	1,143	1,520	1,424	1,239	-	-	1,239	
Cross Country Club	53	2,195	2,111	137	-	-	137	
Dow Corning	64	-	-	64	-	-	64	
Drama	104	268	238	134	-	-	134	
EEF-Etown Ed Foundation	2,616	9,012	10,766	862	-	-	862	
Engineering	100	360	150	310	-	-	310	
English	680	530	882	328	-	-	328	
English-GE	475	-	109	366	-	-	366	
FCA	753	75	150	678	-	-	678	
Football	469	16,228	16,627	70	-	3,405	(3,335)	
Freshman Class	58	-	-	58	-	-	58	
Fund for the Arts	52	-	-	52	-	-	52	
FBLA	729	-	-	729	-	-	729	
Gifted and Talented	567	1,455	1,608	414	-	-	414	
Girl's Basketball	4,749	8,099	11,614	1,234	-	-	1,234	
Girl's Basketball Camp	406	4,555	4,961	-	-	-	-	
Girl's Basketball Dist	-	-	-	-	-	-	-	
Girl's Soccer	3,665	7,392	8,279	2,778	-	-	2,778	
Girl's Soccer Camp	4,615	-	-	4,615	-	-	4,615	
Girls Soccer Regional	1,081	7,678	5,698	3,061	-	-	3,061	
Girls Soccer-Ser Project	-	-	-	-	-	-	-	
Girls Soccer State	-	-	-	-	-	-	-	
Golf	41	1,550	1,530	61	-	-	61	
Green Dot	377	250	91	536	-	-	536	
Guidance	1,387	13,114	12,597	1,904	-	-	1,904	
Interact Club	362	-	-	362	-	-	362	

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES
ELIZABETHTOWN HIGH SCHOOL - CONCLUDED
YEAR ENDED JUNE 30, 2014

NAME OF ACTIVITY	CASH	RECEIPTS	DISBURSE- MENTS	CASH	ACCOUNTS RECEIVABLE	ACCOUNTS PAYABLE	DUE TO
	BALANCES July 1, 2013			BALANCES June 30, 2014			June 30, 2014
Interest	1,863	2,471	1,647	2,687	-	-	2,687
Junior Class	197	-	-	197	-	-	197
KYA/KUNA	212	23,780	23,247	745	-	-	745
Kerrick Science	601	-	-	601	-	-	601
Library	161	229	389	1	-	-	1
Lock Fund	194	32	-	226	-	-	226
Mathematics	190	1,050	963	277	-	-	277
Mathematica	-	3,000	168	2,832	-	-	2,832
Parking	943	740	720	963	-	-	963
Pep Club	2,760	2,831	4,958	633	-	-	633
Physical Education	3,623	795	1,603	2,815	-	-	2,815
Pictures	619	1,692	2,190	121	-	251	(130)
Project Graduation	2,439	7,264	7,937	1,766	-	-	1,766
Prom	4,218	8,460	8,238	4,440	-	-	4,440
Rewards Program	1,849	44	1,787	106	-	-	106
Rewards-Shirts	-	-	-	-	-	-	-
SADD	182	465	617	30	-	-	30
SADD - Grant	425	-	-	425	-	-	425
SADD - Service Project	16	-	-	16	-	-	16
Science	4,338	5,224	3,778	5,784	-	-	5,784
Senior Class	1,264	1,635	2,421	478	-	-	478
Social Committee	263	840	773	330	-	-	330
Social Committee (Angel)	26	-	-	26	-	-	26
Social Studies	-	1,873	1,563	310	-	-	310
Softball	309	4,327	2,807	1,829	-	-	1,829
Softball Tournament	-	-	-	-	-	-	-
Sophomore Class	395	-	-	395	-	-	395
Spanish Club	407	1,040	777	670	-	-	670
Spanish Honors	74	-	-	74	-	-	74
Spanish Club-Serv Proj	-	-	-	-	-	-	-
Special Education	1,488	211	498	1,201	-	-	1,201
Special Ed - Jr Achieve	231	-	-	231	-	-	231
Speech	562	1,529	2,050	41	-	-	41
STLP	33	-	-	33	-	-	33
Student Assistance Fund	347	-	-	347	-	-	347
Student Vending	591	695	810	476	-	-	476
Student Council	2,388	5,936	7,233	1,091	-	-	1,091
Student Council (Svc proj)	-	-	-	-	-	-	-
Swimming	1,888	1,340	1,769	1,459	-	-	1,459
T-Shirt Sales	1,273	-	571	702	-	-	702
Target	158	854	-	1,012	-	-	1,012
Technical Education	527	645	460	712	-	-	712
Technology Student Assis	-	250	360	(110)	-	-	(110)
Tennis	616	1,922	1,955	583	-	-	583
Tennis Camp	1,950	-	1,697	253	-	-	253
Textbooks	6,134	335	706	5,763	-	-	5,763
Textbook Rental	-	11,444	8,626	2,818	-	-	2,818
Track	223	731	880	74	-	-	74
United Way	-	624	624	-	-	-	-
Volleyball	264	4,224	4,705	(217)	-	32	(249)
Volleyball-District	-	-	-	-	-	-	-
Volleyball-Camp	945	794	945	794	-	-	794
Winterguard	-	13,963	12,189	1,774	-	923	851
Wounded Warrior Proj	-	-	-	-	-	-	-
Yearbook	7,066	4,463	6,964	4,565	-	-	4,565
Subtotal	178,455	388,279	366,515	200,219	-	5,120	195,099
Interfund Transfers	-	72,910	72,910	-	-	-	-
TOTAL	\$ 178,455	\$ 315,369	\$ 293,605	\$ 200,219	\$ -	\$ 5,120	\$ 195,099

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2014

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR / PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS THROUGH GRANTOR'S NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Child Nutrition Cluster -			
Passed Through State Department of Education:			
National School Lunch	10.555	7750002-13	\$ 130,846
		7750002-14	505,197
School Breakfast Program	10.553	7760005-13	53,325
		7760005-14	203,747
Non-Cash Assistance (Commodities)			
National School Lunch Program	10.555	057502-02	81,231
TOTAL CHILD NUTRITION CLUSTER			<u>974,346</u>
TOTAL U.S. DEPT. OF AGRICULTURE			<u>974,346</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Special Education Cluster -			
Passed Through State Department of Education:			
Special Education - Grants to States	84.027	3373	50,321
		3373C	16,821
		3374	287,955
		3374C	52,584
			<u>407,681</u>
Special Education - Preschool Grants	84.173	3432	975
		3432C	635
		3432P	167
		3433	5,885
		3433C	1,969
		3434	9,979
		3434C	1,996
			<u>21,606</u>
TOTAL SPECIAL EDUCATION CLUSTER			<u>429,287</u>
<u>OTHER U.S. DEPARTMENT OF EDUCATION PROGRAMS</u>			
Impact Aid	84.041	GF	9,335
Passed Through State Department of Education			
Title I Grants to Local Educational Agencies	84.010	3102	44,536
		3103	107,438
		3104	403,018
		3104M	2,209
			<u>557,201</u>
Vocational Education - Basic Grants to States	84.048	3483	(1,091)
		3483A	1,437
		3484	27,535
			<u>27,881</u>
English Language Acquisition Grants	84.365	3452	360
		3453	4,882
		3454	3,812
			<u>9,054</u>
Improving Teacher Quality - State Grants	84.367	4014	87,585
Race to the Top	84.413A	4521	1,967
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>1,122,310</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 2,096,656</u>

The accompanying notes are an integral part of this schedule.

ELIZABETHTOWN INDEPENDENT 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 Elizabethtown Independent 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 Elizabethtown Independent School District, it is not intended to and does not present the financial position, changes in net assets or cash flows of Elizabethtown Independent 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

Section I-Summary of Auditor's Results - Continued

Identification of major programs:

CFDA Number	Federal Program or Cluster
DEPARTMENT OF EDUCATION	
84.010	Title I Grants to Local Educational Agencies

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

Auditee qualified as low-risk auditee? yes no

Section II – Financial Statement Findings

No Matters

Section III – Federal Award Findings and Questioned Costs

No Matters

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

June 30, 2014

There were no prior audit findings.

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

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



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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Education
Elizabethtown Independent School District
Elizabethtown, 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 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 Elizabethtown Independent School District as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Elizabethtown Independent School District's basic financial statements, and have issued our report thereon dated September 5, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Elizabethtown Independent 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 Elizabethtown Independent School District in a separate letter dated September 5, 2014.

Purpose of this Report

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



Certified Public Accountants
Elizabethtown, Kentucky
September 5, 2014

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

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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Education
Elizabethtown Independent School District
Elizabethtown, Kentucky

Report on Compliance for Each Major Federal Program

We have audited Elizabethtown Independent 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 Elizabethtown Independent School District's major federal programs for the year ended June 30, 2014. Elizabethtown Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Elizabethtown Independent School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States 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 Elizabethtown Independent School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

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

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

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



Certified Public Accountants
Elizabethtown, Kentucky
September 5, 2014

MANAGEMENT LETTER AND COMMENTS

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



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Elizabethtown Independent School District
Elizabethtown, Kentucky

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

However, during our audit we became aware of 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 September 5, 2014, contains our report on the District's internal control. This letter does not affect our report dated September 5, 2014, on the financial statements of the Elizabethtown Independent School District.

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

This report is intended solely for the information and use of management, the members of the Elizabethtown Independent 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.

A handwritten signature in cursive script that reads "Stiles, Carter & Associates".

Certified Public Accountants
Elizabethtown, Kentucky
September 5, 2014

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

COMMENTS

June 30, 2014

SECOND YEAR UNCORRECTED COMMENTS

TK STONE MIDDLE

SEGREGATION OF DUTIES

We noted the school's bookkeeper photocopies checks/records receipts on the deposit ticket, records revenue in the accounting system and takes the deposit to the bank. The Redbook requires that these duties be segregated.

MANAGEMENT RESPONSE

Management will meet with school personnel to resolve this item by October 31, 2014.

PRIOR YEAR UNCORRECTED COMMENTS

TK STONE MIDDLE

UNALLOWABLE PURCHASE

We noted check #11858 dated 12/13/2013 in the amount of \$83.46 written to Wal-Mart for breakfast items and a gift card for an EIS instructional meeting from the E-town Ed Grant Fund. After reviewing the Donation Acceptance Form (Form F-SA-18), the purpose of the donation was for teachers to use on items requested for the classroom.

MANAGEMENT RESPONSE

Management will meet with school personnel to resolve this item by October 31, 2014.

MULTIPLE RECEIPT FORMS

We noted a deposit dated 4/10/2014 in the amount of \$213.50 contained form F-SA-6, Multiple Receipt Form, collected for Christmas candy gram sales for the Student Council without student signatures.

MANAGEMENT RESPONSE

Management will meet with school personnel to resolve this item by October 31, 2014.

ELIZABETHTOWN HIGH

NEGATIVE BALANCES

We noted, after taking receivables and accounts payable, the following accounts have negative balances: Football in the amount of -\$3,335, Pictures in the amount of -\$130, Student Technology Assistance in the amount of -\$110 and Volleyball in the amount of -\$249.

MANAGEMENT RESPONSE

Management will meet with school personnel to resolve this item by October 31, 2014.

INVENTORY CONTROL

We noted forms F-SA-5, Inventory Control, for Basketball Concessions was completed December-February with ending inventory of \$1,147.50, however remaining counts through June were not completed.

We noted Chorus sold World's Finest Chocolate and did not use form F-SA-5, Inventory Control.

MANAGEMENT RESPONSE

Management will meet with school personnel to resolve this item by October 31, 2014.

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

COMMENTS

June 30, 2014

ELIZABETHTOWN HIGH – CONTINUED

UNALLOWABLE PURCHASE

We noted that check #14276, dated 10/28/2013 in the amount of \$75 written to a student for winning first place in the talent show competition from the Rewards Program Fund.

We noted that check #14275, dated 10/28/2013 in the amount of \$25 written to a student, for winning second place in the talent show competition from the Rewards Program Fund.

We noted check #14274, dated 10/28/2013 in the amount of \$50 written to a student, for "Those Guys" talent show 2nd place cash award from the Rewards Program Fund.

MANAGEMENT RESPONSE

Management will meet with school personnel to resolve this item by October 31, 2014.

CURRENT YEAR COMMENTS

ELIZABETHTOWN HIGH

ANNUAL FINANCIAL REPORT

We noted form F-SA-15A, Annual Financial Report, was signed and dated by the bookkeeper and principal on 8/27/2014. The Redbook Requires that this form be submitted by 7/25/2014.

MANAGEMENT RESPONSE

Management will meet with school personnel to resolve this item by October 31, 2014.

SEGREGATION OF DUTIES

We noted the school's bookkeeper photocopies checks/records receipts on the deposit ticket, records revenue in the accounting system and takes the deposit to the bank. We also noted the school's bookkeeper enters invoices into the accounting system, prints checks and matches invoices to checks. The Redbook requires that these duties be segregated.

MANAGEMENT RESPONSE

Management will meet with school personnel to resolve this item by October 31, 2014.

FUNDRAISERS

We noted form F-SA-6, Multiple Receipt Form, for t-shirt sales fundraiser for the Pep Club did not contain student signatures, but instead totaled checks and cash with the name of the person remitting the money in the line for student signatures.

MANAGEMENT RESPONSE

Management will meet with school personnel to resolve this item by October 31, 2014.

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

COMMENTS

June 30, 2014

ELIZABETHTOWN HIGH – CONTINUED

EXTERNAL SUPPORT/BOOSTER CLUBS

We noted the Athletic Boosters submitted an Annual Financial Report for 2013-2014, however it lacked signatures and dates by the Treasurer and Principal.

We noted the Band Boosters did not submit 2013-2014 Annual Financial Report.

We noted the C.A.S.T. Boosters did not submit 2013-2014 proof of liability insurance.

We noted C.A.S.T. Booster submitted a check register in place of an Annual Financial Report, which contained beginning and ending balances but did not list receipts and expenses by category.

MANAGEMENT RESPONSE

Management will meet with school personnel to resolve this item by October 31, 2014.

MULTIPLE RECEIPT FORMS

We noted deposit dated 11/27/2013 in the amount of \$3,976 contained four multiple receipt forms that were not signed by students, but instead were completed by the person remitting the form; \$30 for transcript fees and \$795, \$1,625 and \$1,235 for little league girls basketball camp.

We noted deposit dated 6/5/2014 in the amount of \$2,589 contained three forms F-SA-6, Multiple Receipt Forms, that were not signed or dated by the bookkeeper. We also noted six Multiple Receipt Forms that were not dated by the person remitting the money.

MANAGEMENT RESPONSE

Management will meet with school personnel to resolve this item by October 31, 2014.

UNTIMELY DEPOSIT

We noted deposit dated 6/5/2014 in the amount of \$2,589 contained six form F-SA-6, Multiple Receipt Forms, that were not dated by the person remitting the money. We also noted three Multiple Receipt Forms that were not signed or dated by the bookkeeper. One Multiple Receipt Form was dated 6/3/2014 in the amount of \$100.

We noted form F-SA-1, Requisition and Report of Ticket Sales, for a baseball game dated 3/25/2014 (Tuesday) was not deposited until 3/27/2014 (Thursday).

MANAGEMENT RESPONSE

Management will meet with school personnel to resolve this item by October 31, 2014.

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

COMMENTS

June 30, 2014

ELIZABETHTOWN HIGH – CONTINUED

CASH ADVANCES

We noted that check #14825 dated 5/20/2014 in the amount of \$877.40 written to Doug Barnes for an \$800 cash advance for the Track State Tournament Meals and \$77.40 as reimbursement for gas from the Athletic Fees fund did not have form F-SA-9, Expense Report. The remaining money and all receipts were not turned in and redeposited until 9/4/2014 by Steve Smallwood.

We noted that check #14310 dated 11/7/2013 in the amount of \$595 written to Doug Barnes for a cash advance for the Tennis Regional Tournament Meals from the Athletic Fees fund did not have form F-SA-9, Expense Report. We also noted that Jack Breunig returned the remaining money and all receipts.

We noted that check #14637 dated 3/10/2014 in the amount of \$2,000 written to Jimmy Knight for a cash advance for the Girls' Basketball State Tournament Meals from the Athletic Fees fund did not have form F-SA-9, Expense Report. We also noted that Donnie Swiney returned the remaining money and all receipts.

We noted that check #14801 dated 5/12/2014 in the amount of \$550 written to Karen Henson for a cash advance for the Tennis State Tournament Meals from the Athletic Fees fund did not have form F-SA-9, Expense Report with the check or when the money and receipts were returned.

MANAGEMENT RESPONSE

Management will meet with school personnel to resolve this item by October 31, 2014.

PANTHER ACADEMY

ANNUAL FINANCIAL REPORT

We noted form F-SA-15A, Annual Financial Report was signed and dated by the principal and bookkeeper on 8/13/2014. The Redbook requires that this form be submitted by 7/25/2014.

MANAGEMENT RESPONSE

Management will meet with school personnel to resolve this item by October 31, 2014.

UNTIMELY DEPOSIT

We noted a deposit dated 9/10/2013 in the amount of \$84 contained form F-SA-6, Multiple Receipt Form, in the amount of \$24 for field trip collections that was remitted on 8/23/2014. The Redbook requires that deposits be made weekly, at a minimum.

We noted a deposit dated 10/22/2013 in the amount of \$1,322 contained forms F-SA-6, Multiple Receipt Forms, remitted on the following dates with the following total daily amounts: 9/30/2014 in the total amount of \$64, 10/1/2014 in the total amount of \$40, 10/2/2014 in the total amount of \$40, 10/3/2014 in the total amount of \$32, 10/4/2014 in the total amount of \$144, 10/15/2014 in the total amount of \$120, 10/16/2014 in the total amount of \$136, 10/17/2014 in the total amount of \$448, 10/18/2014 in the total amount of \$136 and 10/21/2014 in the total amount of \$64.

We noted a deposit dated 6/9/2014 in the amount of \$987.36 contained forms F-SA-6, Multiple Receipt Forms, dated 6/5/2014 by the person remitting the money and the Bookkeeper for the total amount of \$28.20, and another dated 5/27/2014 by the person remitting the money and 6/2/2014 by the Bookkeeper for Lifetouch picture commission in the amount of \$959.16.

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

COMMENTS

June 30, 2014

PANTHER ACADEMY – CONTINUED

MANAGEMENT RESPONSE

Management will meet with school personnel to resolve this item by October 31, 2014.

MISSING DOCUMENTATION

We noted a deposit dated 10/22/2013 in the amount of \$1,322 contained forms F-SA-6, Multiple Receipt Forms, for \$1,224 of the deposit, however the remaining \$98 was not documented.

MANAGEMENT RESPONSE

Management will meet with school personnel to resolve this item by October 31, 2014.

TK STONE MIDDLE

UNTIMELY DEPOSIT

We noted a deposit dated 4/10/2014 in the amount of \$213.50 contained form F-SA-6, Multiple Receipt Form, dated 4/10/2014, however form F-SA-2B, Fundraiser Worksheet, for Christmas Candy Grams contained receipts in the amount of \$213.50 was dated 12/16/2013.

MANAGEMENT RESPONSE

Management will meet with school personnel to resolve this item by October 31, 2014.

EXTERNAL SUPPORT/BOOSTER ORGANIZATION

We noted that the Athletics Booster submitted a check register in place of an Annual Financial Report, which contained beginning and ending balances but did not list receipts and expenses by category.

MANAGEMENT RESPONSE

Management will meet with school personnel to resolve this item by October 31, 2014.