

**OHIO COUNTY SCHOOL DISTRICT**  
**FINANCIAL STATEMENTS**  
**AND**  
**SUPPLEMENTARY INFORMATION**  
**YEAR ENDED JUNE 30, 2014**

**OHIO COUNTY SCHOOL DISTRICT**  
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**Year ended June 30, 2014**

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**OHIO COUNTY PUBLIC SCHOOL DISTRICT  
HARTFORD, KENTUCKY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2014**

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

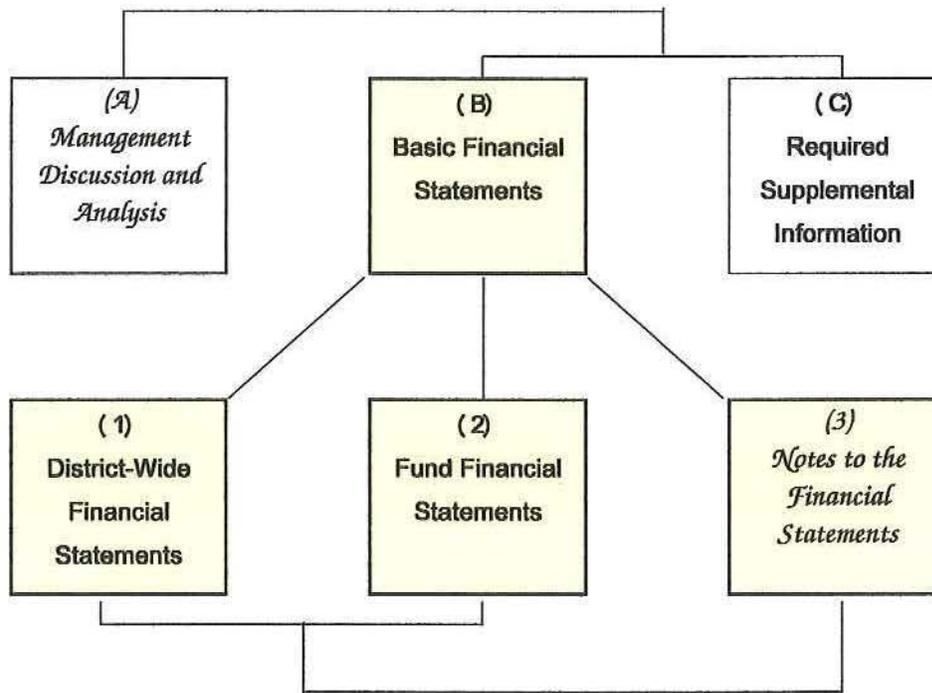
**FINANCIAL HIGHLIGHTS**

- The beginning General Fund fund balance for the District was \$3,676,572. The ending General Fund fund balance at June 30, 2014 is \$5,577,069. The District's decision to not proceed with the Auxiliary Gym construction project resulted in the transfer of \$1,772,458 from the Construction Fund back into the General Fund Restricted Construction account. The transfer is responsible for the majority of the increase (\$1,900,497) in the General Fund fund balance.
- The District receives the majority of revenue from state funding (75%). The SEEK Funding formula provides the largest portion of that funding. A major component of the SEEK Funding formula is average daily attendance (ADA). During FY 14, the District experienced growth in ADA of 75.020. The growth increased the ADA to 3,647.925 or 80.289 over the prior year level of 3,567.636. The FY 14 state guaranteed base per pupil amount of \$3,827 is \$6 less than the prior year. Due to the increase in ADA over the prior year the District did experience an increase in state SEEK Funding of approximately \$77,039.

**Overview of the Annual Financial Report (AFR)**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Ohio County Public School District as a financial whole, an entire operating entity, in a manner similar to a private-sector business. The annual report consists of three parts: (A) management's discussion and analysis (this section), (B) the basic financial statements and notes, and (C) required and other supplemental information. The statements then proceed to provide an increasingly detailed look at specific financial activities. 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.

# Organization of the Annual Financial Report



The Government-Wide Financial Statements have two sections (1) the *Statement of Net Position* and (2) the *Statement of Activities*. The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's major funds with all other non-major funds presented in total in one column. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

## 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.

## Reporting the District as a Whole

One of the most important questions asked about the District is "How did we do financially during 2014?" The *Statement of Net Position* and the *Statement of Activities*, which appear first in the District's financial statements, report information on the District as a whole and its activities in a way that helps answer this question. These statements include *all assets* and *liabilities* using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account

all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net position and changes in net position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. However, the District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as Kentucky's SEEK funding formula and its adjustments, the District's property tax base, required educational programs and other factors.

In the Statement of Net Position and the Statements of Activities, the District is divided into two distinct kinds of activities:

- **Governmental Activities** – Most of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extra-curricular activities. The government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities). Fixed assets and related debt are also supported by taxes and intergovernmental revenues.
- **Business-Type Activities** – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The District's food service is reported as business activities. These activities are funded thru fees, federal grants, and federal commodities.

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$33,347,121 as of June 30, 2014.

The largest portion of the District's net assets reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment and construction in progress); less any related debt used to acquire those assets that is still outstanding (\$27,598,153). 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.

## **Reporting the District's Most Significant Funds**

### **Fund Financial Statements**

After looking at the District as a whole, an analysis of the District's major funds follows. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. 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. Fund accounting is a state mandated uniform system and chart of accounts for all Kentucky public school districts utilizing the MUNIS administrative software. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three

categories: governmental, proprietary and fiduciary funds. Fiduciary funds are assets that belong to others. The school activity funds and private purpose trust funds are reported as fiduciary funds. A proprietary fund is sometimes referred to as an enterprise fund. It is a fund that operates like a business with sales of goods and services. All other activities of the district are included in the governmental funds. The major governmental funds for the Ohio County Public School District are the general fund and special revenue (grants).

**Governmental Funds** - Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or difference) between governmental *activities* (reported in the Statement of Net Assets and the Statements of Activities) and governmental *funds* is reconciled in the financial statements.

**Proprietary Funds** - Proprietary funds use the same basis of accounting as business-type activities; therefore, the statements for the proprietary fund will essentially match. The District's school food service operation, school wide day care operation, school auditorium, high school day care operation, and the community education operation are within the proprietary business-type activities.

**Fiduciary Funds** - Fiduciary funds account for assets held by the District in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the District under the terms of a formal trust agreement. The schools' activity funds (or agency funds) balance at year-end totaled \$86,896. The Districts' private purpose trust gross assets at year-end totaled \$4,748,765.

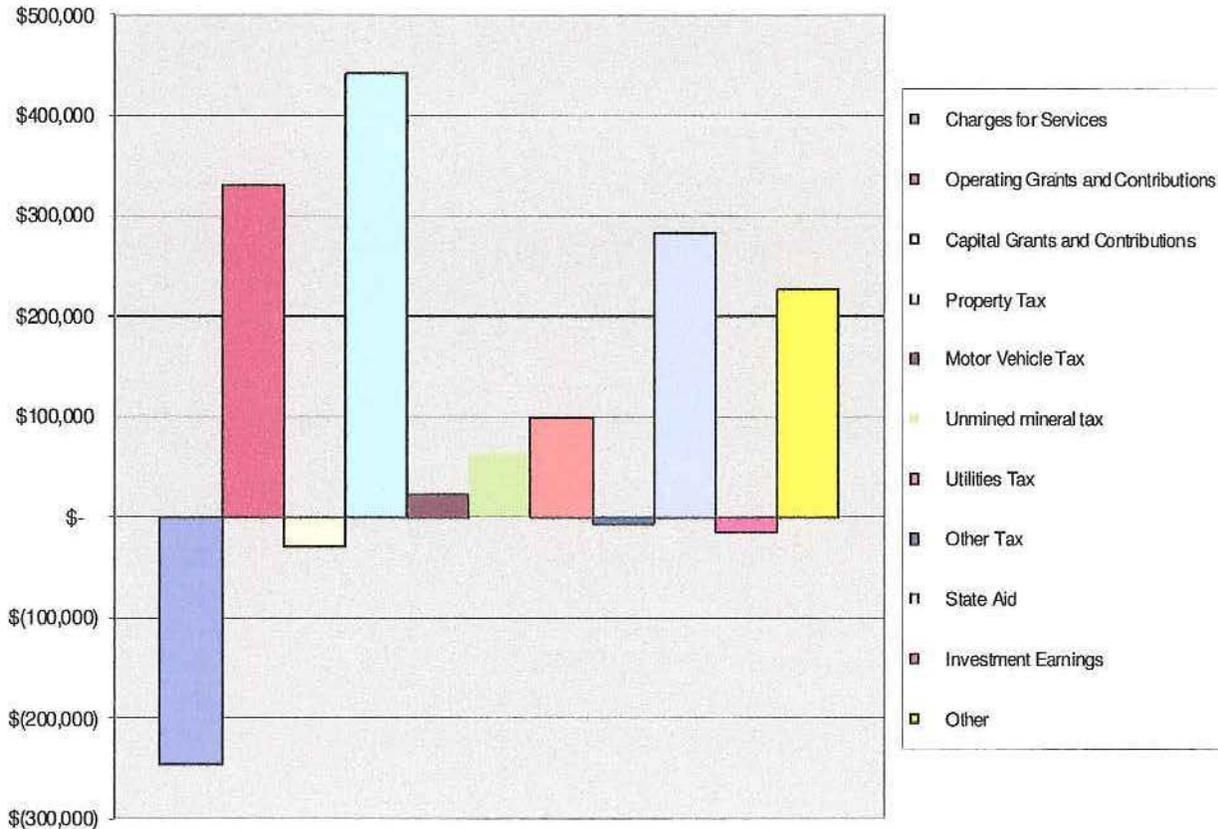
**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**  
**Net Position**

	<u>June 30, 2013</u>	<u>June 30, 2014</u>	<u>Change</u>
<b>Assets</b>			
Current and Other Assets	\$ 7,104,273	\$ 7,475,664	371,391
Capital Assets	49,953,119	47,242,478	(2,710,641)
<b>Total Assets</b>	<b>\$ 57,057,392</b>	<b>\$ 54,718,142</b>	<b>(2,339,250)</b>
<b>Deferred Outflows of Resources</b>			
Deferred amount of debt refunding	\$ -	\$ 306,917	<b>306,917</b>
<b>Liabilities</b>			
Long Term Liabilities	\$ 20,271,819	\$ 19,560,659	(711,160)
Other Liabilities (current)	2,709,030	2,117,279	(591,751)
<b>Total Liabilities</b>	<b>\$ 22,980,849</b>	<b>\$ 21,677,938</b>	<b>(1,302,911)</b>
<b>Net Position</b>			
Investment in capital assets (net of debt)	\$ 27,919,732	\$ 27,598,153	(321,579)
Restricted	2,732,241	472,195	(2,260,046)
Unrestricted	3,424,570	5,276,773	1,852,203
<b>Total Net Position</b>	<b>\$ 34,076,543</b>	<b>\$ 33,347,121</b>	<b>(729,422)</b>

## Revenues

Revenues	<u>June 30, 2013</u>	<u>June 30, 2014</u>	<u>Change</u>
<b>Program Revenues:</b>			
Charges for Services	\$ 629,192	\$ 382,353	\$ (246,839)
Operating Grants and Contributions	7,717,647	8,047,251	329,604
Capital Grants and Contributions	256,038	227,905	(28,133)
<b>General Revenues:</b>			
Property Tax	4,453,748	4,894,475	440,727
Motor Vehicle Tax	733,700	755,335	21,635
Unmined mineral tax	270,359	332,349	61,990
Utilities Tax	1,480,120	1,579,517	99,397
Other Tax	35,344	29,647	(5,697)
State Aid	22,033,234	22,315,215	281,981
Investment Earnings	30,637	16,014	(14,623)
Other	486,993	712,974	225,981
<b>Total Revenues</b>	<b>\$ 38,127,012</b>	<b>\$ 39,293,035</b>	<b>\$ 1,166,023</b>

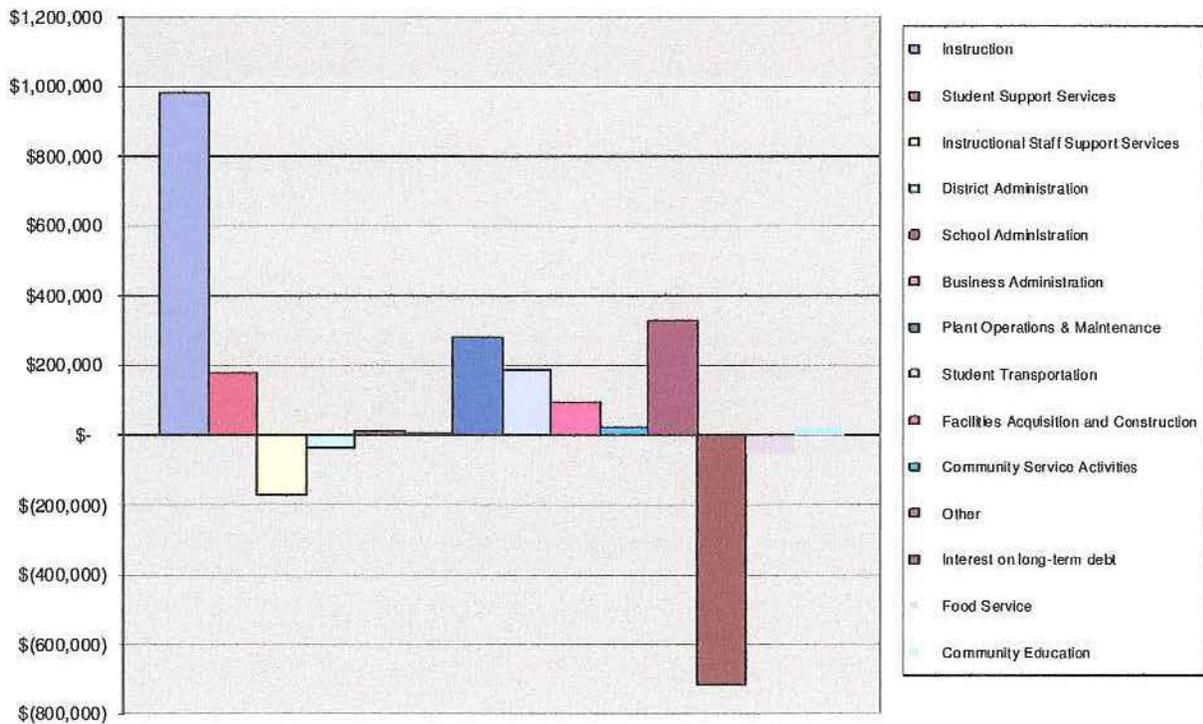
### Revenue Variances



### Expenses

Expenses	June 30, 2013	June 30, 2014	Change
Instruction	\$ 21,261,248	\$ 22,242,960	\$ 981,712
Student Support Services	1,284,450	1,462,085	177,635
Instructional Staff Support Services	1,820,104	1,647,854	(172,250)
District Administration	672,426	638,297	(34,129)
School Administration	1,895,112	1,906,559	11,447
Business Administration	1,450,835	1,456,788	5,953
Plant Operations & Maintenance	3,643,030	3,925,829	282,799
Student Transportation	2,972,781	3,159,392	186,611
Facilities Acquisition and Construction	-	92,700	92,700
Community Service Activities	448,109	469,932	21,823
Other	-	327,826	327,826
Interest on long-term debt	714,081	-	(714,081)
Food Service	2,263,751	2,210,661	(53,090)
Community Education	110,140	127,660	17,520
<b>Total Expenses</b>	<b>\$ 38,536,067</b>	<b>\$ 39,668,543</b>	<b>\$ 1,132,476</b>

### Expense Variance

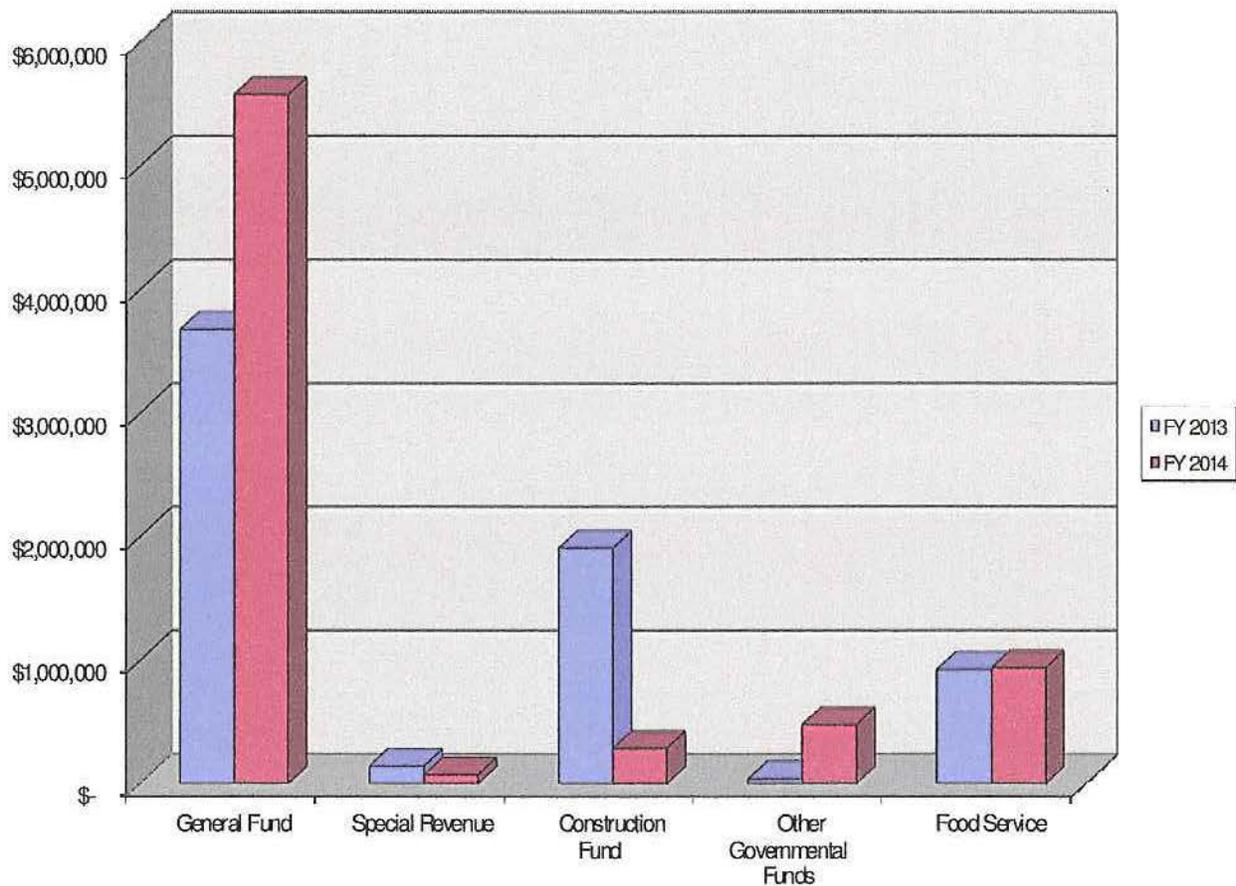


- The District's total revenues were \$39,293,035 and the total expenses were \$39,668,543. Expenses exceeded revenues by \$394,216.
- State revenues accounted for 57% and local taxes accounted for 19% of the revenue.
- Instruction was the major expense category and accounted for 56% of the total.

## Financial Analysis of the District Funds

Changes in End-of-Year Fund Balances	FY 2013	FY 2014	Amount of Change	Percent of Change
General Fund	\$ 3,676,572	\$ 5,577,069	\$ 1,900,497	52%
Special Revenue	\$ 141,959	\$ 72,005	\$ (69,954)	-49%
Construction Fund	\$ 1,907,621	\$ 287,801	\$ (1,619,820)	-85%
Other Governmental Funds	\$ 38,169	\$ 477,775	\$ 439,606	1152%
Food Service	\$ 925,617	\$ 938,067	\$ 12,450	1%

### Changes in End-of-Year Fund Balances



- The General Fund's fund balance showed a positive change of \$1,900,497.
- The Special Revenue Fund had a negative change of \$69,954.
- The Construction Fund had a negative change of \$1,619,820.
- The Other Governmental Funds had a positive change of \$439,606.
- The Food Service Fund's balance showed a negative change of \$12,450.

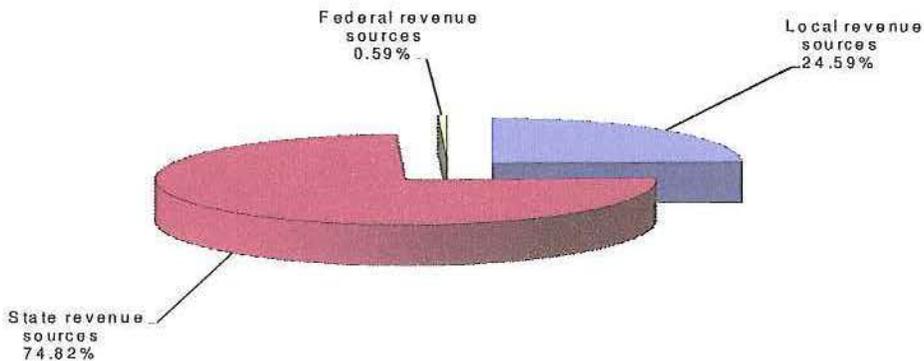
## Comments on General Fund Budget Comparisons

- The District budgeted for its local revenues (taxes, earned interest, and tuition) in a conservative manner. Thus, local revenues were higher than budgeted (\$799,105).
- Expenditures were less than budgeted primarily because of unspent contingency funds.
- General Fund budget compared to actual revenue varied from line item to line item with the ending actual fund balance being \$1,900,497 more than the prior year.
- District administration shows a \$926,928 favorable variance. The reason is that this is where the District's contingency is budgeted. The contingency is not meant to be expended, but is to be used as the District's beginning balance for next year. The contingency budgeted was actually \$980,035.

The following tables present a summary of revenues and expenditures of the General Fund for the fiscal year ended June 30, 2014.

<b>Revenues</b>	<b>Amount</b>	
Local revenue sources	\$	7,314,880
Property Tax	4,364,828	
Motor Vehicle Tax	691,568	
Utilities Tax	1,579,517	
Unmined Minerals Tax	332,349	
Other Taxes	29,647	
Tuition and fees	63,581	
Investment earnings	14,843	
Other Local Revenue	238,547	
State revenue sources		22,254,801
Federal revenue sources		175,733
<b>Total Revenues</b>	<b>\$</b>	<b>29,745,414</b>

### General Fund Revenue Sources



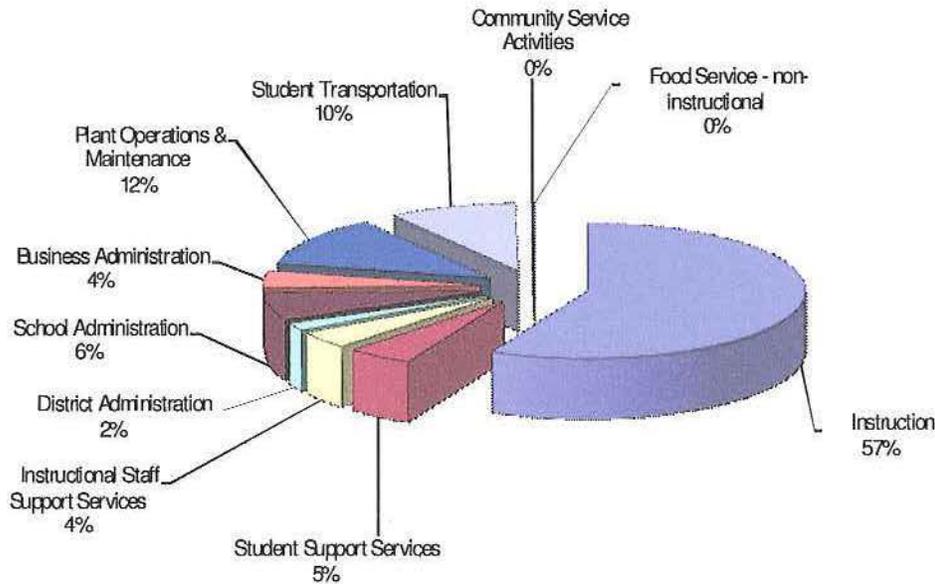
The majority of revenue was derived from state funding 75%, with local revenue sources making up 25% of total revenue.

**Expenditures**

**FY 2014**

Instruction	\$	16,763,938
Student Support Services		1,445,591
Instructional Staff Support Services		1,185,438
District Administration		523,540
School Administration		1,892,543
Business Administration		1,157,485
Plant Operations & Maintenance		3,469,415
Student Transportation		2,781,934
Community Service Activities		60,430
Food Service - non-instructional		1,473
Facilities acquisition & construction		92,700
<b>Total Expenditures</b>	<b>\$</b>	<b>29,374,487</b>

**General Fund Expenditures**



The majority of expenditures were in the area of Instruction at 57% with Plant Operations & Maintenance expenditures being 12%.

## CAPITAL ASSET AND DEBT ADMINISTRATION

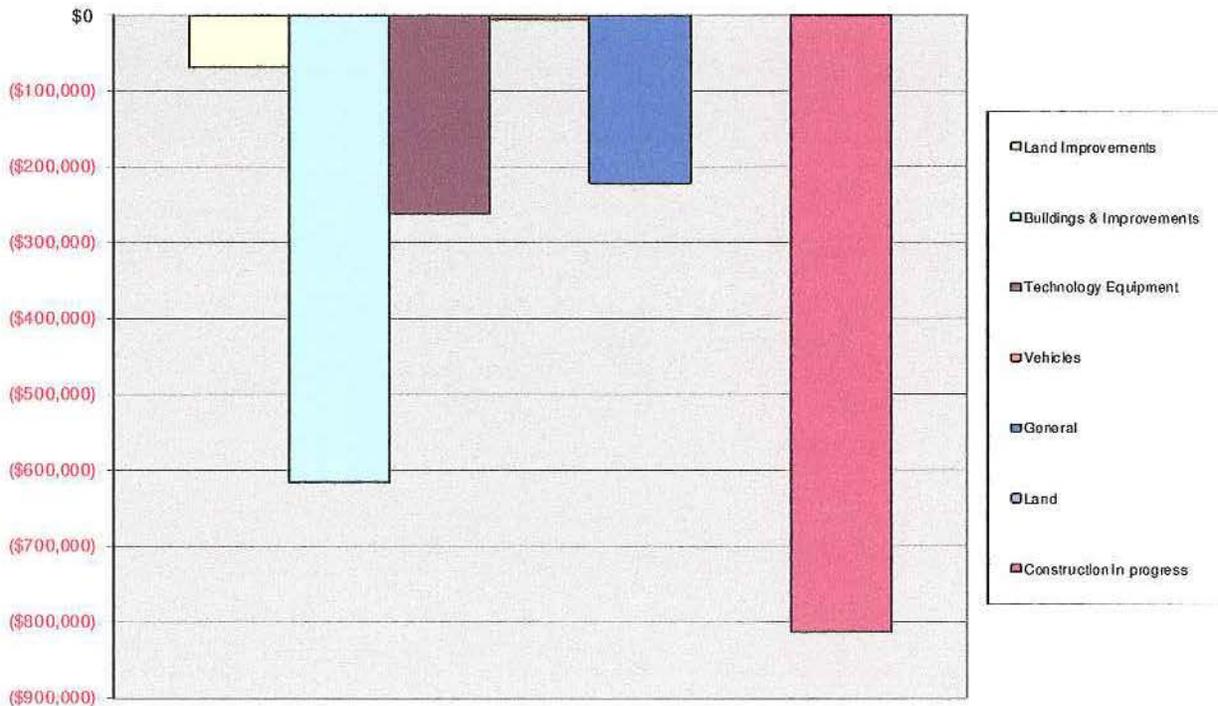
### Capital Assets

By June 30, 2014, the district had invested \$47,242,478 in capital assets, net of accumulated depreciation. This included land, school buildings, athletic facilities, maintenance facilities, computer equipment and administrative offices. The cumulative total of assets was \$85,229,781 with accumulated depreciation of \$37,987,303.

#### SUMMARY OF CAPITAL ASSETS

Assets	June 30, 2013	June 30, 2014	Change
Land	\$456,873	\$456,873	\$0
Construction in progress	\$816,666	\$3,277	(\$813,389)
Land Improvements	\$1,231,108	\$1,163,729	(\$67,379)
Buildings & Improvements	\$43,194,019	\$42,579,356	(\$614,663)
Technology Equipment	\$710,315	\$449,535	(\$260,780)
Vehicles	\$1,004,297	\$998,220	(\$6,077)
General	\$1,812,418	\$1,591,488	(\$220,930)
<b>Total Assets</b>	<b>\$49,225,696</b>	<b>\$47,242,478</b>	<b>(\$1,983,218)</b>

Capital Assets Variance

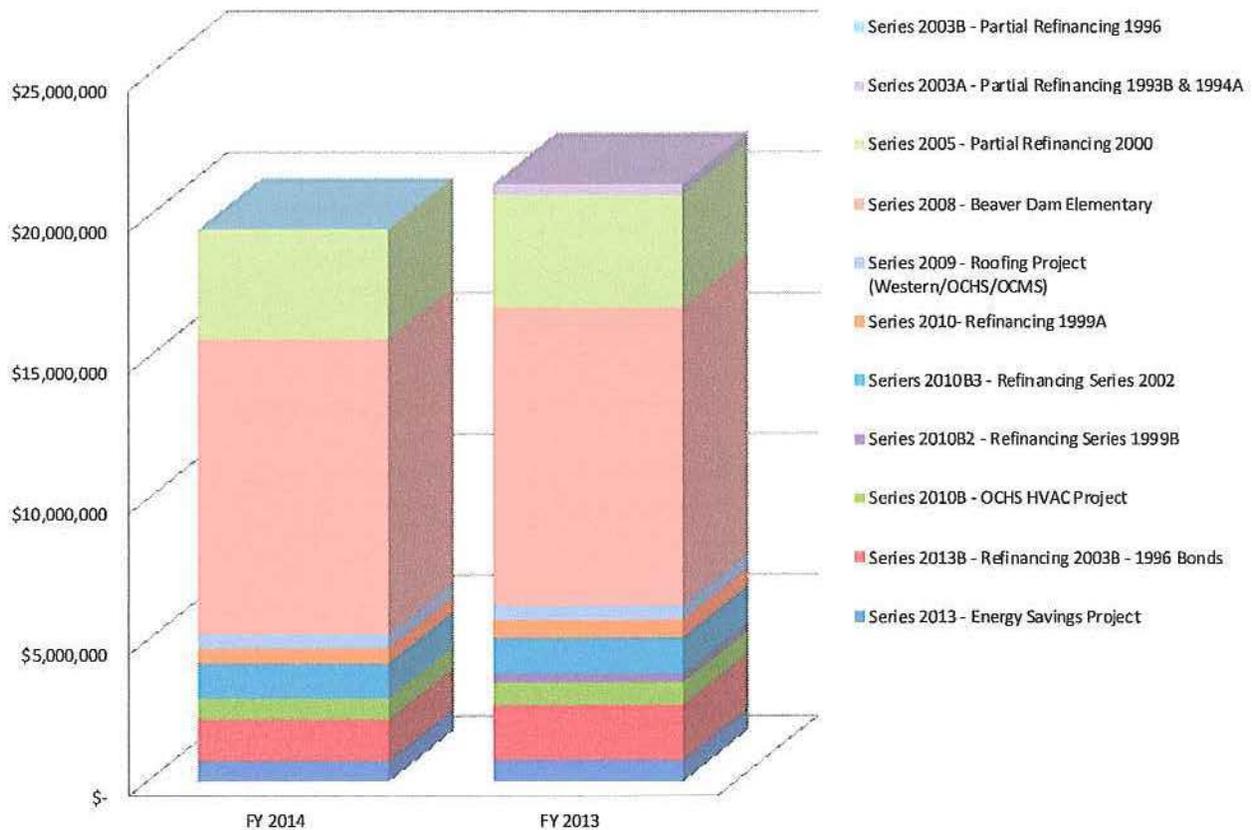


## School Revenue Bonds Payable

At year-end the district had \$19.590 million in school revenue bonds outstanding. The net decrease of school revenue bonds payable was \$1,605,000.

School Revenue Bonds	FY 2014	FY 2013
Series 2013 - Energy Savings Project	\$ 720,000	\$ 750,000
Series 2013B - Refinancing 2003B - 1996 Bonds	\$ 1,460,000	\$ 1,960,000
Series 2010B - OCHS HVAC Project	\$ 770,000	\$ 810,000
Series 2010B2 - Refinancing Series 1999B	\$ -	\$ 300,000
Series 2010B3 - Refinancing Series 2002	\$ 1,240,000	\$ 1,280,000
Series 2010 - Refinancing 1999A	\$ 535,000	\$ 635,000
Series 2009 - Roofing Project (Western/OCHS/OCMS)	\$ 490,000	\$ 505,000
Series 2008 - Beaver Dam Elementary	\$ 10,445,000	\$ 10,565,000
Series 2005 - Partial Refinancing 2000	\$ 3,930,000	\$ 4,015,000
Series 2003A - Partial Refinancing 1993B & 1994A	\$ -	\$ 375,000
Series 2003B - Partial Refinancing 1996	\$ -	\$ -
<b>Total</b>	<b>\$ 19,590,000</b>	<b>\$ 21,195,000</b>

## Outstanding Debt



## **BUDGETARY IMPLICATIONS**

It is extremely important that the district continue to budget very conservatively. The District receives approximate 75% of its general fund revenue each year through the state funding formula (SEEK). The SEEK forecasts from the state should be considered only an estimate of state revenue. If the state does not get the revenue from taxing sources, an adjustment will be made to the funding formula. The District should always be prepared for such reductions in funding.

Approximately 25% of the general fund revenue is from local property tax. The major portion of the tax revenue does not come to the district until the fifth-seventh months. This means the general fund's beginning fund balance must be used to absorb much of the first four months of expenditures. Provisions must always be made to have a significant beginning fund balance to start each year.

By law the budget must have a minimum 2% contingency. The District adopted a budget with \$980,035 in contingency (3.68%). The beginning fund balance for beginning the fiscal year was \$3,676,572. The ending fund balance is \$5,577,069. The District must continue to find ways to become more efficient with operational departments in an effort to provide the necessary funding to essential programs.

## **DISTRICT CHALLENGES FOR THE FUTURE**

The primary challenges for Ohio County Public Schools are to continue to reach the academic accountability goals established by the Commonwealth of Kentucky, continue to maintain our modern facilities, and preserving the current level of financial stability.

The District's challenge to reach the academic accountability goal established by the Commonwealth of Kentucky will be accomplished by several means. The primary goal is to maintain our competitive salary schedules to help attract quality leadership, teachers and support staff. The District also needs to continue to maintain our pupil/teacher ratio at levels below the levels recommended by the state. Maintaining several programs will also help the District overcome this challenge. These programs include, but are not limited to, full day kindergarten, response to intervention (RTI), and advancement in the area of technology.

The second challenge mentioned above is to maintain our modern facilities. The District has suspended the annual financial commitment of \$400,000 from General Fund revenues to the restricted construction account within the General Fund in order to maintain our current facilities. The current balance within the restricted construction account as of June 30, 2014 is \$1,823,628. This restricted account will help the District recover from any unforeseen major facility repairs, help keep the current facilities in excellent condition and construct any required facilities which do not meet the Kentucky Department of Education guidelines or not large enough to require a bond sale.

The third challenge mentioned above is preserving the current level of financial stability. The district receives 75% of the general fund revenues from the State of Kentucky through the SEEK formula. With the financial condition of both the nation and state, the next four years will play a vital role in maintaining our financial stability.

Questions regarding this report should be directed to Mr. Brian L. Decker, Chief Financial Officer, located at 315 East Union Street, Hartford, KY 42347, by phone at 270.298.3249 extension # 249, or e-mail at [brian.decker@ohio.kyschools.us](mailto:brian.decker@ohio.kyschools.us).



## INDEPENDENT AUDITORS' REPORT

Kentucky State Committee for School District Audits  
Members of the Board of Education  
Ohio County School District

### 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 Ohio County School District (the "District") as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; 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 the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinions

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

## **Emphasis of Matter**

As described in Note A to the financial statements, the District adopted new accounting guidance, GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources and Net Position and GASB No. 65, Items Previously Reported as Assets and Liabilities. Our opinion is not modified with respect to these matters.

## **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 1 – 12 and 49 – 50 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 District's basic financial statements. The introductory section, and combining and individual nonmajor fund financial statements, are presented for purposes of additional analysis and are not required part of the basic financial statements. The schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133. *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements.

The combining and individual nonmajor fund financial statements 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 auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2014, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Alphard & Company CPAS PSC*

Owensboro, Kentucky  
November 13, 2014

**OHIO COUNTY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
June 30, 2014**

ASSETS	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 5,979,791	\$ 500,046	\$ 6,479,837
Investments	-	-	-
Accounts receivable	645,160	70,483	715,643
Promise to give	-	-	-
Inventory	187,043	93,141	280,184
Prepaid expenses	-	-	-
Prepaid interest	-	-	-
Interest receivable	-	-	-
<b>Total current assets</b>	<u>6,811,994</u>	<u>663,670</u>	<u>7,475,664</u>
<b>Noncurrent Assets</b>			
Capital assets	84,002,888	1,226,893	85,229,781
Less: Accumulated depreciation	(37,095,135)	(892,168)	(37,987,303)
<b>Total noncurrent assets</b>	<u>46,907,753</u>	<u>334,725</u>	<u>47,242,478</u>
<b>Total assets</b>	<u>\$ 53,719,747</u>	<u>\$ 998,395</u>	<u>\$ 54,718,142</u>
<b>Deferred Outflows of Resources</b>			
Deferred amount of debt refundings	306,917	-	306,917
<b>Total Deferred Outflows of Resources</b>	<u>\$ 306,917</u>	<u>\$ -</u>	<u>\$ 306,917</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable	\$ 484,417	\$ 50,118	\$ 534,535
Retained percentage contracts	-	-	-
Accrued payroll and withholding obligations	172,976	-	172,976
Due to other funds	-	-	-
Deferred revenues	27,752	-	27,752
Current portion of bond obligations	1,155,000	-	1,155,000
Current portion of capital lease obligations	24,179	-	24,179
Current portion of accrued leave	80,608	-	80,608
Interest payable	122,229	-	122,229
<b>Total current liabilities</b>	<u>2,067,161</u>	<u>50,118</u>	<u>2,117,279</u>
<b>Noncurrent Liabilities</b>			
Noncurrent portion of bond obligations	18,435,000	-	18,435,000
Noncurrent portion of insurance assessment	573,147	-	573,147
Noncurrent portion of capital lease obligations	30,146	-	30,146
Noncurrent portion of accrued leave	522,366	-	522,366
<b>Total noncurrent liabilities</b>	<u>19,560,659</u>	<u>-</u>	<u>19,560,659</u>
<b>Total liabilities</b>	<u>\$ 21,627,820</u>	<u>\$ 50,118</u>	<u>\$ 21,677,938</u>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 27,263,428	\$ 334,725	\$ 27,598,153
Restricted for:			
Grants	47,421	-	47,421
Sick Leave	100,000	-	100,000
Capital projects	324,774	-	324,774
Unrestricted	4,663,221	613,552	5,276,773
<b>Total net position</b>	<u>\$ 32,398,844</u>	<u>\$ 948,277</u>	<u>\$ 33,347,121</u>

The accompanying notes are an integral part of the financial statements.

OHIO COUNTY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
June 30, 2014

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental Activities</b>							
Instruction	\$ 22,242,960	\$ -	\$ 6,025,243	\$ -	\$ (16,217,717)	\$ -	\$ (16,217,717)
Support services:							
Student	1,462,085	13,416	-	-	(1,448,669)	-	(1,448,669)
Instruction staff	1,647,854	-	-	-	(1,647,854)	-	(1,647,854)
District administrative	638,297	-	-	-	(638,297)	-	(638,297)
School administrative	1,906,559	-	-	-	(1,906,559)	-	(1,906,559)
Business	1,456,788	-	-	-	(1,456,788)	-	(1,456,788)
Plant operation and maintenance	3,925,829	1,640	-	-	(3,924,189)	-	(3,924,189)
Student transportation	3,159,392	-	-	-	(3,159,392)	-	(3,159,392)
Central office	-	-	-	-	-	-	-
Food service operation	4,604	-	-	-	(4,604)	-	(4,604)
Community service activities	469,932	-	-	-	(469,932)	-	(469,932)
Facilities acquisition and construction	92,700	-	-	-	(92,700)	-	(92,700)
Other	327,826	-	-	122,429	(205,397)	-	(205,397)
<b>Total governmental activities</b>	<b>37,334,826</b>	<b>15,056</b>	<b>6,025,243</b>	<b>122,429</b>	<b>(31,172,098)</b>	<b>-</b>	<b>(31,172,098)</b>
<b>Business-type Activities</b>							
Food service	2,206,057	281,760	1,980,377	105,476	-	161,556	161,556
Other	127,660	85,537	41,631	-	-	(492)	(492)
<b>Total business-type activities</b>	<b>2,333,717</b>	<b>367,297</b>	<b>2,022,008</b>	<b>105,476</b>	<b>-</b>	<b>161,064</b>	<b>161,064</b>
<b>Total school district</b>	<b>\$ 39,668,543</b>	<b>\$ 382,353</b>	<b>\$ 8,047,251</b>	<b>\$ 227,905</b>	<b>\$ (31,172,098)</b>	<b>\$ 161,064</b>	<b>\$ (31,011,034)</b>

**General Revenues**

Property taxes	\$ 4,894,475	\$ -	\$ 4,894,475
Motor vehicle taxes	755,335	-	755,335
Unmined mineral tax	332,349	-	332,349
Other taxes	29,647	-	29,647
Utility taxes	1,579,517	-	1,579,517
Revenue in lieu of taxes	-	-	-
Investment earnings and adjustment to market	14,928	1,086	16,014
State and formula grants	22,315,215	-	22,315,215
Contributions	275,028	-	275,028
Miscellaneous	437,946	-	437,946
Transfers	143,442	(143,442)	-
<b>Total general revenues</b>	<b>30,777,882</b>	<b>(142,356)</b>	<b>30,635,526</b>
Change in net position	(394,216)	18,708	(375,508)
Net position - beginning of year, as restated	32,793,060	929,569	33,722,629
Net position - end of year	<b>\$ 32,398,844</b>	<b>\$ 948,277</b>	<b>\$ 33,347,121</b>

The accompanying notes are an integral part of the financial statements.

OHIO COUNTY SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2014

	General Fund	Special Revenue	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS AND RESOURCES:</b>					
Cash and cash equivalents	\$ 5,475,644	\$ 12,592	\$ -	\$ 491,555	\$ 5,979,791
Investments	-	-	-	-	-
Accounts receivable	416,933	187,437	-	-	604,370
Accounts receivable-other	39,809	-	-	981	40,790
Prepaid expense	-	-	-	-	-
Inventories	187,043	-	-	-	187,043
Due from other funds	-	-	-	-	-
Interest receivable	-	-	-	-	-
<b>Total assets</b>	<b>\$ 6,119,429</b>	<b>\$ 200,029</b>	<b>\$ -</b>	<b>\$ 492,536</b>	<b>\$ 6,811,994</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ 369,384	\$ 100,272	\$ -	\$ 14,761	\$ 484,417
Retained percentage contracts	-	-	-	-	-
Accrued payroll and related expenses	172,976	-	-	-	172,976
Accumulated sick leave - current	-	-	-	-	-
Due to other funds	-	-	-	-	-
Deferred revenues	-	27,752	-	-	27,752
Obligations under capital lease	-	-	-	-	-
Debt obligations	-	-	-	-	-
<b>Total liabilities</b>	<b>542,360</b>	<b>128,024</b>	<b>-</b>	<b>14,761</b>	<b>685,145</b>
<b>Fund Balances</b>					
Nonspendable	187,043	-	-	-	187,043
Restricted	100,000	47,241	-	324,774	472,015
Committed	2,025,165	-	-	-	2,025,165
Assigned	36,481	24,764	-	16,351	77,576
Unassigned	3,228,400	-	-	136,650	3,365,050
<b>Total fund balances</b>	<b>5,577,069</b>	<b>72,005</b>	<b>-</b>	<b>477,775</b>	<b>6,126,849</b>
<b>Total liabilities and fund balances</b>	<b>\$ 6,119,429</b>	<b>\$ 200,029</b>	<b>\$ -</b>	<b>\$ 492,536</b>	<b>\$ 6,811,994</b>

The accompanying notes are an integral part of the financial statements.

**OHIO COUNTY SCHOOL DISTRICT**  
**Reconciliation of the Governmental Funds Balance Sheet to the**  
**Statement of Net Position**  
**June 30, 2014**

Total fund balances - governmental funds	\$ 6,126,849
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore not reported as assets in governmental funds. The cost of the assets is \$ 84,002,888 and the accumulated depreciation is \$ 37,095,135.	46,907,753
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.	306,917
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:	
Leases payable	(54,325)
Bonds payable	(19,590,000)
Accrued interest on the bonds	(122,229)
Accrued insurance liability (KISBIT assessment)	(573,147)
Long-term portion of accrued leave	<u>(602,974)</u>
Total net position for governmental activities	<u>\$ 32,398,844</u>

The accompanying notes are an integral part of the financial statements.

**OHIO COUNTY SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
For the year ended June 30, 2014

Revenues	General Fund	Special Revenue	Debt Service	Other Governmental Funds	Total Governmental Funds
From local sources					
Property taxes	\$ 4,364,828	\$ -	\$ -	\$ 529,647	\$ 4,894,475
Motor vehicle taxes	691,568	-	-	63,767	755,335
Unmined minerals	332,349	-	-	-	332,349
Utility taxes	1,579,517	-	-	-	1,579,517
Franchise taxes	-	-	-	-	-
Other taxes	29,647	-	-	-	29,647
Revenue other local government units	-	-	-	-	-
Tuition and fees	63,581	-	-	-	63,581
Transportation	-	-	-	-	-
Earnings on investments	14,843	8	-	77	14,928
Food service	-	10,051	-	-	10,051
Student activities	-	-	-	-	-
Community service activities	-	-	-	-	-
Other local revenues	236,039	323,068	-	6,399	565,506
State sources					
SEEK	16,356,392	-	-	-	16,356,392
Other	5,898,409	1,336,664	783,174	1,093,752	9,111,999
Federal - direct	175,733	-	-	-	175,733
Federal - indirect	-	2,635,920	10,249	-	2,646,169
Intermediate sources	-	-	-	-	-
Other revenues	2,508	-	-	272,520	275,028
<b>Total revenues</b>	<b>29,745,414</b>	<b>4,305,711</b>	<b>793,423</b>	<b>1,986,162</b>	<b>36,810,710</b>
<b>Expenditures</b>					
Instruction	16,763,938	3,079,325	-	358,072	20,201,335
Support services					
Student	1,445,591	16,494	-	-	1,462,085
Instruction staff	1,185,438	432,464	-	28,864	1,646,766
District administration	523,540	-	-	-	523,540
School administration	1,892,543	4,116	-	-	1,896,659
Business	1,157,485	286,797	-	-	1,444,282
Plant operation and maintenance	3,469,415	2,747	-	-	3,472,162
Student transportation	2,781,934	66,964	-	76,509	2,925,407
Central office	-	-	-	-	-
Food service operation	1,473	3,131	-	-	4,604
Community service activities	60,430	409,503	-	-	469,933
Facilities acquisition and construction	92,700	-	-	-	92,700
Other	-	-	2,341,580	110,572	2,452,152
<b>Total expenditures</b>	<b>29,374,487</b>	<b>4,301,541</b>	<b>2,341,580</b>	<b>574,017</b>	<b>36,591,625</b>
<b>Excess (deficit) of revenues over expenditures</b>	<b>370,927</b>	<b>4,170</b>	<b>(1,548,157)</b>	<b>1,392,145</b>	<b>219,085</b>
<b>Other Financing Sources (Uses)</b>					
Bond proceeds	-	-	-	-	-
Payment to refunding debt escrow agent	-	-	-	-	-
Operating transfers in	2,200,722	59,486	1,545,995	632,759	4,438,962
Operating transfers out	(871,152)	(133,610)	-	(3,490,758)	(4,295,520)
<b>Total other financing sources (uses)</b>	<b>1,529,570</b>	<b>(74,124)</b>	<b>1,545,995</b>	<b>(2,857,999)</b>	<b>143,442</b>
<b>Excess (deficit) of revenues and other financing sources over expenditures and other financing uses</b>	<b>1,900,497</b>	<b>(69,954)</b>	<b>(2,162)</b>	<b>(1,465,854)</b>	<b>362,527</b>
<b>Net change in fund balances</b>	<b>1,900,497</b>	<b>(69,954)</b>	<b>(2,162)</b>	<b>(1,465,854)</b>	<b>362,527</b>
Fund balance, June 30, 2013	3,676,572	141,959	2,162	1,943,629	5,764,322
<b>Fund balance, June 30, 2014</b>	<b>\$ 5,577,069</b>	<b>\$ 72,005</b>	<b>\$ -</b>	<b>\$ 477,775</b>	<b>\$ 6,126,849</b>

The accompanying notes are an integral part of the financial statements.

**OHIO COUNTY SCHOOL DISTRICT**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures and Changes in Fund Balances-Governmental Funds**  
**to the Statement of Activities**  
**For the Year Ended June 30, 2014**

Total net change in fund balances - governmental funds	\$ 362,527
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation (\$ 2,363,350) exceeded capital outlays (\$ 428,150) in the current period.	(1,935,200)
Certain long-term assessments are not recorded in the governmental fund financials. The resulting debt increased long-term liabilities in the statement of net position	(573,147)
Repayment of bond principal and capital lease payments are an expenditure in the governmental funds, but the payments reduce long-term liabilities in the statement net position. This is the amount of the payments.	1,661,641
In the statement of activities, certain operating expenses - compensated absences (sick pay) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This is the amount that used exceeded sick leave earned.	147,430
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the statement of activities is the net result of accrued interest on bonds, leases and contracts payable.	9,124
Amortization is reported as an expenditure in the governmental fund financial statement are capitalized in the government-wide financial statements.	<u>(66,591)</u>
Change in net position of governmental activities	<u><u>\$ (394,216)</u></u>

The accompanying notes are an integral part of the financial statements.

**OHIO COUNTY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
June 30, 2014**

<b>ASSETS</b>	<u>Food Service Fund</u>	<u>Other Enterprise Funds</u>	<u>Total</u>
<b>Current Assets</b>			
Cash and cash equivalents	\$ 493,283	\$ 6,763	\$ 500,046
Accounts receivable - other	66,973	3,510	70,483
Inventories	93,141	-	93,141
<b>Total current assets</b>	<u>653,397</u>	<u>10,273</u>	<u>663,670</u>
<b>Noncurrent Assets</b>			
Capital assets	1,226,893	-	1,226,893
Less: Accumulated depreciation	(892,168)	-	(892,168)
<b>Total noncurrent assets</b>	<u>334,725</u>	<u>-</u>	<u>334,725</u>
<b>Total assets</b>	<u>\$ 988,122</u>	<u>\$ 10,273</u>	<u>\$ 998,395</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable	\$ 50,055	\$ 63	\$ 50,118
Accrued payroll and withholding obligations	-	-	-
<b>Total current liabilities</b>	<u>50,055</u>	<u>63</u>	<u>50,118</u>
<b>Total liabilities</b>	<u>\$ 50,055</u>	<u>\$ 63</u>	<u>\$ 50,118</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	334,725	-	334,725
Unrestricted	603,342	10,210	613,552
<b>Total net position</b>	<u>\$ 938,067</u>	<u>\$ 10,210</u>	<u>\$ 948,277</u>

The accompanying notes are an integral part of the financial statements.

**OHIO COUNTY SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**For the year ended June 30, 2014**

	Food Service Fund	Other Proprietary Funds	Total
<b>Operating Revenues</b>			
Food service sales	\$ 281,331	\$ -	\$ 281,331
Other operating revenues	428	85,537	85,965
<b>Total operating revenues</b>	<u>281,759</u>	<u>85,537</u>	<u>367,296</u>
<b>Operating Expenses</b>			
Salaries and wages	1,066,645	124,913	1,191,558
Professional and contract services	44,809	771	45,580
Supplies and materials	1,042,030	1,976	1,044,006
Depreciation	48,020	-	48,020
Other operating expenses	4,553	-	4,553
<b>Total operating expenses</b>	<u>2,206,057</u>	<u>127,660</u>	<u>2,333,717</u>
<b>Operating income (loss)</b>	<u>(1,924,298)</u>	<u>(42,123)</u>	<u>(1,966,421)</u>
<b>Nonoperating revenues (expenses)</b>			
Federal grants	1,764,457	-	1,764,457
State grants	20,961	41,631	62,592
Other state funding	194,959	-	194,959
Donated commodities	105,474	-	105,474
Interest income	1,089	-	1,089
<b>Total nonoperating revenues (expenses)</b>	<u>2,086,940</u>	<u>41,631</u>	<u>2,128,571</u>
<b>Net income (loss)</b>	162,642	(492)	162,150
Transfers in	-	6,750	6,750
Transfers out	(150,192)	-	(150,192)
<b>Change in Net Position</b>	<u>12,450</u>	<u>6,258</u>	<u>(143,442)</u>
<b>Total net position, June 30, 2013</b>	<u>925,617</u>	<u>3,952</u>	<u>929,569</u>
<b>Total net position, June 30, 2014</b>	<u>\$ 938,067</u>	<u>\$ 10,210</u>	<u>\$ 948,277</u>

The accompanying notes are an integral part of the financial statements.

**OHIO COUNTY SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the year ended June 30, 2014**

	Food Service Fund	Other Proprietary Funds	Total
<b>Cash Flows from Operating Activities</b>			
Cash received from lunchroom sales	\$ 281,331	\$ -	\$ 281,331
Cash received from government grants	-	-	-
Cash received from other activities	428	82,027	82,455
Cash payments to employees for services	(1,066,645)	(130,465)	(1,197,110)
Less accrued liability	-	-	-
Cash payments to suppliers for goods and services	(933,597)	(2,747)	(936,344)
Cash payments for other operating activities	(4,553)	-	(4,553)
<b>Net cash from operating activities</b>	<u>(1,723,036)</u>	<u>(51,185)</u>	<u>(1,774,221)</u>
<b>Cash Flows from Capital Financing Activities</b>			
Transfers	(150,192)	6,750	(143,442)
Acquisition of capital assets	-	-	-
<b>Net cash from capital financing activities</b>	<u>(150,192)</u>	<u>6,750</u>	<u>(143,442)</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
Nonoperating grants received	2,036,300	41,631	2,077,931
<b>Net cash from noncapital financing activities</b>	<u>2,036,300</u>	<u>41,631</u>	<u>2,077,931</u>
<b>Cash Flows from Investing Activities</b>			
Interest on investments	1,089	-	1,089
<b>Net cash flows from investing activities</b>	<u>1,089</u>	<u>-</u>	<u>1,089</u>
<b>Net increase in cash and cash equivalents</b>	164,161	(2,804)	161,357
<b>Cash and cash equivalents - beginning</b>	329,122	9,567	338,689
<b>Cash and cash equivalents - ending</b>	<u>\$ 493,283</u>	<u>\$ 6,763</u>	<u>\$ 500,046</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>			
Operating income (loss)	\$ (1,924,298)	\$ (42,123)	\$ (1,966,421)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>			
Depreciation	48,020	-	48,020
Noncash donations	105,474	-	105,474
Interest	-	-	-
Changes in assets and liabilities:			
Receivables	-	(3,510)	(3,510)
Inventory	6,411	-	6,411
Accounts payable	41,357	(5,552)	35,805
Accrued liabilities	-	-	-
Deferred revenue	-	-	-
Due to other funds	-	-	-
<b>Net Cash Provided by Operating Activities</b>	<u>\$ (1,723,036)</u>	<u>\$ (51,185)</u>	<u>\$ (1,774,221)</u>

**Noncash noncapital financing activities:**

During the year the district received \$ 105,474 of food commodities from the U.S. Department of Agriculture.

The accompanying notes are an integral part of the financial statements.

**OHIO COUNTY SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**June 30, 2014**

<b>ASSETS</b>	<u>School Activity Funds</u>	<u>Private Purpose Trust Funds</u>	<u>Total Trust Agency Funds</u>
<b>Current Assets</b>			
Cash and cash equivalents	\$ 83,438	\$ 84,044	\$ 167,482
Accounts receivable	3,458	3,942	7,400
Investments	-	4,660,779	4,660,779
<b>Total current assets</b>	<u>86,896</u>	<u>4,748,765</u>	<u>4,835,661</u>
<b>Noncurrent Assets</b>			
Capital assets	-	-	-
<b>Total noncurrent assets</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total assets</b>	<u>\$ 86,896</u>	<u>\$ 4,748,765</u>	<u>\$ 4,835,661</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$ 10,050	\$ 66,633	\$ 76,683
Due to student groups	76,846	-	76,846
<b>Total current liabilities</b>	<u>86,896</u>	<u>66,633</u>	<u>153,529</u>
<b>Noncurrent Liabilities</b>			
<b>Total noncurrent liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	<u>86,896</u>	<u>66,633</u>	<u>153,529</u>
<b>NET POSITION</b>			
Held in trust for scholarships	<u>-</u>	<u>4,682,132</u>	<u>4,682,132</u>
<b>Total net position</b>	<u>\$ -</u>	<u>\$ 4,682,132</u>	<u>\$ 4,682,132</u>

The accompanying notes are an integral part of the financial statements.

**OHIO COUNTY SCHOOL DISTRICT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**For the year ended June 30, 2014**

	School Activity Funds	Private Purpose Trust Funds	Total Trust Agency Funds
<b>Additions</b>			
Net interest and investment gains (losses)	\$ -	\$ 223,375	\$ 223,375
Private donations	-	8,809	8,809
Other additions	329,773	26,317	356,090
<b>Total additions</b>	<u>329,773</u>	<u>258,501</u>	<u>588,274</u>
<b>Deductions</b>			
Scholarships awarded	-	232,478	232,478
Other deductions	329,773	-	329,773
<b>Total deductions</b>	<u>329,773</u>	<u>232,478</u>	<u>562,251</u>
<b>Transfers out</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Change in net position</b>	-	26,023	26,023
<b>Total net position, June 30, 2013</b>	<u>-</u>	<u>4,656,109</u>	<u>4,656,109</u>
<b>Total net position, June 30, 2014</b>	<u>\$ -</u>	<u>\$ 4,682,132</u>	<u>\$ 4,682,132</u>

The accompanying notes are an integral part of the financial statements.

**OHIO COUNTY SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
**June 30, 2014**

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

Reporting Entity

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

The Ohio County Board of Education (Board), a five member group, is the level of government which has oversight responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the Ohio County School District (District). The District receives funding from local, state and federal government sources and must comply with the commitment requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" as defined in Section 2100, *Codification of Governmental Accounting and Financial Reporting Standards* as Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to develop policies which may influence operations and primary accountability for fiscal matters.

The District, for financial purposes, includes all of the funds and account groups relevant to the operation of the Ohio County Board of Education. The financial statements presented herein do not include funds of groups and organizations, which although associated with the school system, have not originated within the Board itself such as Band Boosters, Parent-Teacher Associations, etc., except for those funds administered as an activity in the agency funds.

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

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

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

Basis of Presentation

*Government - wide 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 overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the District. *Governmental activities* generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. *Business-type activities* are financed in whole or in part by fees charged to external parties.

**OHIO COUNTY SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
**June 30, 2014**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Basis of Presentation (continued)

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

The government-wide statement of net position presents the financial condition of the governmental and business-type activities of the District 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 government function is self-financing or draws from the general revenues of the District.

*Fund Financial Statements:* The fund financial statements provide detailed information about the District, including fiduciary funds. Separate statements for each fund category – *governmental, proprietary, and fiduciary* are presented. The emphasis of fund financial statements is on major governmental, enterprise, and fiduciary funds, each displayed in a separate column. All remaining governmental, enterprise, and fiduciary funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounting for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the changes in total fund balances. Proprietary funds and fiduciary funds are reported using the economic resources measurement focus. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

**OHIO COUNTY SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
**June 30, 2014**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The District has the following funds:

Governmental Fund Types

These are the funds through which most governmental functions typically are financed. These funds included in this category are as follows:

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

Special Revenue Fund accounts for proceeds of specific revenue sources (other than debt service, enterprise funds, 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 specified project periods as well as 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. In addition, the Kentucky Education Technology System (KETS) allocation and local district matching funds are being recorded in the special revenue fund as required by the Kentucky Department of Education. These funds are restricted for the purchase of technology consistent with the District's approved technology plan. The Special Revenue Fund is a major fund of the District.

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest and related cost; and, for the payment of interest on general obligation notes payable, as required by Kentucky Law. The Debt Service Fund is a major fund of the District.

Capital Projects 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) and to provide financial resources for debt service requirements.

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, and certain operating costs.

The Facility Support Program of Kentucky (FSPK) Fund 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.

The Construction Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction. The Construction Fund is a major fund of the District.

The District Activity Fund is a Special Revenue Fund and is used to account for funds received at the school level.

**OHIO COUNTY SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
**June 30, 2014**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Proprietary Fund Types

These funds account for operations that are organized to be self-supporting through user charges. The funds included in this category are Enterprise Funds.

Enterprise Funds are used to account for those operations that are financed and operated in a manner similar to private business or where the Board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

The Food Service Fund is used to account for school food service activities, including the National School Lunch Program, which is conducted in cooperation with the U. S. Department of Agriculture (USDA). Amounts have been recorded for in-kind contribution of commodities from the USDA and for on behalf payments for retirement and health insurance paid by the State of Kentucky. The Food Service Fund is a major fund.

The School-wide Day Care Fund is used to account for after school and summer day care services offered to the general public.

The School Auditorium Fund is used to account for the funds donated in order to construct a school auditorium once adequate funds are received. The general public will have access to the auditorium. During the year the Board voted to vacate this project before construction and fundraising started.

The Fordsville Education Fund is used to account for the afterschool tutoring program.

Fiduciary Fund Type (includes agency and private purpose trust funds)

Fiduciary Funds account for assets held by the District in a trustee capacity (trust funds) or as an agent on behalf of others (agency funds).

The Agency Fund consists of Activity funds and accounts for activities of student groups and other types of activities requiring clearing accounts. These funds are accounted for in accordance with *Accounting Procedures for Kentucky School Activity Funds*.

The Private Purpose Trust Fund is used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

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 presented in the fund financial statements use the modified accrual basis of accounting. Proprietary and fiduciary funds use the accrual basis of accounting.

**OHIO COUNTY SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
**June 30, 2014**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Basis of Accounting (continued)

The records of the District are maintained and the budgetary process is based on the modified accrual basis of accounting. This practice is the accounting method prescribed by the Committee for School District Audits. The District is required by state law to adopt annual budgets for the general fund, special revenue fund and capital projects funds. Each budget is presented on the modified actual basis of accounting which is consistent with the fund financial statement presentation with the exception of employee benefits paid by the state on behalf of the district. Such benefits are reported as expenditures in the General Fund financial statements based on labor distribution, but are not included in the annual budget.

For financial purposes, the accounting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for by using a current financial resources measurement focus. With this measurement focus, only current assets and liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in the fund balance.

The financial statements of governmental fund types are prepared on the modified accrual basis of accounting. On this basis of accounting, revenues are recognized when they become measurable and available as assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is interest on general long-term debt, which is recognized as an expenditure when paid. The proprietary funds are accounted for using the accrual basis of accounting whereby revenues are recognized when they are earned and expenses are recognized when they are incurred.

Exchange and Non-exchange transactions - There are two types of transactions: exchange and nonexchange. The method of determining revenue recognition (i.e., accrual v. modified accrual) depends upon the type of exchange as well as source of revenue. Exchange transactions occur when each party receives essentially equal value. Non-exchange transactions occur when one party receives value without directly giving equal value in return.

Modified Accrual - Revenue from non-exchange transactions (e.g., grants, entitlements and donations) must be available to be recognized. These sources of revenue are recognized in the fiscal year in which all eligibility requirements have been satisfied. Under the modified accrual basis of accounting, revenues from exchange transactions are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For the District, "available" means within sixty days of June 30. Property tax revenue is recognized in the fiscal year for which the taxes are levied. Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as deferred revenue. Under the modified basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation, are not recognized in governmental funds.

Accrual - Under the accrual basis of accounting, revenues are recorded when an exchange takes place. Expenses are recognized at the time they are incurred.

Encumbrance Accounting - Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Kentucky Law, appropriations lapse at fiscal year end. Encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year's budget.

**OHIO COUNTY SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
**June 30, 2014**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Investments

KRS 66.480 authorizes the District to invest in obligations of the United States, U.S. government obligations and contracts, obligations of U.S. government corporations, certificates of deposit, uncollateralized CD's, banker's acceptances, commercial paper, bonds of Kentucky, securities issued by states or local governments or shares of mutual funds.

Investments are reported at fair value which is determined using selected bases. Short term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates and investments that do not have an established market are reported at estimated fair value. Cash deposits are reported at carrying amount.

Budgetary Process

The District is required by state law to adopt annual budgets for the general fund, special revenue funds, debt service fund and capital projects fund. Each budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles (GAAP).

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

1. Prior to May 15 of the preceding fiscal year, the district prepares a tentative working budget for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board of Education is then called for the purpose of adopting the tentative working budget by May 15.
3. Prior to September 15, the working budget is legally enacted through passage of a resolution by the Board of Education.
4. The budget must be submitted to the Kentucky Board of Education by September 15 for approval.

Once the budget is approved, it can be amended at the Function and Fund level. Amendments are presented to the Board at their regular meetings. Such amendments are made before the fact.

Each budget is prepared and controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended. Individual amendments were not material in relation to original appropriations. All budget appropriations lapse at year-end.

**OHIO COUNTY SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
**June 30, 2014**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

New Financial Reporting Standards

The District has adopted the following GASB Statements:

- In June 2011, the GASB issued State No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASBS No. 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 the following elements: assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011.
- GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Implementation required a restatement of previously presented net position and bond issuance costs decreasing assets and net position by \$ 353,914 at July 1, 2012. The net effect of the restatement for the previously reported year ended June 30, 2013 was:

	As Previously Reported	As Restated	GASB 65 Adjustment
<b>Statement of Net Position:</b>			
Deferred loan and bond cost	\$ 727,423	\$ 373,509	\$ 353,914
Net position	33,146,974	32,793,060	(353,914)
<b>Statements of Revenues, Expenses and Changes in Net Position:</b>			
Depreciation and amortization	2,421,210	2,067,296	353,914
Change in net position	(277,835)	(631,749)	(353,914)

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.

**OHIO COUNTY SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
**June 30, 2014**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

New Financial Reporting Standards (continued)

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.

Cash and Cash Equivalents

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

Inventories

Inventory in the General Fund consists of transportation supplies, paper and maintenance. All other supplies and materials in the General Fund are charged to expenditures when purchased. Inventories are valued at cost using the first-in, first-out method.

The Food Service Fund's inventories consist of food and supplies valued at cost and government commodities, whose value is determined by the U.S. Department of Agriculture.

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 assets 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 assets and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of five thousand dollars. 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.

**OHIO COUNTY SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
**June 30, 2014**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Capital Assets (continue)

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Buildings and improvements	25-50 years
Land improvements	20 years
Technology equipment	5 years
Vehicles	5-10 years
Audio-visual equipment	15 years
Food service equipment	10-12 years
Furniture and fixtures	7 years
Rolling stock	15 years
Other	10 years

Property Taxes

Property taxes collected are recorded as revenues in the fund for which they were levied. The assessment date of the property taxes is January 1 of each year. The levy is normally set during the September board meeting. Assuming property tax bills are timely mailed, the collection date is the period from September 15 through December 31. Collections from the period September 15 through November 1 receive a two percent discount. The due date is the period from November 2 through December 31 in which no discount is allowed. Property taxes received subsequent to December 31 are considered to be delinquent and subject to penalty and lien being filed by the County Attorney.

The property tax rates assessed for the year ended June 30, 2013, to finance the General Fund operations, were \$.451 per \$100 valuation of real property, \$.451 per \$100 valuation of business personal property and \$.518 per \$100 valuation of 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 communication services, cablevision services, electronic power, water, and natural, artificial and mixed gas.

Revenue Recognition

Revenues from federal, state and local grants are considered to be earned to the extent of expenditures made under the provisions of the grant and, accordingly, when such funds are received they are recorded as deferred revenues until earned in the governmental funds financial statements.

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.

**OHIO COUNTY SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
**June 30, 2014**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Accrued Leave

The District allows employees to accumulate and carry over sick leave from year to year. The amount of total days that may be carried over from year to year is unlimited. Upon retirement from the school system, employees will receive an amount up to thirty percent (30%) of the value of accumulated sick leave. Sick leave benefits are accrued as a liability using the vesting method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. It is deemed probable that benefits will be paid to certified employees with twenty or more years experience and classified employees with ten or more years experience. At June 30, 2014, the accumulated sick leave liability totaled \$602,974.

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, the current portion of unpaid accrued sick leave is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "accrued leave" in the general fund. The noncurrent portion of the liability is not reported.

Net Position

The District's net position is classified as follows:

*Net Investment in Capital Assets:* The District's investment in capital assets (net of accumulated depreciation) reduced by outstanding balances of notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

*Restricted Net Position:* Assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws, or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted Net Position:* Assets whose use by the District is not subject to externally imposed stipulations. Unrestricted net position may be designed for specific purpose by action of the Board.

**NOTE B - ESTIMATES**

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

**NOTE C - CASH AND CASH EQUIVALENTS**

The District's cash and cash equivalents consist of amounts deposited in interest bearing accounts. The depository bank deposits for safekeeping and trust with the District's third party agent approved pledged securities to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

**OHIO COUNTY SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
**June 30, 2014**

**NOTE C - CASH AND CASH EQUIVALENTS (continued)**

At June 30, 2014, the carrying amount of the District's combined deposits (cash and cash equivalents) were \$7,129,590 and the bank balances were \$8,584,634, which were covered by the combination of FDIC insurance and collateral held by the District's agent in the District's name at June 30, 2014.

The carrying amounts of deposits in cash and cash equivalents reflected in the financial statements are:

Governmental funds	\$ 5,979,791
Proprietary funds	500,046
Fiduciary Funds	167,482
Total	<u>\$ 6,647,319</u>

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the District's deposits may not be returned. The District does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 41.240(4). As of June 30, 2014 all of the District's deposits meet current guidelines and none were exposed to custodial credit risk.

The cash deposits held at financial institutions can be categorized according to three levels of risk. These three levels of risk are as follows:

- Category 1      Deposits that are insured or collateralized with securities held by the District or by its agent in the District's name.
- Category 2      Deposits that are collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.
- Category 3      Deposits which are not collateralized or insured.

Based on these three levels of risk, all of the District's cash deposits are classified as Category 2.

**NOTE D - INVESTMENTS**

The private purpose trust funds consist of the following investments at June 30, 2014:

Money market	\$ 47,747
Stocks and mutual funds	1,046
Debt securities	4,611,986
Total	<u>\$ 4,660,779</u>

Investments are included in the balance sheet at fair market value, under the caption Investments. The types of investments categorized below represent all types of investments utilized by the District during the period as of June 30, 2014:

**OHIO COUNTY SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
**June 30, 2014**

**NOTE D – INVESTMENTS (continued)**

Fund Type	Investment Type	Fair Value	Weighted Average Maturity (months)	Rating
Private Purpose Trust Fund	Money Market	\$ 47,747	N/A	NR
Private Purpose Trust Fund	Common Stock	1,046	N/A	NR
Private Purpose Trust Fund	U.S. Agencies	2,805,025	281	AAA
Private Purpose Trust Fund	Corporate	88,075	63	A3
Private Purpose Trust Fund	Corporate	25,500	207	BAA1
Private Purpose Trust Fund	Corporate	58,943	160	A1
Private Purpose Trust Fund	Kentucky Municipal	91,307	109	A2
Private Purpose Trust Fund	Kentucky Municipal	1,144,636	172	AA3
Private Purpose Trust Fund	Kentucky Municipal	270,012	187	AA2
Private Purpose Trust Fund	Kentucky Municipal	128,489	230	NR
	Total	<u>\$ 4,660,779</u>		

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value and investment. The District manages its exposure to declines in fair value by purchasing a combination of shorter and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or approaching maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

The trust agreements do 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.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. Under Kentucky Revised Statutes Section 66.480, the District is authorized to invest in obligations of the United States and its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or of its agencies, obligations of any corporation of the United States government, certificates of deposit, commercial paper rated in one of the three highest categories by nationally recognized rating agencies and shares in mutual funds. The District's investment policy only allows investment choices that are in compliance with the state statutes. All investments held by the District are insured or collateralized with securities held by the District or by its agent in the District's name, except for the money market mutual funds.

Under trust agreements, the District is authorized to invest in income producing assets which are insured by either the federal or any state government, or instrumentalities thereof, or in items known as "investment grade securities." Prior to the death of the settler, the assets are required to be such items that will produce income free and clear of federal and Kentucky income taxes. After the death of the settler, the investments are limited only to prevailing state statutes.

The trust agreements do not place a limit on the amount the District may invest in any one issuer. More than five percent of the trust's investments are in, U.S. agency, and Kentucky municipal bonds. These investments are 61% and 35%, respectively, of the trust's total investments.

**OHIO COUNTY SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements**  
**June 30, 2014**

**NOTE E - CAPITAL ASSETS**

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

	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014
<b>Governmental Activities:</b>				
Capital assets not depreciated:				
Land	\$ 456,873	\$ -	\$ -	\$ 456,873
Construction in progress	816,666	207,302	1,020,691	3,277
Total capital assets not depreciated	<u>1,273,539</u>	<u>207,302</u>	<u>1,020,691</u>	<u>460,150</u>
Capital assets depreciated:				
Land improvements	2,421,097	41,940	-	2,463,037
Buildings	69,543,023	902,375	-	70,445,398
Equipment	3,211,819	12,587	6,500	3,217,906
Technology equipment	3,093,710	45,697	206,890	2,932,517
Vehicles	4,249,331	252,483	17,934	4,483,880
Total capital assets depreciated	<u>82,518,980</u>	<u>1,255,082</u>	<u>231,324</u>	<u>83,542,738</u>
Less accumulated depreciation:				
Land improvements	1,189,989	109,319	-	1,299,308
Buildings	26,349,005	1,517,037	-	27,866,042
Equipment	1,777,833	186,701	5,308	1,959,226
Technology equipment	2,387,707	291,733	194,541	2,484,899
Vehicles	3,245,034	258,560	17,934	3,485,660
Total accumulated depreciation	<u>34,949,568</u>	<u>2,363,350</u>	<u>217,783</u>	<u>37,095,135</u>
Total capital assets depreciated, net	<u>47,659,412</u>	<u>(1,108,268)</u>	<u>13,541</u>	<u>46,447,603</u>
Total capital assets, net	<u>\$ 48,842,951</u>	<u>\$ (900,966)</u>	<u>\$ 1,034,232</u>	<u>\$ 46,907,753</u>
<b>Business-type activities:</b>				
Capital assets depreciated:				
Equipment	\$ 1,212,304	\$ -	\$ 6,949	\$ 1,205,355
Technology equipment	26,065	-	4,527	21,538
Total capital assets depreciated	<u>1,238,369</u>	<u>-</u>	<u>11,476</u>	<u>1,226,893</u>
Less accumulated depreciation:				
Equipment	833,871	45,625	6,949	872,547
Technology equipment	21,753	2,395	4,527	19,621
Total accumulated depreciation	<u>855,624</u>	<u>48,020</u>	<u>11,476</u>	<u>892,168</u>
Total capital assets depreciated, net	<u>382,745</u>	<u>(48,020)</u>	<u>-</u>	<u>334,725</u>
Total capital assets, net	<u>\$ 382,745</u>	<u>\$ (48,020)</u>	<u>\$ -</u>	<u>\$ 334,725</u>

Depreciation was charged to governmental functions as follows:

Instruction	\$ 1,775,862
Instructional staff	1,088
District administration	36,297
School administration	9,900
Business support	12,506
Plant	293,713
Transportation	233,984
	<u>\$ 2,363,350</u>

**OHIO COUNTY SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
**June 30, 2014**

**NOTE F - BOND AND OTHER LONG-TERM DEBT**

The District is required to make lease payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Ohio County Public School District Finance Corporation to construct school facilities. Current requirements for principal and interest expenditures are accounted for in the Building Fund in accordance with state law. The District is liable for all issues; however, School Facilities Construction Commission participates by contributing those portions of debt that are appropriated in the State's biennial budget. The District is contingently liable for the debt listed below under Kentucky School Facilities Construction Commission (KSFCC).

In connection with the school building revenue bonds issued after May 1, 1996, the District entered into "participation agreements" with the KSFCC. The KSFCC was created by the Kentucky General Assembly for the purpose of assisting local schools in meeting school construction needs. The KSFCC will remit a stated amount of bond principal and interest payments annually, subject to biennial approval by the Kentucky General Assembly. Should approval not be received in future periods, the District remains obligated for the full amount of the bond principal and interest payments.

The bonds may be called prior to maturity by the District 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 KSFCC, for debt service as of June 30, 2014 (principal and interest) are as follows:

<u>Issue</u>	<u>Original Amount</u>	<u>Maturity Dates</u>	<u>Interest Rates</u>
2005	4,450,000	2020	3.375-4.10%
2008	11,105,000	2028	3.50-5.40%
2009	565,000	2029	3.875%
2010	930,000	2019	1.20-3.10%
2010	890,000	2030	1.40-4.80%
2010 3 <sup>RD</sup>	1,340,000	2022	1.00-2.50%
2013	750,000	2033	2.76%
2013B	1,960,000	2016	.694%

**OHIO COUNTY SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
**June 30, 2014**

**NOTE F - BOND AND OTHER LONG-TERM DEBT (continued)**

Assuming the issues are not called prior to scheduled maturity, the minimum obligations at June 30, 2014 for debt service are as follows, which includes "participation agreements" with the Kentucky School Facilities Construction Commission:

Year	Ohio County School District		School Facilities Construction Commission		Total
	Principal	Interest	Principal	Interest	
2015	\$ 936,996	\$ 633,998	\$ 218,004	\$ 104,293	\$ 1,89,291
2016	950,933	620,830	224,067	98,222	1,894,052
2017	994,557	607,050	220,443	91,577	1,913,627
2018	1,027,880	569,667	227,120	84,089	1,908,756
2019	1,067,293	530,333	242,707	76,262	1,916,595
2020	1,110,297	489,480	134,703	67,814	1,802,293
2021	1,155,034	445,711	139,966	62,551	1,803,262
2022	1,199,256	406,572	145,744	56,772	1,808,345
2023	1,242,922	365,107	152,078	50,439	1,810,546
2024	1,296,170	310,498	158,830	43,688	1,809,186
2025	1,354,119	253,437	165,881	36,637	1,810,074
2026	1,416,755	193,796	173,245	29,272	1,813,069
2027	1,478,978	131,350	181,022	21,495	1,812,845
2028	1,410,765	64,758	189,235	13,282	1,678,040
2029	65,587	6,265	49,413	4,696	125,961
2030	51,392	4,797	38,608	2,397	97,194
2031	49,359	3,861	30,641	736	84,596
2032	45,000	2,700	-	-	47,700
2033	45,000	1,350	-	-	46,350
<b>Total</b>	<b>\$ 16,898,293</b>	<b>\$ 5,641,559</b>	<b>\$ 2,691,707</b>	<b>\$ 844,223</b>	<b>\$ 26,075,782</b>

The District has entered into agreements to lease various facilities and equipment. Such agreements are, in substance, purchases (capital leases) and are reported as capital lease obligations.

Maturities of capital leases are as follows for the fiscal year ending June 30:

2015	\$ 24,179
2016	14,244
2017	10,043
2018	5,859
<b>Total</b>	<b>\$ 54,325</b>

**OHIO COUNTY SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
**June 30, 2014**

**NOTE F - BOND AND OTHER LONG-TERM DEBT (continued)**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>PRIMARY GOVERNMENT</b>					
Leases	\$ 110,965	\$ 40,173	\$ 96,813	\$ 54,325	\$ 24,179
Revenue bonds	21,195,000	-	1,605,000	19,590,000	1,155,000
Accrued sick leave	<u>750,404</u>	<u>86,922</u>	<u>234,352</u>	<u>602,974</u>	<u>80,608</u>
	<u>\$ 22,056,369</u>	<u>\$ 127,095</u>	<u>1,936,165</u>	<u>\$ 20,247,299</u>	<u>\$ 1,259,787</u>

**NOTE G - RETIREMENT PLANS**

Kentucky Teachers' Retirement System (KTRS)

The District contributes to the Teachers' Retirement System of Kentucky (KTRS), a cost-sharing, multiple employer defined benefit pension plan. KTRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems and other public educational agencies in Kentucky. KTRS requires that members of KTRS occupy a position requiring either a four (4) year college degree or certification by KY Department of Education (KDE). Job classifications that permit experience to substitute for either of these requirements do not participate in KTRS.

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

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

**Medical Insurance Plan**

Plan description - In addition to the pension benefits described above, Kentucky Revised Statute 161.675 requires KTRS to provide access to post-employment 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.

**OHIO COUNTY SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
**June 30, 2014**

**NOTE G - RETIREMENT PLANS (continued)**

**Medical Insurance Plan (continued)**

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, the local school district employers pay 1.5% of members' salary for the 2013-2014 fiscal year.

The District's total payroll for the year was \$21,101,802. The payroll for employees covered under KTRS was \$15,827,050. For the year ended June 30, 2014, the Commonwealth contributed \$ 1,900,599 to KTRS for the benefit of participating employees. The District's contributions to KTRS for the year ending June 30, 2014 were \$428,690, which represents those employees covered by federal programs.

*On-behalf Payments:* The District records the 13.105% and 14.105% contributions made by the Commonwealth of Kentucky, as required to conform with generally accepted accounting principles. This amount was \$ 1,900,599.

County Employees Retirement System (CERS)

*Plan Description:* All full-time employees of the Ohio County School District that are not covered under KTRS, are covered by the County Employees Retirement System (CERS), which is a cost-sharing multiple-employer defined benefit plan. KRS 78.510 through 78.852 of the Commonwealth of Kentucky assigns the authority to establish and amend the benefit provision of the plan. The County Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for CERS. That report may be obtained by writing to Kentucky Retirement Systems, Perimeter Park West, 1260 Louisville Road, Frankfort, KY 40601-6124, or by calling 502-564-4646.

*Funding Policy:* CERS members are required to contribute 5% (6% for those starting after September 1, 2011) of their gross earnings to the pension plan. The District is required to contribute at an actuarially determined rate; the current rate is 18.88% of the annual covered payroll. The contribution requirements of plan members and the employers are established and may be amended by the CERS Board of Trustees as required by KRS 61.565.

The District's total payroll for the year ended June 30, 2014 was \$ 21,101,802 and the payroll for employees covered under CERS was \$ 5,411,023. The contribution requirement for CERS for the year ended June 30, 2014 was \$ 1,277,242 which consisted \$ 1,011,641 from the District and \$ 265,601 from the employees.

*Benefits:* The pension plan provides for retirement, disability, and death benefits. A member may retire after reaching the age of 55 or accumulating 27 years of service with the District or another entity covered by the CERS. Benefits vest after 5 years of service. Employees who retire at or after age 65 with 48 or more months of credited service are entitled to pension payments for the remainder of their lives equal to between 2.0% and 2.2% of their final, five-year average salary times the number of years for which they were employed by a participant in the retirement system. The final compensation is the average of the five fiscal years during which the member had the highest average monthly salary.

**OHIO COUNTY SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
**June 30, 2014**

**NOTE G - RETIREMENT PLANS (continued)**

County Employees Retirement System (CERS) (continued)

Pension provisions include death and disability benefits. Disability benefits are calculated the same as for normal retirement except that additional years of service may be added to the employee's account, depending on the employee's age and years of service. Death benefits payable to the beneficiary are based on the amount payable had the member filed for retirement at the time of death. If the beneficiary is one person, that person may choose a lifetime monthly benefit.

Three-year Trend Information. Employer contributions (in thousands):

<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
2012	\$ 1,059	100%	\$ -0-
2013	\$ 1,046	100%	\$ -0-
2014	\$ 1,012	100%	\$ -0-

**NOTE H - 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 the grantor's review indicates that the funds have not 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.

During the fiscal year ended June 30, 2012, The District received checks totaling \$90,152 from Conseco Life Insurance Company. By letter dated June 1, 2012, Conseco requested the return of the entire amount. Discussions are still in process to determine who is the rightful owner of the funds. Until such time as ownership has been established, the District has opened a separate interest bearing account to hold the funds. It is at least reasonably possible the District will have to repay these funds.

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

**NOTE I - RISK MANGEMENT**

The District is exposed to various forms of loss of assets associated with the risks of fire, personal liability, theft, vehicular accidents, errors and omissions, fiduciary responsibility, etc. Each of these risk areas is covered through the purchase of commercial insurance. The District has purchased certain policies, which are retrospectively rated which include workers' compensation insurance.

**OHIO COUNTY SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
**June 30, 2014**

**NOTE I – RISK MANGEMENT (continued)**

Through June 30, 2013 the District obtained worker's compensation, general liability and educators' legal liability from Kentucky School Boards Insurance Trust ("KSBIT") a public entity risk pool for school districts and other tax supported education agencies which are members of the Kentucky School Boards Association ("KSBA"). The KSBIT policies have deductibles and aggregate caps of \$ 600,000 per year with a \$ 1,000 maintenance deductible. The estimated liability for workers' compensation benefits consists of claim settlements for reported and outstanding claims and estimated claims and estimated claim settlements for incurred but not reported claims (based upon historical experience). Estimated claim settlements for incurred but not reported claims are discounted at 6% over the anticipated payment periods to reflect the time value of money. This liability, along with certain related assets and liabilities, is accounted for within the General Fund, which is administered by the District for the purpose of providing workers' compensation insurance to employees of the District.

KSBIT has experienced actuarial deficits and financial difficulties. As a result, it ceased operating effective June 30, 2013. The District purchased replacement coverage from Kentucky Employers Mutual Insurance, a mutual insurance company owned by its policyholders, effective July 1, 2013. KSBIT apparently intends to assess members for shortfalls related to prior years. Based on information published by KSBIT, the District's assessment was \$ 573,147. This amount is based on a novation which is the highest runoff method and at the high end of the actuarial range. As such, management has recorded liability related to this matter.

The District participates in the Kentucky School Boards Insurance Trust Unemployment Compensation Fund to administer unemployment claims; however, risk had not been transferred to said fund.

**NOTE J – COBRA**

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

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

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

Special Revenue	\$ (69,954)
Construction Fund	(1,619,820)
Debt Service	(2,162)

**OHIO COUNTY SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
**June 30, 2014**

**NOTE L - TRANSFER OF FUNDS**

The following transfers were made during the year.

Type	From Fund	To Fund	Purpose	Amount
Operating	1	2	Operating	\$ 2,320
Operating	2	2	Operating	57,166
Operating	2	1	Operating	1,635
Operating	51	1	Indirect Costs	150,192
Operating	1	360	Construction	276,150
Operating	310	1	Operating	188,945
Operating	2	1	Indirect Costs	74,809
Operating	320	400	Debt Service	1,321,483
Operating	1	400	Debt Service	29,323
Operating	310	400	Debt Service	175,850
Operating	1	21	Operating	356,609
Operating	21	1	Operating	12,683
Operating	360	400	Debt Service	19,339
Operating	360	1	Operating	<u>1,772,458</u>
				4,438,962
Operating	51	1	Indirect Costs	150,192
Operating	1	56	Operating	<u>(6,750)</u>
				143,442
				<u>\$ 4,295,520</u>

**NOTE M - ON - BEHALF PAYMENTS**

For the year ended June 30, 2014, total payments of \$ 5,999,177 were made for life insurance, health insurance, KTRS matching and administrative fees by the Commonwealth of Kentucky on behalf of the District. For the year ended June 30, 2014, total payments of \$ 823,712 were made for bond payments by the Kentucky School Facility Construction Commission. These payments were recognized as on-behalf payments and recorded in the appropriate fund's revenue and expense accounts on the statement of revenue, expenditures and changes in fund balances.

**NOTE N – FUND BALANCE**

Nonspendable Fund Balance includes amounts that are (a) not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable. At June 30, 2014, the District had nonspendable fund balances of \$ 187,043 for inventories in the General Fund. These revenues and expenditures are not budgeted by the District.

**OHIO COUNTY SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
**June 30, 2014**

**NOTE N – FUND BALANCE (continued)**

Restricted fund balances arise when constraints placed on the use of resources are either externally imposed by creditors, 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 the restricted \$100,000 for sick leave payable in the General Fund; \$ 47,241 for grants in the Special Revenue Fund; \$ 287,801 for capital projects in the Construction Fund; \$36,083 in the SEEK Capital Outlay Fund; and \$ 890 in the Building Fund.

Committed fund balances are those amounts that can only be used for specific purpose 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. At June 30, 2014, the District had committed \$ 2,025,165 for new assets in the General Fund.

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 encumbrances of funds.

Assigned fund balance also include (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 specific purpose. At June 30, 2014, the District had assigned the following fund balance for Purchase Order Obligations: \$ 36,461 in the General Fund, \$ 24,764 in the Special Revenue Fund, and \$ 16,351 in the District Activity Fund.

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 purpose for which both restricted and unrestricted fund balance is available. Also, the District has established the order of assigned, committed, and restricted when an expenditures is incurred for purposed for which amounts in any of those unrestricted fund balance classifications could be used.

**NOTE O - SUBSEQUENT EVENTS**

As of August 28, 2014, the Court had released the hold on the funds mentioned in Note H, received from Consec Life Insurance Company.

The District did not have any other subsequent events through November 13, 2014 which is the date the financial statements were available to be issued for events requiring recording or disclosure in the financial statements for the year ended June 30, 2014.

**SUPPLEMENTARY INFORMATION**

**OHIO COUNTY SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule - General Fund**  
**For the year ended June 30, 2014**

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
From local sources				
Property taxes	\$ 4,105,000	\$ 4,105,000	\$ 4,364,828	\$ 259,828
Motor vehicle taxes	619,000	619,000	691,568	72,568
Unmined minerals	250,000	250,000	332,349	82,349
Utility taxes	1,300,000	1,300,000	1,579,517	279,517
Franchise taxes	-	-	-	-
Other taxes	15,000	15,000	29,647	14,647
Revenue other local government units	-	-	-	-
Tuition and fees	48,267	48,267	63,581	15,314
Transportation	-	-	-	-
Earnings on investments	25,000	25,000	14,843	(10,157)
Student activities	-	-	-	-
Community service activities	-	-	-	-
Other local revenues	151,000	151,000	236,039	85,039
State sources				
SEEK	15,900,000	15,900,000	16,356,392	456,392
Other	95,000	94,722	5,898,409	5,803,687
Federal - direct	100,000	100,000	175,733	75,733
Federal - indirect	-	-	-	-
Intermediate sources	-	-	-	-
Other revenues	-	-	2,508	2,508
<b>Total revenues</b>	<b>22,608,267</b>	<b>22,607,989</b>	<b>29,745,414</b>	<b>7,137,425</b>
<b>Expenditures</b>				
Instruction	12,861,033	12,868,265	16,763,938	(3,895,673)
Support services				
Student	1,180,140	1,184,067	1,445,591	(261,524)
Instruction staff	904,935	914,323	1,185,438	(271,115)
District administration	1,437,316	1,450,468	523,540	926,928
School administration	1,750,030	1,714,538	1,892,543	(178,005)
Business	919,899	918,399	1,157,485	(239,086)
Plant operation and maintenance	3,444,280	3,446,552	3,469,415	(22,863)
Student transportation	2,724,719	2,725,462	2,781,934	(56,472)
Central office	-	-	-	-
Food service operation	-	-	1,473	(1,473)
Community services	-	-	60,430	(60,430)
Facilities acquisition and construction	-	-	92,700	(92,700)
Other	-	-	-	-
<b>Total expenditures</b>	<b>25,222,352</b>	<b>25,222,074</b>	<b>29,374,487</b>	<b>(4,152,413)</b>
<b>Excess (deficit) of revenues over expenditures</b>	<b>(2,614,085)</b>	<b>(2,614,085)</b>	<b>370,927</b>	<b>2,985,012</b>
<b>Other Financing Sources (Uses)</b>				
Capital lease proceeds	-	-	-	-
Operating transfers in	370,093	370,093	2,200,722	1,830,629
Operating transfers out	(495,936)	(495,937)	(671,152)	(175,215)
<b>Total other financing sources (uses)</b>	<b>(125,843)</b>	<b>(125,844)</b>	<b>1,529,570</b>	<b>1,655,414</b>
<b>Excess (deficit) of revenues and other financing sources over expenditures and other financing uses</b>	<b>(2,739,928)</b>	<b>(2,739,929)</b>	<b>1,900,497</b>	<b>4,640,426</b>
<b>Net change in fund balances</b>	<b>(2,739,928)</b>	<b>(2,739,929)</b>	<b>1,900,497</b>	<b>4,640,426</b>
<b>Fund balance, June 30, 2013</b>	<b>2,739,928</b>	<b>2,739,929</b>	<b>3,676,572</b>	<b>936,643</b>
<b>Fund balance, June 30, 2014</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,577,069</b>	<b>\$ 5,577,069</b>

Note : On-behalf payments are not budgeted.

**OHIO COUNTY SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule - Special Revenue Fund**  
**For the year ended June 30, 2014**

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
From local sources				
Property taxes	\$ -	\$ -	\$ -	\$ -
Motor vehicle taxes	-	-	-	-
Unmined minerals	-	-	-	-
Utility taxes	-	-	-	-
Other taxes	-	-	-	-
Revenue other local government units	-	-	-	-
Tuition and fees	-	-	-	-
Transportation	-	-	-	-
Earnings on investments	-	-	8	8
Student activities	51,600	51,600	-	(51,600)
Other local revenues	234,200	271,908	323,068	51,160
State sources				
SEEK	-	-	-	-
Other	1,321,794	1,323,554	1,336,664	13,110
Federal - direct	-	-	-	-
Federal - indirect	2,600,333	2,600,467	2,635,920	35,453
Intermediate sources	-	-	-	-
Other revenues	-	4,248	-	(4,248)
<b>Total revenues</b>	<u>4,207,927</u>	<u>4,251,777</u>	<u>4,295,660</u>	<u>43,883</u>
<b>Expenditures</b>				
Instruction	3,378,727	3,316,630	3,079,325	237,305
Support services				
Student	11,933	11,933	16,494	(4,561)
Instruction staff	398,252	475,801	432,464	43,137
District administration	-	-	-	-
School administration	-	1,675	4,116	(2,441)
Business	259,250	259,449	286,797	(27,348)
Plant operation and maintenance	-	-	2,747	(2,747)
Student transportation	130,269	135,221	66,964	68,257
Central office	-	-	-	-
Food service operation	4,824	4,824	3,131	1,693
Community services	396,802	398,262	409,503	(11,241)
Facilities acquisition and construction	-	-	-	-
Other	-	-	-	-
<b>Total expenditures</b>	<u>4,580,057</u>	<u>4,603,595</u>	<u>4,301,541</u>	<u>302,054</u>
<b>Excess (deficit) of revenues over expenditures</b>	<u>(372,130)</u>	<u>(351,818)</u>	<u>(5,881)</u>	<u>345,937</u>
<b>Other Financing Sources (Uses)</b>				
Operating transfers in	431,546	411,234	59,486	(351,748)
Operating transfers out	(59,416)	(59,416)	(133,610)	(74,194)
<b>Total other financing sources (uses)</b>	<u>372,130</u>	<u>351,818</u>	<u>(74,124)</u>	<u>(425,942)</u>
<b>Excess (deficit) of revenues and other financing sources over expenditures and other financing uses</b>	<u>-</u>	<u>-</u>	<u>(80,005)</u>	<u>(80,005)</u>
<b>Net change in fund balances</b>	<u>-</u>	<u>-</u>	<u>(69,954)</u>	<u>(69,954)</u>
Fund balance, June 30, 2013	<u>-</u>	<u>-</u>	<u>141,959</u>	<u>141,959</u>
<b>Fund balance, June 30, 2014</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 72,005</u>	<u>\$ 72,005</u>

OHIO COUNTY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 June 30, 2014

	Capital Outlay Fund	Building Fund	Construction Fund	District Activity Fund	Total Nonmajor Govt. Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 36,083	\$ 890	\$ 287,801	\$ 166,781	\$ 491,555
Investments	-	-	-	-	-
Accounts receivable	-	-	-	-	-
Taxes - current	-	-	-	-	-
Taxes - delinquent	-	-	-	-	-
Other	-	-	-	981	981
Intergovernmental - State	-	-	-	-	-
Intergovernmental - Federal	-	-	-	-	-
Prepaid expense	-	-	-	-	-
Due from other funds	-	-	-	-	-
Interest receivable	-	-	-	-	-
<b>Total assets</b>	<u>\$ 36,083</u>	<u>\$ 890</u>	<u>\$ 287,801</u>	<u>\$ 167,762</u>	<u>\$ 492,536</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ 14,761	\$ 14,761
Retained percentage contracts	-	-	-	-	-
Accrued payroll and related expenses	-	-	-	-	-
Due to other funds	-	-	-	-	-
Deferred revenues	-	-	-	-	-
Obligations under capital lease	-	-	-	-	-
Debt obligations	-	-	-	-	-
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,761</u>	<u>14,761</u>
<b>Fund Balances</b>					
Nonspendable	-	-	-	-	-
Restricted	36,083	890	287,801	-	324,774
Committed	-	-	-	-	-
Assigned	-	-	-	16,351	16,351
Unassigned	-	-	-	136,650	136,650
<b>Total fund balances</b>	<u>36,083</u>	<u>890</u>	<u>287,801</u>	<u>163,001</u>	<u>477,775</u>
<b>Total liabilities and fund balances</b>	<u>\$ 36,083</u>	<u>\$ 890</u>	<u>\$ 287,801</u>	<u>\$ 167,762</u>	<u>\$ 492,536</u>

**OHIO COUNTY SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the year ended June 30, 2014**

Revenues	Capital Outlay Fund	Building Fund	Construction Fund	District Activity Fund	Total Nonmajor Govt. Funds
From local sources					
Property taxes	\$ -	\$ 529,647	\$ -	\$ -	\$ 529,647
Motor vehicle taxes	-	63,767	-	-	63,767
Unmined minerals	-	-	-	-	-
Utility taxes	-	-	-	-	-
Other taxes	-	-	-	-	-
Revenue other local government units	-	-	-	-	-
Tuition and fees	-	-	-	-	-
Transportation	-	-	-	-	-
Earnings on Investments	77	-	-	-	77
Student activities	-	-	-	-	-
Other local revenues	-	-	6,399	-	6,399
State sources					
SEEK	-	-	-	-	-
Other	364,793	728,959	-	-	1,093,752
Intermediate sources	-	-	-	-	-
Federal - direct	-	-	-	-	-
Federal - indirect	-	-	-	-	-
Other revenues	-	-	-	272,520	272,520
<b>Total revenues</b>	<b>364,870</b>	<b>1,322,373</b>	<b>6,399</b>	<b>272,520</b>	<b>1,966,162</b>
<b>Expenditures</b>					
Instruction	-	-	-	358,072	358,072
Support services					
Student	-	-	-	-	-
Instruction staff	-	-	-	28,864	28,864
District administration	-	-	-	-	-
School administration	-	-	-	-	-
Business	-	-	-	-	-
Plant operation and maintenance	-	-	-	-	-
Student transportation	-	-	-	76,509	76,509
Central office	-	-	-	-	-
Food service operation	-	-	-	-	-
Community service activities	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-
Other	-	-	110,572	-	110,572
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>110,572</b>	<b>463,445</b>	<b>574,017</b>
<b>Excess (deficit) of revenues over expenditures</b>	<b>364,870</b>	<b>1,322,373</b>	<b>(104,173)</b>	<b>(190,925)</b>	<b>1,392,145</b>
<b>Other Financing Sources (Uses)</b>					
Proceeds of refunding debt	-	-	-	-	-
Payment to refunding debt escrow agent	-	-	-	-	-
Operating transfers in	-	-	276,150	356,809	632,759
Operating transfers out	(364,795)	(1,321,483)	(1,791,797)	(12,683)	(3,490,758)
<b>Total other financing sources (uses)</b>	<b>(364,795)</b>	<b>(1,321,483)</b>	<b>(1,515,647)</b>	<b>343,926</b>	<b>(2,857,999)</b>
<b>Excess (deficit) of revenues and other financing sources over expenditures and other financing uses</b>	<b>75</b>	<b>890</b>	<b>(1,819,820)</b>	<b>153,001</b>	<b>(1,465,854)</b>
<b>Net change in fund balances</b>	<b>75</b>	<b>890</b>	<b>(1,819,820)</b>	<b>153,001</b>	<b>(1,465,854)</b>
Fund balance, June 30, 2013	36,008	-	1,907,621	-	1,943,629
Fund balance, June 30, 2014	<b>\$ 36,083</b>	<b>\$ 890</b>	<b>\$ 287,801</b>	<b>\$ 153,001</b>	<b>\$ 477,775</b>

**OHIO COUNTY SCHOOL DISTRICT  
COMBINING STATEMENT OF NET POSITION  
NONMAJOR PROPRIETARY FUNDS  
June 30, 2014**

<b>ASSETS</b>	<u>School Age Child Care Program</u>	<u>Fordsville Educational Fund</u>	<u>School Auditorium</u>	<u>Total</u>
<b>Current Assets</b>				
Cash and cash equivalents	\$ 26	\$ 3,235	\$ 3,502	\$ 6,763
Accounts receivable - other	3,135	375	-	3,510
Inventories	-	-	-	-
<b>Total current assets</b>	<u>3,161</u>	<u>3,610</u>	<u>3,502</u>	<u>10,273</u>
<b>Noncurrent Assets</b>				
Capital assets	-	-	-	-
Less: Accumulated depreciation	-	-	-	-
<b>Total noncurrent assets</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total assets</b>	<u>\$ 3,161</u>	<u>\$ 3,610</u>	<u>\$ 3,502</u>	<u>\$ 10,273</u>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts payable	\$ 63	\$ -	\$ -	\$ 63
Accrued payroll and withholding obligations	-	-	-	-
<b>Total current liabilities</b>	<u>63</u>	<u>-</u>	<u>-</u>	<u>63</u>
<b>Total liabilities</b>	<u>\$ 63</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63</u>
<b>NET POSITION</b>				
Net investment in capital assets	-	-	-	-
Restricted	3,098	3,610	3,502	10,210
Unrestricted	-	-	-	-
<b>Total net position</b>	<u>\$ 3,098</u>	<u>\$ 3,610</u>	<u>\$ 3,502</u>	<u>\$ 10,210</u>

OHIO COUNTY SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 NON MAJOR PROPRIETARY FUNDS  
 For the year ended June 30, 2014

	School Age Child Care Program	Educational Program	School Auditorium	Total
<b>Operating Revenues</b>				
Food service sales	\$ -	\$ -	\$ -	\$ -
Other operating revenues	81,887	3,650	-	85,537
<b>Total operating revenues</b>	<u>81,887</u>	<u>3,650</u>	<u>-</u>	<u>85,537</u>
<b>Operating Expenses</b>				
Salaries and wages	124,913	-	-	124,913
Professional and contract services	731	40	-	771
Supplies and materials	1,976	-	-	1,976
Depreciation	-	-	-	-
Other operating expenses	-	-	-	-
<b>Total operating expenses</b>	<u>127,620</u>	<u>40</u>	<u>-</u>	<u>127,660</u>
<b>Operating income (loss)</b>	<u>(45,733)</u>	<u>3,610</u>	<u>-</u>	<u>(42,123)</u>
<b>Nonoperating revenues (expenses)</b>				
Federal grants	-	-	-	-
State grants	41,631	-	-	41,631
Other state funding	-	-	-	-
Donated commodities	-	-	-	-
Interest income	-	-	-	-
<b>Total nonoperating revenues (expenses)</b>	<u>41,631</u>	<u>-</u>	<u>-</u>	<u>41,631</u>
<b>Net income (loss) before transfers</b>	<u>(4,102)</u>	<u>3,610</u>	<u>-</u>	<u>(492)</u>
Transfers in	6,750	-	-	6,750
<b>Change in Net Position</b>	<u>2,648</u>	<u>3,610</u>	<u>-</u>	<u>-</u>
<b>Total net position, June 30, 2013</b>	<u>450</u>	<u>-</u>	<u>3,502</u>	<u>3,952</u>
<b>Total net position, June 30, 2014</b>	<u>\$ 3,098</u>	<u>\$ 3,610</u>	<u>\$ 3,502</u>	<u>\$ 10,210</u>

**OHIO COUNTY SCHOOL DISTRICT  
COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR PROPRIETARY FUNDS  
For the year ended June 30, 2014**

	School Age Child Care Program	Fordsville Educational	School Auditorium	Total
<b>Cash Flows from Operating Activities</b>				
Cash received from lunchroom sales	\$ -	\$ -	\$ -	\$ -
Cash received from government grants	-	-	-	-
Cash received from other activities	78,752	3,275	-	82,027
Cash payments to employees for services	(130,465)	-	-	(130,465)
Less accrued liability	-	-	-	-
Cash payments to suppliers for goods and services	(2,707)	(40)	-	(2,747)
Cash payments for other operating activities	-	-	-	-
<b>Net cash from operating activities</b>	<u>(54,420)</u>	<u>3,235</u>	<u>-</u>	<u>(51,185)</u>
<b>Cash Flows from Capital Financing Activities</b>				
Capital contributions	6,750	-	-	6,750
Acquisition of capital assets	-	-	-	-
<b>Net cash from capital financing activities</b>	<u>6,750</u>	<u>-</u>	<u>-</u>	<u>6,750</u>
<b>Cash Flows from Noncapital Financing Activities</b>				
Nonoperating grants received	41,631	-	-	41,631
<b>Net cash from noncapital financing activities</b>	<u>41,631</u>	<u>-</u>	<u>-</u>	<u>41,631</u>
<b>Cash Flows from Investing Activities</b>				
Interest on investments	-	-	-	-
<b>Net cash flows from investing activities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Increase in cash and cash equivalents</b>	(6,039)	3,235	-	(2,804)
Cash and cash equivalents - beginning	6,065	-	3,502	9,567
<b>Cash and cash equivalents - ending</b>	<u>\$ 26</u>	<u>\$ 3,235</u>	<u>\$ 3,502</u>	<u>\$ 6,763</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>				
Operating income (loss)	\$ (45,733)	\$ 3,610	\$ -	\$ (42,123)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>				
Depreciation	-	-	-	-
Interest	-	-	-	-
Loss on disposal of assets	-	-	-	-
Changes in assets and liabilities:				
Receivables	(3,135)	(375)	-	(3,510)
Inventory	-	-	-	-
Accounts payable	(5,552)	-	-	(5,552)
Accrued liabilities	-	-	-	-
Deferred revenue	-	-	-	-
Due to other funds	-	-	-	-
<b>Net Cash Provided by Operating Activities</b>	<u>\$ (54,420)</u>	<u>\$ 3,235</u>	<u>\$ -</u>	<u>\$ (51,185)</u>

Noncash noncapital financing activities:

OHIO COUNTY SCHOOL DISTRICT  
 COMBINING STATEMENT OF NET POSITION  
 AGENCY FUNDS  
 June 30, 2014

	Southern Elementary School	Western Elementary School	Wayland Alexander Elementary School	Fordsville Elementary School	Horse Branch Elementary School	Beaver Dam Elementary School	Ohio County Middle School	Ohio County High School	Totals
<b>ASSETS</b>									
Cash and cash equivalents	\$ 5,451	\$ 67	\$ 3,979	\$ 804	\$ 5,512	\$ 5,096	\$ 5,300	\$ 57,229	\$ 83,438
Accounts receivable	-	-	-	-	-	-	-	3,458	3,458
<b>Total assets</b>	<u>\$ 5,451</u>	<u>\$ 67</u>	<u>\$ 3,979</u>	<u>\$ 804</u>	<u>\$ 5,512</u>	<u>\$ 5,096</u>	<u>\$ 5,300</u>	<u>\$ 60,687</u>	<u>\$ 86,896</u>
<b>LIABILITIES AND NET POSITION</b>									
<b>Liabilities</b>									
Accounts payable	-	-	-	-	-	-	-	10,050	10,050
Due to student groups	5,451	67	3,979	804	5,512	5,096	5,300	50,637	76,847
<b>Total liabilities</b>	<u>\$ 5,451</u>	<u>\$ 67</u>	<u>\$ 3,979</u>	<u>\$ 804</u>	<u>\$ 5,512</u>	<u>\$ 5,096</u>	<u>\$ 5,300</u>	<u>\$ 60,687</u>	<u>\$ 86,896</u>
<b>Net position</b>									
Unrestricted	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-
<b>Total net position</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities and net position</b>	<u>\$ 5,451</u>	<u>\$ 67</u>	<u>\$ 3,979</u>	<u>\$ 804</u>	<u>\$ 5,512</u>	<u>\$ 5,096</u>	<u>\$ 5,300</u>	<u>\$ 60,687</u>	<u>\$ 86,896</u>

**OHIO COUNTY SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION**  
**AGENCY FUNDS**  
**For the year ended June 30, 2014**

	Southern Elementary School	Western Elementary School	Wayland Alexander Elementary School	Fordsville Elementary School	Horse Branch Elementary School	Beaver Dam Elementary School	Ohio County Middle School	Ohio County High School	Totals
<b>Revenues</b>									
From local sources									
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Motor vehicle taxes	-	-	-	-	-	-	-	-	-
Unmined minerals	-	-	-	-	-	-	-	-	-
Utility taxes	-	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-	-
Revenue other local government units	-	-	-	-	-	-	-	-	-
Tuition and fees	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-
Earnings on investments	-	-	-	-	-	-	-	-	-
Student activities	14,587	327	25,667	8,794	6,843	39,012	42,653	191,890	329,773
Other local revenues	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
SEEK	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
Federal - direct	-	-	-	-	-	-	-	-	-
Federal - indirect	-	-	-	-	-	-	-	-	-
Other revenues	-	-	-	-	-	-	-	-	-
<b>Total revenues</b>	<u>14,587</u>	<u>327</u>	<u>25,667</u>	<u>8,794</u>	<u>6,843</u>	<u>39,012</u>	<u>42,653</u>	<u>191,890</u>	<u>329,773</u>
<b>Expenditures</b>									
Instruction	24,738	260	33,545	12,496	12,166	49,908	82,579	207,518	423,210
Support services									
Student	-	-	-	-	-	-	-	-	-
Instruction staff	-	-	-	-	-	-	-	-	-
District administration	-	-	-	-	-	-	-	-	-
School administration	-	-	-	-	-	-	-	-	-
Business	-	-	-	-	-	-	-	-	-
Plant operation and maintenance	-	-	-	-	-	-	-	-	-
Student transportation	-	-	-	-	-	-	-	-	-
Central office	-	-	-	-	-	-	-	-	-
Food service operation	-	-	-	-	-	-	-	-	-
Community service activities	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Other	(10,151)	67	(7,877)	(3,702)	(5,324)	(10,897)	(39,926)	(15,628)	(93,437)
<b>Total expenditures</b>	<u>14,587</u>	<u>327</u>	<u>25,667</u>	<u>8,794</u>	<u>6,843</u>	<u>39,012</u>	<u>42,653</u>	<u>191,890</u>	<u>329,773</u>
<b>Excess (deficit) of revenues over expenditures</b>	-	-	-	-	-	-	-	-	-
<b>Other Financing Sources (Uses)</b>									
Operating transfers in	-	-	-	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	-	-	-	-	-	-	-	-	-
<b>Excess (deficit) of revenues and other financing sources over expenditures and other financing uses</b>	-	-	-	-	-	-	-	-	-
<b>Net change in net position</b>	-	-	-	-	-	-	-	-	-
<b>Net position, June 30, 2013</b>	-	-	-	-	-	-	-	-	-
<b>Net position, June 30, 2014</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

OHIO COUNTY SCHOOL DISTRICT  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND FUND BALANCES  
OHIO COUNTY HIGH SCHOOL  
ACTIVITY FUND  
Year Ended June 30, 2014

	Cash Balance 6/30/13	Receipts	Dis- bursements	Transfers	Cash Balance 6/30/14	Accounts Receivable (Payable)	Fund Balance 6/30/14
Ceramics-Student Fund	\$ 819	\$ 735	\$ 1,157	\$ (397)	\$ -	\$ -	\$ -
Broad Casting	50	60	-	-	110	-	110
Refs	-	20,463	20,463	-	-	-	-
District Softball	-	733	733	-	-	-	-
District Baseball Tournam	-	1,055	1,055	-	-	-	-
Girl Soccer Regional Tour	-	3,535	3,535	-	-	-	-
Concert Band	-	990	990	-	-	-	-
Student Curric/Techin Fee	-	19,412	19,412	-	-	-	-
Percussive Arts	-	325	325	-	-	-	-
FCCLA-Hansen	-	106	-	-	106	-	106
Parking Decal Fee	695	490	1,185	-	-	-	-
Locker Rental Fee	472	2,855	3,327	-	-	-	-
JROTC-Student Fees	3,331	450	939	(1,508)	1,334	-	1,334
Girls Regional Tourney	-	2,086	2,086	-	-	-	-
Boys Regional Tourney	-	8,784	8,784	-	-	-	-
Art Club	696	263	214	(617)	128	-	128
Beta Club	664	1,030	100	(1,398)	196	-	196
Band Fees	120	-	120	-	-	-	-
Academic Team	73	900	902	-	71	-	71
Drama Club	38	40	-	-	78	-	78
English-Poetry	148	-	-	-	148	-	148
FCF	702	-	36	-	666	-	666
Photography Class	30	290	320	-	-	-	-
French Club	-	-	-	-	-	-	-
FFA	2,114	2,897	4,528	796	1,279	-	1,279
Friends of Rachel	-	-	-	-	-	-	-
FCCLA	349	51	266	(134)	-	-	-
EBD	-	-	-	-	-	-	-
NHS	237	150	55	(37)	295	-	295
Pep Club	1,818	1,930	2,483	(1,265)	-	-	-
International Club	933	380	484	-	829	-	829
Student Council	247	813	842	-	218	-	218
STLP	643	-	-	-	643	-	643
OC Drug Free	1,163	1,015	455	-	1,723	-	1,723
Science Department	643	2,470	3,113	-	-	-	-
Intro to 3D	-	160	160	-	-	-	-
Theatrical Arts	225	-	194	-	31	-	31
Celebration of Life	384	-	100	-	284	-	284
Class of 2015	842	-	-	-	842	-	842
Spanish Honors Society	247	420	441	-	226	-	226
Teacher Fund	7,810	1,351	8,761	(293)	107	-	107
Family Consumer Science	407	687	926	(168)	-	-	-
Horticulture	7,891	31	598	(3,733)	3,591	-	3,591

OHIO COUNTY SCHOOL DISTRICT  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND FUND BALANCES  
OHIO COUNTY HIGH SCHOOL  
ACTIVITY FUND  
Year Ended June 30, 2014

	Cash Balance 6/30/13	Receipts	Dis- bursements	Transfers	Cash Balance 6/30/14	Accounts Receivable (Payable)	Fund Balance 6/30/14
Eagle Excellence	452	460	394	(119)	399	-	399
VO AG Dept	2,419	310	2,462	(267)	-	-	-
Freshman Academy	6	-	-	-	6	-	6
Math Dept	71	3,180	3,251	-	-	-	-
Christmas Wish	164	-	161	-	3	-	3
Seniors Activities	1,139	466	-	(84)	1,521	-	1,521
General Fund	9,051	3,548	8,333	(2,180)	2,086	-	2,086
Jake Russell Scholarship	3,015	1,345	1,450	-	2,910	-	2,910
Paige Iglehard Scholarship	1,250	-	1,250	-	-	-	-
Annual	7,758	1,555	5,467	(3,846)	-	-	-
Marvie Baize Art Scholarship	1,000	-	1,000	-	-	-	-
Flower Fund	475	497	392	-	580	-	580
Library	137	13	89	(61)	-	-	-
Lost Books	298	35	-	-	333	-	333
FEA	916	-	-	(916)	-	-	-
Choir Fund	1,860	300	1,124	(1,036)	-	-	-
Prom	2,590	8,850	6,035	-	5,405	-	5,405
Mock Trial	49	-	-	-	49	-	49
Western State Trip	198	1,139	1,184	-	153	-	153
Poster maker	15	370	219	-	166	-	166
Girls in Science	960	-	778	-	182	-	182
Project Graduation	1,403	2,540	2,385	-	1,558	-	1,558
Guidance	1,971	655	2,626	-	-	-	-
AP Exam	515	5,158	5,444	-	229	-	229
JROTC-Fundraiser	-	-	783	783	-	-	-
OCHS Staff-Fundraiser	-	-	27	27	-	-	-
OCHS Staff-Fundraiser	-	-	265	265	-	-	-
FCCLA-Fundraiser candle	-	-	3	3	-	-	-
Beta Club-Fundraiser	-	-	329	329	-	-	-
Horticulture-Fundraiser	-	-	2,732	2,732	-	-	-
Pep Club-Fundraiser	-	-	40	40	-	-	-
Ceramics-Fundraiser	-	-	18	18	-	-	-
Eagle Excellence-FU	-	-	60	60	-	-	-
Shooting for Senior	-	-	-	84	84	-	84
FFA-Donation Agrigro	37	-	37	-	-	-	-
Choral-Cookie Dough	-	-	274	281	7	-	7
Library-Book Fair	-	-	48	61	13	-	13
Beta Club-Key Chains	-	-	37	37	-	-	-
Art Club-Candy Bars	-	-	71	71	-	-	-
NHS-Orange Leaf	-	-	182	182	-	-	-
Band Used Instruments	1,317	27	1,344	-	-	-	-
Ceramics-Butterbraid	-	-	22	22	-	-	-
Ceramics-Cookie Dough	-	-	357	357	-	-	-

OHIO COUNTY SCHOOL DISTRICT  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND FUND BALANCES  
OHIO COUNTY HIGH SCHOOL  
ACTIVITY FUND  
Year Ended June 30, 2014

	Cash Balance 6/30/13	Receipts	Dis- bursements	Transfers	Cash Balance 6/30/14	Accounts Receivable (Payable)	Fund Balance 6/30/14
JROTC-Century Resource	-	-	449	449	-	-	-
Art-Chocolate Candy	-	-	171	171	-	-	-
Art-Century Resource	-	-	375	375	-	-	-
Beta Club-Candy/Lanyard	-	-	509	509	-	-	-
Beta Club-Butterbraid	-	-	473	523	50	-	50
FCCLA-March of Dimes	-	-	61	61	-	-	-
FCCLA-Yankee Candle	-	-	6	6	-	-	-
NHS-Mug	-	145	-	(145)	-	-	-
McTeacher Night	-	-	600	600	-	-	-
Pep Club-Fball Homecoming	-	-	493	577	84	-	84
Pep Club-Pen/Pencil Machine	-	-	32	32	-	-	-
Pep Club-Bball Homecoming	-	-	575	575	-	-	-
Pep Club-Spirit Items	-	-	40	40	-	-	-
FCS-Little Caesars Pizza	-	-	168	168	-	-	-
Horticulture-Ferns	-	-	1,001	1,001	-	-	-
Eagle Excell-Tshirt	-	-	59	59	-	-	-
Vo Ag-BBQ	-	-	97	97	-	-	-
VO Ag-Fruit	-	-	175	175	-	-	-
Target Rewards	-	-	289	289	-	-	-
Gumball Machine	-	-	44	67	23	-	23
Choir-Chocolate Bars	-	-	-	649	649	-	649
Choir-Chocolate Bunnies	-	-	-	106	106	-	106
JROTC-Tshirt	-	-	277	277	-	-	-
FCCLA-Candy	-	-	18	18	-	-	-
FCCLA-Cupcake	-	-	17	17	-	-	-
FCCLA-RC Sales	-	-	28	28	-	-	-
Annual	-	200	2,081	3,846	1,965	-	1,965
Freshman Academy Century	-	5,179	5,179	-	-	-	-
Horticulture Plant	-	19,310	8,330	(157)	10,823	-	10,823
FFA Beefsticks	-	3,314	2,670	(644)	-	-	-
PEP Club Bask Home Dance	-	1,388	55	-	1,333	-	1,333
Pep Club Sadie Hawkins	-	1,120	1,120	-	-	-	-
Pep Club Football Home Da	-	1,792	1,556	-	236	-	236
Pep Club Spirit Items	-	461	-	-	461	-	461
Pep Club Pen/Pencil Sales	-	188	188	-	-	-	-
FFA Fruit Sale	-	5,641	4,481	-	1,160	-	1,160
FFA BBQ Dinners	-	3,290	2,848	-	442	-	442
FFA BBQ by the Pount	-	4,707	3,832	-	875	-	875
FFA Farm City	-	3,705	3,704	-	1	-	1
FCCLA Cupcakes	-	228	228	-	-	-	-
FCCLA RC Products	-	1,964	1,964	-	-	-	-
FCCLA Candy Sales	-	1,230	1,230	-	-	-	-
FCCLA Yankee Candles	-	4,001	3,904	-	97	-	97

OHIO COUNTY SCHOOL DISTRICT  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND FUND BALANCES  
OHIO COUNTY HIGH SCHOOL  
ACTIVITY FUND  
Year Ended June 30, 2014

	Cash Balance 6/30/13	Receipts	Dis- bursements	Transfers	Cash Balance 6/30/14	Accounts Receivable (Payable)	Fund Balance 6/30/14
Ceramics-Candy Sale	-	2,126	2,126	-	-	-	-
Ceramics-Butter Braids	-	1,383	1,383	-	-	-	-
Ceramics-Tshirts	-	190	190	-	-	-	-
Target Donation	-	230	117	289	402	-	402
Library-Book Fair	-	539	539	-	-	-	-
Drama Club-Spirit Items	-	33	-	-	33	-	33
FACS-Culinary Creations	-	373	373	-	-	-	-
FCCLA-Santa Letters	-	82	-	-	82	-	82
BETA Candy Sales	-	1,254	-	-	1,254	-	1,254
Class of 2015 Phone Cover	-	810	1,590	780	-	-	-
Drama Club-Christmas	-	146	83	-	63	-	63
Art Club- Chocolate	-	2,098	1,690	-	408	-	408
Gumball Machine	-	-	-	153	153	-	153
McTeacher Night	-	-	-	600	600	-	600
Blood Drive	-	-	-	320	320	-	320
Civil Rights Museum Trip	-	3,540	3,540	-	-	-	-
Watson Family Fued	-	1,816	1,816	-	-	-	-
Senior Class-Snacks	-	1,349	1,349	-	-	-	-
FCCLA-Beef Sticks	-	178	178	-	-	-	-
Senior Class-Hat Day	-	252	40	-	212	-	212
Senior Class-Apparel	-	1,977	1,977	-	-	-	-
Pep Club Morp Dance	-	875	355	-	520	-	520
Drama -Donations	-	20	-	-	20	-	20
Drama-Flower Bulbs	-	210	184	-	26	-	26
Annual Senior Ads/Yearbook	-	4,270	-	-	4,270	(6,592)	(2,322)
FFA-Celebrate the Child	-	2,081	900	-	1,181	-	1,181
FACS-Beef/Egg/Chicken Reb	-	291	-	-	291	-	291
McTeacher Night	-	500	-	-	500	-	500
	<u>72,857</u>	<u>191,890</u>	<u>207,518</u>	<u>-</u>	<u>57,229</u>	<u>(6,592)</u>	<u>50,637</u>
Less transfers	-	-	-	-	-	-	-
	<u>\$ 72,857</u>	<u>\$ 191,890</u>	<u>\$ 207,518</u>	<u>\$ -</u>	<u>\$ 57,229</u>	<u>(6,592)</u>	<u>\$ 50,637</u>

Cash Balances at June 30, 2013 and 2014 consist of:

	2013	2014
Cash in bank - checking	\$ 72,857	\$ 57,229
Cash in bank - SAVINGS	-	-
	<u>\$ 72,857</u>	<u>\$ 57,229</u>

Ohio County School District  
Schedule of Expenditures of Federal Awards  
Year ended June 30, 2014

Federal Grantor Pass-Through Grantor Program Title	Pass-through Number	Federal CFDA Number	Federal Expenditures	Total Program
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
<b>Passed-Through State Department of Education:</b>				
School Breakfast Program	7760005 00	10.553	\$ 479,343	\$
National School Lunch Program	7750002 00	10.555	1,275,512	
National School Summer Meals Program	7740023 00	10.559	9,602	1,764,457
<b>Passed-Through State Department of Agriculture:</b>				
Food Distribution Program	057502 02	10.565	105,474	
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<u>1,869,931</u>	
<b>U.S. DEPARTMENT OF EDUCATION</b>				
<b>Passed-Through State Department of Education:</b>				
Title I to Local Educational Agencies	3100002 12	84.010	205	
Title I to Local Educational Agencies	3100002 13	84.010	220,857	
Title I to Local Educational Agencies	3100002 14	84.010	1,084,217	1,305,279
Title I - Neglected & Delinquent	4100102 13	84.013	1,968	
Title I - Neglected & Delinquent - Transition Funds	4100102 13T	84.013	1,295	
Title I - Neglected & Delinquent	4100102 14	84.013	2,602	
Title I - Neglected & Delinquent - Transition Funds	4100102 14T	84.013	1,438	7,304
Migrant Education	310002 13	84.011	16,580	
Migrant Education - McLean County	310002 13	84.011	186	
Migrant Education	310002 14	84.011	115,402	132,168
Perkins	4620732 12	84.048	1,006	
Perkins	4620732 13	84.048	2,019	
Perkins - Carry Forward	4620732 13A	85.048	1,330	
Perkins	4620732 14	84.048	25,499	29,854
IDEA-B	3810002 12	84.027	30,451	
IDEA-B	3810002 13	84.027	92,897	
IDEA-B	3810002 14	84.027	674,617	797,965
IDEA-B Special Ed Preschool	3810002 12	84.173	722	
IDEA-B Special Ed Preschool	3810002 14	84.173	51,790	52,512
Title II - Teacher Quality	3230002 12	84.367	215	
Title II - Teacher Quality	3230002 13	84.367	20,077	
Title II - Teacher Quality	3230002 14	84.367	190,186	210,477
Title VI - Rural & Low Income	3140002 14	84.358	71,796	71,796
Title III-Limited English Proficiency	3300002 12	84.365	685	
Title III-Limited English Proficiency	3300002 13	84.365	3,051	
Title III-Limited English Proficiency	3300002 14	84.365	17,688	21,424
Race To The Top	4521	84.413A	11,916	11,916
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<u>\$ 2,640,695</u>	<u>2,640,695</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 4,510,827</u>	

See note to the Schedule of Expenditures of Federal Awards.

**OHIO COUNTY SCHOOL DISTRICT**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**Year ended June 30, 2014**

**NOTE A – BASIS OF PRESENTATION**

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

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

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB 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 DONATION**

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2014, the District had food commodities totaling \$ 105,474 in inventory.

**NOTE D – OTHER FEDERAL AWARDS**

The District did not receive any noncash insurance or have any loan or loan guarantees outstanding at the end of the year.



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

Kentucky State Committee for School District Audits  
Members of the Board of Education  
Ohio County School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Ohio County School District (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 13, 2014.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies: 14-1 and 14-2.

### **Compliance and Other Matters**

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

In addition, the results of our tests disclosed no material instances of noncompliance with specific state statutes or regulations identified in the *Kentucky Public School District's Audit Contract and Requirements* prescribed by the Kentucky State Committee for School District Audits.

### **The District's Response to Findings**

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

*Alexander & Company CPAS PSC*

Owensboro, Kentucky  
November 13, 2014



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

Kentucky State Committee for School District Audits  
Members of the Board of Education  
Ohio County School District

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

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

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular No. 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 the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

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

**Report on Internal Control Over Compliance**

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

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

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

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

*Alexander J. Conroy CPAS PSC*

Owensboro, Kentucky  
November 13, 2014

**OHIO COUNTY SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2014**

**SUMMARY OF AUDITORS' RESULTS**

1. The opinion expressed in the independent accountants' report was:  
 Unmodified       Qualified       Adverse       Disclaimed
  
2. The independent accountant's report on internal control over financial reporting described:  
  
 Significant deficiencies noted considered material weakness(es)?       Yes       None noted  
  
 Significant deficiencies noted that are not considered to be material weakness(es)?       Yes       None noted  
  
 Noncompliance considered material to the financial statements was disclosed by the audit?       Yes       None noted
  
3. The independent accountants' report on internal control over compliance with requirements applicable to major federal awards programs described:  
  
 Significant deficiencies noted considered material weakness(es)?       Yes       None noted  
  
 Significant deficiencies noted that are not considered to be material weakness(es)?       Yes       None noted
  
4. The opinion expressed in the independent accountants' report on compliance with requirements applicable to major federal awards was:  
 Unmodified       Qualified       Adverse       Disclaimed
  
5. The audit disclosed findings required to be reported by OMB Circular A-133?       Yes       None noted
  
6. The District's major programs were:

Cluster/Program	CFDA Number
Title I, Part A Cluster:	
Title I Grant to Local Educational Agencies (Title I, Part A of the ESEA)	84.010
Child Nutrition Cluster:	
School Breakfast Program	10.553
National School Lunch Program	10.555
Summer Food Service Program for Children	10.559

7. The threshold used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133 was \$300,000.
  
8. The District qualified as a low-risk auditee as that term is defined in OMB Circular A-133?       Yes       No

**OHIO COUNTY SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs (continued)**  
**June 30, 2014**

**FINDINGS - FINANCIAL STATEMENT AUDIT**

14-1 Significant Deficiency:

Controls Over Financial Reporting

*Condition:* Inadequate design of internal controls over footnote disclosure. This is a repeat finding.

*Criteria:* The District should have adequate controls in place over footnote disclosure to ensure that the financial statements are not materially misstated.

*Cause:* Lack of expertise with footnote disclosure.

*Effect:* There is the likelihood of a material misstatement in the presentation and disclosure of related footnotes, occurring and not being detected by the finance officer.

*Recommendation:* We recommend that the finance officer obtain a current disclosure checklist from the AICPA and review and answer the checklist to ensure propriety and completeness of the footnotes.

*Response:* The District will ensure the Finance Officer continues to provide the necessary financial information to ensure the financial statements and footnote disclosures are a fair presentation of the financial operations of the District. The District Finance Officer will continue to review the financial statements and footnote disclosures for accuracy.

14-2 Significant Deficiency

Record Fixed Assets

*Condition:* During the course of our engagement, we identified certain assets that were recorded in the fund financials as expenses, but were not recorded on the depreciation schedule.

*Criteria:* Per policy, all assets over the \$5,000 threshold should be recorded in Fund 8 and depreciated.

*Cause:* The District ordered the assets in a prior year. They were not received or put in use until the current year. The assets were not marked properly when they were received to show they needed to be included on the depreciation schedule.

*Effect:* The assets had not been recorded or depreciated properly.

*Recommendation:* We recommend that the District put into place safeguards to ensure proper recording of assets when they cross years.

*Response:* The District changed the staff in charge of asset recording during this period. We have trained staff to prevent this from happening again.

**OHIO COUNTY SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs (continued)**  
**June 30, 2014**

**FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS PROGRAMS AUDIT**

1. The audit did not disclose any audit finding that the auditor is required to report under Section 510(a) of Circular A-133.

**OHIO COUNTY SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs Prior Audit Finding**  
**June 30, 2014**

**FINDINGS - FINANCIAL STATEMENT AUDIT – PRIOR AUDIT**

13-1 Significant Deficiency:

Controls Over Financial Reporting

*Condition:* Inadequate design of internal controls over footnote disclosure.

*Criteria:* The District should have adequate controls in place over footnote disclosure to ensure that the financial statements are not materially misstated.

*Cause:* Lack of expertise with footnote disclosure.

*Effect:* There is the likelihood of a material misstatement in the presentation and disclosure of related footnotes, occurring and not being detected by the finance officer.

*Recommendation:* We recommend that the finance officer obtain a current disclosure checklist from the AICPA and review and answer the checklist to ensure propriety and completeness of the footnotes.

*Response:* The District will ensure the Finance Officer continues to provide the necessary financial information to ensure the financial statements and footnote disclosures are a fair presentation of the financial operations of the District. The District Finance Officer will continue to review the financial statements and footnote disclosures for accuracy.

*Status:* This is a repeat finding for the current year. The Finance Officer continues to provide the necessary financial information to ensure the financial statements and footnote disclosures are a fair presentation of the financial operations of the District. The District Finance Officer continues to review the financial statements and footnote disclosures for accuracy.

13-2 Significant Deficiency

BG-1 Project Application

*Condition:* During the course of our engagement, we identified two instances at Horse Branch Elementary School that required the initiation of the BG-1 Application Process.

*Criteria:* Per regulations, both instances qualified as 'minor projects', and required the BG-1 Application Process.

*Cause:* The District deemed the projects emergencies and moved forward quickly, failing to file the BG-1 forms.

*Effect:* The projects have not yet been approved by the Kentucky Department of Education.

*Recommendation:* We recommend that the District immediately file the necessary paper work.

**OHIO COUNTY SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs Prior Audit Finding**  
**June 30, 2014**

**FINDINGS - FINANCIAL STATEMENT AUDIT – PRIOR AUDIT (continued)**

*Response:* It is the District's belief that replacing window air conditioners as they go bad and fixing electrical issues does not require a BG-1 form. The District will research the regulations regarding the BG-1 Application Process and based upon the results of that research, the District will prepare any required paperwork.

*Status:* The District filed all of the necessary paperwork prior to fieldwork in the current year.

**OHIO COUNTY SCHOOL DISTRICT**  
**Summary Schedule of Prior Audit Findings**  
**June 30, 2014**

**FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS PROGRAMS AUDIT**

1. The audit did not disclose any audit finding that the auditor is required to report under Section 510(a) of Circular A-133.



November 13, 2014

Kentucky State Committee for School District Audits  
Members of the Board of Education  
Ohio County School District  
Hartford, Kentucky

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

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. We previously reported on the District's internal control in our report dated November 13, 2014. This letter does not affect our report dated November 13, 2014 on the financial statements of the Ohio County School District.

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

Respectfully,

*Alexander & Company CPAs PSC*

Alexander & Company CPAs PSC  
Owensboro, Kentucky

**OHIO COUNTY SCHOOL DISTRICT  
MANAGEMENT LETTER COMMENTS  
For the Year Ended June 30, 2014**

CURRENT YEAR COMMENTS

Improve Credit Card Documentation

*Condition:* We noted minimal descriptions on credit card receipts and some did not contain authorized signatures. We also noticed a small amount of receipts missing. This is a repeat comment.

*Criteria:* The District should have adequate controls in place over expenses incurred on the credit card and over the related documentation.

*Cause:* The District does have a policy to record descriptions on all receipts. However, some instances were noted where the policy was not adhered to.

*Effect:* There is a possibility that an unsubstantiated charge would be paid or a charge could be recorded incorrectly.

*Recommendation:* We recommend that the District enforce the policy where all relevant information is recorded on credit card receipts. This would include general ledger account numbers, signed authorization, purpose of expense. Additional information would be required for travel expenses, such as who does the expense pertain to and where the expense occurred.

*Response:* The District Finance Officer will enforce the policy to ensure all relevant information is recorded on each credit card receipt. This will include the general ledger account numbers, signed authorization and the purpose of expense. The additional information required for travel expense, such as who does the expense pertain to and where the expense occurred will also be enforced and provided on each credit card receipt.

**OHIO COUNTY SCHOOL DISTRICT  
MANAGEMENT LETTER COMMENTS  
For the Year Ended June 30, 2014**

CURRENT YEAR COMMENTS (Continued)

Southern Elementary School

Obtain Vendor Signatures

*Condition:* It was noted during audit testing that one standard invoice lacked a vendor signature.

*Criteria:* All standard invoices should be complete with a vendor signature.

*Cause:* Unknown

*Effect:* Without signature an improper purchase could occur.

*Recommendation:* We recommend that the school enforce a policy that before completing a transaction all standard invoices must be complete with vendor signature.

*Response:* The school will incorporate these changes.

Use Correct Dating on Purchase Orders

*Condition:* It was noted during the audit that a purchase order was dated after the related invoice.

*Criteria:* Purchase orders must be completed before transactions.

*Cause:* Unknown

*Effect:* If purchase orders are not filled out completely improper transactions could occur.

*Recommendation:* We recommend that the school enforce the policy of completing a purchase order prior to the transaction.

*Response:* The school will incorporate these changes.

**OHIO COUNTY SCHOOL DISTRICT  
MANAGEMENT LETTER COMMENTS  
For the Year Ended June 30, 2014**

CURRENT YEAR COMMENTS (Continued)

Western Elementary School

Obtain Approval Signatures

*Condition:* It was noted during audit testing that one purchase order lacked an approval signature.

*Criteria:* All purchase orders should be complete with approval signature.

*Cause:* Unknown

*Effect:* Without approval an improper purchase could occur.

*Recommendation:* We recommend that the school enforce a policy that before completing a transaction all purchase orders must be complete with approval signature.

*Response:* The District will incorporate these changes.

Use Standard Invoices

*Condition:* It was noted during audit testing that an F-SA-8 Standard Invoice was not used in one instance.

*Criteria:* The school should have an invoice for every purchase.

*Cause:* Unknown

*Effect:* Without appropriate documentation payments could be improper.

*Recommendation:* We recommend that no payment be made without an approved invoice.

*Response:* The school will incorporate these changes.

Obtain Signatures on Checks

*Condition:* It was noted during audit testing that two checks lacked signatures and one only had one signature.

*Criteria:* All checks should be complete with signatures.

*Cause:* Unknown

*Effect:* Without approval an improper purchase could occur.

*Recommendation:* We recommend that the school enforce a policy that all checks require two signatures.

*Response:* The school will incorporate these changes.

**OHIO COUNTY SCHOOL DISTRICT  
MANAGEMENT LETTER COMMENTS  
For the Year Ended June 30, 2014**

CURRENT YEAR COMMENTS (Continued)

Wayland Elementary School

Use Proper Dating on Documentation

*Condition:* It was noted during the audit that there were instances of invoice dates preceding purchase order dates.

*Criteria:* The school should have a completed purchase order prior to any payment.

*Cause:* Unknown

*Effect:* If purchase orders are not filled out completely prior to purchase, improper transactions could occur.

*Recommendation:* We recommend that the school enforce the policy of completing a purchase order prior to the transaction.

*Response:* The District will incorporate these changes.

**OHIO COUNTY SCHOOL DISTRICT  
MANAGEMENT LETTER COMMENTS  
For the Year Ended June 30, 2014**

CURRENT YEAR COMMENTS (Continued)

Fordsville Elementary School

Complete Purchase Orders in a Timely Manner

*Condition:* It was noted during the audit that two purchase orders were dated after the related invoice.

*Criteria:* Purchase orders must be completed before transactions.

*Cause:* Unknown

*Effect:* If purchase orders are not filled out completely improper transactions could occur.

*Recommendation:* We recommend that the school enforce the policy of completing a purchase order prior to the transaction.

*Response:* The school will incorporate these changes.

Use Transfer Form

*Condition:* During our audit we noted two transfer forms were not used when necessary.

*Criteria:* Transfers require the use of Form F-FA-10.

*Cause:* Unknown

*Effect:* If forms are not completed correctly transactions could be recorded inaccurately.

*Recommendation:* We recommend that the form be used anytime a transfer occurs.

*Response:* The school will incorporate these changes.

Use Standard Invoices

*Condition:* It was noted during audit testing that an F-SA-8 Standard Invoice was not used in two instances.

*Criteria:* The school should have an invoice for every purchase.

*Cause:* Unknown

*Effect:* Without appropriate documentation payments could be improper.

*Recommendation:* We recommend that no payment be made without an approved invoice.

*Response:* The school will incorporate these changes.

**OHIO COUNTY SCHOOL DISTRICT  
MANAGEMENT LETTER COMMENTS  
For the Year Ended June 30, 2014**

CURRENT YEAR COMMENTS

Horse Branch Elementary School

Use Standard Invoices

*Condition:* It was noted during audit testing that an F-SA-8 Standard Invoice was not used in three instances.

*Criteria:* The school should have an invoice for every purchase.

*Cause:* Unknown

*Effect:* Without appropriate documentation payments could be improper.

*Recommendation:* We recommend that no payment be made without an approved invoice.

*Response:* The school will incorporate these changes.

**OHIO COUNTY SCHOOL DISTRICT  
MANAGEMENT LETTER COMMENTS  
For the Year Ended June 30, 2014**

CURRENT YEAR COMMENTS (Continued)

Beaver Dam Elementary School

Complete Purchase Orders in a Timely Manner

*Condition:* It was noted during the audit that a purchase order was dated after the related invoice.

*Criteria:* Purchase orders must be completed before transactions.

*Cause:* Unknown

*Effect:* If purchase orders are not filled out completely improper transactions could occur.

*Recommendation:* We recommend that the school enforce the policy of completing a purchase order prior to the transaction.

*Response:* The school will incorporate these changes.

Obtain Vendor Signatures

*Condition:* It was noted during audit testing that one standard invoice lacked a vendor signature.

*Criteria:* All standard invoices should be complete with vendor signature.

*Cause:* Unknown

*Effect:* Without signature an improper purchase could occur.

*Recommendation:* We recommend that the school enforce a policy that before completing a transaction all standard invoices must be complete with vendor signature.

*Response:* The school will incorporate these changes.

Use Standard Invoices

*Condition:* It was noted during audit testing that an F-SA-8 Standard Invoice was not used in one instance.

*Criteria:* The school should have an invoice for every purchase.

*Cause:* Unknown

*Effect:* Without appropriate documentation payments could be improper.

*Recommendation:* We recommend that no payment be made without an approved invoice.

*Response:* The school will incorporate these changes.

**OHIO COUNTY SCHOOL DISTRICT  
MANAGEMENT LETTER COMMENTS  
For the Year Ended June 30, 2014**

CURRENT YEAR COMMENTS (Continued)

Ohio County Middle School

Complete Purchase Orders in a Timely Manner

*Condition:* It was noted during the audit that a purchase order was dated after the related invoice.

*Criteria:* Purchase orders must be completed before transactions.

*Cause:* Unknown

*Effect:* If purchase orders are not filled out completely improper transactions could occur.

*Recommendation:* We recommend that the school enforce the policy of completing a purchase order prior to the transaction.

*Response:* The District will incorporate these changes.

Use Standard Invoices

*Condition:* It was noted during audit testing that an F-SA-8 Standard Invoice was not used in one instance.

*Criteria:* The school should have an invoice for every purchase.

*Cause:* Unknown

*Effect:* Without appropriate documentation payments could be improper.

*Recommendation:* We recommend that no payment be made without an approved invoice.

*Response:* The school will incorporate these changes.

**OHIO COUNTY SCHOOL DISTRICT  
MANAGEMENT LETTER COMMENTS  
For the Year Ended June 30, 2014**

CURRENT YEAR COMMENTS (Continued)

Ohio County High School

Complete Purchase Orders in a Timely Manner

*Condition:* It was noted during the audit that four purchase orders were dated after the related invoices.

*Criteria:* Purchase orders must be completed before transactions.

*Cause:* Unknown

*Effect:* If purchase orders are not filled out completely improper transactions could occur.

*Recommendation:* We recommend that the school enforce the policy of completing a purchase order prior to the transaction.

*Response:* The District will incorporate these changes.

Obtain Signatures on Checks

*Condition:* It was noted during audit testing that one check had only one signature.

*Criteria:* All checks should be complete with signatures.

*Cause:* Unknown

*Effect:* Without approval an improper purchase could occur.

*Recommendation:* We recommend that the school enforce a policy that all checks require two signatures.

*Response:* The school will incorporate these changes.

End the Year with Positive Activity Balances

*Condition:* It was noted during the review of the Activity balances that when accounts receivable and accounts payable were included, the Annual balance had a deficit balance.

*Criteria:* No activities should end with deficit balances.

*Cause:* During the year, the activity sponsor left and there were problems with the vendor.

*Effect:* The Activity ended in a deficit.

*Recommendation:* We recommend all activity balances, including accruals, be reviewed by the bookkeeper and principal.

*Response:* The school will incorporate these changes.

OHIO COUNTY SCHOOL DISTRICT  
MANAGEMENT LETTER COMMENTS (continued)  
FOR THE YEAR ENDED June 30, 2014

PRIOR YEAR COMMENTS

Comment – Improve Credit Card Documentation

We noted minimal descriptions on credit card receipts and some did not contain authorized signatures.

*Status:* This was a repeat finding in the current year.

Comment – Sign Invoices as Evidence of Approval

During the course of our engagement, we noted several invoices were not signed off as approved.

*Status:* This was improved for the current fiscal year.

Comment – Prevent Paying Sales Tax

It was noted during the audit that the District paid sales tax on various invoices that were tested. This was noted on invoices attached to two credit card statements that were selected for testing.

*Status:* This was not noted in the current fiscal year.

Comment – Reconcile Accrued Liabilities and Improve Controls Over Payroll Disbursements

It was noted during our review of procedures that the District did not perform reconciliations of its accrued liabilities in relation to payroll items.

*Status:* This was improved in the current year.

Comment – Maintain Control Over Cash

During testing, it was discovered the District had written a large check to an employee and instructed them to cash it for an upcoming student athletic trip. The employee was to hand out the cash to students daily for meals. During the trip, the employee was left with a large amount of cash and no way to secure it. In addition cash was distributed to students with minimal supervision as to how the money was spent.

*Status:* No instances of this were noted in the current year.

Comment – Train Principals and Bookkeepers

It was noted during the audit interviews that several Board and Redbook policies were unknown to various school staff.

*Status:* The District had additional training for principals and bookkeepers.

**OHIO COUNTY SCHOOL DISTRICT  
MANAGEMENT LETTER COMMENTS (continued)  
FOR THE YEAR ENDED June 30, 2014**

PRIOR YEAR COMMENTS (continued)

Southern Elementary School

Comment – Complete Accurate Reconciliation Reports

It was noted during the audit that a check number on the purchase order and invoice did not match the one on the reconciliation report.

*Status:* This issue was not noted in current year.

Western Elementary School

Comment – Obtain Approval Signatures

It was noted during the audit testing that one purchase order lacked an approval signature.

*Status:* This was a repeat comment for the current year.

Comment – Use Correct Dating on Purchase Orders

*Status:* There were no instances of this noted in the current year.

Wayland Elementary School

Comment – Use Proper Dating on Documentation

It was noted during the audit that there were instances of invoice and check dates preceding purchase order dates.

*Status:* This is a repeat comment in the current year.

Comment – Use Standard Invoices

It was noted during audit testing that an F-SA-8 Standard Invoice was not used in one instance.

*Status:* There were no instances of this noted in the current year.

**OHIO COUNTY SCHOOL DISTRICT  
MANAGEMENT LETTER COMMENTS (continued)  
FOR THE YEAR ENDED June 30, 2014**

PRIOR YEAR COMMENTS (continued)

Fordsville Elementary School

Comment – Purchase Orders in a Timely Manner

It was noted during the audit that a purchase order was dated after the related invoice.

*Status:* This was a repeat comment for the current year.

Comment – Obtain Approval Signatures

It was noted during audit testing that one purchase order lacked an approval signature.

*Status:* No instances of this were noted in the current year.

Beaver Dam Elementary School

Comment – Complete Purchase Orders in a Timely Manner

It was noted during the audit that a purchase order was dated after the related invoice.

*Status:* This was a repeat comment in the current year.

Comment – Use Proper Form

It was noted during the audit that an F-SA-8 Standard Invoice Form was used in situations when an F-SA-7 Purchase Order Form should have been used.

*Status:* During the current year, the school failed to use the Standard Invoice in one instance.

Ohio County Middle School

Comment – Complete Purchase Orders in a Timely Manner

It was noted during the audit that a purchase order was dated after the related invoice.

*Status:* This is a repeat comment for the current year.

Comment – Use Transfer Form

During our audit we noted one transfer form was not used when necessary.

*Status:* No instances of this were noted in the current year.

**OHIO COUNTY SCHOOL DISTRICT  
MANAGEMENT LETTER COMMENTS (continued)  
FOR THE YEAR ENDED June 30, 2014**

PRIOR YEAR COMMENTS (continued)

Ohio County High School

Comment – Complete Purchase Orders in a Timely Manner

*Status:* This was a repeat comment for the current year.