

**SCOTT COUNTY SCHOOL DISTRICT**  
**BASIC FINANCIAL STATEMENTS,**  
**SUPPLEMENTARY INFORMATION,**  
**AND INDEPENDENT AUDITOR'S REPORTS**

Year Ended June 30, 2014

SCOTT COUNTY SCHOOL DISTRICT

TABLE OF CONTENTS

YEAR ENDED JUNE 30, 2014

	<u>Page</u>
<b>Independent Auditor's Report</b> .....	1-2
<b>Management's Discussion and Analysis</b> .....	3-9
<b>Basic Financial Statements:</b>	
<b>Government-wide Financial Statements:</b>	
Statement of Net Position .....	10
Statement of Activities .....	11
<b>Fund Financial Statements:</b>	
Balance Sheet – Governmental Funds .....	12
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position .....	13
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds .....	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	15
Statement of Net Position – Proprietary Funds .....	16
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds .....	17
Statement of Cash Flows – Proprietary Funds .....	18
Statement of Fiduciary Net Position – Fiduciary Funds .....	19
Statement of Changes in Fiduciary Net Position – Fiduciary Funds .....	20
<b>Notes to the Basic Financial Statements</b> .....	21-39
<b>Required Supplementary Information:</b>	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual - General Fund .....	40
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Special Revenue Fund .....	41

**SCOTT COUNTY SCHOOL DISTRICT**

**TABLE OF CONTENTS - CONTINUED**

**YEAR ENDED JUNE 30, 2014**

**Supplementary Information:**

**Combining Statements – Nonmajor Funds:**

Combining Balance Sheet – Nonmajor Governmental Funds.....42

Combining Statement of Revenues, Expenditures and Changes  
in Fund Balances – Nonmajor Governmental Funds .....43

Combining Statement of Fiduciary Net Position – Fiduciary Funds .....44

**Schools:**

Schedule of Assets, Cash Receipts and Disbursements and Liabilities – All Schools .....45

Schedule of Assets, Cash Receipts and Disbursements and Liabilities – Scott County  
High School ..... 46-48

**Schedule of Expenditures of Federal Awards** ..... 49-50

**Notes to the Schedule of Expenditures of Federal Awards**.....51

**Schedule of Findings and Questioned Costs**..... 52-53

**Schedule of Prior Year Audit Findings** ..... 54

**Independent Auditor’s Report on Internal Control Over Financial  
Reporting On Compliance and Other Matters Based on an  
Audit of Financial Statements Performed in Accordance with  
Government Auditing Standards**..... 55-56

**Independent Auditor’s Report on Compliance with Requirements That  
Could Have A Direct And Material Effect on Each Major Program  
and Internal Control over Compliance  
in Accordance with OMB Circular A-133** ..... 57-58

**Management Letter and Comments** ..... 59-65

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## **INDEPENDENT AUDITOR'S REPORT**

Members of the Board of Education  
Scott County School District  
Georgetown, Kentucky

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Scott County School District as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the accompanying table of contents.

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

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

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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Independent Auditor's Contract*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor, considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness on the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

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

## **Emphasis of a Matter**

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

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 9 and 40 through 41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

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

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

In accordance with *Government Auditing Standards*, we have also issued a report dated September 19, 2014, on our consideration of Scott County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Scott County School District's internal control over financial reporting and compliance.



Certified Public Accountants  
Elizabethtown, Kentucky  
September 19, 2014

**REQUIRED SUPPLEMENTARY INFORMATION**

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

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

**FINANCIAL HIGHLIGHTS**

- The Scott County Board of Education completed the 2013/2014 fiscal year in a position of financial readiness with the General Fund reflecting an ending (unassigned) fund balance of \$3.1 million. This \$3.1 million is in addition to \$5.3 million in committed funds and \$1.0 million in assigned funds as detailed in Note 9 – Fund Balances, page 37.
- On January 9, 2007, the Board approved an Educational Broadband service Lease Agreement with Nextel Spectrum Acquisition Corporation, a wholly-owned indirect subsidiary of Sprint Nextel Corporation, that provided a onetime payment to the Board of \$600,000; plus \$6,000 per month in years 1 through 5, \$7,000 per month in years 6 through 15, \$8,000 per month in years 16 through 20, \$9,000 per month in years 21 through 25, \$10,000 per month in years 26 through 30. The Board restricted the use of these funds for equipment for Elkhorn Crossing School (Scott County’s Career Technical Center).
- On December, 11, 2012, the Board approved the construction documents and authorized the advertisement of bids for the construction of phase II, Lemons Mill Elementary School.
- On March 1, 2013, the Board issued \$15,110,000 in Refunding Revenue Bonds with an average interest rate of 2.42 percent to advance refund \$15,670,000 of outstanding 2005 Series revenue bonds. The District completed the refunding to reduce its total debt service payments over the next 12 years by \$1,413,140 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$1,223,274.
- On March 1, 2013, the Board issued \$8,000,000 in 2013 Series revenue Bonds with an average interest rate of 3.02 percent to fund phase II Lemons Mill Elementary. Construction of Phase II was substantially completed in June 2014.
- On June 1, 2013, the Board issued \$440,000 in 2013 Series Energy Revenue Bonds with an average interest rate of 2.33 percent to fund energy savings lighting and HVAC updates.
- On May 6, 2014, the Board approved construction of a second high school adjacent to Elkhorn Crossing School to be built in phases as financing is available.

## USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Scott County Public School District as a financial whole, or as an entire operating entity.

The statement of net position and statement of activities provide information about the activities of the whole school district, presenting both an aggregate view of the school 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 school district's most significant funds with all other non-major funds presented in total in a single column. For Scott County School District, the General Fund is the most significant fund.

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

While this report contains the large number of funds used by the school district to provide programs and activities, the view of the school district as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2014?" The statement of net position and the statement of activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting system used by most private sector companies. The basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash was received or paid.

These two statements report the school district's net position and changes in them. This change in net position is important because it identifies whether the financial position of the school district has improved or diminished for the school district as a whole. The cause of this change may be the result of many factors, some financial, some not. Non-financial factors include the school district's property tax base, current property tax laws in Kentucky affecting revenue growth, facility conditions, required educational programs and other factors.

In the statement of net position and the statement of activities, the school district is divided into two distinct kinds of activities:

**Government Activities** – Most of the school district's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and other support activities.

**Business-Type Activity** – This service is provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The school district's food service operations, extended day kindergarten/after school program at the elementary schools, and the high school Child Care Program are reported as a business activity.

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

**Fund financial statements** – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. This is a state mandated uniform system and chart of accounts for all Kentucky public school districts utilizing the MUNIS administrative software. The district uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the district can be divided into three categories: governmental, proprietary funds and fiduciary funds. The fiduciary funds include agency funds for student education and private purpose trust funds. The proprietary fund includes the food service program, extended day kindergarten/after school program at the elementary schools, and the high school Child Care Program. All other activities of the district are included in the governmental funds.

The basic governmental fund financial statements can be found on pages 12-20 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 21-39 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of a government’s financial position. In the case of the district, assets exceeded liabilities by \$39.7 million at June 30, 2014.

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

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

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2014	2013	2014	2013	2014
Current and Other Assets	\$27,020,810	\$23,827,661	\$1,453,655	\$1,068,242	\$28,474,465	\$24,895,903
Capital Assets	139,578,277	136,171,413	829,814	958,198	140,408,091	137,129,611
Deferred outflow of resources		2,551,020				2,551,020
<b>Total Assets and deferred outflow of resources</b>	<b>166,599,087</b>	<b>162,550,094</b>	<b>2,283,469</b>	<b>2,026,440</b>	<b>168,882,556</b>	<b>164,576,534</b>
Long-Term Debt	115,582,886	112,076,625	-	-	115,582,886	112,076,625
Other Liabilities	14,446,513	12,698,268	81,983	69,950	14,528,496	12,768,218
<b>Total Liabilities</b>	<b>130,029,399</b>	<b>124,774,893</b>	<b>81,983</b>	<b>69,950</b>	<b>130,111,382</b>	<b>124,844,843</b>
<b>Net Position</b>						
Net investment in capital assets	20,110,978	26,067,622	829,814	958,198	20,940,792	27,025,820
Restricted	10,054,109	2,949,086	-	-	10,054,109	2,949,086
Unrestricted	6,404,601	8,758,493	1,371,672	998,292	7,776,273	9,756,785
<b>Total Net Position</b>	<b>\$36,569,688</b>	<b>\$37,775,201</b>	<b>\$2,201,486</b>	<b>\$1,956,490</b>	<b>\$38,771,174</b>	<b>\$39,731,691</b>

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

- The District placed in service \$33.7 million in capital assets and removed from service \$26.1 million in capital assets (valued at cost) and incurred net depreciation of \$4.5 million as detailed in Note 5 – Capital Assets, page 32.
- The District Revenue bonds payable decreased by \$5.4 million as detailed in Note 7 – Long- Term Liabilities, page 33.

## Comments on Budget Comparisons

- The district's total Governmental Fund revenues, net of inter-fund transfers, and bond proceeds were \$76.3 million.
- General Fund budget compared to actual revenue varied slightly from line item to line item with the ending actual balance being \$.9 million more than budget or approximately 1.5%. The variance is explained by actual revenue exceeding budget in local tax (property, motor vehicle, utility and occupational license) revenues of \$768 thousand and other revenue of \$135 thousand.
- The district's total Governmental Fund expenditures totaled \$83.3 million including debt service and capital improvements.
- General Fund budget expenditures to actual varied slightly in all categories. This variance is primarily the result of encumbered obligations of \$.9 million, reserve for contingencies of \$2.6 million and allocations for SBDM, maintenance and Lemons Mill Phase II of .9 million included in budget and not expenditures at June 30, 2013.

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

**(Table 2) Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2014	2013	2014	2013	2014
<b>REVENUES</b>						
<b>Program Revenues</b>						
Charges for services	\$119,961	\$102,044	\$1,653,686	\$2,586,415	\$1,773,647	\$2,688,459
Operating grants and contributions	20,969,048	16,746,557	2,928,798	3,311,502	23,897,846	20,058,059
Capital Grants and contributions	992,040	3,595,783	-	-	992,040	3,595,783
<b>General Revenues</b>						
Property Tax	16,780,950	17,766,462	-	-	16,780,950	17,766,462
Motor vehicle taxes	1,928,604	2,054,388	-	-	1,928,604	2,054,388
Utility taxes	3,710,454	4,101,979	-	-	3,710,454	4,101,979
Occupational taxes	3,915,364	4,178,937	-	-	3,915,364	4,178,937
Gain on disposal of capital assets	86,298	67,503	-	-	86,298	67,503
Investment earnings	186,423	104,917	3,572	2,663	189,995	107,580
State and formula grants	27,185,352	27,257,585	-	-	27,185,352	27,257,585
Miscellaneous	110,454	437,082	-	-	110,454	437,082
<b>Total Revenues</b>	<b>75,984,948</b>	<b>76,413,237</b>	<b>4,586,056</b>	<b>5,900,580</b>	<b>80,571,004</b>	<b>82,313,817</b>
<b>EXPENSES</b>						
<b>Program Activities:</b>						
Instruction	44,793,810	44,276,179	-	-	44,793,810	44,276,179
Student Support	4,369,657	4,606,102	-	-	4,369,657	4,606,102
Instructional staff support	3,279,926	3,659,570	-	-	3,279,926	3,659,570
District administrative support	1,023,896	1,209,809	-	-	1,023,896	1,209,809
School administrative support	3,792,061	4,005,921	-	-	3,792,061	4,005,921
Business support	950,597	1,324,575	-	-	950,597	1,324,575
Plant operation and maintenance	5,610,451	6,284,467	-	-	5,610,451	6,284,467
Student transportation	4,693,830	4,843,729	-	-	4,693,830	4,843,729
Community service activities	1,564,381	455,097	-	-	1,564,381	455,097
Other	114,789	62,598	-	-	114,789	62,598
Interest costs	4,044,777	4,090,724	-	-	4,044,777	4,090,724
<b>Business-type Activities:</b>						
Food Service	-	-	4,594,891	4,890,982	4,594,891	4,890,982
Child Care	-	-	96,110	1,057,278	96,110	1,057,278
<b>Total Expenses</b>	<b>74,238,175</b>	<b>74,818,771</b>	<b>4,691,001</b>	<b>5,948,260</b>	<b>78,929,176</b>	<b>80,767,031</b>
<b>Change in net position before transfers and Extraordinary item</b>	<b>1,746,773</b>	<b>1,594,466</b>	<b>(104,945)</b>	<b>(47,680)</b>	<b>1,641,828</b>	<b>1,546,786</b>
<b>Extraordinary item - KSBIT</b>	<b>(862,353)</b>	<b>231,812</b>			<b>(862,353)</b>	<b>231,812</b>
<b>Transfers</b>	<b>(17,171)</b>	<b>197,316</b>	<b>17,171</b>	<b>(197,316)</b>	<b>-</b>	<b>-</b>
<b>Change in net position</b>	<b>\$867,249</b>	<b>\$2,023,594</b>	<b>\$(87,774)</b>	<b>\$(244,996)</b>	<b>\$779,475</b>	<b>\$1,778,598</b>

## Governmental Activities

Instruction comprises 59.2% of governmental program expenses. Support services expenses make up 34.6% of government expenses. The remaining expense for community services activities, interest and other items accounts for the remaining 6.2% of total government expense.

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

(Table 3)

	Governmental Activities			
	Total Cost of Services		Net Cost of Services	
	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>
Instruction	\$44,793,810	\$44,276,179	\$29,442,010	\$33,190,143
Support Services	23,720,418	25,934,173	18,789,289	20,626,705
Community Services	1,564,381	455,097	800,149	-
Other	114,789	62,598	72,941	62,598
Facilities acquisition and construction				( 2,260,676)
Interest Costs	4,044,777	4,090,724	3,052,737	2,755,617
<b>Total Expenses</b>	<b>\$74,238,175</b>	<b>\$74,818,771</b>	<b>\$53,157,126</b>	<b>\$54,374,387</b>

## Business-Type Activities

The business-type activities include the food service operation, extended day kindergarten/after school program at the elementary schools, child care program within Scott County High School and a summer enrichment program.

The food service operation had total revenues of \$4,890,982 and expenses of \$4,407,032 for fiscal year 2014. Revenues include \$1,484,641 from charges for services, \$2,922,391 from state and federal grants and \$2,663 from investment earnings. The food service operation also paid \$60,000 to the general fund for indirect costs. The food service program receives no support from tax revenues.

The extended kindergarten/after school program serves Scott County elementary students and child care program within Scott County High School primarily serves students with infants. This program had total revenues of \$1,490,885 transfers from the general fund of \$61,600 and expenses of \$1,057,278 for fiscal year 2014. Of the revenues, \$1,101,774 was charges for services and \$389,111 was from state sources.

The district will continue to monitor the charges and costs of these activities. If it becomes necessary, the school district will increase the charges for these activities.

## The School District's Funds

Information about the school district's major funds starts on page 12. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$85.4 million and expenditures and other financing uses of \$91.8 million. Net changes in fund balances for the year were most significant in the General Fund, and Construction Fund, with a decrease in the Construction Fund balance of \$7.0 million from expended proceeds from sale of bonds for school building construction.

## General Fund Budget Highlights

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

Actual General Fund revenues for 2013/2014 of \$59,954,648 were 101.5% of the budgeted revenues total of \$59,050,753. Taxes collected for the year were \$21,857,503 for the General Fund and accounted for 36.45% of the annual General Fund revenues. State revenues were \$37,662,778 for the General Fund and accounted for 62.81% of the General Fund revenues.

Instruction expenditures included \$34,194,383 for salaries and fixed costs and \$170,958 for textbooks; plant operation and maintenance expenditures included \$176,537 in costs for property insurance funded by Capital Outlay Funds.

Student transportation expenditures of \$4,792,848 included \$554,790 for the purchase of buses and \$669,074 for diesel fuel.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of fiscal year 2014, the school district had \$143.6 million invested in capital assets and \$142.6 million in governmental activities. Table 4 shows fiscal year 2013 and 2014 balances.

(Table 4)  
Capital Assets  
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>
Land	\$6,463,345	\$6,463,345	\$ -	\$ -	\$6,463,345	\$6,463,345
Construction in progress	17,953,127	27,400	-	-	17,953,127	27,400
Land Improvements	2,041,554	2,100,272	-	-	2,041,554	2,100,272
Buildings and improvements	108,829,027	129,945,282	-	-	108,829,027	129,945,282
Technology	887,595	639,629	34,544	19,617	922,139	639,629
Vehicles	2,563,175	2,732,049	-	-	2,563,175	2,732,049
General equipment	840,454	754,181	795,270	938,581	1,635,724	1,754,181
<b>Total</b>	<b>\$139,578,277</b>	<b>\$142,662,158</b>	<b>\$829,814</b>	<b>\$958,198</b>	<b>\$140,408,091</b>	<b>\$143,662,158</b>

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

**(Table 5)  
Change in Capital Assets**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Primary Government</b>	
	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>
Beginning balance	\$128,921,453	\$139,578,277	\$956,428	\$829,814	\$129,877,881	\$140,408,091
Additions	17,919,309	8,240,587	23,561	321,016	17,942,870	8,561,603
Retirements	(2,355,272)	(2,593)		(23,832)	(2,355,272)	(26,425)
Depreciation	(4,907,213)	(5,154,113)	(150,175)	(168,800)	(5,057,388)	(5,322,913)
<b>Ending Balance</b>	<b>\$139,578,277</b>	<b>\$142,662,158</b>	<b>\$829,814</b>	<b>\$958,198</b>	<b>\$140,408,091</b>	<b>\$143,620,356</b>

**BUDGETARY IMPLICATIONS**

In Kentucky, the public schools fiscal year is July 1<sup>st</sup> – June 30<sup>th</sup>; other programs, i.e. some federal programs operate on a different fiscal calendar, but are reflected in the district overall budget. The district’s budget for 2014 completed the year with a budgeted General Fund Contingency Reserve of \$2,578,719.

With a current K-12 enrollment of 8,754 students, Scott County School District has experienced an average annual growth in student enrollment of 209 students or 2.78% per year over the last ten years. To accommodate this increase in enrollment, the district has been building new schools and renovating and expanding existing schools. These new and expanded facilities come with increased cost for utilities; maintenance of grounds and facilities, and additional personnel costs (instructional, administrative and support staffing). New schools also require funds for the purchase of computers, library books, instructional materials and equipment that can only be paid from the General Fund.

In the past, these costs have been offset by increases in state funding (SEEK), increases in business and residential property subject to local taxation, and increases in utility, occupational and net profits tax revenues. However, as with all Kentucky school districts, revenue from property tax is limited to a 4% annual growth on previous year existing property. The low growth in property assessments (1.62% average per year since 2008/2009) subject to taxation has diminished the Board’s ability to add facilities to meet current student enrollment growth.

These growth related costs, along with the continuing need to increase student capacity, decrease in local revenue per student and limited state revenue growth, will continue to create budgetary challenges for the Scott County School District.

**Contacting the School District’s Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the school district’s finances and to reflect the school district’s accountability for the monies it receives. Questions about this report or additional financial information needs should be directed to Superintendent, Patricia Putty or Finance Officer, Randy Cutright at (502) 863-3663 or by mail, to Scott County Public Schools, PO Box 578, Georgetown, Kentucky 40324.

## **BASIC FINANCIAL STATEMENTS**

SCOTT COUNTY SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2014

<b>Assets</b>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
<b><u>Current Assets</u></b>			
Cash and cash equivalents	\$ 15,420,065	\$ 818,425	\$ 16,238,490
Prepays	110,981		110,981
Inventory		186,384	186,384
Receivables:			
Taxes-current	1,134,859		1,134,859
Taxes-delinquent	27,725		27,725
Other receivables	259,315	955	260,270
Intergovernmental-State	46,079		46,079
Intergovernmental-Indirect Federal	337,892	62,478	400,370
<b>Total Current Assets</b>	<b>17,336,916</b>	<b>1,068,242</b>	<b>18,405,158</b>
<b><u>Noncurrent Assets</u></b>			
Non-depreciable capital assets	6,490,745		6,490,745
Depreciable capital assets, net of accumulated depreciation	136,171,413	958,198	137,129,611
<b>Total Noncurrent Assets</b>	<b>142,662,158</b>	<b>958,198</b>	<b>143,620,356</b>
<b>Total Assets</b>	<b>159,999,074</b>	<b>2,026,440</b>	<b>162,025,514</b>
<b>Deferred Outflows of Resources</b>			
Deferred amount on debt refundings	2,551,020		2,551,020
<b>Total Deferred Outflows of Resources</b>	<b>2,551,020</b>	<b>-</b>	<b>2,551,020</b>
<b>Liabilities</b>			
<b><u>Current Liabilities</u></b>			
Accounts payable	1,541,813	21,024	1,562,837
Accrued payroll and related expenses	3,145,391		3,145,391
Unearned revenue	189,011	48,926	237,937
Bond obligations	5,350,000		5,350,000
Capital leases	246,505		246,505
Compensated absences	203,114		203,114
KSBIT	630,541		630,541
Interest payable	1,391,893		1,391,893
<b>Total Current Liabilities</b>	<b>12,698,268</b>	<b>69,950</b>	<b>12,768,218</b>
<b><u>Noncurrent Liabilities</u></b>			
Bond obligations	110,051,829		110,051,829
Capital leases	946,202		946,202
Compensated absences	1,078,594		1,078,594
<b>Total Noncurrent Liabilities</b>	<b>112,076,625</b>	<b>-</b>	<b>112,076,625</b>
<b>Total Liabilities</b>	<b>124,774,893</b>	<b>69,950</b>	<b>124,844,843</b>
<b><u>Net Position</u></b>			
Net investment in capital assets	26,067,622	958,198	27,025,820
Restricted	2,949,086		2,949,086
Unrestricted	8,758,493	998,292	9,756,785
<b>Total Net Position</b>	<b>\$ 37,775,201</b>	<b>\$ 1,956,490</b>	<b>\$ 39,731,691</b>

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

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

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges For Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>							
Instruction	\$ 44,276,179	\$ 102,044	\$ 10,983,992	\$ -	\$ (33,190,143)	\$ -	\$ (33,190,143)
Support services:							
Student	4,606,102		1,372,318		(3,233,784)		(3,233,784)
Instruction staff	3,659,570		1,664,608		(1,994,962)		(1,994,962)
District administrative	1,209,809		39,222		(1,170,587)		(1,170,587)
School administrative	4,005,921		702,658		(3,303,263)		(3,303,263)
Business	1,324,575		188,849		(1,135,726)		(1,135,726)
Plant operation and maintenance	6,284,467		524,944		(5,759,523)		(5,759,523)
Student transportation	4,843,729		814,869		(4,028,860)		(4,028,860)
Community service activities	455,097		455,097		-		-
Facilities acquisition and construction				2,260,676	2,260,676		2,260,676
Other	62,598				(62,598)		(62,598)
Interest on long-term debt	4,090,724			1,335,107	(2,755,617)		(2,755,617)
<b>Total Governmental Activities</b>	<b>74,818,771</b>	<b>102,044</b>	<b>16,746,557</b>	<b>3,595,783</b>	<b>(54,374,387)</b>	<b>-</b>	<b>(54,374,387)</b>
<b>Business-Type Activities:</b>							
Food service	4,890,982	1,484,641	2,922,391			(483,950)	(483,950)
Childcare	1,057,278	1,101,774	389,111			433,607	433,607
<b>Total Business-Type Activities</b>	<b>5,948,260</b>	<b>2,586,415</b>	<b>3,311,502</b>	<b>-</b>	<b>-</b>	<b>(50,343)</b>	<b>(50,343)</b>
<b>Total Primary Government</b>	<b>\$ 80,767,031</b>	<b>\$ 2,688,459</b>	<b>\$ 20,058,059</b>	<b>\$ 3,595,783</b>	<b>(54,374,387)</b>	<b>(50,343)</b>	<b>(54,424,730)</b>
<b>General Revenues:</b>							
Taxes:							
					17,766,462		17,766,462
					4,178,937		4,178,937
					2,054,388		2,054,388
					4,101,979		4,101,979
					104,917	2,663	107,580
					67,503		67,503
					27,257,585		27,257,585
					437,082		437,082
					231,812		231,812
					56,200,665	2,663	56,203,328
					197,316	(197,316)	-
					2,023,594	(244,996)	1,778,598
					36,569,688	2,201,486	38,771,174
					(818,081)		(818,081)
					35,751,607	2,201,486	37,953,093
					\$ 37,775,201	\$ 1,956,490	\$ 39,731,691

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

SCOTT COUNTY SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2014

	General Fund	Special Revenue Fund	FSPK Fund	Construction Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>							
Cash and cash equivalents	\$ 11,804,880	\$ -	\$ 1,373	\$ 3,315,041	\$ 1,444	\$ 324,417	\$ 15,447,155
Prepays	108,181	2,800					110,981
Receivables:							
Taxes - current	1,134,859						1,134,859
Taxes - delinquent	27,725						27,725
Other receivables	241,019	18,296					259,315
Intergovernmental - State		46,079					46,079
Intergovernmental - Indirect Federal		337,892					337,892
<b>Total Assets</b>	<b>\$ 13,316,664</b>	<b>\$ 405,067</b>	<b>\$ 1,373</b>	<b>\$ 3,315,041</b>	<b>\$ 1,444</b>	<b>\$ 324,417</b>	<b>\$ 17,364,006</b>
<b>Liabilities and Fund Balances:</b>							
<b>Liabilities</b>							
Accounts payable	\$ 662,458	\$ 104,724	\$ -	\$ 766,615	\$ -	\$ 8,016	\$ 1,541,813
Cash overdraft		27,090					27,090
Accrued payroll and related expenses	3,145,391						3,145,391
Unearned revenue		189,011					189,011
<b>Total Liabilities</b>	<b>3,807,849</b>	<b>320,825</b>	<b>-</b>	<b>766,615</b>	<b>-</b>	<b>8,016</b>	<b>4,903,305</b>
<b>Fund Balances</b>							
Nonspendable	108,181	2,800					110,981
Restricted		81,442	1,373	2,548,426	1,444	316,401	2,949,086
Committed	5,292,875						5,292,875
Assigned	970,069						970,069
Unassigned	3,137,690						3,137,690
<b>Total Fund Balances</b>	<b>9,508,815</b>	<b>84,242</b>	<b>1,373</b>	<b>2,548,426</b>	<b>1,444</b>	<b>316,401</b>	<b>12,460,701</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 13,316,664</b>	<b>\$ 405,067</b>	<b>\$ 1,373</b>	<b>\$ 3,315,041</b>	<b>\$ 1,444</b>	<b>\$ 324,417</b>	<b>\$ 17,364,006</b>

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

**SCOTT COUNTY SCHOOL DISTRICT**

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

June 30, 2014

Total fund balance per fund financial statements	\$ 12,460,701
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net position.	142,662,158
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.	2,551,020
Certain liabilities are not reported in this fund financial statement because because they are not due and payable, but they are presented in the statement of net position:	
Bonds payable (net of discounts/premiums)	(115,401,829)
Capital leases payable	(1,192,707)
Interest payable	(1,391,893)
Compensated absences	(1,281,708)
KSBIT	<u>(630,541)</u>
Net position for governmental activities	<u>\$ 37,775,201</u>

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

**SCOTT COUNTY SCHOOL DISTRICT**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS

Year Ended June 30, 2014

	General Fund	Special Revenue Fund	FSPK Fund	Construction Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>							
From local sources:							
Taxes:							
Property	\$ 11,522,199	\$ -	\$ 6,244,263	\$ -	\$ -	\$ -	\$ 17,766,462
Occupational license	4,178,937						4,178,937
Motor vehicle	2,054,388						2,054,388
Utilities	4,101,979						4,101,979
Earnings on investments	93,002	456	5	11,452	1	1	104,917
Other local revenues	293,650	144,014				245,476	683,140
Intergovernmental - State	37,662,778	2,593,590	1,482,068		1,335,107	778,608	43,852,151
Intergovernmental - Indirect Federal	47,715	3,500,996					3,548,711
Intergovernmental - Direct Federal		55,048					55,048
<b>Total Revenues</b>	<b>59,954,648</b>	<b>6,294,104</b>	<b>7,726,336</b>	<b>11,452</b>	<b>1,335,108</b>	<b>1,024,085</b>	<b>76,345,733</b>
<b>Expenditures:</b>							
Instruction	35,837,326	4,285,414				26,348	40,149,088
Support services:							
Student	4,048,164	496,321					4,544,485
Instruction staff	2,320,066	1,308,108				22,749	3,650,923
District administrative	1,025,415						1,025,415
School administrative	3,968,436	29,368					3,997,804
Business	1,302,451						1,302,451
Plant operation and maintenance	6,232,666	31,985					6,264,651
Student transportation	4,792,848	144,065				7,280	4,944,193
Community service activities		455,097					455,097
Other non-instruction	342,053						342,053
Facilities acquisition and construction	8,122			7,409,474			7,417,596
Debt service:							
Principal					5,320,000		5,320,000
Interest					3,861,684		3,861,684
<b>Total Expenditures</b>	<b>59,877,547</b>	<b>6,750,358</b>	<b>-</b>	<b>7,409,474</b>	<b>9,181,684</b>	<b>56,377</b>	<b>83,275,440</b>
<b>Excess (Deficit) of Revenues over Expenditures</b>	<b>77,101</b>	<b>(456,254)</b>	<b>7,726,336</b>	<b>(7,398,022)</b>	<b>(7,846,576)</b>	<b>967,708</b>	<b>(6,929,707)</b>
<b>Other Financing Sources (Uses):</b>							
Proceeds from sale of capital assets	70,096						70,096
Transfers in	688,569	122,877		408,450	7,792,853		9,012,749
Transfers out	(193,644)	(50,530)	(7,726,331)			(651,509)	(8,622,014)
<b>Total Other Financing Sources (Uses)</b>	<b>565,021</b>	<b>72,347</b>	<b>(7,726,331)</b>	<b>408,450</b>	<b>7,792,853</b>	<b>(651,509)</b>	<b>460,831</b>
<b>Excess (Deficit) of Revenue and Other Financing Sources over Expenditures and Other Financing Uses</b>	<b>642,122</b>	<b>(383,907)</b>	<b>5</b>	<b>(6,989,572)</b>	<b>(53,723)</b>	<b>316,199</b>	<b>(6,468,876)</b>
<b>Fund Balance, July 1, 2013</b>	<b>8,866,693</b>	<b>468,149</b>	<b>1,368</b>	<b>9,537,998</b>	<b>55,167</b>	<b>202</b>	<b>18,929,577</b>
<b>Fund Balance, June 30, 2014</b>	<b>\$ 9,508,815</b>	<b>\$ 84,242</b>	<b>\$ 1,373</b>	<b>\$ 2,548,426</b>	<b>\$ 1,444</b>	<b>\$ 316,401</b>	<b>\$ 12,460,701</b>

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

**SCOTT COUNTY SCHOOL DISTRICT**

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

Year Ended June 30, 2014

Net change in total fund balances per fund financial statements	\$ (6,468,876)
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which capital outlays exceeds depreciation expense for the year.	3,086,474
Capital lease payments are recognized as expenditures of current financial resources in the fund financial statement but are reductions of liabilities in the statement of net position.	239,455
Bond payments are recognized as expenditures of current financial resources in the fund financial statement but are reductions of liabilities in the statement of net position.	5,360,000
In the statement of activities, only the gain (loss) on sale of capital assets is reported, whereas in the governmental funds, the proceeds for the sale increased financial resources.	(2,593)
Estimated claims that are not mature are not reported in this fund financial statement, but those that are probable and reasonably estimable This item is recorded as extraordinary item in the statement of activities as it is unusual in nature and infrequent in occurrence.	231,812
Generally, expenditures recognized in this fund financial statement are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred.	<u>(422,678)</u>
Change in net position of governmental activities	<u>\$ 2,023,594</u>

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

SCOTT COUNTY SCHOOL DISTRICT

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

June 30, 2014

	Food Service Fund	Child Care Fund	Total
<b>Assets</b>			
<b><u>Current Assets</u></b>			
Cash and cash equivalents	\$ 706,427	\$ 111,998	\$ 818,425
Intergovernmental receivable - Indirect Federal	62,478		62,478
Other receivables	955		955
Inventory	186,384		186,384
<b>Total Current Assets</b>	<b>956,244</b>	<b>111,998</b>	<b>1,068,242</b>
<b><u>Noncurrent Assets</u></b>			
Depreciable capital assets, net of accumulated depreciation	958,198		958,198
<b>Total Noncurrent Assets</b>	<b>958,198</b>	<b>-</b>	<b>958,198</b>
<b>Total Assets</b>	<b>1,914,442</b>	<b>111,998</b>	<b>2,026,440</b>
<b>Liabilities</b>			
<b><u>Current Liabilities</u></b>			
Accounts payable	19,737	1,287	21,024
Unearned revenue	48,926		48,926
<b>Total Current Liabilities</b>	<b>68,663</b>	<b>1,287</b>	<b>69,950</b>
<b><u>Net Position</u></b>			
Net investment in capital assets	958,198		958,198
Unrestricted	887,581	110,711	998,292
<b>Total Net Position</b>	<b>\$ 1,845,779</b>	<b>\$ 110,711</b>	<b>\$ 1,956,490</b>

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

**SCOTT COUNTY SCHOOL DISTRICT**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

PROPRIETARY FUNDS

Year Ended June 30, 2014

	Food Service Fund	Child Care Fund	Total
<b>Operating Revenues:</b>			
Lunchroom sales	\$ 1,451,300	\$ -	\$ 1,451,300
Tuition and fees		1,101,774	1,101,774
Other operating revenues	33,341		33,341
<b>Total Operating Revenues</b>	<b>1,484,641</b>	<b>1,101,774</b>	<b>2,586,415</b>
<b>Operating Expenses:</b>			
Salaries and wages	2,256,984	1,011,965	3,268,949
Materials and supplies	2,183,091	39,628	2,222,719
Depreciation	168,800		168,800
Other operating expenses	258,275	5,685	263,960
<b>Total Operating Expenses</b>	<b>4,867,150</b>	<b>1,057,278</b>	<b>5,924,428</b>
Operating loss	(3,382,509)	44,496	(3,338,013)
<b>Non-Operating Revenues (Expenses):</b>			
Federal grants	2,136,190		2,136,190
Donated commodities	229,427		229,427
State grants	38,575	167,928	206,503
State on-behalf payments	518,199	221,183	739,382
(Loss) on disposal of equipment	(23,832)		(23,832)
Interest income	2,613	50	2,663
<b>Total Non-Operating Revenues (Expenses) Before Capital Contributions and Transfers</b>	<b>2,901,172</b>	<b>389,161</b>	<b>3,290,333</b>
Capital contributions	193,419		193,419
Transfers in		61,600	61,600
Transfers out	(60,000)	(392,335)	(452,335)
Changes in net position	(347,918)	102,922	(244,996)
<b>Net Position, July 1, 2013</b>	<b>2,193,697</b>	<b>7,789</b>	<b>2,201,486</b>
<b>Net Position June 30, 2014</b>	<b>\$ 1,845,779</b>	<b>\$ 110,711</b>	<b>\$ 1,956,490</b>

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

SCOTT COUNTY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

Year Ended June 30, 2014

	Food Service Fund	Child Care Fund	Total
<b>Cash Flows from Operating Activities</b>			
Cash received from:			
Lunchroom sales	\$ 1,450,670	\$ -	\$ 1,450,670
Tuition and fees		1,102,878	1,102,878
Other activities	33,341		33,341
Cash paid to/for:			
Employees	1,738,785	790,782	2,529,567
Supplies	1,939,224	38,448	1,977,672
Other activities	258,275	5,685	263,960
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>(2,452,273)</u>	<u>267,963</u>	<u>(2,184,310)</u>
<b>Cash flows from Non-Capital Financing Activities</b>			
Federal grants	2,281,314		2,281,314
State grants	38,575	167,928	206,503
Transfers from other funds		61,600	
Transfers to other funds	(60,000)	(392,335)	(452,335)
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<u>2,259,889</u>	<u>(162,807)</u>	<u>2,097,082</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Purchases of capital assets	(127,599)		(127,599)
<b>Net Cash Used by Capital and Related Financing Activities</b>	<u>(127,599)</u>	<u>-</u>	<u>(127,599)</u>
<b>Cash Flows from Investing Activities</b>			
Receipt of interest income	2,613	50	2,663
Net increase (decrease) in cash and cash equivalents	(317,370)	105,206	(212,164)
<b>Balances, beginning of year</b>	<u>1,023,797</u>	<u>6,792</u>	<u>1,030,589</u>
<b>Balances, end of year</b>	<u>\$ 706,427</u>	<u>\$ 111,998</u>	<u>\$ 818,425</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (3,382,509)	\$ 44,496	\$ (3,338,013)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:			
Depreciation	168,800		168,800
State on-behalf payments	518,199	221,183	739,382
Donated commodities	229,427		229,427
Change in assets and liabilities:			
Other receivables	(630)	1,104	474
Prepays	15,641		15,641
Inventory	12,012		12,012
Unearned revenue	3,777		3,777
Accounts payable	(16,990)	1,180	(15,810)
<b>Net cash provided (used) by operating activities</b>	<u>\$ (2,452,273)</u>	<u>\$ 267,963</u>	<u>\$ (2,184,310)</u>
<b>Schedule of non-cash transactions:</b>			
Donated commodities received from federal government	<u>\$ 229,427</u>	<u>\$ -</u>	<u>\$ 229,427</u>
State on-behalf payments	<u>\$ 518,199</u>	<u>\$ 221,183</u>	<u>\$ 739,382</u>

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

**SCOTT COUNTY SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**

June 30, 2014

	<u>Private Purpose Trust Funds</u>	<u>Agency Fund</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 31,269	\$ 505,851
Receivables		5,017
<b>Total Assets</b>	<u>31,269</u>	<u>510,868</u>
<b>Liabilities</b>		
Accounts payable	1,000	16,029
Due to student groups		494,839
<b>Total Liabilities</b>	<u>1,000</u>	<u>510,868</u>
<b>Net Position Held in Trust</b>	<u>\$ 30,269</u>	<u>\$ -</u>

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

**SCOTT COUNTY SCHOOL DISTRICT**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUNDS

Year Ended June 30, 2014

	Private Purpose Trust Funds
<b>Additions</b>	
Net interest and investment gains (losses)	\$ 92
Contributions	<u>10,829</u>
	10,921
<b>Deductions</b>	
Scholarships paid	<u>(13,540)</u>
	(2,619)
Change in net position	(2,619)
<b>Net Position, July 1, 2013</b>	<u>32,888</u>
<b>Net Position, June 30, 2014</b>	<u><u>\$ 30,269</u></u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

## SCOTT COUNTY SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

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

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

##### A. REPORTING ENTITY

The Scott 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 Scott County School District. Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to develop policies, which may influence operations and primary accountability for fiscal matters.

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

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

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

###### Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include the financial activities of the primary government, except for Fiduciary Funds.

## SCOTT COUNTY SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

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

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

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

#### Fund Financial Statements

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

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

#### Governmental Funds

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

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

**SCOTT COUNTY SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**

June 30, 2014

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

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

Proprietary Funds

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

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

## SCOTT COUNTY SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

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

##### Fiduciary Funds

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

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

##### BASIS OF ACCOUNTING

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

##### Modified Accrual

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

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

## SCOTT COUNTY SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

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

##### Accrual

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

##### Revenue Recognition

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

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

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

#### C. BUDGETARY POLICIES

##### Budgetary Process

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

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

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

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

#### D. ENCUMBRANCES

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

**SCOTT COUNTY SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**

June 30, 2014

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

**E. CASH AND CASH EQUIVALENTS**

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

**F. INVENTORIES**

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

**G. PREPAID ITEMS**

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

**H. CAPITAL ASSETS**

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

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

## SCOTT COUNTY SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

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

##### I. LONG-TERM DEBT

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

##### J. COMPENSATED ABSENCES

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

##### K. ACCOUNTING ESTIMATES

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

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

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

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

In June 2010, the GASB issued Statement 59, *Financial Instruments Omnibus*. GASB 59 updates and improves existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. The requirements of this Statement will improve financial reporting by providing more complete information, by improving consistency of measurements, and by providing clarifications of existing standards. This Statement is effective for financial statements for periods beginning after June 15, 2010. The District adopted GASB Statement 59 in fiscal year 2011. The adoption of GASB 59 does not have any impact on the District's financial statements.

## SCOTT COUNTY SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

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

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

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

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

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

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

## SCOTT COUNTY SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

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

##### Recently Issued Accounting Pronouncements

In March 2012, the GASB issued Statement 65, *Items Previously Reported as Assets and Liabilities*. GASB 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This statement is effective for periods beginning after December 15, 2012 and the District adopted GASB 65 in fiscal year 2014 which resulted in a restatement of beginning net position of \$818,081 for bond issuance costs previously being amortized.

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

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

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

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

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

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

## SCOTT COUNTY SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

#### NOTE 2 – PROPERTY TAXES

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

The property tax rates assessed for the year ended June 30, 2014, to finance operations were \$.472 per \$100 valuation for real property, \$.472 per \$100 valuation for business personal property and \$.548 per \$100 valuation for motor vehicles.

The District levies a utility gross receipts license tax in the amount of 3% of the gross receipts derived from the furnishings, within the county, of telephonic and telegraphic communications services, cablevision services, electric power, water, and natural, artificial and mixed gas. The District also levies an occupational license tax of 0.5%.

#### NOTE 3 – DEPOSITS AND INVESTMENTS

##### Deposits

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy is to have all deposits secured by pledged securities. At June 30, 2014, \$16,714,863 of the District's bank balance of \$17,525,484 was exposed to custodial credit risk. The bank balance not covered by depository insurance was collateralized by securities held by the pledging financial institution.

**SCOTT COUNTY SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**

June 30, 2014

**NOTE 4 – INTERFUND ACTIVITIES**

The following transfers were made during the year:

<b>Fund Financial Statements</b>			
From Fund	To Fund	Purpose	Amount
General	Child Care	Operations	\$ 61,600
General	Special Revenue	KETS	122,877
Special Revenue	General	Indirect Costs	50,530
Non-major governmental	General	Capital Funds Request	176,537
General	General	Move Funds	9,167
Non-major proprietary	General	Operations	392,335
Non-major governmental	Construction	Construction	408,450
Non-major governmental	Debt Service	Debt Service	66,522
FSPK	Debt Service	Debt Service	7,726,331
Food Service	General	Indirect Costs	60,000
			<u>\$ 9,074,349</u>
<b>Government-wide Financial Statements</b>			
Business-Type Activities	Governmental Activities	Indirect Costs	\$ 60,000
Business-Type Activities	Governmental Activities	Operations	392,335
Governmental Activities	Business-Type Activities	Operations	61,600
Governmental Activities	Business-Type Activities	Equipment	193,419

SCOTT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2014

**NOTE 5 – CAPITAL ASSETS**

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

Governmental Activities	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
Capital Assets Not Being Depreciated:				
Land	\$ 6,463,345	\$ -	\$ -	\$ 6,463,345
Construction in progress	17,953,127	7,565,811	(25,491,538)	27,400
Total Capital Assets Not Being Depreciated	<u>24,416,472</u>	<u>7,565,811</u>	<u>(25,491,538)</u>	<u>6,490,745</u>
Depreciable Assets:				
Land improvements	3,923,159	242,848		4,166,007
Buildings and improvements	149,814,326	25,070,183		174,884,509
Technology equipment	5,583,854	141,585	(295,552)	5,429,887
Vehicles	6,568,259	631,737	(309,211)	6,890,785
General equipment	2,394,165	79,961	(16,965)	2,457,161
Total Capital Assets Being Depreciated at historical cost	168,283,763	26,166,314	(621,728)	193,828,349
Accumulated depreciation:				
Land improvements	1,881,605	184,130		2,065,735
Buildings and improvements	40,985,299	3,953,928		44,939,227
Technology equipment	4,696,259	388,407	(294,408)	4,790,258
Vehicles	4,005,084	462,863	(309,211)	4,158,736
General equipment	1,553,711	164,785	(15,516)	1,702,980
Total accumulated depreciation	<u>53,121,958</u>	<u>5,154,113</u>	<u>(619,135)</u>	<u>57,656,936</u>
Total Other Capital Assets, net	<u>115,161,805</u>	<u>21,012,201</u>	<u>(2,593)</u>	<u>136,171,413</u>
Governmental Activities Capital Assets - Net	<u>\$ 139,578,277</u>	<u>\$ 28,578,012</u>	<u>\$ (25,494,131)</u>	<u>\$ 142,662,158</u>
Depreciation was charged to governmental functions as follows:				
Instruction	\$ 4,454,881			
Student support	61,617			
Instructional staff support	8,647			
District administration	20,621			
School administration	8,117			
Business support	22,124			
Plant	94,475			
Transportation	483,631			
	<u>\$ 5,154,113</u>			
Business-Type Activities				
Technology equipment	\$ 111,133	\$ -	\$ (11,980)	\$ 99,153
Vehicles	3,090			3,090
General equipment	2,150,390	321,016	(162,786)	2,308,620
Totals at historical cost	2,264,613	321,016	(174,766)	2,410,863
Accumulated depreciation:				
Technology equipment	76,589	13,728	(10,781)	79,536
Vehicles	3,090			3,090
General equipment	1,355,120	155,072	(140,153)	1,370,039
Total accumulated depreciation	<u>1,434,799</u>	<u>168,800</u>	<u>(150,934)</u>	<u>1,452,665</u>
Business-type Activities Capital Assets - Net	<u>\$ 829,814</u>	<u>\$ 152,216</u>	<u>\$ (23,832)</u>	<u>\$ 958,198</u>

**SCOTT COUNTY SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**

June 30, 2014

**NOTE 6 – RISK MANAGEMENT**

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

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

**NOTE 7 – LONG-TERM LIABILITIES**

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

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2013	Amounts Due Within One Year
<b>Governmental Activities:</b>					
Bonds and Leases Payable:					
Revenue bonds	\$ 120,060,000	\$ -	\$ 5,360,000	\$ 114,700,000	\$ 5,350,000
Capital leases	1,432,162		239,455	1,192,707	246,505
Less Premium (Discount)	771,465		(69,636)	701,829	-
Total Bonds and Leases Payable	122,263,627	-	5,529,819	116,594,536	5,596,505
Other Liabilities:					
Compensated absences	1,088,066	306,373	112,731	1,281,708	203,114
Claims	862,353		231,812	630,541	630,541
Total Other Liabilities	1,950,419	306,373	344,543	1,912,249	833,655
Total Governmental Activities Long-Term Liabilities	<u>\$ 124,214,046</u>	<u>\$ 306,373</u>	<u>\$ 5,874,362</u>	<u>\$ 118,506,785</u>	<u>\$ 6,430,160</u>

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

**SCOTT COUNTY SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED**

June 30, 2014

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

Bond Liabilities

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

<u>Issue Date</u>	<u>Original Proceeds</u>	<u>Rates</u>	<u>Issue Date</u>	<u>Original Proceeds</u>	<u>Rates</u>
2005	\$ 22,125,000	3.00% - 4.375%	2011 REF	12,030,000	1.00% - 3.20%
2007	8,200,000	4.00% - 4.25%	2013	20,250,000	2.00% - 3.40%
2007B	12,400,000	4.00% - 4.30%	2013B	3,000,000	2.00% - 2.75%
2008	7,650,000	3.50% - 3.90%	2013C	8,905,000	2.00% - 2.125%
2008 REF	1,835,000	2.00% - 3.25%	2013	8,000,000	2.00% - 3.00%
2009	15,000,000	3.00% - 4.375%	2013B	15,110,000	2.00% - 4.50%
2010 REF	3,720,000	2.00% - 3.375%	2013 ENERGY	440,000	1.50% - 3.00%
2010B REF	11,550,000	0.40% - 2.60%			

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

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

**SCOTT COUNTY SCHOOL DISTRICT**

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2014

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

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

Year	Principal	Interest	Participation	District's Portion
2015	\$ 5,350,000	\$ 3,810,931	\$ 1,330,863	\$ 7,830,068
2016	5,420,000	3,688,525	1,276,729	7,831,796
2017	5,565,000	3,547,483	1,276,731	7,835,752
2018	5,720,000	3,393,595	1,276,731	7,836,864
2019	5,825,000	3,226,595	1,218,348	7,833,247
2020-2024	30,860,000	13,550,223	5,287,909	39,122,314
2025-2029	35,895,000	7,831,509	3,780,359	39,946,150
2030-2033	20,065,000	1,412,340	1,960,420	19,516,920
	<u>\$ 114,700,000</u>	<u>\$ 40,461,201</u>	<u>\$ 17,408,090</u>	<u>\$ 137,753,111</u>

Capital Lease Liabilities

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

Classes of Property

Buses

Gross amount of assets	\$ 2,323,184
------------------------	--------------

These assets are included in depreciable capital assets and depreciated in the statement of activities.

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

2015	\$ 287,058
2016	278,060
2017	266,677
2018	224,114
2019	144,408
2020-2021	122,406
Total minimum lease payments	1,322,723
Less: Amount representing interest	(130,016)
Present Value of Net Minimum Lease Payments	<u>\$ 1,192,707</u>

## SCOTT COUNTY SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2014

#### NOTE 8 – PENSION PLANS

##### Plan Descriptions

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

##### Funding Policy

KTRS plan members are required to contribute 11.355% of their covered salary. CERS plan members are required to contribute 5.0% (6.0% for new hires effective July 1, 2008) of their covered salary. The District is required to contribute to the CERS and the Commonwealth of Kentucky is required to contribute to the KTRS. The contribution rate is actuarially determined. The current rate for KTRS is 13.105% of salaries for members in a state retirement system before July 1, 2008 and 14.105% of salaries for members who started their account after July 1, 2008 of annual covered payroll. The rate for CERS fiscal year 2014, 2013 and 2012 was 18.89%, 19.55% and 18.96% of annual covered payroll. The contribution requirements of the plan members, the District and Commonwealth of Kentucky are established and may be amended by the Plans' Board of Trustees. The District's contributions to CERS for the years ended June 30, 2014, 2013 and 2012 were \$2,002,656, \$1,983,690 and \$1,965,501, respectively, equal to the required contributions for each year.

For the years ended June 30, 2014, 2013 and 2012, the Commonwealth contributed \$4,246,650, \$4,123,715 and \$3,989,456 to KTRS for the benefit of the District's participating employees. The District's contributions to the KTRS for the years ended June 30, 2014, 2013 and 2012 were \$832,200, \$720,013 and \$634,599.

##### Medical Insurance Plan

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

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

## SCOTT COUNTY SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2014

#### NOTE 8 – PENSION PLANS – CONTINUED

##### Funding Policy

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

##### Deferred Compensation

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

#### NOTE 9 – FUND BALANCES

Nonspendable fund balances are those that cannot be spent on future obligations. At June 30, 2014, there were \$110,961 nonspendable fund balances for prepaids (\$108,181 in the General Fund and \$2,800 in the Special Revenue Fund).

Restricted fund balances arise when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. At June 30, 2014, the District had \$81,442 restricted for grants in the special revenue fund, \$127,302 restricted for capital projects in the SEEK Capital Outlay Fund, \$1,373 restricted for capital projects in the FSPK Fund, \$2,548,426 restricted for capital projects in the Construction Fund, \$189,099 restricted for district activities in the District Activity Fund and \$1,444 restricted for debt service in the Debt Service Fund.

Committed fund balances are those amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, which, for the District is the Board of Education. The Board of Education must approve by majority vote the establishment (and modification or rescinding) of a fund balance commitment. The District had the following commitments at June 30, 2014 in the General Fund - \$453,913 for SBDM carryforward, \$652,355 for compensated absences, \$235,235 for vocational funds, \$250,000 for occupation license tax refunds, \$400,000 for textbooks, \$862,353 for KSBIT assessment, \$1,095,030 for personnel, \$140,000 for KETS, \$700,000 for buses, \$217,220 for maintenance, \$268,715 for Lemons Mill Phase II and \$18,054 for internal services.

Assigned fund balances are those amounts that are constrained by the government's *intent* to be used for specific purposes, but are neither restricted nor committed. The Board of Education allows program supervisors to complete purchase orders which result in the encumbrance of funds. The District had \$873,147 of assignments related to encumbrances. Assigned fund balance also includes (a) all remaining amounts (except for negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed and (b) amounts in the general fund that are intended to be used for a specific purpose. The District had the following additional assignments at June 30, 2014 in the General Fund - \$96,922 for school extended day/after school funds.

**SCOTT COUNTY SCHOOL DISTRICT**

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2014

**NOTE 9 – FUND BALANCES – CONTINUED**

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

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

**NOTE 10 – COMMITMENTS AND CONTINGENCIES**

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

The District is subject to various other legal actions in various stages of litigation, the outcome of which is not determinable at this time. Management of the District and its legal counsel do not anticipate that there will be any material effect on the basic financial statements as a result of the cases presently in progress. Under COBRA, employers are mandated to notify terminated employees of available continuing insurance coverage. Failure to comply with this requirement may put the School District at risk for a substantial loss. The District also has construction commitments for on-going projects at June 30, 2014.

On January 14, 2013 the District was notified that in order to settle outstanding claims and deficits of the Kentucky School Boards Insurance Trust (KSBIT), a non-profit self-insured pool, an assessment would be made to present and prior insurance trust members. On June 26, 2013, members were notified that the KSBIT board voted on June 24, 2013 to submit a plan for the assessment to the Kentucky Department of Insurance in favor of a novation option, under which a highly rated reinsurer would assume all of the liabilities of KSBIT and its members for claims for a set amount. The option resulted in an estimated liability for the District of \$862,353. In August 2014, the District received an invoice for \$630,541 which is the amount expected to satisfy the claim. This amount is recorded as a current liability in the Statement of Net Position as it is expected to be paid by June 30, 2014; however, it was not due at June 30, 2014, for the fund financial statements. The item is also an extraordinary item in the Statement of Activities because the item is unusual in nature and infrequent in occurrence.

**NOTE 11 – DEFICIT OPERATING BALANCES**

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

Special Revenue Fund	\$	383,907
SEEK Capital Outlay Fund		127,100
Construction Fund		6,989,572
Debt Service Fund		53,723
Food Service Fund		347,918

**SCOTT COUNTY SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED**

June 30, 2014

**NOTE 12 – ON-BEHALF PAYMENTS**

The District receives on-behalf payments from the Commonwealth of Kentucky for items including pension, technology, health care costs, operating costs and debt service. The amount recognized for the year ended June 30, 2014 was \$12,479,982, recorded as follows \$10,405,493 in the General Fund, \$1,335,107 recorded in the Debt Service Fund, \$518,199 in the Food Service Fund and \$221,183 in the Child Care Fund.

**NOTE 13 – OPERATING LEASE**

On January 9, 2007, the Board approved an Educational Broadband service Lease Agreement with Nextel Spectrum Acquisition Corporation, a wholly-owned indirect subsidiary of Sprint Nextel Corporation, that provided a onetime payment to the Board of \$600,000. The lease is cancelable upon 6 months notice prior to the expiration of the current term. The amount received during the fiscal year was \$84,000. The future rentals to be received are \$84,000 in 2015 and 2016, \$96,000 in each of the years 2017, 2018 and 2019.

On December 18, 2002, the Board approved a Dark Fiber Lease Agreement with Frontiervision Operating Partners, L.P. d/b/a Adelphia Cable Communications, that requires that Board to make a monthly payment of \$917. The lease is cancelable upon 6 months notice prior to the expiration of the current term. The amount paid during the fiscal year was \$11,004. The future rentals to be paid are \$11,004 in 2015 and \$11,004 in 2016.

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCOTT COUNTY SCHOOL DISTRICT**

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

**GENERAL FUND**

Year Ended June 30, 2014

	<u>Original</u>	<u>Final</u>	<u>Actual</u>
<b>Revenues:</b>			
From local sources:			
Taxes:			
Property	\$ 11,394,235	\$ 11,433,523	\$ 11,522,199
Occupational license	3,326,950	4,001,000	4,178,937
Motor vehicle	1,861,000	1,934,000	2,054,388
Utilities	3,781,000	3,721,000	4,101,979
Earnings on investments	60,000	67,000	93,002
Other local revenues	549,492	256,200	293,650
Intergovernmental - State	27,177,981	37,621,030	37,662,778
Intergovernmental - Indirect Federal	12,000	17,000	47,715
	<u>48,162,658</u>	<u>59,050,753</u>	<u>59,954,648</u>
<b>Total Revenues</b>			
<b>Expenditures:</b>			
Instruction	29,072,396	37,109,801	35,837,326
Support services:			
Student	3,073,198	3,935,206	4,048,164
Instruction staff	2,198,780	2,531,458	2,320,066
District administrative	1,018,993	1,089,020	1,025,415
School administrative	3,193,291	4,315,245	3,968,436
Business	1,031,718	1,303,971	1,302,451
Plant operation and maintenance	5,637,642	6,803,950	6,232,666
Student transportation	3,634,493	5,041,084	4,792,848
Community services	849	849	
Facility acquisition and instruction		12,000	8,122
Other non-instruction	1,737,786	2,927,570	342,053
	<u>50,599,146</u>	<u>65,070,154</u>	<u>59,877,547</u>
<b>Total Expenditures</b>			
<b>Excess (Deficit) of Revenues over Expenditures</b>	(2,436,488)	(6,019,401)	77,101
<b>Other Financing Sources (Uses):</b>			
Proceeds from sale of capital assets			70,096
Transfers in	288,949	578,985	688,569
Transfers out	(173,440)	(224,657)	(193,644)
	<u>115,509</u>	<u>354,328</u>	<u>565,021</u>
<b>Total Other Financing Sources (Uses)</b>			
<b>Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses</b>	(2,320,979)	(5,665,073)	642,122
<b>Fund Balance, July 1, 2013</b>	<u>2,320,979</u>	<u>5,665,073</u>	<u>8,866,693</u>
<b>Fund Balance, June 30, 2014</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,508,815</u>

**SCOTT COUNTY SCHOOL DISTRICT**

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

**SPECIAL REVENUE FUND**

Year Ended June 30, 2014

	<u>Original</u>	<u>Final</u>	<u>Actual</u>
<b>Revenues:</b>			
Earnings on investments	\$ -	\$ -	\$ 456
Other local revenues		156,572	144,014
Intergovernmental - State	2,310,843	2,584,894	2,593,590
Intergovernmental - Indirect Federal	3,201,225	3,463,827	3,500,996
Intergovernmental - Direct Federal	-	55,048	55,048
<b>Total Revenues</b>	<u>5,512,068</u>	<u>6,260,341</u>	<u>6,294,104</u>
<b>Expenditures:</b>			
Instruction	4,193,849	4,562,336	4,285,414
Support services:			
Student	88,074	179,300	496,321
Instruction staff	839,222	956,822	1,308,108
School administrative	30,038	43,512	29,368
Plant operation and maintenance		31,985	31,985
Student transportation		100,003	144,065
Community service activities	428,313	455,231	455,097
<b>Total Expenditures</b>	<u>5,579,496</u>	<u>6,329,189</u>	<u>6,750,358</u>
<b>Excess (Deficit) of Revenues over Expenditures</b>	(67,428)	(68,848)	(456,254)
<b>Other Financing Sources (Uses):</b>			
Transfers in	119,840	122,877	122,877
Transfers out	(52,412)	(54,029)	(50,530)
<b>Total Other Financing Sources (Uses)</b>	<u>67,428</u>	<u>68,848</u>	<u>72,347</u>
<b>Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses</b>	-	-	(383,907)
<b>Fund Balance, July 1, 2013</b>	<u>-</u>	<u>-</u>	<u>468,149</u>
<b>Fund Balance, June 30, 2014</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 84,242</u>

**SUPPLEMENTARY INFORMATION**

**SCOTT COUNTY SCHOOL DISTRICT**

**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2014

	<u>District Activity Fund</u>	<u>SEEK Capital Outlay Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<b>Assets:</b>			
Cash and cash equivalents	<u>\$ 197,115</u>	<u>\$ 127,302</u>	<u>\$ 324,417</u>
<b>Total Assets</b>	<u><u>\$ 197,115</u></u>	<u><u>\$ 127,302</u></u>	<u><u>\$ 324,417</u></u>
<b>Liabilities and Fund Balances:</b>			
<b>Liabilities</b>			
Accounts payable	<u>\$ 8,016</u>	<u>\$ -</u>	<u>\$ 8,016</u>
<b>Total Liabilities</b>	<u>8,016</u>	<u>-</u>	<u>8,016</u>
<b>Fund Balances</b>			
Restricted	<u>189,099</u>	<u>127,302</u>	<u>316,401</u>
<b>Total Fund Balances</b>	<u>189,099</u>	<u>127,302</u>	<u>316,401</u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 197,115</u></u>	<u><u>\$ 127,302</u></u>	<u><u>\$ 324,417</u></u>

SCOTT COUNTY SCHOOL DISTRICT

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

Year Ended June 30, 2014

	District Activity Fund	SEEK Capital Outlay Fund	Total Nonmajor Governmental Funds
<b>Revenues</b>			
From local sources:			
Earnings on investments	\$ -	\$ 1	\$ 1
Other local revenue	245,476		245,476
Intergovernmental - State		778,608	778,608
<b>Total Revenues</b>	245,476	778,609	1,024,085
<b>Expenditures</b>			
Instruction	26,348		26,348
Support services:			
Instruction staff	22,749		22,749
Student transportation	7,280		7,280
<b>Total Expenditures</b>	56,377	-	56,377
<b>Excess (Deficit) of Revenues over Expenditures</b>	189,099	778,609	967,708
<b>Other Financing Sources (Uses)</b>			
Transfers out		(651,509)	(651,509)
<b>Total Other Financing Sources (Uses)</b>	-	(651,509)	(651,509)
<b>Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses</b>	189,099	127,100	316,199
<b>Fund balance, July 1, 2013</b>		202	202
<b>Fund balance, June 30, 2014</b>	<u>\$ 189,099</u>	<u>\$ 127,302</u>	<u>\$ 316,401</u>

SCOTT COUNTY SCHOOL DISTRICT

COMBINING STATEMENT OF FIDUCIARY NET POSITION

AGENCY FUNDS

June 30, 2014

	Anne Mason Elementary	Eastern Elementary	Elkhorn Crossing	Garth Elementary	Georgetown Middle	Lemons Mill Elementary
<b>Assets</b>						
Cash and cash equivalents	\$ 17,684	\$ 13,421	\$ 5,805	\$ 21,432	\$ 29,196	\$ 540
Receivables	2,000	47	1,830	-	165	-
<b>Total Assets</b>	<b>\$ 19,684</b>	<b>\$ 13,468</b>	<b>\$ 7,635</b>	<b>\$ 21,432</b>	<b>\$ 29,361</b>	<b>\$ 540</b>
<b>Liabilities</b>						
Accounts payable	\$ -	\$ 2,645	\$ -	\$ -	\$ 2,732	\$ -
Due to student groups	19,684	10,823	7,635	21,432	26,629	540
<b>Total Liabilities</b>	<b>\$ 19,684</b>	<b>\$ 13,468</b>	<b>\$ 7,635</b>	<b>\$ 21,432</b>	<b>\$ 29,361</b>	<b>\$ 540</b>
	Northern Elementary	Royal Spring Middle School	Scott County High School	Scott County Middle School	Scott County Ninth Grade	Southern Elementary
<b>Assets</b>						
Cash and cash equivalents	\$ 9,153	\$ 73,571	\$ 211,325	\$ 65,423	\$ 10,107	\$ 30,658
Receivables	-	210	540	172	-	-
<b>Total Assets</b>	<b>\$ 9,153</b>	<b>\$ 73,781</b>	<b>\$ 211,865</b>	<b>\$ 65,595</b>	<b>\$ 10,107</b>	<b>\$ 30,658</b>
<b>Liabilities</b>						
Accounts payable	\$ -	\$ 1,053	\$ 5,472	\$ 1,434	\$ 2,037	\$ 310
Due to student groups	9,153	72,728	206,393	64,161	8,070	30,348
<b>Total Liabilities</b>	<b>\$ 9,153</b>	<b>\$ 73,781</b>	<b>\$ 211,865</b>	<b>\$ 65,595</b>	<b>\$ 10,107</b>	<b>\$ 30,658</b>
	Stamping Ground Elementary	Western Elementary	Agency Fund			
<b>Assets</b>						
Cash and cash equivalents	\$ 13,214	\$ 4,322	\$ 505,851			
Receivables	-	53	5,017			
<b>Total Assets</b>	<b>\$ 13,214</b>	<b>\$ 4,375</b>	<b>\$ 510,868</b>			
<b>Liabilities</b>						
Accounts payable	\$ 346	\$ -	\$ 16,029			
Due to student groups	12,868	4,375	494,839			
<b>Total Liabilities</b>	<b>\$ 13,214</b>	<b>\$ 4,375</b>	<b>\$ 510,868</b>			

SCOTT COUNTY SCHOOL DISTRICT

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

YEAR ENDED JUNE 30, 2014

NAME OF ACTIVITY	CASH		DISBURSE- MENTS	CASH		ACCOUNTS PAYABLE	DUE TO STUDENT GROUPS
	BALANCES July 1, 2013	RECEIPTS		BALANCES June 30, 2014	RECEIVABLES June 30, 2014		
Anne Mason Elementary	\$ 53,669	\$ 72,382	\$ 108,367	\$ 17,684	\$ 2,000.00	\$ -	\$ 19,684
Eastern Elementary	26,632	25,719	38,930	13,421	47	2,645	10,823
Garth Elementary	80,325	31,232	90,125	21,432	-	-	21,432
Northern Elementary	30,869	34,937	56,653	9,153	-	-	9,153
Lemons Mill Elementary	-	24,363	23,823	540	-	-	540
Southern Elementary	52,462	40,710	62,514	30,658	-	310	30,348
Stamping Ground Elementary	42,975	27,115	56,876	13,214	-	346	12,868
Western Elementary	35,059	70,730	101,467	4,322	53	-	4,375
Elkhorn Crossing	4,968	48,665	47,828	5,805	1,830	-	7,635
Georgetown Middle	54,217	75,207	100,228	29,196	165	2,732	26,629
Royal Spring Middle	71,439	186,029	183,897	73,571	210	1,053	72,728
Scott County Middle	103,401	146,504	184,482	65,423	172	1,434	64,161
Scott County Ninth Grade	47,895	18,078	55,866	10,107	-	2,037	8,070
Scott County High	340,252	750,623	879,550	211,325	540	5,472	206,393
	<u>\$ 944,163</u>	<u>\$ 1,552,294</u>	<u>\$ 1,990,606</u>	<u>\$ 505,851</u>	<u>\$ 5,017</u>	<u>\$ 16,029</u>	<u>\$ 494,839</u>

SCOTT COUNTY SCHOOL DISTRICT

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

SCOTT COUNTY HIGH SCHOOL

YEAR ENDED JUNE 30, 2014

NAME OF ACTIVITY	CASH BALANCES		DISBURSEMENTS	CASH BALANCES		RECEIVABLES	ACCOUNTS PAYABLE	DUE TO STUDENT GROUPS
	July 1, 2013	RECEIPTS		June 30, 2014	June 30, 2014			
ACADEMIC TEAM	\$ 44	\$ 688	\$ 551	\$ 181	\$ -	\$ -	\$ -	\$ 181
ADVANCED PLACEMENT	20,097	59,670	79,767	-	-	-	-	-
AFJROTC	5,187	17,076	21,429	834	-	318	-	516
AFJROTC-UA	-	-	-	-	-	-	-	-
AFJROTC-CADET MEDALS	-	-	-	-	-	-	-	-
AFJROTC-CADET TL	-	-	-	-	-	-	-	-
AF LOGISTIC SUPPORT	-	-	-	-	-	-	-	-
AG DEPT FARM	13,580	7,012	20,592	-	-	-	-	-
AG DEPT FARM CD	-	-	-	-	-	-	-	-
ALTERNATIVE PROGRAM	-	-	-	-	-	-	-	-
ANNUAL	18,467	3,795	8,142	14,120	-	52	-	14,068
AP CLUB	-	760	52	708	-	-	-	708
AP GRANT	200	-	200	-	-	-	-	-
AQUAPONICS PROJECT	-	-	-	-	-	-	-	-
ARCHERY	-	1,780	884	896	-	-	-	896
ART EXPLORERS	195	606	300	501	-	-	-	501
ART FEES	1,164	385	572	977	-	-	-	977
ATH-BAND ACTIVITIES	-	-	-	-	-	-	-	-
ATHLETIC GENERAL	700	48,758	49,458	-	-	-	-	-
ATHLETIC OFFICE	1	6,885	6,886	-	-	-	-	-
ATHLETIC TRAINER	140	1,548	1,423	265	-	-	-	265
AUDITORIUM RENTAL	7,500	4,650	9,677	2,473	-	-	-	2,473
BAND	5,462	12,789	17,969	282	300	-	-	582
BASEBALL	4,187	18,896	11,815	11,268	-	-	-	11,268
BASEBALL DISTRICTS	-	-	-	-	-	-	-	-
BASKETBALL CONCESSIONS	-	-	-	-	-	-	-	-
BASS FISHING	-	150	150	-	-	-	-	-
BETA CLUB	2,923	9,976	12,848	51	-	-	-	51
BEVINS FFA DONATION	3,000	-	-	3,000	-	-	-	3,000
BIOMED SCIENCE	-	-	-	-	-	-	-	-
BOWLING CLUB	-	-	-	-	-	-	-	-
BOWLING	2,924	7,072	6,682	3,314	-	-	-	3,314
BOYS BASKETBALL	291	30,194	30,485	-	-	-	-	-
BOYS BSKT BALL	-	-	-	-	-	-	-	-
BOYS BSKT STATE	35	18,195	18,230	-	-	-	-	-
BOYS GOLF	4,778	10,809	10,280	5,307	-	468	-	4,839
BOYS SOCCER	5,715	11,116	11,304	5,527	-	-	-	5,527
BOYS TENNIS	1,418	839	2,257	-	-	-	-	-
BOYS TENNIS BOOSTER	-	-	-	-	-	-	-	-
BOYS TRACK	790	5,416	5,458	748	-	-	-	748
BSKT GATE RECEIPTS	-	-	-	-	-	-	-	-
BUSINESS FEES	1,393	710	1,190	913	-	-	-	913
B-TEAM	-	2,403	2,226	177	-	-	-	177
CARDINAL CHALLENGE	962	38,427	39,389	-	-	-	-	-
CBI	165	2,054	2,130	89	120	-	-	209
CBI 2	224	2,488	2,588	124	120	-	-	244
CHEER	10,855	24,946	30,282	5,519	-	-	-	5,519
CHEER BOOSTERS	-	-	-	-	-	-	-	-
CHESS CLUB	146	-	-	146	-	-	-	146
CHILDCARE ACCT	534	-	25	509	-	-	-	509
CHORAL	2,572	39,024	37,087	4,509	-	-	-	4,509
COMPUTER LAB	-	-	-	-	-	-	-	-
CONCESSIONS FTBL VAR	447	-	447	-	-	-	-	-
CO-OP	157	351	223	285	-	-	-	285
CORPORATE SPONSORS	6,364	30,140	35,019	1,485	-	-	-	1,485
COURTESY COMMITTEE	61	809	708	162	-	-	-	162
CROSS COUNTRY	1,800	3,977	1,791	3,986	-	1,144	-	2,842
CSI	-	-	-	-	-	-	-	-
CULTURAL EXCHANGE	-	-	-	-	-	-	-	-
CUTTER FOREIGN LANGUAGE	74	-	74	-	-	-	-	-
DANCE TEAM	612	27,136	21,465	6,283	-	-	-	6,283
DECA	456	37,987	36,011	2,432	-	-	-	2,432
DONATIONS	-	25,012	23,712	1,300	-	-	-	1,300
DRAMA	10,518	14,938	15,166	10,290	-	-	-	10,290
ENVIRONMENTAL CLUB	-	90	63	27	-	-	-	27
FACULTY SCHOLARSHIP	-	200	200	-	-	-	-	-
FACULTY SNACK MACHINE	-	180	76	104	-	-	-	104
FACULTY VENDING	76	-	76	-	-	-	-	-
FBLA	386	510	414	482	-	-	-	482

SCOTT COUNTY SCHOOL DISTRICT

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

SCOTT COUNTY HIGH SCHOOL- CONTINUED

YEAR ENDED JUNE 30, 2014

NAME OF ACTIVITY	CASH	RECEIPTS	DISBURSE- MENTS	CASH	RECEIVABLES	ACCOUNTS PAYABLE	DUE TO
	BALANCES July 1, 2013			BALANCES June 30, 2014			June 30, 2014
FCA	1,410	745	549	1,606	-	-	1,606
FCCLA	521	3,947	4,257	211	-	-	211
FEA	1,024	-	1,024	-	-	-	-
FFA	6,616	32,832	37,495	1,953	-	-	1,953
FIELD TRIP	106	-	106	-	-	-	-
FIRST CARDINAL	3,489	-	3,489	-	-	-	-
FISTER SCHOLARSHIP	3,355	-	-	3,355	-	-	3,355
FMD ACTIVITIES- 229 & 343	228	948	1,138	38	-	-	38
FMD 2	1,780	899	2,120	559	-	73	486
FOOTBALL	114	111,170	110,425	859	-	-	859
FOOTBALL STATEFINALS	1	6,226	6,227	-	-	-	-
FOREIGN LANGUAGE	1,267	1,391	2,027	631	-	-	631
FRENCH CLUB	370	565	609	326	-	-	326
FRISBEE	-	-	-	-	-	-	-
GENERAL FUND	24	11,995	10,432	1,587	-	-	1,587
GERMAN CLUB	76	990	992	74	-	-	74
GIRLS BASKETBALL	44	23,456	23,500	-	-	-	-
GIRLS BSKT STATE	-	-	-	-	-	-	-
GIRLS GOLF	49	11,586	10,128	1,507	-	-	1,507
GIRLS SOCCER	11,265	32,822	18,444	25,643	-	-	25,643
GIRLS SOCCER BOOSTERS	-	-	-	-	-	-	-
GIRLS SOCCER DISTRICT	-	-	-	-	-	-	-
GIRLS TENNIS	3,868	2,000	2,264	3,604	-	-	3,604
GIRLS TENNIS BOOSTERS	-	-	-	-	-	-	-
GIRLS TRACK	933	5,137	5,366	704	-	-	704
GO CLUB	-	-	-	-	-	-	-
GSA	-	460	15	445	-	-	445
GUIDANCE RECOVERY	298	11,334	11,413	219	-	-	219
H4H	-	-	-	-	-	-	-
HANTIS	385	405	700	90	-	-	90
HALL OF FAME	-	5,146	5,146	-	-	-	-
HELPERS FOR HUMANITY	1	-	1	-	-	-	-
HISTORICAL SOCIETY	-	-	-	-	-	-	-
HOME ECONOMICS	2,511	3,539	4,665	1,385	-	75	1,310
HORTICULTURE	2,708	9,577	12,285	-	-	-	-
HOSA	-	-	-	-	-	-	-
HOSPITALITY ACCT	318	797	794	321	-	71	250
INTEREST	183	309	492	-	-	-	-
INTERNATIONAL CLUB	518	130	-	648	-	-	648
CARDINAL ACADEMY	20,716	(125)	6,138	14,453	-	466	13,987
J/P OVERTIME	50	-	-	50	-	-	50
JAPAN-STUDENT TRIP	15	21,756	21,352	419	-	-	419
JAPANESE	1,048	2,022	2,929	141	-	-	141
JCB	616	-	266	350	-	-	350
JOURNALISM	136	-	136	-	-	-	-
JTF MEMORIAL FFA CD	3,991	-	250	3,741	-	-	3,741
JUNIOR CLASS	203	31,169	25,875	5,497	-	-	5,497
KEY CLUB	1,714	849	611	1,952	-	-	1,952
KNITTING CLUB	-	-	-	-	-	-	-
LACROSSE-BOYS	7,625	3,727	6,026	5,326	-	-	5,326
LACROSSE-GIRLS	892	1,224	963	1,153	-	-	1,153
LOCKER AND PLANNER	12,781	2,643	15,424	-	-	-	-
MATH FUND	1,028	-	953	75	-	-	75
NATIONAL HONOR SOCIETY	992	1,807	2,093	706	-	66	640
NEWSCAST	110	-	110	-	-	-	-
NEWSPAPER, YEARBOOK	-	-	-	-	-	-	-
OLYMPIAD OF SCIENCE	-	-	-	-	-	-	-
PEP CLUB	435	-	435	-	-	-	-
PRAYER CLUB	-	-	-	-	-	-	-
PSYCHOLOGY CLUB	564	325	114	775	-	-	775
RESERVED SEATING	219	7,430	7,127	522	-	-	522
SAMARITAN	-	-	-	-	-	-	-
SAVE-US	534	575	352	757	-	-	757
SCHS/BPFP 9-12	2,197	2,799	1,897	3,099	-	-	3,099
SCIENCE CLUB	-	-	-	-	-	-	-

SCOTT COUNTY SCHOOL DISTRICT

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

SCOTT HIGH SCHOOL- CONCLUDED

YEAR ENDED JUNE 30, 2014

NAME OF ACTIVITY	CASH		DISBURSE- MENTS	CASH		RECEIVABLES	ACCOUNTS PAYABLE	DUE TO STUDENT GROUPS
	BALANCES July 1, 2013	RECEIPTS		BALANCES June 30, 2014	June 30, 2014			
SCIENCE FEES	6,711	4,136	8,573	2,274	-	-	180	2,094
SENIOR/SENIOR	-	-	-	-	-	-	-	-
SENIOR CLASS	1,874	8,322	5,965	4,231	-	-	575	3,656
SMAC/LIBRARY	690	485	840	335	-	-	47	288
SOCIAL STUDIES	258	-	250	8	-	-	-	8
SOFTBALL	2,244	21,808	21,482	2,570	-	-	-	2,570
SOFTBALL DISTRICTS	55	905	734	226	-	-	-	226
SPANISH	-	55	55	-	-	-	-	-
SPEECH	345	-	345	-	-	-	-	-
SPORTS MARKETING	-	424	424	-	-	-	-	-
STEP CLUB	-	-	-	-	-	-	-	-
STLP	-	-	-	-	-	-	-	-
THE STORE	537	-	537	-	-	-	-	-
STUDENT COUNCIL	5,366	667	1,046	4,987	-	-	-	4,987
STUDENT FEE	12,993	21,820	32,810	2,003	-	-	586	1,417
STUDENT INCENTIVE	5,069	5,086	6,083	4,072	-	-	1,351	2,721
STUDENT PASSES	2,799	1,860	2,397	2,262	-	-	-	2,262
STUDENT VENDING	957	-	-	957	-	-	-	957
SUSAN MOORE	-	-	-	-	-	-	-	-
SWAT	-	-	-	-	-	-	-	-
SWEET 16 BBSKT	-	-	-	-	-	-	-	-
SWIMMING	2,081	2,867	4,948	-	-	-	-	-
SWING CLUB	-	-	-	-	-	-	-	-
TAAC	215	-	215	-	-	-	-	-
TEACHER INCENTIVE	2,068	300	2,368	-	-	-	-	-
TEACHER SUB ACCT	-	-	-	-	-	-	-	-
TECHNOLOGY STUDENT	-	-	-	-	-	-	-	-
TEEN ACTIVISM	100	100	34	166	-	-	-	166
TEXTBOOK RENTAL	40	2,807	2,847	-	-	-	-	-
TOYOTA CLASSIC	29,727	97,145	124,140	2,732	-	-	-	2,732
TRANSPORTATION	294	16,958	14,252	3,000	-	-	-	3,000
TRI M HONORS	730	265	-	995	-	-	-	995
VO-AG	15,348	3,290	18,638	-	-	-	-	-
VOLLEYBALL	2,644	7,728	7,745	2,627	-	-	-	2,627
VOLLEYBALL DISTRICTS	-	-	-	-	-	-	-	-
WEBSITE	-	1,709	1,709	-	-	-	-	-
WORLD LANGUAGE	221	-	221	-	-	-	-	-
WRESTLING	4,281	5,658	9,007	932	-	-	-	932
YAADD	2,808	-	2,808	-	-	-	-	-
YOUNG DEMS	657	45	100	602	-	-	-	602
YOUNG FARMERS OF AMERICA	35	-	-	35	-	-	-	35
YOUNG HISTORIANS	-	-	-	-	-	-	-	-
YOUNG POLITICIANS	-	-	-	-	-	-	-	-
YOUNG REPUBLICANS	591	-	-	591	-	-	-	591
YOUTH ALIVE CLUB	433	115	238	310	-	-	-	310
YOUTH IMPACT CLUB	1,565	146	382	1,329	-	-	-	1,329
42ND BASKETBALL	-	-	-	-	-	-	-	-
4-H CLUB	588	-	588	-	-	-	-	-
FUND 21 SWEEP	-	26	-	26	-	-	-	26
Sub Total	340,252	1,089,781	1,218,708	211,325	540	-	5,472	\$ 206,393
Interfund Transfers	-	339,158	339,158	-	-	-	-	-
Total	\$ 340,252	\$ 750,623	\$ 879,550	\$ 211,325	\$ 540	\$ 5,472	\$ 206,393	

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

SCOTT COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2014

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR / PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS THROUGH GRANTOR'S NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Child Nutrition Cluster -			
Passed Through State Department of Education:			
National School Lunch	10.555	7750002-13	\$ 366,511
		7750002-14	1,232,827
School Breakfast Program	10.553	7760005-13	118,122
		7760005-14	401,137
Summer Food Service Program for Children	10.559	7690024-13	831
		7740023-13	7,936
		7740023-14	8,826
Non-Cash Assistance (Commodities)			
National School Lunch Program	10.555	057502-02	229,427
<b>TOTAL CHILD NUTRITION CLUSTER</b>			<u>2,365,617</u>
<b>TOTAL U.S. DEPT. OF AGRICULTURE</b>			<u>2,365,617</u>
<u>U.S. DEPARTMENT OF DEFENSE</u>			
National Guard Civilian Youth Opportunities	12.404	DIRECT	55,048
<b>TOTAL U.S. DEPARTMENT OF DEFENSE</b>			<u>55,048</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Special Education Cluster -			
Passed Through State Department of Education:			
Special Education - Grants to States	84.027	3372	9,738
		3372P	9,386
		3373	1,364,603
		3373P	24,359
		3374	2,295
			<u>1,410,381</u>
Special Education - Preschool Grants	84.173	3433	29,639
		3434	26,620
			<u>56,259</u>
<b>TOTAL SPECIAL EDUCATION CLUSTER</b>			<u>1,466,640</u>
Passed Through State Department of Education			
Title I Grants to Local Educational Agencies	84.010	3102	28,969
		3102D	63,368
		3103	474,504
		3103M	16,288
		3104	993,679
		3104M	6,244
		3204E	113,060
			<u>1,696,112</u>
Migrant Education - State Grant Program	84.011	3113	36,553
		3114	49,882
			<u>86,435</u>
Vocational Education - Basic Grants to States	84.048	3483	1,913
		3483A	3,936
		3484	68,696
		3594A	8,052
			<u>82,597</u>

The accompanying notes are an integral part of this schedule.

SCOTT COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONCLUDED

YEAR ENDED JUNE 30, 2014

FEDERAL GRANTOR/PASS-THROUGH GRANTOR / PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS THROUGH GRANTOR'S NUMBER	FEDERAL EXPENDITURES
English Language Acquisition Grants	84.365	3452	4,808
		34521	3,164
		3453	19,323
			<u>27,295</u>
Improving Teacher Quality - State Grants	84.367	4013	7,620
		4014	134,296
			<u>141,916</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>3,500,995</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 5,921,660</u>

The accompanying notes are an integral part of this schedule.

**SCOTT COUNTY SCHOOL DISTRICT**

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

Year Ended June 30, 2014

**NOTE A – BASIS OF PRESENTATION**

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

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

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

**NOTE C – FOOD DISTRIBUTION**

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

**NOTE D – SUBRECIPIENTS**

There were no subrecipients during the fiscal year.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**



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

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Identification of major programs:

CFDA Number	Federal Program or Cluster
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**DEPARTMENT OF EDUCATION**

84.010	Title I Grants to Local Educational Agencies
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Dollar threshold used to distinguish  
Between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee?  yes  no

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**Section II – Financial Statement Findings**

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No matters

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**Section III – Federal Award Findings and Questioned Costs**

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No matters

**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**

**SCOTT COUNTY SCHOOL DISTRICT**

**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**

June 30, 2014

There were no prior audit findings.

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

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



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

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## INDEPENDENT AUDITOR'S REPORT

Members of the Board of Education  
Scott County School District  
Georgetown, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the requirements prescribed by the Kentucky State Committee for School District Audits in the *Independent Auditor's Contract*, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Scott County School District as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Scott County School District's basic financial statements, and have issued our report thereon dated September 19, 2014.

### Internal Control Over Financial Reporting

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

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

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

## **Compliance and Other Matters**

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

We noted certain matters that we reported to management of Scott County School District in a separate letter dated September 19, 2014.

## **Purpose of this Report**

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



Certified Public Accountants  
Elizabethtown, Kentucky  
September 19, 2014

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

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## INDEPENDENT AUDITOR'S REPORT

Members of the Board of Education  
Scott County School District  
Georgetown, Kentucky

### Report on Compliance for Each Major Federal Program

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

### Management's Responsibility

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

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Scott County School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Scott County School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

## Opinion on Each Major Federal Program

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

## Report on Internal Control Over Compliance

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

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

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

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



Certified Public Accountants  
Elizabethtown, Kentucky  
September 19, 2014

**MANAGEMENT LETTER AND COMMENTS**

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



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Members of the Board of Education of  
Scott County School District  
Georgetown, Kentucky

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

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiencies. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. Any uncorrected comments from the prior year have been included in the memorandum. A separate report dated September 19, 2014, contains our report on the District's internal control. This letter does not affect our report dated September 19, 2014, on the financial statements of the Scott County School District.

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

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

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

Certified Public Accountants  
Elizabethtown, Kentucky  
September 19, 2014

## **SCOTT COUNTY SCHOOL DISTRICT**

### **COMMENTS**

June 30, 2014

### **2<sup>nd</sup> YEAR UNCORRECTED COMMENTS**

#### **SCOTT COUNTY MIDDLE**

##### **NEGATIVE BALANCE**

We noted, after adding receivables and payables, there is a negative balance in the amount of \$720 in the Student Fee fund.

##### **MANAGEMENT RESPONSE**

District finance personnel have discussed with school management and will implement corrective action by October 31, 2014.

### **PRIOR YEAR UNCORRECTED COMMENTS**

#### **GARTH ELEMENTARY**

##### **FUNDRAISERS**

We noted coupon books sold for the DC Trip that were sold in August 2013 and September 2013, before the date of approval, 10/6/2013. We also noted Fundraiser Worksheet, F-SA-2B, was started but not completed calculating total receipts and profits, even though all sales ceased in March 2014.

We noted candy bars sold for the DC Trip that were sold 9/3/2013-9/18/2013, before the date of approval, 9/30/2013. We also noted Fundraiser Worksheet, F-SA-2B, which was started but not completed calculating total receipts and profits, even though all sales ceased 9/18/2013.

##### **MANAGEMENT RESPONSE**

District finance personnel have discussed with school management and will implement corrective action by October 31, 2014.

#### **SCOTT COUNTY HIGH**

##### **UNAPPROVED PURCHASE**

We noted check #32669 in the amount of \$862.54, dated 4/14/2014 written to an employee for reimbursement of the overage on the 3/17/14 cash advance for the state basketball tournament. This overage was not approved at the time of the cash advance. The PO for this purchase was dated 4/10/2014 when purchases were made between 3/19/2014 and 3/22/2014.

##### **MANAGEMENT RESPONSE**

District finance personnel have discussed with school management and will implement corrective action by October 31, 2014.

#### **SCOTT COUNTY MIDDLE**

##### **EXTERNAL SUPPORT/BOOSTER ORGANIZATIONS**

We noted that the SCMS Boosters did not have an EIN or General Liability Insurance on file. We also noted that the Annual Financial Report, Form F-SA-4B, did not contain deposits and expenses by category, but instead listed total receipts or total expenses by sport.

##### **MANAGEMENT RESPONSE**

District finance personnel have discussed with school management and will implement corrective action by October 31, 2014.

## **SCOTT COUNTY SCHOOL DISTRICT**

### **COMMENTS**

June 30, 2014

### **CURRENT YEAR COMMENTS**

#### **ANNE MASON ELEMENTARY**

##### **MULTIPLE RECEIPT FORMS**

We noted The appearance of several altered dates on forms F-SA-6, Multiple Receipt Form in the month of May 2014. We noted a deposit dated 5/5/2014 in the amount of \$62.08 contained appeared altered remittance dates on the Multiple Receipt Forms in the amounts of \$11.00 and \$23.08. We noted a deposit dated 5/15/2014 in the amount of \$469.54 contained appeared altered remittance dates on the Multiple Receipt Forms in the amounts \$150 and \$202. We noted a deposit dated 5/29/2014 in the amount of \$120.25 contained appeared altered remittance date on a Multiple Receipt Form in the amount of \$26.99.

##### **MANAGEMENT RESPONSE**

District finance personnel have discussed with school management and will implement corrective action by October 31, 2014.

##### **UNALLOWABLE PURCHASE**

We noted check #3920 dated 11/1/2013 in the amount of \$41.20 written to Chick-Fil-A for the purchase of sandwiches from the General Fund. This purchase was for teacher training after hours, which is not allowed from student generated funds.

We noted check #3961 dated 1/13/2014 in the amount of \$703.41 written to School Outfitters for the purchase of a rug from the Library Fund. Maintenance items should be purchased with board funds.

##### **MANAGEMENT RESPONSE**

District finance personnel have discussed with school management and will implement corrective action by October 31, 2014.

##### **MULTIPLE RECEIPT FORM**

We noted deposit dated 9/24/2013 in the amount of \$542.97 contained a form F-SA-6, Multiple Receipt Form without student signatures.

##### **MANAGEMENT RESPONSE**

District finance personnel have discussed with school management and will implement corrective action by October 31, 2014.

## SCOTT COUNTY SCHOOL DISTRICT

### COMMENTS

June 30, 2014

#### GARTH ELEMENTARY

##### UNTIMELY DEPOSIT

We noted the deposit made on 9/20/2013 in the amount of \$1,245.23 contained the following multiple receipt forms and remittance dates: \$49.23 was collected on 9/3/2013, \$224 was collected on 9/9/2013, \$20 was collected on 9/16/2013, \$679 was collected on 9/17/2013 and \$99 was collected on 9/18/2013.

We noted a deposit dated 1/31/2014 in the amount of \$1,757.21 contained form F-SA-6, Multiple Receipt Form, in the amount of \$1,584.60 that was remitted on 1/28/2014.

We noted a deposit dated 4/22/2014 in the amount of \$602.50 contained form F-SA-6, Multiple Receipt Form in the amount of \$200 remitted on 4/18/2014.

##### MANAGEMENT RESPONSE

District finance personnel have discussed with school management and will implement corrective action by October 31, 2014.

##### PURCHASE ORDER

We noted check #3249 dated 2/4/2014 in the amount of \$6,710.40 written to Ayzta, LLC for the purchase of cookie dough from the DC Candy/Cookie Dough Fundraiser Activity Fund with an invoice date of 10/2/2013 before form F-SA-7, Purchase Order, dated 2/4/2014.

##### MANAGEMENT RESPONSE

District finance personnel have discussed with school management and will implement corrective action by October 31, 2014.

##### UNALLOWABLE PURCHASE

We noted check #3266 dated 3/27/2014 in the amount of \$280 written to Underwraps, LLC for the Sign for the Front Office out of the PTO School Account was an unallowable purchase since this sign is considered maintenance. Also, the PTO School Account Activity Fund is still governed by the school's PTO, an outside booster/external support organization.

##### MANAGEMENT RESPONSE

District finance personnel have discussed with school management and will implement corrective action by October 31, 2014.

## SCOTT COUNTY SCHOOL DISTRICT

### COMMENTS

June 30, 2014

#### **GEORGETOWN MIDDLE**

##### INVENTORY CONTROL

We noted Inventory Control Worksheet, Form F-SA-5, for the Boys Basketball Concessions was not properly completed for several of the concessions events. The deliveries section has "Donated Items" notated on it and does not list the item count, date received or sales price. Without the deliveries part filled out there is no way of keeping track of all the inventory. We also noted on 1/30/2014 the person collecting money is the same person completed the inventory control form. Per Redbook these tasks must be segregated.

We noted Inventory Control Worksheet, Form F-SA-5, for the Boys Football Concessions was not properly completed for several of the concessions events. The deliveries section has "Donated Items" notated on it and does not list the item count, date received or sales price. Without the deliveries part filled out there is no way of keeping track of all the inventory.

##### MANAGEMENT RESPONSE

District finance personnel have discussed with school management and will implement corrective action by October 31, 2014

#### **LEMONS MILL ELEMENTARY**

##### UNALLOWABLE PURCHASE

We noted check #1020 dated 12/17/2013 written to Chick-Fil-A Georgetown in the amount of \$350.40 for a Staff Christmas Lunch out of the Picture Commission Activity Fund. The Redbook requires that staff purchases only be made from staff generated funds.

##### MANAGEMENT RESPONSE

District finance personnel have discussed with school management and will implement corrective action by October 31, 2014.

## **SCOTT COUNTY SCHOOL DISTRICT**

### **COMMENTS**

June 30, 2014

### **ROYAL SPRING MIDDLE**

#### **UNTIMELY DEPOSIT**

We noted the deposit made on August 2, 2013 in the amount of \$4,725 was not deposited timely. Checks were received on July 30, 2013 and deposited on August 2, 2013. Redbook requires daily deposits unless the amount received is less than \$100.

#### **MANAGEMENT RESPONSE**

District finance personnel have discussed with school management and will implement corrective action by October 31, 2014.

### **SCOTT COUNTY HIGH**

#### **INVENTORY CONTROL**

We noted form F-SA-5 was not properly completed for the School's Cardinal Cart (snack sales). Deliveries were recorded at purchase price rather than sales price, causing form F-SA-5 to be out of balance.

We noted form F-SA-5 was not completed for the DECA Candy Bar Sales.

#### **MANAGEMENT RESPONSE**

District finance personnel have discussed with school management and will implement corrective action by October 31, 2014.

#### **TRAVEL REIMBURSEMENTS**

We noted check #21587 in the amount of \$242.47 dated 7/10/2013 was written to an employee to reimburse Travel expense for the AP conference in June 2013. There were no students attending the trip. Per Redbook requirements, district and school administrators cannot be reimbursed expenses for travel from the activity fund unless students are on the trip.

We noted check #11813 in the amount of \$633.88 dated 11/26/2013 was written to an employee for mileage for the 2013 Volleyball season. The season ran from August to November 2013. Per Redbook requirements, travel vouchers shall be submitted within one week of the travel. Form F-SA-16, travel voucher covered three months worth of travel. Also, the PO for this travel reimbursement was dated 10/30/2013, after most of the travel incurred.

#### **MANAGEMENT RESPONSE**

District finance personnel have discussed with school management and will implement corrective action by October 31, 2014.

#### **CASH ADVANCE**

We noted check #32576, in the amount of \$2,000, dated 3/17/2014 written to an employee for a cash advance for the Boy's State Basketball Tournament held 3/19/2014-3/23/2014. We noted a receipt from Rafferty's for \$67.73 dated 3/12/2014 that was not subtracted from the total expenses of the trip.

#### **MANAGEMENT RESPONSE**

District finance personnel have discussed with school management and will implement corrective action by October 31, 2014.

**SCOTT COUNTY SCHOOL DISTRICT**

COMMENTS

June 30, 2014

**SCOTT COUNTY HIGH – CONTINUED**

COACHES CARDS

We noted the school paid for coaches cards for approximately 22 individuals who were not head coaches or assistant coaches.

MANAGEMENT RESPONSE

District finance personnel have discussed with school management and will implement corrective action by October 31, 2014.

**SCOTT COUNTY MIDDLE**

UNALLOWABLE PURCHASE

We noted check 1678 dated 8/13/2013 in the amount of \$524.27 written to BSN Sports for the purchase of coach's shirts from the Football fund.

MANAGEMENT RESPONSE

District finance personnel have discussed with school management and will implement corrective action by October 31, 2014.

**STAMPING GROUND ELEMENTARY**

INVENTORY CONTROL

We noted fundraisers for Heart Necklaces and Holiday Café missing Inventory Control Worksheet, Form F-SA-5. All items were purchased or donated and then resold by students.

We noted Inventory Control Worksheet, Form F-SA-5, was not completed on a monthly basis for the pencil machine, as required by the Redbook.

MANAGEMENT RESPONSE

District finance personnel have discussed with school management and will implement corrective action by October 31, 2014.

UNALLOWABLE PURCHASE

We noted check # 2414 dated 9/26/2013 in the amount of \$240.00 written to Prevent Child Abuse Kentucky for the purchase of conference registration for one teacher. Expenditures for conferences and professional development are not allowed through student activity funds.

MANAGEMENT RESPONSE

District finance personnel have discussed with school management and will implement corrective action by October 31, 2014.