

CHRISTIAN COUNTY SCHOOL DISTRICT

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

Year Ended June 30, 2012

CHRISTIAN COUNTY SCHOOL DISTRICT

TABLE OF CONTENTS

YEAR ENDED JUNE 30, 2012

| | <u>Page</u> |
|--|-------------|
| Independent Auditor's Report | 1-2 |
| Management's Discussion and Analysis | 3-9 |
| Basic Financial Statements: | |
| Government-wide Financial Statements: | |
| Statement of Net Assets | 10 |
| Statement of Activities..... | 11 |
| Fund Financial Statements: | |
| Balance Sheet – Governmental Funds..... | 12 |
| Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets | 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 Assets – Proprietary Funds | 16 |
| Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds | 17 |
| Statement of Cash Flows – Proprietary Funds..... | 18 |
| Statement of Fiduciary Net Assets – Fiduciary Funds | 19 |
| Notes to the Basic Financial Statements | 20-35 |
| Required Supplementary Information: | |
| Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual - General Fund | 36 |
| Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Special Revenue Fund..... | 37 |

CHRISTIAN COUNTY SCHOOL DISTRICT

TABLE OF CONTENTS - CONTINUED

YEAR ENDED JUNE 30, 2012

Supplementary Information:

Combining Statements – Nonmajor Funds:

| | |
|--|----|
| Combining Balance Sheet – Nonmajor Governmental Funds..... | 38 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds..... | 39 |
| Combining Statement of Fiduciary Net Assets – Fiduciary Funds..... | 40 |

Schools:

| | |
|--|-------|
| Schedule of Assets, Cash Receipts and Disbursements and Liabilities – All Schools..... | 41 |
| Schedule of Assets, Cash Receipts and Disbursements and Liabilities – Christian County High School..... | 42-43 |
| Schedule of Assets, Cash Receipts and Disbursements and Liabilities – Hopkinsville High School..... | 44-45 |

| | |
|--|--------------|
| Schedule of Expenditures of Federal Awards..... | 46-48 |
|--|--------------|

| | |
|--|-----------|
| Notes to the Schedule of Expenditures of Federal Awards | 49 |
|--|-----------|

| | |
|--|--------------|
| Schedule of Findings and Questioned Costs | 50-53 |
|--|--------------|

| | |
|---|-----------|
| 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 | 59-76 |
|---|--------------|

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Christian County School District as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements, as listed in the accompanying table of contents. These basic financial statements are the responsibility of the District's management. 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 *Appendix I of the Independent Auditor's Contract - General Audit Requirements*, *Appendix II of the Independent Auditor's Contract - State Audit Requirements*, *Appendix III of the Independent Auditor's Contract - Audit Extension Request* and *Appendix IV of the Independent Auditor's Contract - Instructions for Submission of the Audit Report*. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2012, 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.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 24, 2012, on our consideration of Christian County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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 36 through 37 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Christian County School District's financial statements as a whole. The combining financial statements and school schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with accounting standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Stiles, Carter & Associates

Certified Public Accountants
September 24, 2012

REQUIRED SUPPLEMENTARY INFORMATION

**CHRISTIAN COUNTY SCHOOL DISTRICT – HOPKINSVILLE, KENTUCKY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2012**

The discussion and analysis of Christian County School District’s financial performance provides an overall review of the School District’s financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to review the School District’s financial performance as a whole. Readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the School District’s financial performance.

FINANCIAL HIGHLIGHTS

- The beginning cash balance for the District was \$28.1 million. Ending cash was \$17.1 million.
- Following the completion of the District long-range plan for facilities, there is a focus on investing in plant management with the age and size of our facilities reflective of this need.
- During fiscal 2012, the District’s financial position improved. Net assets increased by \$2.7 million.
- The General Fund had \$64.2 million in revenue, which primarily consisted of the state program (SEEK), state on-behalf payments for retirement and health insurance and property, utilities, and motor vehicle taxes. Excluding inter-fund transfers, there were \$65.8 million in General Fund expenditures.
- Bonds are issued as the District builds and renovates facilities consistent with a long-range facilities plan that is established with community input and in keeping with Kentucky Department of Education (KDE) stringent compliance regulations. The District’s total debt decreased by \$1.8 million during the fiscal year.
- The national economic climate resulted in the District receiving funds from the American Reinvestment and Recovery Act. The District received \$1.8 million.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20 - 35 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$50.7 million as of June 30, 2012.

The largest portion of the District's net assets reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment and construction in progress), less any related debt used to acquire those assets that is 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 Assets for the period ending June 30, 2012 and 2011
(Table 1)**

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|---|----------------------------|----------------------|-----------------------------|---------------------|-----------------------------|----------------------|
| | <u>2012</u> | <u>2011</u> | <u>2012</u> | <u>2011</u> | <u>2012</u> | <u>2011</u> |
| Current and Other Assets | \$ 18,313,103 | \$ 27,869,192 | \$ 2,472,014 | \$ 2,392,990 | \$ 20,785,117 | \$ 30,262,182 |
| Capital Assets | 82,468,792 | 73,089,021 | 705,932 | 434,286 | 83,174,724 | 73,523,307 |
| Total Assets | 100,781,895 | 100,958,213 | 3,177,946 | 2,827,276 | 103,959,841 | 103,785,489 |
| Long-term Debt | 49,448,606 | 51,880,373 | - | - | 49,448,606 | 51,880,373 |
| Other Liabilities | 3,778,161 | 5,882,482 | 11,621 | 3,601 | 3,789,782 | 5,886,083 |
| Total Liabilities | 53,226,767 | 57,762,855 | 11,621 | 3,601 | 53,238,388 | 57,766,456 |
| Net Assets | | | | | | |
| Investment in capital assets (net of debt) | 32,554,392 | 21,388,304 | 705,932 | 434,286 | 33,260,324 | 21,822,590 |
| Restricted | 4,265,093 | 11,246,496 | - | - | 4,265,093 | 11,246,496 |
| Unrestricted | 10,735,643 | 12,560,558 | 2,460,393 | 2,389,389 | 13,196,036 | 14,949,947 |
| Total Net Assets | \$ 47,555,128 | \$ 45,195,358 | \$ 3,166,325 | \$ 2,823,675 | \$ 50,721,453 | \$ 48,019,033 |

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

The District put in service \$12.9 million in capital assets and paid \$1.8 million toward bonds.

Comments on Budget Comparisons

- The District's total revenues for the fiscal year ended June 30, 2012, net of Interfund transfers, were \$93.7 million.
- General fund budget compared to actual revenue varied slightly from line item to line item with the ending actual balance being \$13 million more than budget or approximately 25%. This variance was primarily related to on-behalf payments that were not budgeted in accordance with Kentucky Department of Education regulations.
- General fund budget expenditures to actual varied significantly in Instruction and Other Expenses. This resulted from the District not budgeting on-behalf payments made by the State of Kentucky as instructed by the Department of Education and not having to spend budgeted contingency funds.

The following Table 2 presents a summary of changes in net assets for the fiscal year ended June 30, 2012 and 2011.

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|------------------------------------|----------------------------|---------------------|-----------------------------|------------------|-----------------------------|---------------------|
| | <u>2012</u> | <u>2011</u> | <u>2012</u> | <u>2011</u> | <u>2012</u> | <u>2011</u> |
| REVENUES: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 2,000 | \$ - | \$ 1,168,575 | \$ 1,297,044 | \$ 1,170,575 | \$ 1,297,044 |
| Operating grants and contributions | 18,635,712 | 20,490,457 | 5,402,733 | 4,264,915 | 24,038,445 | 24,755,372 |
| Capital grants and contributions | 2,798,240 | 3,122,509 | - | - | 2,798,240 | 3,122,509 |
| General revenues: | | | | | | |
| Property taxes | 10,906,776 | 10,832,735 | - | - | 10,906,776 | 10,832,735 |
| Motor vehicle taxes | 1,580,594 | 1,463,551 | - | - | 1,580,594 | 1,463,551 |
| Utility taxes | 4,575,098 | 4,629,817 | - | - | 4,575,098 | 4,629,817 |
| Investment earnings | 324,676 | 468,787 | 28,000 | 30,360 | 352,676 | 499,147 |
| State and formula grants | 47,075,994 | 45,536,334 | - | - | 47,075,994 | 45,536,334 |
| Miscellaneous | 1,164,199 | 1,125,798 | - | - | 1,164,199 | 1,125,798 |
| Total revenues | 87,063,289 | 87,669,988 | 6,599,308 | 5,592,319 | 93,662,597 | 93,262,307 |
| EXPENSES | | | | | | |
| Program Activities | | | | | | |
| Instruction | 50,843,104 | 50,365,926 | - | - | 50,843,104 | 50,365,926 |
| Student support | 4,600,085 | 4,218,612 | - | - | 4,600,085 | 4,218,612 |
| Instructional staff support | 2,398,091 | 2,121,974 | - | - | 2,398,091 | 2,121,974 |
| District administrative support | 1,786,757 | 1,536,598 | - | - | 1,786,757 | 1,536,598 |
| School administrative support | 3,803,396 | 3,045,835 | - | - | 3,803,396 | 3,045,835 |
| Business support | 3,025,199 | 1,947,072 | - | - | 3,025,199 | 1,947,072 |
| Plant operation and maintenance | 8,660,695 | 8,149,423 | - | - | 8,660,695 | 8,149,423 |
| Student transportation | 5,919,438 | 5,257,390 | - | - | 5,919,438 | 5,257,390 |
| Community service activities | 898,639 | 1,041,705 | - | - | 898,639 | 1,041,705 |
| Interest costs | 2,431,957 | 2,459,611 | - | - | 2,431,957 | 2,459,611 |
| Business-type Activities: | | | | | | |
| Food service | - | - | 5,889,532 | 5,001,396 | 5,889,532 | 5,001,396 |
| Child care | - | - | 703,284 | 559,856 | 703,284 | 559,856 |
| Total expenses | 84,367,361 | 80,144,146 | 6,592,816 | 5,561,252 | 90,960,177 | 85,705,398 |
| Excess before transfers | 2,695,928 | 7,525,842 | 6,492 | 31,067 | 2,702,420 | 7,556,909 |
| Transfers | (336,158) | - | 336,158 | - | - | - |
| Increase in net assets | \$ 2,359,770 | \$ 7,525,842 | \$ 342,650 | \$ 31,067 | \$ 2,702,420 | \$ 7,556,909 |

Governmental Activities

Instruction comprises 60% of governmental program expenses. Support services expenses make up 36% of government expenses. The remaining expense for community services and interest accounts for the remaining 4% of total government expense.

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

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2012 the School District had \$83.2 million invested in land, buildings, vehicles and equipment and \$82.5 million in governmental activities. Table 4 shows fiscal year 2012 and 2011 balances.

(Table 4)
Capital Assets at June 30, 2012 and 2011
(Net of Depreciation)

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|----------------------------|----------------------------|---------------|-----------------------------|------------|-----------------------------|---------------|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Land and land improvements | \$ 2,935,569 | \$ 2,974,270 | \$ - | \$ - | \$ 2,935,569 | \$ 2,974,270 |
| Buildings and improvements | 41,546,751 | 40,270,409 | - | - | 41,546,751 | 40,270,409 |
| Technology | 3,763,942 | 2,548,457 | 6,185 | 9,512 | 3,770,127 | 2,557,969 |
| Vehicles | 3,765,189 | 3,850,104 | - | - | 3,765,189 | 3,850,104 |
| General equipment | 1,142,871 | 998,011 | 699,747 | 424,774 | 1,842,618 | 1,422,785 |
| Total | 53,154,322 | 50,641,251 | 705,932 | 434,286 | 53,860,254 | 51,075,537 |
| Construction in progress | 29,314,470 | 22,447,770 | - | - | 29,314,470 | 22,447,770 |
| Total | \$ 82,468,792 | \$ 73,089,021 | \$ 705,932 | \$ 434,286 | \$ 83,174,724 | \$ 73,523,307 |

Table 5 shows changes in capital assets for the year ended June 30, 2012 and 2011.

(Table 5)
Change in Capital Assets

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|-------------------|----------------------------|---------------|-----------------------------|------------|-----------------------------|---------------|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Beginning balance | \$ 73,089,021 | \$ 56,178,156 | \$ 434,286 | \$ 436,995 | \$ 73,523,307 | \$ 56,615,151 |
| Additions | 15,948,833 | 20,848,477 | 387,161 | 89,919 | 16,335,994 | 20,938,396 |
| Retirements | (3,007,746) | (942,750) | (30,356) | (1,498) | (3,038,102) | (944,248) |
| Depreciation | (3,561,316) | (2,994,862) | (85,159) | (91,130) | (3,646,475) | (3,085,992) |
| Ending balance | \$ 82,468,792 | \$ 73,089,021 | \$ 705,932 | \$ 434,286 | \$ 83,174,724 | \$ 73,523,307 |

Debt

At June 30, 2012, the School District had \$50,985,000 in bonds outstanding, of this amount \$12,936,096 is to be paid from KSFCC funding provided by the State of Kentucky. A total of \$1,995,000 is due within one year.

District Challenges for the Future

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

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

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

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

Additional factors concerning our School District's financial status include the implementation of various unfunded mandates. Examples include the Flex Fund accounts (Professional Development, Safe Schools, Preschool, Textbooks and Extended School Services). State funding for these programs does not meet our needs as a District. Therefore, local generated funds will have to address these areas. Also, the uncertainty of state budgeted revenue projections may impact our funding as well as future mandated salary increases for all certified personnel. In addition, the full effect of No Child Left Behind (NCLB) has yet to be determined. Funding for this program is not equal to the mandates required by the Federal Government.

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

Future Budgetary Implications

In Kentucky, the public schools fiscal year is July 1 - June 30; other programs, i.e. some federal programs operate on a different fiscal calendar, but are reflected in the District overall budget. By law, the budget must have a minimum 2% contingency. The District adopted a budget for 2012 - 2013 with a 9.1% contingency. Significant Board action that impacts the finances includes pay increases for all employees, additional spending for facility repairs outside of bonded building and renovation projects, and continued funding of Board initiatives.

Contacting the School District's Financial Management

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

BASIC FINANCIAL STATEMENTS

CHRISTIAN COUNTY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

June 30, 2012

| Assets | <u>Governmental Activities</u> | <u>Business- Type Activities</u> | <u>Total</u> |
|--|------------------------------------|--|----------------------|
| <u>Current Assets</u> | | | |
| Cash and cash equivalents | \$ 14,855,371 | \$ 2,283,128 | \$ 17,138,499 |
| Prepays | 179,755 | | 179,755 |
| Inventory | | 137,882 | 137,882 |
| Receivables: | | | |
| Taxes-current | 558,646 | | 558,646 |
| Taxes-delinquent | 8,596 | | 8,596 |
| Other receivables | 251,613 | | 251,613 |
| Intergovernmental-State | 90,198 | | 90,198 |
| Intergovernmental-Indirect Federal | 1,263,510 | 51,004 | 1,314,514 |
| Intergovernmental-Direct Federal | 33,278 | | 33,278 |
| Other assets | 1,536 | | 1,536 |
| Total Current Assets | 17,242,503 | 2,472,014 | 19,714,517 |
| <u>Noncurrent Assets</u> | | | |
| Deferred amount on refunding | 343,438 | | 343,438 |
| Bond discount and expense | 727,162 | | 727,162 |
| Capital assets, net of accumulated depreciation | 82,468,792 | 705,932 | 83,174,724 |
| Total Noncurrent Assets | 83,539,392 | 705,932 | 84,245,324 |
| Total Assets | 100,781,895 | 3,177,946 | 103,959,841 |
| Liabilities | | | |
| <u>Current Liabilities</u> | | | |
| Accounts payable | 319,560 | 11,621 | 331,181 |
| Deferred revenue | 556,014 | | 556,014 |
| Current portion of bond obligations | 1,995,000 | | 1,995,000 |
| Current portion of accrued sick leave | 302,153 | | 302,153 |
| Interest payable | 605,434 | | 605,434 |
| Total Current Liabilities | 3,778,161 | 11,621 | 3,789,782 |
| <u>Noncurrent Liabilities</u> | | | |
| Noncurrent portion of bond obligations | 48,990,000 | | 48,990,000 |
| Noncurrent portion of accrued sick leave | 458,606 | | 458,606 |
| Total Noncurrent Liabilities | 49,448,606 | - | 49,448,606 |
| Total Liabilities | 53,226,767 | 11,621 | 53,238,388 |
| <u>Net Assets</u> | | | |
| Invested in capital assets, net of related debt | 32,554,392 | 705,932 | 33,260,324 |
| Restricted for: | | | |
| Grants | 284,296 | | |
| Capital projects | 830,622 | | 830,622 |
| Debt service | 3,150,175 | | 3,150,175 |
| Unrestricted | 10,735,643 | 2,460,393 | 13,196,036 |
| Total Net Assets | \$ 47,555,128 | \$ 3,166,325 | \$ 50,721,453 |

See accompanying notes to financial statements.

CHRISTIAN COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
Year Ended June 30, 2012

| FUNCTIONS/PROGRAMS | Expenses | Program Revenues | | | Net (Expenses) Revenues and Changes in Net Assets | | |
|---------------------------------------|----------------------|----------------------------|--|--------------------------------------|--|---------------------------------|---------------------|
| | | Charges For Services | Operating Grants & Contributions | Capital Grants & Contributions | Governmental Activities | Business- Type Activities | Total |
| Governmental Activities: | | | | | | | |
| Instruction | \$ 50,843,104 | \$ 2,000 | \$ 16,425,214 | \$ - | \$(34,415,890) | \$ - | \$(34,415,890) |
| Support services: | | | | | | | |
| Student | 4,600,085 | | 787,424 | | (3,812,661) | | (3,812,661) |
| Instruction staff | 2,398,091 | | 94,178 | | (2,303,913) | | (2,303,913) |
| District administrative | 1,786,757 | | | | (1,786,757) | | (1,786,757) |
| School administrative | 3,803,396 | | | | (3,803,396) | | (3,803,396) |
| Business | 3,025,199 | | | | (3,025,199) | | (3,025,199) |
| Plant operation and maintenance | 8,660,695 | | 30,048 | | (8,630,647) | | (8,630,647) |
| Student transportation | 5,919,438 | | 400,209 | | (5,519,229) | | (5,519,229) |
| Community service activities | 898,639 | | 898,639 | | - | | - |
| Interest on long-term debt | 2,431,957 | | | 2,798,240 | 366,283 | | 366,283 |
| Total Governmental Activities | 84,367,361 | 2,000 | 18,635,712 | 2,798,240 | (62,931,409) | - | (62,931,409) |
| Business-Type Activities: | | | | | | | |
| Food service | 5,889,532 | 770,959 | 5,080,529 | | | (38,044) | (38,044) |
| Child care | 703,284 | 397,616 | 322,204 | | | 16,536 | 16,536 |
| Total Business-Type Activities | 6,592,816 | 1,168,575 | 5,402,733 | - | - | (21,508) | (21,508) |
| Total Primary Government | \$ 90,960,177 | \$ 1,170,575 | \$ 24,038,445 | \$ 2,798,240 | (62,931,409) | (21,508) | (62,952,917) |
| | | | General Revenues: | | | | |
| | | | Taxes: | | | | |
| | | | Property taxes | | 10,906,776 | | 10,906,776 |
| | | | Motor vehicle taxes | | 1,580,594 | | 1,580,594 |
| | | | Utility taxes | | 4,575,098 | | 4,575,098 |
| | | | Investment earnings | | 324,676 | 28,000 | 352,676 |
| | | | State and formula grants | | 47,075,994 | | 47,075,994 |
| | | | Miscellaneous | | 1,164,199 | | 1,164,199 |
| | | | Total general revenues | | 65,627,337 | 28,000 | 65,655,337 |
| | | | Transfers | | (336,158) | 336,158 | - |
| | | | Change in net assets | | 2,359,770 | 342,650 | 2,702,420 |
| | | | Net assets - beginning | | 45,195,358 | 2,823,675 | 48,019,033 |
| | | | Net assets - ending | | \$ 47,555,128 | \$ 3,166,325 | \$ 50,721,453 |

See accompanying notes to financial statements.

FUND FINANCIAL STATEMENTS

CHRISTIAN COUNTY SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2012

| | General Fund | Special Revenue | Construction Fund | Debt Service Fund | Other Governmental Funds | Total Governmental Funds |
|--|----------------------|---------------------|----------------------|----------------------|--------------------------------|--------------------------------|
| Assets: | | | | | | |
| Cash and cash equivalents | \$ 11,131,400 | \$ - | \$ 732,688 | \$ 3,150,175 | \$ 152,442 | \$ 15,166,705 |
| Prepays | 179,755 | | | | | 179,755 |
| Receivables: | | | | | | |
| Taxes - current | 558,646 | | | | | 558,646 |
| Taxes - delinquent | 8,596 | | | | | 8,596 |
| Other receivables | | 5,776 | | | | 5,776 |
| Intergovernmental - State | | 90,198 | | | | 90,198 |
| Intergovernmental - Indirect Federal | | 1,263,510 | | | | 1,263,510 |
| Intergovernmental - Direct Federal | | 33,278 | | | | 33,278 |
| Other assets | 1,536 | | | | | 1,536 |
| Total Assets | \$ 11,879,933 | \$ 1,392,762 | \$ 732,688 | \$ 3,150,175 | \$ 152,442 | \$ 17,308,000 |
| Liabilities and Fund Balances: | | | | | | |
| Liabilities | | | | | | |
| Accounts payable | \$ 138,967 | \$ 128,055 | \$ 52,538 | \$ - | \$ - | \$ 319,560 |
| Cash overdraft | | 311,334 | | | | 311,334 |
| Deferred revenue | | 556,014 | | | | 556,014 |
| Total Liabilities | 138,967 | 995,403 | 52,538 | - | - | 1,186,908 |
| Fund Balances | | | | | | |
| Nonspendable | 179,755 | | | | | 179,755 |
| Restricted | | 284,296 | 678,180 | 3,150,175 | 152,442 | 4,265,093 |
| Committed | 302,153 | | | | | 302,153 |
| Assigned | 302,240 | 113,063 | 1,970 | | | 417,273 |
| Unassigned | 10,956,818 | | | | | 10,956,818 |
| Total Fund Balances | 11,740,966 | 397,359 | 680,150 | 3,150,175 | 152,442 | 16,121,092 |
| Total Liabilities and Fund Balances | \$ 11,879,933 | \$ 1,392,762 | \$ 732,688 | \$ 3,150,175 | \$ 152,442 | \$ 17,308,000 |

See accompanying notes to financial statements.

CHRISTIAN COUNTY SCHOOL DISTRICT

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

June 30, 2012

| | |
|--|----------------------|
| Total fund balance per fund financial statements | \$ 16,121,092 |
| Amounts reported for governmental activities in the statement of net assets are different because: | |
| Capital assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net assets. | |
| | 82,468,792 |
| Certain revenues are not reported in this fund financial statement because they are available, but they are presented in the statement of net assets. | |
| | 245,837 |
| Certain liabilities are not reported in this fund financial statement because they are not due and payable, but they are presented in the statement of net assets: | |
| Bonds payable | (50,985,000) |
| Bond discount and expense | 727,162 |
| Deferred amount on refunding | 343,438 |
| Interest payable | (605,434) |
| Accrued sick leave | <u>(760,759)</u> |
| Net assets for governmental activities | <u>\$ 47,555,128</u> |

See accompanying notes to financial statements.

CHRISTIAN COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

Year Ended June 30, 2012

| | General Fund | Special Revenue | Construction Fund | Debt Service Fund | Other Governmental Funds | Total Governmental Funds |
|---|----------------------|--------------------|----------------------|----------------------|--------------------------------|--------------------------------|
| Revenues: | | | | | | |
| From local sources: | | | | | | |
| Taxes: | | | | | | |
| Property | \$ 9,317,055 | \$ - | \$ - | \$ - | \$ 1,589,721 | \$ 10,906,776 |
| Motor vehicle | 1,580,594 | | | | | 1,580,594 |
| Utilities | 4,575,098 | | | | | 4,575,098 |
| Earnings on investments | 207,201 | | 65,589 | 37,925 | 13,959 | 324,674 |
| Other local revenues | 1,163,199 | 80,882 | | | | 1,244,081 |
| Intergovernmental - State | 47,075,994 | 3,421,917 | | 1,323,071 | 2,153,553 | 53,974,535 |
| Intergovernmental - Indirect Federal | 13,946 | 12,333,473 | | | | 12,347,419 |
| Intergovernmental - Direct Federal | 228,068 | 406,873 | | 1,475,169 | | 2,110,110 |
| Total Revenues | 64,161,155 | 16,243,145 | 65,589 | 2,836,165 | 3,757,233 | 87,063,287 |
| Expenditures: | | | | | | |
| Instruction | 37,049,249 | 14,211,522 | | | | 51,260,771 |
| Support services: | | | | | | |
| Student | 3,799,237 | 787,424 | | | | 4,586,661 |
| Instruction staff | 2,287,036 | 94,178 | | | | 2,381,214 |
| District administrative | 1,749,288 | | | | | 1,749,288 |
| School administrative | 3,704,168 | | | | | 3,704,168 |
| Business | 2,998,467 | | | | | 2,998,467 |
| Plant operation and maintenance | 8,646,426 | 30,048 | | | | 8,676,474 |
| Student transportation | 5,563,585 | 400,209 | | | | 5,963,794 |
| Community service activities | | 898,639 | | | | 898,639 |
| Facilities acquisition and construction | | | 9,850,055 | | 19,173 | 9,869,228 |
| Debt service: | | | | | | |
| Principal | | | | 1,925,000 | | 1,925,000 |
| Interest | | | | 2,322,096 | | 2,322,096 |
| Total Expenditures | 65,797,456 | 16,422,020 | 9,850,055 | 4,247,096 | 19,173 | 96,335,800 |
| Excess (Deficit) of Revenues over Expenditures | (1,636,301) | (178,875) | (9,784,466) | (1,410,931) | 3,738,060 | (9,272,513) |
| Other Financing Sources (Uses): | | | | | | |
| Proceeds from sale of capital assets | 15,152 | | | | | 15,152 |
| Transfers in | 41,082 | 161,746 | 1,180,656 | 2,765,251 | | 4,148,735 |
| Transfers out | (400,581) | | | | (3,748,154) | (4,148,735) |
| Total Other Financing Sources (Uses) | (344,347) | 161,746 | 1,180,656 | 2,765,251 | (3,748,154) | 15,152 |
| Change in Fund Balances | (1,980,648) | (17,129) | (8,603,810) | 1,354,320 | (10,094) | (9,257,361) |
| Fund Balance, July 1, 2011 | 13,721,614 | 414,488 | 9,283,960 | 1,795,855 | 162,536 | 25,378,453 |
| Fund Balance, June 30, 2012 | \$ 11,740,966 | \$ 397,359 | \$ 680,150 | \$ 3,150,175 | \$ 152,442 | \$ 16,121,092 |

See accompanying notes to financial statements.

CHRISTIAN COUNTY SCHOOL DISTRICT

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

Year Ended June 30, 2012

| | |
|---|---------------------|
| Net change in total fund balances per fund financial statements | \$ (9,257,361) |
| 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. | 10,060,988 |
| In the statement of activities, only the gain (loss) on sale of fixed assets is reported, whereas in the governmental funds, the proceeds for the sale increased financial resources. | (24,361) |
| 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 assets. | 1,925,000 |
| 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>(344,496)</u> |
| Change in net assets of governmental activities | <u>\$ 2,359,770</u> |

See accompanying notes to financial statements.

CHRISTIAN COUNTY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

June 30, 2012

| | Food Service Fund | Child Care Fund | Total Enterprise Funds |
|--|-------------------------|-----------------------|------------------------------|
| Assets | | | |
| <u>Current Assets</u> | | | |
| Cash and cash equivalents | \$ 2,082,211 | \$ 200,917 | \$ 2,283,128 |
| Inventory | 137,882 | | 137,882 |
| Intergovernmental receivable - Indirect Federal | 51,004 | | 51,004 |
| Total Current Assets | 2,271,097 | 200,917 | 2,472,014 |
| <u>Noncurrent Assets</u> | | | |
| Capital assets, net of accumulated depreciation | 705,932 | | 705,932 |
| Total Noncurrent Assets | 705,932 | - | 705,932 |
| Total Assets | 2,977,029 | 200,917 | 3,177,946 |
| Liabilities | | | |
| <u>Current Liabilities</u> | | | |
| Accounts payable | 11,621 | | 11,621 |
| Total Current Liabilities | 11,621 | - | 11,621 |
| <u>Net Assets</u> | | | |
| Invested in capital assets, net of related debt | 705,932 | | 705,932 |
| Unrestricted | 2,259,476 | 200,917 | 2,460,393 |
| Total Net Assets | \$ 2,965,408 | \$ 200,917 | \$ 3,166,325 |

See accompanying notes to financial statements.

CHRISTIAN COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

PROPRIETARY FUNDS

Year Ended June 30, 2012

| | Food Service Fund | Child Care Fund | Total Enterprise Funds |
|---|-------------------------|-----------------------|------------------------------|
| Operating Revenues | | | |
| Lunchroom sales | \$ 770,959 | \$ - | \$ 770,959 |
| Tuition and fees | | 397,616 | 397,616 |
| Total Operating Revenues | 770,959 | 397,616 | 1,168,575 |
| Operating Expenses | | | |
| Salaries and wages | 2,736,445 | 617,294 | 3,353,739 |
| Materials and supplies | 2,879,672 | 66,651 | 2,946,323 |
| Depreciation | 85,159 | | 85,159 |
| Other operating expenses | 157,900 | 19,339 | 177,239 |
| Total Operating Expenses | 5,859,176 | 703,284 | 6,562,460 |
| Operating (loss) | (5,088,217) | (305,668) | (5,393,885) |
| Non-Operating Revenues (Expenses) | | | |
| Federal grants | 4,188,750 | 185,279 | 4,374,029 |
| Donated commodities | 293,715 | | 293,715 |
| State grants | 56,219 | 13,231 | 69,450 |
| State on-behalf payments | 541,845 | 123,694 | 665,539 |
| Loss on disposal of fixed assets | (30,356) | | (30,356) |
| Interest income | 28,000 | | 28,000 |
| Total Non-Operating Revenues (Expenses) Before Contributions | 5,078,173 | 322,204 | 5,400,377 |
| Capital contributions | 336,158 | | 336,158 |
| Changes in net assets | 326,114 | 16,536 | 342,650 |
| Net Assets, July 1, 2011 | 2,639,294 | 184,381 | 2,823,675 |
| Net Assets, June 30, 2012 | <u>\$ 2,965,408</u> | <u>\$ 200,917</u> | <u>\$ 3,166,325</u> |

See accompanying notes to financial statements.

CHRISTIAN COUNTY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

Year Ended June 30, 2012

| | Food Service Fund | Child Care Fund | Total Enterprise Funds |
|---|-------------------------|-----------------------|------------------------------|
| Cash Flows from Operating Activities | | | |
| Cash received from: | | | |
| Lunchroom sales | \$ 770,959 | \$ - | \$ 770,959 |
| Tuition and fees | | 397,616 | 397,616 |
| Cash paid to/for: | | | |
| Employees | (2,194,600) | (493,600) | (2,688,200) |
| Supplies | (2,592,333) | (70,113) | (2,662,446) |
| Other activities | (157,900) | (19,339) | (177,239) |
| Net Cash Provided (Used) by Operating Activities | (4,173,874) | (185,436) | (4,359,310) |
| Cash flows from Non-Capital Financing Activities | | | |
| Federal grants | 4,173,245 | 185,279 | 4,358,524 |
| State grants | 56,219 | 13,231 | 69,450 |
| Net Cash Provided by Non-Capital Financing Activities | 4,229,464 | 198,510 | 4,427,974 |
| Cash Flows from Capital and Related Financing Activities | | | |
| Purchases of capital assets | (51,003) | - | (51,003) |
| Cash Flows from Investing Activities | | | |
| Receipt of interest income | 28,000 | | 28,000 |
| Net increase (decrease) in cash and cash equivalents | 32,587 | 13,074 | 45,661 |
| Balances, beginning of year | 2,049,624 | 187,843 | 2,237,467 |
| Balances, end of year | \$ 2,082,211 | \$ 200,917 | \$ 2,283,128 |
| Reconciliation of operating loss to net cash provided (used) by operating activities: | | | |
| Operating loss | \$ (5,088,217) | \$ (305,668) | \$ (5,393,885) |
| Adjustments to reconcile operating loss to net cash used by operating activities: | | | |
| Depreciation | 85,159 | | 85,159 |
| Donated commodities | 293,715 | | 293,715 |
| State on-behalf payments | 541,845 | 123,694 | 665,539 |
| Change in assets and liabilities: | | | |
| Inventory | (17,858) | | (17,858) |
| Accounts payable | 11,482 | (3,462) | 8,020 |
| Net Cash Provided (Used) by Operating Activities | \$ (4,173,874) | \$ (185,436) | \$ (4,359,310) |
| Schedule of Non-cash Transactions | | | |
| Donated commodities received from federal government | \$ 293,715 | \$ - | \$ 293,715 |
| State on-behalf payments | \$ 541,845 | \$ 123,694 | \$ 665,539 |

See accompanying notes to financial statements.

CHRISTIAN COUNTY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

June 30, 2012

| | <u>Agency Fund</u> |
|---------------------------------|------------------------|
| Assets | |
| Cash and cash equivalents | \$ 805,034 |
| Receivables | <u>7,695</u> |
| Total Assets | <u>812,729</u> |
| Liabilities | |
| Accounts payable | 33,900 |
| Due to student groups | <u>778,829</u> |
| Total Liabilities | <u>812,729</u> |
| Net Assets Held in Trust | <u><u>\$ -</u></u> |

See accompanying notes to financial statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS

CHRISTIAN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Christian County Board of Education ("Board"), a five-member group, is the level of government, which has oversight responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of Christian County Board of Education ("District"). The District receives funding from Local, State and Federal government sources and must comply with the commitment requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards. 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. As allowed in Section P80 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, the District has elected not to apply to its proprietary activities Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989.

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

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

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

Christian County Board of Education Finance Corporation – In a prior year, the Board of Education resolved to authorize the establishment of the Christian County School District Finance Corporation (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS Section 58.180) (the "Corporation") as an agency for the District for financing the costs of school building facilities. The members of the Board also comprise the Corporation's Board of Directors. The Corporation is blended into the District's financial statements.

Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

CHRISTIAN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Government-wide Financial Statements – The statement of net assets 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. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

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 statement of net assets presents the financial condition of the governmental and business-type activities of the District at year-end. The 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 accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the changes in fund balances. Proprietary funds are reported using the economic resources measurement focus. All assets and liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases and decreases in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities. Fiduciary funds are also reported using the economic resources measurement focus.

The District has the following funds:

I. Governmental Fund Types

- (A) The General Fund is the main operating fund of the Board. 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.

CHRISTIAN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

II. Proprietary Fund Types (Enterprise Fund)

1. 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. This is a major fund of the District.
2. The Child Care program is used to account for funds received from tuition fees charges for after school care of students.

III. Fiduciary Fund Type (Agency Fund)

- 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.

CHRISTIAN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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.

Revenues – Exchange and Non-exchange Transactions – Revenues resulting from exchange transactions, in which each party receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of the fiscal year-end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenues from nonexchange transactions must also be available before it can be recognized.

Deferred Revenue – Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Grants and entitlements received before the eligibility requirements are met are recorded as deferred revenue.

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the statement of revenues, expenses, and changes in net assets as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation, are not recognized in governmental funds.

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

CHRISTIAN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of Accounting - Continued

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, 2012, to finance operations were \$.379 per \$100 valuation for real property, \$.379 per \$100 valuation for business personal property and \$.566 per \$100 valuation for motor vehicles.

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

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of one thousand dollars with the exception of computers, digital cameras and real property for which there is no threshold. 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 |

CHRISTIAN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental and business-type activities columns of the statements of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

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.

Encumbrances

Encumbrances are not liabilities and, therefore, are not reported as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end and outstanding encumbrances at year-end are reappropriated in the next year.

Cash and Cash Equivalents

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

Inventories

On government-wide financial statements inventories are stated at cost and are expensed when used.

On fund financial statements inventories are stated at cost. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased.

The food service fund uses the specific identification method and the general fund uses the first-in, first-out method.

CHRISTIAN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Prepaid Assets

Payments made that will benefit periods beyond June 30, 2012, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Receivables

The District recognizes revenues as receivable when they are measurable and receipt is probable. Concentration of credit risk with respect to the receivables from federal and state governments is limited due to the historical stability of those institutions.

Accrued Liabilities and Long-Term Obligations

All payables accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, the noncurrent portion of capital leases, accumulated sick leave, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year-end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The policy is to apply restricted resources first when an expense is incurred for which both restricted and unrestricted net assets are available.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, those revenues are primarily charges for meals provided by the various schools.

CHRISTIAN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of fixed assets, or from grants or outside contributions of resources restricted to capital acquisition and construction.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

NOTE B – 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 general purpose financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE C – FUND BALANCES

Nonspendable fund balances are those that cannot be spent on future obligations. At June 30, 2012, the General Fund has \$179,755 of nonspendable fund balance related to prepaid items.

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, 2012, the District had \$397,359 restricted for grants in the special revenue fund, \$680,150 restricted for capital projects in the Construction Fund, \$3,150,175 restricted for debt service in the Debt Service Fund and \$152,442 restricted for capital projects in the non-major funds..

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 \$302,153 committed for sick leave in the general fund at June 30, 2012.

CHRISTIAN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

NOTE C – FUND BALANCES – CONTINUED

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 amount assigned related to encumbrances at June 30, 2012, was \$41,661 recorded in the general fund, \$113,063 in the special revenue fund and \$1,970 in the Construction Fund. Assigned fund balance also includes (a) all remaining amounts (except for negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed and (b) amounts in the general fund that are intended to be used for a specific purpose. The District had \$260,579 assigned for site-based carryforward.

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

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

NOTE D – 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, 2012, \$19,273,694 of the District's bank balance of \$20,770,560 was exposed to custodial credit risk. The bank balance not covered by depository insurance was collateralized by securities held by the pledging financial institution.

CHRISTIAN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

NOTE E - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2012, was as follows:

| Governmental Activities | Balance July 1, 2011 | Additions | Deductions | Balance June 30, 2012 |
|---|-------------------------|----------------------|-----------------------|--------------------------|
| Non-Depreciable Assets: | | | | |
| Land | \$ 2,019,652 | \$ - | \$ - | \$ 2,019,652 |
| Construction in progress | 22,447,770 | 9,850,055 | (2,983,355) | 29,314,470 |
| Depreciable Assets: | | | | |
| Land improvements | 1,080,541 | | | 1,080,541 |
| Buildings and improvements | 65,581,898 | 2,662,687 | | 68,244,585 |
| Technology equipment | 6,413,684 | 2,397,820 | (1,177,070) | 7,634,434 |
| Vehicles | 10,319,940 | 730,798 | (725,376) | 10,325,362 |
| General equipment | 3,230,018 | 307,473 | (67,149) | 3,470,342 |
| Totals at historical cost | 111,093,503 | 15,948,833 | (4,952,950) | 122,089,386 |
| Accumulated depreciation: | | | | |
| Land improvements | 125,923 | 38,701 | | 164,624 |
| Buildings and improvements | 25,311,489 | 1,386,345 | | 26,697,834 |
| Technology equipment | 3,865,227 | 1,163,141 | (1,157,876) | 3,870,492 |
| Vehicles | 6,469,836 | 815,713 | (725,376) | 6,560,173 |
| General equipment | 2,232,007 | 157,416 | (61,952) | 2,327,471 |
| Total accumulated depreciation | 38,004,482 | 3,561,316 | (1,945,204) | 39,620,594 |
| Government Activities | | | | |
| Capital Assets - Net | <u>\$ 73,089,021</u> | <u>\$ 12,387,517</u> | <u>\$ (3,007,746)</u> | <u>\$ 82,468,792</u> |
| Business-Type Activities | | | | |
| Technology equipment | \$ 16,637 | | \$ - | \$ 16,637 |
| Food service equipment | 2,247,984 | 387,161 | (94,549) | 2,540,596 |
| Totals at historical cost | 2,264,621 | 387,161 | (94,549) | 2,557,233 |
| Accumulated depreciation: | | | | |
| Technology equipment | 7,125 | 3,327 | | 10,452 |
| Food service equipment | 1,823,210 | 81,832 | (64,193) | 1,840,849 |
| Total accumulated depreciation | 1,830,335 | 85,159 | (64,193) | 1,851,301 |
| Business-Type Activities | | | | |
| Capital Assets - Net | <u>\$ 434,286</u> | <u>\$ 302,002</u> | <u>\$ (30,356)</u> | <u>\$ 705,932</u> |
| Depreciation was charged to governmental functions as follows: | | | | |
| Instruction | \$ 2,025,789 | | | |
| Student support | 13,424 | | | |
| Instructional staff | 16,878 | | | |
| District administration | 464,978 | | | |
| School administration | 100,442 | | | |
| Business support | 26,731 | | | |
| Plant | 210,511 | | | |
| Transportation | 702,563 | | | |
| | <u>\$ 3,561,316</u> | | | |

CHRISTIAN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2012

NOTE F – LONG-TERM OBLIGATIONS

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

| <u>Issue Date</u> | <u>Proceeds</u> | <u>Rates</u> |
|-------------------|-----------------|----------------|
| 2001 | \$ 7,990,000 | 5.00% - 5.10% |
| 2002A | 545,000 | 1.50% - 3.65% |
| 2002B | 1,945,000 | 1.40% - 3.60% |
| 2003 | 3,980,000 | 1.00% - 3.38% |
| 2003B | 2,200,000 | 2.00% - 3.70% |
| 2005A | 13,870,000 | 3.50% - 4.125% |
| 2008 | 2,975,000 | 2.00% - 3.30% |
| 2010A | 27,445,000 | 2.68% |
| 2010REF | 5,640,000 | 0.70% - 2.40% |

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

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

CHRISTIAN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2012

NOTE F – LONG-TERM OBLIGATIONS – 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, 2012, for debt service (principal and interest) are as follows:

| Year | Principal | Interest | SFCC Participation | U.S. Government Participation | District's Portion |
|-----------|----------------------|----------------------|-----------------------|----------------------------------|-----------------------|
| 2012-13 | \$ 1,995,000 | \$ 2,256,987 | \$ 963,312 | \$ 1,475,169 | \$ 1,813,506 |
| 2013-14 | 2,055,000 | 2,191,133 | 960,741 | 1,475,169 | 1,810,223 |
| 2014-15 | 2,110,000 | 2,125,869 | 963,563 | 1,475,169 | 1,797,137 |
| 2015-16 | 1,585,000 | 2,063,247 | 943,698 | 1,475,169 | 1,229,380 |
| 2016-17 | 1,535,000 | 2,014,055 | 886,770 | 1,475,169 | 1,187,116 |
| 2018-2022 | 8,115,000 | 9,296,974 | 4,016,719 | 7,375,845 | 6,019,410 |
| 2023-2027 | 33,590,000 | 7,889,119 | 6,013,383 | 7,375,845 | 28,089,891 |
| | <u>\$ 50,985,000</u> | <u>\$ 27,837,384</u> | <u>\$ 14,748,186</u> | <u>\$ 22,127,535</u> | <u>\$ 41,946,663</u> |

Accumulated Unpaid Sick Leave Benefits

Upon retirement from the school system, an employee will receive from the District an amount equal to 30% of the value of accumulated sick leave.

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the School District's past experience of making termination payments.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements the current portion of unpaid accrued sick leave is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "accumulated sick leave payable" in the general fund. The noncurrent portion of the liability is not reported.

Long-term liabilities for the year ended June 30, 2012, were as follows:

| | Beginning Balance July 1, 2011 | Additions | Reductions | Ending Balance June 30, 2012 | Amounts Due Within One Year |
|--------------------------|--------------------------------------|-------------------|---------------------|---------------------------------|-----------------------------------|
| Governmental Activities: | | | | | |
| Revenue bonds payable | \$ 52,910,000 | \$ - | \$ 1,925,000 | \$ 50,985,000 | \$ 1,995,000 |
| Accrued sick leave | 1,182,976 | 309,530 | 731,747 | 760,759 | 302,153 |
| Governmental Activities: | | | | | |
| Long-term liabilities | <u>\$ 54,092,976</u> | <u>\$ 309,530</u> | <u>\$ 2,656,747</u> | <u>\$ 51,745,759</u> | <u>\$ 2,297,153</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 accrued sick leave.

CHRISTIAN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

NOTE G – RETIREMENT PLANS

All the District's eligible employees participate in the Kentucky Teacher's Retirement System (KTRS), a statewide multiple-employer public employee retirement system covering all employees of local school districts within the State of Kentucky. KTRS is a cost sharing public employee retirement system with one exception: all risks and costs are not shared by the District but are the liability of the State of Kentucky. KTRS is funded through state and employee contributions and the District has no legal obligation for paying benefits. As discussed below, the District may be required in certain situations to make limited contributions on behalf of certain employees.

The State of Kentucky contributes 13.105% of the employee's gross earnings for employees with un-refunded accounts before July 1, 2008 and 14.105% of employee's gross earnings for employees on or after July 1, 2008, except for those District employees being paid from and participating in federally funded programs. During the years ended June 30, 2012, 2011 and 2010, contributions of \$4,272,138, \$4,178,247 and \$4,238,158 were made by the State of Kentucky and \$788,437, \$715,131 and 611,798 in contributions were passed through the District's federally funded programs. Contributions by the employees are 10.355% of gross earnings for employees with un-refunded accounts before July 1, 2008 and 10.855% of employee's gross earnings for employees on or after July 1, 2008 and are withheld by the District. The contribution rate is actuarially determined. Such withholdings during the years ended June 30, 2012, 2011 and 2010 totaled \$3,960,330, \$3,797,769 and \$3,661,172 and were paid by the District to the State of Kentucky as required. The District has no other liability under the plan. The District's total payroll for all employees during the years ended June 30, 2012, 2011 and 2010 was \$51,263,483, \$50,372,923 and \$50,423,427 and \$37,862,926, \$37,128,403 and \$36,440,818 of such amounts related to employees covered by the retirement plan. All payments were made to the retirement system in the amount of the annually required contributions.

Additional information and historical trend information can be obtained from the separately issued Teacher Retirement System of Kentucky Comprehensive Annual Financial Report by writing to Kentucky Teachers' Retirement System, 479 Versailles Road, Frankfort, Kentucky 40601.

Substantially all other employees (classified personnel) are covered under the County Employee's Retirement System (CERS). Funding for the Plan is provided through payroll withholdings of 5% for those employee participating in CERS before September 1, 2008 and 6% for those employee participating in CERS on or after September 1, 2008 and a District contribution for the years ended June 30, 2012, 2011 and 2010 of 18.96%, 16.93% and 16.16% of the employee's total compensation subject to contribution. The contribution rate is actuarially determined. The District's contribution requirement for CERS for the years ended June 30, 2012, 2011 and 2010 was \$3,119,994, \$2,748,118 and \$2,723,687 which consisted of \$2,455,245, \$2,122,621 and \$2,074,811 from the District and \$664,749, \$625,497 and \$648,876 from the employees. The total covered payroll for CERS during the years ended June 30, 2012, 2011 and 2010 was \$12,950,195, \$12,541,202 and \$12,839,173. Benefits under both plans will vary based on final compensation, years of service and other factors as fully described in the Plan documents. All payments were made to the retirement system in the amount of the annually required contributions.

The County Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Kentucky Retirement Systems, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601.

CHRISTIAN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

NOTE G – RETIREMENT PLANS – CONTINUED

Deferred Compensation

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, 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 this financial statements.

NOTE H – COMMITMENTS AND CONTINGENCIES

The District receives funding from Federal, State and Local government agencies and private contributions. These funds are to be used for designated purposes only. For government agency grants, if 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 also has construction commitments outstanding related to various construction projects.

NOTE I – LITIGATION

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.

NOTE J – INSURANCE AND RELATED ACTIVITIES

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

NOTE K – RISK MANAGEMENT

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

CHRISTIAN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

NOTE L – 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 assets:

| | |
|----------------------|--------------|
| General Fund | \$ 1,980,648 |
| Special Revenue Fund | 17,129 |
| Construction Fund | 8,603,810 |
| Capital Outlay Fund | 10,094 |

NOTE M – COBRA

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 (contingency).

NOTE N – TRANSFER OF FUNDS

The following transfers were made during the year:

Reported in Fund Financial Statements

| From Fund | To Fund | Purpose | Amount |
|-----------------------|-----------------|------------------|------------|
| General | Special Revenue | Technology Match | \$ 161,746 |
| General | Debt Service | Debt Service | 238,835 |
| Nonmajor Governmental | Debt Service | Debt Service | 2,526,416 |
| Nonmajor Governmental | Construction | Construction | 786,756 |
| Nonmajor Governmental | General | Reimbursement | 41,082 |
| Nonmajor Governmental | Construction | Construction | 393,900 |

Reported in Government-Wide Financial Statements

| | | | |
|-------------------------|--------------------------|-----------|------------|
| Governmental Activities | Business-Type Activities | Equipment | \$ 336,158 |
|-------------------------|--------------------------|-----------|------------|

NOTE O – INTERFUND RECEIVABLES AND PAYABLES

There were no interfund balances at June 30, 2012.

CHRISTIAN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

NOTE P – ON-BEHALF PAYMENTS

The District receives on-behalf payments from the State of Kentucky for insurance, retirement and other items. Total on-behalf payments for the year ended June 30, 2012, were \$12,320,563. These payments were allocated as follows:

| | |
|--------------|--------------|
| General Fund | \$11,655,024 |
| Food Service | 541,845 |
| Child Care | 123,694 |

REQUIRED SUPPLEMENTARY INFORMATION

CHRISTIAN COUNTY SCHOOL DISTRICT

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

GENERAL FUND

Year Ended June 30, 2012

| | <u>Original</u> | <u>Final</u> | <u>Actual</u> |
|---|-------------------|-------------------|----------------------|
| Revenues: | | | |
| From local sources: | | | |
| Taxes: | | | |
| Property | \$ 9,180,000 | \$ 9,600,000 | \$ 9,317,055 |
| Motor vehicle | 1,270,958 | 1,270,958 | 1,580,594 |
| Utilities | 3,600,000 | 3,600,000 | 4,575,098 |
| Earnings on investments | 250,000 | 250,000 | 207,201 |
| Other local revenues | 910,000 | 942,766 | 1,163,199 |
| Intergovernmental - State | 36,557,491 | 35,341,099 | 47,075,994 |
| Intergovernmental - Indirect Federal | 40,000 | 40,000 | 13,946 |
| Intergovernmental - Direct Federal | 100,000 | 100,000 | 228,068 |
| Total Revenues | <u>51,908,449</u> | <u>51,144,823</u> | <u>64,161,155</u> |
| Expenditures: | | | |
| Instruction | 29,681,350 | 30,048,781 | 37,049,249 |
| Support services: | | | |
| Student | 2,992,308 | 2,987,636 | 3,799,237 |
| Instruction staff | 1,970,010 | 2,030,112 | 2,287,036 |
| District administrative | 1,511,301 | 1,625,675 | 1,749,288 |
| School administrative | 2,806,777 | 2,992,434 | 3,704,168 |
| Business | 2,531,349 | 2,696,904 | 2,998,467 |
| Plant operation and maintenance | 7,534,027 | 7,639,707 | 8,646,426 |
| Student transportation | 5,382,381 | 4,944,969 | 5,563,585 |
| Community service activities | | | |
| Other | 8,321,179 | 7,069,655 | |
| Total Expenditures | <u>62,730,682</u> | <u>62,035,873</u> | <u>65,797,456</u> |
| Excess (Deficit) of Revenues over Expenditures | (10,822,233) | (10,891,050) | (1,636,301) |
| Other Financing Sources (Uses): | | | |
| Proceeds from sale of capital assets | 10,000 | 10,000 | 15,152 |
| Transfers in | | 41,082 | 41,082 |
| Transfers out | (344,446) | (344,446) | (400,581) |
| Total Other Financing Sources (Uses) | <u>(334,446)</u> | <u>(293,364)</u> | <u>(344,347)</u> |
| Change in Fund Balances | (11,156,679) | (11,184,414) | (1,980,648) |
| Fund Balance, July 1, 2011 | <u>11,156,679</u> | <u>11,184,414</u> | <u>13,721,614</u> |
| Fund balance, June 30, 2012 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 11,740,966</u> |

Both inflows and outflows are equally different in the Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds by the amount of on-behalf payments of \$11,655,024.

CHRISTIAN COUNTY SCHOOL DISTRICT

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

SPECIAL REVENUE FUND

Year Ended June 30, 2012

| | <u>Original</u> | <u>Final</u> | <u>Actual</u> |
|---|-------------------|-------------------|-------------------|
| Revenues: | | | |
| From local sources: | | | |
| Other local revenues | \$ 28,000 | \$ 102,590 | \$ 80,882 |
| Intergovernmental - State | 3,130,480 | 3,374,735 | 3,421,917 |
| Intergovernmental - Indirect Federal | 11,237,651 | 10,864,420 | 12,333,473 |
| Intergovernmental - Direct Federal | 115,200 | 127,844 | 406,873 |
| | <u>14,511,331</u> | <u>14,469,589</u> | <u>16,243,145</u> |
| Total Revenues | 14,511,331 | 14,469,589 | 16,243,145 |
| Expenditures: | | | |
| Instruction | 11,891,237 | 12,703,259 | 14,211,522 |
| Support services: | | | |
| Student | 762,155 | 633,447 | 787,424 |
| Instruction staff | 176,863 | 79,726 | 94,178 |
| School administrative | 357,950 | | |
| Plant operation and maintenance | 32,492 | 30,048 | 30,048 |
| Student transportation | 467,386 | 268,899 | 400,209 |
| Community service activities | 928,859 | 880,258 | 898,639 |
| | <u>14,616,942</u> | <u>14,595,637</u> | <u>16,422,020</u> |
| Total Expenditures | 14,616,942 | 14,595,637 | 16,422,020 |
| Excess (Deficit) of Revenues over Expenditures | (105,611) | (126,048) | (178,875) |
| Other Financing Sources (Uses): | | | |
| Transfers in | 105,611 | 126,048 | 161,746 |
| | <u>105,611</u> | <u>126,048</u> | <u>161,746</u> |
| Total Other Financing Sources (Uses) | 105,611 | 126,048 | 161,746 |
| Change in Fund Balances | - | - | (17,129) |
| Fund Balance, July 1, 2011 | - | - | 414,488 |
| Fund balance, June 30, 2012 | \$ - | \$ - | \$ 397,359 |

SUPPLEMENTARY INFORMATION

CHRISTIAN COUNTY SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

June 30, 2012

| | <u>Capital Outlay Fund</u> | <u>FSPK Fund</u> | <u>Total Nonmajor Governmental Funds</u> |
|--|------------------------------------|----------------------|--|
| Assets: | | | |
| Cash and cash equivalents | \$ 1,525 | \$ 150,917 | \$ 152,442 |
| Total Assets | <u>\$ 1,525</u> | <u>\$ 150,917</u> | <u>\$ 152,442</u> |
| Liabilities and Fund Balances: | | | |
| Liabilities | | | |
| Accounts payable | \$ - | \$ - | \$ - |
| Total Liabilities | - | - | - |
| Fund Balances | | | |
| Restricted | <u>1,525</u> | <u>150,917</u> | <u>152,442</u> |
| Total Fund Balances | <u>1,525</u> | <u>150,917</u> | <u>152,442</u> |
| Total Liabilities and Fund Balances | <u>\$ 1,525</u> | <u>\$ 150,917</u> | <u>\$ 152,442</u> |

CHRISTIAN COUNTY SCHOOL DISTRICT

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

Year Ended June 30, 2012

| | Capital Outlay Fund | FSPK Fund | Total Nonmajor Governmental Funds |
|---|---------------------------|--------------|--|
| Revenues | | | |
| Earnings on investments | \$ - | \$ 13,959 | \$ 13,959 |
| Property taxes | | 1,589,721 | 1,589,721 |
| Intergovernmental - State | 817,744 | 1,335,809 | 2,153,553 |
| Total Revenues | 817,744 | 2,939,489 | 3,757,233 |
| Expenditures | | | |
| Facilities acquisition and construction | | 19,173 | 19,173 |
| Total Expenditures | - | 19,173 | 19,173 |
| Excess (Deficit) of Revenues over Expenditures | 817,744 | 2,920,316 | 3,738,060 |
| Other Financing Sources (Uses) | | | |
| Bond proceeds | | | - |
| Bond discount | | | - |
| Bond premium | | | - |
| Payment to refunded bond escrow agent | | | - |
| Transfers in | | | - |
| Transfers out | (827,838) | (2,920,316) | (3,748,154) |
| Total Other Financing Sources (Uses) | (827,838) | (2,920,316) | (3,748,154) |
| Change in Fund Balances | (10,094) | - | (10,094) |
| Fund balance, July 1, 2011 | 11,619 | 150,917 | 162,536 |
| Fund balance, June 30, 2012 | \$ 1,525 | \$ 150,917 | \$ 152,442 |

CHRISTIAN COUNTY SCHOOL DISTRICT

COMBINING STATEMENT OF FIDUCIARY NET ASSETS

AGENCY FUNDS

June 30, 2012

| | Belmont Elementary | Christian Co. High | Christian Co. Middle | Crofton Elementary | Holiday Elementary |
|---------------------------|--------------------------|-------------------------|----------------------------|----------------------------|----------------------------------|
| Assets | | | | | |
| Cash and cash equivalents | \$ 17,480 | \$ 132,197 | \$ 51,362 | \$ 4,687 | \$ 8,106 |
| Receivables | - | 779 | - | - | - |
| Total Assets | \$ 17,480 | \$ 132,976 | \$ 51,362 | \$ 4,687 | \$ 8,106 |
| Liabilities | | | | | |
| Accounts payable | \$ - | \$ 8,272 | \$ 11,538 | \$ 75 | \$ - |
| Due to student groups | 17,480 | 124,704 | 39,824 | 4,612 | 8,106 |
| Total Liabilities | \$ 17,480 | \$ 132,976 | \$ 51,362 | \$ 4,687 | \$ 8,106 |
| | Hopkinsville High | Hopkinsville Middle | Indian Hills Elementary | Lacy Elementary | Martin Luther King Elementary |
| Assets | | | | | |
| Cash and cash equivalents | \$ 233,545 | \$ 89,570 | \$ 28,711 | \$ 12,479 | \$ 20,446 |
| Receivables | - | - | - | 4,994 | - |
| Total Assets | \$ 233,545 | \$ 89,570 | \$ 28,711 | \$ 17,473 | \$ 20,446 |
| Liabilities | | | | | |
| Accounts payable | \$ 1,710 | \$ 5,407 | \$ 181 | \$ 1,377 | \$ - |
| Due to student groups | 231,835 | 84,163 | 28,530 | 16,096 | 20,446 |
| Total Liabilities | \$ 233,545 | \$ 89,570 | \$ 28,711 | \$ 17,473 | \$ 20,446 |
| | Millbrooke Elementary | North Drive Middle | Pembroke Elementary | Sinking Fork Elementary | South Christian Elementary |
| Assets | | | | | |
| Cash and cash equivalents | \$ 30,752 | \$ 59,508 | 35,427 | 31,584 | 36,868 |
| Receivables | - | - | - | 1,922 | - |
| Total Assets | \$ 30,752 | \$ 59,508 | \$ 35,427 | \$ 33,506 | \$ 36,868 |
| Liabilities | | | | | |
| Accounts payable | \$ 46 | \$ 4,727 | - | 567 | - |
| Due to student groups | 30,706 | 54,781 | 35,427 | 32,939 | 36,868 |
| Total Liabilities | \$ 30,752 | \$ 59,508 | \$ 35,427 | \$ 33,506 | \$ 36,868 |
| | Career & Tech Center | Total Agency Fund | | | |
| Assets | | | | | |
| Cash and cash equivalents | \$ 12,312 | \$ 805,034 | | | |
| Receivables | - | 7,695 | | | |
| Total Assets | \$ 12,312 | \$ 812,729 | | | |
| Liabilities | | | | | |
| Accounts payable | \$ - | \$ 33,900 | | | |
| Due to student groups | 12,312 | 778,829 | | | |
| Total Liabilities | \$ 12,312 | \$ 812,729 | | | |

CHRISTIAN COUNTY SCHOOL DISTRICT

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

June 30, 2012

| SCHOOL | CASH BALANCES July 1, 2011 | RECEIPTS | DISBURSE- MENTS | CASH BALANCES June 30, 2012 | RECEIVABLES June 30, 2012 | ACCOUNTS PAYABLE June 30, 2012 | DUE TO STUDENT GROUPS June 30, 2012 |
|---|----------------------------------|--------------------|---------------------|-----------------------------------|------------------------------|--------------------------------------|--|
| Belmont Elementary | \$ 6,509 | \$ 53,160 | \$ 42,189 | \$ 17,480 | \$ - | \$ - | \$ 17,480 |
| Christian County High | 118,020 | 614,963 | 600,786 | 132,197 | 779 | 8,272 | 124,704 |
| Christian County Middle | 48,822 | 152,205 | 149,665 | 51,362 | - | 11,538 | 39,824 |
| Crofton Elementary | 7,745 | 26,615 | 29,673 | 4,687 | - | 75 | 4,612 |
| Holiday Elementary | 10,197 | 57,436 | 59,527 | 8,106 | - | - | 8,106 |
| Hopkinsville High | 199,769 | 661,677 | 627,901 | 233,545 | - | 1,710 | 231,835 |
| Hopkinsville Middle | 64,881 | 195,265 | 170,576 | 89,570 | - | 5,407 | 84,163 |
| Indian Hills Elementary | 32,284 | 36,975 | 40,548 | 28,711 | - | 181 | 28,530 |
| Lacy Elementary | 6,345 | 72,902 | 66,768 | 12,479 | 4,994 | 1,377 | 16,096 |
| Martin Luther King Elementary | 17,453 | 42,980 | 39,987 | 20,446 | - | - | 20,446 |
| Millbrooke Elementary | 21,141 | 98,272 | 88,661 | 30,752 | - | 46 | 30,706 |
| North Drive Middle | 58,117 | 59,258 | 57,867 | 59,508 | - | 4,727 | 54,781 |
| Pembroke Elementary | 28,089 | 19,512 | 12,174 | 35,427 | - | - | 35,427 |
| Sinking Fork Elementary | 30,705 | 34,991 | 34,112 | 31,584 | 1,922 | 567 | 32,939 |
| South Christian Elementary | 35,215 | 32,672 | 31,019 | 36,868 | - | - | 36,868 |
| Christian County Career and Technical Center | 5,555 | 14,756 | 7,999 | 12,312 | - | - | 12,312 |
| | <u>\$ 690,847</u> | <u>\$2,173,639</u> | <u>\$ 2,059,452</u> | <u>\$ 805,034</u> | <u>\$ 7,695</u> | <u>\$ 33,900</u> | <u>\$ 778,829</u> |

CHRISTIAN COUNTY SCHOOL DISTRICT

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

CHRISTIAN COUNTY HIGH SCHOOL

YEAR ENDED JUNE 30, 2012

| NAME OF ACTIVITY | CASH | RECEIPTS | DISBURSEMENTS | CASH | RECEIVABLES | ACCOUNTS PAYABLE | DUE TO |
|------------------------|--------------|-----------|---------------|---------------|---------------|------------------|---------------|
| | BALANCES | | | BALANCES | | | STUDENT |
| | July 1, 2011 | | | June 30, 2012 | June 30, 2012 | June 30, 2012 | GROUPS |
| | | | | | | | June 30, 2012 |
| General | \$ 1,101 | \$ 21,977 | \$ 14,977 | \$ 8,101 | \$ 779 | \$ 105 | \$ 8,775 |
| General Fee | 88 | 5,653 | 5,456 | 285 | - | - | 285 |
| Free & Reduced Lunch | 14,292 | - | 14,292 | - | - | - | - |
| PD CHHS | - | 1,668 | 937 | 731 | - | - | 731 |
| Hoods Teachers | 109 | - | 109 | - | - | - | - |
| GI-Instructional | - | - | - | - | - | - | - |
| Building Rental | - | - | - | - | - | - | - |
| Guidance | - | 14,019 | 13,728 | 291 | - | - | 291 |
| Drivers Ed | 1,632 | 4,196 | 5,828 | - | - | - | - |
| General Administrative | - | 60 | 41 | 19 | - | - | 19 |
| Book Rental Fees | 3,663 | 9,864 | 7,986 | 5,541 | - | - | 5,541 |
| Energy Incentive | - | 27,204 | 15,932 | 11,272 | - | - | 11,272 |
| CATS Rewards | - | - | - | - | - | - | - |
| CTV | 418 | - | 418 | - | - | - | - |
| Kris Rewards student | - | - | - | - | - | - | - |
| AP College BD | 1,834 | 364 | 2,198 | - | - | - | - |
| Concessions | 48 | - | 48 | - | - | - | - |
| Teachers Concessions | 238 | 3,129 | 2,966 | 401 | - | - | 401 |
| Athletic General | - | 191,751 | 188,353 | 3,398 | - | 967 | 2,431 |
| Hall of Fame | 1,895 | 50 | - | 1,945 | - | - | 1,945 |
| Soccer | - | - | - | - | - | - | - |
| Girls Soccer | - | - | - | - | - | - | - |
| Football | - | 3,313 | 3,313 | - | - | - | - |
| Toyota Football | - | - | - | - | - | - | - |
| Boys Cross Country | - | - | - | - | - | - | - |
| Girls Cross Country | - | - | - | - | - | - | - |
| Wrestling | - | - | - | - | - | - | - |
| Girls Basketball | - | - | - | - | - | - | - |
| Boys Basketball | - | - | - | - | - | - | - |
| Boys Christmas Bball | - | - | - | - | - | - | - |
| Boys Track | - | - | - | - | - | - | - |
| Girls Track | - | - | - | - | - | - | - |
| Baseball | - | - | - | - | - | - | - |
| Softball | - | 17 | 17 | - | - | - | - |
| Step Team | - | 560 | 430 | 130 | - | - | 130 |
| Girls Golf | - | - | - | - | - | - | - |
| Boys Tennis | - | - | - | - | - | - | - |
| Girls Tennis | - | - | - | - | - | - | - |
| Volleyball | - | - | - | - | - | - | - |
| Weight Lifting | - | - | - | - | - | - | - |
| Athletic Cheerleading | - | - | - | - | - | - | - |
| Athletic Concession | 2,939 | 70 | 3,009 | - | - | - | - |
| Rings State Champ | 6,669 | - | 6,669 | - | - | - | - |
| Activity Fee | 2,542 | 27,238 | 25,486 | 4,294 | - | - | 4,294 |
| Academic Team | 50 | 928 | 978 | - | - | - | - |
| Auxillary Club | - | - | - | - | - | - | - |
| A-Club | - | - | - | - | - | - | - |
| Dance Team | 3,585 | 2,483 | 3,924 | 2,144 | - | - | 2,144 |
| Drama Club | 66 | 760 | 801 | 25 | - | - | 25 |
| Environmental Club | 180 | - | 180 | - | - | - | - |
| FBLA | 1,562 | 7,743 | 8,474 | 831 | - | - | 831 |
| FBLA Bookstore | - | - | - | - | - | - | - |
| FCA | 137 | 45 | - | 182 | - | - | 182 |
| AG | 5,133 | 42,430 | 37,521 | 10,042 | - | - | 10,042 |
| Freshman Class | - | - | - | - | - | - | - |
| FCCLA | 41 | 2,100 | 2,141 | - | - | - | - |
| Field Trip | - | 69,958 | 69,958 | - | - | - | - |
| Jr. Civitan | - | - | - | - | - | - | - |
| Gifted Resources | - | - | - | - | - | - | - |
| Colonel Graphics | 382 | 320 | 164 | 538 | - | - | 538 |
| Crime Stoppers | 509 | - | 200 | 309 | - | - | 309 |
| Key Club | 509 | 2,975 | 2,442 | 1,042 | - | - | 1,042 |
| KYA | - | - | - | - | - | - | - |

CHRISTIAN COUNTY SCHOOL DISTRICT

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

CHRISTIAN COUNTY HIGH SCHOOL

YEAR ENDED JUNE 30, 2012

| NAME OF ACTIVITY | CASH | | | CASH BALANCES June 30, 2012 | RECEIVABLES June 30, 2012 | ACCOUNTS PAYABLE June 30, 2012 | DUE TO STUDENT GROUPS June 30, 2012 |
|---------------------------|--------------------------|------------|--------------------|-----------------------------------|------------------------------|--------------------------------------|--|
| | BALANCES July 1, 2011 | RECEIPTS | DISBURSE- MENTS | | | | |
| Gentlemen's Club | 83 | - | - | 83 | - | - | 83 |
| NHS | 826 | 1,498 | 1,341 | 983 | - | 520 | 463 |
| NSSP Sportmans | 351 | - | 351 | - | - | - | - |
| Octamiss | 133 | 190 | 150 | 173 | - | - | 173 |
| Pep Club | - | - | - | - | - | - | - |
| Speech Team | - | - | - | - | - | - | - |
| Sr Beta | 943 | 2,211 | 2,551 | 603 | - | - | 603 |
| Special Topics | 227 | - | 227 | - | - | - | - |
| Prof. Careers | 374 | - | 100 | 274 | - | - | 274 |
| H.Shuford's Class | - | - | - | - | - | - | - |
| Jr. Beta Club | 337 | - | 337 | - | - | - | - |
| Student Council | 6,405 | 4,980 | 6,414 | 4,971 | - | - | 4,971 |
| SADD | - | - | - | - | - | - | - |
| Y Club | - | - | - | - | - | - | - |
| Band Debt | - | - | - | - | - | - | - |
| STLP | 36 | 374 | 311 | 99 | - | - | 99 |
| Band Fees | 5,104 | 15,089 | 17,885 | 2,308 | - | - | 2,308 |
| Art | 2,720 | 3,039 | 4,272 | 1,487 | - | - | 1,487 |
| Choral Music | - | - | - | - | - | - | - |
| Catering Willey | 191 | - | 191 | - | - | - | - |
| Drill Tem | - | - | - | - | - | - | - |
| Creative Writing | 14 | - | 14 | - | - | - | - |
| English | 6,606 | 4,902 | 8,214 | 3,294 | - | - | 3,294 |
| Humanities | 1,838 | 1,105 | 453 | 2,490 | - | - | 2,490 |
| First Colonel Bank | - | - | - | - | - | - | - |
| Foreign Language | 55 | 3 | 58 | - | - | - | - |
| Physical Education | - | 900 | 420 | 480 | - | - | 480 |
| Security Athletic | - | - | - | - | - | - | - |
| Peer Tutoring Read | 617 | - | 617 | - | - | - | - |
| Jag Program | 75 | - | 75 | - | - | - | - |
| ESS | 286 | - | - | 286 | - | - | 286 |
| Science Fees | 6,880 | 8,690 | 6,536 | 9,034 | - | - | 9,034 |
| Sign Language | - | - | - | - | - | - | - |
| Theatre Arts Fee | 256 | 3 | - | 259 | - | - | 259 |
| KYA | - | 4,715 | 4,715 | - | - | - | - |
| Hill Walmart | - | - | - | - | - | - | - |
| ROTC1 | 926 | 3,324 | 3,750 | 500 | - | - | 500 |
| Choir | 1,155 | 2,126 | 2,045 | 1,236 | - | - | 1,236 |
| FCS (Home Ec) | 556 | 2,827 | 3,383 | - | - | - | - |
| Business Fees | 1,410 | 2,504 | 2,697 | 1,217 | - | - | 1,217 |
| Math Fees | 3,060 | 2,415 | 1,541 | 3,934 | - | - | 3,934 |
| Boys Basketball Boosters | - | - | - | - | - | - | - |
| Girls Golf Booster | - | - | - | - | - | - | - |
| Midsouth Tourn. | - | - | - | - | - | - | - |
| Girls Basketball Boosters | - | - | - | - | - | - | - |
| Cross Country Boosters | - | - | - | - | - | - | - |
| Cheerleading V&JV | 7,853 | 11,164 | 9,817 | 9,200 | - | - | 9,200 |
| Tennis Boosters | - | - | - | - | - | - | - |
| Volleyball Boosters | - | - | - | - | - | - | - |
| Yearbook | 3,543 | 24,653 | 20,456 | 7,740 | - | 6,680 | 1,060 |
| Pictures Commission | 3,087 | - | 3,087 | - | - | - | - |
| Agenda/Donations | 8 | - | 8 | - | - | - | - |
| Band Long Distance | - | - | - | - | - | - | - |
| Colonel Capers | - | - | - | - | - | - | - |
| Library | 399 | 766 | 341 | 824 | - | - | 824 |
| Poetry Library | 9 | - | 9 | - | - | - | - |
| Prom | 6,490 | 9,864 | 8,805 | 7,549 | - | - | 7,549 |
| Renaissance | 955 | 35 | 897 | 93 | - | - | 93 |
| Quarles/Owen CBI | - | 1,844 | 1,843 | 1 | - | - | 1 |
| Buchanan CBI | 1,248 | 1,062 | 2,139 | 171 | - | - | 171 |
| Wood CBI | - | 1,935 | 1,935 | - | - | - | - |
| YSC D.Pyle | 2,048 | 11,675 | 10,341 | 3,382 | - | - | 3,382 |
| Project Graduation | - | 86,529 | 69,477 | 17,052 | - | - | 17,052 |
| Student Health | 184 | - | 126 | 58 | - | - | 58 |
| Marie Price Scholars | 50 | - | - | 50 | - | - | 50 |
| Running Club | - | 674 | 674 | - | - | - | - |
| FFA Scholarships | 1,060 | 785 | 1,000 | 845 | - | - | 845 |
| Sub total | \$ 118,020 | \$ 652,756 | \$ 638,579 | \$ 132,197 | \$ 779 | \$ 8,272 | \$ 124,704 |
| Interfund Transfers | - | 37,793 | 37,793 | - | - | - | - |
| Total | \$ 118,020 | \$ 614,963 | \$ 600,786 | \$ 132,197 | \$ 779 | \$ 8,272 | \$ 124,704 |

CHRISTIAN COUNTY SCHOOL DISTRICT

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

HOPKINSVILLE HIGH SCHOOL

YEAR ENDED JUNE 30, 2012

| NAME OF ACTIVITY | CASH | RECEIPTS | DISBURSE- MENTS | CASH | RECEIVABLES | ACCOUNTS PAYABLE | DUE TO |
|--------------------------|--------------------------|----------|--------------------|---------------------------|-------------|---------------------|---------------|
| | BALANCES July 1, 2011 | | | BALANCES June 30, 2012 | | | June 30, 2012 |
| Pepsi | \$ 704 | \$ - | \$ - | \$ 704 | \$ - | \$ - | \$ 704 |
| Journalism | 336 | 30 | - | 366 | - | - | 366 |
| AYD | 951 | - | 390 | 561 | - | - | 561 |
| Field Trip Wages | 6,183 | 40,100 | 45,295 | 988 | - | - | 988 |
| Broadcasting | - | - | - | - | - | - | - |
| Book Rental | 2,482 | 3,360 | 2,482 | 3,360 | - | - | 3,360 |
| Book Obligations | 23,208 | 217,858 | 231,783 | 9,283 | - | - | 9,283 |
| Student Agenda | - | - | - | - | - | - | - |
| HHS Ping Pong Club | 186 | - | - | 186 | - | - | 186 |
| Lockers | 4,912 | 3,020 | - | 7,932 | - | - | 7,932 |
| Parking Permits | 8,409 | 2,068 | - | 10,477 | - | 500 | 9,977 |
| Vending Machines | 1,266 | 9,371 | 1,159 | 9,478 | - | - | 9,478 |
| Teachers Drinks | 1,417 | 3,262 | 3,906 | 773 | - | 78 | 695 |
| Teacher Incentives | - | - | - | - | - | - | - |
| Athletic Department | 40,357 | 160,401 | 143,117 | 57,641 | - | 100 | 57,541 |
| Claiborne/Toyota | - | - | - | - | - | - | - |
| Baseball | 1,615 | 5,600 | 7,210 | 5 | - | - | 5 |
| Boys Basketball | 2,034 | 4,404 | 1,492 | 4,946 | - | 650 | 4,296 |
| Girls Basketball | 240 | 1,360 | 1,500 | 100 | - | - | 100 |
| Cross Country | 36 | 1,471 | 898 | 609 | - | - | 609 |
| Football | 404 | 13,895 | 13,139 | 1,160 | - | - | 1,160 |
| Soccer | - | 168 | - | 168 | - | - | 168 |
| Girls Soccer | 2,240 | 2,256 | 2,125 | 2,371 | - | - | 2,371 |
| Softball | 1,397 | 2,043 | 1,399 | 2,041 | - | - | 2,041 |
| Swim Team | 1,305 | 185 | 646 | 844 | - | - | 844 |
| Track | 315 | 1,371 | - | 1,686 | - | - | 1,686 |
| Wrestling | 1,405 | 2,326 | 1,445 | 2,286 | - | - | 2,286 |
| Volleyball | - | 3,591 | 268 | 3,323 | - | - | 3,323 |
| Cheerleaders | 243 | 9,248 | 5,318 | 4,173 | - | - | 4,173 |
| Dance | 100 | 5,639 | 3,101 | 2,638 | - | - | 2,638 |
| Beta Club | 3,895 | 720 | 926 | 3,689 | - | - | 3,689 |
| Drama Club | 1,031 | 1,016 | 930 | 1,117 | - | - | 1,117 |
| FBLA | 935 | 8,056 | 8,302 | 689 | - | - | 689 |
| FFA | 12,383 | 25,484 | 23,262 | 14,605 | - | 137 | 14,468 |
| Key Club | - | - | - | - | - | - | - |
| Spanish Club | 20 | 99 | 118 | 1 | - | - | 1 |
| National Honor Society | 4,378 | - | 524 | 3,854 | - | - | 3,854 |
| Renaissance | 807 | 500 | 964 | 343 | - | - | 343 |
| Science Olympiad | 5 | 2,070 | 1,950 | 125 | - | - | 125 |
| Student Council | 1,267 | 6,364 | 4,574 | 3,057 | - | - | 3,057 |
| Art | 291 | 614 | 150 | 755 | - | - | 755 |
| Band | 1,429 | 12,431 | 9,036 | 4,824 | - | 195 | 4,629 |
| Marching Band | 1,695 | 15,976 | 7,829 | 9,842 | - | - | 9,842 |
| Business | 2,997 | 2,271 | 2,489 | 2,779 | - | - | 2,779 |
| English | 5,212 | 4,199 | 5,391 | 4,020 | - | - | 4,020 |
| Health Occupations | 178 | 196 | 160 | 214 | - | - | 214 |
| Family, Consumer Science | 2,998 | 1,422 | 3,534 | 886 | - | - | 886 |
| JROTC | 1,118 | 12,244 | 11,575 | 1,787 | - | - | 1,787 |
| Math | 2,886 | 2,319 | 4,447 | 758 | - | - | 758 |
| Science | 1,766 | 2,988 | 2,179 | 2,575 | - | - | 2,575 |
| Vocal Music | 1,918 | 6,128 | 5,159 | 2,887 | - | - | 2,887 |
| Student Technology | 6,335 | 5,002 | 1,392 | 9,945 | - | - | 9,945 |
| Weightlifting | 2,268 | 5,922 | 6,439 | 1,751 | - | - | 1,751 |
| Lifetime Activities | 8 | - | 8 | - | - | - | - |
| Fresh. Class | - | - | - | - | - | - | - |
| Soph. Class | - | - | - | - | - | - | - |
| JR. Class | 5,369 | 6,503 | 9,448 | 2,424 | - | 50 | 2,374 |
| SR. Class | 3,672 | 1,696 | 2,061 | 3,307 | - | - | 3,307 |

CHRISTIAN COUNTY SCHOOL DISTRICT

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

HOPKINSVILLE HIGH SCHOOL

YEAR ENDED JUNE 30, 2012

| NAME OF ACTIVITY | CASH | | DISBURSE- MENTS | CASH | | RECEIVABLES | ACCOUNTS PAYABLE | DUE TO STUDENT GROUPS |
|----------------------|--------------------------|------------|--------------------|---------------------------|---------------|-------------|---------------------|-----------------------------|
| | BALANCES July 1, 2011 | RECEIPTS | | BALANCES June 30, 2012 | June 30, 2012 | | | |
| Guidance | 1,084 | 1,140 | 961 | 1,263 | - | - | - | 1,263 |
| Guidance Testing | 2,539 | 20,632 | 23,033 | 138 | - | - | - | 138 |
| Library | 314 | - | - | 314 | - | - | - | 314 |
| Yearbook | 13,509 | 18,831 | 18,234 | 14,106 | - | - | - | 14,106 |
| FCCLA | 241 | 1,548 | 1,454 | 335 | - | - | - | 335 |
| HOSA | - | 90 | 90 | - | - | - | - | - |
| Community Base Grant | - | 1,151 | 1,151 | - | - | - | - | - |
| CBI 2 | 100 | 1,303 | 1,233 | 170 | - | - | - | 170 |
| Debate & Speech | 201 | 143 | 100 | 244 | - | - | - | 244 |
| Accounting Club | - | 100 | - | 100 | - | - | - | 100 |
| Office Operation | 59 | - | 42 | 17 | - | - | - | 17 |
| Hclub | 23 | - | - | 23 | - | - | - | 23 |
| Team Sports | 236 | - | 236 | - | - | - | - | - |
| STLP | 1,199 | - | 423 | 776 | - | - | - | 776 |
| KYA | 3,360 | 15,515 | 17,935 | 940 | - | - | - | 940 |
| FCA | 27 | 89 | - | 116 | - | - | - | 116 |
| Step Team | - | 580 | 545 | 35 | - | - | - | 35 |
| Tri-M | 1,472 | - | 708 | 764 | - | - | - | 764 |
| PE/Health | 1,279 | 3,564 | 2,516 | 2,327 | - | - | - | 2,327 |
| NAHS | 43 | - | - | 43 | - | - | - | 43 |
| Social Studdies | 158 | 189 | 347 | - | - | - | - | - |
| JROTC Color Guard | 977 | 350 | 104 | 1,223 | - | - | - | 1,223 |
| HHS Ruff Scholarship | 1,000 | - | 1,000 | - | - | - | - | - |
| School Newspaper | 197 | - | - | 197 | - | - | - | 197 |
| Drama Class | 634 | - | 248 | 386 | - | - | - | 386 |
| Rotary Fund | 1,896 | 16,489 | 17,035 | 1,350 | - | - | - | 1,350 |
| Special Trip Account | 2,150 | 2,680 | 2,496 | 2,334 | - | - | - | 2,334 |
| Tigers & Stitches | 6 | - | - | 6 | - | - | - | 6 |
| Tiger Law Society | - | 477 | 230 | 247 | - | - | - | 247 |
| Humanities Club | - | 796 | 692 | 104 | - | - | - | 104 |
| Energy Incentive | - | 1,622 | 1,621 | 1 | - | - | - | 1 |
| HHS I-20 | - | 2,605 | 2,355 | 250 | - | - | - | 250 |
| Background Check | - | - | - | - | - | - | - | - |
| Youth Service Center | - | 526 | 342 | 184 | - | - | - | 184 |
| Tiger Take Out | - | 607 | 317 | 290 | - | - | - | 290 |
| Money Skills Class | - | 500 | 30 | 470 | - | - | - | 470 |
| HHS SOS | 98 | - | - | 98 | - | - | - | 98 |
| Senior Trip | 361 | - | - | 361 | - | - | - | 361 |
| Sub total | \$ 199,769 | \$ 708,774 | \$ 674,998 | \$ 233,545 | \$ - | \$ 1,710 | \$ 231,835 | |
| Interfund Transfers | - | 47,097 | 47,097 | - | - | - | - | |
| Total | \$ 199,769 | \$ 661,677 | \$ 627,901 | \$ 233,545 | \$ - | \$ 1,710 | \$ 231,835 | |

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

CHRISTIAN COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2012

| <u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR / PROGRAM TITLE</u> | <u>FEDERAL CFDA NUMBER</u> | <u>PASS THROUGH GRANTOR'S NUMBER</u> | <u>FEDERAL EXPENDITURES</u> |
|---|------------------------------------|--|---------------------------------|
| <u>U.S. DEPARTMENT OF AGRICULTURE</u> | | | |
| Child Nutrition Cluster - Cash Assistance Passed Through State Department of Education National School Lunch Program | 10.555 | 7750002-11 7750002-12 | \$ 613,661 2,321,641 |
| School Breakfast Program | 10.553 | 7760005-11 7760005-12 | 222,202 867,824 |
| Summer Food Service Program for Children | 10.559 | 7690024-11 7740023-11 7740023-12 | 2,035 20,895 51,004 |
| Non-Cash Assistance (Commodities) National School Lunch Program | 10.555 | 057502-02 | <u>293,715</u> |
| TOTAL CHILD NUTRITION CLUSTER | | | <u>4,392,977</u> |
| Passed Through State Department of Education Fresh Fruit and Vegetable Program | 10.582 | 77200012-11 77200012-12 | 36,096 53,392 |
| | | | <u>89,488</u> |
| TOTAL U.S. DEPT. OF AGRICULTURE | | | <u>4,482,465</u> |
| <u>U.S. DEPARTMENT OF DEFENSE</u> | | | |
| National Guard Challenge Program | 12.404 | 5041 5042 | 12,392 113,375 |
| | | | <u>125,767</u> |
| Competitive Grants: Promoting K-12 Student Achievement at Military Connected Schools | 12.556 | 6352 | <u>281,105</u> |
| TOTAL U.S. DEPARTMENT OF DEFENSE | | | <u>406,872</u> |
| <u>U.S. DEPARTMENT OF LABOR</u> | | | |
| Passed Through Western Kentucky Area Development District WIA Youth Activities | 17.259 | 5882 | 92,614 |
| Passed Through Kentucky State Treasurer ARRA - WIA Dislocated Workers | 17.260 | 3822 | <u>25,400</u> |
| TOTAL U.S. DEPARTMENT OF LABOR | | | <u>118,014</u> |
| <u>U.S. DEPARTMENT OF ENERGY</u> | | | |
| Passed Through Kentucky Department of Energy Development and Independence State Energy Program | 81.041 | 5692 | <u>30,048</u> |
| TOTAL U.S. DEPARTMENT OF ENERGY | | | <u>30,048</u> |

CHRISTIAN COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

YEAR ENDED JUNE 30, 2012

| FEDERAL GRANTOR/PASS-THROUGH GRANTOR / PROGRAM TITLE | FEDERAL CFDA NUMBER | PASS THROUGH GRANTOR'S NUMBER | FEDERAL EXPENDITURES |
|--|---------------------------|---|---|
| Passed Through State Department of Education Title I Grants to Local Educational Agencies | 84.010 | 3101 3101D 3101M 3101T 3102 3102D 3102M 3102T 3132 3132T 3141 3142 3200 3201 3202 | 804,476 209,352 2,550 5,392 3,311,347 174,776 36,144 22,151 18,817 1,882 68,550 76,787 244,960 323,380 58,917 |
| | | | <u>5,359,481</u> |
| ARRA - Title I Grants to Local Educational Agencies, Recovery Act | 84.389 | 3919 3919D 3919M 3919T | 260,194 223,800 7,695 103,241 |
| | | | <u>594,930</u> |
| TOTAL TITLE I, PART A CLUSTER | | | <u>5,954,411</u> |
| Special Education Cluster (IDEA) - Passed Through State Department of Education | | | |
| Special Education - Grants to States | 84.027 | 3370P 3371 3371P 3372 3372C | 33,738 303,295 16,407 1,623,933 85,720 |
| | | | <u>2,063,093</u> |
| Special Education - Preschool Grants | 84.173 | 3430 3430P 3431 3431P 3432 | 6,913 2,661 166,870 6,835 11,881 |
| | | | <u>195,160</u> |
| ARRA - Special Education - Grants to States (Idea, Part B), Recovery Act | 84.391 | 4249 | 579,459 |
| ARRA - Special Education - Preschool Grants (Idea Preschool), Recovery Act | 84.392 | 4239 | 44,306 |
| TOTAL SPECIAL EDUCATION CLUSTER (IDEA) | | | <u>2,882,018</u> |

CHRISTIAN COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

YEAR ENDED JUNE 30, 2012

| <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> |
|---|------------------------------------|--|--|
| Education Technology State Grants Cluster - Passed Through State Department of Education | | | |
| Education Technology State Grants | 84.318 | 4251 | 16,412 |
| ARRA - Education Technology State Grants, Recovery Act | 84.386 | 4850 | <u>18,917</u> |
| TOTAL EDUCATION TECHNOLOGY STATE GRANTS CLUSTER | | | <u>35,329</u> |
| School Improvement Grants Cluster Passed Through State Department of Education | | | |
| School Improvement Grants | 84.377 | 4601 | 390,581 |
| ARRA - School Improvement Grants, Recovery Act | 84.388A | 5600A 5600B | 192,317 <u>345,068</u> |
| TOTAL SCHOOL IMPROVEMENT GRANTS CLUSTER | | | <u>927,966</u> |
| <u>OTHER U.S. DEPARTMENT OF EDUCATION PROGRAMS</u> | | | |
| Impact Aid | | | |
| | 84.041 | GF | 228,068 |
| Passed Through State Department of Education | | | |
| Migrant Education - State Grants Program | | | |
| | 84.011 | 3111 3112 | 8,093 <u>96,941</u> |
| | | | <u>105,034</u> |
| Vocational Education - Basic Grants to States | | | |
| | 84.048 | 3481 3481A 3482 | 3,294 6,588 <u>116,393</u> |
| | | | <u>126,275</u> |
| Rehabilitation Services - Vocational Rehabilitation Grants to States | | | |
| | 84.126 | GF | 14,600 |
| Safe and Drug Free Schools and Communities - State Grants | | | |
| | 84.186 | 4060 | 1,126 |
| Twenty-First Century Community Learning Centers | | | |
| | 84.287 | 5500 5500q 5500z 5501 5501s | 33,655 2,000 28,000 126,162 <u>5,000</u> |
| | | | <u>194,817</u> |
| English Language Acquisition Grants | | | |
| | 84.365 | 3451 3452 | 13,643 <u>416</u> |
| | | | <u>14,059</u> |
| Improving Teacher Quality - State Grants | | | |
| | 84.367 | 4011 4012 | 100,306 <u>522,515</u> |
| | | | <u>622,821</u> |
| Education Jobs | | | |
| | 84.410 | 4411 | 1,319,145 |
| Race to the Top | | | |
| | 84.413 | 4521 | <u>3,317</u> |
| TOTAL U.S. DEPARTMENT OF EDUCATION | | | <u>12,428,986</u> |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | <u>\$ 17,466,385</u> |

CHRISTIAN COUNTY SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2012

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Christian County School District under programs of the federal government for the year ended June 30, 2012. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of Christian County School District, it is not intended to and does not present the financial position, changes in net assets or cash flows of Christian County School District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – FOOD DISTRIBUTION

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

NOTE D – SUBRECIPIENTS

There were no subrecipients during the fiscal year.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

CHRISTIAN COUNTY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012

Section I-Summary of Auditor's Results

Financial Statements

Type of auditor's report issued (unqualified):

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted?

yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes none reported

Type of auditor's report issued on compliance for major programs (unqualified):

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?

yes no

Section I-Summary of Auditor's Results - Continued

Identification of major programs:

| CFDA Number | Federal Program or Cluster |
|---|---|
| DEPARTMENT OF AGRICULTURE | |
| 10.553 | School Breakfast Program |
| 10.555 | National School Lunch Program |
| 10.559 | Summer Food Service Program for Children |
| DEPARTMENT OF DEFENSE | |
| 12.556 | Competitive Grants: Promoting K-12 Student Achievement at Military Connected Schools |
| DEPARTMENT OF EDUCATION | |
| Title I, Part A Cluster | |
| 84.010 | Title I Grants to Local Educational Agencies |
| 84.389 | ARRA - Title I Grants to Local Educational Agencies, Recovery Act |
| Special Education Cluster (IDEA) - | |
| 84.027 | Special Education - Grants to States |
| 84.173 | Special Education - Preschool Grants |
| 84.391 | ARRA - Special Education - Grants to States (Idea, Part B), Recovery Act |
| 84.392 | ARRA - Special Education - Preschool Grants (Idea Preschool), Recovery Act |
| School Improvement Grants Cluster | |
| 84.377 | School Improvement Grants |
| 84.388A | ARRA - School Improvement Grants, Recovery Act |

Dollar threshold used to distinguish
Between type A and type B programs:

\$ 523,992

Auditee qualified as low-risk auditee?

yes no

Section II – Financial Statement Findings

MATERIAL WEAKNESSES

REFERENCE NUMBER 2012-01 ADJUSTMENTS

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

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

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

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

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

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

Section III – Federal Award Findings and Questioned Costs

REFERENCE NUMBER 2012-02

DEPARTMENT OF EDUCATION – CFDA No. 84.027, 84.173, 84.391 and 84.392 – Year ended June 30, 2012 – Passed through Kentucky Department of Education

Criteria: The District follows Kentucky model procurement law in bidding out expenditure items.

Condition: As part of the audit we noted several instances where items were not bid.

Cause: The District did bid out the items.

Context: – A sample of 40 non-payroll transactions totaling \$26,717 was selected for audit from a population totaling \$644,825. The test found that two transactions were not in compliance with questioned costs totaling \$907.53.

Effect: The District did not follow Kentucky model procurement law and the costs may be disallowed.

Recommendation: We recommend District management and financial personnel follow Kentucky model procurement law.

Management Response: Management has implemented procedures as of September 24, 2012 to correct this matter.

Section III – Federal Award Findings and Questioned Costs

REFERENCE NUMBER 2012-03

DEPARTMENT OF EDUCATION – CFDA No. 84.010 and 84.389 – Year ended June 30, 2012 – Passed through Kentucky Department of Education

Criteria: The District follows Kentucky model procurement law in bidding out expenditure items.

Condition: As part of the audit we noted several instances where items were not bid.

Cause: The District did bid out the items.

Context: – A sample of 40 non-payroll transactions totaling \$42,132 was selected for audit from a population totaling \$1,836,801. The test found that two transactions were not in compliance with questioned costs totaling \$963.66.

Effect: The District did not follow Kentucky model procurement law and the costs may be disallowed.

Recommendation: We recommend District management and financial personnel follow Kentucky model procurement law.

Management Response: Management has implemented procedures as of September 24, 2012 to correct this matter.

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

CHRISTIAN COUNTY SCHOOL DISTRICT

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

June 30, 2012

DEPARTMENT OF EDUCATION

FINDING 2011-04: Special Education Cluster

Condition: The finding was a material weakness and resulted in questioned costs of \$27,629.06 for a lack of documentation of preparation of personnel activity reports and/or periodic certifications for employees.

Recommendation: The auditor recommended that procedures be implemented requiring the completion of personnel activity reports and/or periodic certifications for employees.

Current Status: The finding was corrected during the current fiscal year.

DEPARTMENT OF EDUCATION

FINDING 2011-05: Title I Cluster

Condition: The finding was a material weakness and resulted in questioned costs of \$5,315.20 for not purchasing items under Kentucky Bid law.

Recommendation: The auditor recommended that procedures be implemented requiring items be bid as required.

Current Status: The finding was repeated during the current fiscal year as item 2012-03.

**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**

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Christian County School District as of and for the year ended June 30, 2012, which collectively comprise the Christian County School District's basic financial statements and have issued our report thereon dated September 24, 2012. 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 Appendices I, II III and IV of the *Independent Auditor's Contract*.

Internal Control Over Financial Reporting

Management of Christian County Board of Education is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Christian County Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect 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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item 2012-01 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Christian County Board of Education'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 *Appendix II of the Independent Auditor's Contract – State Audit Requirements*.

We also noted certain additional matters that we have reported to the management of Christian County School District in a separate letter dated September 24, 2012.

Christian County School District's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Christian County School District's response and, accordingly, we express no opinion on it.

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



Certified Public Accountants
September 24, 2012

**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
Christian County School District
Hopkinsville, Kentucky

Compliance

We have audited Christian County Board of Education's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Christian County School District's major federal programs for the year ended June 30, 2012. Christian County School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Christian County School District's management. Our responsibility is to express an opinion on Christian County School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133 and the requirements prescribed by the Kentucky State Committee for School District Audits in Appendices I, II III and IV of the Independent Auditor's Contract. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Christian 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. Our audit does not provide a legal determination of Christian County School District's compliance with those requirements.

In our opinion, Christian County School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2012-02 and 2012-03.

Internal Control Over Compliance

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

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

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

Christian County School District's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Christian County School District's response and, accordingly, we express no opinion on it.

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



Certified Public Accountants
September 24, 2012

MANAGEMENT LETTER AND COMMENTS

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

In planning and performing our audit of the basic financial statements of Christian County School District for the year ended June 30, 2012, 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 24, 2012, contains our report on the District's internal control. This letter does not affect our report dated September 24, 2012, on the financial statements of the Christian County School District.

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

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

Stiles, Carter & Associates

Certified Public Accountants
September 24, 2012

CHRISTIAN COUNTY SCHOOL DISTRICT

COMMENTS

June 30, 2012

PRIOR YEAR UNCORRECTED COMMENTS

BELMONT ELEMENTARY SCHOOL

INVENTORY CONTROL

We noted F-SA-5, Inventory Control Worksheet, for the bookstore was not on file.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

MULTIPLE RECEIPT FORMS

We noted the following deposits without F-SA-6, Multiple Receipt Forms on file: deposit dated 9/20/11 for \$984.34 and deposit dated 2/8/12 for \$941.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

CHRISTIAN COUNTY HIGH SCHOOL

TICKET SALES

We noted the F-SA-1, Requisition and Report of Ticket Sales, for the 9/16/11 football game did not have the ending ticket on file.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

BOOSTER CLUBS

We noted the following lack of proper procedures for booster club documentation: the Golf Boosters did not have a list of officers or an Annual Financial Report on file, Football, Volleyball, Soccer, Choir, Basketball and Baseball Boosters did not have a budget on file and the Wrestling Boosters did not have an Annual Financial Report on file.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

CHRISTIAN COUNTY SCHOOL DISTRICT

COMMENTS - CONTINUED

June 30, 2012

CHRISTIAN COUNTY MIDDLE SCHOOL

FUNDRAISERS

We noted the following violations of Redbook fundraising procedures: the Football Homecoming Dance fundraiser did not have F-SA-1, Fundraisers Approval, or F-SA-2B, Fundraisers Worksheet, on file and the Academic Team Candle Sales fundraiser did not have F-SA-2B, Fundraisers Worksheet, on file.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

TICKET SALES

We noted F-SA-1, Requisition and Report of Ticket Sales, for the 9/27/11 football game did not have separate signatures or initials for the ticket seller and ticket taker.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

HOLIDAY ELEMENTARY SCHOOL

RECEIPTS PROCEDURES

We noted the following deposits do not have checks individually listed on the deposit slip or copies of checks are not attached to the deposit documentation: deposit of \$337.67 dated 9/13/11, deposit of \$1,405.99 dated 2/22/12 and deposit of \$1,783.08 dated 4/23/12.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

HOPKINSVILLE HIGH SCHOOL

FUNDRAISERS

We noted that the FFA beef jerky fundraiser F-SA-2B, Fundraiser Worksheet, was not properly completed as total receipts for beef jerky sales were not listed and the Boys Basketball fundraiser for Tiger Cards did not have F-SA-2B on file.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

TICKET SALES

We noted F-SA-1, Requisition and Report of Ticket Sales, for the 9/30/2011 football game back gate sales did not have the ending adult or student tickets attached to the form.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

BOOSTER CLUBS

We noted the following violations of Redbook requirements for booster clubs: Boys Soccer Booster Club, Boys Basketball Booster Club, Cheer Booster Club, Band Booster Club and Swim Booster Club did not have budgets on file and the Boys Soccer Booster Club, Wrestling Booster Club, Cheer Booster Club and Band Booster Club did not have AFRs on file.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

CHRISTIAN COUNTY SCHOOL DISTRICT

COMMENTS - CONTINUED

June 30, 2012

LACY ELEMENTARY SCHOOL

FUNDRAISERS

We noted F-SA-2B, Fundraiser Worksheet was not completed for Calendar Sales.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

MULTIPLE RECEIPT FORMS

We noted the following deposits did not have F-SA-6, Multiple Receipt Forms, on file for cash and checks received and did not retain copies of checks with deposit documentation: deposit of \$980.00, dated 2/24/12 and deposit of \$1,531.35, dated 4/26/12.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

MARTIN LUTHER KING, JR. ELEMENTARY SCHOOL

UNTIMELY DEPOSIT

We noted a deposit for \$1,439.50 dated 4/19/12 had a F-SA-6, Multiple Receipt Form, for \$84.75 and a F-SA-6 for \$372.00 both dated 4/16/12 three days before being deposited.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

MILLBROOKE ELEMENTARY SCHOOL

FUNDRAISERS

We noted F-SA-2B, Fundraiser Worksheet, for the Rotary fundraiser was filled out incorrectly as it did not have expected sales, total expenses, or total profit documented on the form and the F-SA-2B for the Chili Festival did not have expected sales documented.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

INVENTORY CONTROL

The auditor noted F-SA-5, Inventory Control Worksheet, for the Chili Festival fundraiser was not on file.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

CHRISTIAN COUNTY SCHOOL DISTRICT

COMMENTS - CONTINUED

June 30, 2012

NORTH DRIVE MIDDLE SCHOOL

FUNDRAISERS

We noted that the Cheerleading Discount Cards and Yearbook Candle/Jewelry Sales fundraisers did not have F-SA-2B, Fundraiser Worksheets, on file.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

BOOSTER CLUBS

We noted the Girls Basketball Booster Club did not have a budget on file and the Football Booster Club did not have an AFR on file.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

SINKING FORK ELEMENTARY

FUNDRAISERS

We noted F-SA-2A, Fundraiser Approval, for the school wide Cancer Roundup fundraiser held on 10/31/2011 was not approved by the principal until 11/1/2011 and was not board approved until 11/3/2011.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

INVENTORY CONTROL

We noted F-SA-5, Inventory Control Worksheet, for drinks and snacks sold during the Cancer Roundup fundraiser was incorrectly completed as the sales price and quantity of items were not listed for the snacks and drinks sold and Line 1, "Total Count of Items to be Sold" and Line 2, "Total Budgeted Sales" were the same amount.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

CHRISTIAN COUNTY SCHOOL DISTRICT

COMMENTS - CONTINUED

June 30, 2012

CURRENT YEAR COMMENTS

BELMONT ELEMENTARY SCHOOL

INVESTMENT BALANCE

We noted the amount listed on the AFR for the Investment Account does not match the 12/1/11 Heritage Bank statement on file or the June 2012 bank account reconciliation. The finance director has requested the interest to be recorded numerous times.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

SEGREGATION OF DUTIES

We noted the following lack of segregation in duties: the school treasurer opens the mail, copies checks, records revenue and takes the deposit to the bank.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

NEGATIVE FUND BALANCE

We noted the Arts & Humanities activity fund had a negative balance of \$9.75 at 6/30/2012.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

INDIVIDUAL ACTIVITY FUND BUDGETS

We noted Individual Activity Fund Budgets were not on file.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

PRINCIPALS COMBINING BUDGET

We noted the Principal's Combining Budget was not dated.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

UNTIMELY DEPOSITS

We noted a deposit of \$107.56, dated Thursday, 5/24/12 for \$107.56 had a F-SA-6, Multiple Receipt Form, attached that was dated Thursday, 5/17/12, seven days before the money was deposited.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

DISBURSEMENT PROCEDURE

We noted check #5687 was made payable to Cash.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

CHRISTIAN COUNTY SCHOOL DISTRICT

COMMENTS - CONTINUED

June 30, 2012

BELMONT ELEMENTARY SCHOOL - CONTINUED

DISBURSEMENT PROCEDURE

We noted check #5687 was made payable to Cash.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

UNAPPROVED VENDORS

We noted the following checks were written to unapproved vendors: check #5636, dated 1/09/12 written to Hibbets and check #5663, dated 3/08/12 written to Walmart.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

CHRISTIAN COUNTY HIGH SCHOOL

CHARITABLE GAMING

We noted charitable gaming is being conducted without a license or exemption form held by the state of Kentucky and under Christian County School Board's federal tax identification number and all funds collected and remitted for gaming activities are deposited into and withdrawn from the school's regular checking account.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

INVENTORY CONTROL

We noted the following lack of proper procedures for the FFA Greenhouse inventory control: F-SA-5, Inventory Control Worksheet listed beginning inventory calculated using purchase price rather than sales price, the quantity of plants purchased and sold was not documented and subtotal A and subtotal B did not reconcile.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

FUNDRAISERS

We noted the FFA Beef Stick Sales fundraiser did not have F-SA-5, Inventory Control Worksheet, on file.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

MULTIPLE RECEIPT FORM

We noted a deposit of \$4,261.25, dated 12/31/2011 had F-SA-6, Multiple Receipt Forms, without student signatures.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

CHRISTIAN COUNTY SCHOOL DISTRICT

COMMENTS - CONTINUED

June 30, 2012

CHRISTIAN COUNTY HIGH SCHOOL – CONTINUED

UNAPPROVED WITHDRAWAL

We noted \$24,500.00 of cash was withdrawn by the school treasurer from the school's checking account without documented approval on 5/16/12 for various cash prizes that were to be given away at Project Graduation.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

PURCHASE ORDERS

We noted the following cash disbursements without the required purchase order attached: check #19654, dated 4/30/12 for \$1,000.00, written to the winner of Cow Pasture Bingo. In addition check #19360, dated 1/30/12 written to BP for \$1,091.80 had a purchase order dated 1/30/12 attached with vendor receipts dated 1/22/12 and 12/23/11, 8 to 38 days after the purchase.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

UNAPPROVED VENDORS

We noted the following purchases were made from unapproved vendors: check #19530, dated 3/13/12 for \$2,500.33 written to Walmart and check #19619, dated 4/18/12 for \$757.78 written to Sam's Club.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

GIFT CARDS/CASH GIFTS

We noted gift cards worth a total \$1,100.00 were given to students as rewards for attending prep sessions and \$325.00 worth of these gift cards were unaccounted for as no documentation was attached regarding their receipt by students and \$24,500.00 in cash was withdrawn on 5/16/12 from the school checking account by the school treasurer for cash prizes to be given away at Project Graduation without documentation of receipt of the prizes awarded to students.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

CHRISTIAN COUNTY MIDDLE SCHOOL

SEGREGATION OF DUTIES

We noted the following lack of segregation in duties: the school treasurer copies checks, records revenue and takes the deposit to the bank as well as enters invoices, prints checks, matches invoices to checks, mails the checks, opens the bank statement and reviews the bank reconciliation.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

BANK ACCOUNT RECONCILIATION

We noted the bank account reconciliation was not prepared for the Heritage Bank checking account as of 6/30/12.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

CHRISTIAN COUNTY SCHOOL DISTRICT

COMMENTS - CONTINUED

June 30, 2012

CHRISTIAN COUNTY MIDDLE SCHOOL – CONTINUED

INDIVIDUAL ACTIVITY BUDGETS

We noted F-SA-4A, Individual Activity Fund Budgets, were dated 4/26/12. 11 days after the required Redbook due date and two Individual Activity Budgets were not dated.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

PRINCIPAL'S COMBINING BUDGET

We noted revenue and expenses for activity funds listed on F-SA-3, Principal's Combining Budget, did not match F-SA-4A, Individual Activity Fund Budgets.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

MULTIPLE RECEIPT FORMS

We noted a deposit of \$1,512.00, dated 4/26/12 had F-SA-6, Multiple Receipt Form, attached for \$450.00 without student signatures.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

PURCHASE ORDERS

We noted the following checks had purchase orders written after the purchase date: check #11499, dated 9/07/11 for \$175.00 was written to Sam's Club with an attached invoice dated 8/9/11 and a purchase order dated 9/7/11, 30 days after the invoice date and check #11663, dated 5/11/12 written to Party Surplus for \$1,500.00 had a vendor invoice dated 5/2/12 and a purchase order dated 5/8/12, six days after the invoice date.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

CHRISTIAN COUNTY SCHOOL DISTRICT

COMMENTS - CONTINUED

June 30, 2012

CROFTON ELEMENTARY

SEGREGATION OF DUTIES

We noted the following breakdown of segregation in duties: the school treasurer matches the invoices to checks and mails the checks.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

CASH ADVANCE

We noted check #6467, dated 3/21/12 written to a STLP sponsor for a field trip in the amount of \$450.00 did not have F-SA-9, Expense Report or vendor invoices attached and expenses incurred were not documented.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

INDIVIDUAL ACTIVITY FUND BUDGETS

We noted that the Individual Activity Fund budgets were dated 5/8/2012, 23 days after the 4/15/12 Redbook required due date.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

MULTIPLE RECEIPT FORMS

We noted a \$210.37 deposit dated 9/12/11 included a check for \$170.37 without F-SA-6, Multiple Receipt Form, a copy of the check and the checks were not individually listed on the deposit slip.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

UNTIMELY DEPOSIT

We noted a cash receipt with F-SA-6, Multiple Receipt Form, dated 3/21/12 for \$574.93 cleared the April 30, 2012 bank statement on 4/3/12, thirteen days after receipt of funds, deposit slip dated 4/4/12 for \$375.95 that cleared bank 4/10/12, six days after receipt of funds, deposit slip dated 4/5/12 for \$225.95 that cleared bank 4/10/12, five days after receipt of funds and deposit slip dated 4/6/12 for \$206.00 that cleared bank 4/10/12, four days after receipt of funds. In addition a cancelled deposit slip was not attached to the receipt documentation.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

CHRISTIAN COUNTY SCHOOL DISTRICT

COMMENTS - CONTINUED

June 30, 2012

CAREER & TECH CENTER

SEGREGATION OF DUTIES

We noted the following breakdown in the segregation of duties: the school treasurer opens the mail, records revenue, takes deposits to the bank as well as records invoices, prints checks, matches invoices to checks and mails the checks.

UNTIMELY DEPOSIT

We noted a cash receipt that was listed on F-SA-6, Multiple Receipt Form, dated Thursday, 11/22/11 but was not deposited until Friday, 11/30/11 eight days after the receipt of funds.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

MULTIPLE RECEIPT FORMS

We noted the following deposits did not have F-SA-6, Multiple Receipt Form, attached: deposit of \$475.38, dated 2/23/12 with \$267.38 in cash and deposit of \$809.89, dated 5/17/12.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

PURCHASE ORDERS

We noted checks #4375, dated 10/06/11 and #4422, dated 5/11/12 did not have purchase orders on file.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

HOLIDAY ELEMENTARY SCHOOL

SEGREGATION OF DUTIES

We noted the following breakdown in the segregation of duties: the school treasurer enters invoices, prints checks, matches the invoices to the checks and mails the checks.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

CHRISTIAN COUNTY SCHOOL DISTRICT

COMMENTS - CONTINUED

June 30, 2012

HOPKINSVILLE MIDDLE SCHOOL

CREDIT CARDS

We noted the F-SA-13, Credit Card Sign In/Out Form, had the following cards signed out without return documentation: Office Max Card and the Chase Cards were signed out on 4/30/12, 5/01/12, 5/09/12. In addition, the Chase Cards were signed out again on 5/24/12, 5/30/12 and held in excess of three weeks each time.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

BOOSTER CLUBS

We noted neither the AFRs nor the budgets for the Football Booster Club were not on file.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

HOPKINSVILLE HIGH SCHOOL

INVENTORY CONTROL

We noted F-SA-5, Inventory Control Worksheet, was not on file for the FFA beef jerky fundraiser.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

INDIVIDUAL ACTIVITY BUDGETS

We noted that the following Individual Activity Fund Budgets were not on file: Journalism, Broadcasting, Girls Basketball, Soccer, Dance, Band, Marching Band, Money Skills Class, JROTC, Accounting Club, FCA and School Newspaper.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

MULTIPLE RECEIPT FORMS

We noted a deposit of \$1,377.23, dated 3/13/12 2012 with three F-SA-6, Multiple Receipt Forms, without student signatures and a deposit for \$4,685.93, dated 5/08/12, with four F-SA-6 without student signatures.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

GIFT CARDS

We noted check #13708, dated 5/21/2011, for \$510.42 written to Wal-Mart included \$250.00 in gift cards, some of which were to be awarded as student prizes for the promotional attendance period of 4/16/12-5/11/12 and the rest were student prizes for passing advanced placement classes, without documentation of receipt of the cards by students and check #13472, dated 5/24/2012 written to McDonald's for \$645.00 was also for the purchase of gift cards without documentation of receipt of the cards by students.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

CHRISTIAN COUNTY SCHOOL DISTRICT

COMMENTS - CONTINUED

June 30, 2012

INDIAN HILLS ELEMENTARY SCHOOL

SEGREGATION OF DUTIES

We the following breakdown in the segregation of duties: the school treasurer copies checks, records revenue and takes the deposits to the bank in addition to entering invoices, printing checks, matching invoices to checks and mailing checks.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

INDIVIDUAL ACTIVITY BUDGETS

We noted all F-SA-4A, Individual Activity Fund Budgets, had the school treasurer listed as the sponsor and were not dated.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

CREDIT CARDS

We noted F-SA-13, Credit Card Sign In/Out Form, for the Walmart credit card, documented the card was signed out and held multiple times in excess of two weeks and F-SA-13 for the BB&T credit card documented the card was signed out on 5/18/12 and not returned for five days until 5/23/12.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

UNALLOWABLE PURCHASE

We noted check #1337, dated 8/4/2011 written to CRS-One Source was for the purchase of coffee and creamer for the faculty from the general fund.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

CHRISTIAN COUNTY SCHOOL DISTRICT

COMMENTS - CONTINUED

June 30, 2012

LACY ELEMENTARY SCHOOL

CREDIT CARDS

We noted F-SA-13, Credit Card Sign In/Out Form, for the Walmart credit card, documented the card was signed out and held multiple time six to ten days.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

MARTIN LUTHER KING, JR. ELEMENTARY SCHOOL

SEGREGATION OF DUTIES

We noted the following breakdown of segregation in duties: the school treasurer copies checks, records revenue and takes the deposits to the bank as well as enters invoices, prints checks, matches invoices to checks and mails checks.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

DAYCARE SEGREGATION OF DUTIES

We noted the director of the daycare opens mail, copies checks, records revenue and takes the deposits to the bank.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

UNDOCUMENTED GIFTS

We noted check #4567, dated 12/18/11 written to McDonald's was used to purchase gift certificates without documentation of receipt of the certificates by students and check #4632, dated 5/14/12 for \$120.00 was written to the school's librarian to give cash awards to the winners of the school talent show that did not have documentation of receipt of the cash by students.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

UNAPPROVED VENDORS

We noted the following checks were written to unapproved vendors: check #4580, dated 1/10/12 written to Walmart and check # 4601, dated 3/23/12 written to Target.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

CHRISTIAN COUNTY SCHOOL DISTRICT

COMMENTS - CONTINUED

June 30, 2012

MILBROOKE ELEMENTARY SCHOOL

SEGREGATION OF DUTIES

We noted the following breakdown in the segregation of duties: the school treasurer opens the mail, copies checks, records revenue and takes the deposits to the bank as well as enters invoices, prints checks, matches invoices to checks and mails checks.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

DAYCARE SEGREGATION OF DUTIES

We noted the daycare director opens the mail, copies checks and records revenue for daycare activities.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

PRINCIPAL'S COMBINING BUDGET

We noted budgeted receipts and expenditures listed on F-SA-3, Principal's Combining Budget, did not match the budgeted receipts and expenditures listed on F-SA-4, Individual Activity Budgets.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

RECEIPT DOCUMENTATION

We noted a 10/22/11 deposit of \$5,534.00 did not have supporting documentation attached.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

MULTIPLE RECEIPT FORMS

We noted receipts for raffle tickets turned in by students to the school treasurer without F-SA-6, Multiple Receipt Forms.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

GIFT CARDS

We noted check #3747, dated 5/22/12 was written to Bankcard Center and included the purchase of O'Charley's and Subway gift cards without documentation of receipt of the gift cards by students.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

CHRISTIAN COUNTY SCHOOL DISTRICT

COMMENTS - CONTINUED

June 30, 2012

NORTH DRIVE MIDDLE SCHOOL

INVENTORY CONTROL

We noted the following activities did not have F-SA-5, Inventory Control Worksheets, on file: Cheerleading Discount Card Fundraiser and Boys Basketball Concessions.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

TICKET SALES

We noted F-SA-1, Requisition and Report of Ticket Sales for the 9/1/11 football game did not have separate signatures or initial for the ticket seller and ticket taker.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

GIFT CARDS

We noted check #3113, dated 10/05/11 for \$450.00 was written to Walmart for the purchase of gift cards without documentation of receipt of the cards by students

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

CHRISTIAN COUNTY SCHOOL DISTRICT

COMMENTS - CONTINUED

June 30, 2012

PEMBROKE ELEMENTARY SCHOOL

UNAPPROVED VENDOR

We noted check #2033, dated 3/15/12 was written to Graduation Source, who is an unapproved vendor.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

SINKING FORK ELEMENTARY SCHOOL

SEGREGATION OF DUTIES

We noted the following breakdown in segregation of duties: the school treasurer copies checks, records revenue and takes the deposits to the bank as well as enters invoices, prints checks, matches invoices to checks and mails checks.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

DAYCARE SEGREGATION OF DUTIES

We noted the following breakdown in the segregation of duties in daycare activities: the daycare director opens the mail, copies checks and records revenue.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

NEGATIVE BALANCE

We noted the Reimbursable Expenses activity fund on the Annual Financial Report had a negative balance of \$50.33 at 6/30/12.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

INDIVIDUAL ACTIVITY FUND BUDGETS

We noted F-SA-4A, Individual Activity Fund Budgets, were not on file.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

PURCHASE ORDER

We noted check #5584, dated 9/13/11 written to Quality Ink and Toner had a purchased order attached that was dated 9/13/11 and vendor invoices dated 8/11/11 and 8/24/11, 20 to 32 days after the invoice dates.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

GIFT CARDS

We noted proceeds of \$1,000.00 from the Cancer Roundup Fundraiser were used to purchase a \$950.00 Walmart gift card and Star Wars toys and \$547.00 of private donations were used to buy a Walmart gift card without documentation of receipt of the items donated by the student.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

.CHRISTIAN COUNTY SCHOOL DISTRICT

COMMENTS - CONTINUED

June 30, 2012

SOUTH CHRISTIAN ELEMENTARY SCHOOL

DAYCARE SEGREGATION OF DUTIES

We noted the following breakdown in segregation of duties in daycare activities: the daycare director opens the mail, copies checks, records revenue and takes the deposits to the bank for daycare activities.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

INDIVIDUAL ACTIVITY FUND BUDGETS

We noted F-SA-4A, Individual Activity Budgets, were not on file.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.

MULTIPLE RECEIPT FORMS

We noted the following receipts had F-SA-6, Multiple Receipt Forms that were not signed or dated by the school treasurer: a 2/21/12 deposit for \$154.21 with F-SA-6 attached for \$54.91 and a 12/13/11 deposit for \$134.72 with F-SA-6 attached for \$10.99, both of which were collected by the librarian for lost books.

MANAGEMENT RESPONSE

Management will meet with school personnel to discuss and resolve this matter.