

**ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT**

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

Year Ended June 30, 2012

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

TABLE OF CONTENTS

YEAR ENDED JUNE 30, 2012

	<u>Page</u>
<b>Independent Auditor's Report</b> .....	1-2
<b>Management's Discussion and Analysis</b> .....	3-9
<b>Basic Financial Statements:</b>	
<b>Government-wide Financial Statements:</b>	
Statement of Net Assets .....	10
Statement of Activities.....	11
<b>Fund Financial Statements:</b>	
Balance Sheet – Governmental Funds.....	12
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net 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
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds.....	20
<b>Notes to the Basic Financial Statements</b> .....	21-36
<b>Required Supplementary Information:</b>	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual - General Fund .....	37
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Special Revenue Fund.....	38

**ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT**

**TABLE OF CONTENTS - CONTINUED**

**YEAR ENDED JUNE 30, 2012**

**Supplementary Information:**

**Combining Statements:**

Combining Balance Sheet – Nonmajor Governmental Funds .....	39
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Government Funds .....	40
Combining Statement of Fiduciary Net Assets – Agency Funds .....	41

**Schools:**

Schedule of Assets, Cash Receipts and Disbursements, and Liabilities – All Schools .....	42
Schedule of Assets, Cash Receipts and Disbursements, and Liabilities – Elizabethtown High School .....	43-44
<b>Schedule of Expenditures of Federal Awards</b> .....	45-46
<b>Notes to the Schedule of Expenditures of Federal Awards</b> .....	47
<b>Schedule of Findings and Questioned Costs</b> .....	48-49
<b>Schedule of Prior Year Audit Findings</b> .....	50
<b>Independent Auditor’s Report on Internal Control Over Financial Reporting And On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i></b> .....	51-52
<b>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</b> .....	53-54
<b>Management Letter and Comments</b> .....	55-58

THEODORE C. STILES, CPA  
BENJAMIN E. CARTER, CPA  
JOHN R. ASHCRAFT, CPA  
J. SCOTT KISSELBAUGH, CPA  
BRIAN S. WOOSLEY, CPA  
CHRIS R. CARTER, CPA



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

CERTIFIED PUBLIC ACCOUNTANTS

2901 RING ROAD EAST

P. O. BOX 622

ELIZABETHTOWN, KY 42702-0622

TELEPHONE 270/769-6371

FAX 270/765-7934

[www.stilescartercpas.com](http://www.stilescartercpas.com)

JON M. ANDERSON, CPA  
CHERYLE L. BEAUCHAMP, CPA  
WILLIAM M. DOERR, CPA  
CARRIE A. GREY, CPA  
LYNN C. HOWARD, CPA  
PHILIP A. LOGSDON, CPA  
J. ALTON PIKE, CPA

## INDEPENDENT AUDITOR'S REPORT

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

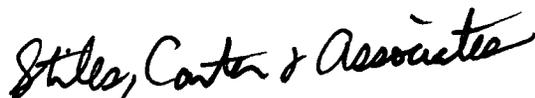
We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements prescribed by 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 6, 2012, on our consideration of Elizabethtown Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* 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 37 through 38 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 Elizabethtown Independent 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.



Certified Public Accountants  
September 6, 2012

**REQUIRED SUPPLEMENTARY INFORMATION**

**ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT – ELIZABETHTOWN, KY  
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2012**

The discussion and analysis of Elizabethtown Independent School District’s financial performance provides an overall review of the School District’s financial activities for the fiscal year ended June 30, 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 financial statements and notes to the financial statements to enhance their understanding of the School District’s financial performance.

**FINANCIAL HIGHLIGHTS**

- The ending cash and investment balance for the District was \$13.9 million. The beginning cash and investment balance for the District was \$21.8 million. The main reason for the decrease was the use of construction funds on the Helmwood and Pre-K projects.
- Following the completion of the District long-range plan for facilities, there is a focus on investing in plant management with the age and size of our facilities reflective of this need.
- The General Fund had \$17.5 million in revenue, which primarily consisted of the state program (SEEK), state on-behalf payments, property, utilities, and motor vehicle taxes. Excluding inter-fund transfers, there were \$17.0 million in General Fund expenditures.
- The District issued \$4.6 million in Refunding Revenue Bonds to partially advance fund the 2003 EHS issue.

**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. Fixed 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. This is a state mandated uniform system and chart of accounts for all Kentucky public school districts utilizing the MUNIS administrative software. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental, proprietary funds and fiduciary funds. The only fiduciary funds are agency funds for student education and private purpose trust funds. The only proprietary fund is our food service. All other activities of the District are included in the governmental funds.

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

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21 - 36 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 \$18.1 million at June 30, 2012.

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

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

**Net Assets for the periods ending June 30, 2012 and 2011  
(Table 1)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Current and Other Assets	\$ 14,753,421	\$ 22,669,104	\$ 388,179	\$ 565,275	\$ 15,141,600	\$ 23,234,379
Capital Assets	25,190,369	17,066,329	494,375	321,091	25,684,744	17,387,420
<b>Total Assets</b>	<b>39,943,790</b>	<b>39,735,433</b>	<b>882,554</b>	<b>886,366</b>	<b>40,826,344</b>	<b>40,621,799</b>
Long-term Debt	20,963,024	20,893,443	-	-	20,963,024	20,893,443
Other Liabilities	1,746,586	2,984,343	4,495	3,216	1,751,081	2,987,559
<b>Total Liabilities</b>	<b>22,709,610</b>	<b>23,877,786</b>	<b>4,495</b>	<b>3,216</b>	<b>22,714,105</b>	<b>23,881,002</b>
<b>Net Assets</b>						
Investment in capital assets (net of debt)	4,453,551	6,791,743	494,375	321,091	4,947,926	7,112,834
Restricted	6,726,831	4,673,420	-	-	6,726,831	4,673,420
Unrestricted	6,053,798	4,392,484	383,684	562,059	6,437,482	4,954,543
<b>Total Net Assets</b>	<b>\$ 17,234,180</b>	<b>\$ 15,857,647</b>	<b>\$ 878,059</b>	<b>\$ 883,150</b>	<b>\$ 18,112,239</b>	<b>\$ 16,740,797</b>

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

The District completed the renovation of Helmwood Heights Elementary School and the Pre-K center.

**Comments on Budget Comparisons**

- The District's total revenues for the fiscal year ended June 30, 2012, net of interfund transfers were \$22.6 million.
- General fund budget compared to actual revenue varied slightly from line item to line item with the ending actual balance being \$3.4 million more than budget or approximately 24%. The variance is primarily explained by unbudgeted on-behalf payments made by the State of Kentucky in the amount of \$3.1 million and additional tax revenue.
- 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 years ended June 30, 2012 and 2011.

(Table 2)

	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>
<b>REVENUES:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 429,046	\$ 402,451	\$ 375,156	\$ 371,799	\$ 804,202	\$ 774,250
Operating grants and contributions	3,448,780	3,998,052	918,032	874,160	4,366,812	4,872,212
Capital grants and contributions	771,896	380,398	-	-	771,896	380,398
<b>General revenues:</b>						
Property taxes	4,087,716	3,873,036	-	-	4,087,716	3,873,036
Motor vehicle taxes	247,416	236,229	-	-	247,416	236,229
Utility taxes	1,039,068	1,176,671	-	-	1,039,068	1,176,671
Investment earnings	137,821	154,993	5,637	6,206	143,458	161,199
State and formula grants	12,225,784	11,447,871	-	-	12,225,784	11,447,871
Miscellaneous	22,222	36,942	-	-	22,222	36,942
<b>Total revenues</b>	<b>22,409,749</b>	<b>21,706,643</b>	<b>1,298,825</b>	<b>1,252,165</b>	<b>23,708,574</b>	<b>22,958,808</b>
<b>EXPENSES</b>						
<b>Program Activities</b>						
Instruction	13,015,232	12,543,953	-	-	13,015,232	12,543,953
Student support	786,982	798,886	-	-	786,982	798,886
Instructional staff support	934,025	898,323	-	-	934,025	898,323
District administrative support	424,741	444,588	-	-	424,741	444,588
School administrative support	1,046,496	1,035,616	-	-	1,046,496	1,035,616
Business support	648,943	523,903	-	-	648,943	523,903
Plant operation and maintenance	2,288,398	2,189,528	-	-	2,288,398	2,189,528
Student transportation	693,815	636,128	-	-	693,815	636,128
Community service activities	157,899	163,549	-	-	157,899	163,549
Other	23,249	28,514	-	-	23,249	28,514
Interest costs	1,046,386	707,480	-	-	1,046,386	707,480
<b>Business-type Activities:</b>						
Food service	-	-	1,270,966	1,171,009	1,270,966	1,171,009
<b>Total expenses</b>	<b>21,066,166</b>	<b>19,970,468</b>	<b>1,270,966</b>	<b>1,171,009</b>	<b>22,337,132</b>	<b>21,141,477</b>
Excess before transfers	1,343,583	1,736,175	27,859	81,156	1,371,442	1,817,331
Transfers	32,950	48,374	(32,950)	(48,374)	-	-
Increase (decrease) in net assets	<u>\$ 1,376,533</u>	<u>\$ 1,784,549</u>	<u>\$ (5,091)</u>	<u>\$ 32,782</u>	<u>\$ 1,371,442</u>	<u>\$ 1,817,331</u>

### Governmental Activities

Instruction comprises 62% of governmental program expenses. Support services expenses make up 32% of government expenses. Community services, other expenses and interest account for the remaining 6% of total government expense.

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

**(Table 3)**  
**Governmental Activities Total**  
**Cost of Services**

	<b>Cost of Services</b>		<b>Net Cost of Services</b>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Instruction	\$ 13,015,232	\$ 12,543,953	\$ 9,451,313	\$ 8,478,195
Support Services	6,823,400	6,526,972	6,666,115	6,355,776
Community Services & Other	181,148	192,063	24,526	28,514
Interest costs	<u>1,046,386</u>	<u>707,480</u>	<u>274,490</u>	<u>327,082</u>
<b>Total expenses</b>	<u><u>\$21,066,166</u></u>	<u><u>\$19,970,468</u></u>	<u><u>\$16,416,444</u></u>	<u><u>\$15,189,567</u></u>

**Business-Type Activities**

The business-type activities include the food service operation. This program had total revenues of \$1,298,825 and expenses of \$1,270,966 for fiscal year 2012. Of the revenues, \$375,156 was charges for services, \$918,032 was from State and Federal grants and \$5,637 was from investment earnings. The food service operation also paid \$51,850 to the general fund for indirect costs. Business activities receive no support from tax revenues. The School District will continue to monitor the charges and costs of this activity. If it becomes necessary, the School District will increase the charges for this activity.

**The School District's Funds**

Information about the School District's major funds starts on page 12. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$28,520,505 and expenditures and other financing uses of \$35,809,356. Net changes in fund balances for the year were most significant in the General Fund, Capital Outlay Fund, FSPK Fund and Construction Fund.

**General Fund-Budget Highlights**

The School District's budget is prepared according to Kentucky law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund. The State Department of Education requires a zero-based budget with any budgeted remaining fund balance shown as a contingency expense in the budget process. The State Department of Education does not allow the District to budget on-behalf payments for retirement and insurance made by the State of Kentucky.

For the General Fund, revenues were budgeted at \$14,090,291 with actual amounts of \$17,525,037. Budgeted expenditures of \$18,691,270 compare with actual expenditures of \$17,012,945. The most significant fluctuation is for on-behalf payments of \$3,113,109. If on-behalf payments were not included in revenues, revenues would be \$14,411,928, which is \$321,637 over budget. If on-behalf payments were not included in expenditures, expenditures would be \$13,899,836, which is \$4,791,434 under budget.

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal year 2012 the School District had \$25.7 million invested in land, buildings and equipment, and \$25.2 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	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Land and land improvements	\$ 388,947	\$ 401,047	\$ -	\$ -	\$ 388,947	\$ 401,047
Buildings and improvements	23,698,508	8,431,592	36,384	41,783	23,734,892	8,473,375
Technology	443,154	381,644	-	1	443,154	381,645
Vehicles	267,676	244,221	-	-	267,676	244,221
General equipment	316,819	252,872	457,991	279,307	774,810	532,179
Total	<u>25,115,104</u>	<u>9,711,376</u>	<u>494,375</u>	<u>321,091</u>	<u>25,609,479</u>	<u>10,032,467</u>
Construction in progress	<u>75,265</u>	<u>7,354,953</u>	<u>-</u>	<u>-</u>	<u>75,265</u>	<u>7,354,953</u>
Total	<u>\$ 25,190,369</u>	<u>\$ 17,066,329</u>	<u>\$ 494,375</u>	<u>\$ 321,091</u>	<u>\$ 25,684,744</u>	<u>\$ 17,387,420</u>

Table 5 shows changes in capital assets for the years 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>
Beginning balance	\$ 17,066,329	\$ 10,583,165	\$ 321,091	\$ 299,205	\$ 17,387,420	\$ 10,882,370
Additions	25,298,893	7,340,252	222,735	72,232	25,521,628	7,412,484
Retirements	(16,306,268)	(4,755)	-	(3,190)	(16,306,268)	(7,945)
Depreciation	(868,585)	(852,333)	(49,451)	(47,156)	(918,036)	(899,489)
Ending balance	<u>\$ 25,190,369</u>	<u>\$ 17,066,329</u>	<u>\$ 494,375</u>	<u>\$ 321,091</u>	<u>\$ 25,684,744</u>	<u>\$ 17,387,420</u>

### Debt

At June 30, 2012, the School District had \$20,537,000 in bonds outstanding, of this amount \$1,858,022 is to be paid from the KSFCC funding provided by the State of Kentucky. A total of \$593,000 is due within one year. The District issued \$4.6 million in Refunding Revenue Bonds to partially advance refund the 2003 EHS bonds.

### District Challenges for the Future

Elizabethtown Independent School District's financial status has improved during the last fiscal year due to higher than anticipated revenues and implementation of a conservative spending plan.

The School District has experienced growth in student enrollment due to the BRAC Realignment at Fort Knox. The District will continue to monitor building capacities and personnel needed to maintain quality instructional programs. The District has completed the construction of the new Preschool/Kindergarten Center as well as the renovation of Helmwood Heights Elementary School. These projects were financed through the issuance of revenue bonds and use of available cash. An increase in expenditures is anticipated upon completion of these projects to include an increase in utilities, fuel and personnel. The district has also completed a total reroofing project at Elizabethtown High School paid by the Building Fund Cash Escrow. The renovation of the Athletic Facility at Elizabethtown High School to include the construction of a new field house will be completed during 12-13 as well as the renovation of the T.K. Stone Indoor Swimming Pool and Pool House. These projects will be financed with available cash in the Building Fund and the issuance of revenue bonds.

During the 2012 fiscal year, the District's SEEK funds were supplemented by federal Recovery Act funds. The Recovery Act funds are expected to expire at the end September 2012. The State has also reduced the per pupil allocation to schools for the 2012-2013 school year. The district will be forced to rely on an increase in our local tax levy as well as its reserves to continue to maintain current staffing levels and instruction programs.

Additional factors concerning our School District's financial status include the continued decrease in state grants to include the Flex Fund accounts (Professional Development, Safe Schools, Preschool, Textbooks and Extended School Services). State funding for these programs does not meet our instructional 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 and classified 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, Elizabethtown Independent Schools' goal is to continue to provide a quality education for our students and a secure financial future for the School District.

### **Future Budgetary Implications**

In Kentucky, the public schools fiscal year is July 1 - June 30; other programs, i.e. some federal programs operate on a different fiscal calendar, but are reflected in the District overall budget. By law, the budget must have a minimum 2% contingency. The District adopted a budget for 2012 - 2013 with a 19.7% contingency. The Elizabethtown Board of Education continues to maintain a high contingency due to inadequate State Funding as well as future economic uncertainty. 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 question about this report or need additional information contact Denise Morgan, Director of Finance, 219 Helm Street, Elizabethtown, Kentucky 42701, (270) 765-6146.

## **BASIC FINANCIAL STATEMENTS**

**ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT**

**STATEMENT OF NET ASSETS**

June 30, 2012

<b>Assets</b>	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Total</b>
<b><u>Current Assets</u></b>			
Cash and cash equivalents	\$ 11,403,506	\$ 381,227	\$ 11,784,733
Investments	2,151,807		2,151,807
Inventory		16,855	16,855
Receivables:			
Taxes-current	111,354		111,354
Taxes-delinquent	2,429		2,429
Other receivables	100,866		100,866
Intergovernmental-State			-
Intergovernmental-Indirect Federal	234,825		234,825
Internal balances	9,903	(9,903)	-
<b>Total Current Assets</b>	<b>14,014,690</b>	<b>388,179</b>	<b>14,402,869</b>
<b><u>Noncurrent Assets</u></b>			
Deferred amount on refunding	361,222		361,222
Bond discount and expense	377,509		377,509
Capital assets, net of accumulated depreciation	25,190,369	494,375	25,684,744
<b>Total Noncurrent Assets</b>	<b>25,929,100</b>	<b>494,375</b>	<b>26,423,475</b>
<b>Total Assets</b>	<b>39,943,790</b>	<b>882,554</b>	<b>40,826,344</b>
<b>Liabilities</b>			
<b><u>Current Liabilities</u></b>			
Accounts payable	399,681	4,495	404,176
Accrued liabilities	8,312		8,312
Deferred revenue	140,479		140,479
Vacation leave	200,312		200,312
Current portion of bond obligations	593,000		593,000
Current portion of capital lease obligations	39,684		39,684
Current portion of accrued sick leave	237,641		237,641
Interest payable	127,477		127,477
<b>Total Current Liabilities</b>	<b>1,746,586</b>	<b>4,495</b>	<b>1,751,081</b>
<b><u>Noncurrent Liabilities</u></b>			
Noncurrent portion of bond obligations	19,944,000		19,944,000
Noncurrent portion of capital lease obligations	160,134		160,134
Noncurrent portion of accrued sick leave	858,890		858,890
<b>Total Noncurrent Liabilities</b>	<b>20,963,024</b>	<b>-</b>	<b>20,963,024</b>
<b>Total Liabilities</b>	<b>22,709,610</b>	<b>4,495</b>	<b>22,714,105</b>
<b><u>Net Assets</u></b>			
Invested in capital assets, net of related debt	4,453,551	494,375	4,947,926
Restricted for:			
Capital projects	6,145,289		6,145,289
Debt service	581,542		581,542
Unrestricted	6,053,798	383,684	6,437,482
<b>Total Net Assets</b>	<b>\$ 17,234,180</b>	<b>\$ 878,059</b>	<b>\$ 18,112,239</b>

See accompanying notes to financial statements.

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2012

	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
<b>FUNCTIONS/PROGRAMS</b>							
<b>Governmental Activities:</b>							
Instruction	\$ 13,015,232	\$ 429,046	\$ 3,134,873	\$ (9,451,313)	\$ -	\$ (9,451,313)	
Support services:							
Student	786,982		33,046	(753,936)		(753,936)	
Instruction staff	934,025		115,988	(818,037)		(818,037)	
District administrative	424,741			(424,741)		(424,741)	
School administrative	1,046,496			(1,046,496)		(1,046,496)	
Business	648,943			(648,943)		(648,943)	
Plant operation and maintenance	2,288,398			(2,288,398)		(2,288,398)	
Student transportation	693,815		8,251	(685,564)		(685,564)	
Community service activities	157,899		156,622	(1,277)		(1,277)	
Other	23,249			(23,249)		(23,249)	
Interest on long-term debt	1,046,386			(274,490)		(274,490)	
<b>Total Governmental Activities</b>	<b>21,066,166</b>	<b>429,046</b>	<b>3,448,780</b>	<b>771,896</b>	<b>(16,416,444)</b>	<b>-</b>	<b>(16,416,444)</b>
<b>Business-Type Activities:</b>							
Food service	1,270,966	375,156	918,032		22,222	22,222	
<b>Total Business-Type Activities</b>	<b>1,270,966</b>	<b>375,156</b>	<b>918,032</b>	<b>-</b>	<b>22,222</b>	<b>22,222</b>	
<b>Total Primary Government</b>	<b>\$ 22,337,132</b>	<b>\$ 804,202</b>	<b>\$ 4,366,812</b>	<b>\$ 771,896</b>	<b>\$ (16,416,444)</b>	<b>\$ 22,222</b>	<b>\$ (16,394,222)</b>
<b>General Revenues:</b>							
Taxes:							
Property taxes				\$ 4,087,716	\$ -	\$ 4,087,716	
Motor vehicle taxes				247,416		247,416	
Utility taxes				1,039,068		1,039,068	
Investment earnings				137,821	5,637	143,458	
State and formula grants				12,225,784		12,225,784	
Miscellaneous				22,222		22,222	
Transfers				32,950	(32,950)	-	
Total general revenues				17,792,977	(27,313)	17,765,664	
Change in net assets				1,376,533	(5,091)	1,371,442	
Net assets - beginning				15,857,647	883,150	16,740,797	
Net assets - ending				\$ 17,234,180	\$ 878,059	\$ 18,112,239	

See accompanying notes to financial statements.

**FUND FINANCIAL STATEMENTS**

**ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT**

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2012

	General Fund	Special Revenue	FSPK Fund	Construction Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>						
Cash and cash equivalents	\$ 6,684,099	\$ -	\$ 4,084,798	\$ -	\$ 1,051,862	\$ 11,820,759
Investments				1,570,265	581,542	2,151,807
Receivables:						
Taxes - current	108,689		2,665			111,354
Taxes - delinquent	1,757		672			2,429
Other receivables	87,955	12,911				100,866
Intergovernmental - State						-
Intergovernmental - Indirect Federal		234,825				234,825
Due from other funds	9,903					9,903
<b>Total Assets</b>	<u>\$ 6,892,403</u>	<u>\$ 247,736</u>	<u>\$ 4,088,135</u>	<u>\$ 1,570,265</u>	<u>\$ 1,633,404</u>	<u>\$ 14,431,943</u>
<b>Liabilities and Fund Balances:</b>						
<b>Liabilities</b>						
Accounts payable	\$ 143,704	\$ 27,876	\$ -	\$ 228,101	\$ -	\$ 399,681
Cash overdraft		31,246		386,007		417,253
Accrued liabilities	8,312					8,312
Deferred revenue		140,479				140,479
<b>Total Liabilities</b>	<u>152,016</u>	<u>199,601</u>	<u>-</u>	<u>614,108</u>	<u>-</u>	<u>965,725</u>
<b>Fund Balances</b>						
Restricted	100,000	48,135	4,088,135	956,157	1,633,404	6,825,831
Committed	1,460,000					1,460,000
Unassigned	5,180,387					5,180,387
<b>Total Fund Balances</b>	<u>6,740,387</u>	<u>48,135</u>	<u>4,088,135</u>	<u>956,157</u>	<u>1,633,404</u>	<u>13,466,218</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 6,892,403</u>	<u>\$ 247,736</u>	<u>\$ 4,088,135</u>	<u>\$ 1,570,265</u>	<u>\$ 1,633,404</u>	<u>\$ 14,431,943</u>

See accompanying notes to financial statements.

**ELIZABETHTOWN INDEPENDENT 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	\$ 13,466,218
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.	
	25,190,369
Certain liabilities are not reported in this fund financial statement because because they are not due and payable, but they are presented in the statement of net assets:	
Bonds payable	(20,537,000)
Bond discount and expense	377,509
Deferred amount on refunding	361,222
Capital lease obligations	(199,818)
Interest payable	(127,477)
Vacation leave	(200,312)
Accrued sick leave	<u>(1,096,531)</u>
Net assets for governmental activities	<u>\$ 17,234,180</u>

See accompanying notes to financial statements.

**ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**

**GOVERNMENTAL FUNDS**

Year Ended June 30, 2012

	General Fund	Special Revenue	FSPK Fund	Construction Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
From local sources:						
Taxes:						
Property	\$3,413,537	\$ -	\$ 674,179	\$ -	\$ -	\$ 4,087,716
Motor vehicle	224,183		23,233			247,416
Utilities	1,039,068					1,039,068
Tuition and fees	427,766					427,766
Earnings on investments	106,005	499	19,180	289	11,848	137,821
Other local revenues	23,502	68,672				92,174
Intergovernmental - State	12,225,784	646,807	835,195		412,178	14,119,964
Intergovernmental - Indirect Federal	12,540	1,820,710				1,833,250
Intergovernmental - Direct Federal	52,652				571,737	624,389
<b>Total Revenues</b>	<b>17,525,037</b>	<b>2,536,688</b>	<b>1,551,787</b>	<b>289</b>	<b>995,763</b>	<b>22,609,564</b>
<b>Expenditures:</b>						
Instruction	10,755,954	2,310,881				13,066,835
Support services:						
Student	753,156	33,046				786,202
Instruction staff	815,803	115,988				931,791
District administrative	482,173					482,173
School administrative	1,046,376					1,046,376
Business	648,467					648,467
Plant operation and maintenance	1,728,900					1,728,900
Student transportation	757,590	8,251				765,841
Community service activities		156,622				156,622
Other	24,526					24,526
Facilities acquisition and construction				9,025,335		9,025,335
Bond issue costs					49,425	49,425
Debt service:						
Principal					544,000	544,000
Interest					959,373	959,373
<b>Total Expenditures</b>	<b>17,012,945</b>	<b>2,624,788</b>	<b>-</b>	<b>9,025,335</b>	<b>1,552,798</b>	<b>30,215,866</b>
<b>Excess (Deficit) of Revenues over Expenditures</b>	<b>512,092</b>	<b>(88,100)</b>	<b>1,551,787</b>	<b>(9,025,046)</b>	<b>(557,035)</b>	<b>(7,606,302)</b>
<b>Other Financing Sources (Uses):</b>						
Proceeds from sale of capital assets	12,234					12,234
Proceeds from sale of refunding bonds					4,625,000	4,625,000
Bond discount					(66,825)	(66,825)
Payment to refunded bond escrow agent					(4,504,808)	(4,504,808)
Transfers in	51,850	25,267		200,000	996,590	1,273,707
Transfers out	(25,267)		(996,590)			(1,021,857)
<b>Total Other Financing Sources (Uses)</b>	<b>38,817</b>	<b>25,267</b>	<b>(996,590)</b>	<b>200,000</b>	<b>1,049,957</b>	<b>317,451</b>
<b>Change in Fund Balances</b>	<b>550,909</b>	<b>(62,833)</b>	<b>555,197</b>	<b>(8,825,046)</b>	<b>492,922</b>	<b>(7,288,851)</b>
<b>Fund Balance, July 1, 2011</b>	<b>6,189,478</b>	<b>110,968</b>	<b>3,532,938</b>	<b>9,781,203</b>	<b>1,140,482</b>	<b>20,755,069</b>
<b>Fund Balance, June 30, 2012</b>	<b>\$6,740,387</b>	<b>\$ 48,135</b>	<b>\$4,088,135</b>	<b>\$ 956,157</b>	<b>\$ 1,633,404</b>	<b>\$ 13,466,218</b>

See accompanying notes to financial statements.

**ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT**

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

Year Ended June 30, 2012

Net change in total fund balances per fund financial statements	\$ (7,288,851)
Amounts reported for governmental activities in the statement of activities are different because:	
The proceeds for the issuance of bonds provide current financial resources and are reported in this fund financial statement but they are presented as liabilities in the statement of net assets.	(4,506,750)
Payments to escrow agents use current financial resources and are reported in this fund financial statement but they are not presented in the statement of activities.	4,504,808
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.	8,125,284
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.	(1,244)
Bond and capital lease payments are recognized as expenditures of current financial resources in the fund financial statement but are reductions of liabilities in the statement of net assets.	582,171
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>(38,885)</u>
Change in net assets of governmental activities	<u>\$ 1,376,533</u>

See accompanying notes to financial statements.

**ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT**

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

June 30, 2012

	<u>Food Service Fund</u>
<b>Assets</b>	
<b><u>Current Assets</u></b>	
Cash and cash equivalents	\$ 381,227
Inventory	16,855
<b>Total Current Assets</b>	<u>398,082</u>
<b><u>Noncurrent Assets</u></b>	
Capital assets, net of accumulated depreciation	<u>494,375</u>
<b>Total Noncurrent Assets</b>	<u>494,375</u>
<b>Total Assets</b>	<u>892,457</u>
<b>Liabilities</b>	
<b><u>Current Liabilities</u></b>	
Accounts payable	4,495
Due to other funds	9,903
<b>Total Current Liabilities</b>	<u>14,398</u>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	494,375
Unrestricted	<u>383,684</u>
<b>Total Net Assets</b>	<u>\$ 878,059</u>

See accompanying notes to financial statements.

**ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

PROPRIETARY FUNDS

Year Ended June 30, 2012

	Food Service Fund
<b>Operating Revenues:</b>	
Lunchroom sales	\$ 370,610
Other operating revenues	4,546
<b>Total Operating Revenues</b>	<b>375,156</b>
<b>Operating Expenses:</b>	
Salaries and wages	515,433
Materials and supplies	662,001
Depreciation	49,451
Other operating expenses	44,081
<b>Total Operating Expenses</b>	<b>1,270,966</b>
Operating loss	(895,810)
<b>Non-Operating Revenues (Expenses):</b>	
Federal grants	745,193
Donated commodities	75,273
State grants	12,707
State on-behalf payments	84,859
Interest income	5,637
<b>Total Non-Operating Revenues (Expenses) Before Contributions and Transfers</b>	<b>923,669</b>
Capital contributions	218,900
Transfers out	(251,850)
Change in net assets	(5,091)
<b>Net Assets, July 1, 2011</b>	<b>883,150</b>
<b>Net Assets, June 30, 2012</b>	<b>\$ 878,059</b>

See accompanying notes to financial statements.

**ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT**

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

Year Ended June 30, 2012

	Food Service Fund
<b>Cash Flows from Operating Activities</b>	
Cash received from:	
Lunchroom sales	\$ 370,610
Other activities	4,546
Cash paid to/for:	
Employees	(430,574)
Supplies	(584,932)
Other activities	(44,081)
<b>Net Cash Used by Operating Activities</b>	<u>(684,431)</u>
<b>Cash flows from Non-Capital Financing Activities</b>	
Federal grants	745,193
State grants	12,707
Transfers to other funds	(251,850)
<b>Net Cash Provided by Non-Capital Financing Activities</b>	506,050
<b>Cash Flows from Capital and Related Financing Activities</b>	
Purchases of capital assets	(3,836)
<b>Net Cash Used by Capital and Related Financing Activities</b>	(3,836)
<b>Cash Flows from Investing Activities</b>	
Receipt of interest income	5,637
<b>Net Cash Provided by Investing Activities</b>	5,637
Net increase in cash and cash equivalents	(176,580)
<b>Balances, beginning of year</b>	<u>557,807</u>
<b>Balances, end of year</b>	<u>\$ 381,227</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (895,810)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	49,451
State on-behalf payments	84,859
Donated commodities	75,273
Change in assets and liabilities:	
Inventory	488
Accounts payable	1,280
Due to other funds	28
<b>Net cash used by operating activities</b>	<u>\$ (684,431)</u>
<b>Schedule of non-cash transactions:</b>	
Donated commodities received from federal government	<u>\$ 75,273</u>
State on-behalf payments	<u>\$ 84,859</u>
Receipt of capital assets	<u>\$ 218,900</u>

See accompanying notes to financial statements.

**ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT**

STATEMENT OF FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

June 30, 2012

	<u>Private Purpose Trust Funds</u>	<u>Agency Fund</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 198,423	\$ 371,036
Receivables	10,371	53
<b>Total Assets</b>	<u>208,794</u>	<u>371,089</u>
<b>Liabilities</b>		
Accounts payable		26,548
Due to student groups		344,541
<b>Total Liabilities</b>	<u>-</u>	<u>371,089</u>
<b>Net Assets Held in Trust</b>	<u>\$ 208,794</u>	<u>\$ -</u>

See accompanying notes to financial statements.

**ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**

Year Ended June 30, 2012

	Private Purpose Trust Funds
<b>Additions</b>	
Net interest and investment gains	\$ 2,038
Donations	40,384
	<hr/> 42,422
<b>Deductions</b>	
Scholarships paid	<hr/> (40,400)
Change in net assets	2,022
<b>Net Assets, July 1, 2011</b>	<hr/> 206,772
<b>Net Assets, June 30, 2012</b>	<hr/> <u>\$ 208,794</u>

See accompanying notes to financial statements.

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

## ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

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

##### Reporting Entity

The Elizabethtown Independent Board of Education ("Board"), a five-member group, is the level of government, which has oversight responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of Elizabethtown Independent 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 Elizabethtown Independent 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:

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

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.

## ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

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

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

The 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.
- (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. This is a major fund.

## ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

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

- (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. This is a major fund.
  3. The Construction Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction. This is a major fund.
- (D) The Debt Service Funds are used to account for the accumulation of resources for, and the payment of, long-term debt principal and interest and related costs; as required by Kentucky Law.
- II. Proprietary Fund Types (Enterprise Fund)  
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. The Food Service Fund is a major fund.
- 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.
  - B. The Private Purpose Trust Funds are used to report trust arrangements under which principal and income benefit individuals, private organizations or other governments.

#### Basis of Accounting

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

## ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

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

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 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 received 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 \$.650 per \$100 valuation for real property, \$.650 per \$100 valuation for business personal property and \$.538 per \$100 valuation for motor vehicles.

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

**ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**

June 30, 2012

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

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

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:

## ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

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

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.

#### 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.

#### Prepaid Assets

Payments made that will benefit periods beyond June 30, 2010, 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.

## **ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT**

### **NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**

June 30, 2012

#### **NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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.

##### 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.

## **ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT**

### **NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**

June 30, 2012

#### **NOTE C – FUND BALANCES**

Restricted fund balances arise when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. At June 30, 2012, the District had \$100,000 restricted for sick leave in the General Fund, \$48,135 for grants in the Special Revenue Fund, \$4,088,135 restricted for capital projects in the FSPK Fund, \$956,157 restricted for capital projects in the Construction Fund and \$1,633,404 as restricted in the nonmajor funds (\$1,051,862 restricted for capital projects and \$581,542 restricted for debt service).

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 committed \$1,460,000 for future construction in the General Fund.

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. There were no amounts assigned related to encumbrances at June 30, 2012. 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.

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, \$12,722,592 of the District's bank balance of \$12,972,592 was exposed to custodial credit risk. The bank balance not covered by depository insurance was collateralized by securities held by the pledging financial institution.

## ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

#### NOTE D – DEPOSITS AND INVESTMENTS – CONTINUED

##### INVESTMENTS

As of June 30, 2012, the District had the following investments and maturities:

	Fair Value	Average Credit Quality/Ratings (1)	Less Than 1
Money Market Mutual Funds	\$ 1,819,538	Not Rated	\$ 1,819,538
Federal Home Loan Bank Note	332,269	AAA	332,269
Total Investments	<u>\$ 2,151,807</u>		<u>\$ 2,151,807</u>

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

The District had no investments reported at amortized cost.

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

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

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

**Custodial Credit Risk** is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

**ELIZABETHTOWN INDEPENDENT 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
<b>Non-Depreciable Assets:</b>				
Land	\$ 267,795	\$ -	\$ -	\$ 267,795
Construction in progress	7,354,953	9,025,336	(16,305,024)	75,265
<b>Depreciable Assets:</b>				
Land improvements	568,233			568,233
Buildings and improvements	19,347,679	15,875,323		35,223,002
Technology equipment	1,282,936	214,932	(77,839)	1,420,029
Vehicles	1,199,568	86,862		1,286,430
General equipment	833,177	96,440		929,617
<b>Totals at historical cost</b>	<b>30,854,341</b>	<b>25,298,893</b>	<b>(16,382,863)</b>	<b>39,770,371</b>
<b>Accumulated depreciation:</b>				
Land improvements	434,981	12,100		447,081
Buildings and improvements	10,916,087	608,407		11,524,494
Technology equipment	901,292	152,178	(76,595)	976,875
Vehicles	955,347	63,407		1,018,754
General equipment	580,305	32,493		612,798
<b>Total accumulated depreciation</b>	<b>13,788,012</b>	<b>868,585</b>	<b>(76,595)</b>	<b>14,580,002</b>
<b>Government Activities Capital Assets - Net</b>	<b>\$ 17,066,329</b>	<b>\$ 24,430,308</b>	<b>\$ (16,306,268)</b>	<b>\$ 25,190,369</b>
<b>Business-Type Activities</b>				
Buildings and improvements	\$ 339,450	\$ -	\$ -	\$ 339,450
Technology equipment	2,860			2,860
Food service equipment	772,214	222,735		994,949
<b>Totals at historical cost</b>	<b>1,114,524</b>	<b>222,735</b>	<b>-</b>	<b>1,337,259</b>
<b>Accumulated depreciation:</b>				
Buildings and improvements	297,667	5,399		303,066
Technology equipment	2,859	1		2,860
Food service equipment	492,907	44,051		536,958
<b>Total accumulated depreciation</b>	<b>793,433</b>	<b>49,451</b>	<b>-</b>	<b>842,884</b>
<b>Business-Type Activities Capital Assets - Net</b>	<b>\$ 321,091</b>	<b>\$ 173,284</b>	<b>\$ -</b>	<b>\$ 494,375</b>
<b>Depreciation was charged to governmental functions as follows:</b>				
Instruction	\$ 249,404			
Student support	780			
Instructional staff	2,234			
District administration	401			
School administration	120			
Business support	475			
Plant	562,164			
Transportation	53,007			
	<b>\$ 868,585</b>			

**ELIZABETHTOWN INDEPENDENT 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>
1998	\$ 850,000	4.25% - 4.95%
2003 Refunding	1,605,000	1.05% - 3.10%
2003 EHS	4,510,000	1.00% - 4.85%
2005A Refunding	1,870,000	2.80% - 3.65%
2005B Refunding	589,000	2.80% - 3.65%
2010 BAB	4,740,000	0.80% - 5.75%
2010 QSCB	6,425,000	5.45%
2010 QZAB	2,470,000	5.625%
2011 Refunding	4,625,000	1.50% - 2.60%

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

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

On November 15, 2011, the District issued \$4,625,000 in Refunding Revenue Bonds with an average interest rate of 2.46 percent to refund \$4,165,000 of outstanding 2003 Series revenue bonds. The refunding was a partial advance refunding. The net proceeds of \$4,504,808 (after \$49,425 in cost of issuance, \$66,825 in bond discount, and \$3,942 deposited in the debt service fund) were used to purchase U.S. Government securities. These securities were deposited in an irrevocable trust to call the bonds on September 1, 2013. Therefore, the 2003 bonds are considered defeased but remain outstanding at June 30, 2012.

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$408,661. This difference, reported in the accompanying government-wide financial statements as a non-current asset, is being charged to operations through the year 2024 using the effective-interest method.

The District completed the refunding to reduce its total debt service payments over the next 12 years by \$273,506 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$238,036.

**ELIZABETHTOWN INDEPENDENT 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	\$ 593,000	\$ 921,792	\$ 137,404	\$ 571,703	\$ 805,685
2013-14	602,000	902,852	133,417	571,661	799,774
2014-15	610,000	886,313	117,628	571,610	807,075
2015-16	634,000	866,325	117,631	571,545	811,149
2016-17	578,000	842,910	101,138	571,412	748,360
2018-2022	2,965,000	4,023,722	281,650	2,851,878	3,855,194
2023-2027	2,130,000	3,650,945	77,105	2,821,758	2,882,082
2028-2031	12,425,000	1,146,238	1,004,080	867,569	11,699,589
	<u>\$ 20,537,000</u>	<u>\$ 13,241,097</u>	<u>\$ 1,970,053</u>	<u>\$ 9,399,136</u>	<u>\$ 22,408,908</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.

**ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT**

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

**NOTE F – LONG-TERM OBLIGATIONS – CONTINUED**

Long-term liability for the year ended June 30, 2012, was as follows:

	Beginning Balance July 1, 2011	Additions	Reductions	Ending Balance June 30, 2012	Amounts Due Within One Year
Governmental Activities:					
Revenue bonds payable	\$ 20,621,000	\$ 4,625,000	\$ 4,709,000	\$ 20,537,000	\$ 504,000
Vacation leave	197,637	2,675		200,312	200,312
Accrued sick leave	1,149,338	13,028	65,835	1,096,531	237,641
Governmental Activities:					
Long-term liabilities	<u>\$ 21,967,975</u>	<u>\$ 4,640,703</u>	<u>\$ 4,774,835</u>	<u>\$ 21,833,843</u>	<u>\$ 941,953</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 vacation and sick leave.

**NOTE G – CAPITAL LEASE PAYABLE**

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

<u>Class of Property</u>	
Buses	
Gross amount of assets	\$363,473
Accumulated amortization	218,083

The following is a schedule by years of the future minimum lease payments under capital lease together with the present value of the net minimum lease payments as of June 30, 2012:

<u>Year Ending June 30,</u>	<u>Capital Lease Payable</u>
2013	\$ 47,124
2014	47,316
2015	47,447
2016	40,134
2017	<u>40,134</u>
Total minimum lease payments	222,155
Less: Amount representing interest	<u>( 22,337)</u>
Present Value of Net Minimum Lease Payments	<u>\$ 199,818</u>

## ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

#### NOTE H – 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 \$1,209,961, \$1,205,333, and \$1,280,257 were made by the State of Kentucky and \$139,034, \$96,422 and \$76,494 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 \$1,059,000, \$1,003,545 and \$968,527 and were paid by the District to the State of Kentucky. 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 \$12,947,774, \$12,681,701 and \$12,504,146 and \$10,162,818, \$9,856,660 and \$9,756,816 of such amount 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 \$671,022, \$581,246 and \$536,401 which consisted of \$526,984, \$448,714 and \$409,972 from the District and \$144,038,173, \$132,532 and \$126,429 from the employees. The total covered payroll for CERS during the years ended June 30, 2012, 2011 and 2010 was \$2,778,208, \$2,649,747 and \$2,518,915. 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.

## **ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT**

### **NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**

June 30, 2012

#### **NOTE H – 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 statement.

#### **NOTE I – COMMITMENTS**

During the year ended June 30, 2012, the District had construction contract commitments for construction projects.

#### **NOTE J – 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.

#### **NOTE K – 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 combined financial statements as a result of the cases presently in progress.

#### **NOTE L – 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.

**ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS - CONCLUDED**

June 30, 2012

**NOTE M – RISK MANAGEMENT**

The District is exposed to various risks of loss related to injuries to employees. To obtain insurance of workers’ compensation, errors and omissions, and general liability coverage, the District purchases commercial insurance. The District purchases unemployment insurance through the Kentucky School Boards Insurance Trust Unemployment Compensation Fund; however, risk has not been transferred to such fund. In addition, the District continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**NOTE N – DEFICIT OPERATING BALANCES**

There are no funds of the District that currently have a deficit fund balance. Also, the Special Revenue Fund (\$62,833) and Construction Fund (\$8,825,046) had operations that resulted in a current year deficit of revenues over expenditures resulting in a corresponding reduction of fund balance.

**NOTE O – 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.

**NOTE P – TRANSFER OF FUNDS**

The following transfers were made during the year:

<b>Reported in Fund Financial Statements</b>			
<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General	Special Revenue	Technology Match	\$ 25,267
FSPK Fund	Nonmajor Governmental	Debt Service	996,590
Food Service	Construction	Equipment	200,000
Food Service	General	Indirect Costs	51,850
<b>Reported in Government-Wide Financial Statements</b>			
Business-Type	Governmental	Equipment	200,000
Business-Type	Governmental	Indirect Costs	51,850
Governmental	Business-Type	Equipment	218,900

**NOTE Q – INTERFUND RECEIVABLES AND PAYABLES**

Interfund balances at June 30, 2012, were for indirect costs owed to the General Fund by the Food Service Fund in the amount of \$9,903.

**NOTE S – ON-BEHALF PAYMENTS**

The District receives on-behalf payments from the State of Kentucky for items including retirement and insurance. The amount received for the fiscal year ended June 30, 2012, was \$3,088,995. This was allocated as follows: General Fund \$3,113,109 and Food Service \$84,859.

**REQUIRED SUPPLEMENTARY INFORMATION**

**ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT**

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

**GENERAL FUND**

Year Ended June 30, 2012

	<u>Original</u>	<u>Final</u>	<u>Actual</u>
<b>Revenues:</b>			
From local sources:			
Taxes:			
Property	\$ 2,922,000	\$ 3,263,407	\$ 3,413,537
Motor vehicle	173,000	204,609	224,183
Utilities	1,000,000	1,050,000	1,039,068
Tuition and fees	375,000	375,000	427,766
Earnings on investments	90,000	90,000	106,005
Other local revenues	1,000	1,000	23,502
Intergovernmental - State	9,354,000	9,100,275	12,225,784
Intergovernmental - Indirect Federal			12,540
Intergovernmental - Direct Federal	6,000	6,000	52,652
<b>Total Revenues</b>	<u>13,921,000</u>	<u>14,090,291</u>	<u>17,525,037</u>
<b>Expenditures:</b>			
Instruction	8,809,950	8,684,957	10,755,954
Support services:			
Student	564,831	605,507	753,156
Instruction staff	652,163	650,363	815,803
District administrative	525,309	525,973	482,173
School administrative	822,296	819,815	1,046,376
Business	655,742	654,005	648,467
Plant operation and maintenance	1,627,480	1,627,480	1,728,900
Student transportation	650,464	650,704	757,590
Other	3,425,336	4,472,466	24,526
<b>Total Expenditures</b>	<u>17,733,571</u>	<u>18,691,270</u>	<u>17,012,945</u>
<b>Excess (Deficit) of Revenues over Expenditures</b>	(3,812,571)	(4,600,979)	512,092
<b>Other Financing Sources (Uses):</b>			
Proceeds from sale of capital assets			12,234
Transfers in	52,000	52,000	51,850
Transfers out	(50,000)	(50,000)	(25,267)
<b>Total Other Financing Sources (Uses)</b>	<u>2,000</u>	<u>2,000</u>	<u>38,817</u>
<b>Change in Fund Balances</b>	(3,810,571)	(4,598,979)	550,909
<b>Fund Balance, July 1, 2011</b>	<u>3,810,571</u>	<u>4,598,979</u>	<u>6,189,478</u>
<b>Fund balance, June 30, 2012</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,740,387</u>

Both inflows and outflows are equally different in the Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds by the amount of on-behalf payments of \$3,113,109.

**ELIZABETHTOWN INDEPENDENT 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>
<b>Revenues:</b>			
From local sources:			
Earnings on investments	\$ -	\$ -	\$ 499
Other local revenues	66,000	69,382	68,672
Intergovernmental - State	629,901	725,119	646,807
Intergovernmental - Indirect Federal	<u>1,018,044</u>	<u>1,057,461</u>	<u>1,820,710</u>
<b>Total Revenues</b>	<b>1,713,945</b>	<b>1,851,962</b>	<b>2,536,688</b>
<b>Expenditures:</b>			
Instruction	1,439,791	1,602,925	2,310,881
Support services:			
Student	39,941	17,604	33,046
Instruction staff	101,815	110,632	115,988
District administrative	6,149		
Student transportation	13,320	14,149	8,251
Community service activities	<u>162,929</u>	<u>156,652</u>	<u>156,622</u>
<b>Total Expenditures</b>	<b><u>1,763,945</u></b>	<b><u>1,901,962</u></b>	<b><u>2,624,788</u></b>
<b>Excess (Deficit) of Revenues over Expenditures</b>	(50,000)	(50,000)	(88,100)
<b>Other Financing Sources (Uses):</b>			
Transfers in	<u>50,000</u>	<u>50,000</u>	<u>25,267</u>
<b>Total Other Financing Sources (Uses)</b>	<b><u>50,000</u></b>	<b><u>50,000</u></b>	<b><u>25,267</u></b>
<b>Change in Fund Balances</b>	-	-	(62,833)
<b>Fund Balance, July 1, 2011</b>	<u>-</u>	<u>-</u>	<u>110,968</u>
<b>Fund balance, June 30, 2012</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 48,135</u></b>

**SUPPLEMENTARY INFORMATION**

**ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT**

**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2012

	<u>Capital Outlay Fund</u>	<u>Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<b>Assets:</b>			
Cash and cash equivalents	\$ 1,051,862	\$ -	\$ 1,051,862
Investments		581,542	581,542
	<u>\$ 1,051,862</u>	<u>\$ 581,542</u>	<u>\$ 1,633,404</u>
<b>Total Assets</b>			
<b>Liabilities and Fund Balances:</b>			
<b>Liabilities</b>			
Accounts payable	\$ -	\$ -	\$ -
	-	-	-
<b>Total Liabilities</b>			
<b>Fund Balances</b>			
Restricted	<u>1,052,862</u>	<u>581,542</u>	<u>1,634,404</u>
	<u>1,052,862</u>	<u>581,542</u>	<u>1,634,404</u>
<b>Total Fund Balances</b>			
	<u>\$ 1,052,862</u>	<u>\$ 581,542</u>	<u>\$ 1,634,404</u>
<b>Total Liabilities and Fund Balances</b>			

**ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT**

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

Year Ended June 30, 2012

	Capital Outlay Fund	Debt Service Fund	Total Nonmajor Governmental Funds
<b>Revenues</b>			
Earnings on investments	\$ 5,314	\$ 6,534	\$ 11,848
Intergovernmental - State	212,019	200,159	412,178
Intergovernmental - Direct federal		571,737	571,737
<b>Total Revenues</b>	<u>217,333</u>	<u>778,430</u>	<u>995,763</u>
<b>Expenditures</b>			
Bond issue costs		49,425	49,425
Debt service:			
Principal		544,000	544,000
Interest		959,373	959,373
<b>Total Expenditures</b>	<u>-</u>	<u>1,552,798</u>	<u>1,552,798</u>
<b>Excess (Deficit) of Revenues over Expenditures</b>	217,333	(774,368)	(557,035)
<b>Other Financing Sources (Uses)</b>			
Proceeds from sale of refunding bonds		4,625,000	4,625,000
Transfers in		996,590	996,590
Bond discount		(66,825)	(66,825)
Payment to refunded bond escrow agent		(4,504,808)	(4,504,808)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>1,049,957</u>	<u>1,049,957</u>
<b>Change in Fund Balances</b>	<u>217,333</u>	<u>275,589</u>	<u>492,922</u>
<b>Fund balance, July 1, 2011</b>	<u>834,529</u>	<u>305,953</u>	<u>1,140,482</u>
<b>Fund balance, June 30, 2012</b>	<u>\$ 1,051,862</u>	<u>\$ 581,542</u>	<u>\$ 1,633,404</u>

**ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT**

COMBINING STATEMENT OF FIDUCIARY NET ASSETS

AGENCY FUNDS

June 30, 2012

	Morningside Elementary	Helmwood Heights Elementary	T.K. Stone Middle School	Elizabethtown High School	Total Agency Fund
<b>Assets</b>					
Cash and cash equivalents	\$ 126,415	\$ 19,985	\$ 62,439	\$ 162,197	\$ 371,036
Receivables	53	-	-	-	53
<b>Total Assets</b>	<b>\$ 126,468</b>	<b>\$ 19,985</b>	<b>\$ 62,439</b>	<b>\$ 162,197</b>	<b>\$ 371,089</b>
<b>Liabilities</b>					
Accounts payable	\$ 25,098	\$ -	\$ 1,450	\$ -	\$ 26,548
Due to student groups	101,370	19,985	60,989	162,197	344,541
<b>Total Liabilities</b>	<b>\$ 126,468</b>	<b>\$ 19,985</b>	<b>\$ 62,439</b>	<b>\$ 162,197</b>	<b>\$ 371,089</b>

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

AGENCY FUNDS

JUNE 30, 2012

SCHOOL	CASH BALANCES July 1, 2011	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2012	RECEIVABLES June 30, 2012	DUE TO OTHER FUNDS/ACCOUNTS PAYABLE June 30, 2012	DUE TO STUDENT GROUPS June 30, 2012
Elizabethtown High	\$ 153,641	\$ 305,827	\$ 297,271	\$ 162,197	\$ -	\$ -	\$ 162,197
Helmwood Elementary	16,678	36,944	33,637	19,985	-	-	19,985
Morningside Elementary	97,057	197,136	167,778	126,415	53	25,098	101,370
T.K. Stone Middle	58,337	152,054	147,952	62,439	-	1,450	60,989
	<u>\$ 325,713</u>	<u>\$ 691,961</u>	<u>\$ 646,638</u>	<u>\$ 371,036</u>	<u>\$ 53</u>	<u>\$ 26,548</u>	<u>\$ 344,541</u>

**ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT**

**SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES**

**ELIZABETHTOWN HIGH SCHOOL**

**YEAR ENDED JUNE 30, 2012**

NAME OF ACTIVITY	CASH		DISBURSEMENTS	CASH		RECEIVABLES	ACCOUNTS PAYABLE	DUE TO STUDENT GROUPS
	BALANCES	RECEIPTS		BALANCES	RECEIVABLES			
	July 1, 2011			June 30, 2012	June 30, 2012	June 30, 2012	June 30, 2012	June 30, 2012
Academic Team	21	194	195	20	-	-	20	
Adult Vending	237	661	460	438	-	-	438	
Agendas	449	5	-	454	-	-	454	
AP Chemistry	\$ 122	\$ -	\$ -	\$ 122	\$ -	\$ -	\$ 122	
AP Social Studies	213	1,037	1,051	199	-	-	199	
Art Club	51	60	-	111	-	-	111	
Athletic Concessions	8,520	16,162	18,149	6,533	-	-	6,533	
Athletic Fees	8,241	29,375	21,242	16,374	-	-	16,374	
Athletic Gate	48,356	44,226	47,768	44,814	-	-	44,814	
Athletics	2,003	22,825	20,441	4,387	-	-	4,387	
Band	257	-	-	257	-	-	257	
Baseball	1,778	6,451	6,883	1,346	-	-	1,346	
Baseball Camp	311	1,080	1,306	85	-	-	85	
Baseball Regional	-	14,041	13,048	993	-	-	993	
Belle	7,500	7,449	7,427	7,522	-	-	7,522	
Beta Club	14	2,914	2,489	439	-	-	439	
Beta Club Service Proj	44	93	93	44	-	-	44	
Boy's Basketball	1,722	8,786	9,364	1,144	-	-	1,144	
Boy's Basketball Camp	144	3,331	2,584	891	-	-	891	
Boy's Basketball District	-	12,059	10,492	1,567	-	-	1,567	
Boy's Soccer	1	11,007	10,881	127	-	-	127	
Boy's Soccer Camp	3,386	2,266	4,204	1,448	-	-	1,448	
Broadcasting	557	381	-	938	-	-	938	
Building Rental	689	1,099	1,088	700	-	-	700	
Business Education	1,061	1,627	1,814	874	-	-	874	
Cheerleader Club	19	-	-	19	-	-	19	
Cheerleading Clinic	819	986	1,013	792	-	-	792	
Cheerleading	904	1,500	2,298	106	-	-	106	
Chorus	1,229	4,650	4,561	1,318	-	-	1,318	
Class of 1960	114	60	-	174	-	-	174	
Class of 2005	1,000	-	-	1,000	-	-	1,000	
Community Donations	1,143	-	-	1,143	-	-	1,143	
Cross Country Club	343	1,500	1,815	28	-	-	28	
Dow Corning	63	1	-	64	-	-	64	
Drama	614	-	-	614	-	-	614	
EEF-Etown Ed Foundation	-	2,308	2,134	174	-	-	174	
English	481	442	469	454	-	-	454	
Fellowship of Christ	564	280	201	643	-	-	643	
Football	25	17,315	16,859	481	-	-	481	
Freshman Class	89	50	45	94	-	-	94	
Fund for the Arts	52	-	-	52	-	-	52	
Future Business Leaders	729	-	-	729	-	-	729	
Gifted and Talented	138	1,681	1,487	332	-	-	332	
Girl's Basketball	3,009	10,046	11,328	1,727	-	-	1,727	
Girl's Basketball Camp	13	3,135	3,012	136	-	-	136	
Girl's Basketball Dist	632	-	632	-	-	-	-	
Girl's Soccer	206	12,969	12,053	1,122	-	-	1,122	
Girl's Soccer Camp	287	3,691	717	3,261	-	-	3,261	
Girls Soccer Regional	-	6,052	4,971	1,081	-	-	1,081	
Girls Soccer-Ser Project	-	307	307	-	-	-	-	
Golf	310	1,596	1,701	205	-	-	205	
Green Dot	-	250	42	208	-	-	208	
Guidance and Counseling	677	9,342	9,473	546	-	-	546	
Interact Club	362	-	-	362	-	-	362	
Interest	701	1,813	1,759	755	-	-	755	
Junior Class	202	50	52	200	-	-	200	
KYA	559	22,010	22,569	-	-	-	-	
KUNA Service Projects	-	421	421	-	-	-	-	
Kerrick Science Scholarship	701	-	100	601	-	-	601	
Library	148	298	285	161	-	-	161	

**ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT**

**SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES**

**ELIZABETHTOWN HIGH SCHOOL - CONCLUDED**

YEAR ENDED JUNE 30, 2012

NAME OF ACTIVITY	CASH	RECEIPTS	DISBURSEMENTS	CASH	RECEIVABLES	ACCOUNTS PAYABLE	DUE TO STUDENT GROUPS
	BALANCES			BALANCES			
	July 1, 2011			June 30, 2012	June 30, 2012	June 30, 2012	June 30, 2012
Lock Fund	383	64	307	140	-	-	140
Mathematics	170	368	392	146	-	-	146
Parking	513	405	389	529	-	-	529
Pep Club	1,619	7,717	7,059	2,277	-	-	2,277
Physical Education	2,607	690	418	2,879	-	-	2,879
Pictures	901	1,959	2,461	399	-	-	399
Project Graduation	4,589	8,733	9,010	4,312	-	-	4,312
Prom	4,670	7,276	7,920	4,026	-	-	4,026
Rewards Program	93	1,509	957	645	-	-	645
SADD	214	737	621	330	-	-	330
SADD - Grant	-	500	75	425	-	-	425
Science	4,397	5,265	4,073	5,589	-	-	5,589
Senior Class	65	2,503	2,300	268	-	-	268
Social Committee	57	995	1,000	52	-	-	52
Social Committee (Angel)	26	-	-	26	-	-	26
Softball	460	5,683	5,411	732	-	-	732
Sophomore Class	401	50	56	395	-	-	395
Spanish Club	240	434	322	352	-	-	352
Spanish Honor Society	39	-	-	39	-	-	39
Special Education	1,575	109	-	1,684	-	-	1,684
Special Ed - Jr Achieve	-	450	62	388	-	-	388
Speech	453	2,246	1,841	858	-	-	858
STLP	33	-	-	33	-	-	33
Student Assistance Fund	1,343	-	443	900	-	-	900
Student Vending	781	962	161	1,582	-	-	1,582
Student Council	2,307	2,556	2,468	2,395	-	-	2,395
Student Council (Svc proj)	-	461	461	-	-	-	-
Swimming	2,546	1,500	1,889	2,157	-	-	2,157
T-Shirt Sales	93	3,954	2,937	1,110	-	-	1,110
Target	42	708	670	80	-	-	80
Technical Education	28	1,386	1,409	5	-	-	5
Tennis	29	1,858	1,589	298	-	-	298
Tennis Camp	1,217	1,920	1,157	1,980	-	-	1,980
Textbooks	15,131	12,047	20,359	6,819	-	-	6,819
Track	319	1,500	1,516	303	-	-	303
Volleyball	72	6,745	6,505	312	-	-	312
Yearbook	4,418	5,584	2,679	7,323	-	-	7,323
Subtotal	153,641	378,756	370,200	162,197	-	-	162,197
Interfund Transfers	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>\$ 153,641</b>	<b>\$ 378,756</b>	<b>\$ 370,200</b>	<b>\$ 162,197</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 162,197</b>

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**ELIZABETHTOWN INDEPENDENT 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>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
Child Nutrition Cluster - Cash Assistance Passed Through State Department of Education			
National School Lunch Program	10.555	7750002-11 7750002-12	\$ 125,925 400,783
School Breakfast Program	10.553	7760005-11 7760005-12	51,132 167,353
Non-Cash Assistance (Commodities) National School Lunch Program	10.555	057502-02	<u>75,273</u>
<b>TOTAL CHILD NUTRITION CLUSTER</b>			<u>820,466</u>
<b>TOTAL U.S. DEPT. OF AGRICULTURE</b>			<u>820,466</u>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>			
Title I, Part A Cluster - Passed Through State Department of Education			
Title I Grants to Local Educational Agencies	84.010	3101 3102	137,005 <u>404,332</u>
			<u>541,337</u>
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	3919	<u>45,990</u>
<b>TOTAL TITLE I, PART A CLUSTER</b>			<u>587,327</u>
Special Education Cluster (IDEA) - Passed Through State Department of Education			
Special Education - Grants to States	84.027	3371 3371C 3371P 3372 3372C 3372P	94,394 45,967 803 284,340 43,922 <u>15,398</u>
			<u>484,824</u>
Special Education - Preschool Grants	84.173	3431 3431C 3432 3432C 3432P	7,804 1,829 6,467 43 <u>167</u>
			<u>16,310</u>
ARRA - Special Education - Grants to States (Idea, Part B), Recovery Act	84.391	4249 4249C	95,397 <u>8,212</u>
			<u>103,609</u>
ARRA - Special Education - Preschool Grants (Idea Preschool), Recovery Ac	84.392	4239	<u>2,484</u>
<b>TOTAL SPECIAL EDUCATION CLUSTER (IDEA)</b>			<u>607,227</u>

**ELIZABETHTOWN INDEPENDENT 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	4250	731
ARRA - Education Technology State Grants, Recovery Act	84.386	4850	<u>5,297</u>
<b>TOTAL EDUCATION TECHNOLOGY STATE GRANTS CLUSTER</b>			<u>6,028</u>
<u>OTHER U.S. DEPARTMENT OF EDUCATION PROGRAMS</u>			
Impact Aid	84.041	N/A	52,652
Passed Through State Department of Education			
Vocational Education - Basic Grants to States	84.048	3480 3482	591 <u>23,520</u>
			<u>24,111</u>
Safe and Drug Free Schools and Communities - State Grants	84.186	4060	208
English Language Acquisition Grants	84.365	3450 3450I 3451 3452	3,381 5,025 4,829 <u>114</u>
			<u>13,349</u>
Improving Teacher Quality - State Grants	84.367	4011 4012	283 <u>90,496</u>
			<u>90,779</u>
Education Jobs	84.410	4411	476,852
Race to the Top	84.413	4522	1,961
Passed Through Cabinet for Workforce Development			
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	3762	12,916
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<u>1,873,410</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 2,693,876</u>

## **ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT**

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

June 30, 2012

#### **NOTE A – BASIS OF PRESENTATION**

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

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

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**

**ELIZABETHTOWN INDEPENDENT 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 \_\_X\_\_no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_yes \_\_X\_\_none reported

Noncompliance material to financial statements noted?

\_\_\_\_\_yes \_\_X\_\_no

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_yes \_\_X\_\_no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_\_\_yes \_\_X\_\_none reported

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

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

\_\_\_\_\_yes \_\_X\_\_no

Identification of major programs:

CFDA Number	Federal Program or Cluster
<b>DEPARTMENT OF AGRICULTURE</b>	
10.553	School Breakfast Program
10.555	National School Lunch Program
<b>DEPARTMENT OF EDUCATION</b>	
<b>Special Education Cluster (IDEA) -</b>	
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
<b>Other Programs</b>	
84.410	Education Jobs

---

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

---

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

Auditee qualified as low-risk auditee?    \_\_\_\_\_yes    X no

---

**Section II – Financial Statement Findings**

---

No matters were reported.

---

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

---

No matters were reported.

**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**

**ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT**

**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**

June 30, 2012

No matters were reported.

**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**

THEODORE C. STILES, CPA  
BENJAMIN E. CARTER, CPA  
JOHN R. ASHCRAFT, CPA  
J. SCOTT KISSELBAUGH, CPA  
BRIAN S. WOOSLEY, CPA  
CHRIS R. CARTER, CPA



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

CERTIFIED PUBLIC ACCOUNTANTS

2901 RING ROAD EAST

P. O. BOX 622

ELIZABETHTOWN, KY 42702-0622

TELEPHONE 270/769-6371

FAX 270/765-7934

[www.stilescartercpas.com](http://www.stilescartercpas.com)

JON M. ANDERSON, CPA  
CHERYLE L. BEAUCHAMP, CPA  
WILLIAM M. DOERR, CPA  
CARRIE A. GREY, CPA  
LYNN C. HOWARD, CPA  
PHILIP A. LOGSDON, CPA  
J. ALTON PIKE, CPA

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the financial statements of Elizabethtown Independent School District as of and for the year ended June 30, 2012, and have issued our report thereon dated September 6, 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 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 Elizabethtown Independent School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Elizabethtown Independent School District'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.

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

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

## Compliance and Other Matters

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

We noted certain matters that we reported to management of Elizabethtown Independent School District in a separate letter dated September 6, 2012.

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



Certified Public Accountants  
September 6, 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**

THEODORE C. STILES, CPA  
BENJAMIN E. CARTER, CPA  
JOHN R. ASHCRAFT, CPA  
J. SCOTT KISSELBAUGH, CPA  
BRIAN S. WOOSLEY, CPA  
CHRIS R. CARTER, CPA



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

CERTIFIED PUBLIC ACCOUNTANTS

2901 RING ROAD EAST

P. O. BOX 622

ELIZABETHTOWN, KY 42702-0622

TELEPHONE 270/769-6371

FAX 270/765-7934

[www.stilescartercpas.com](http://www.stilescartercpas.com)

JON M. ANDERSON, CPA  
CHERYLE L. BEAUCHAMP, CPA  
WILLIAM M. DOERR, CPA  
CARRIE A. GREY, CPA  
LYNN C. HOWARD, CPA  
PHILIP A. LOGSDON, CPA  
J. ALTON PIKE, CPA

## INDEPENDENT AUDITOR'S REPORT

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

### Compliance

We have audited Elizabethtown Independent School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of are applicable to each Elizabethtown Independent School District's major federal programs for the year ended June 30, 2012. Elizabethtown Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Elizabethtown Independent School District's management. Our responsibility is to express an opinion on Elizabethtown Independent 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 Elizabethtown Independent School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Elizabethtown Independent School District's compliance with those requirements.

In our opinion, Elizabethtown Independent School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

## Internal Control Over Compliance

Management of Elizabethtown Independent 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 Elizabethtown Independent 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 Elizabethtown Independent School District's internal control over compliance.

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

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.

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



Certified Public Accountants  
September 6, 2012

**MANAGEMENT LETTER AND COMMENTS**

THEODORE C. STILES, CPA  
BENJAMIN E. CARTER, CPA  
JOHN R. ASHCRAFT, CPA  
J. SCOTT KISSELBAUGH, CPA  
BRIAN S. WOOSLEY, CPA  
CHRIS R. CARTER, CPA



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

CERTIFIED PUBLIC ACCOUNTANTS

2901 RING ROAD EAST

P. O. BOX 622

ELIZABETHTOWN, KY 42702-0622

TELEPHONE 270/769-6371

FAX 270/765-7934

[www.stilescartercpas.com](http://www.stilescartercpas.com)

JON M. ANDERSON, CPA  
CHERYLE L. BEAUCHAMP, CPA  
WILLIAM M. DOERR, CPA  
CARRIE A. GREY, CPA  
LYNN C. HOWARD, CPA  
PHILIP A. LOGSDON, CPA  
J. ALTON PIKE, CPA

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

In planning and performing our audit of the basic financial statements of Elizabethtown Independent School District for the year ended June 30, 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 6, 2012, contains our report on the District's internal control. This letter does not affect our report dated September 6, 2012, on the financial statements of the Elizabethtown Independent School District.

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

Certified Public Accountants  
September 6, 2012

**ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT**

COMMENTS

June 30, 2012

**UNCORRECTED PRIOR YEAR COMMENTS**

**HELMWOOD HEIGHTS ELEMENTARY SCHOOL**

MULTIPLE RECEIPT FORMS

We noted the deposit of \$4,625.91 dated 2/16/12 had F-SA-6, Multiple Receipt Forms, attached without 4<sup>th</sup> and 5<sup>th</sup> grade student signatures or initials.

MANAGEMENT RESPONSE

The District will review this matter with school personnel.

**T K STONE MIDDLE SCHOOL**

INVENTORY CONTROL

We noted the following F-SA-5, Inventory Control Worksheets were not filled out correctly: both the bookstore and athletic concessions forms did not have amounts for subtotal A or subtotal B or the value of deliveries, the athletic concessions worksheets did not have amounts for beginning or ending inventory and the bookstore did not document items donated for resale.

MANAGEMENT RESPONSE

The District will review this matter with school personnel.

**CURRENT YEAR COMMENTS**

**ELIZABETHTOWN HIGH SCHOOL**

SEGREGATION OF DUTIES

We noted that the school treasurer copies checks, records revenue and takes the deposit to the bank as well as records invoices, prints checks, matches invoices to checks and mails the checks.

MANAGEMENT RESPONSE

The District will review this matter with school personnel.

## **ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT**

### **COMMENTS-CONTINUED**

June 30, 2012

#### **HELMWOOD HEIGHTS ELEMENTARY SCHOOL**

##### **SEGREGATION OF DUTIES**

We noted the school treasurer, copies checks, prepares the deposit slip, records revenue and takes the deposit to the bank.

##### **MANAGEMENT RESPONSE**

The District will review this matter with school personnel.

##### **UNTIMELY DEPOSIT**

We noted the deposit of \$911.99 dated 11/16/11 had the following F-SA-6, Multiple Receipt Forms, dated 5-12 days before being deposited: one F-SA-6 for \$228.66 was dated 11/04/11 and another for \$70.01 was dated 11/11/11. We also noted the deposit of \$4,625.91 dated Friday, 02/16/12, the majority of which was cash, was listed as received Wednesday, 02/14/12.

##### **MANAGEMENT RESPONSE**

The District will review this matter with school personnel.

#### **MORNINGSIDE ELEMENTARY SCHOOL**

##### **SEGREGATION OF DUTIES**

We noted the school treasurer copies checks, records receipts and takes the deposit to the bank for both school and after school care receipts. The treasurer also enters invoices, prints checks and matches invoices to checks for both school and after school care accounts payable.

##### **MANAGEMENT RESPONSE**

The District will review this matter with school personnel.

**ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT**

COMMENTS-CONTINUED

June 30, 2012

**T K STONE MIDDLE SCHOOL**

SEGREGATION OF DUTIES

We noted the school treasurer copies checks, records revenue and takes deposit to the bank.

MANAGEMENT RESPONSE

The District will review this matter with school personnel.

FUND RAISERS

We noted fund raisers for t-shirts, cheese and sausage sales did not have amounts listed for total budgeted sales.

MANAGEMENT RESPONSE

The District will review this matter with school personnel.

CASH DISBURSEMENT

We noted check #10600 written to Wal-Mart was dated 10/17/11 had attached a purchase order dated 10/18/11.

MANAGEMENT RESPONSE

The District will review this matter with school personnel.

GIFT CARD

We noted check #10743, dated 1/06/12, for \$100.00 was written to Target for the purchase a gift card that did not have attached documentation of receipt of the card.

MANAGEMENT RESPONSE

The District will review this matter with school personnel.