

TRIGG COUNTY SCHOOL DISTRICT
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

**TRIGG COUNTY SCHOOL DISTRICT
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INDEPENDENT AUDITORS' REPORT

Kentucky State Committee
for School District Audits
Members of the Board of Education
Trigg County School District
Cadiz, 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 Trigg County School District as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These 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 to the Independent Auditor's Contract – General Audit Requirements*, *Appendix II to the Independent Auditor's Contract – State Audit Requirements*, and *Appendix III to the Independent Auditor's Contract – Electronic Submission*. 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 the 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.

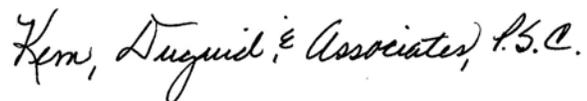
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Trigg County School District as of June 30, 2012, and the respective changes in financial position, and, and where applicable, cash flows 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 our report dated November 5, 2012 on our consideration of Trigg County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 12 and 45 through 47 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 Trigg County School District's financial statements as a whole. The introductory section, combining, and individual nonmajor fund financial statements 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 and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of 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 auditing 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. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on it.

Kem, Duguid & Associates, P.S.C.

A handwritten signature in cursive script that reads "Kem, Duguid & Associates, P.S.C.".

Certified Public Accountants
Hopkinsville, Kentucky

November 5, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

As management of the Trigg County School District, we offer readers of the District’s financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

FINANCIAL HIGHLIGHTS

- The ending cash and investments balance for the District was \$6,470,042, as compared with the beginning cash balance of \$6,088,195. The ending cash and investments balance consists of General Fund of \$5,319,236, Special Revenue Fund of (\$109,913), Other Governmental Funds of \$714,704, Food Service Fund of \$434,662, and School Activity Funds of \$111,353.
- Total government-wide net assets increased by \$540,988 for the fiscal year ended June 30, 2012. Total long-term obligations had a net decrease of \$501,165, while the unrestricted net assets decreased \$276,194 and restricted net assets increased \$438,372.
- The General Fund had \$16,506,082 in revenue, which primarily consisted of the state program (SEEK), property, utilities, motor vehicle, and in lieu of taxes, and on-behalf payments for fringe benefits from the Commonwealth of Kentucky. General Fund revenues increased \$1,091,432 in comparison to prior year of \$15,414,650. Excluding interfund transfers, there were General Fund expenditures totaling \$16,110,788. This is an increase of \$1,095,652 compared to \$15,015,136 in General Fund expenditures for the prior year.
- The financial statements reflect a total of \$3,228,164 of revenues and aid from the state for payments made by the state on-behalf of district employees for retirement contributions and health insurance. A like amount of expenses is also recorded in the financial statements.

OVERVIEW OF FINANCIAL STATEMENTS

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.

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

OVERVIEW OF FINANCIAL STATEMENTS, continued

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 are also supported by taxes and intergovernmental revenues.

The government-wide financial statements can be found on pages 13 and 14 of this report.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information regarding the District’s accounting funds as opposed to the District as a whole, focusing on the District’s major funds. A fund is a grouping of related accounts used to segregate sources of funding and spending on particular programs or activities. The District’s funds are mandated by the state as part of a statewide uniform system of accounting for school districts to ensure compliance with finance and legal requirements. The District’s major funds are the General Fund, Special Revenue Fund and School Food Services. The District has three types of funds:

Governmental funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term effect of the government’s near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and four Special Revenue Funds. The major governmental funds are the General and Special Revenue funds. FSPK, SEEK Capital Outlay, and Construction are the nonmajor governmental funds.

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

The District adopts an annual appropriated budget for its General Fund as well as its other governmental funds. A budgetary comparison statement has been provided for the General Fund and Special Revenue Fund to demonstrate compliance with this budget.

Proprietary funds – The District’s proprietary funds are food service and child day care. The proprietary fund statements are the same as the business-type activities in the government-wide statements, but provide more detail and additional information, such as cash flows.

Fiduciary funds – The District is fiduciary for assets that belong to others and is responsible for ensuring that assets reported in the fiduciary funds are used only for their intended purposes. The District’s fiduciary funds consist of student activities funds. These funds are excluded from the government-wide financial statements because the assets cannot be used to finance operations of the District.

The basic governmental fund financial statements can be found on pages 15-18 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 beginning on page 24 of this report.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

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 \$17,469,366 as of June 30, 2012.

A significant portion of the District’s net assets reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment and construction in progress) less any outstanding related debt used to acquire those assets. 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.

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

Following is a summary of the District’s government-wide net assets for the fiscal years ended June 30, 2012 and 2011:

Net Assets for the Fiscal Years Ended June 30, 2012 and 2011

	Governmental Activities		Business-type Activities		District Total	
	2012	2011	2012	2011	2012	2011
Current assets and other assets	\$ 6,480,521	\$ 6,365,192	\$ 457,339	\$ 492,503	\$ 6,937,860	\$ 6,857,695
Capital assets	16,935,995	17,050,799	1,079,873	1,098,638	18,015,868	18,149,437
Total assets	<u>23,416,516</u>	<u>23,415,991</u>	<u>1,537,212</u>	<u>1,591,141</u>	<u>24,953,728</u>	<u>25,007,132</u>
Current liabilities	874,632	1,002,326	-	188	874,632	1,002,514
Noncurrent liabilities	6,609,730	7,076,240	-	-	6,609,730	7,076,240
Total liabilities	<u>7,484,362</u>	<u>8,078,566</u>	<u>-</u>	<u>188</u>	<u>7,484,362</u>	<u>8,078,754</u>
Investment in capital assets (net of debt)	9,792,714	9,389,866	1,079,873	1,098,638	10,872,587	10,488,504
Restricted	978,987	540,615	-	-	978,987	540,615
Unreserved	5,160,453	5,406,944	457,339	492,315	5,617,792	5,899,259
Total net assets	<u>\$ 15,932,154</u>	<u>\$ 15,337,425</u>	<u>\$ 1,537,212</u>	<u>\$ 1,590,953</u>	<u>\$ 17,469,366</u>	<u>\$ 16,928,378</u>

Change in net assets. The District’s governmental activities net assets increased by \$594,729 and business-type assets decreased by \$53,741.

The Kentucky School Facilities Construction Commission (SFCC) makes direct payments of principal and interest on District bonds issued for construction of facilities. The bonds payable are included in the long-term obligations for the District, and the payments are recorded as revenue from the State. The result is an increase in net assets from the direct payment of principal by the SFCC of \$85,263. Another increase is the expenditure of current revenues on capital assets, an expenditure that does not reduce net assets on the government-wide statements.

The District’s financial position is the product of many factors. For example, the determination of the District’s investment in capital assets, net of related debt, involves many assumptions and estimates, such as current and accumulated depreciation amounts. Changes in variables such as estimated depreciable lives or capitalization policies may produce significant differences in the calculated amounts.

Total net assets increased \$540,988 for the year ended June 30, 2012. New asset purchases for the District amounted to \$929,156. Debt was decreased by principal payments of \$2,962,567. There were no new capital leases for the year.

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

Following is a summary of schedule of changes in the District's net assets for the years ended June 30, 2012 and 2011:

Changes in Net Assets for the Fiscal Years Ended June 30, 2012 and 2011

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>District Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenues						
Program revenues						
Charges for services	\$ -	\$ -	\$ 458,613	\$ 437,172	\$ 458,613	\$ 437,172
Operating grants and contributions	5,190,896	6,391,834	680,262	654,097	5,871,158	7,045,931
Capital grants and contributions	132,037	129,212	-	-	132,037	129,212
General revenues						
Property taxes	3,712,253	3,503,255	-	-	3,712,253	3,503,255
Other taxes	2,886,691	2,931,971	-	-	2,886,691	2,931,971
State aid	7,503,122	6,636,221	134,861	138,705	7,637,983	6,774,926
Investment earnings	33,017	39,777	1,994	2,801	35,011	42,578
Other	171,055	219,029	1,610	949	172,665	219,978
Total revenues	19,629,071	19,851,299	1,277,340	1,233,724	20,906,411	21,085,023
Expenses						
Instruction	10,738,783	10,946,300	-	-	10,738,783	10,946,300
Support services:						
Student	982,865	963,186	-	-	982,865	963,186
Instructional support	1,435,215	1,644,575	-	-	1,435,215	1,644,575
District administration	831,321	812,170	-	-	831,321	812,170
School administration	957,241	980,229	-	-	957,241	980,229
Business	531,998	541,434	-	-	531,998	541,434
Plant operations	1,656,949	1,571,809	-	-	1,656,949	1,571,809
Student transportation	1,331,002	1,237,918	-	-	1,331,002	1,237,918
Community services	163,997	175,246	-	-	163,997	175,246
Interest on long-term debt	381,390	291,069	-	-	381,390	291,069
Other	17,073	117,911	-	-	17,073	117,911
Food service	-	-	1,155,088	1,076,132	1,155,088	1,076,132
Day care	-	-	182,501	179,841	182,501	179,841
Total expenses	19,027,834	19,281,847	1,337,589	1,255,973	20,365,423	20,537,820
Change in net assets before transfers	601,237	569,452	(60,249)	(22,249)	540,988	547,203
Transfers in (out)	(6,508)	(10,123)	6,508	10,123	-	-
Change in net assets after transfers	\$ 594,729	\$ 559,329	\$ (53,741)	\$ (12,126)	\$ 540,988	\$ 547,203

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

FINANCIAL ANALYSIS OF THE DISTRICT’S GOVERNMENTAL FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds – The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, The District’s governmental funds reported combined ending fund balances of \$6,134,874, an increase of \$193,379 in comparison to prior year. The following schedule indicates the fund balances and the total changes in fund balances by major fund and other governmental (nonmajor) funds as reported in the basic financial statements for the fiscal years ended June 30, 2012 and 2011.

The main sources of the General Fund’s revenues are state aid in the form of SEEK allocations and locally assessed taxes. The majority of the District’s activities are accounted for in the General Fund. The Special Revenue Fund consists of grant revenues, mostly state funds and federal funds administered through the state and expenditures of those grants for specific programs in accordance with the grants’ guidelines.

The SEEK Capital Outlay Fund’s revenues are derived from state SEEK allowances based upon student enrollment. The FSPK Building Fund’s revenues are produced by a five-cent special property tax assessment and matching state funds. The use of both funds’ resources is generally restricted to facilities acquisition or improvement and payment of the related debt on facilities. The Construction Fund is used to account for facility construction and improvement projects funded by other funds or borrowing.

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

Following is a summary of fund balances for the fiscal years ended June 30, 2012 and 2011:

Governmental Funds Balances as of June 30, 2012 and 2011:

	<u>FYE 2012</u>	<u>FYE 2011</u>	<u>Increase (Decrease)</u>
Governmental Funds			
General Fund	\$ 5,369,887	\$ 5,210,439	\$ 159,448
Special Revenue Fund	50,283	21,233	29,050
Building Fund	93,972	91,381	2,591
Construction Fund	179,888	338,173	(158,285)
Capital Outlay	440,844	280,269	160,575
	<u>\$ 6,134,874</u>	<u>\$ 5,941,495</u>	<u>\$ 193,379</u>
Proprietary Funds			
Food Service Fund	\$ 1,537,212	\$ 1,590,953	\$ (53,741)
Day Care Fund	-	-	-
	<u>\$ 1,537,212</u>	<u>\$ 1,590,953</u>	<u>\$ (53,741)</u>
Fiduciary Funds			
School Activity Funds	\$ 111,353	\$ 131,291	\$ (19,938)
	<u>\$ 111,353</u>	<u>\$ 131,291</u>	<u>\$ (19,938)</u>

General Fund – The General Fund is the chief operating fund of the District. At the end of the current fiscal year, the unassigned fund balance of the General Fund is \$2,719,451, while total fund balance reached \$5,369,887. As a measure of the General Fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total expenditures. Unassigned fund balance represents 16.87% of the total General Fund expenditures, while total fund balance represents 33.33% of that same amount.

During the current fiscal year, the total fund balance of the General Fund increased by \$159,448. This increase in General Fund balance was primarily due to controlling expenditures, within the available revenues. Revenues and transfers in totaling \$16,506,082 increased \$1,091,432, while expenditures and transfers out totaling \$16,346,634 increased \$1,005,276.

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

GENERAL FUND BUDGETARY HIGHLIGHTS

In accordance with directives from the Kentucky Department of Education (DOE) and Kentucky law, the District’s funds budgets are prepared to account for most transactions on a cash receipt/cash disbursement basis. The DOE requires a budget in which any budgeted remaining fund balance is shown as a contingency expense and any amounts being accumulated for other purposes ultimately shown as unspent or over-budgeted expenditures. By law, the budget must have a minimum 2% contingency. The District adopted a General Fund budget with a contingency of 5%. Over the course of the year, the District revises the annual operating budget as circumstances dictate or as required by DOE.

As noted on the Budgetary Comparison Schedule for the General Fund contained in the Required Supplementary Information, the General Fund budget did not include \$3,104,948 of state payments on-behalf of District employees for retirement and health benefits. These payments are reflected in the GAAP basis actual amounts as state program revenues and in each type of expenditure in relation to wages paid, with the major portion contained in instructional expenditures. Local revenues are budgeted conservatively resulting in a favorable variance of local revenues for the year.

- The District’s total revenues for General Fund activities for the fiscal year ended June 30, 2012, net of interfund transfers, beginning balances, and on-behalf payments, were \$13,401,134; compared to the total budgeted revenues of \$12,583,322.
- The District’s total expenditures for General Fund activities for the fiscal year ended June 30, 2012, net of interfund transfers and on-behalf payments, were \$13,241,686; compared to the total budgeted expenditures, net of contingency (\$993,886), of \$16,799,875.

Significant Board action that impacts the District’s finances includes the award of multiple contracts and salary increases mandated by the Legislature.

Fund 2 is made up of state, local, and federal grants. These grants include Title I, No Child Left Behind Funding, Preschool, Special Education funding, and others. These funds have restricted use, according to the guidelines for each. Expenses include salaries and benefits, supplies, and transportation.

Funds 310 and 320 are restricted funds for capital projects or debt service. The District has used those funds for debt service payments. The state contributes to those funds.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets – At June 30, 2012, the District had \$18,015,868 invested in capital assets net of depreciation: historical cost totaled \$32,532,939 with accumulated depreciation totaling \$14,517,071. These assets include school, athletic, and support facilities, as well as technology, food service, and other equipment. Funds in the amount of \$929,156 were expended on acquisition and improvements during the year. Depreciation charged to expense during the year totaled \$1,063,389, the majority of which was charged to governmental functions. More detailed information relating to capital assets may be found in Note 4 to the financial statements.

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

Following is a summary of capital assets, net of depreciation, for the fiscal years ended June 30, 2012 and 2011.

Net Capital Assets for the Fiscal Years Ended June 30, 2012 and 2011

	Governmental Activities		Business-type Activities		District Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 276,300	\$ 276,300	\$ -	\$ -	\$ 276,300	\$ 276,300
Construction in progress	-	135,979	-	-	-	135,979
Buildings and improvements	14,580,245	14,716,258	1,051,446	1,080,253	15,631,691	15,796,511
Land improvements	99,891	105,466	-	-	99,891	105,466
Technology equipment	755,910	576,308	6,922	9,424	762,832	585,732
Vehicles	1,015,010	1,024,651	-	-	1,015,010	1,024,651
General equipment	208,639	215,837	21,505	8,961	230,144	224,798
	<u>\$ 16,935,995</u>	<u>\$ 17,050,799</u>	<u>\$ 1,079,873</u>	<u>\$ 1,098,638</u>	<u>\$ 18,015,868</u>	<u>\$ 18,149,437</u>

Long-Term Debt – The District’s long-term general obligation bonds outstanding at June 30, 2012 were \$7,020,000. Of that amount, the Kentucky SFCC has agreed to make a portion of the principal and interest payment under agreements previously described. Though the District is liable for the full amount of the bonds and the full amount is recorded on the financial statements, the SFCC has agreed to pay \$1,672,046 of the bonds leaving the District to pay \$6,531,039. The liability for compensated absences increased \$447 from \$209,943 in the prior fiscal year to \$210,390 in the current fiscal year. Other long-term obligations, mostly leases on buses and office equipment, will decrease as the leases are paid down.

The State must approve the issuance of any new bonds of the District.

More detailed information about the District's long-term liabilities may be found in Note 5 to the financial statements.

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

OUTLOOK FOR THE FUTURE

The most crucial aspect in the financial future of the District is continued adequate funding from the state. The District’s major source of revenue is state aid, primarily Kentucky SEEK funding.

The District’s financial position is contingent upon legislation and factors related to property taxation in conjunction with decisions made by the District’s Board management. The District remains committed to utilizing resources to provide the maximum benefit to students and provide them with a quality education. This involves closely monitoring legislation and seeking new sources of revenues through grant writing, etc. The Superintendent and Finance Officer work with the members of the Board to insure there are controlled expenditures for capital outlay that may arise without causing a decrease to the funding for the education and safety of our students.

CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District’s finances, comply with finance-related laws and regulations, and demonstrate the District’s commitment to public accountability. If you have any questions about this report or would like to request additional information, contact the Superintendent or Finance Officer (270. 522.6075) or by mail at 202 Main Street, Cadiz, KY 42211.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TRIGG COUNTY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2012

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,054,027	\$ 434,662	\$ 1,488,689
Investments	4,870,000	-	4,870,000
Accounts receivable:			
Taxes	151,356	-	151,356
Other	13,968	105	14,073
Intergovernmental - state	-	-	-
Intergovernmental - indirect federal	200,644	-	200,644
Inventory	-	22,572	22,572
Deferred charges	182,593	-	182,593
Interest receivable	7,933	-	7,933
Capital assets:			
Land	276,300	-	276,300
Construction work in progress	-	-	-
Other capital assets, net of depreciation	16,659,695	1,079,873	17,739,568
	23,416,516	1,537,212	24,953,728
Total assets			
LIABILITIES			
Accounts payable	47,935	-	47,935
Deferred revenue	39,811	-	39,811
Accrued interest	42,945	-	42,945
Long term obligations			
Portion due or payable within one year:			
Bonds payable	655,000	-	655,000
Capital leases	21,566	-	21,566
Compensated absences	67,375	-	67,375
Portion due or payable after one year			
Bonds payable	6,379,691	-	6,379,691
Capital leases	87,024	-	87,024
Compensated absences	143,015	-	143,015
	7,484,362	-	7,484,362
Total liabilities			
NET ASSETS			
Invested in capital assets, net of related debt	9,792,714	1,079,873	10,872,587
Restricted for:			
SFCC escrow	93,972	-	93,972
Capital projects	620,732	-	620,732
Compensated absences	214,000	-	214,000
Matching funds for grants	50,283	-	50,283
Unrestricted	5,160,453	457,339	5,617,792
	\$ 15,932,154	\$ 1,537,212	\$ 17,469,366
Total net assets			

See accompanying notes to financial statements

**TRIGG COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012**

Functions/Programs	Program Revenues				Net (Expenses) Revenues
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	
Governmental Activities:					
Current:					
Instruction	\$ 10,738,783	\$ -	\$ 3,438,477	\$ -	\$ (7,300,306)
Support services:					
Student	982,865	-	264,513	-	(718,352)
Instructional staff	1,435,215	-	597,480	-	(837,735)
District administrative	831,321	-	108,866	-	(722,455)
School administrative	957,241	-	247,909	-	(709,332)
Business	531,998	-	105,294	-	(426,704)
Plant operation and maintenance	1,656,949	-	126,709	-	(1,530,240)
Student transportation	1,331,002	-	145,771	-	(1,185,231)
Community service activities	163,997	-	155,877	-	(8,120)
Facilities acquisition and construction	10,440	-	-	-	(10,440)
Interest on long-term debt	381,390	-	-	132,037	(249,353)
Other	6,633	-	-	-	(6,633)
Total governmental activities	19,027,834	-	5,190,896	132,037	(13,704,901)
Business-Type Activities:					
Food service	1,155,088	315,540	680,262	-	(159,286)
Day care services	182,501	143,073	-	-	(39,428)
Total business-type activities	1,337,589	458,613	680,262	-	(198,714)
Total activities	\$ 20,365,423	\$ 458,613	\$ 5,871,158	\$ 132,037	\$ (13,903,615)
			Governmental Activities	Business-Type Activities	Total
Changes in Net Assets					
Net Revenues (Expenses)			\$ (13,704,901)	\$ (198,714)	\$ (13,903,615)
General Revenues					
Taxes:					
Property			3,712,253	-	3,712,253
Motor vehicle			436,176	-	436,176
Utilities			873,273	-	873,273
Other			1,577,242	-	1,577,242
Investment earnings			33,017	1,994	35,011
State aid			7,503,122	134,861	7,637,983
Gain (loss) on sale of fixed assets			11,992	-	11,992
Miscellaneous			159,063	1,610	160,673
Total general revenues			14,306,138	138,465	14,444,603
Change in net assets before transfers			601,237	(60,249)	540,988
Transfers in (out)			(6,508)	6,508	-
Change in net assets after transfers			594,729	(53,741)	540,988
Net assets, July 1, 2011			15,337,425	1,590,953	16,928,378
Net assets, June 30, 2012			\$ 15,932,154	\$ 1,537,212	\$ 17,469,366

See accompanying notes to financial statements

GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

**TRIGG COUNTY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012**

	General Fund	Special Revenue	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 449,236	\$ (109,913)	\$ 714,704	\$ 1,054,027
Investments	4,870,000	-	-	4,870,000
Accounts receivable:				
Taxes	151,356	-	-	151,356
Other	13,968	-	-	13,968
Intergovernmental - state	-	-	-	-
Intergovernmental - indirect federal	-	200,644	-	200,644
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 5,484,560</u>	<u>\$ 90,731</u>	<u>\$ 714,704</u>	<u>\$ 6,289,995</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 47,298	\$ 637	\$ -	\$ 47,935
Accrued sick leave payable	67,375	-	-	67,375
Deferred revenue	-	39,811	-	39,811
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>114,673</u>	<u>40,448</u>	<u>-</u>	<u>155,121</u>
Fund balances				
Nonspendable	-	-	-	-
Spendable:				
Restricted	214,000	50,283	714,704	978,987
Committed	1,688,319	-	-	1,688,319
Assigned	748,117	-	-	748,117
Unassigned	2,719,451	-	-	2,719,451
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>5,369,887</u>	<u>50,283</u>	<u>714,704</u>	<u>6,134,874</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 5,484,560</u>	<u>\$ 90,731</u>	<u>\$ 714,704</u>	<u>\$ 6,289,995</u>

See accompanying notes to financial statements

**TRIGG COUNTY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET -
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS
JUNE 30, 2012**

Total fund balance per fund financial statements \$ 6,134,874

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$30,797,597, and the accumulated depreciation is \$13,861,602. 16,935,995

Interest receivable 7,933

Certain assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds. These assets at year-end consist of:

Bond issue costs	84,324	
Deferred interest	98,269	182,593

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in governmental funds. Long-term liabilities at year-end consist of:

Bond obligations	(7,020,000)	
Bond premium	(14,691)	
Capital lease obligations	(108,590)	
Accrued interest on bonds	(42,945)	
Noncurrent portion of accumulated sick leave	(143,015)	(7,329,241)

Net assets for governmental activities \$ 15,932,154

See accompanying notes to financial statements

**TRIGG COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

	General Fund	Special Revenue	Other Governmental Funds	Total Governmental Funds
REVENUES				
From local sources:				
Taxes				
Property	\$ 3,232,002	\$ -	\$ 480,251	\$ 3,712,253
Motor vehicle	436,176	-	-	436,176
Utilities	873,273	-	-	873,273
Other	1,577,241	-	-	1,577,241
Student activities	100,802	-	-	100,802
Earnings on investments	25,760	352	2,661	28,773
Other local revenues	58,261	-	-	58,261
Intergovernmental - state	10,191,239	723,556	416,831	11,331,626
Intergovernmental - federal	-	1,362,392	-	1,362,392
Total revenues	16,494,754	2,086,300	899,743	19,480,797
EXPENDITURES				
Current:				
Instruction	8,833,137	1,416,891	-	10,250,028
Support services:				
Student	961,012	50,165	-	1,011,177
Instructional staff	1,060,830	387,568	-	1,448,398
District administration	811,731	21,150	-	832,881
School administration	932,955	39,500	-	972,455
Business	535,440	45,004	-	580,444
Plant operation and maintenance	1,612,414	-	-	1,612,414
Student transportation	1,309,572	12,253	-	1,321,825
Community service activities	1,549	159,306	-	160,855
Land improvements	24,884	-	-	24,884
Site improvement	1,725	-	-	1,725
Building improvements	-	-	313,236	313,236
Debt service	25,539	-	736,377	761,916
Total expenditures	16,110,788	2,131,837	1,049,613	19,292,238
Excess (deficit) of revenues over (under) expenditures	383,966	(45,537)	(149,870)	188,559
Other financing sources (uses)				
Proceeds from disposal of fixed assets	11,328	-	-	11,328
Bond proceeds for refunding bonds, net	2,450,461	-	-	2,450,461
Payment to refunded bonds redeemed	(2,450,461)	-	-	(2,450,461)
Operating transfers in	-	74,587	154,751	229,338
Operating transfers out	(235,846)	-	-	(235,846)
Total other financing sources (uses)	(224,518)	74,587	154,751	4,820
Net changes in fund balances	159,448	29,050	4,881	193,379
Fund balances, July 1, 2011	5,210,439	21,233	709,823	5,941,495
Fund balances, June 30, 2012	\$ 5,369,887	\$ 50,283	\$ 714,704	\$ 6,134,874

See accompanying notes to financial statements

**TRIGG COUNTY SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012**

Net change in total fund balances per fund financial statements \$ 193,379

Amounts reported for governmental activities in the statement of net assets are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of these assets are allocated over estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.

Capital outlay	915,440	
Depreciation expense	<u>(1,030,908)</u>	(115,468)

In the statement of activities, only the gain (loss) on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the remaining book value of the asset sold.

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Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of bond principal is an expenditure in the governmental funds financial statements but is a reduction of the liability in the statement of net assets.

Bond payments	\$ 2,935,000	
Refunding bonds issued	(2,450,461)	
Capital lease payments	<u>27,567</u>	512,106

Some items reported in the statement of activities do not involve current financial resources and, therefore, are not reported as expenditures in the governmental funds. These activities are:

Amortization of bond issuance costs	(6,632)	
Amortization of bond discount	(11,609)	
Amortization of bond premium	420	
Decrease in accrued interest payable	18,468	
Increase in compensated absences	<u>(843)</u>	(196)

Accrued interest on investments		<u>4,244</u>
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Change in net assets of governmental activities		<u><u>\$ 594,729</u></u>
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See accompanying notes to financial statements

PROPRIETARY FUND FINANCIAL STATEMENTS

**TRIGG COUNTY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012**

	School Food Service Fund	Day Care Fund	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 434,662	\$ -	\$ 434,662
Accounts receivable	105	-	105
Inventory	22,572	-	22,572
Total current assets	457,339	-	457,339
Noncurrent assets			
Capital assets	1,735,342	-	1,735,342
Less: accumulated depreciation	(655,469)	-	(655,469)
Total noncurrent assets	1,079,873	-	1,079,873
Total assets	\$ 1,537,212	\$ -	\$ 1,537,212
LIABILITIES			
Current liabilities			
Accounts payable	-	-	-
Total current liabilities	-	-	-
NET ASSETS			
Invested in capital assets, net of related debt	1,079,873	-	1,079,873
Unrestricted	457,339	-	457,339
Total net assets	\$ 1,537,212	\$ -	\$ 1,537,212

See accompanying notes to financial statements

**TRIGG COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

	School Food Service Fund	Day Care Fund	Total
OPERATING REVENUES			
Lunchroom sales	\$ 315,540	\$ -	\$ 315,540
Child care fees	-	143,073	143,073
Other revenue	20	1,590	1,610
Total operating revenues	<u>315,560</u>	<u>144,663</u>	<u>460,223</u>
OPERATING EXPENSES			
Salaries and wages	548,485	165,994	714,479
Materials and supplies	523,080	15,891	538,971
Depreciation	32,481	-	32,481
Contract services	50,074	616	50,690
Other operating expenses	968	-	968
Total operating expenses	<u>1,155,088</u>	<u>182,501</u>	<u>1,337,589</u>
Operating income (loss)	<u>(839,528)</u>	<u>(37,838)</u>	<u>(877,366)</u>
NON-OPERATING REVENUES (EXPENSES)			
Federal grants	628,561	-	628,561
Donated commodities	51,701	-	51,701
State grants	9,801	1,844	11,645
State on-behalf payments	93,730	29,486	123,216
Operating transfers in (out)	-	6,508	6,508
Interest income	1,994	-	1,994
Total non-operating revenues (expenses)	<u>785,787</u>	<u>37,838</u>	<u>823,625</u>
Change in net assets	(53,741)	-	(53,741)
Net assets, July 1, 2011	<u>1,590,953</u>	<u>-</u>	<u>1,590,953</u>
Net assets, June 30, 2012	<u>\$ 1,537,212</u>	<u>\$ -</u>	<u>\$ 1,537,212</u>

See accompanying notes to financial statements

**TRIGG COUNTY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

	School Fund Service Fund	Day Care Fund	Total
Cash flows from operating activities			
Cash received from:			
Lunchroom sales	\$ 315,435	\$ -	\$ 315,435
Child care fees	-	143,073	143,073
Other activities	20	1,590	1,610
Cash paid to/for:			
Employees	(454,755)	(136,508)	(591,263)
Supplies	(461,238)	(15,891)	(477,129)
Other activities	(51,042)	(616)	(51,658)
Net cash provided (used) by operating activities	<u>(651,580)</u>	<u>(8,352)</u>	<u>(659,932)</u>
Cash flows from noncapital financing activities			
Operating transfers in (out)	-	6,508	6,508
Government grants	638,362	1,844	640,206
Net cash provided (used) by noncapital financing activities	<u>638,362</u>	<u>8,352</u>	<u>646,714</u>
Cash flows from investing activities			
Purchase of fixed assets	(13,716)	-	(13,716)
Receipt of interest income	1,994	-	1,994
Net cash provided (used) by investing activities	<u>(11,722)</u>	<u>-</u>	<u>(11,722)</u>
Net increase (decrease) in cash and cash equivalents	(24,940)	-	(24,940)
Balances, beginning of year	<u>459,602</u>	<u>-</u>	<u>459,602</u>
Balances, end of year	<u><u>\$ 434,662</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 434,662</u></u>

See accompanying notes to financial statements

**TRIGG COUNTY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS, continued
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>School Fund Service Fund</u>	<u>Day Care Fund</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ (839,528)	\$ (37,838)	\$ (877,366)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	32,481	-	32,481
Donated commodities	51,701	-	51,701
State on-behalf payments	93,730	29,486	123,216
Change in assets and liabilities:			
Accounts receivable	(105)	-	(105)
Inventory	10,329	-	10,329
Accounts payable	(188)	-	(188)
	<u> </u>	<u> </u>	<u> </u>
Net cash provided (used) by operating activities	<u><u>\$ (651,580)</u></u>	<u><u>\$ (8,352)</u></u>	<u><u>\$ (659,932)</u></u>
Schedule of non-cash transactions:			
Donated commodities received from federal government	\$ 51,701	\$ -	\$ 51,701
On-behalf payments	93,730	29,486	123,216

See accompanying notes to financial statements

FIDUCIARY FUND FINANCIAL STATEMENT

**TRIGG COUNTY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2012**

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 111,353
Accounts receivable	-
Total assets	111,353
 LIABILITIES	
Accounts payable	-
Due to student groups	\$ 111,353
Total liabilities	111,353
 NET ASSETS	 \$ -

See accompanying notes to financial statements

NOTES TO FINANCIAL STATEMENTS

**TRIGG COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

The District, for financial purposes, includes all of the funds and account groups relevant to the operation of the Trigg County Board of Education. The financial statements presented herein do not include funds of groups and organizations, which although associated with the school system, have not originated within the District itself such as Band Boosters, Parent-Teacher Associations, etc. The District is not involved in budgeting or managing these organizations, is not responsible for any debt of the organizations, and has no influence over the operation of the organizations.

The financial statements of the District include those of separately administered organizations that are controlled by or dependent on the District. 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:

Trigg County School District Finance Corporation – On March 12, 1992, Trigg County School District Finance Corporation (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS 58.180) was formed as an agency of the District for financing the costs of school building facilities. The Board Members of the Trigg County Board of Education also comprise the Corporation’s Board of Directors.

Basis of Presentation

Government-wide Financial Statements:

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the District. Eliminations have been made to minimize the effect on interfund activities.

The government-wide statements are prepared using the economic resources measurement focus. This approach 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 the governmental funds.

**TRIGG COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

The government-wide statement of activities presents a comparison between direct expenses and program revenues 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 a program, as well as 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 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 governmental fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

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

Under the terms of the District's grant agreements, certain programs are funded by specific cost-reimbursement grants and general revenues. Generally, the District applies cost reimbursement funds first to finance such programs with remaining costs paid for with general revenues.

Proprietary funds utilize the economic resources measurement focus and the accrual basis of accounting. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues generally result from providing services in connection with the funds' principal operations. The funds' principal operating revenues are food service charges and day care charges. Operating expenses include food production costs, supplies, administrative costs, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fiduciary funds utilize the economic resources measurement focus and the accrual basis of accounting.

Agency funds have no measurement focus.

Accounting principles generally accepted in the United States of America require that the General Fund be reported as a major fund. All other governmental and proprietary funds whose assets, liabilities, revenues, or expenditures comprise at least 10% of total for the relevant fund category and at least 5% of the corresponding total for all governmental and proprietary funds combined must also be reported as major funds.

**TRIGG COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

The District has the following funds:

Governmental Fund Types

The *General Fund* is the general operating fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund. The Kentucky Department of Education has deemed this fund always be classified as a major fund.

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 specified project periods, as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report. The Kentucky Department of Education has deemed this fund always be classified as a major fund.

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment (other than those financed by Proprietary Funds).

The *Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund* receives those funds designated by the State as Capital Outlay Funds and is generally restricted for use in financing projects identified in the District's facility plan (including payment of bonded lease obligations).

The *Facility Support Program of Kentucky Fund (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.

The *Construction Fund* accounts for proceeds from sales of bonds and other revenue to be used for authorized construction.

The *Debt Service Fund* accounts for the accumulation of resources for, and the payment of, bonded debt and lease obligations, interest and related costs.

Proprietary Funds

The *School Food Service Fund* is used to account for school food service activities, including the National School Lunch Program and the National School Breakfast Program, which are conducted in cooperation with the U.S. Department of Agriculture (USDA).

The *Day Care Fund* is used to account for school day and after-school day care program activities. Revenues are generated by collection of fees from program participants. Expenditures are for operating activities of the program.

**TRIGG COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Fiduciary Fund Types (including agency and trust funds)

Fiduciary funds account for assets held by the District in a trustee's capacity or as an agent on behalf of others. Trust funds account for assets held by the District under the terms of a formal trust agreement.

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

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in 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.

The records of the District are maintained and the budgetary process is based on the modified accrual basis of accounting. This practice is the accounting method prescribed by the Committee for School District Audits. The District is required by state law to adopt annual budgets for the General Fund, Special Revenue Fund and Capital Projects Funds.

For government-wide financial statements and proprietary fund accounting, all applicable Financial Accounting Standards Board (FASB) pronouncements issued prior to November 30, 1989 are applied, unless those pronouncements conflict with or contradict Governmental Accounting Standards Board (GASB) pronouncements.

Revenues – Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and 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 60 days after year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and entitlements 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 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. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

**TRIGG COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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. On governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have also been recorded as deferred revenue.

Expenses/Expenditures:

Using the accrual basis of accounting, expenses are recognized at the time a liability is incurred. In the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. 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.

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 basic financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Interfund Activity

Flows of cash 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.

Assets, Liabilities and Equity

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.

**TRIGG COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Prepaid Expenditures:

Payments made that will benefit periods beyond the end of the fiscal year 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.

Inventories:

Supplies and materials are charged to expenditures when purchased with the exception of the Proprietary Fund, which records inventory using the accrual basis of accounting. The Proprietary Fund inventory is recorded at the lower of cost, determined by first-in first-out (“FIFO”) method, or market value.

Bond Issue Costs:

Costs associated with the issuance of bond obligations, including underwriter fees, fiscal and rating agency fees, paying agent fees, and attorney fees, are reported as expenditures in the governmental funds financial statements. These costs are capitalized and amortized over the lives of the respective bonds on the government-wide financial statements.

Deferred Interest:

The difference between the amount borrowed to advance refund existing debt and the amount escrowed for the payment of the old debt is recorded as deferred interest and amortized over the remaining life of the refunded debt on the governmental-wide financial statements. Deferred interest on advance refunding issues is not reported on the governmental funds financial statements.

Interfund Balances:

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as due from or to other funds. 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 interfund balances.

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.

**TRIGG COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. The following are the capitalization thresholds for asset purchases with an estimated life of greater than one year:

- Land improvements, building and building improvements, leasehold improvements - \$25,000
- Software - \$5,000 per license agreement
- Infrastructure - 5% of total assets
- Vehicles - \$5,000
- Technology and general equipment - \$1,000 (workstations (CPU) are an exception with these capitalized regardless of cost)

All reported capital assets except land 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:

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

Accrued Liabilities and Long-Term Obligations:

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

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, the non-current portion of capital leases, accumulated sick leave, and contractually required pension contributions 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.

**TRIGG COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Compensated Absences:

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 District's past experience of making termination payments and the age and current pay rates of eligible employees.

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

Fund Balances:

Generally, fund balance represents the difference between current assets and current liabilities. In the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned or unassigned based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the funds can be spent.

Net Assets:

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consist 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 District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Subsequent Events

Subsequent events have been evaluated through November 5, 2012, which is the date the financial statements were available to be issued.

NOTE 2 – CASH AND CASH EQUIVALENTS

At June 30, 2012, the carrying amount of the District's cash and cash equivalents was \$1,600,042 and the bank balance was \$1,882,244.

The carrying amounts are reflected in the financial statements as follows:

Government funds	\$ 1,054,027
Proprietary funds	434,662
Fiduciary funds	<u>111,353</u>
	<u>\$ 1,600,042</u>

**TRIGG COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 2 – CASH AND CASH EQUIVALENTS, continued

Funds of the District are considered to be public funds and, therefore, their investment is limited by statute to certain obligations of the United States or similar government agencies, cash instruments, and certain pooled investment funds.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a depository institution failure, the government's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. However, state statutes require the District's bank deposits to be collateralized. As of June 30, 2012, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

NOTE 3 – INVESTMENTS

<u>Investments</u>	<u>Maturity</u>	<u>Fair Value (Cost)</u>
CD - CADRE Securities	Greater than 90 days	\$ 3,870,000
CD - Heritage Bank	Greater than 90 days	500,000
CD - Heritage Bank	Greater than 90 days	500,000
		<u>\$ 4,870,000</u>

The balance of CADRE Securities includes 16 certificates of deposit at different individual financial institutions. Each of the certificates is insured 100% by FDIC at the bank in which each certificate is held. The Heritage Bank certificates of deposit are fully insured or collateralized.

Interest Rate Risk

The District does not have a formal investment policy that limits its investment maturities as a means of managing its exposure to losses arising from changes in interest rates. In general, certificates of deposit are not subject to interest rate risk.

Custodial Credit Risk

For an investment, 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 held in possession of an outside party. The District does not have an investment policy for custodial credit risk. In general, certificates of deposit are not subject to investment credit risk.

**TRIGG COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 4 – 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
Capital assets not depreciated:				
Land	\$ 276,300	\$ -	\$ -	\$ 276,300
Construction in progress	135,979	-	135,979	-
Total nondepreciable historical cost	<u>412,279</u>	<u>-</u>	<u>135,979</u>	<u>276,300</u>
Capital assets depreciated:				
Building and improvements	23,918,477	452,976	-	24,371,453
Land improvements	111,505	-	-	111,505
Technology equipment	2,016,891	414,129	107,896	2,323,124
Vehicles	2,774,011	162,100	164,158	2,771,953
General equipment	921,048	22,214	-	943,262
Total depreciable historical cost	<u>29,741,932</u>	<u>1,051,419</u>	<u>272,054</u>	<u>30,521,297</u>
Less: accumulated depreciation				
Building and improvements	9,202,219	588,989	-	9,791,208
Land improvements	6,039	5,575	-	11,614
Technology equipment	1,440,583	234,315	107,684	1,567,214
Vehicles	1,749,360	172,617	165,034	1,756,943
General equipment	705,211	29,412	-	734,623
Total accumulated depreciation	<u>13,103,412</u>	<u>1,030,908</u>	<u>272,718</u>	<u>13,861,602</u>
Total depreciable historical cost - net	<u>16,638,520</u>	<u>20,511</u>	<u>(664)</u>	<u>16,659,695</u>
Governmental activities capital assets - net	<u>\$ 17,050,799</u>	<u>\$ 20,511</u>	<u>\$ 135,315</u>	<u>\$ 16,935,995</u>

**TRIGG COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 4 – CAPITAL ASSETS, continued

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities

Support services:

Instruction	\$ 601,812
Student	32,188
Instructional staff	91,817
District administration	53,977
School administration	5,286
Business	11,874
Plant operation and maintenance	59,535
Student transportation	171,277
Community service activities	<u>3,142</u>
	<u><u>\$ 1,030,908</u></u>

Business-Type Activities	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
Capital assets depreciated:				
Buildings and improvements	\$ 1,440,338	\$ -	\$ -	\$ 1,440,338
Technology equipment	26,240	-	2,313	23,927
General equipment	<u>257,361</u>	<u>13,716</u>	<u>-</u>	<u>271,077</u>
Total depreciable historical cost	<u>1,723,939</u>	<u>13,716</u>	<u>2,313</u>	<u>1,735,342</u>
Less: accumulated depreciation				
Buildings and improvements	360,085	28,807	-	388,892
Technology equipment	16,816	2,502	2,313	17,005
General equipment	<u>248,400</u>	<u>1,172</u>	<u>-</u>	<u>249,572</u>
Total accumulated depreciation	<u>625,301</u>	<u>32,481</u>	<u>2,313</u>	<u>655,469</u>
Business-type activities, capital assets - net	<u><u>\$ 1,098,638</u></u>	<u><u>\$ (18,765)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,079,873</u></u>

**TRIGG COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 5 – BONDED DEBT AND LEASE OBLIGATIONS

The amount shown in the accompanying financial statements as lease and bonded debt obligations represents the District’s future obligations to make payments related to school building revenue bonds issued by the Trigg County School District Finance Corporation on behalf of the District for purposes of school facility construction. These amounts are not reflected in the fund financial statements.

<u>Issue Date</u>	<u>Proceeds</u>	<u>Rates</u>
2003	\$ 2,495,000	1.40% - 4.10%
2004	660,000	3.50% - 4.625%
2006	855,000	3.75% - 4.15%
2009	5,220,000	2.50% - 3.50%
2012	2,470,000	1.00% - 2.50%

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 Trigg County School District 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. Upon completion of such payments, the leased premises should become property of the District. The District is obligated to maintain property insurance on the school facilities, and the school facilities have been pledged as security to the holders of the bonds.

The proceeds from certain refunding issues have been placed in escrow accounts to be used to service the related debt.

In connection with the school revenue bonds issued after May 1, 1996, the District entered into “participation agreements” with the School Facility 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 that follows 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 February 1, 2012, the Trigg County School District issued \$2,470,000 School Building Refunding Revenue Bonds Series 2012 to advance refund \$1,905,000 of the School Building Revenue Bonds Series 2003 and \$390,000 of the School Building Revenue Bonds Series 2004. As a result, debt service payments were reduced \$166,968 on the Series 2003 for a net present value savings of 8.923%, and debt service payments were reduced \$29,155 on the Series 2004 for a net present value savings of 7.835%.

On February 1, 2012, the Trigg County School District Finance Corporation advance refunded a portion of the Series 2003 and Series 2004 School Building Revenue Bonds. Payments due on and after April 1, 2012 will be paid from the escrow account. The bonds will be called beginning on April 1, 2012. Total bonds outstanding as of June 30, 2012 totaled \$2,295,000. As of June 30, 2012, the escrow account had a balance of \$2,403,621.

**TRIGG COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 5 – BONDED DEBT AND LEASE 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:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Participation</u>	<u>District's Portion</u>
2012-2013	\$ 655,000	\$ 206,900	\$ 129,587	\$ 732,313
2013-2014	675,000	188,240	132,137	731,103
2014-2015	695,000	168,390	129,487	733,903
2015-2016	710,000	147,784	131,499	726,285
2016-2017	725,000	126,096	128,280	722,816
2017-2018	755,000	102,506	130,021	727,485
2018-2019	775,000	77,836	131,558	721,278
2019-2020	435,000	52,541	127,863	359,678
2020-2021	445,000	42,896	129,168	358,728
2021-2022	450,000	32,453	130,269	352,184
2022-2023	475,000	21,378	131,112	365,266
2023-2024	105,000	8,595	113,595	-
2024-2025	60,000	4,980	64,980	-
2025-2026	60,000	2,490	62,490	-
	<u>\$ 7,020,000</u>	<u>\$ 1,183,085</u>	<u>\$ 1,672,046</u>	<u>\$ 6,531,039</u>

**TRIGG COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 5 – BONDED DEBT AND LEASE OBLIGATIONS, continued

The changes in outstanding debt are as follows:

<u>Bonds</u>	<u>Balance July 1, 2011</u>	<u>New Issues/ Adjustments</u>	<u>Debt Payments/ Refunds</u>	<u>Balance June 30, 2012</u>
Series 2003	\$ 2,035,000	\$ -	\$ 1,970,000	\$ 65,000
Series 2004	480,000	-	420,000	60,000
Series 2006	700,000	-	35,000	665,000
Series 2009	4,270,000	-	485,000	3,785,000
Series 2012	-	2,470,000	25,000	2,445,000
Total series	<u>7,485,000</u>	<u>2,470,000</u>	<u>2,935,000</u>	<u>7,020,000</u>
<u>Capital Leases</u>				
KISTA 2006 bus lease	129,335	-	20,745	108,590
Band instruments	<u>6,822</u>	<u>-</u>	<u>6,822</u>	<u>-</u>
Total capital leases	<u>136,157</u>	<u>-</u>	<u>27,567</u>	<u>108,590</u>
<u>Compensated Absences</u>				
Sick leave	<u>209,943</u>	<u>447</u>	<u>-</u>	<u>210,390</u>
Totals	<u>\$ 7,831,100</u>	<u>\$ 2,470,447</u>	<u>\$ 2,962,567</u>	7,338,980
Plus: premium				<u>14,691</u>
Net total				<u>\$ 7,353,671</u>

NOTE 6 – CAPITAL LEASE OBLIGATIONS

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

<u>Classes of Property</u>	<u>Book value as of June 30, 2012</u>
Buses	\$ 87,362
Office equipment	28,533

**TRIGG COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 6 – CAPITAL LEASE OBLIGATIONS, continued

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

Year ending June 30,	Capital Leases Payable
2013	\$ 25,609
2014	25,714
2015	25,785
2016	21,811
2017	21,811
Total minimum lease payments	120,730
Less: Amount representing interest	(12,140)
Present value of net minimum lease payments	\$ 108,590

NOTE 7 – FUND BALANCE REPORTING

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

Restricted – Fund balance is reported as restricted when constraints are placed on the use of resources that 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.

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Trigg County School District (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**TRIGG COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 7 – FUND BALANCE REPORTING, continued

Assigned – Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by policies of the Board.

Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balances are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

	General Fund	Special Revenue Fund	Other Governmental Funds	Total
	\$ -	\$ -	\$ -	\$ -
Nonspendable				
Restricted:				
Compensated absences	214,000	-	-	214,000
Debt service	-	-	440,844	440,844
SFCC escrow	-	-	93,972	93,972
Construction	-	-	179,888	179,888
Technology	-	50,283	-	50,283
Assigned:				
Site based carryforward	24,355	-	-	24,355
Site improvement	423,762	-	-	423,762
Construction	250,000	-	-	250,000
Furniture and fixtures	50,000	-	-	50,000
Committed:				-
New school buses	225,000	-	-	225,000
KETS matching	46,718	-	-	46,718
KISTA payments	25,610	-	-	25,610
Technology	300,000	-	-	300,000
Land acquisition	590,991	-	-	590,991
Gas tanks and pumps	500,000	-	-	500,000
Unassigned	<u>2,719,451</u>	<u>-</u>	<u>-</u>	<u>2,719,451</u>
	<u>\$ 5,369,887</u>	<u>\$ 50,283</u>	<u>\$ 714,704</u>	<u>\$ 6,134,874</u>

**TRIGG COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 8 – INTERFUND RECEIVABLES AND PAYABLES

There were no interfund balances at June 30, 2012

NOTE 9 – PENSION PLANS

Kentucky Teachers' Retirement

Plan description – The District contributes to the Teachers' Retirement System of Kentucky (KTRS), a cost-sharing, multiple-employer defined benefit plan. KTRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems and other public educational agencies in Kentucky. KTRS requires that members of KTRS occupy a position requiring either a four (4) year college degree or certification by Kentucky Department of Education (KDE). Any benefit amendments must be authorized by the State Legislature.

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

Funding policy – Contribution rates are established by KRS. Members are required to contribute 10.355% of the employees' salaries to KTRS for those employees hired prior to July 1, 2008 and 10.855% for employees hired after July 1, 2008. The Commonwealth of Kentucky is required to contribute 13.605% of the employees' salaries for employees hired prior to July 1, 2008 and 14.105% for employees hired after July 1, 2008. The federal program for any salaries paid by that program pays the matching contributions.

Medical Insurance Plan

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

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

Funding policy – The post-retirement healthcare provided by KTRS is financed on a pay-as-you-go basis. In order to fund the post-retirement healthcare benefit, one and five tenths percent (1.5%) of the gross annual payroll of all active members is contributed. One-half (1/2) of this amount is derived from member contributions and one-half (1/2) from state appropriation. Also, the premiums collected from retirees as described in the plan description and investment interest help with the medical expenses of the plan.

**TRIGG COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 9 – PENSION PLANS, continued

The District's payroll was \$11,654,682 for the year ended June 30, 2012. The payroll for employees covered under KTRS was \$9,025,429 for the year ended June 30, 2012. The Commonwealth contributed \$1,142,600, \$1,099,120 and \$1,090,612 to KTRS for the benefit of the District's participating employees for the years ended June 30, 2012, 2011 and 2010, respectively. The District's contributions to KTRS were equal to the required contributions of \$93,643, \$61,727 and \$77,248 for the years ended June 30, 2012, 2011 and 2010, respectively, which represent those employees covered by federal programs.

County Employees' Retirement System

Plan description – Substantially all other employees (classified personnel) are covered under the County Employees' Retirement System (CERS), a cost-sharing, multiple-employer defined benefit plan administered by the Kentucky Retirement System, an agency of the Commonwealth of Kentucky. CERS provides retirement, death and disability benefits to plan members and beneficiaries. Cost of living adjustments are provided at the discretion of the State legislature.

Under the provision of the Kentucky Revised Statute Section 61.645, the Board of Trustees of the Kentucky Retirement System administers CERS and has the authority to establish and amend benefit provisions.

Funding policy – Funding for the plan is provided through payroll withholdings of 5% for employees hired prior to September 1, 2008 and 6% for employees hired after September 1, 2008 and a District contribution of 18.96% of the employee's total compensation subject to contribution. The payroll for employees covered under CERS was \$2,670,224 for the year ended June 30, 2012. The District's contributions to CERS were equal to the required contributions of \$506,274, \$452,856, and \$355,315 for the years ended June 30, 2012, 2011 and 2010, respectively.

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.

Benefits under both plans will vary based on final compensation, years of service and other factors as fully described in the Plan documents.

NOTE 10 – CONTINGENCIES

Grant Programs

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 on the grantor's review, the funds are considered not to have been used for the intended purpose, the grantor 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.

**TRIGG COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 11 – RISK MANAGEMENT AND LITIGATION

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To obtain insurance for worker's compensation, errors and omissions and general liability coverage, the District participates in the Kentucky School Boards' Insurance Trust Liability Insurance Fund. These public entity risk pools operate as common risk management and insurance programs for all school districts and other tax supported educational agencies of Kentucky who are members of the Kentucky School Boards' Association. The District pays an annual premium to each fund for coverage. Contributions to the Workers' Compensation Fund are based on premium rates established by such fund in conjunction with the excess insurance carrier, subject to claims experience modifications and a group discount amount.

Dividends may be declared, but are not payable until twenty-four (24) months after the expiration of the self-insurance term. The Liability Insurance Fund pays insurance premiums of the participating members established by the insurance carrier. The Trust can terminate coverage if it is unable to obtain acceptable excess general liability coverage and for any reason by giving ninety (90) days notice. In the event the Trust terminated coverage, any amount remaining in the Fund (after payment of operational and administrative costs and claims for which coverage was provided) would be returned to the member on a pro rata basis.

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

From time to time, the District is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the District's financial statements.

NOTE 12 – 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 include worker's compensation insurance.

NOTE 13 – 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.

The District has notified all terminated employees of available continuing insurance coverage as mandated by COBRA.

**TRIGG COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 14 – COMPENSATED ABSENCES

Upon retirement from the school system, employees will receive from the District an amount equal to 30% of the value of accumulated sick leave. For governmental fund financial statements, the current portion of unpaid accrued sick leave is the amount expected to be funded with current year’s economic financial resources. These amounts are recorded in the account “accrued sick leave payable” in the General Fund. The amount estimated for expenditure for school year 2013 is \$67,375. Management has estimated that the long-term obligation will be approximately \$143,015.

NOTE 15 – TRANSFER OF FUNDS

The following transfers were made during the year:

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General	Special Revenue	Matching funds	\$ 70,453
General	Special Revenue	Operations	4,134
General	Day Care	Operations	6,508
General	Construction	Building improvements	<u>154,751</u>
			<u>\$ 235,846</u>

NOTE 16 – PROPERTY TAXES

Property taxes collected are recorded as revenues in the fund for which they were levied. The District’s ad valorem property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business and personal property located in the District. The assessed value of the certified roll, upon which the levy for the 2011 fiscal year was based, was \$789,264,517.

The tax rate for the school year ended June 30, 2012 to finance General Fund operations and the payment of principal and interest on general obligation long-term debt was \$0.474 for real estate and tangibles per \$100 valuation.

Taxes are due on October 1 and become delinquent by January 1 following the October 1 levy date. Current general and PSC property tax collections for the year ended June 30, 2012 were 97.57% of the tax levy.

Property tax revenues and other governmental fund financial resource increments (i.e., bond issue proceeds) are recognized in the accounting period in which they become susceptible to accrual; that is, when they become both measurable and available to finance expenditures of the fiscal period.

NOTE 17 – DEFICIT OPERATING FUND BALANCES

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

Construction Fund	\$ (158,285)
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**TRIGG COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 18 – ON-BEHALF PAYMENTS

The Commonwealth of Kentucky (the “State”) is required to fund the matching contributions for the District’s personnel participating in the Teachers’ Retirement System of the State of Kentucky (See Note 9). The District also received on-behalf payments for certain fringe benefits from the State in the amount of \$2,085,564 for the fiscal year ending June 30, 2012. These payments, as well as the KTRS matching contributions of \$1,142,600 are included as equal amounts of revenues and expenditures in the accompanying Statement of Activities.

SUPPLEMENTARY INFORMATION

TRIGG COUNTY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
From local sources:				
Taxes				
Property	\$ 3,137,256	\$ 3,169,961	\$ 3,232,002	\$ 62,041
Motor vehicle	375,000	375,000	436,176	61,176
Utilities	875,000	875,000	873,273	(1,727)
Other	650,000	700,000	1,577,241	877,241
Student activities	3,402	244,301	100,802	(143,499)
Earnings on investments	60,000	60,000	25,760	(34,240)
Other local revenues	25,500	56,972	58,261	1,289
Intergovernmental - state	7,330,647	7,084,588	7,086,291	1,703
Intergovernmental - federal	-	9,000	-	(9,000)
Total revenues	12,456,805	12,574,822	13,389,806	814,984
EXPENDITURES				
Current:				
Instruction	6,792,651	7,106,423	6,781,052	325,371
Support services:				
Student	731,079	770,852	745,584	25,268
Instructional staff	833,172	923,729	842,575	81,154
District administration	993,567	1,026,011	723,560	302,451
School administration	727,701	739,084	723,696	15,388
Business	876,984	881,237	474,181	407,056
Plant operation and maintenance	1,713,608	1,724,441	1,485,705	238,736
Student transportation	1,816,636	1,891,256	1,175,790	715,466
Community service activities	40	3,387	1,549	1,838
Land/site acquisitions	1,002,483	753,241	-	753,241
Land improvements	598,762	598,762	24,884	573,878
Site improvement	316,100	316,100	1,725	314,375
Debt service	25,540	25,540	25,539	1.00
Contingency	856,093	993,886	-	993,886
Total expenditures	17,284,416	17,753,949	13,005,840	4,748,109
Excess (deficit) of revenues over (under) expenditures	(4,827,611)	(5,179,127)	383,966	5,563,093
Other financing sources (uses)				
Proceeds from sale of fixed assets	5,000	8,500	11,328	2,828
Operating transfers in	-	-	-	-
Operating transfers out	(39,812)	(39,812)	(235,846)	(196,034)
Total other financing sources (uses)	(34,812)	(31,312)	(224,518)	(193,206)
Net change in fund balance	(4,862,423)	(5,210,439)	159,448	5,369,887
Fund balance, July 1, 2011	4,862,423	5,210,439	5,210,439	-
Fund balance, June 30, 2012	\$ -	\$ -	\$ 5,369,887	\$ 5,369,887

**TRIGG COUNTY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - SPECIAL REVENUE
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budgeted Amount</u>		Actual	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		<u>Actual</u>
REVENUES				
From local sources:				
Earnings on investments	\$ -	\$ 200	\$ 352	\$ 152
Intergovernmental - state	945,335	727,382	723,556	(3,826)
Intergovernmental - federal	1,252,984	1,245,939	1,362,392	116,453
Total revenues	<u>2,198,319</u>	<u>1,973,521</u>	<u>2,086,300</u>	<u>112,779</u>
EXPENDITURES				
Current:				
Instruction	1,525,484	1,292,669	1,416,891	(124,222)
Support services:				
Student	73,546	50,162	50,165	(3)
Instructional staff	313,400	365,611	387,568	(21,957)
District administration	27,500	21,150	21,150	-
School administration	41,037	39,792	39,500	292
Business	-	79,824	45,004	34,820
Student transportation	92,554	12,096	12,253	(157)
Community services	164,610	159,307	159,306	1
Total expenditures	<u>2,238,131</u>	<u>2,020,611</u>	<u>2,131,837</u>	<u>(111,226)</u>
Excess (deficit) of revenues over (under) expenditures	<u>(39,812)</u>	<u>(47,090)</u>	<u>(45,537)</u>	<u>1,553</u>
Other financing sources (uses)				
Operating transfers in	<u>39,812</u>	<u>47,312</u>	<u>74,587</u>	<u>27,275</u>
Total other financing sources (uses)	<u>39,812</u>	<u>47,312</u>	<u>74,587</u>	<u>27,275</u>
Net change in fund balance	-	222	29,050	28,828
Fund balance, July 1, 2011	<u>-</u>	<u>-</u>	<u>21,233</u>	<u>21,233</u>
Fund balance, June 30, 2012	<u>\$ -</u>	<u>\$ 222</u>	<u>\$ 50,283</u>	<u>\$ 50,061</u>

**TRIGG COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2012**

NOTE 1 – BUDGETARY INFORMATION

The District's budgetary process accounts for certain transactions on a basis other than GAAP. Differences between the budgetary accounting method and GAAP are not material.

In accordance with state law, the District prepares a general school budget based upon the amount of revenue to be raised by local taxation, including the rate of levy and from estimates of other Local, State, and Federal revenues. The budget contains estimated expenditures for current expenses, debt service, capital outlay, and other necessary expenses. The budget must be approved by the Board.

The District does not budget for on-behalf payments, which are reported with the General, Food Service, and Day Care Funds in the fund financial statements and the budgetary comparison supplementary information.

The District must formally and publicly examine estimated revenues and expenses for the subsequent fiscal year by January 31 of each calendar year.

Additionally, the District must prepare an annual allocation to schools by March 1 of each year for the following fiscal year. This allocation must include the amount for certified and classified staff based on the District's staffing policy and the amount for instructional supplies, materials, travel, and equipment.

Additionally, the District must adopt a tentative working budget for the subsequent fiscal year by May 30 of each year. This budget must contain a 2% reserve.

Finally, the District must adopt a final working budget and submit it to the Kentucky Department of Education by September 30 of the current fiscal year.

The Board has the ability to amend the working budget. The working budget was amended during the year.

Reconciliation to the General Fund

Revenues - budgetary basis	\$ 13,389,806
On-behalf payments	<u>3,104,948</u>
Total revenues - modified cash basis	<u><u>\$ 16,494,754</u></u>
Expenditures - budgetary basis	\$ 13,005,840
On-behalf payments	<u>3,104,948</u>
Total expenditures - modified cash basis	<u><u>\$ 16,110,788</u></u>

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The Special Revenue Fund had excess current year expenditures over current year appropriations totaling \$111,226.

**TRIGG COUNTY SCHOOL DISTRICT
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012**

	<u>FSPK Fund</u>	<u>SEEK Capital Outlay Fund</u>	<u>Construction Fund</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS AND RESOURCES				
Cash and cash equivalents	<u>\$ 93,972</u>	<u>\$ 440,844</u>	<u>\$ 179,888</u>	<u>\$ 714,704</u>
Total assets and resources	<u><u>\$ 93,972</u></u>	<u><u>\$ 440,844</u></u>	<u><u>\$ 179,888</u></u>	<u><u>\$ 714,704</u></u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances				
Nonspendable	-	-	-	-
Spendable:				
Restricted	93,972	440,844	179,888	714,704
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>93,972</u>	<u>440,844</u>	<u>179,888</u>	<u>714,704</u>
Total liabilities and fund balances	<u><u>\$ 93,972</u></u>	<u><u>\$ 440,844</u></u>	<u><u>\$ 179,888</u></u>	<u><u>\$ 714,704</u></u>

TRIGG COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	FSPK Fund	SEEK Capital Outlay Fund	Construction Fund	Total Nonmajor Governmental Funds
REVENUES				
From local sources:				
Taxes				
Property	\$ 480,251	\$ -	\$ -	\$ 480,251
Other revenue	-	-	-	-
Earnings on investments	790	1,671	200	2,661
Intergovernmental - state	226,387	190,444	-	416,831
	<u>707,428</u>	<u>192,115</u>	<u>200</u>	<u>899,743</u>
EXPENDITURES				
Building improvements	-	-	313,236	313,236
Debt service	704,837	31,540	-	736,377
	<u>704,837</u>	<u>31,540</u>	<u>313,236</u>	<u>1,049,613</u>
Excess (deficit) of revenues over (under) expenditures	<u>2,591</u>	<u>160,575</u>	<u>(313,036)</u>	<u>(149,870)</u>
Other financing sources (uses)				
Operating transfer in	-	-	154,751	154,751
Operating transfer out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>154,751</u>	<u>154,751</u>
Net change in fund balances	2,591	160,575	(158,285)	4,881
Fund balances, July 1, 2011	<u>91,381</u>	<u>280,269</u>	<u>338,173</u>	<u>709,823</u>
Fund balances, June 30, 2012	<u>\$ 93,972</u>	<u>\$ 440,844</u>	<u>\$ 179,888</u>	<u>\$ 714,704</u>

**TRIGG COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND DUE TO STUDENT GROUPS
SCHOOL ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

	Cash Balance			Cash Balance	Accounts	Accounts	Due to
	July 1, 2011	Receipts	Disbursements	June 30, 2012	Receivable	Payable	Student Groups
							June 30, 2012
TRIGG COUNTY HIGH SCHOOL:							
Athletics							
General	\$ -	\$ 12,797	\$ 12,797	\$ -	\$ -	\$ -	\$ -
2nd Region	-	450	450	-	-	-	-
Baseball	-	9,013	9,013	-	-	-	-
Boys' Basketball	-	13,635	13,635	-	-	-	-
Basketball (Christmas)	-	8,900	8,900	-	-	-	-
Cheerleading	-	6,221	6,221	-	-	-	-
Cross Country	-	5,896	5,896	-	-	-	-
Football	-	26,215	26,215	-	-	-	-
David Sadler	-	31,897	31,897	-	-	-	-
Girls' Basketball	-	8,404	8,404	-	-	-	-
Golf	-	2,573	2,573	-	-	-	-
Power lifting	-	1,135	1,135	-	-	-	-
Soccer (Boys)	-	4,550	4,550	-	-	-	-
Soccer (Girls)	-	4,004	4,004	-	-	-	-
Softball	-	4,016	4,016	-	-	-	-
Track	-	6,624	6,624	-	-	-	-
Volleyball	-	7,008	7,008	-	-	-	-
Wrestling	-	3,417	3,417	-	-	-	-
Fundraising Volleyball	-	2,205	2,205	-	-	-	-
Wildcat Academy	-	1,590	1,590	-	-	-	-
Fundraising Boys' Basketball	-	9,118	9,118	-	-	-	-
Fundraising Girls' Basketball	-	2,701	2,701	-	-	-	-
Cross County D	357	1,405	1,762	-	-	-	-
Fundraising Softball	-	7,163	7,163	-	-	-	-
Junior Class	7,393	9,805	14,405	2,793	-	-	2,793
Senior Class	1,102	6,373	6,951	524	-	-	524
Sophomore Class	-	5,213	2,443	2,770	-	-	2,770
Freshman Class	1,067	-	1,067	-	-	-	-

continued

TRIGG COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND DUE TO STUDENT GROUPS, continued
SCHOOL ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Cash Balance			Cash Balance	Accounts	Accounts	Due to
	July 1, 2011	Receipts	Disbursements	June 30, 2012	Receivable	Payable	Student Groups
							June 30, 2012
TRIGG COUNTY HIGH SCHOOL, continued							
Clubs							
Art	485	2,121	2,028	578	-	-	578
Beta	445	1,305	1,277	473	-	-	473
DECA	2,209	15,574	17,783	-	-	-	-
Chess	57	-	-	57	-	-	57
Drama	1,017	1,155	1,216	956	-	-	956
Environmental Science	595	3,036	2,452	1,179	-	-	1,179
Travel	385	-	-	385	-	-	385
FBLA	905	2,016	1,546	1,375	-	-	1,375
Fishing	-	550	500	50	-	-	50
FFA	6,643	33,789	36,065	4,367	-	-	4,367
FCCLA	394	3,510	3,771	133	-	-	133
Four-H	49	-	-	49	-	-	49
French	274	554	813	15	-	-	15
Gifted & Talented	88	11,167	11,224	31	-	-	31
HOSA	141	1,452	1,199	394	-	-	394
KEY	34	-	-	34	-	-	34
Interact	340	1,837	2,088	89	-	-	89
NHS	133	320	414	39	-	-	39
PEP	156	133	289	-	-	-	-
FCA	44	427	462	9	-	-	9
Odyssey of the Mind	183	291	474	-	-	-	-
Relay for Life	-	25	25	-	-	-	-
SADD	68	-	-	68	-	-	68
Spanish	6	233	239	-	-	-	-
Student Council	9	-	-	9	-	-	9
TSA/STLP	1,104	531	1,635	-	-	-	-
Web Design	3,662	2,369	1,042	4,989	-	-	4,989
Youth Leadership	81	810	515	376	-	-	376

continued

TRIGG COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND DUE TO STUDENT GROUPS, continued
SCHOOL ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Cash Balance			Cash Balance	Accounts	Accounts	Due to
	July 1, 2011	Receipts	Disbursements	June 30, 2012	Receivable	Payable	Student Groups
							June 30, 2012
TRIGG COUNTY HIGH SCHOOL, continued							
Departments							
Ag Greenhouse	3,258	4,841	4,912	3,187	-	-	3,187
Agriculture	-	2,474	2,474	-	-	-	-
Annual	5,189	18,742	21,726	2,205	-	-	2,205
AP Literature	309	6,594	5,494	1,409	-	-	1,409
Art	132	1,968	1,669	431	-	-	431
Art & Humanities	1,139	568	1,650	57	-	-	57
Band	4,431	50,122	52,338	2,215	-	-	2,215
Business	1,205	1,792	2,227	770	-	-	770
Computer Lab	560	5,786	5,568	778	-	-	778
English	-	670	670	-	-	-	-
FMD	2	2,895	2,888	9	-	-	9
Library Fines	2	396	118	280	-	-	280
Guidance	786	1,246	1,125	907	-	-	907
Engineering Class	5,196	5,099	3,490	6,805	-	-	6,805
FACS - Advanced Foods	-	1,020	1,020	-	-	-	-
FACS - Advanced Parenting	134	807	838	103	-	-	103
FACS - Fashion & Interior	169	158	175	152	-	-	152
FACS - Life Skills	125	143	268	-	-	-	-
Advanced P.E.	280	-	-	280	-	-	280
Health Sciences	345	448	226	567	-	-	567
P.E. I	9	168	22	155	-	-	155
Science	91	4,205	4,182	114	-	-	114
Math	1,707	2,957	3,089	1,575	-	-	1,575
Nurse fees	612	1,067	1,403	276	-	-	276
Photography	438	684	406	716	-	-	716
Social Studies	-	1,149	1,149	-	-	-	-
School Store	1,058	11,521	12,388	191	-	-	191
Technology	49	-	-	49	-	-	49

continued

TRIGG COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND DUE TO STUDENT GROUPS, continued
SCHOOL ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Cash Balance <u>July 1, 2011</u>	<u>Receipts</u>	<u>Disbursements</u>	Cash Balance <u>June 30, 2012</u>	Accounts <u>Receivable</u>	Accounts <u>Payable</u>	Due to Student Groups <u>June 30, 2012</u>
TRIGG COUNTY HIGH SCHOOL, continued							
Departments, continued							
General Activity Fund	1,330	7,215	7,904	641	-	-	641
General Vending							
Teacher	17	1,904	1,921	-	-	-	-
Student	219	3,196	1,768	1,647	-	-	1,647
Textbook rental	3,469	10,770	12,167	2,072	-	-	2,072
	<u>\$ 61,687</u>	<u>\$ 436,138</u>	<u>\$ 448,492</u>	<u>\$ 49,333</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,333</u>
Less: Interfund Transfers	<u>-</u>	<u>397,613</u>	<u>397,613</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Trigg County High School	61,687	833,751	846,105	49,333	-	-	49,333
Trigg County Middle School	38,322	100,554	110,804	28,072	-	-	28,072
Trigg County Intermediate School	13,002	21,224	19,964	14,262	-	-	14,262
Trigg County Primary School	18,280	37,305	35,899	19,686	-	-	19,686
Totals	<u><u>\$ 131,291</u></u>	<u><u>\$ 992,834</u></u>	<u><u>\$ 1,012,772</u></u>	<u><u>\$ 111,353</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 111,353</u></u>

**TRIGG COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures	
U.S. Department of Education				
Passed through State Department of Education:				
Title I Grants to Local Educational Agencies	84.010	310000210	\$ 480,648	
		310000211	<u>13,983</u>	\$ 494,631
Improving Teacher Quality State Grants	84.367	323000209		100,931
Vocational Education Basic Grants to States	84.048	462113210	992	
		462123211	<u>21,094</u>	22,086
Special Education Preschool Grants	** 84.173***	380000210		46,024
Special Education Grants to States	** 84.027***	381000210		428,525
Adult Education State Grant Program	84.002	3721		96,766
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	55211212		18,566
Education Jobs Fund	84.410	EJOB0010		153,713
Learn to Serve America - School and Community Based Programs	94.004	100000210		<u>1,150</u>
Total U. S. Department of Education				<u>1,362,392</u>
U.S. Department of Agriculture				
Passed through State Department of Education:				
School Breakfast Program	* 10.553***	776000511	29,229	
		776000512	<u>116,551</u>	145,780
National School Lunch Program	* 10.555***	775000211	102,765	
		775000212	<u>380,016</u>	482,781
Total U.S. Department of Agriculture				<u>628,561</u>
Total Expenditures of Federal Awards				<u>\$ 1,990,953</u>

*Child Nutrition Cluster

**Special Education Cluster

***Major Program

**TRIGG COUNTY SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Trigg County School District (the "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 Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets or cash flows of the District.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 – SUBRECIPIENTS

There were no subrecipients during the fiscal year.

MICHAEL A. KEM, CPA
SANDRA D. DUGUID, CPA
ANNA B. GENTRY, CPA
WALTER G. CUMMINGS, CPA



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

Kentucky State Committee
for School District Audits
Members of the Board of Education
Trigg County School District
Cadiz, Kentucky

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Trigg County School District as of and for the year ended June 30, 2012, which collectively comprise Trigg County School District's basic financial statements and have issued our report thereon dated November 5, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements prescribed by the Kentucky State Committee for School District Audits in *Appendix I to the Independent Auditor's Contract – General Audit Requirements*, *Appendix II to the Independent Auditor's Contract – State Audit Requirements*, and *Appendix III to the Independent Auditor's Contract – Electronic Submission*.

Internal Control Over Financial Reporting

Management of Trigg County School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Trigg County School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Trigg County School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Trigg County School 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 misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District'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 above. However, we identified a certain deficiency in internal control over

financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency in internal control over financial reporting (2012-01). A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

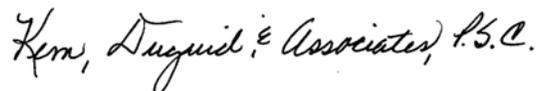
As part of obtaining reasonable assurance about whether Trigg County School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct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

In addition, the results of our tests disclosed no material instances of noncompliance of specific state statutes or regulations identified in *Appendix II of the Independent Auditor's Contract – State Audit Requirements*. However, we noted certain matters that we have reported to management of Trigg County School District in a separate letter dated November 5, 2012.

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

This report is intended solely for the information and use of members of the Kentucky State Committee for School District Audits, the members of the Board of Education of the Trigg County School District, the Kentucky Department of Education, management, others within the entity, 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.

Kem, Duguid & Associates, P.S.C.



Certified Public Accountants
Hopkinsville, Kentucky

November 5, 2012

MICHAEL A. KEM, CPA
SANDRA D. DUGUID, CPA
ANNA B. GENTRY, CPA

WALTER G. CUMMINGS, CPA



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

Kentucky State Committee
for School District Audits
Members of the Board of Education
Trigg County School District
Cadiz, Kentucky

Compliance

We have audited Trigg County School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2012. Trigg County School District's major federal programs are identified in the summary of auditors' 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 Trigg County School District's management. Our responsibility is to express an opinion on Trigg County School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*; and the audit requirements prescribed by the Kentucky State Committee for School District Audits in *Appendix I to the Independent Auditor's Contract – General Audit Requirements*, *Appendix II to the Independent Auditor's Contract – State Audit Requirements*, and *Appendix III to the Independent Auditor's Contract – Electronic Submission*. 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 Trigg County School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Trigg County School District's compliance with those requirements.

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

Internal Control over Compliance

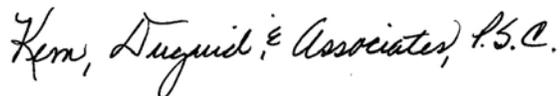
Management of Trigg County School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Trigg County School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program 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 Trigg County School District's internal control over compliance.

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

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

This report is intended solely for the information and use of members of the Kentucky State Committee for School District Audits, the members of the Board of Education of the Trigg County School District, the Kentucky Department of Education, management, others within the entity, 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.

Kem, Duguid & Associates, P.S.C.



Certified Public Accountants
Hopkinsville, Kentucky

November 5, 2012

**TRIGG COUNTY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012**

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of Trigg County School District.
2. One significant deficiency was disclosed during the audit of the financial statements. See Section B: 2012-01.
3. No instances of noncompliance material to the financial statements of Trigg County School District were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs were disclosed during the audit of Trigg County School District.
5. The auditors' report on compliance for the major federal award programs for Trigg County School District expresses an unqualified opinion on all major federal programs.
6. The audit disclosed no audit findings reportable under section 510(a) of OMB Circular A-133
7. The programs tested as major programs included:

Program Title	CFDA Number
Special Education Grants to States	84.027
Special Education Preschool Grants	84.173
School Breakfast Program	10.553
National School Lunch Program	10.555

8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Trigg County School District was determined to be a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

2012-01 Internal Controls

Condition – The District does not have control over the preparation of the financial statements, including footnote disclosures, which would prevent or detect a misstatement in the financial statements. The independent auditor cannot be a compensating control for the client.

Criteria – Statement on Auditing Standards (SAS 115) states that a control deficiency exists when an entity does not have controls in place which would prevent or detect a misstatement in the financial statements.

**TRIGG COUNTY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012**

B. FINDINGS – FINANCIAL STATEMENTS AUDIT, continued

Effect – Lack of accountability and possible misstatement of financial statements, including footnote disclosures.

Recommendation – The District should designate an individual who possesses suitable skill, knowledge, and/or experience to review the financial statements, including footnote disclosures, and take responsibility for these financial statements.

Response – It is not feasible for the District to invest the resources for a member of the financial accounting staff to obtain the training necessary to obtain the knowledge related to Financial Accounting Standards Board (FASB) and Governmental Accounting Standards Board (GASB) pronouncements and to remain current with this knowledge. Management does not consider the deficiency to be imperative to the daily internal control operations of the District.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

**TRIGG COUNTY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012**

There were no prior audit findings for Trigg County School District.

MANAGEMENT COMMENTS FOR AUDIT

MICHAEL A. KEM, CPA
SANDRA D. DUGUID, CPA
ANNA B. GENTRY, CPA
WALTER G. CUMMINGS, CPA



November 5, 2012

Members of the Board of Education
Trigg County School District
Cadiz, Kentucky

In planning and performing our audit of the financial statements of Trigg County School District for the year ended June 30, 2012, we considered the District's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the basic financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of some matters that are opportunities for strengthening internal control and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated November 5, 2012 on the financial statements of the Trigg County School District.

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

We performed a follow up on the prior year findings with the status of these findings on page 65 of this report.

Respectfully,

Kem, Duguid & Associates, P.S.C.

Certified Public Accountants
Hopkinsville, Kentucky

**TRIGG COUNTY SCHOOL DISTRICT
MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

TRIGG COUNTY HIGH SCHOOL

- I. **Condition** – The person responsible for ticket sales did not sign the receipt of tickets and change statement at the top of the ticket requisition form.

Criteria – *Accounting Procedures for Kentucky School Activity Funds* (Red Book) states that once the person in charge of sales receives the tickets and change from the treasurer or principal, the person must then sign the ticket and change receipt statement located on the ticket requisition form.

Cause – Oversight.

Effect – Noncompliance with *Accounting Procedures for Kentucky School Activity Funds* (Red Book).

Recommendation – Once the person in charge of sales receives the tickets and change from the principal or treasurer, the person should sign the ticket requisition form in the appropriate place.

Response – The school will comply with the recommendation.

- II. **Condition** – The person responsible for collecting tickets did not sign the ticket requisition form.

Criteria – *Accounting Procedures for Kentucky School Activity Funds* (Red Book) states that the ticket taker must sign the ticket requisition form once the ticket taker returns the collected ticket halves to the person in charge of ticket sales..

Cause – Oversight.

Effect – Noncompliance with *Accounting Procedures for Kentucky School Activity Funds* (Red Book).

Recommendation – Once the ticket taker returns the ticket halves to the person in charge of sales, the ticket taker should sign the ticket requisition form.

Response – The school will comply with the recommendation.

**TRIGG COUNTY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

TRIGG COUNTY PRIMARY SCHOOL

- I. **Condition** – Date signed on multiple receipts form by person who collected monies appeared to have been changed.

Recommendation – All monies collected should be turned in to the treasurer on the day collected and dates of person remitting money and school treasurer should agree.

Current Status – The finding was not repeated for the fiscal year ended June 30, 2012.

TRIGG COUNTY INTERMEDIATE SCHOOL

- II. **Condition** – Date signed on multiple receipts form by person who collected monies appeared to have been changed.

Recommendation – All monies collected should be turned in to the treasurer on the day collected and dates of person remitting money and school treasurer should agree.

Current Status – The finding was not repeated for the fiscal year ended June 30, 2012.