

BOONE COUNTY BOARD OF EDUCATION

June 30, 2012

*FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS'
REPORT INCLUDING SUPPLEMENTAL INFORMATION*



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INDEPENDENT AUDITORS' REPORT

State Committee for School District Audits and
Members of the Boone County Board of Education
Florence, Kentucky

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Boone County Board of Education, as of and for the year ended June 30, 2012, which collectively comprise the Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Boone County Board of Education management. Our responsibility is to express an opinion 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the provisions of Office Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*, and the audit requirements prescribed by the Kentucky State Committee for School District Audits in Appendix I of the Independent Auditor's Contract – General Audit Requirements, Appendix II of the Independent Auditor's Contract – State Audit Requirements, Appendix III of the Independent Auditor's Contract – Audit Extension Request, and Appendix IV of the Independent Auditor's Contract – Instructions for Submission of the Audit Report. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Boone County Board of Education, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2012 on our consideration of the Boone County Board of Education'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 1 through 10 and page 18 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 an opinion on the financial statements that collectively comprise the Boone County Board of Education financial statements as a whole. The combining and individual nonmajor fund financial statements and other supplemental information are presented for the 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 the purpose of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements (pages 41-42), other supplemental information (pages 43-57) and the schedule of expenditures of federal awards (pages 58-60) 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 as a whole.

VonLehman & Company Inc.

**BOONE COUNTY BOARD OF EDUCATION
FLORENCE, KENTUCKY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED**

As management of the Boone County Board of Education (Board), the governing body for the Boone County School District (District), we offer readers of the Board's financial statements this narrative overview and analysis of the financial activities of the Board 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

Boone County Schools' enrollment reached 19,842 students in the 2011-2012 fiscal year. This was an increase of 166 students since the previous school year. Over the last five years, the District's membership has grown by over 10%. These students are housed in 22 schools including 4 high schools, 5 middle schools and 13 elementary schools. More than half of these schools exceed their student capacity level.

Growth of this magnitude precipitates a dynamic construction schedule. During the year, the District completed construction of a new elementary school to open in the upcoming school year. The District also initiated the process to construct classroom additions to the newest high school and a more recently constructed elementary school on the same campus, which will be financed with revenue bonds. Bonds are issued as the District modifies its facilities consistent with a long-range facilities plan that is established with community input and in keeping with the Kentucky Department of Education's (KDE) stringent compliance regulations. The District did not issue revenue bonds to fund the construction but is preparing for the aforementioned bond sale. However, the District issued refunding bonds at a total savings of \$2,819,043 in future debt payments.

The General Fund recognized approximately \$146.4 million in revenue consisting primarily of local property, occupational license, utilities, and motor vehicle taxes and the state program (SEEK) allocation. Of this approximately \$146.4 million in revenue, approximately \$24.9 million was recognized as revenue representing payments made on the District's behalf, by the State, for teachers' retirement contributions and employees' health insurance. The following shows recent trends in general fund revenues on a per pupil basis (average daily attendance). Current year revenues show a 3.5% increase in the amount collected.

2011 – 2012	\$ 6,804 plus \$ 149 in Federal Stimulus Funding
2010 – 2011	\$ 6,707 plus \$ 201 in Federal Stimulus Funding
2009 – 2010	\$ 6,335 plus \$ 248 in Federal Stimulus Funding

The District administered over \$11.7 million in Federal, State, and local grants and other programs during the year.

SEEK per pupil funding was at \$2,853 based on prior year average daily attendance factored with a current year growth rate, as compared to the statewide average of \$4,051. The SEEK allocation to Boone County Schools continues to be among the lowest in the state. The formula calculating the allocation becomes punitive for districts experiencing growth and rewards districts in economic decline. In the current year, the District experienced less than one percent increase in assessed property value leading to an increase of approximately 7.2% in SEEK's per pupil allocation.

**BOONE COUNTY BOARD OF EDUCATION
FLORENCE, KENTUCKY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED
(Continued)**

Financial Highlights (Continued)

Boone County Board of Education collected approximately \$9.3 million in utility taxes and approximately \$8.8 million in occupational license taxes, indicative of a relatively stable economy in Boone County. These permissive taxes account for approximately 15% of general fund revenues (excluding revenue recorded as on-behalf payments) providing some relief in the funding gap created by the state's funding formula. Without permissive tax revenues, the Boone County Board of Education would face severe funding deficits, further reducing the per pupil revenues to a level lowest in the state.

General Fund expenditures were approximately \$146.1 million. Salaries and related costs totaled approximately \$128.8 million (88%) of the general operating expenditures. Included in this amount is approximately \$24.9 million in retirement contributions and insurance benefits paid by the state on the District's behalf.

The success the District has achieved as one of the top performing large school districts in the state is partially credited to the commitment from the business partnerships in the form of donations and other support to our schools. The District has also made a more aggressive effort to obtain competitive grants that will allow the District to achieve and maintain the status of a premier school district.

As of the year ended June 30, 2012, the Boone County Board of Education sustained a stable financial status attributed to conservative spending practices. The Board has effectively and efficiently managed its resources and at the same time, continues to make progress toward education proficiency.

OVERVIEW OF FINANCIAL STATEMENTS

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

District-Wide Financial Statements

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

The statement of net assets presents information on all of the Board'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 Board is improving or deteriorating.

The statement of activities presents information showing how the Board'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.

**BOONE COUNTY BOARD OF EDUCATION
FLORENCE, KENTUCKY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED
(Continued)**

District-Wide Financial Statements (Continued)

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

The district-wide financial statements can be found on pages 11 through 13 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. There is a state mandated uniform system and chart of accounts for all Kentucky public school boards utilizing the MUNIS administrative software. The Board uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Board can be divided into three categories: governmental, proprietary funds and fiduciary funds. Fiduciary funds are trust-type funds established to aid in student education and welfare and staff support; in the Board's case the fiduciary funds represent the activity funds held by the schools. The main proprietary fund is the food service operations fund. Other activities of the Board are included in the governmental funds.

The basic governmental fund financial statements can be found on pages 14 through 22 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23 through 40 of this report.

**BOONE COUNTY BOARD OF EDUCATION
FLORENCE, KENTUCKY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED
(Continued)**

District-Wide Financial Analysis

The perspective of the statement of net assets is of the Board as a whole. Table 1 provides a summary of the Board's net assets for 2011 compared to 2012:

**Table 1
Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2011	2012	2011	2012	2011	2012
Assets						
Current Assets	\$ 56,992,016	\$ 42,217,562	\$ 3,420,185	\$ 3,863,612	\$ 60,412,201	\$ 46,081,174
Noncurrent Assets	<u>280,057,234</u>	<u>291,138,806</u>	<u>721,854</u>	<u>648,964</u>	<u>280,779,088</u>	<u>291,787,770</u>
Total Assets	<u>337,049,250</u>	<u>333,356,368</u>	<u>4,142,039</u>	<u>4,512,576</u>	<u>341,191,289</u>	<u>337,868,944</u>
Liabilities						
Current Liabilities	21,780,548	22,138,349	103,879	20,819	21,884,427	22,159,168
Long-Term Liabilities	<u>211,313,254</u>	<u>199,588,604</u>	<u>50,744</u>	<u>64,239</u>	<u>211,363,998</u>	<u>199,652,843</u>
Total Liabilities	<u>233,093,802</u>	<u>221,726,953</u>	<u>154,623</u>	<u>85,058</u>	<u>233,248,425</u>	<u>221,812,011</u>
Net Assets						
Investment in Capital Assets						
Net of Related Debt	59,696,340	81,501,624	721,854	648,964	60,418,194	82,150,588
Restricted	33,372,267	18,311,433	-	-	33,372,267	18,311,433
Unrestricted	<u>10,886,841</u>	<u>11,816,358</u>	<u>3,265,562</u>	<u>3,778,554</u>	<u>14,152,403</u>	<u>15,594,912</u>
Total Net Assets	<u>\$ 103,955,448</u>	<u>\$ 111,629,415</u>	<u>\$ 3,987,416</u>	<u>\$ 4,427,518</u>	<u>\$ 107,942,864</u>	<u>\$ 116,056,933</u>

Over time, net assets may serve as a useful indicator of a government's financial position. In the case of the Board, assets exceeded liabilities by a total of approximately \$116 million as of June 30, 2012.

The largest portion of the Board's net assets reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment and construction in progress), less any related debt that is still outstanding and used to acquire those assets. The Board uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the Board'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.

**BOONE COUNTY BOARD OF EDUCATION
FLORENCE, KENTUCKY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED
(Continued)**

The Board'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 fixed assets, and the depreciation of capital assets.

Total assets decreased by approximately \$3.3 million. Current assets decreased by approximately \$14.3 million, while noncurrent assets increased by approximately \$11.0 million. Current liabilities increased by approximately \$275,000. Long-term liabilities decreased by approximately \$11.7 million.

Net assets of the Board's government activities increased approximately \$7.7 million and the net assets of the Board's business-type activity increased approximately \$440,000.

**BOONE COUNTY BOARD OF EDUCATION
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**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
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(Continued)**

Table 2 reflects the change in net assets for fiscal year 2011 compared to 2012. It should be noted that on-behalf payments are included in both revenues and expenses.

**Table 2
Change in Net Assets**

	For the Period Ending June 30,					
	Governmental Activities		Business-Type Activities		Total	
	2011	2012	2011	2012	2011	2012
Revenue						
Program Revenue						
Charges for Services	\$ 232,189	\$ 168,314	\$ 5,069,667	\$ 5,034,048	\$ 5,301,856	\$ 5,202,362
Operating Grants and Contributions	41,463,056	39,647,425	4,692,481	4,904,301	46,155,537	44,551,726
Capital Grants and Contributions	2,531,488	2,221,810	654,155	573,476	3,185,643	2,795,286
Total Program Revenues	44,226,733	42,037,549	10,416,303	10,511,825	54,643,036	52,549,374
General Revenues						
Property Tax	65,194,788	65,318,144	-	-	65,194,788	65,318,144
Other Taxes	23,540,845	24,062,660	-	-	23,540,845	24,062,660
Grants and Entitlements	46,315,415	49,190,823	-	-	46,315,415	49,190,823
Earnings on Investments	115,670	99,895	7,052	4,257	122,722	104,152
Miscellaneous	1,921,034	1,793,054	-	(437,135)	1,921,034	1,355,919
Total General Revenues	137,087,752	140,464,576	7,052	(432,878)	137,094,804	140,031,698
Total Revenues	181,314,485	182,502,125	10,423,355	10,078,947	191,737,840	192,581,072
Program Expenses						
Instruction	99,257,522	100,653,275	-	-	99,257,522	100,653,275
Supporting Services						
Student and Instructional Staff	14,582,141	14,549,594	-	-	14,582,141	14,549,594
Administration and Business	18,980,526	19,309,066	-	-	18,980,526	19,309,066
Operation and Maintenance of Plant	16,890,982	18,150,149	-	-	16,890,982	18,150,149
Student Transportation	13,870,749	12,901,794	-	-	13,870,749	12,901,794
Interest on Long-Term Debt	8,511,603	8,287,143	-	-	8,511,603	8,287,143
Other	995,249	977,137	-	-	995,249	977,137
Adult Education and Day Care	-	-	891,848	830,512	891,848	830,512
Food Services	-	-	8,793,835	8,808,333	8,793,835	8,808,333
Total Expenses	173,088,772	174,828,158	9,685,683	9,638,845	182,774,455	184,467,003
Increase in Net Assets	\$ 8,225,713	\$ 7,673,967	\$ 737,672	\$ 440,102	\$ 8,963,385	\$ 8,114,069

**BOONE COUNTY BOARD OF EDUCATION
FLORENCE, KENTUCKY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED
(Continued)**

Governmental Activities

The statement of activities reflects the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. Table 3, for governmental activities, indicates the total cost of services and the net cost of services supported by tax revenue and unrestricted state entitlements.

**Table 3
Governmental Activities**

	For the Period Ending June 30,			
	Total Cost of Services		Net Cost of Services	
	2011	2012	2011	2012
Instruction	\$ 99,257,522	\$ 100,653,275	\$ 66,764,064	\$ 69,101,185
Supporting Services				
Student and Instructional Staff	14,582,141	14,549,594	12,299,165	13,132,171
Administration and Business	18,980,526	19,309,066	16,835,179	16,856,395
Plant Operation and Maintenance	16,890,982	18,150,149	15,813,160	17,040,007
Student Transportation	13,870,749	12,901,794	12,092,437	11,419,612
Facilities Acquisition	-	-	(2,531,488)	(2,221,810)
Interest on Long-Term Debt	8,511,603	8,287,143	6,742,628	6,629,705
Other	995,249	977,137	846,894	833,344
Total Expenses	\$ 173,088,772	\$ 174,828,158	\$ 128,862,039	\$ 132,790,609

Business-Type Activities

The main business-type activity of the Board is the food service operation. The greatest portion of the revenues for this program comes from sales to students and others, totaling approximately \$4.6 million in the fiscal year 2012 and \$4.7 million in the fiscal year 2011. Other revenues came from Federal and state contributions, totaling approximately \$4.4 million and \$4.2 million in 2012 and 2011, respectively. Expenses and transfers for food service operations totaled approximately \$9.2 million and \$8.8 million in 2012 and 2011, respectively.

The Board continues to monitor the food service operation to ensure that it does not require large contributions from the General Fund. Prices for meals and other products sold are increased from time to time to ensure that revenues are sufficient for this operation to be self-supporting.

**BOONE COUNTY BOARD OF EDUCATION
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**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
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UNAUDITED
(Continued)**

Business-Type Activities (Continued)

The Board also has a business-type activity for the adult education program. Revenue for this program comes from Federal and state contributions which totaled approximately \$400,000 for 2012 and \$412,000 for 2011. Expenses for this program totaled approximately \$357,000 for 2012 and \$416,000 for 2011.

The Board's Funds

The Board's governmental funds are accounted for using the modified accrual basis of accounting. Total governmental funds had revenues (not including other financing sources) of approximately \$182.0 million and expenditures (not including other financing uses) of approximately \$207.0 million.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board's budget is prepared according to Kentucky law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. In Kentucky, the public school fiscal year is July 1 through June 30. Some programs relating to federal and state grants operate on a different fiscal year but are nevertheless reflected in the overall budget.

The most significant budgeted fund is the General Fund. The budget to actual comparison for the general fund is found on page 18 of this report. By law, the budget for the General Fund must have a minimum 2% contingency based on expenses for all funds. The Board adopted a budget with approximately \$6.9 million in contingency which is in excess of this 2% requirement.

Highlights of the general fund budget comparison included:

- Property taxes collected exceeded budgeted amounts by approximately \$320,000.
- Other variances in the budgeted revenues are primarily attributed to the following: Collection of utility taxes was less than the amount budgeted by approximately \$518,000 and occupational license tax exceeded expectations by over \$1,300,000. Motor vehicle taxes collected also exceeded the amount budgeted by over \$465,000.
- Amounts budgeted from state sources, including SEEK and payments for benefits made on behalf of the District were exceeded by approximately \$25.2 million. The majority of this difference is due to the District not including payments for benefits made on their behalf in the final budgeted number.
- Excluding the amount budgeted for contingency, actual total expenditures (excluding other financing uses) were over budget by approximately \$20.3 million. If the payments for benefits made on behalf of the District were included in the final budgeted number, actual total expenditures (excluding other financing uses) were under budgeted by approximately \$4.7 million.

**BOONE COUNTY BOARD OF EDUCATION
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**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
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On-Behalf Payments and Budget Variances

The Board's financial statements show payments made by the Commonwealth of Kentucky that benefited the students or the employees of the Board. For the General Fund, these include amounts paid by the state for teacher retirement, health insurance, flexible-spending health benefit contributions, life insurance, and expenses related to the education of District students at state-operated schools. For the audited financial reports, such on-half payments were added to the Board's related revenue and expense line items. (See Note 14 – On-Behalf Payments of the accompanying Financial Statements for the year ended June 30, 2012.)

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2012, the Board had a total of approximately \$289.9 million in capital assets, net of accumulated depreciation, including approximately \$289.2 million for governmental activities and approximately \$649,000 for business type activities. Table 4 reflects the balances at June 30, 2011, compared to June 30, 2012:

**Table 4
Capital Assets at June 30,
(Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	2011	2012	2011	2012	2011	2012
Land	\$ 12,934,451	\$ 12,934,451	\$ -	\$ -	\$ 12,934,451	\$ 12,934,451
Land Improvements	3,515,668	3,268,247	-	-	3,515,668	3,268,247
Construction in Progress	10,188,531	28,537,647	-	-	10,188,531	28,537,647
Buildings and Building Improvements	234,799,677	227,558,182	49,831	45,072	234,849,508	227,603,254
Technology Equipment	4,712,606	4,521,705	35,282	83,701	4,747,888	4,605,406
Vehicles	10,423,231	10,703,648	-	-	10,423,231	10,703,648
General Equipment	1,746,503	1,712,593	636,741	520,191	2,383,244	2,232,784
	<u>\$ 278,320,667</u>	<u>\$ 289,236,473</u>	<u>\$ 721,854</u>	<u>\$ 648,964</u>	<u>\$ 279,042,521</u>	<u>\$ 289,885,437</u>

Debt

At June 30, 2012, the Board had approximately \$209.2 million in outstanding bonds being paid from the debt service fund and approximately \$444,000 in capital lease obligations being paid from the General Fund.

**BOONE COUNTY BOARD OF EDUCATION
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**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
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(Continued)**

Budgetary Implications

Following is a discussion on various factors affecting the development of the annual budget.

Contingency

By law the budget must have a minimum 2% contingency although the State Board of Education strongly recommends a 5% contingency. In line with the conservative spending plan, the District adopted an original budget with an approximate \$6.9 million contingency, which exceeds the 2% minimum requirement.

Unfunded Mandates

The Federal Government and the State Government will impose certain mandates that require the District to allocate funding over and above the funding provided for the specific purpose.

State Funding (SEEK)

The Boone County Board of Education has operated its schools at a cost significantly below the statewide average. The gap in resources is primarily accountable to the State's SEEK funding formula. In an attempt to equalize funding, the SEEK formula calculates the level of funding necessary to educate a child. The formula then deducts from that amount, the calculated 'local effort,' using the assessed property value for the District as the solitary factor of District wealth. The remainder becomes the District's allocation.

The calculation of 'local effort', however, fluctuates with the annual assessment of property. The fluctuation in the annual assessment however does not have an extenuating affect on local revenues collected. Therefore, this underlying assumption that property assessment is the single indicator or measure of a District's wealth is faulty. A district whose property values increase significantly, will likely experience little increase in property tax revenues and a substantial decrease in the State's SEEK funding. Until the calculation of 'local effort' is corrected in the formula, Boone County Schools will continue to be under funded as long as growth is occurring in the District. Economic indicators have shown that growth in Boone County is expected to continue.

Contacting the Board's Management

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Board's finances and to reflect the Board's accountability for the funds it receives. Questions or comments about this report should be directed to the Superintendent by telephone at (859)282-2375 or to the Director of Financial Services by telephone at (859)282-2938 or by mail to the Central Office, 8330 U.S. Highway 42, Florence, Kentucky, 41042.

BOONE COUNTY BOARD OF EDUCATION
STATEMENT OF NET ASSETS
June 30, 2012

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Assets			
Current Assets			
Cash and Cash Equivalents	\$ 37,076,078	\$ 4,887,946	\$ 41,964,024
Accounts Receivable	3,803,024	118,138	3,921,162
Inventories for Consumption	-	195,988	195,988
Due (to)/from Other Funds	1,338,460	(1,338,460)	-
Total Current Assets	<u>42,217,562</u>	<u>3,863,612</u>	<u>46,081,174</u>
Noncurrent Assets			
Bond Issuance Costs, Net	936,536	-	936,536
Discount on Bonds, Net	932,375	-	932,375
Call Premium, Net	33,422	-	33,422
Nondepreciable Capital Assets:			
Land	12,934,451	-	12,934,451
Construction in Progress	28,537,647	-	28,537,647
Depreciable Capital Assets:			
Land Improvements	6,255,308	-	6,255,308
Buildings and Improvements	314,227,038	63,684	314,290,722
Furniture and Equipment	42,376,760	4,413,241	46,790,001
Less Accumulated Depreciation	<u>(115,094,731)</u>	<u>(3,827,961)</u>	<u>(118,922,692)</u>
Total Noncurrent Assets	<u>291,138,806</u>	<u>648,964</u>	<u>291,787,770</u>
Total Assets	<u>\$ 333,356,368</u>	<u>\$ 4,512,576</u>	<u>\$ 337,868,944</u>
Liabilities			
Current Liabilities			
Accounts Payable	\$ 2,753,074	\$ 20,819	\$ 2,773,893
Current Portion of Capital Lease Obligations	143,782	-	143,782
Current Portion of Bonds Payable	11,873,660	-	11,873,660
Accrued Payroll and Related Expenses	3,734,554	-	3,734,554
Accrued Interest	2,320,601	-	2,320,601
Current Portion of Accumulated Sick Leave	350,000	-	350,000
Deferred Revenues	962,678	-	962,678
Total Current Liabilities	<u>22,138,349</u>	<u>20,819</u>	<u>22,159,168</u>
Noncurrent Liabilities			
Noncurrent Portion of Capital Lease Obligations	299,969	-	299,969
Noncurrent Portion of Bonds Payable	197,319,771	-	197,319,771
Noncurrent Portion of Accumulated Sick Leave	<u>1,968,864</u>	<u>64,239</u>	<u>2,033,103</u>
Total Noncurrent Liabilities	<u>199,588,604</u>	<u>64,239</u>	<u>199,652,843</u>
Total Liabilities	<u>\$ 221,726,953</u>	<u>\$ 85,058</u>	<u>\$ 221,812,011</u>

See accompanying notes.

BOONE COUNTY BOARD OF EDUCATION
STATEMENT OF NET ASSETS
June 30, 2012
(Continued)

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	\$ 81,501,624	\$ 648,964	\$ 82,150,588
Restricted for:			
Capital Projects	10,143,325	-	10,143,325
Debt Service	1,016,017	-	1,016,017
Accumulated Sick Leave	1,191,551	-	1,191,551
Encumbrances	178,849	-	178,849
SBDM Carryover	802,524	-	802,524
New School Operations	4,979,167	-	4,979,167
Unrestricted	<u>11,816,358</u>	<u>3,778,554</u>	<u>15,594,912</u>
 Total Net Assets	 <u>\$ 111,629,415</u>	 <u>\$ 4,427,518</u>	 <u>\$ 116,056,933</u>

See accompanying notes.

**BOONE COUNTY BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
Year Ended June 30, 2012**

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business - Type Activities	Total
Governmental Activities							
Instructional	\$ 100,653,275	\$ 168,314	\$ 31,383,776	\$ -	\$ (69,101,185)	\$ -	\$ (69,101,185)
Support Services							
Student	8,929,471	-	899,703	-	(8,029,768)	-	(8,029,768)
Instructional Staff	5,620,123	-	517,720	-	(5,102,403)	-	(5,102,403)
District Administration	4,747,137	-	56,690	-	(4,690,447)	-	(4,690,447)
School Administration	10,574,481	-	1,996,030	-	(8,578,451)	-	(8,578,451)
Business	3,987,448	-	399,951	-	(3,587,497)	-	(3,587,497)
Plant Operation and Maintenance	18,150,149	-	1,110,142	-	(17,040,007)	-	(17,040,007)
Student Transportation	12,901,794	-	1,482,182	-	(11,419,612)	-	(11,419,612)
Community Service Operations	817,129	-	143,793	-	(673,336)	-	(673,336)
Facilities Acquisition and Construction	-	-	-	2,221,810	2,221,810	-	2,221,810
Amortization Expense	160,008	-	-	-	(160,008)	-	(160,008)
Interest on Long-Term Debt	8,287,143	-	1,657,438	-	(6,629,705)	-	(6,629,705)
Total Governmental Activities	<u>174,828,158</u>	<u>168,314</u>	<u>39,647,425</u>	<u>2,221,810</u>	<u>(132,790,609)</u>	<u>-</u>	<u>(132,790,609)</u>
Business-Type Activities							
Food Service	8,808,333	4,647,156	4,419,285	573,476	-	831,584	831,584
Adult Education	356,798	-	398,194	-	-	41,396	41,396
Day Care Centers	473,714	386,892	86,822	-	-	-	-
Total Business-Type Activities	<u>9,638,845</u>	<u>5,034,048</u>	<u>4,904,301</u>	<u>573,476</u>	<u>-</u>	<u>872,980</u>	<u>872,980</u>
Total School District	<u>\$ 184,467,003</u>	<u>\$ 5,202,362</u>	<u>\$ 44,551,726</u>	<u>\$ 2,795,286</u>	<u>(132,790,609)</u>	<u>872,980</u>	<u>(131,917,629)</u>
General Revenues:							
Taxes							
Property					65,318,144	-	65,318,144
Motor Vehicle					4,360,983	-	4,360,983
Utilities					9,282,153	-	9,282,153
Occupational License					8,824,909	-	8,824,909
Other					1,594,615	-	1,594,615
Federal and State Aid Not Restricted to Specific Purposes					49,190,823	-	49,190,823
Earnings on Investments					99,895	4,257	104,152
Operating Transfers In (Out)					437,135	(437,135)	-
Miscellaneous					1,355,919	-	1,355,919
Total General Revenues and Special Revenues					<u>140,464,576</u>	<u>(432,878)</u>	<u>140,031,698</u>
Change in Net Assets					7,673,967	440,102	8,114,069
Net Assets July 1, 2011					<u>103,955,448</u>	<u>3,987,416</u>	<u>107,942,864</u>
Net Assets June 30, 2012					<u>\$ 111,629,415</u>	<u>\$ 4,427,518</u>	<u>\$ 116,056,933</u>

See accompanying notes.

**BOONE COUNTY BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2012**

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Construction Fund</u>	<u>Building Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets							
Cash and Cash Equivalents	\$ 23,924,153	\$ -	\$ 11,808,680	\$ 1,016,017	\$ -	\$ 327,228	\$ 37,076,078
Accounts Receivable							
Taxes	2,609,784	-	-	-	-	-	2,609,784
Accounts	83,247	66,612	-	-	-	-	149,859
Intergovernmental - State	-	5,874	-	-	-	-	5,874
Intergovernmental - Federal	-	1,037,507	-	-	-	-	1,037,507
Due (to)/from Other Funds	<u>1,381,087</u>	<u>(42,627)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,338,460</u>
Total Assets	<u>\$ 27,998,271</u>	<u>\$ 1,067,366</u>	<u>\$ 11,808,680</u>	<u>\$ 1,016,017</u>	<u>\$ -</u>	<u>\$ 327,228</u>	<u>\$ 42,217,562</u>
Liabilities and Fund Balances							
Accounts Payable	\$ 655,803	\$ 104,688	\$ 1,992,583	\$ -	\$ -	\$ -	\$ 2,753,074
Accrued Payroll and Related Expenses	3,734,554	-	-	-	-	-	3,734,554
Current Portion of Accumulated Sick Leave	350,000	-	-	-	-	-	350,000
Deferred Revenues	<u>-</u>	<u>962,678</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>962,678</u>
Total Liabilities	<u>4,740,357</u>	<u>1,067,366</u>	<u>1,992,583</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,800,306</u>
Fund Balances							
Restricted for:							
Capital Projects	-	-	9,816,097	-	-	327,228	10,143,325
Debt Service	-	-	-	1,016,017	-	-	1,016,017
Committed for:							
Accumulated Sick Leave	1,191,551	-	-	-	-	-	1,191,551
Assigned for:							
New School Operations	4,979,167	-	-	-	-	-	4,979,167
Encumbrances	178,849	-	-	-	-	-	178,849
SBDM Carryover	802,524	-	-	-	-	-	802,524
Unassigned	<u>16,105,823</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,105,823</u>
Total Fund Balances	<u>23,257,914</u>	<u>-</u>	<u>9,816,097</u>	<u>1,016,017</u>	<u>-</u>	<u>327,228</u>	<u>34,417,256</u>
Total Liabilities and Fund Balances	<u>\$ 27,998,271</u>	<u>\$ 1,067,366</u>	<u>\$ 11,808,680</u>	<u>\$ 1,016,017</u>	<u>\$ -</u>	<u>\$ 327,228</u>	<u>\$ 42,217,562</u>

See accompanying notes.

**BOONE COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET ASSETS
June 30, 2012**

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

Total Fund Balance - Governmental Funds	\$	34,417,256
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Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

Cost of Capital Assets	\$	404,331,204	
Accumulated Depreciation		<u>(115,094,731)</u>	
			289,236,473

Bond issuance costs, net are not financial resources and therefore are not reported as assets in governmental funds.		936,536
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Discount on bonds, net are not financial resources and therefore are not reported as assets in governmental funds.		932,375
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Call premium, net is not a financial resource and therefore is not reported as an asset in governmental funds.		33,422
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Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:

Bond Obligations	209,193,431	
Accrued Interest on the Bonds	2,320,601	
Capital Lease Obligations	443,751	
Noncurrent Accumulated Sick Leave	<u>1,968,864</u>	
		<u>(213,926,647)</u>

Total Net Assets - Governmental Activities	\$	<u>111,629,415</u>
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See accompanying notes.

**BOONE COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
Year Ended June 30, 2012**

	General Fund	Special Revenue Funds	Construction Fund	Building Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues							
Taxes							
Property	\$ 47,619,865	\$ -	\$ -	\$ 17,698,279	\$ -	\$ -	\$ 65,318,144
Motor Vehicle	3,165,464	-	-	1,195,519	-	-	4,360,983
Utilities	9,282,153	-	-	-	-	-	9,282,153
Occupational License	8,824,909	-	-	-	-	-	8,824,909
Other	1,594,615	-	-	-	-	-	1,594,615
Transportation Fees	736,690	-	-	-	-	-	736,690
Earnings on Investments	97,369	-	2,526	-	-	-	99,895
Intergovernmental - State	74,262,011	3,056,202	-	442,703	1,045,544	1,779,107	80,585,567
Intergovernmental - Federal	351,527	9,511,069	-	-	611,892	-	10,474,488
Other Local Revenue	440,435	289,533	-	-	-	-	729,968
Total Revenues	146,375,038	12,856,804	2,526	19,336,501	1,657,436	1,779,107	182,007,412
Expenditures							
Instructional	89,587,784	7,523,930	-	-	-	-	97,111,714
Support Services							
Student	6,635,029	2,238,441	-	-	-	-	8,873,470
Instructional Staff	4,063,869	1,654,192	-	-	-	-	5,718,061
District Administration	4,730,251	-	-	-	-	-	4,730,251
School Administration	10,549,296	2,255	-	-	-	-	10,551,551
Business	3,631,012	87,050	-	-	-	-	3,718,062
Plant Operation and Maintenance	14,518,565	39,775	-	-	-	-	14,558,340
Student Transportation	12,139,134	1,092,320	-	-	-	-	13,231,454
Community Services	244,988	572,013	-	-	-	-	817,001
Facilities Acquisition and Construction							
Site Improvement	22,288	-	18,164,455	-	-	-	18,186,743
Debt Service							
Principal	14,306	-	-	-	21,273,660	-	21,287,966
Interest	-	-	-	-	8,232,637	-	8,232,637
Total Expenditures	146,136,522	13,209,976	18,164,455	-	29,506,297	-	207,017,250
Excess (Deficit) of Revenues Over Expenditures	238,516	(353,172)	(18,161,929)	19,336,501	(27,848,861)	1,779,107	(25,009,838)
Other Financing Sources (Uses)							
Proceeds from Sale of Assets	114,224	-	-	-	-	-	114,224
Proceeds from Issuance of Refunding Bonds, Including Premium	-	-	-	-	10,014,391	-	10,014,391
Proceeds from Issuance of Advance Refunding Bonds, Net of Discount	-	-	-	-	27,423,000	-	27,423,000
Bond Issuance Costs	-	-	-	-	(216,440)	-	(216,440)
Transfer to Bond Escrow Agent - Advance Refunding Bonds	-	-	-	-	(27,272,210)	-	(27,272,210)
Operating Transfers In	437,135	353,172	1,872,243	-	17,900,120	-	20,562,670
Operating Transfers Out	(353,172)	-	-	(18,320,484)	-	(1,451,879)	(20,125,535)
Total Other Financing Sources (Uses)	198,187	353,172	1,872,243	(18,320,484)	27,848,861	(1,451,879)	10,500,100
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	436,703	-	(16,289,686)	1,016,017	-	327,228	(14,509,738)
Fund Balance July 1, 2011	22,821,211	-	26,105,783	-	-	-	48,926,994
Fund Balance June 30, 2012	\$ 23,257,914	\$ -	\$ 9,816,097	\$ 1,016,017	\$ -	\$ 327,228	\$ 34,417,256

See accompanying notes.

**BOONE COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS TO THE DISTRICT-WIDE STATEMENT OF ACTIVITIES
Year Ended June 30, 2012**

Total Net Change in Fund Balances - Governmental Funds \$ (14,509,738)

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which capital outlays exceed depreciation expense for the period.

Capital Outlays	\$ 22,490,529	
Depreciation Expense	<u>(11,518,078)</u>	10,972,451

The difference between the proceeds related to the sale of capital assets and the net book value of those assets disposed of during the year is shown as a gain on disposal of capital assets on the statement of activities (included in miscellaneous revenue) while this is not reported in governmental funds as the costs of these capital assets were reported as an expenditure at the time of acquisition. 6,079

Proceeds related to the sale of capital assets are reported as income in the governmental funds. They are not considered income in the statement of activities. (62,724)

Bond issuance costs are reported in governmental funds as an other financing use. However, for governmental activities those costs are shown in the statement of net assets and allocated over the term of the bond as annual amortization expense in the statement of activities. This is the amount by which the bond issuance costs of the current year exceeds current year amortization expense.

Bond Issuance Costs	216,440	
Amortization Expense	<u>(92,461)</u>	123,979

Discounts and premiums on bonds are reported in governmental funds as an other financing source/use. However, for governmental activities those items are shown in the statement of net assets and allocated over the term of the bond in the statement of activities. This is the amount by which the current year discount and premiums on bonds exceeded the current year amortization expense. exceeds current year amortization.

Discount/Premium on Bonds	246,609	
Amortization Expense	<u>(61,078)</u>	185,531

The call premium is reported in governmental funds as an other financing use. However, for governmental activities that cost is shown in the statement of net assets and allocated over the term of the bond as annual amortization expense in the statement of activities. This is the amount of the current amortization expense on the call premium. (6,469)

Repayment of bond and capital lease principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities. 48,472,455

The proceeds from bonds and capital leases provide current financial resources and are reported in the fund financial statements but they are presented as liabilities in the statement of net assets. (37,886,018)

In the statement of activities, compensated absences (sick leave) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these amounts are measured by the amount of financial resources used (essentially, the amounts actually paid.) The difference in expenses reported in the statement of activities is as a result of the change in accumulated sick leave. 143,189

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The difference in interest expense reported in the statement of activities is as a result of the change in accrued interest on bonds. 235,232

Total Change in Net Assets - Governmental Activities	\$	<u>7,673,967</u>
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See accompanying notes.

BOONE COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		with Final Budget Favorable (Unfavorable)
Revenues				
Taxes				
Property	\$ 46,876,924	\$ 47,300,000	\$ 47,619,865	\$ 319,865
Motor Vehicle	2,617,750	2,700,000	3,165,464	465,464
Utilities	9,300,000	9,800,000	9,282,153	(517,847)
Occupational License	7,200,000	7,500,000	8,824,909	1,324,909
Other	640,000	640,000	1,594,615	954,615
Tuition and Fees	-	-	-	-
Transportation Fees	600,000	600,000	736,690	136,690
Earnings on Investments	100,000	100,000	97,369	(2,631)
Intergovernmental - State	62,760,264	49,079,242	74,262,011	25,182,769
Intergovernmental - Federal	125,000	125,000	351,527	226,527
Other Local Revenue	363,490	247,000	440,435	193,435
Total Revenues	130,583,428	118,091,242	146,375,038	28,283,796
Expenditures				
Instructional	90,327,000	74,510,451	89,587,784	(15,077,333)
Support Services				
Student	4,094,465	5,540,019	6,635,029	(1,095,010)
Instructional Staff	3,004,496	3,461,008	4,063,869	(602,861)
District Administration	4,267,624	4,505,506	4,730,251	(224,745)
School Administration	8,219,803	8,435,045	10,549,296	(2,114,251)
Business	2,952,614	3,157,270	3,631,012	(473,742)
Plant Operation and Maintenance	14,613,953	14,633,268	14,518,565	114,703
Student Transportation	10,233,775	11,188,408	12,139,134	(950,726)
Community Services	181,038	185,374	244,988	(59,614)
Facilities Acquisition and Construction				
Site Improvement	111,772	103,772	22,288	81,484
Contingency	4,673,662	6,926,710	-	6,926,710
Debt Service	76,226	76,226	14,306	61,920
Total Expenditures	142,756,428	132,723,057	146,136,522	(13,413,465)
(Deficit) Excess of Revenues Over Expenditures	(12,173,000)	(14,631,815)	238,516	14,870,331
Other Financing Sources (Uses)				
Proceeds from Sale of Assets	18,000	18,000	114,224	96,224
Operating Transfers In	475,000	475,000	437,135	(37,865)
Operating Transfers Out	(320,000)	(353,172)	(353,172)	-
Total Other Financing Sources (Uses)	173,000	139,828	198,187	58,359
(Deficit) Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(12,000,000)	(14,491,987)	436,703	14,928,690
Fund Balance July 1, 2011	12,000,000	14,491,987	22,821,211	8,329,224
Fund Balance June 30, 2012	\$ -	\$ -	\$ 23,257,914	\$ 23,257,914

See accompanying notes.

**BOONE COUNTY BOARD OF EDUCATION
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2012**

	<u>Food Service Fund</u>	<u>Adult Education Fund</u>	<u>Day Care Centers</u>	<u>Total</u>
Assets				
Current Assets				
Cash and Cash Equivalents	\$ 4,884,231	\$ 3,715	\$ -	\$ 4,887,946
Accounts Receivable	14,120	74,351	29,667	118,138
Inventories for Consumption	195,988	-	-	195,988
Total Current Assets	<u>5,094,339</u>	<u>78,066</u>	<u>29,667</u>	<u>5,202,072</u>
Noncurrent Assets				
Buildings and Improvements	63,684	-	-	63,684
Furniture and Equipment	4,285,320	127,921	-	4,413,241
Less Accumulated Depreciation	<u>(3,753,531)</u>	<u>(74,430)</u>	<u>-</u>	<u>(3,827,961)</u>
Total Noncurrent Assets	<u>595,473</u>	<u>53,491</u>	<u>-</u>	<u>648,964</u>
Total Assets	<u>\$ 5,689,812</u>	<u>\$ 131,557</u>	<u>\$ 29,667</u>	<u>\$ 5,851,036</u>
Liabilities				
Current Liabilities				
Accounts Payable	\$ 16,211	\$ 4,608	\$ -	\$ 20,819
Due to Other Funds	<u>1,250,864</u>	<u>57,929</u>	<u>29,667</u>	<u>1,338,460</u>
Total Current Liabilities	1,267,075	62,537	29,667	1,359,279
Long-Term Liabilities				
Accumulated Sick Leave	<u>64,239</u>	<u>-</u>	<u>-</u>	<u>64,239</u>
Total Liabilities	<u>1,331,314</u>	<u>62,537</u>	<u>29,667</u>	<u>1,423,518</u>
Net Assets				
Invested in Capital Assets, Net of Related Debt	595,473	53,491	-	648,964
Unrestricted	<u>3,763,025</u>	<u>15,529</u>	<u>-</u>	<u>3,778,554</u>
Total Net Assets	<u>4,358,498</u>	<u>69,020</u>	<u>-</u>	<u>4,427,518</u>
Total Liabilities and Net Assets	<u>\$ 5,689,812</u>	<u>\$ 131,557</u>	<u>\$ 29,667</u>	<u>\$ 5,851,036</u>

See accompanying notes.

BOONE COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
Year Ended June 30, 2012

	<u>Food Service Fund</u>	<u>Adult Education Fund</u>	<u>Day Care Centers</u>	<u>Total</u>
Operating Revenues				
Lunchroom Sales	\$ 4,633,434	\$ -	\$ -	\$ 4,633,434
Other Operating Revenues	<u>13,722</u>	<u>-</u>	<u>386,892</u>	<u>400,614</u>
Total Operating Revenues	<u>4,647,156</u>	<u>-</u>	<u>386,892</u>	<u>5,034,048</u>
Operating Expenses				
Salaries and Wages	2,820,172	245,789	308,188	3,374,149
Employee Benefits	1,474,330	76,436	165,526	1,716,292
Contract Services	708,465	6,410	-	714,875
Materials and Supplies	3,634,691	21,433	-	3,656,124
Depreciation	167,770	6,730	-	174,500
Other Operating Expenses	<u>2,905</u>	<u>-</u>	<u>-</u>	<u>2,905</u>
Total Operating Expenses	<u>8,808,333</u>	<u>356,798</u>	<u>473,714</u>	<u>9,638,845</u>
Operating Loss	<u>(4,161,177)</u>	<u>(356,798)</u>	<u>(86,822)</u>	<u>(4,604,797)</u>
Non-Operating Revenues (Expenses)				
Federal Grants and State Grants	4,419,285	398,194	86,822	4,904,301
Donated Commodities and Other Donations	573,476	-	-	573,476
Transfers Out	(437,135)	-	-	(437,135)
Interest Income	<u>4,249</u>	<u>8</u>	<u>-</u>	<u>4,257</u>
Total Non-Operating Revenues (Expenses)	<u>4,559,875</u>	<u>398,202</u>	<u>86,822</u>	<u>5,044,899</u>
Change in Net Assets	398,698	41,404	-	440,102
Net Assets July 1, 2011	<u>3,959,800</u>	<u>27,616</u>	<u>-</u>	<u>3,987,416</u>
Net Assets June 30, 2012	<u>\$ 4,358,498</u>	<u>\$ 69,020</u>	<u>\$ -</u>	<u>\$ 4,427,518</u>

See accompanying notes.

**BOONE COUNTY BOARD OF EDUCATION
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2012**

	<u>Food Service Fund</u>	<u>Adult Education Fund</u>	<u>Day Care Centers</u>	<u>Total</u>
Cash Flows From Operating Activities				
Cash Received from				
Lunchroom Sales	\$ 4,633,434	\$ -	\$ -	\$ 4,633,434
Other Activities	13,722	-	417,179	430,901
Cash Paid To/For				
Employees	(3,494,388)	(268,266)	(417,179)	(4,179,833)
Goods and Services	(3,736,650)	(9,230)	-	(3,745,880)
Cash Transfers	(437,135)	-	-	(437,135)
Net Cash Used by Operating Activities	(3,021,017)	(277,496)	-	(3,298,513)
Cash Flows from Non Capital Financing Activities				
Federal and State Grants	3,633,805	319,807	-	3,953,612
Cash Flows from Capital and Related Financing Activities				
Acquisition of Depreciable Capital Assets	(59,166)	(42,444)	-	(101,610)
Cash Flows from Investing Activities				
Interest on Investments	4,249	8	-	4,257
Net Change in Cash	557,871	(125)	-	557,746
Cash and Cash Equivalents July 1, 2011	<u>4,326,360</u>	<u>3,840</u>	<u>-</u>	<u>4,330,200</u>
Cash and Cash Equivalents June 30, 2012	<u>\$ 4,884,231</u>	<u>\$ 3,715</u>	<u>\$ -</u>	<u>\$ 4,887,946</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities				
Operating Loss	\$ (4,161,177)	\$ (356,798)	\$ (86,822)	\$ (4,604,797)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities				
Depreciation	167,770	6,730	-	174,500
Donated Commodities Received from Federal Government	573,476	-	-	573,476
On-Behalf Payments for Salaries and Benefits Paid Directly by the State	780,855	59,723	86,822	927,400
Interfund transfers	(437,135)	-	-	(437,135)
Change in Assets and Liabilities				
Accounts Receivable	-	-	30,287	30,287
Inventories for Consumption	22,795	-	-	22,795
Due to Other Funds	(3,071)	57,929	29,667	84,525
Accounts Payable	16,211	(39,316)	(59,954)	(83,059)
Deferred Revenue	-	-	-	-
Accrued Sick Leave	19,259	(5,764)	-	13,495
Net Cash Used by Operating Activities	<u>\$ (3,021,017)</u>	<u>\$ (277,496)</u>	<u>\$ -</u>	<u>\$ (3,298,513)</u>
Non-Cash Non-Capital Financing Activities				
Donated Commodities Received from Federal Government	<u>\$ 573,476</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 573,476</u>

See accompanying notes.

**BOONE COUNTY BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2012**

	<u>Agency Fund</u>
Assets and Resources	
Cash and Cash Equivalents	\$ <u>2,080,407</u>
Liabilities	
Accounts Payable	<u>16,064</u>
Due to Student Groups	
High School Activity Funds	998,881
Elementary and Middle School Activity Funds	<u>1,065,462</u>
Total Due to Student Groups	<u>2,064,343</u>
Total Liabilities	<u>2,080,407</u>
Net Assets Held in Trust	<u><u>\$ -</u></u>

See accompanying notes.

**BOONE COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1 – REPORTING ENTITY

The Boone 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 Boone County School District. The Board receives funding from local, state and federal government sources and must comply with the commitment requirements of these funding source entities. However, the Board 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 Board, for financial purposes, includes all of the funds and account groups relevant to the operation of the Boone County Board of Education. The financial statements presented herein do not include funds of groups and organizations, which although associated with the school system, have not originated within the Board itself such as Band Boosters, Parent-Teacher Associations, etc.

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

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

Boone County School District Finance Corporation

The Board authorized establishment of the Boone County School District Finance Corporation. It is a non-stock, non-profit, public and charitable corporation pursuant to Section 162.385 of the School Bond Act and Chapter 273 and Section 58.180 of the Kentucky Revised Statutes to act as an agency of the Board for financing the costs of school building facilities. The Board Members of the Boone County Board of Education also comprise the Corporation's Board of Directors.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of certain significant accounting policies followed in the preparation of these financial statements.

Basis of Presentation

District-Wide Financial Statements - The statement of net assets and the statement of activities display information about the Board as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Board that are governmental and those that are considered business-type activities.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

The Board has the following funds:

I. Governmental Fund Types

- (A) The General Fund is the primary operating fund of the Board. It accounts for financial resources used for general types of operations. This is a budgeted fund and any unrestricted fund balances are considered as resources available for use. This is a major fund of the Board.
- (B) The Special Revenue Fund account for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of the specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally-funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report on pages 58-60. This is a major fund of the Board.
- (C) Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment (other than those financed by Proprietary Fund).
 - 1. The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund receives those funds designated by the state as Capital Outlay Funds and is restricted for use in financing projects identified in the Board's facility plan.
 - 2. The Facility Support Program of Kentucky (FSPK) accounts for funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the Board's facility plan. This is a major fund of the Board.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. The Construction Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction and/or remodeling. This is a major fund of the Board.

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

II. Proprietary Fund Types (Enterprise Fund)

(A) The Food Service Fund is used to account for school food service activities, including the National School Lunch Program, which is conducted in cooperation with the U.S. Department of Agriculture (USDA). Amounts have been recorded for in-kind contribution of commodities from the USDA. The Food Service Fund is a major fund.

(B) The Adult Education Fund is used to account for amounts received and used for the Kentucky Adult Education Program, which provides academic instruction for eligible adults.

(C) The Day Care Fund is used to account for amounts received and used by the Board related to day care operations at various schools within the District.

The Board applies all GASB pronouncements to proprietary funds as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

III. Fiduciary Fund Type (Agency Fund)

The Agency fund accounts for activities of student groups and other types of activities requiring clearing accounts. These funds are accounted for in accordance with the *Uniform Program of Accounting for School Activity Funds*.

Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions - Revenues resulting from exchange transactions, in which each party receives essentially equal value, are 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 Board available means expected to be received within sixty days of the fiscal year-end.

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

NOTE 2 – 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.

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

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

Taxes

Property Tax Revenues - Property taxes are levied each September on the assessed value listed as of the prior January 1, for all real and personal property in the county. The billings are considered due upon receipt by the taxpayer; however, the actual date is based on a period ending 30 days after the tax bill mailing. Property taxes collected are recorded as revenues in the fiscal year for which they were levied. All taxes collected are initially deposited into the General Fund and then transferred to the appropriate fund.

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

In addition, the Board levies an occupational license tax of 0.5% on salaries, wages, commissions, and other compensation of residents of the District who work and perform services in the county.

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 district-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 district-wide statement of net assets and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The Board maintains a capitalization threshold of one thousand dollars with the exception of computer workstations and real property for which there is no threshold. The Board does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Building Improvements	25-50 Years
Land Improvements	20 Years
Technology Equipment	5 Years
Vehicles	5-10 Years
General Equipment	10 Years
Food Service Equipment	10-12 Years
Furniture and Fixtures	7 Years
Other	10 Years

Accumulated Unpaid Sick Leave Benefits

Upon retirement from the school system, an employee will receive from the Board 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 Board's past experience of making termination payments.

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

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

Inventories

Supplies and materials are charged to expenditures when purchased, except for the inventories in the proprietary fund, which are capitalized at the lower of cost or market.

Interfund Balances

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

Budgetary Process

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

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Budgetary Process (Continued)**

Once the budget is approved, it can be amended. Amendments are presented to the Board at their regular meetings. All budget amendments require Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law.

Each budget is prepared and controlled by the budget coordinator at the revenue and expenditure function/object level. All budget appropriations lapse at year-end.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the district-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, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year-end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

Fund Equity

The Board has implemented GASB Statement 54 “Fund Balance Reporting and Governmental Fund Type Definitions.” This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government itself takes the same highest level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

The Board establishes (and modifies or rescinds) fund balance commitments by passage of resolutions.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Net Assets**

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

Operating Revenues and Expenses

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

Revenue and Support

The Board reports revenues as restricted support if they are received with stipulations that limit their use. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, restricted net assets are reclassified as unrestricted net assets. If a restriction is fulfilled in the same time period in which the revenue is received, the Board reports the support as unrestricted.

Use of Estimates

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

Cash and Cash Equivalents

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

Encumbrances

Encumbrances are not liabilities and therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end and outstanding encumbrances at year-end are re-appropriated in the next year. Accordingly, no differences exist between actual results and the applicable budgetary data presented in the accompanying combined financial statements.

NOTE 3 – CASH AND CASH EQUIVALENTS

The carrying amount of the Board's deposits with financial institutions was \$44,044,431 and the bank balance was \$44,706,966. At various times throughout the year, the Board may have had cash in financial institutions in excess of insured limits. The Federal Deposit Insurance Corporation (FDIC) insures account balances up to \$250,000 for each business depositor. In addition, the FDIC insures 100% of all non-interest bearing accounts through December 31, 2012. Using these criteria, the Board had \$885,017 of their bank balance that was insured by FDIC. The remainder that is required to be collateralized is collateralized with securities held by financial institutions and pledged to collateralize the Board's deposits. Cash and cash equivalents are funds temporarily invested in securities with a maturity of 90 days or less.

Cash and cash equivalents at June 30, 2012 consisted of the following:

	Bank Balances	Book Balances
Heritage Bank	\$ 644,955	\$ 617,005
First Financial Bank	32,379,321	31,828,760
The Bank of Kentucky	1,387,423	1,282,369
Forcht Bank	99,099	97,552
US Bank - Fiscal Agent	10,196,168	10,196,168
Cash on Hand	-	22,577
	\$ 44,706,966	\$ 44,044,431

Breakdown per Financial Statements:

Governmental Funds	\$ 37,076,078
Proprietary Funds	4,887,946
Agency Funds	2,080,407
	\$ 44,044,431

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
Land	\$ 12,934,451	\$ -	\$ -	\$ 12,934,451
Construction in Progress	10,188,531	18,885,676	536,560	28,537,647
Total Capital Assets Not Being Depreciated	23,122,982	18,885,676	536,560	41,472,098
Depreciable Capital Assets				
Land Improvements	6,249,908	5,400	-	6,255,308
Buildings and Building Improvements	313,539,536	687,502	-	314,227,038
Technology Equipment	16,135,442	1,590,440	292,171	17,433,711
Vehicles	20,225,552	1,668,728	878,470	21,015,810
General Equipment	3,745,312	189,343	7,416	3,927,239
Total Depreciable Capital Assets	359,895,750	4,141,413	1,178,057	362,859,106
Total Capital Assets at Historical Cost	383,018,732	23,027,089	1,714,617	404,331,204
Less Accumulated Depreciation				
Land Improvements	2,734,240	252,820	-	2,987,060
Buildings and Building Improvements	78,739,859	7,928,998	-	86,668,857
Technology Equipment	11,422,836	1,778,749	289,579	12,912,006
Vehicles	9,802,321	1,335,368	825,526	10,312,163
General Equipment	1,998,809	222,143	6,307	2,214,645
Total Accumulated Depreciation	104,698,065	11,518,078	1,121,412	115,094,731
Depreciable Capital Assets, Net	255,197,685	(7,376,665)	56,645	247,764,375
Government Activities Capital Assets - Net	\$ 278,320,667	\$ 11,509,011	\$ 593,205	\$ 289,236,473
Business Type Activities	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
Depreciable Capital Assets				
Buildings and Building Improvements	\$ 63,684	\$ -	\$ -	\$ 63,684
General Equipment	3,342,361	33,421	-	3,375,782
Vehicles	17,749	-	-	17,749
Technology Equipment	955,621	68,189	4,100	1,019,710
Total Capital Assets at Historical Cost	4,379,415	101,610	4,100	4,476,925
Less Accumulated Depreciation				
Buildings and Building Improvements	13,853	4,759	-	18,612
General Equipment	2,705,620	156,908	-	2,862,528
Vehicles	17,749	-	-	17,749
Technology Equipment	920,339	12,833	4,100	929,072
Total Accumulated Depreciation	3,657,561	174,500	4,100	3,827,961
Business - Type Activities Capital Assets - Net	\$ 721,854	\$ (72,890)	\$ -	\$ 648,964

NOTE 5 – INTERFUND RECEIVABLES AND PAYABLES

As of June 30, 2012, the following represent interfund receivables and payables:

- The Food Service Fund owed the General Fund \$1,250,864.
- The Adult Education Fund owed the General Fund \$57,929.
- The Day Care Centers Fund owed the General Fund \$29,667.
- The Special Revenue Fund owed the General Fund \$42,627.

NOTE 6 – DEBT AND LEASE OBLIGATIONS

The amount shown in the accompanying financial statements as bond obligations represent the Board's future obligations to make bond payments relating to the bonds issued by the Boone County School District Finance Corporation aggregating \$209,193,431.

The following is a summary of the Board's long-term debt transactions for the year ended June 30, 2012.

	Amount of Debt Outstanding July 1, 2011	Additions of New Debt	Repayments	Debt Outstanding June 30, 2012	Expected to be Paid Within One Year
Governmental Activities					
General Obligation					
Bonds	\$ <u>220,004,829</u>	\$ <u>37,685,000</u>	\$ <u>48,496,398</u>	\$ <u>209,193,431</u>	\$ <u>11,873,660</u>
Capital Leases	\$ <u>356,065</u>	\$ <u>201,018</u>	\$ <u>113,332</u>	\$ <u>443,751</u>	\$ <u>143,782</u>

The repayment of general obligation bonds includes the following:

Paid by the Board	\$ 10,774,390
Paid by the Kentucky School Facility Construction Commission	734,270
Paid Through Issuance of Advance Refunding Bonds	24,480,000
Paid Through Issuance of Current Refunding Bonds	9,765,000
Deferred loss on Current Year Issuances of Refunding Bonds, Net of Current Year Amortization	<u>2,742,738</u>
Repayments on General Obligation Bonds	\$ <u>48,496,398</u>

Bonds

The Board, through the General Fund (including utility taxes), Building (FSPK) Fund, and the SEEK Capital Outlay Fund is obligated to make payments in amounts sufficient to satisfy debt service requirements on bonds issued to construct school facilities. The Board has an option to purchase the property at any time by retiring the bonds then outstanding.

NOTE 6 – DEBT AND LEASE OBLIGATIONS (Continued)

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

The original amount of outstanding issues, the issue dates, interest rates and outstanding balances at June 30, 2012 are summarized below:

Issue	Original Amount	Board's Portion	Interest Rates	Outstanding Balance June 30, 2012
December 1, 1997 RB	\$ 18,255,000	\$ 18,255,000	4.80-5.00 %	\$ 2,350,000
August 1, 2000 B	16,770,000	16,770,000	4.80-5.13	1,620,000
January 1, 2004 A	16,225,000	14,099,315	3.00-4.38	12,580,000
May 1, 2004 B	36,830,000	36,830,000	4.00-5.00	2,775,000
August 1, 2005	15,695,000	15,695,000	3.75-4.25	13,570,000
July 1, 2006	17,065,000	16,060,264	4.00-4.50	14,755,000
December 1, 2006	23,310,000	21,649,619	3.88	22,000,000
March 1, 2007	36,365,000	36,365,000	4.00-4.13	34,225,000
May 1, 2008 R	5,600,000	4,671,714	2.30-3.30	3,246,946 *
February 1, 2009	14,270,000	13,397,723	2.00-4.88	12,970,000
September 1, 2009 R	5,960,000	5,960,000	1.00-2.90	3,918,189 *
June 1, 2010	11,085,000	11,085,000	5.75 ^	10,117,680
June 1, 2010 R	4,105,000	4,105,000	1.00-3.20	3,775,497 *
September 1, 2010 BR	23,810,000	23,810,000	1.50-2.50	21,665,351 *
April 1, 2011	16,590,000	14,128,360	2.00-5.00	16,120,000
December 1, 2011 R	9,985,000	9,570,610	2.00	8,962,371 *
February 1, 2012 R	27,700,000	27,700,000	2.00 -2.75	24,542,397 *
				<u>\$ 209,193,431</u>

* This includes the net value of the deferred loss on refunding.

^ The majority of the interest on this bond will be paid by the federal government through a federal rebate program that is part of the American Recovery and Reinvestment Act.

NOTE 6 – DEBT AND LEASE OBLIGATIONS (Continued)

The bonds may be called prior to maturity at dates and redemption premiums specified in each issue. Assuming no issues are called prior to maturity, the minimum obligations of the Board, including amounts to be paid by the Commission at June 30, 2012 for debt service, (principal and interest) are as follows:

Fiscal Years Ending June 30,	Board's Portion		KSFCC Portion		Total Principal
	Principal	Interest	Principal	Interest	
2012-13	\$ 11,128,082	\$ 7,427,351	\$ 745,578	\$ 297,192	\$ 11,873,660
2013-14	11,480,206	7,081,336	558,454	275,596	12,038,660
2014-15	11,821,862	6,739,181	576,798	257,254	12,398,660
2015-16	12,146,584	6,410,349	597,076	236,978	12,743,660
2016-17	12,422,159	6,066,886	618,447	215,607	13,040,606
2017-18	12,643,405	5,694,289	520,815	192,980	13,164,220
2018-19	13,323,185	5,295,177	540,475	173,318	13,863,660
2019-20	13,727,263	4,880,018	506,397	153,164	14,233,660
2020-21	14,057,172	4,457,386	346,985	136,095	14,404,157
2021-22	13,232,436	4,036,027	361,575	121,506	13,594,011
2022-23	14,986,672	3,611,092	376,988	106,094	15,363,660
2023-24	12,737,643	3,059,019	393,412	89,669	13,131,055
2024-25	12,288,648	2,477,905	255,012	72,369	12,543,660
2025-26	12,797,101	1,970,386	266,559	60,822	13,063,660
2026-27	11,283,962	1,484,175	254,698	49,118	11,538,660
2027-28	2,701,681	417,228	210,565	40,984	2,912,246
2028-29	2,836,472	287,198	223,528	28,022	3,060,000
2029-30	1,470,963	150,674	169,037	17,326	1,640,000
2030-31	1,542,510	77,119	177,490	8,876	1,720,000
Various*	2,865,536	-	-	-	2,865,536
	<u>\$ 201,493,542</u>	<u>\$ 71,622,796</u>	<u>\$ 7,699,889</u>	<u>\$ 2,532,970</u>	<u>\$ 209,193,431</u>

* Expected interest income to be earned on qualified school construction bond escrow account.

Defeased Bonds

Due to favorable interest rates, during fiscal year 2008, \$5,600,000 of Series 2008 School Building Refunding Revenue Bonds were issued to refund \$5,405,000 of the Board's previously issued and outstanding Series 1997 School Building Revenue Bonds. The Series 1997 School Building Revenue Bonds were called on June 1, 2008 at 102%. The reacquisition price exceeded the net carrying amount of the old debt by \$108,100. This amount is being amortized over the remaining life of the refunded debt. As a result of this issuance, \$5,405,000 of the obligation is considered to be defeased and the liability for those bonds has been removed from the Board's financial statements. As a result of the refunding, the Board reduced its aggregate debt service payments to maturity by \$341,864 and obtained an economic gain (difference between present value of the debt service payments on the old and new debt) of \$283,382.

NOTE 6 – DEBT AND LEASE OBLIGATIONS (Continued)**Defeased Bonds (Continued)**

Due to favorable interest rates, during fiscal year 2010, \$5,960,000 of Series 2009 School Building Refunding Revenue Bonds were issued to refund \$5,700,000 of the Board's previously issued and outstanding Series 1998R School Building Refunding Revenue Bonds. The Series 1998R School Building Refunding Revenue Bonds were called on December 1, 2009 at 101%. The reacquisition price exceeded the net carrying amount of the old debt by \$126,674. This amount is being amortized over the remaining life of the refunded debt. As a result of this issuance, \$5,700,000 of the obligation is considered to be defeased and the liability for those bonds has been removed from the Board's financial statements. As a result of the refunding, the Board reduced its aggregate debt service payments to maturity by \$423,297 and obtained an economic gain (difference between present value of the debt service payments on the old and new debt) of \$339,361.

Due to favorable interest rates, during fiscal year 2010, \$4,105,000 of Series 2010 School Building Refunding Revenue Bonds were issued to refund \$3,905,000 of the Board's previously issued and outstanding Series 2001A School Building Revenue Bonds. The Series 2001A School Building Revenue Bonds were called on March 1, 2011 at 101%. The reacquisition price exceeded the net carrying amount of the old debt by \$117,220. This amount is being amortized over the remaining life of the refunded debt. As a result of this issuance, \$3,905,000 of the obligation is considered to be defeased and the liability for those bonds has been removed from the Board's financial statements. As a result of the refunding, the Board reduced its aggregate debt service payments to maturity by \$371,127 and obtained an economic gain (difference between present value of the debt service payments on the old and new debt) of \$314,146.

Due to favorable interest rates, during fiscal year 2011, \$23,810,000 of Series 2010 School Building Refunding Revenue Bonds were issued to refund \$21,895,000 of the Board's previously issued and outstanding Series 2001B, 2002A, and 2002C School Building Revenue Bonds, respectively. The Series 2001B and 2002A School Building Revenue Bonds will be called on August 1, 2011 and February 1, 2012, respectively, at 101%. The 2002C School Building Revenue Bonds will be called on June 1, 2012 at 100%. The reacquisition price exceeded the net carrying amount of the old debt by \$1,593,183. This amount is being amortized over the remaining life of the refunded debt. As a result of this issuance, \$21,895,000 of the obligation is considered to be defeased and the liability for those bonds has been removed from the Board's financial statements. As a result of the refunding, the Board reduced its aggregate debt service payments to maturity by \$2,957,454 and obtained an economic gain (difference between present value of the debt service payments on the old and new debt) of \$2,477,149.

Due to favorable interest rates, during fiscal year 2012, \$9,985,000 of Series 2011 School Building Refunding Revenue Bonds were issued to refund \$9,765,000 of the Board's previously issued and outstanding Series 2002D School Building Revenue Bonds. The Series 2002D School Building Revenue Bonds were called on February 1, 2012, respectively, at 100%. The reacquisition price exceeded the net carrying amount of the old debt by \$140,963. This amount is being amortized over the remaining life of the refunded debt. As a result of this issuance, \$9,765,000 of the obligation is considered to be defeased and the liability for those bonds has been removed from the Board's financial statements. As a result of the refunding, the Board reduced its aggregate debt service payments to maturity by \$571,761 and obtained an economic gain (difference between present value of the debt service payments on the old and new debt) of \$530,808.

Due to favorable interest rates, during fiscal year 2012, \$27,700,000 of Series 2012 School Building Refunding Revenue Bonds were issued to refund \$24,480,000 of the Board's previously issued and outstanding Series 2004B School Building Revenue Bonds. The Series 2004B School Building Revenue Bonds will be called on May 1, 2014, respectively, at 100%. The reacquisition price exceeded the net carrying amount of the old debt by \$2,895,654. This amount is being amortized over the remaining life of the refunded debt. As a result of this issuance, \$24,480,000 of the obligation is considered to be defeased and the liability for those bonds has been removed from the Board's financial statements. As a result of the refunding, the Board reduced its aggregate debt

NOTE 6 – DEBT AND LEASE OBLIGATIONS (Continued)

Defeased Bonds (Continued)

service payments to maturity by \$1,826,955 and obtained an economic gain (difference between present value of the debt service payments on the old and new debt) of \$1,519,808.

Capital Leases

The Board leases various items including band equipment, copiers and technology equipment for various schools under capital leases. These leases expire at various times through May, 2017. The assets and liabilities under capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The assets are depreciated over the lower of their related lease terms or their estimated productive lives. Depreciation of assets under capital leases is included in depreciation expense for 2012.

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

Years Ending June 30,		
2013	\$	165,163
2014		133,576
2015		109,789
2016		57,948
2017		<u>23,195</u>
Total Minimum Payments		489,671
Less Amount Representing Interest		<u>45,920</u>
Present Value of Minimum Lease Payments		443,751
Less Current Portion		<u>143,782</u>
Long-Term Portion	\$	<u><u>299,969</u></u>

NOTE 7 – COMPENSATED ABSENCES

Changes in the Board's compensated absences during fiscal year 2012 were as follows:

	Balance June 30, 2011	Additions	Reductions	Balance June 30, 2012	Amounts Expected to be Paid Within One Year
Governmental Activities					
Accumulated Sick Leave	\$ <u>2,462,053</u>	\$ <u>-</u>	\$ <u>143,189</u>	\$ <u>2,318,864</u>	\$ <u>350,000</u>
Business-Type Activities					
Accumulated Sick Leave	\$ <u>50,744</u>	\$ <u>13,495</u>	\$ <u>-</u>	\$ <u>64,239</u>	\$ <u>-</u>

The accumulated sick leave liability will be liquidated by several governmental and proprietary funds.

NOTE 8 – OPERATING LEASES

The Board leases equipment under operating leases expiring at various times through May, 2016. Expenditures for equipment under operating leases totaled \$170,077 for the year ended June 30, 2012.

The Board also leases real property for its Day Treatment Program over a twenty-year period expiring in December, 2023. The Board is responsible for all utilities, taxes and insurance under the terms of this lease. Monthly rental payments on this lease are \$3,701 and expenditures during the year ended June 30, 2012 for this lease totaled \$44,408.

Future minimum rental payments under these leases are as follows:

Years Ending <u>June 30,</u>		
2013	\$	188,047
2014		183,740
2015		148,949
2016		85,452
2017		44,408
Thereafter		<u>288,651</u>
	\$	<u><u>939,246</u></u>

NOTE 9 – RETIREMENT PLANS

The Board's total payroll for the year was \$107,159,526. The payroll for employees covered under the following plans totaled \$106,258,684.

Kentucky Teachers' Retirement System

Certified employees participate in the Kentucky Teachers' Retirement System (KTRS), which is a cost sharing, multiple-employer retirement system created by and operating under Kentucky law.

The Kentucky Teachers' Retirement System covers all regular certified full-time employees of each school board. The plan provides for retirement, disability and death benefits. KTRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained in writing from the Kentucky Teachers' Retirement System, 479 Versailles Road, Frankfort, Kentucky 40601-3800.

Participating employees contribute 10.355% of creditable compensation. Matching contributions are made by the state. These on behalf payments are reflected in the Board's financial records and amounted to \$10,296,199 for 2012. The matching contributions are paid by the federal program for any salaries paid by that program. Such contribution rates are determined by the Board of Trustees of Kentucky Retirement Systems. The Board contributed 14.11% of the employee's compensation paid by federal programs for the fiscal year ended June 30, 2012.

The Board's required contributions for pension obligations to KTRS for the fiscal years ended June 30, 2012, 2011, and 2010 were \$9,503,735 (composed of \$959,487 from the Board and \$8,544,248 from the employees), \$8,595,964 and \$7,969,838, respectively; 100 percent has been contributed for fiscal years 2012, 2011, and 2010.

NOTE 9 – RETIREMENT PLANS (Continued)**County Employees Retirement System**

Employees who work an average of 100 hours per month participate in the County Employees Retirement System of Kentucky (CERS) which is a cost sharing, multiple-employer public employee's retirement system created by and operating under Kentucky Law.

The County Employees Retirement System covers substantially all regular non-certified full-time employees of each county and school board, and any additional local agencies electing to participate. The plan provides for retirement, disability and death benefits. CERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained in writing from the County Employee Retirement System, 1260 Louisville Road, Perimeter Park West, Frankfort, Kentucky, 40601.

Participating employees hired before September 1, 2008 contribute 5.0% of the creditable compensation, while participating employees hired after that day contribute 6% of the creditable compensation. Employer contribution rates are intended to fund the normal cost on a current basis plus one percent (1%) of unfunded past service costs per annum plus interest at the actuarial assumed rate. Such contribution rates are determined by the Board of Trustees of Kentucky Retirement Systems each biennium. The Board contributed 18.96% of the employee's compensation during the fiscal year ended June 30, 2012.

The Board's required contributions for pension obligations to CERS for the fiscal years ended June 30, 2012, 2011 and 2010 were \$5,106,835 (composed of \$3,860,040 from the Board and \$1,246,795 from the employees), \$5,263,513 and \$4,932,249, respectively; 100 percent has been contributed for fiscal years 2012, 2011, and 2010.

NOTE 10 – CONTINGENCIES

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

NOTE 11 – INSURANCE AND RELATED ACTIVITIES

The Board 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 are covered through the purchase of commercial insurance. The Board has purchased certain policies that are retrospectively rated which include worker's compensation insurance.

NOTE 12 – RISK MANAGEMENT

The Board 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 disaster. To obtain insurance for workers' compensation, errors and omission, 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 Worker's Compensation Fund are based on premium rates established by each 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 months after 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-day notices. 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 Board purchases unemployment insurance through the Kentucky School Boards Insurance Trust Unemployment Compensation Fund; however, risk has not been transferred to such fund. In addition, the Board continues to carry commercial insurance for all other risks of loss, including the coverage listed in the supplemental schedule as listed in the table of contents. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 13 – 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>
Food Service	General	Indirect Costs	\$ 437,135
General	Special Revenue	Matching - KETS	353,172
Capital Outlay	Construction	Site Improvement	1,451,879
Building	Debt Service	Bond Payments	17,900,120
Building	Construction	Site Improvement	420,364

NOTE 14 – ON-BEHALF PAYMENTS

As amounts are paid by various state agencies on-behalf of the Board, the amounts are recognized as revenues and expenditures by the Board. On the Statement of Revenues, Expenditures and Changes in Fund Balance, the on-behalf payments are included with state revenue and are included in the functional expense classifications. On the Statement of Activities, the on-behalf payments are included in the functional expense classifications and are included with program operating grants and contributions for the respective functions. A summary of on-behalf payments during 2012 is as follows:

Payments Made by the State for Fringe Benefits
of Board Employees and Technology Expenses -
Included in the Following Functional Expense Classifications:

Instruction	\$ 18,464,978
Supporting Services	
Student	899,704
Instructional Staff	517,720
District Administration	56,690
School Administration	1,996,030
Business	399,951
Plant Operation and Maintenance	1,110,142
Community Services	143,793
Student Transportation	1,482,182
Adult Education	59,723
Day Care	86,822
Food Service Operations	<u>780,855</u>
 Total	 \$ <u><u>25,998,590</u></u>

Payments Made by the KSFCC for its Participation in the Board's Bonds - Included in Debt Service Expenditures	\$ <u><u>1,045,546</u></u>
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NOTE 15 – SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2012, the date of the most recent statement of net assets, have been evaluated for possible adjustments to the financial statements or disclosure is November 8, 2012, which is the date on which the financial statements were available to be issued. Effective July 1, 2012, the Adult Education program is no longer administered by the Board.

SUPPLEMENTAL INFORMATION

**BOONE COUNTY BOARD OF EDUCATION
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 June 30, 2012**

	<u>Capital Outlay Fund</u>
Assets	
Cash and Cash Equivalents	\$ <u><u>327,228</u></u>
 Liabilities and Fund Balances	
Liabilities	
Accounts Payable	\$ -
 Fund Balances	
Restricted for Capital Projects	<u>327,228</u>
Total Liabilities and Fund Balances	<u><u>\$ 327,228</u></u>

**BOONE COUNTY BOARD OF EDUCATION
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 NON-MAJOR GOVERNMENTAL FUNDS
 Year Ended June 30, 2012**

	<u>Capital Outlay Fund</u>
Revenues	
Intergovernmental - State	\$ 1,779,107
Other Financing Sources (Uses)	
Operating Transfers Out	<u>(1,451,879)</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	327,228
Fund Balance July 1, 2011	<u>-</u>
Fund Balance June 30, 2012	<u><u>\$ 327,228</u></u>

**BOONE COUNTY BOARD OF EDUCATION
 COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND
 BALANCES - BOND AND INTEREST REDEMPTION FUNDS
 Year Ended June 30, 2012**

	<u>ISSUE OF 1997RB</u>	<u>ISSUE OF 1999</u>	<u>ISSUE OF 2000B</u>	<u>ISSUE OF 2002C</u>	<u>ISSUE OF 2002D</u>
Cash at July 1, 2011	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts					
Transfers and Miscellaneous Deposits	<u>2,468,441</u>	<u>461,475</u>	<u>472,026</u>	<u>161,588</u>	<u>10,126,199</u>
Disbursements					
Bonds Paid	2,295,000	450,000	380,000	155,000	9,765,000
Interest Coupons	<u>173,441</u>	<u>11,475</u>	<u>92,026</u>	<u>6,588</u>	<u>361,199</u>
Total Disbursements	<u>2,468,441</u>	<u>461,475</u>	<u>472,026</u>	<u>161,588</u>	<u>10,126,199</u>
Excess of Receipts Over Disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash at June 30, 2012	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance June 30, 2012	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

BOONE COUNTY BOARD OF EDUCATION
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND
BALANCES - BOND AND INTEREST REDEMPTION FUNDS
Year Ended June 30, 2012
(Continued)

	<u>ISSUE OF 2004A</u>	<u>ISSUE OF 2004B</u>	<u>ISSUE OF 2005</u>	<u>ISSUE OF 2006</u>	<u>ISSUE OF 2006R</u>	<u>ISSUE OF 2007</u>
Cash at July 1, 2011	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts						
Transfers and Miscellaneous Deposits	<u>1,113,814</u>	<u>26,547,778</u>	<u>975,344</u>	<u>1,167,986</u>	<u>1,214,379</u>	<u>1,883,918</u>
Disbursements						
Bonds Paid	575,000	25,795,000	410,000	515,000	355,000	460,000
Interest Coupons	<u>538,814</u>	<u>752,778</u>	<u>565,344</u>	<u>652,986</u>	<u>859,379</u>	<u>1,423,918</u>
Total Disbursements	<u>1,113,814</u>	<u>26,547,778</u>	<u>975,344</u>	<u>1,167,986</u>	<u>1,214,379</u>	<u>1,883,918</u>
Excess of Receipts Over Disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash at June 30, 2012	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance June 30, 2012	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**BOONE COUNTY BOARD OF EDUCATION
 COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND
 BALANCES - BOND AND INTEREST REDEMPTION FUNDS
 Year Ended June 30, 2012
 (Continued)**

	<u>ISSUE OF 2008R</u>	<u>ISSUE OF 2009</u>	<u>ISSUE OF 2009R</u>	<u>ISSUE OF 2010</u>	<u>ISSUE OF 2010R</u>	<u>ISSUE OF 2010BR</u>
Cash at July 1, 2011	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts						
Transfers and Miscellaneous Deposits	<u>720,606</u>	<u>996,056</u>	<u>721,530</u>	<u>1,121,048</u>	<u>251,535</u>	<u>1,093,593</u>
Disbursements						
Bonds Paid	600,000	445,000	625,000	483,660	150,000	570,000
Interest Coupons	<u>120,606</u>	<u>551,056</u>	<u>96,530</u>	<u>637,388</u>	<u>101,535</u>	<u>523,593</u>
Total Disbursements	<u>720,606</u>	<u>996,056</u>	<u>721,530</u>	<u>1,121,048</u>	<u>251,535</u>	<u>1,093,593</u>
Excess of Receipts Over Disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash at June 30, 2012	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance June 30, 2012	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

BOONE COUNTY BOARD OF EDUCATION
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND
BALANCES - BOND AND INTEREST REDEMPTION FUNDS
Year Ended June 30, 2012
(Continued)

	<u>ISSUE OF 2011</u>	<u>ISSUE OF 2011R</u>	<u>ISSUE OF 2012R</u>	<u>Total</u>
Cash at July 1, 2011	\$ -	\$ -	\$ -	\$ -
Receipts				
Transfers and Miscellaneous Deposits	<u>1,121,659</u>	<u>914,365</u>	<u>460,836</u>	<u>53,994,176</u>
Disbursements				
Bonds Paid	470,000	895,000	360,000	45,753,660
Interest Coupons	<u>651,659</u>	<u>19,365</u>	<u>100,836</u>	<u>8,240,516</u>
Total Disbursements	<u>1,121,659</u>	<u>914,365</u>	<u>460,836</u>	<u>53,994,176</u>
Excess of Receipts Over Disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash at June 30, 2012	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance June 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

BOONE COUNTY BOARD OF EDUCATION
STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCES
BOONE COUNTY HIGH SCHOOL ACTIVITY FUND
Year Ended June 30, 2012

<u>Fund Accounts</u>	<u>Cash Balances July 1, 2011</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash Balances June 30, 2012</u>	<u>Accounts Receivable</u>	<u>Accounts Payable</u>	<u>Fund Balances June 30, 2012</u>
Academic Team	\$ -	\$ 407	\$ 269	\$ 138	\$ -	\$ -	\$ 138
Administrator	134	-	130	4	-	-	4
Advanced Placement	930	12,992	12,891	1,031	-	-	1,031
Art Department	224	4,202	3,792	634	-	-	634
Athletic Concessions	703	18,761	15,976	3,488	-	-	3,488
Athletic Fees	140	11,144	11,284	-	-	-	-
Athletics	30,167	122,182	112,780	39,569	-	-	39,569
Band	1,294	50,707	48,733	3,268	-	-	3,268
Baseball	6,673	25,537	27,424	4,786	-	-	4,786
Basketball - Boys	35,723	26,106	23,499	38,330	-	-	38,330
Basketball - Girls	15,311	37,601	38,958	13,954	-	-	13,954
Bowling Team	-	14,526	7,682	6,844	-	-	6,844
Business Ed Department	831	2,858	3,281	409	-	-	409
Cheerleaders - JV and Varsity	7,100	78,702	76,802	9,000	-	-	9,000
Choral Music	770	24,255	24,999	27	-	-	27
Citigroup Scholarship	9,973	20	8,572	1,420	-	-	1,420
Class of 1955	555	500	1,000	55	-	-	55
Class of 1956	25	-	-	25	-	-	25
Class of 2012	3,294	26,057	27,930	1,421	-	-	1,421
Copier/Technology	5,379	11,098	10,996	5,481	-	-	5,481
Cross Country - Boys	1,217	1,172	1,325	1,064	-	-	1,064
Cross Country - Girls	1,311	1,447	1,564	1,194	-	-	1,194
Dr. Edward P & Mary	57	9,774	2,400	7,430	-	-	7,430
Drink Machine	35	986	876	146	-	-	146
English Department	368	7,274	6,813	829	-	-	829
Family and Consumer Science	2,155	6,335	5,188	3,301	-	-	3,301
FBLA	734	5,544	6,078	200	-	-	200
FCCLA	368	1,143	1,372	139	-	-	139
FEA	52	440	435	57	-	-	57
Fine Arts Department	-	910	906	4	-	-	4
Football	7,016	69,591	70,175	6,432	-	-	6,432
Forensic Nationals	1	-	-	1	-	-	1
Forensic Team	1,711	14,421	15,343	788	-	-	788
French Club	34	24	55	3	-	-	3
Freshman Account	6,786	6,084	8,703	4,167	-	-	4,167
General	4,206	13,741	13,663	4,284	-	-	4,284
General Fees	1,015	125,032	125,674	374	-	-	374
German Club	226	1,654	1,402	479	-	-	479
German National Honor	137	20	133	24	-	-	24
Golf - Boys	2,472	3,679	4,396	1,755	-	-	1,755
Golf - Girls	1,571	995	758	1,807	-	-	1,807
Grace Kelly Girls Club	-	1,124	632	492	-	-	492
Guidance Department	289	3,641	3,658	271	-	-	271
Int'l Friends Society	13	-	-	13	-	-	13
Jamie Jetter Art	800	500	750	550	-	-	550
Laura Chaney	2,951	500	1,500	1,951	-	-	1,951
Let Us Never Forget	-	1,000	1,000	-	-	-	-
Library	4	7,802	7,375	431	-	-	431
Maintenance	865	1,412	1,759	519	-	-	519
Math Department	275	5,717	5,375	617	-	-	617
Men of Boone	8	-	-	8	-	-	8
Meritor Scholarship	1,290	1,800	1,500	1,590	-	-	1,590

(Continued)

BOONE COUNTY BOARD OF EDUCATION
STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCES
BOONE COUNTY HIGH SCHOOL ACTIVITY FUND
Year Ended June 30, 2012
(Continued)

Fund Accounts	Cash Balances July 1, 2011	Receipts	Disbursements	Cash Balances June 30, 2012	Accounts Receivable	Accounts Payable	Fund Balances June 30, 2012
Music Honor Society	\$ 104	\$ 1,455	\$ 1,112	\$ 447	\$ -	\$ -	\$ 447
Nancy Lambers Bresser	550	800	500	850	-	-	850
National Art Honor	452	1,183	979	656	-	-	656
National Honor Society	928	2,047	2,369	605	-	-	605
Newspaper	324	559	358	525	-	-	525
Pep Club	42	3,639	3,459	222	-	-	222
Physical Education Department	2,051	3,768	4,575	1,244	-	-	1,244
Robotics Team	54	25	75	4	-	-	4
S. Stark Scholarship Fund	37	-	-	37	-	-	37
Science Club	185	468	531	122	-	-	122
Science Department	2,342	23,087	23,237	2,192	-	-	2,192
Soccer - Girls	8,211	14,960	18,952	4,219	-	-	4,219
Soccer - Boys	4,157	15,603	14,032	5,728	-	-	5,728
Social Studies Department	11,938	14,259	3,742	22,456	-	-	22,456
Softball	2,264	17,601	17,609	2,256	-	-	2,256
Spanish Club	14	72	-	85	-	-	85
Special Ed Department	1,382	6,372	7,056	698	-	-	698
Spiri-Demic Store	2,080	8,191	7,749	2,522	-	-	2,522
Spirit Committee	100	-	100	-	-	-	-
Spotlighters	2,739	5,047	5,432	2,354	-	-	2,354
Square D	267	-	200	67	-	-	67
Spring Musical	-	9,709	9,707	1	-	-	1
Student Council	426	1,265	1,200	490	-	-	490
Student Drink Machine	118	175	202	91	-	-	91
Student Enrichment	-	9,000	-	9,000	-	-	9,000
Swimming	1,205	7,890	7,092	2,003	-	-	2,003
Tennis - Boys	1,162	700	519	1,343	-	-	1,343
Tennis - Girls	869	920	664	1,125	-	-	1,125
Testing Committee	205	1,731	1,678	258	-	-	258
Textbook Rental Fee	120	29,480	29,599	-	-	-	-
Track - Boys	3,329	6,334	6,084	3,579	-	-	3,579
Track - Girls	2,949	10,002	10,644	2,307	-	-	2,307
Volleyball	3,034	14,506	15,253	2,286	-	-	2,286
Wired for Worship	57	-	-	57	-	-	57
Women of Boone	153	658	805	6	-	-	6
World Language	1,924	2,428	3,102	1,250	-	-	1,250
Wrestling	1,868	6,925	4,642	4,152	-	-	4,152
Yearbook	9,963	15,126	10,077	15,013	-	-	15,013
Youth Service Center	102	819	506	416	-	-	416
Total	\$ 224,896	\$ 998,220	\$ 961,646	\$ 261,470	\$ -	\$ -	\$ 261,470

**BOONE COUNTY SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCES
CONNER HIGH SCHOOL ACTIVITY FUND
Year Ended June 30, 2012**

<u>Fund Accounts</u>	<u>Cash Balances July 1, 2011</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash Balances June 30, 2012</u>	<u>Accounts Receivable</u>	<u>Accounts Payable</u>	<u>Fund Balances June 30, 2012</u>
Arts & Humanities	\$ 24	\$ -	\$ -	\$ 24	\$ -	\$ -	\$ 24
American Sign Language	104	-	-	104	-	-	104
A+ Certification	1,048	683	82	1,648	-	-	1,648
Academic Team	68	175	240	3	-	-	3
AP US History	-	406	406	-	-	-	-
Art	634	10,804	10,425	1,013	-	-	1,013
Athletic Fees	7,553	7,019	1,992	12,579	-	-	12,579
Athletic	19,568	33,517	43,206	9,878	-	-	9,878
Band	1,073	14,939	15,503	509	-	-	509
Fees for Band	15,618	35,200	36,467	14,350	-	-	14,350
Baseball	2,950	14,160	14,335	2,774	-	-	2,774
33rd District Baseball	200	-	-	200	-	-	200
Basketball/Boys	13,548	23,465	22,729	14,284	-	-	14,284
Basketball/Girls	11,411	34,199	30,085	15,526	-	-	15,526
BETA Science Club	81	-	-	81	-	-	81
Business & Technology/Special	34	-	-	34	-	-	34
Business	2,182	8,116	10,118	180	-	-	180
Career Choices	18	148	148	18	-	-	18
CD Interest	15,631	356	15,489	498	-	-	498
Character Counts	-	3,362	2,297	1,064	-	428	637
Cheerleaders	5,492	35,279	32,511	8,260	-	-	8,260
Choirs	12,439	23,799	23,776	12,462	-	-	12,462
CHS Scholarship	571	750	1,250	71	-	-	71
Citi	1,500	-	1,500	-	-	-	-
Citi Foundation 2009-10	60	-	-	60	-	-	60
Citi Foundation 2011-12	7,500	1,205	7,937	768	-	-	768
Citi Reserve Account	7,214	189	2,583	4,820	-	-	4,820
Clearing	-	32,600	32,600	-	-	-	-
Community Education	392	-	-	392	-	-	392
Cougar Green Crew	-	31	-	31	-	-	31
Cougarettes	909	185	130	965	-	-	965
Cougars For a Cause	772	1,224	1,350	647	-	-	647
Credit Recovery Program	1,839	866	370	2,335	-	-	2,335
Cross Country	1,199	3,140	4,097	242	-	-	242
District Basketball	-	11,915	11,888	27	-	-	27
33rd District Softball	83	-	-	83	-	-	83
Drama	2,076	934	1,276	1,734	-	-	1,734
Soft Drinks - Faculty Account	5,672	1,760	4,486	2,947	-	13	2,933
Drinks/Snack - Student Account	316	5,190	2,012	3,493	-	-	3,493
Earth Club	1,142	54	-	1,196	-	-	1,196
English	429	1,082	1,458	53	-	-	53
F.B.L.A	369	5,198	5,041	526	-	-	526
F.C.C.L.A	-	160	-	160	-	-	160
F.F.A	99	10,115	9,088	1,126	-	-	1,126
Family & Consumer Sciences	2,314	776	1,452	1,637	-	-	1,637
Faculty	218	-	-	218	-	-	218
Fees	19,099	86,097	72,937	32,259	-	6,739	25,520
Fellowship of Christian Athletes	54	77	77	54	-	-	54
Football	23,418	78,575	86,469	15,524	-	-	15,524
Freshman Blue Team	1,074	900	1,965	9	-	-	9
Freshman Red Team	81	1,263	1,337	7	-	-	7
Freshman White Team	1	900	887	14	-	-	14
Future Educators America	488	1,708	1,479	717	-	-	717
General	5,645	3,656	4,475	4,826	-	96	4,729

(Continued)

BOONE COUNTY SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCES
CONNER HIGH SCHOOL ACTIVITY FUND
Year Ended June 30, 2012
(Continued)

<u>Fund Accounts</u>	<u>Cash</u> <u>Balances</u> <u>July 1,</u> <u>2011</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash</u> <u>Balances</u> <u>June 30,</u> <u>2012</u>	<u>Accounts</u> <u>Receivable</u>	<u>Accounts</u> <u>Payable</u>	<u>Fund</u> <u>Balances</u> <u>June 30,</u> <u>2012</u>
Golf/Boys	\$ 1,206	\$ 3,620	\$ 4,724	\$ 102	\$ -	\$ -	\$ 102
Golf/Girls	769	18	153	634	-	-	634
Greg Millar Athletic Scholarship	-	500	500	-	-	-	-
Guidance	5,391	29,878	28,711	6,558	-	-	6,558
Health & Human Services	617	-	617	-	-	-	-
Hispanic Honor Society	198	1,360	1,472	86	-	-	86
History Club	24	173	193	4	-	-	4
John Hoffman Scholarship	-	5,845	600	5,245	-	-	5,245
Invisible Children Fund	543	-	168	375	-	-	375
Junior Class	12,612	21,400	23,327	10,684	-	-	10,684
Latin Club	293	49,778	50,058	13	-	-	13
Leadership League	1,046	1,008	1,407	647	-	-	647
Library	504	-	221	282	-	-	282
Men/Women of Conner	108	80	120	68	-	-	68
Math	41	990	1,014	17	-	-	17
Model United Nations	-	45	-	45	-	-	45
National Honor Society	746	6,864	5,224	2,386	-	-	2,386
Parking	9,363	3,860	10,912	2,311	-	56	2,256
Pep Club	293	-	-	293	-	-	293
Physical Education	145	400	470	75	-	-	75
Postage	2,180	788	300	2,667	-	-	2,667
STLP	290	-	221	69	-	-	69
Scholarships	5,331	7,800	5,500	7,631	-	-	7,631
Science	4,238	12,559	14,763	2,033	-	504	1,529
Senior Class	21,066	14,639	28,284	7,420	-	1,148	6,272
Soccer/Boys	10,810	13,814	18,613	6,011	-	-	6,011
Soccer/Girls	2,705	5,972	7,563	1,115	-	-	1,115
Soccer Girls & Boys	-	5,507	3,521	1,986	-	-	1,986
Social Studies	460	1,697	1,693	464	-	-	464
Softball	11,408	8,322	11,589	8,141	-	-	8,141
Special Education	128	550	731	(53)	-	-	(53) *
Speech & Forensics	119	280	317	82	-	-	82
Stock Purchase	7	-	-	7	-	-	7
Student Government	3,652	-	1,285	2,367	-	-	2,367
Summer School	10,578	2,945	4,032	9,491	-	-	9,491
Swimming	757	3,456	4,201	12	-	-	12
The Cougar Crew	256	1,132	1,097	291	-	-	291
Technology Education	438	1,029	1,467	-	-	-	-
Technology Fee	16,889	10,584	12,952	14,521	-	-	14,521
Tennis/Boys	92	198	290	-	-	-	-
Tennis/Girls	111	795	905	-	-	-	-
Textbooks	1,400	9,666	1,508	9,558	-	-	9,558
Track	1,253	15,915	11,244	5,924	-	-	5,924
Tri-M	147	408	428	127	-	-	127
Technology Student Association	826	2,415	3,068	173	-	-	173
Video Production	2,157	1,060	61	3,156	-	-	3,156
Vocational Agriculture	700	692	661	731	-	-	731
Volleyball	2,040	3,871	2,796	3,115	-	-	3,115
World Language	1	1,064	984	81	-	-	81
Wrestling	7,252	11,767	10,940	8,079	-	-	8,079
Yearbook	2,091	18,215	19,698	608	-	-	608
Total	\$ 337,494	\$ 779,128	\$ 818,558	\$ 298,064	\$ -	\$ 8,984	\$ 289,080

* Included as a Finding Under the School Activity Fund Findings. See Page 73.

**BOONE COUNTY BOARD OF EDUCATION
STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCES
COOPER HIGH SCHOOL ACTIVITY FUND
Year Ended June 30, 2012**

<u>Fund Accounts</u>	<u>Cash Balances July 1, 2011</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash Balances June 30, 2012</u>	<u>Accounts Receivable</u>	<u>Accounts Payable</u>	<u>Fund Balances June 30, 2012</u>
Academic Team	\$ -	\$ 650	\$ 650	\$ -	\$ -	\$ -	\$ -
ACT Prep Class	1,588	2,780	200	4,167	-	-	4,167
AG/Floral	-	2,274	1,566	708	-	-	708
Ambassadors	35	-	-	35	-	-	35
Art	64	4,228	4,292	-	-	-	-
Athletic Administration	6,875	83,677	82,837	7,716	-	-	7,716
Athletic Boosters	-	180	180	-	-	-	-
Athletic Fees	3,216	18,244	19,891	1,568	-	-	1,568
Band	3,832	11,031	11,769	3,094	-	-	3,094
Band Trip	-	300	300	-	-	-	-
Baseball	3,133	15,052	15,778	2,407	-	-	2,407
Basketball Boys	4,338	12,136	13,590	2,884	-	-	2,884
Basketball Girls	3,549	11,174	14,449	274	-	-	274
Bowling Team	18	15,667	8,992	6,692	-	-	6,692
Business Department	342	1,367	1,709	-	-	-	-
Calculus Musical	-	910	910	-	-	-	-
CBI	60	-	30	30	-	-	30
CCHS Sports Medicine	578	-	-	578	-	-	578
Cheerleading	1,627	36,412	31,435	6,604	-	-	6,604
Cheerleading Nation	-	5,789	-	5,789	-	-	5,789
Chorus	669	16,753	15,982	1,439	-	-	1,439
Co -Exist	79	190	192	77	-	-	77
Community Teacher Appreciation	325	-	325	-	-	-	-
Cooper Jaquiner	-	1,512	1,512	-	-	-	-
Cooper Store	-	3,461	3,333	128	-	-	128
Credit Recovery	1,397	1,330	1,523	1,204	-	-	1,204
Cross Country Boys	790	1,962	1,983	769	-	-	769
Cross Country Girls	139	2,251	2,390	-	-	-	-
CTE-STLP Club	686	605	1,109	182	-	-	182
Dance Team	1,832	3,241	4,185	889	-	-	889
District Baseball	-	1,827	1,827	-	-	-	-
District Softball	815	1,101	1,916	-	-	-	-
Dorothy Dishon Scholarship	-	1,000	1,000	-	-	-	-
Drama	505	366	583	288	-	-	288
Energy Team	-	1,100	843	257	-	-	257
English Department	-	5,204	5,204	-	-	-	-
Faculty Scholarship	100	-	-	100	-	-	100
Faculty Spirit Wear	-	1,374	1,374	-	-	-	-
FBLA	-	1,744	1,676	68	-	-	68
FCCLA	-	4,534	4,432	102	-	-	102
FFA	14	14,955	14,791	178	-	-	178
FFA Greenhouse	901	-	239	662	-	-	662
Football	15,849	62,651	65,384	13,116	-	-	13,116
French	27	2,128	1,690	464	-	-	464
German Club	125	3,339	3,464	-	-	-	-
Golf Boys	-	250	250	-	-	-	-
Golf Girls	10	-	-	10	-	-	10
Guidance	1,420	32,878	31,234	3,064	-	-	3,064
Health - PE	-	4,512	3,617	896	-	-	896
Hospitality Fund	-	535	338	197	-	-	197

(Continued)

BOONE COUNTY BOARD OF EDUCATION
STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCES
COOPER HIGH SCHOOL ACTIVITY FUND
Year Ended June 30, 2012
(Continued)

<u>Fund Accounts</u>	<u>Cash Balances July 1, 2011</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash Balances June 30, 2012</u>	<u>Accounts Receivable</u>	<u>Accounts Payable</u>	<u>Fund Balances June 30, 2012</u>
Interest	\$ 11	\$ 150	\$ 133	\$ 28	\$ -	\$ -	\$ 28
Math Department	127	3,257	3,384	-	-	-	-
Media Center	250	317	302	265	-	-	265
National Honor Society	475	1,390	1,221	644	-	-	644
NKAC Boys Golf Tournament	-	-	-	-	-	-	-
NSF Checks	1	54	43	12	-	-	12
Office	868	5,934	6,774	28	-	-	28
Parking Passes	1,146	2,678	2,792	1,032	-	-	1,032
Private Tumbling Lessons	2,549	11,644	14,193	-	-	-	-
RCHS Character Scholarship	4,000	-	1,000	3,000	-	-	3,000
Regional Baseball	-	10,340	10,340	-	-	-	-
Science Department	-	14,218	12,567	1,652	-	-	1,652
Science Honor Society	186	920	497	609	-	-	609
Senior Activities	-	-	-	-	-	-	-
Senior Board	-	12,905	11,444	1,461	-	-	1,461
Service Learning	219	500	-	719	-	-	719
Shanty Town	-	331	323	8	-	-	8
Soccer Boys	461	4,905	5,366	-	-	-	-
Soccer Girls	522	2,239	996	1,765	-	-	1,765
Social Studies Department	403	2,099	2,503	-	-	-	-
Softball	1,787	9,355	6,556	4,585	-	-	4,585
Spanish Club	-	234	57	177	-	-	177
Spanish Honor Society	284	365	610	40	-	-	40
Special Education	472	601	1,073	-	-	-	-
Speech & Drama	35	1,791	1,826	-	-	-	-
St. Elizabeth Healthcare	1,573	7,633	8,298	907	-	-	907
Student Council	414	22,448	21,965	897	-	-	897
Student Fees	3,595	117,700	113,586	7,709	-	-	7,709
Summer School	1,506	5,707	2,028	5,185	-	-	5,185
Swimming	1,242	4,391	4,158	1,475	-	-	1,475
Target	-	236	236	-	-	-	-
Technology	5,979	11,175	13,074	4,080	-	-	4,080
Tennis Boys	540	555	957	138	-	-	138
Tennis Girls	241	545	545	241	-	-	241
Textbook	-	41,257	41,257	-	-	-	-
Tom Potter Scholarship	240	-	240	-	-	-	-
Track Boys	740	4,131	4,113	758	-	-	758
Track Girls	205	9,409	9,201	413	-	-	413
Tri M-Chorus	57	-	-	57	-	-	57
Turf Account	1,000	-	-	1,000	-	-	1,000
Vending	3,862	580	3,530	912	-	-	912
Vending Faculty	78	801	818	61	-	-	61
Vending Students	71	1,982	432	1,621	-	-	1,621
Volleyball	879	5,263	4,808	1,333	-	-	1,333
World Language	-	3,448	3,448	-	-	-	-
Wrestling	106	3,546	1,898	1,754	-	-	1,754
Yearbook	7,367	6,965	2,417	11,915	-	-	11,915
Total	\$ 98,429	\$ 726,673	\$ 701,983	\$ 123,119	\$ -	\$ -	\$ 123,119

BOONE COUNTY SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCES
LARRY A. RYLE HIGH SCHOOL ACTIVITY FUND
Year Ended June 30, 2012

Fund Accounts	Cash Balances July 1, 2011	Receipts	Disbursements	Cash Balances June 30, 2012	Accounts Receivable	Accounts Payable	Fund Balances June 30, 2012
Athletic Administration	\$ 15	\$ 52,901	\$ 51,913	\$ 1,003	\$ -	\$ -	\$ 1,003
Baseball	6,650	35,370	33,960	8,060	-	1,269	6,792
9th Region Baseball	-	54	54	-	-	-	-
33rd District Baseball	100	54	154	-	-	-	-
Boys Basketball	6,777	17,597	17,037	7,337	-	-	7,337
Girls Basketball	16,402	28,089	20,327	24,165	-	-	24,165
District Basketball	60	1,666	-	1,726	-	-	1,726
Athletic Gate Clearing	2,225	101,060	103,135	150	-	-	150
Athletic Concession	619	36,696	36,123	1,192	-	-	1,192
Cross Country	12,331	23,080	15,716	19,694	-	-	19,694
Dive Team	8	-	8	-	-	-	-
Athletic Fees	-	20,622	19,747	875	-	-	875
Football	1,931	54,340	56,247	24	-	-	24
Football Playoffs	-	9,046	9,046	-	-	-	-
Golf Girls	22	2,180	850	1,352	-	-	1,352
Golf Boys JV	366	1,149	1,515	-	-	-	-
Golf Boys Varsity	4,980	2,814	3,428	4,365	-	-	4,365
Sectional Boys Soccer	-	4,941	4,822	119	-	-	119
Soccer Boys	11,249	35,019	28,815	17,454	-	-	17,454
Regional Boys Soccer	-	3,003	2,521	482	-	-	482
Soccer Girls	5,414	23,464	20,777	8,102	-	-	8,102
33rd District Softball	387	82	-	469	-	-	469
Softball	6,064	22,137	26,405	1,796	-	-	1,796
Stadium Project	5,742	7,500	-	13,242	-	-	13,242
Tennis Boys	1,619	4,757	3,939	2,436	-	-	2,436
Tennis Girls	555	3,862	2,632	1,785	-	-	1,785
Track	761	27,791	22,799	5,752	-	-	5,752
Regional Track	2,675	-	2,675	-	-	-	-
Regional Volleyball	-	5,554	5,554	-	-	-	-
Volleyball	-	27,451	24,719	2,732	-	371	2,361
Swim Team	984	13,173	13,645	512	-	-	512
Wrestling	2,896	22,902	21,440	4,358	-	-	4,358
Academic Team	915	806	485	1,236	-	-	1,236
ACT Summer Program	1,014	2,740	1,695	2,059	-	-	2,059
Annual	13,091	31,230	34,453	9,868	-	-	9,868
Archery Club	1,741	4,316	5,090	967	-	-	967
Art Club	458	4,398	4,445	411	-	-	411
Art Department	-	1,875	1,860	15	-	-	15
Art Honor Society	27	-	-	27	-	-	27
Band Music	2,253	7,608	8,530	1,331	-	-	1,331
Boone Union LDG Scholarship	500	500	500	500	-	-	500
Business Education	10,481	6,430	16,364	547	-	-	547
Cheerleading	3,643	23,798	26,262	1,179	-	-	1,179
Choral Music	840	9,658	10,498	-	-	-	-
Class 2011	903	144	1,047	-	-	-	-
Class 2012	8,543	16,475	24,512	506	-	-	506
Class 2013	-	34,569	28,689	5,880	-	-	5,880
Computer Fund	12,949	3,500	7,931	8,518	-	-	8,518
Copier Account	16,940	5,475	923	21,491	-	-	21,491
Drama	859	11,030	7,134	4,754	-	-	4,754
Drill Team	5,201	19,529	23,560	1,170	-	-	1,170
Credit Recovery	2,602	5,110	5,859	1,852	-	3,973	(2,121) *
English Department	-	20,011	20,011	-	-	-	-
English Honor Society	-	1,160	75	1,085	-	-	1,085
Enviro School Resource	354	-	-	354	-	-	354
F.B.L.A	4,049	33,007	33,301	3,755	-	41	3,714

(Continued)

* Created by Accounts Payable for the Fund at June 30, 2012.

BOONE COUNTY SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCES
LARRY A. RYLE HIGH SCHOOL ACTIVITY FUND
Year Ended June 30, 2012
(Continued)

Fund Accounts	Cash Balances July 1, 2011	Receipts	Disbursements	Cash Balances June 30, 2012	Accounts Receivable	Accounts Payable	Fund Balances June 30, 2012
Fellowship Christian Athletes	\$ 35	\$ 204	\$ 204	\$ 35	\$ -	\$ -	\$ 35
Flat Fees	406	49,941	49,407	940	-	-	940
F.F.A	1,927	25,320	26,200	1,047	-	-	1,047
F.F.A Grant	-	1,114	1,114	-	-	-	-
F.C.C.L.A	-	9,808	9,808	-	-	-	-
Foods	-	32,990	32,881	109	-	-	109
Foreign Language	425	2,863	1,133	2,155	-	-	2,155
Forensics	425	15,287	13,848	1,864	-	-	1,864
Mock Trial	-	1,022	1,022	-	-	-	-
French Club	76	-	-	76	-	-	76
French Honor Society	404	1,123	1,189	337	-	-	337
Future Educators	-	572	362	210	-	-	210
General	6,269	27,556	32,739	1,086	-	-	1,086
German Club	123	866	870	119	-	-	119
German Honor Society	109	200	73	236	-	-	236
Guidance Department	15,587	56,386	63,729	8,244	-	-	8,244
Home Economics Department	-	2,450	2,450	-	-	-	-
Homecoming Dance	500	18,057	17,880	677	-	-	677
Janitorial Supply	2,095	9,284	5,735	5,644	-	-	5,644
Journalism Club	17	-	-	17	-	-	17
Library	2,795	4,311	2,629	4,477	-	-	4,477
Literary Club	-	26	26	-	-	-	-
Lost Book Fund	20,272	2,022	527	21,767	-	-	21,767
MH Room	429	785	295	919	-	-	919
Math Honor Soc	520	985	319	1,186	-	-	1,186
Math Department	259	4,805	3,774	1,290	-	-	1,290
Marching Band	23,130	57,614	74,539	6,205	-	12	6,193
Men and Women of Ryle	126	-	-	126	-	-	126
Meritor Scholarship	750	1,800	2,550	-	-	-	-
MOS	12,829	7,790	5,600	15,019	-	-	15,019
National Honor Society	4,150	8,143	8,511	3,781	-	-	3,781
Ocial Smith Award	-	9,774	-	9,774	-	-	9,774
Odyssey of Mind	-	200	200	-	-	-	-
Office Supply	5,027	5,028	5,078	4,976	-	-	4,976
PCGB Donation	3,009	300	-	3,309	-	-	3,309
Pep Club	303	180	280	203	-	-	203
Physical Education	767	2,000	2,054	713	-	-	713
Postage	2	5,934	5,934	2	-	-	2
Campus Store	4,641	15,219	16,828	3,032	-	163	2,869
Robotic Club	373	8,537	8,250	660	-	-	660
Science Department	7,563	20,787	25,423	2,926	-	-	2,926
Science Honor Society	148	410	283	276	-	-	276
Social Studies	6,455	5,542	5,247	6,749	-	-	6,749
Spanish Club	20	-	-	20	-	-	20
Spanish Honor Society	543	834	818	559	-	-	559
Exceptional Students	1,009	2,000	1,505	1,504	-	-	1,504
Student Scholarship Reward	500	2,500	1,000	2,000	-	-	2,000
Student Vending	10	14,177	14,187	-	-	-	-
Student Ambassador Organization	59	-	-	59	-	-	59
Student Council	1,440	3,567	4,280	727	-	-	727
Summer School	7,737	13,365	9,764	11,338	-	-	11,338
Teacher Vending	-	5,276	5,276	-	-	-	-
Technology	156	-	-	156	-	-	156
Technology Club	70	-	-	70	-	-	70
Teens Helping Kids Club	211	-	-	211	-	-	211
Tente	930	10	499	441	-	-	441
Text Book Rental	-	59,108	59,108	-	-	-	-
Vocational Agriculture Dept	3,906	9,777	7,310	6,373	-	-	6,373
General Band Fund	-	6,083	6,083	-	-	-	-
Sponsorship Band	5,815	1,142	6,957	-	-	-	-
Winter Guard	1,288	-	1,288	-	-	-	-
Bank of KY - Other	711	-	-	711	-	-	711
Total	\$ 324,542	\$ 1,366,794	\$ 1,360,294	\$ 331,042	\$ -	\$ 5,830	\$ 325,212

**BOONE COUNTY SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCES
OTHER SCHOOLS ACTIVITY FUNDS
Year Ended June 30, 2012**

	<u>Conner Middle School</u>	<u>Gray Middle School</u>	<u>Ockerman Middle School</u>	<u>R.A. Jones Middle School</u>	<u>Camp Ernst Middle School</u>	<u>A.M. Yealey Elementary</u>	<u>Burlington Elementary</u>	<u>Collins Elementary</u>	<u>Longbranch Elementary</u>	<u>North Pointe Elementary</u>
Cash Balances at July 1, 2011	\$ 129,081	\$ 34,178	\$ 104,185	\$ 31,580	\$ 80,020	\$ 68,649	\$ 44,155	\$ 19,489	\$ 20,651	\$ 82,394
Add: Receipts	661,100	394,526	312,089	122,227	396,720	208,947	287,210	150,634	186,660	221,308
Less: Disbursements	<u>(641,404)</u>	<u>(399,070)</u>	<u>(316,372)</u>	<u>(111,381)</u>	<u>(342,619)</u>	<u>(223,687)</u>	<u>(294,188)</u>	<u>(140,593)</u>	<u>(184,422)</u>	<u>(219,321)</u>
Cash Balances at June 30	148,777	29,634	99,902	42,427	134,121	53,909	37,177	29,530	22,889	84,381
Accounts Receivable	-	-	-	-	-	-	-	-	-	-
Accounts Payable	-	-	<u>(1,020)</u>	-	-	-	-	-	-	-
Fund Balance at June 30, 2012	<u>\$ 148,777</u>	<u>\$ 29,634</u>	<u>\$ 98,882</u>	<u>\$ 42,427</u>	<u>\$ 134,121</u>	<u>\$ 53,909</u>	<u>\$ 37,177</u>	<u>\$ 29,530</u>	<u>\$ 22,889</u>	<u>\$ 84,381</u>

	<u>Goodridge Elementary</u>	<u>Kelly Elementary</u>	<u>New Haven Elementary</u>	<u>Ockerman Elementary</u>	<u>Stephens Elementary</u>	<u>Erpenbeck Elementary</u>	<u>Florence Elementary</u>	<u>Shirley Mann Elementary</u>	<u>Total</u>
Cash Balances at July 1, 2011	\$ 126,331	\$ 19,678	\$ 67,834	\$ 31,958	\$ 55,062	\$ 40,593	\$ 111,488	\$ 22,590	\$ 1,089,916
Add: Receipts	182,440	66,537	190,138	246,530	240,461	310,199	358,886	184,755	4,721,364
Less: Disbursements	<u>(189,882)</u>	<u>(72,031)</u>	<u>(193,457)</u>	<u>(241,032)</u>	<u>(280,202)</u>	<u>(327,658)</u>	<u>(387,006)</u>	<u>(180,247)</u>	<u>(4,744,568)</u>
Cash Balances at June 30	118,889	14,184	64,515	37,456	15,321	23,134	83,369	27,097	1,066,712
Accounts Receivable	-	-	-	-	-	-	-	-	-
Accounts Payable	-	<u>(70)</u>	-	-	-	-	<u>(160)</u>	-	<u>(1,250)</u>
Fund Balance at June 30, 2012	<u>\$ 118,889</u>	<u>\$ 14,114</u>	<u>\$ 64,515</u>	<u>\$ 37,456</u>	<u>\$ 15,321</u>	<u>\$ 23,134</u>	<u>\$ 83,209</u>	<u>\$ 27,097</u>	<u>\$ 1,065,462</u>

**BOONE COUNTY BOARD OF EDUCATION
BOARD MEMBERS AND ADMINISTRATIVE PERSONNEL
June 30, 2012**

<u>NAME</u>	<u>ADDRESS</u>	<u>TERM EXPIRES</u>
Stephen Kinman	3014 Canyon Overlook Burlington, Kentucky	December 31, 2012
Ken Cook	1000 Tayman Drive Union, Kentucky	December 31, 2012
Karen Byrd	115 Berkley Drive Florence, Kentucky	December 31, 2012
Ed Massey	1789 Stahl Road Hebron, Kentucky	December 31, 2012
Bonnie Rickert	9663 Manassas Drive Florence, Kentucky	December 31, 2014

OTHER OFFICERS OF THE BOARD (AS OF JUNE 30, 2012)

Randy Poe	- Superintendent
Mike Blevins	- Assistant Superintendent
Karen Cheser	- Assistant Superintendent
Phil Sheehy	- Manager of Human Resources
Linda Schild	- Manager of Finance

**BOONE COUNTY BOARD OF EDUCATION
SCHEDULE OF INSURANCE
June 30, 2012**

<u>Fire and Extended Coverage 90% Coinsurance</u>	<u>Amount of Policy</u>	<u>Insurance Payable to</u>	<u>Expires</u>	
Real and Personal Property Building and Contents	\$493,277,055	Boone County Board of Education	July 1, 2012	
<u>Other Coverage</u>				
School Bus and Auto Fleet Policy	\$500,000 - Underinsured Motorist \$500,000 - Uninsured Motorist \$6,000,000 - Combined Single Limit	Boone County Board of Education	July 1, 2012	
Educators' Legal Liability - Board Members, Superintendent, and All School Employees	\$6,000,000 - Occurrence \$6,000,000 - Aggregate		July 1, 2012	
Comprehensive General Liability	\$6,000,000 - Occurrence \$6,000,000 - Aggregate \$6,000,000 Umbrella for KISBIT General Liability, Educators' Legal Liability and Fleet		July 1, 2012	
Women's Compensation	Statutory		July 1, 2012	
<u>Fidelity Bonds</u>				
<u>Company</u>	<u>Person Covered</u>	<u>Covered</u>	<u>Type</u>	<u>Amount</u>
Ohio Casualty Insurance Co.	Finance Officer	7/1/2011 - 6/30/2012	Bond	\$ 1,200,000

BOONE COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2012

Federal Grants/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass Through Grantors Number	Disbursement
U.S. Department of Agriculture			
<i>Passed through State Department of Education</i>			
<u>Child Nutrition Cluster</u>			
National School Lunch Program	10.555	775 000 2-11	\$ 526,828
National School Lunch Program	10.555	775 000 2-12	2,389,335
National School Lunch Program - Commodities ^	10.555	775 000 2-12	573,476
National School Breakfast Program	10.553	776 000 5-11	101,401
National School Breakfast Program	10.553	776 000 5-12	501,588
Summer Program for Children	10.559	769 002 4-11	1,692
Summer Program for Children	10.559	774 002 3-11	30,366
Program Total			4,124,686
Total U.S. Department of Agriculture			4,124,686
U.S. Department of Education			
<i>Passed through State Department of Education</i>			
<u>Title I Cluster</u>			
Title I Grants to Local Educational Agencies	84.010	310 000 2-10	78,414
Title I Grants to Local Educational Agencies	84.010	310 000 2-11	260,753
Title I Grants to Local Educational Agencies	84.010	310 000 2-12	1,220,883
Title I Grants to Local Educational Agencies - ARRA	84.389	410 000 2-09	69,356
Program Total			1,629,406
Title I Vocational Education Grants to States	84.048	462 083 2-10	4,211
Title I Vocational Education Grants to States	84.048	462 083 2-11	13,548
Title I Vocational Education Grants to States	84.048	462 083 2-12	137,489
Program Total			155,248
<u>Special Education Cluster</u>			
Special Education Grants to States	84.027	381 000 2-10	26,728
Special Education Grants to States	84.027	381 000 2-11	748,663
Special Education Grants to States	84.027	381 000 2-11	2,478,946
Special Education Grants to States - ARRA	84.391	481 000 2-09	394,601
Special Education Preschool Grants	84.173	380 000 2-10	5,300
Special Education Preschool Grants	84.173	380 000 2-11	26,298
Special Education Preschool Grants	84.173	380 000 2-12	123,424
Special Education Preschool Grants - ARRA	84.392	480 000 2-09	4,489
Program Total			3,808,449

See auditors' report and accompanying notes.

BOONE COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2012
(Continued)

Federal Grants/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass Through Grantors Number	Disbursement
Safe and Drug Free Schools and Communities State Grants	84.186	341 000 2-10	\$ 6,810
Twenty-First Century Community Learning Centers	84.287	340 000 2-09	(7,346)
Twenty-First Century Community Learning Centers	84.287	340 000 2-10	63,850
Twenty-First Century Community Learning Centers	84.287	340 000 2-11	<u>94,220</u>
Program Total			<u>150,724</u>
Title III - English Language Acquisition Grant	84.365	330 000 2-10	45,646
Title III - English Language Acquisition Grant	84.365	330 000 2-11	77,157
Title III - English Language Acquisition Grant	84.365	330 000 2-12	<u>112,447</u>
Program Total			<u>235,250</u>
Title II - Improving Teacher Quality Grant	84.367	323 000 2-10	1,931
Title II - Improving Teacher Quality Grant	84.367	323 000 2-11	10,255
Title II - Improving Teacher Quality Grant	84.367	323 000 2-12	<u>380,581</u>
Program Total			<u>392,767</u>
Title II - Education Technology State Grants	84.318	321 000 2-10	32,053
Title II - Education Technology State Grants	84.318	321 000 2-11	<u>5,651</u>
Program Total			<u>37,704</u>
School Improvement Grants	84.377	2011	35,080
School Improvement Grants	84.377	2012	4,021
School Improvement Grants - ARRA	84.388	410 030 2-09	<u>46,884</u>
Program Total			<u>85,985</u>
Education Jobs Fund	84.410	EJOB00	<u>2,653,495</u>
Funds for the Improvement of Education	84.215	2012	<u>321,159</u>
Education for Homeless Children and Youth - ARRA	84.387	499 000 2-09	<u>3,810</u>
Adult Education - Basic Grants to States	84.002	2011-2012	<u>37,915</u>
Total U.S. Department of Education			<u>9,518,722</u>

See auditors' report and accompanying notes.

BOONE COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2012
(Continued)

Federal Grants/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass Through Grantors Number	Disbursement
U.S. Department of Health and Human Services			
Cooperative Agreements to Support Comprehensive School Health Programs	93.938	200 000 1-11	\$ <u>119</u>
Total U.S. Department of Health and Human Services			<u>119</u>
U.S. Environmental Protection Agency			
<i>Passed through State Department of Environmental Protection</i> State Energy Program - ARRA	81.041	2012	<u>30,144</u>
Total U.S. Environment Protection Agency			<u>30,144</u>
Grand Totals			<u><u>\$ 13,673,671</u></u>

^ Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

See auditors' report and accompanying notes.

**BOONE COUNTY BOARD OF EDUCATION
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Boone County Board of Education and is presented on the basis of accounting described in Note 2 of the financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

NOTE 2 – FOOD DISTRIBUTION

Non-monetary assistance is reported in the schedule at the fair value of the commodities received and disbursed.

**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**

State Committee for School District Audits and
Members of the Boone County Board of Education
Florence, Kentucky

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of the Boone County Board of Education as of and for the year ended June 30, 2012, which collectively comprise the Boone County Board of Education's basic financial statements and have issued our report thereon dated November 8, 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 of the Independent Auditor's Contract – General Audit Requirements, Appendix II of the Independent Auditor's Contract – State Audit Requirements, Appendix III of the Independent Auditor's Contract – Audit Extension Request, and Appendix IV of the Independent Auditor's Contract – Instructions for Submission of the Audit Report.

Internal Control over Financial Reporting

Management of the Boone County Board of Education is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Boone County Board of Education'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 Boone County Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Boone County Board of Education's internal control over financial reporting.

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of Boone County Board of Education in a separate letter dated November 8, 2012.

This report is intended solely for the information and use of management, the Kentucky Department of Education, the Kentucky State Committee for School District Audits 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.

VonLehman & Company Inc.

**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**

State Committee for School District Audits and
Members of the Boone County Board of Education
Florence, Kentucky

Compliance

We have audited Boone County Board of Education's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Board's major federal programs for the year ended June 30, 2012. Boone County Board of Education's major federal programs are identified in the summary of auditor's result 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 the Board's management. Our responsibility is to express an opinion of the Board'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 of the Independent Auditor's Contract – General Audit Requirements, Appendix II of the Independent Auditor's Contract – State Audit Requirements, Appendix III of the Independent Auditor's Contract – Audit Extension Request, and Appendix IV of the Independent Auditor's Contract – Instructions for Submission of the Audit Report. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Board'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 the Boone County Board of Education's compliance with those requirements.

In our opinion, Boone County Board of Education 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

The management of the Boone County Board of Education is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Boone County Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine the 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 Boone County Board of Education's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, 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 would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Kentucky Department of Education, the Kentucky State Committee for School District Audits 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.

VonLehman & Company Inc.

**BOONE COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2012**

SECTION I – SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS	
Type of Financial Statement Opinion	Unqualified
Were there any material weaknesses reported at the financial statements level (GAGAS)?	None noted
Were there any control deficiencies identified, not considered to be material weaknesses, reported at the financial statement level (GAGAS)?	None noted
Was there any reported material noncompliance at the financial statement level (GAGAS)?	None noted
FEDERAL AWARDS	
Were there any material weaknesses reported for major federal programs?	None noted
Were there any control deficiencies identified, not considered material weaknesses reported for major programs?	None noted
Type of Major Programs Compliance Opinion	Unqualified
Are there any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510?	None noted
Major Programs (list):	Child Nutrition Cluster [CFDA 10.555, 10.553, and 10.559] Education Jobs Fund [CFDA 84.410] Funds for the Improvement of Education [CFDA 84.215] State Energy Program- ARRA [CFDA 81.041]
Dollar Threshold: Type A/B Programs	Type A: > \$410,210 Type B: > all others
Low Risk Auditee?	Yes

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters to be reported

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters to be reported.

**BOONE COUTY BOARD OF EDUCATION
SCHEDULE OF STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2012**

PRIOR YEAR – FINANCIAL STATEMENT FINDINGS

None

PRIOR YEAR – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

Boone County Board of Education
Florence, Kentucky

In planning and performing our audit of the financial statements of Boone County Board of Education for the year ended June 30, 2012, we considered the Board's internal controls in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements.

During the course of our audit we select samples of activity for our auditing tests. Through these procedures we became aware of a few matters that are opportunities for strengthening internal controls and operating efficiency. The following summarizes our comments and suggestions regarding these matters. We previously reported on the Board's internal controls in our report dated November 8, 2012. This letter does not affect our report dated November 8, 2012 on the financial statements of the Boone County Board of Education.

Our findings are presented as follows:

ITEM 01 – ACTIVITY FUNDS

General Findings for All Schools

- We noted several schools which do not have a separate ticket taker and ticket seller for events in which there are ticket sales. The Redbook requires the ticket taker and ticket seller to be two separate people. We recommend there should be two separate people involved in this process. This recommendation was provided last year as well.
- We noted several schools in which teachers are not transmitting funds collected to the bookkeeper in a timely manner. It is very important for teachers to submit these amounts daily as, among other reasons, the Redbook requires all amounts collected to be deposited on a daily basis if over \$100. We recommend the Board and school leadership reiterate to the staff the procedure for and the importance of transmitting money to the bookkeeper on a daily basis. This recommendation was provided last year as well.
- We found that several schools did not have adequate documentation as to what expenses were paid using money raised through fundraisers. Schools need to properly document how the receipts obtained through a fundraiser are spent in order to show the expenses were in line with the approved purpose of the fundraiser. This could be accomplished through setting up a separate account in the software for each fundraiser held so it is clear what funds were received as part of the fundraiser and what those funds were spent on. Form F-SA-2B in the Redbook is also available to track fundraising details.

Management's Response

All of these issues can be categorized as non-compliance with standards set forth in the Accounting Procedures for Activity Funds (the Redbook) and District policies. It is apparent the School Administrators and their staff need additional training to understand the need to monitor compliance with these standards.

Goodridge Elementary School

- We noted instances in which the proper form for a fund transfer was not completed. We recommend that the appropriate form be completed for each transfer.

Management's Response

The Principal and staff will be provided the guidance to understand the procedure for transfers.

- We found that there was not a student fees account being maintained separate from the general fund. Student fees collected are only to be used for student instructional expenses, thus it is important to record these in a separate account. It is our recommendation that the school maintain a student fee account separate from the general fund.

Management's Response

The Principal and staff will be provided the guidance and necessary training on activity fund accounting standards.

Larry A. Ryle High School

- We found that there was a transfer from the Campus Store fund to the Teacher Vending fund at year end due to a negative balance in the Teacher Vending fund. Campus Store funds should not be used for Teacher Vending fund deficits. We recommend that transfers made related to negative fund balances be reviewed carefully before approval.

Management's Response

The Principal and staff will be provided the guidance to understand the procedure for transfers.

- It was noted that purchase orders are not always prepared and approved prior to purchase. The Redbook requires purchase orders to be prepared and approved by the sponsor and principal before the payment is obligated. It is our recommendation that purchase orders be prepared and approved prior to purchase for all disbursements.

Management's Response

District policies also require prior approval for purchases. Additional guidance and training will be provided to the Principal and staff.

- We found that approved purchase orders were not always completed when a standard invoice was used for a disbursement. A purchase order should be prepared and approved for all disbursements, even in the case when a standard invoice is involved. We recommend all standard invoices be accompanied by an approved purchase order.

Management's Response

District policies also require prior approval for purchases. The use of a standard invoice does not override the pre-approval process necessary for a purchase. Additional guidance and training will be provided to the Principal and staff.

- It was noted that funds from the student fees account were transferred to accounts that are not for student instructional purposes, such as the general fund. As student fees are only to be used for student instructional purposes, we recommend that transfers from the student fees fund to funds that are not for those purposes be prohibited.

Management's Response

The Principal and staff will be provided the guidance to understand the procedure for transfers.

Gray Middle School

- We found that approved purchase orders were not always completed when a standard invoice was used for a disbursement. A purchase order should be prepared and approved for all disbursements, even in the case when a standard invoice is involved. We recommend all standard invoices be accompanied by an approved purchase order.

Management's Response

District policies also require prior approval for purchases. The use of a standard invoice does not override the pre-approval process necessary for a purchase. Additional guidance and training will be provided to the Principal and staff.

- Instances were noted in which the multiple receipt forms were not filled out in their entirety and, in some cases, not completed. We recommend training be provided as it relates to these forms and that when required, this form is completed.

Management's Response

The Principal and staff will be provided the guidance and necessary training on activity fund accounting standards

Yealey Elementary School

- Instances were noted in which fund transfers did not have a documented reason for the transfer between the funds. We recommend that an appropriate reason be included in the documentation for the transfer.

Management's Response

The Principal and staff will be provided the guidance to understand the procedure for transfers.

- It was noted that money raised through a fundraiser was not spent on the approved purpose of the fundraiser. We recommend that all money raised as part of a fundraising event be spent on the approved purpose of the fundraiser.

Management's Response

The Principal and staff will be provided the guidance and necessary training on activity fund accounting standards

Charles H. Kelley Elementary School

- Instances were noted in which the multiple receipt forms were not filled out correctly. We recommend training be provided as it relates to these forms.

Management's Response

The Principal and staff will be provided the guidance and necessary training on activity fund accounting standards

- It was noted during our procedures that deposits are not always made with the bank on a timely basis. The Redbook requires all monies to be deposited on a daily basis except if there is less than \$100 on hand to deposit. It is our recommendation that all deposits be made on a daily basis if over \$100.

Management's Response

The Principal and staff will be provided the guidance and necessary training on activity fund accounting standards

- Instances were noted in which fund transfers did not have a documented reason for the transfer between the funds. We recommend that an appropriate reason be included in the documentation for the transfer.

Management's Response

The Principal and staff will be provided the guidance to understand the procedure for transfers.

Conner Middle School

- No school specific findings.

Ockerman Elementary School

- Instances were noted in which the multiple receipt forms were not dated. These forms should be completed in their entirety, including dating them. We recommend training be provided as it relates to these forms.

Management's Response

The Principal and staff will be provided the guidance and necessary training on activity fund accounting standards

Ockerman Middle School

- No school specific findings.

Erpenbeck Elementary School

- No school specific findings.

Stephens Elementary School

- No school specific findings.

Burlington Elementary School

- No school specific findings.

Collins Elementary School

- It was noted that deposits are not always made with the bank on a timely basis. The Redbook requires all monies to be deposited on a daily basis except if there is less than \$100 on hand to deposit. It is our recommendation that all deposits be made on a daily basis if over \$100. This recommendation was provided last year as well.

Management's Response

The Principal and staff will be provided the guidance and necessary training on activity fund accounting standards.

- Instances were noted in which the multiple receipt forms were not filled out completely. We recommend training be provided as it relates to these forms.

Management's Response

The Principal and staff will be provided the guidance and necessary training on activity fund accounting standards.

R.A. Jones Middle School

- It was noted that deposits are not always made with the bank on a timely basis. The Redbook requires all monies to be deposited on a daily basis except if there is less than \$100 on hand to deposit. It is our recommendation that all deposits be made on a daily basis if over \$100. This recommendation was provided last year as well.

Management's Response

The Principal and staff will be provided the guidance and necessary training on activity fund accounting standards

- During our audit, we found that there was a transfer at year end that did not have proper indication of the reason a particular fund was used to transfer money. We recommend all transfers be for allowable purposes and there be appropriate documentation as to why the funds involved in the transfer were used. This recommendation was provided last year as well.

Management's Response

The Principal and staff will be provided the guidance to understand the procedure for transfers.

- We found that several fund transfers forms were missing the principal's signature approving the transfer. All transfers should be approved by the principal, which includes the principal signing the transfer form. We recommend this be reiterated to the principal and school secretary.

Management's Response

The Principal and staff will be provided the guidance to understand the procedure for transfers.

Florence Elementary School

- No school specific findings.

Boone County High School

- It was noted that purchase orders are not always prepared and approved prior to purchase. The Redbook requires purchase orders to be prepared and approved by the sponsor and principal before the payment is obligated. It is our recommendation that purchase orders be prepared and approved prior to purchase for all disbursements. This recommendation was provided last year as well.

Management's Response

District policies also require prior approval for purchases. Additional guidance and training will be provided to the Principal and staff.

Conner High School

- During our audit, it was noted that purchase orders are not always prepared and approved prior to purchase. The Redbook requires purchase orders to be prepared and approved by the sponsor and principal before the payment is obligated. It is our recommendation that purchase orders be prepared and approved prior to purchase for all disbursements. This recommendation was provided last year as well.

Management's Response

District policies also require prior approval for purchases. Additional guidance and training will be provided to the Principal and staff.

- During our audit, it was noted that the principal did not sign off on the bank statements. We recommend the principal review all bank statements and sign off on them showing approval.

Management's Response

The Principal and staff will be provided the guidance and necessary training on activity fund accounting standards

- We found that one fund had a negative balance at year end. According to the Redbook, no funds should end the year with a negative balance. We recommend the school secretary closely review the funds to ensure there are no funds with a negative ending balance.

Management's Response

The Principal and staff will be provided the guidance and necessary training on activity fund accounting standards

New Haven Elementary School

- We found a transfer that occurred in which funds from the student fees account were transferred to cover negative fund balances at year end in accounts that were not related to student instructional purposes. It is our recommendation that student fees should only be used for student instructional purposes.

Management's Response

The Principal and staff will be provided the guidance to understand the procedure for transfers.

- During our audit, it was noted that purchase orders are not always prepared and approved prior to purchase. The Redbook requires purchase orders to be prepared and approved by the sponsor and principal before the payment is obligated. It is our recommendation that purchase orders be prepared and approved prior to purchase for all disbursements. This recommendation was provided last year as well.

Management's Response

District policies also require prior approval for purchases. Additional guidance and training will be provided to the Principal and staff.

North Pointe Elementary School

- No school specific findings.

Camp Ernst Middle School

- We noted a fund transfer that occurred at year end in which an amount from one fund was transferred to another fund to clear a negative fund balance. However, there was no relation between these two funds, thus it was not considered an allowable transfer. We recommend all transfers that occur be for allowable transfers and the reason why a particular fund is used should be documented.

Management's Response

The Principal and staff will be provided the guidance to understand the procedure for transfers.

- Based on the school's accounting records, there was fundraising receipts and disbursements as well as student fee funds and transfer activity included in entries indicating that student fee funds were used to purchase items that the Board typically provides to schools. Our recommendation is that the school maintain a clearly segregated accounting for fundraising and student fee activity and if there are items that fundraisers are held for relating to items that the Board typically would provide the school, these items should be specifically noted in the fundraiser approval form that is sent to the Board before a fundraiser can take place.

Management's Response

The Principal and staff will be provided the guidance and necessary training on activity fund accounting standards.

Shirley Mann Elementary School

- No school specific findings.

Cooper High School

- No school specific findings.

Longbranch Elementary School

- No school specific findings.

ITEM 02 – OUTSTANDING CHECKS

During our review of the Board's outstanding check listing for its bank account used for payroll, we noted several outstanding checks on the listing that are several years old. We recommend the Board follow up on these old outstanding checks and take the appropriate action, including researching the possible requirement to report these as unclaimed funds.

Management's Response

Periodically efforts are made to contact the recipients of checks that have remained outstanding for resolution. In the case that contact cannot be made, a determination will be made regarding the requirement to report as unclaimed funds.

ITEM 03 – SCHOOL ACTIVITY FUNDS

We noted the following items related to school activity funds:

- During our audit, we inquired of various people involved with the Board as to their knowledge of or suspicions of fraudulent activity. Of those questioned during the audit, no one noted any material fraudulent activity that they were aware of regarding the school activity funds. However, several people did indicate they felt the school activity funds were an area that could be vulnerable to fraudulent activity. Furthermore, during our audit procedures at the individual schools, we continued to have various findings, which are detailed in Item 01. Thus, we recommend the Board review the procedures and policies in place at the school activity fund level and assist the school principals and bookkeepers with improving those procedures if necessary.
- Student fees, which are collected by the individual schools, are to be used only for student instructional purposes. For the benefit of the school financial secretaries and principals, we recommend that specific direction be provided to them on what constitutes student instructional purposes so that it is clear throughout the district what student fee funds are allowed to be spent on.

Management's Response

Efforts are currently being made to implement standard cash collection procedures that are more consistent and reliable for the schools. Procedures over inventories of items sold in fundraisers are also under consideration. In addition, efforts to provide training to School Administrators and/or their staff with the intended purpose of improving skills and processes will be reinstated.

Also consideration will be given to editing the fees form to provide further clarification regarding the intended use of the fees.

ITEM 04 – FOOD SERVICE DEPARTMENT

We noted the following items related to the food service department:

- Much of the financial activity of the food service department is handled separately from the Board's other financial activity. For instance, purchase orders for food service related expenses are handled outside the finance department. We recommend procedures be implemented so that the finance department has more involvement in the food service financial activity to ensure all financial related policies and procedures are handled consistently throughout the Board. This could include the finance department being involved in the purchase order process, approval of invoices, approval of expense reimbursement forms, etc.

- The monthly Form D-2 is used by the food service department to obtain reimbursement for those that qualify for free and reduced meals. During our testing of this form, we noted several discrepancies between the actual number of those eligible for free and reduced meals versus the number reported on the form. These were all small discrepancies and did not have a material effect on the amount of reimbursement the Board received. These discrepancies were due to manual adjustments that were required to be made to the forms due to changes in eligibility status. We recommend there be a procedure put in place so that someone is reviewing the numbers included on the Form D-2 to ensure they are accurate.
- Actual expenses of the food service department are required to be included on the monthly Form D-2. We noted certain expenses were included in the amount of actual expenses twice in error. This did not have an effect on the amount of reimbursement received by the Board. However, we recommend that the Form D-2 be completed accurately going forward.

Management's Response

Procedures concerning oversight of food services' financial activities are currently being modified to allow the finance staff to have a more active role to assure compliance with district-wide policies and established processes.

The process of reviewing reports before submission will be reinstated as an established procedure. This review should allow for a more timely detection and correction of errors.

The D-2 form was not completed accurately due to a misunderstanding about how to complete it. The process of reporting the D-2 form has been automated and is no longer a manually intensive effort. Therefore, this has been eliminated as an issue.

ITEM 05 – FUNDS FOR THE IMPROVEMENT OF EDUCATION GRANT

During our testing of this grant, we noted that a reimbursement request was made for \$373.50 more than the actual expenditures that were incurred related to this grant. The reimbursement requested was rounded up to an even dollar amount and there was no indication in the grant document that this was allowed. We recommend that reimbursement requests only be made as allowed under the grant agreement.

Management's Response

Standard procedure dictates that reimbursement requests do not exceed actual expenditures plus encumbrances. This particular instance is likely the result of turnover in positions responsible for these processes and a learning curve in understanding the processes. We anticipate that as a better understanding is obtained, the risk of a recurrence of this issue is mitigated.

We want to express our appreciation to the Superintendents, the Board staff and the school financial secretaries for their courteous assistance during the audit.

VonLehman & Company Inc.

Fort Mitchell, Kentucky
November 8, 2012