

Financial Statements and  
Related Information

2013

**Jefferson County Board of Education  
Elementary School Activity Funds**

June 30, 2013



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Elementary School Activity Funds**

June 30, 2013

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## **Independent Auditors' Report**

Members of the Board  
Jefferson County Board of Education  
Louisville, Kentucky

### **Report on Financial Statement**

We have audited the accompanying combined statement of fiduciary net position of the Elementary School Activity Funds (the "Activity Funds") of the Jefferson County Board of Education (the "Board") as of June 30, 2013, and the related notes to the financial statement, which collectively comprise the Activity Funds' financial statements as listed in the table of contents.

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

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

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the combined statement of fiduciary net position 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

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

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

## Opinion

In our opinion, the combined statement of fiduciary net position referred to above presents fairly, in all material respects, the net position of the Activity Funds of the Board as of June 30, 2013 in conformity with accounting principles generally accepted in the United States of America.

## Other Matters

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (Unaudited) on pages 3 and 4 be presented to supplement the combined statement of fiduciary net position. Such information, although not a part of this financial statement, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statement in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Management's Discussion and Analysis (Unaudited) 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 financial statement, and other knowledge we obtained during our audit of the financial statement. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the combined statement of fiduciary net position taken as a whole. The combining information listed in the preceding table of contents on pages 9 through 36, is presented for purposes of additional analysis and is not a required part of the combined statement of fiduciary net position of the Activity Funds of the Board.

This information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. This information has been subjected to the auditing procedures applied in our audit of the financial statement and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, 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 combined statement of fiduciary net position taken as a whole.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have issued a report dated November 11, 2013 on our consideration of the Activity Funds' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance related to the Activity Funds.

  
Louisville, Kentucky  
November 11, 2013

Management's Discussion and Analysis (Unaudited)

**Jefferson County Board of Education  
Elementary School Activity Funds**

June 30, 2013

The management team of the Jefferson County Board of Education (the "Board") presents this Management's Discussion and Analysis (Unaudited) of the Elementary School Activity Funds (the "Activity Funds") for the fiscal year ended June 30, 2013. Please read it in conjunction with the Activity Funds' financial statement which is on page 5.

**Government Structure**

The eighty-nine elementary schools sponsor programs to supplement the activities provided by the Board. These supplemental activities are accounted for in various funds categorized by the particular activity or group involved. The Board prescribes policies for the supervision and administration of the Activity Funds, and generally has custodial responsibility over these funds. Such custodial responsibility is mandated by the Kentucky Department of Education.

**Basic Financial Statements**

This financial report includes the combined statement of fiduciary net position and combining statements of fiduciary net position and cash receipts and disbursements for all eighty-nine elementary schools. The Independent Auditors' Report on this information precedes this Management's Discussion and Analysis (Unaudited).

The Activity Funds of the Board are being presented as agency funds in accordance with Governmental Accounting Standards Board Opinion No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* and related standards.

**Financial Highlights**

Total assets of all Activity Funds amounted to \$1,957,066 at June 30, 2013, compared to \$1,872,721 of total assets in the prior year, which reflects an increase of \$84,345. At June 30, 2013, total assets consist primarily of cash and temporary cash investments totaling \$1,824,624, compared to June 30, 2012 which reflected cash and temporary cash investments of \$1,731,861. This increase in cash and temporary cash investments was due primarily to the excess of cash receipts over cash disbursements of \$92,763 during the fiscal year ended June 30, 2013. Total liabilities of all Activity Funds amounted to \$1,957,066 at June 30, 2013, compared to total liabilities of \$1,872,721 in the prior year.

Elementary schools generate receipts for the Activity Funds primarily from student fees, athletic events admission, fund raising projects, donations, and allocations from the Board. Cash receipts of the Activity Funds amounted to \$6,114,906 during the fiscal year ended June 30, 2013, which reflects an \$81,402 increase over the prior year's cash receipts of \$6,033,864. Disbursements by the Activity Funds amounted to \$6,022,143 and 5,988,812 during the fiscal years ended June 30, 2013 and 2012, respectively.

Continued

Management's Discussion and Analysis (Unaudited)--Continued

**Jefferson County Board of Education  
Elementary School Activity Funds**

June 30, 2013

**Contacting the Jefferson County Board of Education Financial Management**

This financial report is designed to provide a general overview of the finances of the Jefferson County Board of Education Elementary School Activity Funds and to show management's accountability for these funds. If you have questions about this report or need additional information, contact the Chief Financial Officer/Treasurer of the Jefferson County Board of Education, P. O. Box 34020, Louisville, Kentucky 40232-3674.

Combined Statement of Fiduciary Net Position

**Jefferson County Board of Education  
Elementary School Activity Funds**

June 30, 2013

**Assets**

Cash	\$ 1,808,624
Temporary cash investments	16,000
Accounts receivable	9,755
Inventory	<u>122,687</u>

**Total Assets** \$ 1,957,066

**Liabilities**

Accounts payable	\$ 20,313
Due to Jefferson County Board of Education	3,547
Due to student groups	<u>1,933,206</u>

**Total Liabilities** \$ 1,957,066

See Notes to Combined Statement of Fiduciary Net Position

Notes to Combined Statement of Fiduciary Net Position

**Jefferson County Board of Education  
Elementary School Activity Funds**

June 30, 2013

**Note A--Fund Structure and Summary of Significant Accounting Policies**

Fund Structure--The Jefferson County Board of Education (the "Board") Elementary School Activity Funds (the "Activity Funds") provide funding for the programs in eighty-nine elementary schools, special educational and other related facilities for Board sponsored programs and to supplement the activities provided by the Board. The Board prescribes policies for the supervision and administration of the Activity Funds, in accordance with the requirements of the Kentucky Department of Education as set forth in its publication, "A Uniform Program of Accounting for School Activity Funds." Salaries for the treasurers of Activity Funds and other administrative support are paid by the Board and recorded in the Board's General Fund.

Elementary schools generate revenue for the Activity Funds primarily from allocations from the Board, athletic event admissions, fund raising projects and donations.

Basis of Accounting--The combined statement of fiduciary net position of the Activity Funds has been prepared in conformity with generally accepted accounting principles as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The combined statement of fiduciary net position was prepared in accordance with GASB No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* and related standards.

The Activity Funds are fiduciary/agency funds of the Board. For financial purposes, the accounting treatment applied to a fund is determined by its measurement focus. All fiduciary/agency funds are accounted for by using an economic resources measurement focus and the accrual basis of accounting.

Inventory--Inventory, consisting primarily of bookstore supplies and vending machine supplies, is stated at the lower of cost (using the first-in, first-out method) or market.

Use of Estimates--The preparation of the combined statement of fiduciary net position requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of this financial statement. Actual results could differ from those estimates.

Subsequent Events--In preparing these financial statements, management of the Board has evaluated events and transactions for potential recognition or disclosure through November 11, 2013, the date of financial statement was available to be issued.

**Jefferson County Board of Education  
Elementary School Activity Funds**

June 30, 2013

**Note B--Cash and Temporary Cash Investments**

Generally accepted accounting principles require the Activity Funds to disclose how they address custodial credit risk, interest rate risk, credit risk and concentration of credit risk.

Statutes authorize the Activity Funds to invest in the following:

- (1) Obligations of the United States and of its agencies and instrumentalities, repurchase agreements and specially approved AAA rated corporate bonds;
- (2) Bonds or certificates of indebtedness of the Commonwealth of Kentucky and of its agencies and municipalities;
- (3) Any savings and loan associations insured by an agency of the United States up to the amount insured
- (4) Interest bearing deposits in national and state banks chartered in Kentucky and insured by an agency of the United States up to the amount so insured, and in larger amounts providing such bank shall pledge securities having a current quoted market value at least equal to any uninsured deposits.

Temporary cash investments consist of certificates of deposit at various financial institutions located in Jefferson County, Kentucky, with various maturity dates and rates of interest. Such temporary cash investments are stated at cost, which approximates their market value.

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Activity Funds' deposits may not be returned to it. All cash deposits and temporary cash investments of the Activity Funds are covered by depositor insurance provided by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 per depositor. Any amounts in excess of FDIC coverage are covered by pledged securities at the various financial institutions in the Board's name.

By investing in certificates of deposit, the Activity Funds have minimized their exposure to credit risk. Interest rate risk is minimized by primarily investing in certificates of deposits with maturity dates of one year or less.

Continued

Notes to Combined Statement of Fiduciary Net Position--Continued

**Jefferson County Board of Education  
Elementary School Activity Funds**

June 30, 2013

**Note B--Cash and Temporary Cash Investments--Continued**

Temporary cash investment activity during the year ended June 30, 2013 is summarized as follows:

	<b>Temporary Cash Investments July 1, 2011</b>	<b>Deposits</b>	<b>Withdrawals</b>	<b>Temporary Cash Investments June 30, 2012</b>
Auburndale Elementary	\$ 5,000			\$ 5,000
Brandeis Elementary	5,000			5,000
Smyrna Elementary	6,000			6,000
	<u>\$ 16,000</u>			<u>\$ 16,000</u>

**Note C--Due From/To Jefferson County Board of Education**

The amounts due to the Board consist primarily of supplies and services provided by the Board to the elementary schools. These amounts are usually reimbursed to the Board promptly.

**Note D--Future Funding**

Funding for the Activity Funds is generally dependent upon the fund raising ability of the students, parents and others in the elementary schools, and the success of the other programs. Continuation of the various activities in each elementary school is predicated upon the ability of students, parents and others to raise funds, the students' intent to continue their activities, and upon the Board's continued support of these activities.

## **Combining Information**

Combining Statement of Fiduciary Net Position

**Jefferson County Board of Education  
Elementary School Activity Funds**

June 30, 2013

	<u>Total</u>	<u>Atkinson Elementary School</u>	<u>Auburndale Elementary School</u>	<u>Audubon Traditional Elementary School</u>
<b>Assets</b>				
Cash	\$ 1,808,624	\$ 22,712	\$ 24,003	\$ 693
Temporary cash investments	16,000		5,000	
Accounts receivable	9,755			
Inventory	<u>122,687</u>	<u>204</u>	<u>529</u>	<u>3,511</u>
<b>Total Assets</b>	<u>\$ 1,957,066</u>	<u>\$ 22,916</u>	<u>\$ 29,532</u>	<u>\$ 4,204</u>
<b>Liabilities</b>				
Accounts payable	\$ 20,313	\$ 25	\$ 125	\$ 70
Due to Jefferson County Board of Education	3,547			
Due to students groups	<u>1,933,206</u>	<u>22,891</u>	<u>29,407</u>	<u>4,134</u>
<b>Total Liabilities</b>	<u>\$ 1,957,066</u>	<u>\$ 22,916</u>	<u>\$ 29,532</u>	<u>\$ 4,204</u>

Continued

Combining Statement of Fiduciary Net Position--Continued

**Jefferson County Board of Education  
Elementary School Activity Funds**

June 30, 2013

	<b>Bates Elementary School</b>	<b>Blake Elementary School</b>	<b>Bloom Elementary School</b>	<b>Blue Lick Elementary School</b>
<b>Assets</b>				
Cash	\$ 27,177	\$ 19,372	\$ 16,295	\$ 11,309
Temporary cash investments				
Accounts receivable	73			
Inventory	<u>808</u>	<u>2,394</u>	<u>1,217</u>	<u>1,134</u>
<b>Total Assets</b>	<b><u>\$ 28,058</u></b>	<b><u>\$ 21,766</u></b>	<b><u>\$ 17,512</u></b>	<b><u>\$ 12,443</u></b>
<b>Liabilities</b>				
Accounts payable	\$ 1,996			
Due to Jefferson County Board of Education				
Due to students groups	<u>26,062</u>	<u>\$ 21,766</u>	<u>\$ 17,512</u>	<u>\$ 12,443</u>
<b>Total Liabilities</b>	<b><u>\$ 28,058</u></b>	<b><u>\$ 21,766</u></b>	<b><u>\$ 17,512</u></b>	<b><u>\$ 12,443</u></b>

Continued

Combining Statement of Fiduciary Net Position--Continued

**Jefferson County Board of Education  
Elementary School Activity Funds**

June 30, 2013

	<u>Bowen Elementary School</u>	<u>Brandeis Elementary School</u>	<u>Breckinridge Franklin Elementary School</u>	<u>Byck Elementary School</u>
<b>Assets</b>				
Cash	\$ 14,123	\$ 16,759	\$ 24,868	\$ 15,525
Temporary cash investments		5,000		
Accounts receivable	513		400	43
Inventory	44	1,479	50	604
	<u>14,680</u>	<u>23,238</u>	<u>25,318</u>	<u>16,172</u>
<b>Total Assets</b>	<b><u>\$ 14,680</u></b>	<b><u>\$ 23,238</u></b>	<b><u>\$ 25,318</u></b>	<b><u>\$ 16,172</u></b>
<b>Liabilities</b>				
Accounts payable		\$ 218		
Due to Jefferson County Board of Education				
Due to students groups	\$ 14,680	23,020	\$ 25,318	\$ 16,172
	<u>14,680</u>	<u>23,020</u>	<u>25,318</u>	<u>16,172</u>
<b>Total Liabilities</b>	<b><u>\$ 14,680</u></b>	<b><u>\$ 23,238</u></b>	<b><u>\$ 25,318</u></b>	<b><u>\$ 16,172</u></b>

Continued

Combining Statement of Fiduciary Net Position--Continued

**Jefferson County Board of Education  
Elementary School Activity Funds**

June 30, 2013

	<u>Camp Taylor Elementary School</u>	<u>Cane Run Elementary School</u>	<u>Carter Traditional Elementary School</u>	<u>Malcolm B. Chancey, Jr. Elementary School</u>
<b>Assets</b>				
Cash	\$ 6,929	\$ 23,652	\$ 65,290	\$ 16,185
Temporary cash investments				
Accounts receivable				
Inventory	<u>94</u>	<u>763</u>	<u>9,965</u>	<u>436</u>
<b>Total Assets</b>	<u>\$ 7,023</u>	<u>\$ 24,415</u>	<u>\$ 75,255</u>	<u>\$ 16,621</u>
<b>Liabilities</b>				
Accounts payable			\$ 161	\$ 107
Due to Jefferson County Board of Education				
Due to students groups	<u>\$ 7,023</u>	<u>\$ 24,415</u>	<u>75,094</u>	<u>16,514</u>
<b>Total Liabilities</b>	<u>\$ 7,023</u>	<u>\$ 24,415</u>	<u>\$ 75,255</u>	<u>\$ 16,621</u>

Continued

Combining Statement of Fiduciary Net Position--Continued

**Jefferson County Board of Education  
Elementary School Activity Funds**

June 30, 2013

	<u>Chenoweth Elementary School</u>	<u>Garvin H. Cochran Elementary School</u>	<u>Garland S. Cochrane Elementary School</u>	<u>Coleridge Taylor Elementary School</u>
<b>Assets</b>				
Cash	\$ 26,556	\$ 26,526	\$ 4,843	\$ 10,837
Temporary cash investments				
Accounts receivable	500			
Inventory	<u>3,325</u>	<u>228</u>	<u>107</u>	<u>846</u>
<b>Total Assets</b>	<u>\$ 30,381</u>	<u>\$ 26,754</u>	<u>\$ 4,950</u>	<u>\$ 11,683</u>
<b>Liabilities</b>				
Accounts payable	\$ 238		\$ 56	
Due to Jefferson County Board of Education				
Due to students groups	<u>30,143</u>	<u>\$ 26,754</u>	<u>4,894</u>	<u>\$ 11,683</u>
<b>Total Liabilities</b>	<u>\$ 30,381</u>	<u>\$ 26,754</u>	<u>\$ 4,950</u>	<u>\$ 11,683</u>

Continued

Combining Statement of Fiduciary Net Position--Continued

**Jefferson County Board of Education  
Elementary School Activity Funds**

June 30, 2013

	<u>Coral Ridge Elementary School</u>	<u>Crums Lane Elementary School</u>	<u>Dixie Elementary School</u>	<u>Dunn Elementary School</u>
<b>Assets</b>				
Cash	\$ 43,237	\$ 13,614	\$ 5,810	\$ 43,105
Temporary cash investments				
Accounts receivable				
Inventory	<u>760</u>	<u>832</u>	<u>959</u>	<u>1,470</u>
<b>Total Assets</b>	<u>\$ 43,997</u>	<u>\$ 14,446</u>	<u>\$ 6,769</u>	<u>\$ 44,575</u>
<b>Liabilities</b>				
Accounts payable	\$ 216		\$ 685	\$ 160
Due to Jefferson County Board of Education				
Due to students groups	<u>43,781</u>	<u>\$ 14,446</u>	<u>6,084</u>	<u>44,415</u>
<b>Total Liabilities</b>	<u>\$ 43,997</u>	<u>\$ 14,446</u>	<u>\$ 6,769</u>	<u>\$ 44,575</u>

Continued

Combining Statement of Fiduciary Net Position--Continued

**Jefferson County Board of Education  
Elementary School Activity Funds**

June 30, 2013

	<u>Eisenhower Elementary School</u>	<u>Engelhard Elementary School</u>	<u>Fairdale Elementary School</u>	<u>Farmer Elementary School</u>
<b>Assets</b>				
Cash	\$ 30,700	\$ 29,863	\$ 9,077	\$ 38,789
Temporary cash investments				
Accounts receivable		300		
Inventory	<u>3,752</u>	<u>122</u>	<u>787</u>	<u>203</u>
<b>Total Assets</b>	<u>\$ 34,452</u>	<u>\$ 30,285</u>	<u>\$ 9,864</u>	<u>\$ 38,992</u>
<b>Liabilities</b>				
Accounts payable	\$ 317	\$ 41	\$ 578	\$ 262
Due to Jefferson County Board of Education		89		
Due to students groups	<u>34,135</u>	<u>30,155</u>	<u>9,286</u>	<u>38,730</u>
<b>Total Liabilities</b>	<u>\$ 34,452</u>	<u>\$ 30,285</u>	<u>\$ 9,864</u>	<u>\$ 38,992</u>

Continued

Combining Statement of Fiduciary Net Position--Continued

**Jefferson County Board of Education  
Elementary School Activity Funds**

June 30, 2013

	<u>Fern Creek Elementary School</u>	<u>Field Elementary School</u>	<u>Foster Academy</u>	<u>Frayser Elementary School</u>
<b>Assets</b>				
Cash	\$ 31,080	\$ 13,579	\$ 15,630	\$ 10,087
Temporary cash investments				
Accounts receivable	500		1,216	
Inventory	<u>91</u>	<u>260</u>	<u>76</u>	<u>450</u>
<b>Total Assets</b>	<u>\$ 31,671</u>	<u>\$ 13,839</u>	<u>\$ 16,922</u>	<u>\$ 10,537</u>
<b>Liabilities</b>				
Accounts payable	\$ 61	\$ 601	\$ 2,007	
Due to Jefferson County Board of Education			1,136	
Due to students groups	<u>31,610</u>	<u>13,238</u>	<u>13,779</u>	<u>\$ 10,537</u>
<b>Total Liabilities</b>	<u>\$ 31,671</u>	<u>\$ 13,839</u>	<u>\$ 16,922</u>	<u>\$ 10,537</u>

Continued

Combining Statement of Fiduciary Net Position--Continued

**Jefferson County Board of Education  
Elementary School Activity Funds**

June 30, 2013

	<b>Gilmore Lane Elementary School</b>	<b>Goldsmith Elementary School</b>	<b>Greathouse Shryrock Traditional Elementary School</b>	<b>Greenwood Elementary School</b>
<b>Assets</b>				
Cash	\$ 14,617	\$ 20,736	\$ 41,466	\$ 42,145
Temporary cash investments				
Accounts receivable				
Inventory	<u>317</u>	<u>126</u>	<u>10,687</u>	<u>1,460</u>
<b>Total Assets</b>	<b><u>\$ 14,934</u></b>	<b><u>\$ 20,862</u></b>	<b><u>\$ 52,153</u></b>	<b><u>\$ 43,605</u></b>
<b>Liabilities</b>				
Accounts payable		\$ 492	\$ 794	
Due to Jefferson County Board of Education				
Due to students groups	<u>\$ 14,934</u>	<u>20,370</u>	<u>51,359</u>	<u>\$ 43,605</u>
<b>Total Liabilities</b>	<b><u>\$ 14,934</u></b>	<b><u>\$ 20,862</u></b>	<b><u>\$ 52,153</u></b>	<b><u>\$ 43,605</u></b>

Continued

Combining Statement of Fiduciary Net Position--Continued

**Jefferson County Board of Education  
Elementary School Activity Funds**

June 30, 2013

	<u>Gutermuth Elementary School</u>	<u>Hartstern Elementary School</u>	<u>Hawthorne Elementary School</u>	<u>Hazelwood Elementary School</u>
<b>Assets</b>				
Cash	\$ 11,264	\$ 13,371	\$ 52,510	\$ 3,024
Temporary cash investments				
Accounts receivable			88	
Inventory	151	1,955	37	204
	<u>151</u>	<u>1,955</u>	<u>37</u>	<u>204</u>
<b>Total Assets</b>	<u>\$ 11,415</u>	<u>\$ 15,326</u>	<u>\$ 52,635</u>	<u>\$ 3,228</u>
<b>Liabilities</b>				
Accounts payable				\$ 31
Due to Jefferson County Board of Education				
Due to students groups	\$ 11,415	\$ 15,326	\$ 52,635	3,197
	<u>11,415</u>	<u>15,326</u>	<u>52,635</u>	<u>3,197</u>
<b>Total Liabilities</b>	<u>\$ 11,415</u>	<u>\$ 15,326</u>	<u>\$ 52,635</u>	<u>\$ 3,228</u>

Continued

Combining Statement of Fiduciary Net Position--Continued

**Jefferson County Board of Education  
Elementary School Activity Funds**

June 30, 2013

	<u>Hite Elementary School</u>	<u>Indian Trail Elementary School</u>	<u>Jacob Elementary School</u>	<u>Jeffersontown Elementary School</u>
<b>Assets</b>				
Cash	\$ 27,065	\$ 21,310	\$ 12,029	\$ 27,664
Temporary cash investments				
Accounts receivable	122			
Inventory	<u>206</u>	<u>58</u>	<u>828</u>	<u>1,713</u>
<b>Total Assets</b>	<u><u>\$ 27,393</u></u>	<u><u>\$ 21,368</u></u>	<u><u>\$ 12,857</u></u>	<u><u>\$ 29,377</u></u>
<b>Liabilities</b>				
Accounts payable	\$ 661		\$ 114	
Due to Jefferson County Board of Education				
Due to students groups	<u>26,732</u>	<u>\$ 21,368</u>	<u>12,743</u>	<u>\$ 29,377</u>
<b>Total Liabilities</b>	<u><u>\$ 27,393</u></u>	<u><u>\$ 21,368</u></u>	<u><u>\$ 12,857</u></u>	<u><u>\$ 29,377</u></u>

Continued

Combining Statement of Fiduciary Net Position--Continued

**Jefferson County Board of Education  
Elementary School Activity Funds**

June 30, 2013

	<b>Johnsontown Road Elementary School</b>	<b>John F. Kennedy Montessori Elementary School</b>	<b>Kenwood Elementary School</b>	<b>Kerrick Elementary School</b>
<b>Assets</b>				
Cash	\$ 8,094	\$ 27,797	\$ 26,658	\$ 12,753
Temporary cash investments				
Accounts receivable		57	397	
Inventory	3,355	150	117	640
	<u>3,355</u>	<u>150</u>	<u>117</u>	<u>640</u>
<b>Total Assets</b>	<b><u>\$ 11,449</u></b>	<b><u>\$ 28,004</u></b>	<b><u>\$ 27,172</u></b>	<b><u>\$ 13,393</u></b>
<b>Liabilities</b>				
Accounts payable	\$ 2,180		\$ 300	\$ 21
Due to Jefferson County Board of Education				
Due to students groups	9,269	\$ 28,004	26,872	13,372
	<u>9,269</u>	<u>\$ 28,004</u>	<u>26,872</u>	<u>13,372</u>
<b>Total Liabilities</b>	<b><u>\$ 11,449</u></b>	<b><u>\$ 28,004</u></b>	<b><u>\$ 27,172</u></b>	<b><u>\$ 13,393</u></b>

Continued

Combining Statement of Fiduciary Net Position--Continued

**Jefferson County Board of Education  
Elementary School Activity Funds**

June 30, 2013

	<u>King Elementary School</u>	<u>Klondike Lane Elementary School</u>	<u>Laukhuf Elementary School</u>	<u>Layne Elementary School</u>
<b>Assets</b>				
Cash	\$ 14,246	\$ 25,564	\$ 38,650	\$ 9,987
Temporary cash investments				
Accounts receivable	400	893		65
Inventory	<u>62</u>	<u>632</u>	<u>1,250</u>	<u>583</u>
<b>Total Assets</b>	<u>\$ 14,708</u>	<u>\$ 27,089</u>	<u>\$ 39,900</u>	<u>\$ 10,635</u>
<b>Liabilities</b>				
Accounts payable	\$ 1,330		\$ 1,369	
Due to Jefferson County Board of Education				
Due to students groups	<u>13,378</u>	<u>\$ 27,089</u>	<u>38,531</u>	<u>\$ 10,635</u>
<b>Total Liabilities</b>	<u>\$ 14,708</u>	<u>\$ 27,089</u>	<u>\$ 39,900</u>	<u>\$ 10,635</u>

Continued

Combining Statement of Fiduciary Net Position--Continued

**Jefferson County Board of Education  
Elementary School Activity Funds**

June 30, 2013

	<u>Lincoln Elementary School</u>	<u>Lowe Elementary School</u>	<u>Luhr Elementary School</u>	<u>Maupin Elementary School</u>
<b>Assets</b>				
Cash	\$ 15,225	\$ 22,397	\$ 14,737	\$ 9,734
Temporary cash investments				
Accounts receivable		560	40	
Inventory	<u>869</u>	<u>93</u>	<u>706</u>	<u>2,506</u>
<b>Total Assets</b>	<u><u>\$ 16,094</u></u>	<u><u>\$ 23,050</u></u>	<u><u>\$ 15,483</u></u>	<u><u>\$ 12,240</u></u>
<b>Liabilities</b>				
Accounts payable		\$ 58		
Due to Jefferson County Board of Education				
Due to students groups	<u>\$ 16,094</u>	<u>22,992</u>	<u>\$ 15,483</u>	<u>\$ 12,240</u>
<b>Total Liabilities</b>	<u><u>\$ 16,094</u></u>	<u><u>\$ 23,050</u></u>	<u><u>\$ 15,483</u></u>	<u><u>\$ 12,240</u></u>

Continued

Combining Statement of Fiduciary Net Position--Continued

**Jefferson County Board of Education  
Elementary School Activity Funds**

June 30, 2013

	<b>John B. McFerran Preparatory Academy</b>	<b>Medora Elementary School</b>	<b>Middletown Elementary School</b>	<b>Mill Creek Elementary School</b>
<b>Assets</b>				
Cash	\$ 28,056	\$ 11,700	\$ 17,516	\$ 1,610
Temporary cash investments				
Accounts receivable	98		21	40
Inventory	5,796	671	324	940
	<u>33,950</u>	<u>12,371</u>	<u>17,861</u>	<u>2,590</u>
<b>Total Assets</b>	<b>\$ 33,950</b>	<b>\$ 12,371</b>	<b>\$ 17,861</b>	<b>\$ 2,590</b>
<b>Liabilities</b>				
Accounts payable		\$ 56	\$ 40	
Due to Jefferson County Board of Education	\$ 400			
Due to students groups	33,550	12,315	17,821	\$ 2,590
	<u>33,950</u>	<u>12,371</u>	<u>17,861</u>	<u>2,590</u>
<b>Total Liabilities</b>	<b>\$ 33,950</b>	<b>\$ 12,371</b>	<b>\$ 17,861</b>	<b>\$ 2,590</b>

Continued

Combining Statement of Fiduciary Net Position--Continued

**Jefferson County Board of Education  
Elementary School Activity Funds**

June 30, 2013

	<u>Minors Lane Elementary School</u>	<u>Norton Elementary School</u>	<u>Okolona Elementary School</u>	<u>Portland Elementary School</u>
<b>Assets</b>				
Cash	\$ 8,529	\$ 66,136	\$ 18,279	\$ 12,849
Temporary cash investments				
Accounts receivable				180
Inventory	<u>193</u>	<u>1,103</u>	<u>1,319</u>	<u>567</u>
<b>Total Assets</b>	<u><u>\$ 8,722</u></u>	<u><u>\$ 67,239</u></u>	<u><u>\$ 19,598</u></u>	<u><u>\$ 13,596</u></u>
<b>Liabilities</b>				
Accounts payable		\$ 706		\$ 64
Due to Jefferson County Board of Education				
Due to students groups	<u>\$ 8,722</u>	<u>66,533</u>	<u>\$ 19,598</u>	<u>13,532</u>
<b>Total Liabilities</b>	<u><u>\$ 8,722</u></u>	<u><u>\$ 67,239</u></u>	<u><u>\$ 19,598</u></u>	<u><u>\$ 13,596</u></u>

Continued

Combining Statement of Fiduciary Net Position--Continued

**Jefferson County Board of Education  
Elementary School Activity Funds**

June 30, 2013

	<u>Price Elementary School</u>	<u>Rangeland Elementary School</u>	<u>Roosevelt Perry Elementary School</u>	<u>Rutherford Elementary School</u>
<b>Assets</b>				
Cash	\$ 12,364	\$ 14,127	\$ 12,127	\$ 29,994
Temporary cash investments				
Accounts receivable	740		78	160
Inventory	<u>66</u>	<u>174</u>	<u>192</u>	<u>24</u>
<b>Total Assets</b>	<u>\$ 13,170</u>	<u>\$ 14,301</u>	<u>\$ 12,397</u>	<u>\$ 30,178</u>
<b>Liabilities</b>				
Accounts payable	\$ 1,200		\$ 170	
Due to Jefferson County Board of Education				
Due to students groups	<u>11,970</u>	<u>\$ 14,301</u>	<u>12,227</u>	<u>\$ 30,178</u>
<b>Total Liabilities</b>	<u>\$ 13,170</u>	<u>\$ 14,301</u>	<u>\$ 12,397</u>	<u>\$ 30,178</u>

Continued

Combining Statement of Fiduciary Net Position--Continued

**Jefferson County Board of Education  
Elementary School Activity Funds**

June 30, 2013

	<u>St. Matthews Elementary School</u>	<u>Sanders Elementary School</u>	<u>Schaffner Traditional Elementary School</u>	<u>Seiple Elementary School</u>
<b>Assets</b>				
Cash	\$ 18,416	\$ 20,469	\$ 27,151	\$ 6,614
Temporary cash investments				
Accounts receivable	1,105			
Inventory	<u>717</u>	<u>1,358</u>	<u>580</u>	<u>8,481</u>
<b>Total Assets</b>	<u>\$ 20,238</u>	<u>\$ 21,827</u>	<u>\$ 27,731</u>	<u>\$ 15,095</u>
<b>Liabilities</b>				
Accounts payable		\$ 248	\$ 41	
Due to Jefferson County Board of Education				
Due to students groups	<u>\$ 20,238</u>	<u>21,579</u>	<u>27,690</u>	<u>\$ 15,095</u>
<b>Total Liabilities</b>	<u>\$ 20,238</u>	<u>\$ 21,827</u>	<u>\$ 27,731</u>	<u>\$ 15,095</u>

Continued

Combining Statement of Fiduciary Net Position--Continued

**Jefferson County Board of Education  
Elementary School Activity Funds**

June 30, 2013

	<u>Shacklette Elementary School</u>	<u>Shelby Elementary School</u>	<u>Slaughter Elementary School</u>	<u>Smyrna Elementary School</u>
<b>Assets</b>				
Cash	\$ 20,206	\$ 24,687	\$ 1,905	\$ 23,294
Temporary cash investments				6,000
Accounts receivable				1
Inventory	<u>728</u>	<u>5,149</u>	<u>553</u>	<u>5,084</u>
<b>Total Assets</b>	<u>\$ 20,934</u>	<u>\$ 29,836</u>	<u>\$ 2,458</u>	<u>\$ 34,379</u>
<b>Liabilities</b>				
Accounts payable Due to Jefferson County Board of Education				
Due to students groups	<u>\$ 20,934</u>	<u>\$ 29,836</u>	<u>\$ 2,458</u>	<u>\$ 34,379</u>
<b>Total Liabilities</b>	<u>\$ 20,934</u>	<u>\$ 29,836</u>	<u>\$ 2,458</u>	<u>\$ 34,379</u>

Continued

Combining Statement of Fiduciary Net Position--Continued

**Jefferson County Board of Education  
Elementary School Activity Funds**

June 30, 2013

	<u>Stonestreet Elementary School</u>	<u>Stopher Elementary School</u>	<u>Trunnell Elementary School</u>	<u>Tully Elementary School</u>
<b>Assets</b>				
Cash	\$ 9,740	\$ 28,259	\$ 10,376	\$ 6,861
Temporary cash investments				
Accounts receivable	367			
Inventory	<u>75</u>	<u>964</u>	<u>3,745</u>	<u>4,597</u>
<b>Total Assets</b>	<u>\$ 10,182</u>	<u>\$ 29,223</u>	<u>\$ 14,121</u>	<u>\$ 11,458</u>
<b>Liabilities</b>				
Accounts payable		\$ 819	\$ 71	
Due to Jefferson County Board of Education				
Due to students groups	<u>\$ 10,182</u>	<u>28,404</u>	<u>14,050</u>	<u>\$ 11,458</u>
<b>Total Liabilities</b>	<u>\$ 10,182</u>	<u>\$ 29,223</u>	<u>\$ 14,121</u>	<u>\$ 11,458</u>

Continued

Combining Statement of Fiduciary Net Position--Continued

**Jefferson County Board of Education  
Elementary School Activity Funds**

June 30, 2013

	<u>Watson Lane Elementary School</u>	<u>Watterson Elementary School</u>	<u>Wellington Elementary School</u>	<u>Wheatley Elementary School</u>
<b>Assets</b>				
Cash	\$ 28,860	\$ 17,963	\$ 11,521	\$ 5,331
Temporary cash investments				
Accounts receivable			200	
Inventory	<u>2,927</u>	<u>348</u>	<u>745</u>	<u>343</u>
<b>Total Assets</b>	<u><u>\$ 31,787</u></u>	<u><u>\$ 18,311</u></u>	<u><u>\$ 12,466</u></u>	<u><u>\$ 5,674</u></u>
<b>Liabilities</b>				
Accounts payable	\$ 61	\$ 67		
Due to Jefferson County Board of Education				
Due to students groups	<u>31,726</u>	<u>18,244</u>	<u>\$ 12,466</u>	<u>\$ 5,674</u>
<b>Total Liabilities</b>	<u><u>\$ 31,787</u></u>	<u><u>\$ 18,311</u></u>	<u><u>\$ 12,466</u></u>	<u><u>\$ 5,674</u></u>

Continued

Combining Statement of Fiduciary Net Position--Continued

**Jefferson County Board of Education  
Elementary School Activity Funds**

June 30, 2013

	<u>Wheeler Elementary School</u>	<u>Wilder Elementary School</u>	<u>Wilkerson Elementary School</u>	<u>Wilt Elementary School</u>
<b>Assets</b>				
Cash	\$ 25,652	\$ 23,041	\$ 42,473	\$ 21,343
Temporary cash investments				
Accounts receivable	520		78	
Inventory	<u>575</u>	<u>38</u>	<u>796</u>	<u>2,905</u>
<b>Total Assets</b>	<u>\$ 26,747</u>	<u>\$ 23,079</u>	<u>\$ 43,347</u>	<u>\$ 24,248</u>
<b>Liabilities</b>				
Accounts payable	\$ 724	\$ 231	\$ 494	
Due to Jefferson County Board of Education			1,922	
Due to students groups	<u>26,023</u>	<u>22,848</u>	<u>40,931</u>	<u>\$ 24,248</u>
<b>Total Liabilities</b>	<u>\$ 26,747</u>	<u>\$ 23,079</u>	<u>\$ 43,347</u>	<u>\$ 24,248</u>

Continued

Combining Statement of Fiduciary Net Position--Continued

**Jefferson County Board of Education  
Elementary School Activity Funds**

June 30, 2013

	<b>Whitney M. Young Elementary School</b>	<b>Zachary Taylor Elementary School</b>
	<u>                    </u>	<u>                    </u>
<b>Assets</b>		
Cash	\$ 14,960	\$ 14,947
Temporary cash investments		
Accounts receivable		
Inventory	<u>2,851</u>	<u>1,554</u>
<b>Total Assets</b>	<b><u>\$ 17,811</u></b>	<b><u>\$ 16,501</u></b>
<b>Liabilities</b>		
Accounts payable		\$ 47
Due to Jefferson County Board of Education		
Due to students groups	<u>\$ 17,811</u>	<u>16,454</u>
<b>Total Liabilities</b>	<b><u>\$ 17,811</u></b>	<b><u>\$ 16,501</u></b>

See Independent Auditors' Report

Combining Statement of Cash Receipts and Disbursements

**Jefferson County Board of Education  
Elementary School Activity Funds**

Year Ended June 30, 2013

<u>Name of School</u>	<u>Cash Balance July 1, 2012</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash Balance June 30, 2013</u>
Atkinson Elementary School	\$ 17,937	\$ 20,102	\$ 15,327	\$ 22,712
Auburndale Elementary School	21,294	35,838	33,129	24,003
Audubon Traditional Elementary School	4,024	111,729	115,060	693
Bates Elementary School	17,362	80,116	70,301	27,177
Blake Elementary School	22,700	34,361	37,689	19,372
Bloom Elementary School	17,869	50,705	52,279	16,295
Blue Lick Elementary School	10,382	33,491	32,564	11,309
Bowen Elementary School	7,512	118,644	112,033	14,123
Brandeis Elementary School	18,106	200,473	201,820	16,759
Breckinridge Franklin Elementary School	17,097	41,149	33,378	24,868
Byck Elementary School	16,360	36,038	36,873	15,525
Camp Taylor Elementary School	5,071	24,367	22,509	6,929
Cane Run Elementary School	21,585	45,800	43,733	23,652
Carter Traditional Elementary School	51,402	136,336	122,448	65,290
Malcolm B. Chancey, Jr. Elementary School	14,350	81,442	79,607	16,185
Chenoweth Elementary School	21,285	81,639	76,368	26,556
Garvin H. Cochran Elementary School	28,703	50,976	53,153	26,526
Garland S. Cochrane Elementary School	5,858	25,880	26,895	4,843
Coleridge Taylor Elementary School	13,212	269,839	272,214	10,837
Coral Ridge Elementary School	40,109	45,855	42,727	43,237

Continued

Combining Statement of Cash Receipts and Disbursements--Continued

**Jefferson County Board of Education  
Elementary School Activity Funds**

Year Ended June 30, 2013

<u>Name of School</u>	<u>Cash Balance July 1, 2012</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash Balance June 30, 2013</u>
Crums Lane Elementary School	14,872	37,248	38,506	13,614
Dixie Elementary School	922	42,541	37,653	5,810
Dunn Elementary School	43,772	158,883	159,550	43,105
Eisenhower Elementary School	26,796	86,726	82,822	30,700
Engelhard Elementary School	30,787	36,618	37,542	29,863
Fairdale Elementary School	9,918	41,685	42,526	9,077
Farmer Elementary School	37,548	199,702	198,461	38,789
Fern Creek Elementary School	34,881	90,209	94,010	31,080
Field Elementary School	10,280	74,537	71,238	13,579
Foster Academy	18,043	43,687	46,100	15,630
Frayser Elementary School	9,491	18,639	18,043	10,087
Gilmore Lane Elementary School	6,119	22,294	13,796	14,617
Goldsmith Elementary School	12,634	35,518	27,416	20,736
Greathouse Shryrock Traditional Elementary School	27,957	140,854	127,345	41,466
Greenwood Elementary School	39,648	61,202	58,705	42,145
Gutermuth Elementary School	12,913	31,019	32,668	11,264
Hartstern Elementary School	10,537	25,389	22,555	13,371
Hawthorne Elementary School	36,878	37,104	21,472	52,510
Hazelwood Elementary School	3,135	15,656	15,767	3,024
Hite Elementary School	29,433	123,837	126,205	27,065

Continued

Combining Statement of Cash Receipts and Disbursements--Continued

**Jefferson County Board of Education  
Elementary School Activity Funds**

Year Ended June 30, 2013

<u>Name of School</u>	<u>Cash Balance July 1, 2012</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash Balance June 30, 2013</u>
Indian Trail Elementary School	26,140	45,499	50,329	21,310
Jacob Elementary School	26,019	40,772	54,762	12,029
Jeffersontown Elementary School	21,738	126,199	120,273	27,664
Johnsontown Road Elementary School	6,973	51,055	49,934	8,094
John F. Kennedy Montessori Elementary School	20,784	274,676	267,663	27,797
Kenwood Elementary School	23,187	53,168	49,697	26,658
Kerrick Elementary School	13,265	31,575	32,087	12,753
King Elementary School	11,962	36,638	34,354	14,246
Klondike Lane Elementary School	26,467	46,515	47,418	25,564
Laukhuf Elementary School	45,920	82,368	89,638	38,650
Layne Elementary School	9,267	30,990	30,270	9,987
Lincoln Elementary School	22,268	42,143	49,186	15,225
Lowe Elementary School	18,899	93,823	90,325	22,397
Luhr Elementary School	22,689	65,794	73,746	14,737
Maupin Elementary School	6,306	31,303	27,875	9,734
John B. McFerran Preparatory Academy	29,371	95,444	96,759	28,056
Medora Elementary School	9,172	64,112	61,584	11,700
Middletown Elementary School	26,797	60,722	70,003	17,516
Mill Creek Elementary School	3,310	36,315	38,015	1,610
Minors Lane Elementary School	6,072	21,733	19,276	8,529

Continued

Combining Statement of Cash Receipts and Disbursements--Continued

**Jefferson County Board of Education  
Elementary School Activity Funds**

Year Ended June 30, 2013

<u>Name of School</u>	<u>Cash Balance July 1, 2012</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash Balance June 30, 2013</u>
Norton Elementary School	64,958	236,798	235,620	66,136
Okolona Elementary School	16,333	20,606	18,660	18,279
Portland Elementary School	12,223	20,276	19,650	12,849
Price Elementary School	12,302	39,171	39,109	12,364
Rangeland Elementary School	12,506	21,375	19,754	14,127
Roosevelt Perry Elementary School	12,809	17,370	18,052	12,127
Rutherford Elementary School	21,351	70,695	62,052	29,994
St. Matthews Elementary School	9,352	79,466	70,402	18,416
Sanders Elementary School	19,490	88,552	87,573	20,469
Schaffner Traditional Elementary School	17,213	87,627	77,689	27,151
Semple Elementary School	7,631	28,914	29,931	6,614
Shacklette Elementary School	20,701	24,834	25,329	20,206
Shelby Elementary School	21,685	48,833	45,831	24,687
Slaughter Elementary School	976	22,208	21,279	1,905
Smyrna Elementary School	33,496	43,962	54,164	23,294
Stonestreet Elementary School	6,787	36,496	33,543	9,740
Stopher Elementary School	34,781	308,864	315,386	28,259
Trunnell Elementary School	7,420	43,917	40,961	10,376
Tully Elementary School	11,277	210,648	215,064	6,861
Watson Lane Elementary School	25,997	40,829	37,966	28,860

Continued

Combining Statement of Cash Receipts and Disbursements--Continued

**Jefferson County Board of Education  
Elementary School Activity Funds**

Year Ended June 30, 2013

<u>Name of School</u>	<u>Cash Balance July 1, 2012</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash Balance June 30, 2013</u>
Watterson Elementary School	14,217	68,333	64,587	17,963
Wellington Elementary School	13,401	37,641	39,521	11,521
Wheatley Elementary School	9,982	17,817	22,468	5,331
Wheeler Elementary School	32,946	85,081	92,375	25,652
Wilder Elementary School	20,917	60,278	58,154	23,041
Wilkerson Elementary School	37,365	54,800	49,692	42,473
Wilt Elementary School	19,288	36,960	34,905	21,343
Whitney M. Young Elementary School	14,626	27,301	26,967	14,960
Zachary Taylor Elementary School	18,443	56,282	59,778	14,947
<b>Total</b>	<u>\$ 1,715,861</u>	<u>\$ 6,114,906</u>	<u>\$ 6,022,143</u>	<u>\$ 1,808,624</u>

See Independent Auditors' Report

**Report Required by *Government Auditing Standards***

**Independent Auditors' 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***

**Strothman and Company**  
*Certified Public Accountants and Advisors*  
1600 Waterfront Plaza  
325 West Main Street  
Louisville, KY 40202  
502 585 1600



**Independent Auditors' 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***

Members of the Board  
Jefferson County Board of Education  
Louisville, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the combined statement of fiduciary net position of the Elementary School Activity Funds (the "Activity Funds") of the Jefferson County Board of Education (the "Board") as of June 30, 2013, and the related notes to the financial statement, which collectively comprise the Activity Funds basic financial statements and have issued our report thereon dated November 11, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Activity Funds' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the combined statement of fiduciary net position, but not for the purpose of expressing an opinion on the effectiveness of the Activity Funds' internal control. Accordingly, we do not express an opinion on the effectiveness of the Activity Funds' internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect 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 Activity Funds' combined statement of fiduciary net position will not be prevented or detected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

## Compliance and Other Matters

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

We also noted certain other matters that we reported to management of the Board in a separate letter dated November 11, 2013.

## Purpose of this Report

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

  
Louisville, Kentucky  
November 11, 2013