

JESSAMINE COUNTY
SCHOOL DISTRICT

AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULES

For the year ended June 30, 2013

Prepared by:

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INDEPENDENT AUDITOR'S REPORT

To the Jessamine County Board of Education and
State Committee for School District Audits
Nicholasville, Kentucky

Report on the Financial Statements

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 Jessamine County School District as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 the Auditor Responsibilities and State Compliance Requirements sections contained in the Kentucky Public School Districts' Audit Contract and Requirements. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 entity's preparation and fair presentation of the financial statements 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 entity's 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 statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Jessamine County School District, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows, and the respective budgetary comparison for the General Fund and Special Revenue Fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information as listed in the table of contents 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Jessamine County School District's basic financial statements. The additional supplementary information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The additional supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2013, on our consideration of the Jessamine County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Jessamine County School District's internal control over financial reporting and compliance.

White & Associates, P.C.

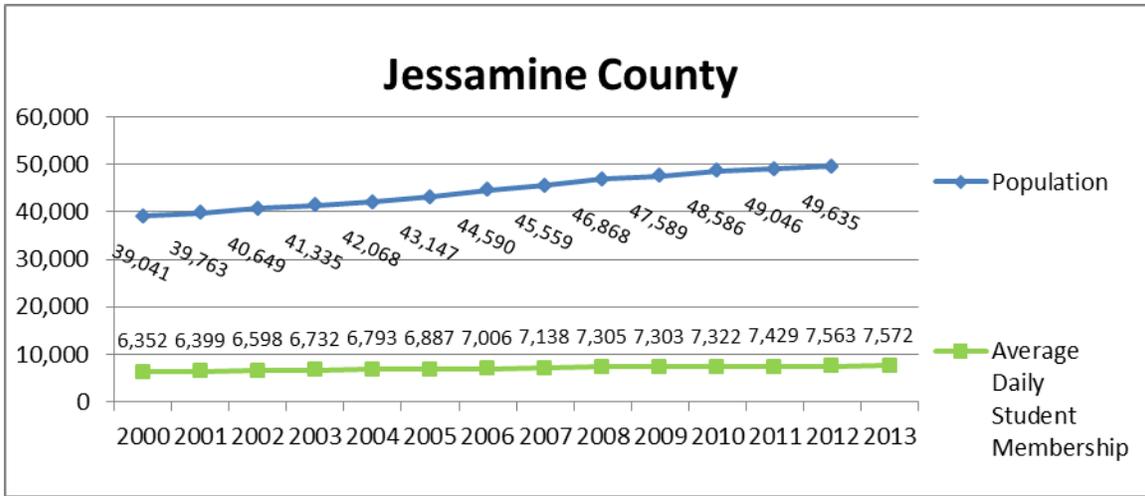
Richmond, Kentucky
October 21, 2013

**JESSAMINE COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013**

Management of the Jessamine County Board of Education (Jessamine County Schools) has prepared this section as a narrative overview and analysis of the financial activities of the Jessamine County Schools. This section is to be considered with the information found in the body of the audited financial report. This perspective is provided for the benefit of the financial report readers pursuant to rules of the Governmental Accounting Standards Board.

Jessamine County

Jessamine County is located within the Bluegrass Region of Kentucky sharing, to the north, a boundary with Lexington, Fayette County, Kentucky. As the Bluegrass Region continues to grow and much of Lexington's urban services area has been developed, neighboring counties, including Jessamine County, are experiencing both overall population growth and growth of average daily membership in public schools.



With an area of about 173 square miles, Jessamine County has an average population density of about 287 persons per square mile. Two highways come into Jessamine County from Lexington. U.S. Route 27 is a four-lane highway crossing the county from north to south. U.S. Route 68 is a four-lane highway from Lexington to Wilmore that continues south and then west.

Jessamine County Schools seeks to cultivate caring learning environments that motivate and challenge all students to think, learn, and perform at high levels. Every child, every day!

Financial Highlights

As an economic recovery has been modest, at best, the management of the Jessamine County Schools has continued to emphasize keeping expenditure under control. Despite the emphasis, some measures of financial condition were diminished during Fiscal Year 2012-2013 (FY2013); yet, overall, Jessamine County Schools continues to enjoy a good financial condition:

**JESSAMINE COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013**

- ❖ Governmental Fund revenues exceeded \$75 million (+0.47% over FY 2012).
- ❖ Total Net Position declined from \$41.5 million to \$39.9 million, including the prior period adjustment. (-3.92%).
- ❖ Total Fund Balance for the district's General Fund decreased \$514,312 (-5.28%) to \$9,221,924 (as of June 30, 2013) from \$9,736,236 (as of June 30, 2012).
- ❖ Support Education Excellence in Kentucky (SEEK) funding from the state increased slightly:

SEEK	FY09	FY10	FY11	FY12	FY13	+/- %
General Fund	\$24,903,973	\$21,879,131	\$22,438,688	\$24,581,023	\$24,991,045	+1.67%
State Fiscal Stabilization Funds (SFSF) (Federal)	\$0	2,321,311	1,891,595	\$0	\$0	0.0%
General Fund plus SFSF	\$24,903,973	\$24,200,442	\$24,330,283	\$24,581,023	\$24,991,045	+1.67%
Capital Outlay Fund	670,096	666,628	680,579	680,468	694,556	+2.07%
FSPK Building Fund	985,476	901,650	1,016,291	995,112	1,088,124	+9.35%
Totals	\$26,559,545	\$25,768,720	\$26,027,153	\$26,256,603	\$26,773,725	+1.97%

- ❖ Generally, local tax revenues continued to increase. Though property tax revenue decreased \$55,823 (-0.25%); motor vehicle tax revenue increased \$82,439 (+4.97%), and Utility Tax revenue increased \$366,516 (+12.35%):

Local	FY09	FY10	FY11	FY12	FY13	+/- %
Property	\$20,517,692	\$21,548,883	\$21,243,927	\$22,694,508	\$22,638,685	- 0.02%
Distilled Spirits	151,980	116,360	101,235	115,832	134,359	+15.99%
Unmined Minerals	2,415	2,286	2,167	2,020	1,571	-22.22%
Motor Vehicles	1,558,205	1,594,241	1,613,381	1,658,835	1,741,274	+4.97%
Utility	3,029,496	2,896,057	2,992,572	2,967,767	3,334,283	+12.35%
Totals	\$25,259,788	\$26,157,827	25,953,282	27,438,962	27,850,172	+1.50%

- ❖ Total assessment (including motor vehicles) decreased \$1,523,650 (-0.04%):

Assessment	FY08	FY09	FY10	FY11	FY12	FY13	FY14
Date	1/1/07	1/1/08	1/1/09	1/1/10	1/1/11	1/1/12	1/1/13
Assessment (billions)	\$3.601	\$3.792	\$3.851	\$3.916	\$3.888	\$3.947	\$3.946
% change		5.30%	1.56%	1.69%	-0.72%	1.53%	-0.04%

**JESSAMINE COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013**

Financial Highlights (continued)

- ❖ The Unassigned Fund Balance of the General Fund at the end of FY2013 was \$8,375,578, or 13.98% of the total General Fund expenditure. Compare this to the FY2012 Unassigned Fund Balance of \$8,833,757 or 15.62% of total General Fund expenditure. The Unassigned Fund Balance for FY2013 is 10.38% of the total expenditure of the General, Special Revenue, Capital Outlay, FSPK Building and School Food Service Funds combined (compared to 11.16% for FY2012).
- ❖ The district agreed to purchase five more new school buses during FY2013, which were delivered in FY2014.
- ❖ As a growth district, Jessamine County Schools has levied additional property taxes to provide funding for facilities. The Commonwealth provides additional equalizing funds:

Active construction and renovation projects during FY2013:

- New Red Oak Elementary School
- Renovation of Nicholasville Elementary
- East High School Culinary Kitchen
- Energy Conservation Projects

Other facility projects planned within the district include:

- Renovation of Warner Elementary

The Local Planning Committee's District Facility Plan provides additional information.

Overview of the Financial Statements

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

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Jessamine County Schools' finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the assets, liabilities and deferred inflows (if any) and outflows of resources of the Jessamine County Schools, with the bottom line reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

**JESSAMINE COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013**

Overview of the Financial Statements (continued)

The statement of activities presents information showing how the school district's net position changed during the most recent fiscal year. All changes in net position 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 result in cash flows in future fiscal periods.

The government-wide financial statements can be found on pages 15 - 16 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. The Jessamine County Schools, like other school districts, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund reporting is the type of presentation that has been found in past financial reports and continues to be required reporting. All of the funds of the Jessamine County Schools can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

Jessamine County Schools maintains several individual governmental funds. Information is presented separately for the General Fund, Special Revenue Fund, Construction Fund and Debt Service on pages 17 and 19. The Capital Outlay Fund and FSPK Building Fund are nonmajor funds reported in Other Governmental Funds on pages 45 and 46 and are combined as Other Governmental Funds on pages 17 and 19.

The Jessamine County Schools adopts an annual appropriated (working) budget for its governmental funds. A budgetary comparison schedule may be found for the district's governmental funds to demonstrate compliance on pages 21 and 22.

The basic governmental fund financial statements can be found on pages 17 - 22 of this report.

**JESSAMINE COUNTY BOARD OF EDUCATION
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FOR THE YEAR ENDED JUNE 30, 2013**

Government-wide Financial Analysis (continued)

Proprietary funds. The Jessamine County Schools has one proprietary fund, its School Food Service Fund. The School Food Service Fund is an Enterprise Fund, used to report the same functions presented as business-type activities in the government-wide financial statements. Another type of Proprietary Fund is an Internal Service Fund, used to accumulate and allocate costs internally among an entity's various functions. Jessamine County Schools does not have any Internal Service Funds.

The basic proprietary fund financial statements can be found on pages 23 – 25 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of others – not the school district. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the directives of the Jessamine County Board of Education. The fiduciary funds of the Jessamine County Schools are the Internal (Activity Fund) accounts of the individual schools.

The basic fiduciary fund financial statements can be found on page 26 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 27 - 44 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the Jessamine County Schools, net position was \$39,916,971 at the end of FY2013 (see pages 15 and 16 – Total Net Position). Invested in Capital Assets, Net of Related Debt is \$20,381,505; Restricted Net Position is \$2,417,801; and the remaining \$17,117,665 is unrestricted within the respective funds. Asset values are recorded based on historic cost principles. This is the accepted financial reporting measure used primarily because it can be objectively determined. Long-held assets such as land or buildings may have current values that differ significantly from asset values reported at historic cost. It should also be noted that the Jessamine County Schools uses its capital assets to provide educational and related services primarily to the children of the county (there are adult programs and some other programs); consequently, these assets are not available for future spending, and the resources needed to repay the related debt must be provided from other sources for the capital assets themselves are not to be used to liquidate these liabilities.

Governmental activities. Governmental Activities' net position decreased \$1.60 million compared to the end of the previous fiscal year. Current Assets decreased and Capital Assets increased as construction progressed in the Construction Fund. Total Assets increased \$5.42 million to \$144.29 million; Deferred Outflows (titled Bond Defeasance in FY 12) decreased \$36,535 to \$264,477; and Total Liabilities increased \$7.28 million to \$106.93 million.

**JESSAMINE COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013**

Government-wide Financial Analysis (continued)

Liabilities increased as bond proceeds to continue renovation of Nicholasville Elementary School and for Energy Saving Projects were issued in excess of the amount of bond principal paid during FY2013.

Governmental Activities - Net Position Summary				
As of June 30th:	<u>FY2011</u>	<u>FY2012</u>	<u>FY2013</u>	<u>FY13 % Change</u>
Assets:				
Current and Other	\$15,887,409	\$33,022,908	\$26,760,587	-18.96%
Capital Assets	<u>102,640,674</u>	<u>105,840,161</u>	<u>117,526,468</u>	+11.04%
Total Assets	<u>118,528,083</u>	<u>138,863,068</u>	<u>144,287,055</u>	+3.91%
Deferred Outflow	=	=	<u>264,477</u>	100.0%
Current Liabilities	\$6,188,612	\$8,245,984	\$12,939,161	+56.91%
Non-Current	<u>75,860,769</u>	<u>91,403,766</u>	<u>93,994,334</u>	+2.68%
Total Liabilities	<u>82,049,381</u>	<u>99,649,750</u>	<u>106,933,495</u>	+7.31%
Total Net Position	<u>\$36,478,702</u>	<u>\$39,213,319</u>	<u>\$37,618,037</u>	-4.07%

Salary costs totaled \$41.83 million for FY2013 compared to \$41.07 million for FY2012, an increase of \$758,540 (+1.85%). This reflects, within all functions, both staffing changes and pay increases (only step increases for most employees for FY2013).

Governmental Activities expenditure increased \$2.6 million (+3.57%) in FY2013:

Government Activities						FY12-FY13
Expenditure by Function	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>% Change</u>
Instruction	37,641,398	40,735,020	38,296,689	38,258,981	39,547,769	+3.37%
Support Services:						
Student	2,403,564	2,622,483	2,773,229	2,999,594	3,025,910	+0.88%
Instructional Staff	2,744,878	3,148,813	2,833,526	2,690,360	3,047,989	+13.29%
District Administration	410,721	446,189	476,495	483,540	743,164	+53.69%
School Administration	4,665,930	4,838,820	4,945,840	5,195,763	5,554,436	+6.90%
Business	2,679,744	2,466,930	2,423,706	3,044,075	2,574,884	-15.41%
Plant						
Operations/Maintenance	5,828,038	5,866,174	5,963,338	5,987,971	6,203,904	+0.36%
Student Transportation	4,375,391	4,532,800	4,283,327	4,894,520	5,386,631	+10.05%
Community Service						
Operations	666,308	587,759	561,287	576,682	556,970	-3.42%
Other activities	0	0	265,836	120,281	105,716	-12.11%
Depreciation/amortization	3,440,209	3,663,991	4,470,557	4,690,549	4,441,901	-5.30%
Interest on Debt	<u>3,353,476</u>	<u>3,493,672</u>	<u>3,290,820</u>	<u>3,382,285</u>	<u>3,669,528</u>	<u>+8.49%</u>
Total Governmental Activities	<u>68,209,657</u>	<u>72,402,651</u>	<u>70,584,650</u>	<u>72,281,009</u>	<u>74,858,802</u>	<u>+3.57%</u>

**JESSAMINE COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013**

District administration increased 53.69% as the Chief of Staff office was moved from Instructional Staff Support to District Administration (+\$176,787 vs. FY2012) plus additional state on-behalf charges (+\$43,456); and other costs including costs for AdvancEd accreditation, a process which occurs every five years.

Instruction Staff Support increased 13.29% as Professional Development expenditure increased (+\$267,424), and as Instruction-related Technology (+\$168,177) was moved from Business to Instructional Staff Support.

Government-wide Financial Analysis (continued)

Diesel fuel increased \$35,225 or 5.69% from \$618,715 (FY2012) to \$653,940 (FY2013). The cost of utilities for the operation of district facilities increased \$67,981, or +5.28%, from \$1.29 million (FY2012) to \$1.35 million (FY2013).

Most function categories include an allocation of the state employee benefit "on-behalf" costs. The on-behalf costs increased \$477,942 or 4.35% (more on on-behalf payments later in this section).

The Business Government Activities Function decreased from \$2,331,782 (FY2012) to \$2,298,934 (FY2013), which is \$32,848, or a decrease of 1.41%. County Employees Retirement System employer contributions increased from 18.96% for FY2012 to 19.55% for FY2013 (+\$14,388).

Other increases to the Business Function include \$330,243 for equipment for the new elementary, Red Oak Elementary, opening August 2013.

For the General Fund, the employer share of retirement contributions for classified employees (generally, non-teachers) increased \$110,368 (+7.47%) from \$1,476,528 (FY2012) to \$1,586,896 (FY2013).

Some employer benefits are paid by the state on-behalf of the school district. These costs are included in the Governmental Activities Expenditure, even though the local district does not make direct payment for them. Included in the "on-behalf" expense are charges for payments to Kentucky Teachers' Retirement System, and expenses related to employee health insurance, the state-provided life insurance and related administrative costs.

(SEE SCHEDULE ON NEXT PAGE)

**JESSAMINE COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013**

State-paid Employee Benefit On-Behalf Costs							
	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>FY12-FY13: % Change</u>
Instruction	7,101,262	7,624,504	7,552,320	7,353,039	7,385,439	7,773,911	+5.26%
Support Services:							
Student	408,801	438,449	494,095	558,214	490,554	476,914	-2.78%
Instructional Staff	295,481	299,228	360,202	394,343	322,664	327,869	+1.61%
District Administration	46,321	50,923	60,478	76,674	74,605	118,060	+58.25%
School Administration	757,858	802,446	934,217	1,079,039	1,064,756	1,116,225	+4.83%
Business	237,422	268,621	263,422	285,783	339,062	304,272	-10.26%
Plant Operations/Maintenance	304,136	350,169	403,114	406,398	594,707	615,527	+3.50%
Student Transportation	352,500	412,799	485,393	453,323	692,946	709,553	+2.40%
Community Service Activities	5,956	6,407	8,455	8,392	12,697	13,041	+2.71%
Total On-Behalf Costs	9,509,737	10,253,546	10,561,696	10,615,205	10,977,430	11,455,372	+4.35%

Business-type activities. The School Food Service program, the sole business-type activity, had a net loss of \$32,848 for FY2013. Sales decreased \$74,498 or 7.59% to \$906,535; Federal revenue increased 4.36% from \$2,369,254 (FY2012) to \$2,472,662, an increase of \$103,408. Donated commodities increased from \$210,021 (FY2012) to \$229,088 (FY2013); state revenue, excluding on-behalf payments, increased from \$38,225 (FY2012) to \$39,525 (FY2013) and interest income decreased from \$3,673 (FY2012) to \$3,421 (FY2013). Revenue from all sources of \$3,422,143, were out-paced by expenses of \$3,454,990 during FY2013.

Food Service program expenses increased \$153,614 (4.65%) with Salaries and Wages increasing from \$1,477,684 (FY2012) to \$1,560,470 (FY2013), an increase of \$82,786 (+5.60%). State on-behalf costs increased \$6,449 (+2.88%) to \$230,370. Supplies and materials, excluding donated commodities, increased \$81,699 (+4.71%) from \$1,735,281 to \$1,816,980. Depreciation declined from \$88,411 (FY2012) to \$77,541 (FY2013), or -12.29%

Business Activities - Net Position Summary								
As of June 30th:	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>FY12-13 % Change</u>
Assets:								
Current and Other	\$1,399,492	\$1,441,287	\$1,410,290	\$1,396,985	\$1,625,635	\$1,802,719	1,572,059	-12.80%
Capital Assets	<u>514,494</u>	<u>435,905</u>	<u>334,817</u>	<u>666,100</u>	<u>610,841</u>	<u>529,871</u>	<u>727,479</u>	<u>+37.29%</u>
Total Assets	\$1,913,986	\$1,877,192	\$1,745,107	\$2,063,085	\$2,236,476	\$2,332,590	\$2,299,538	-1.42%
Liabilities:								
Current Liabilities	\$18,842	\$5,297	\$13,740	\$2,136	\$2,704	\$808	\$604	-25.25%
Non-Current	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>N/A</u>
Total Liabilities	<u>18,842</u>	<u>5,297</u>	<u>13,740</u>	<u>2,136</u>	<u>2,704</u>	<u>808</u>	<u>604</u>	<u>-25.25%</u>
Total Net Position	\$1,895,144	\$1,871,895	\$1,731,367	\$2,060,949	\$2,233,772	\$2,331,782	\$2,298,934	-1.41%

The School Food Service program net position decreased \$32,848 from the prior year, which is the amount of the net loss for FY2013. This net loss is less the first net loss since FY2009.

**JESSAMINE COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013**

Financial Analysis of the Government's Funds

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

As of June 30, 2013, the Jessamine County Schools governmental funds reported a combined fund balance of \$19.8 million, a decrease of \$11.40 million from the previous fiscal year. The Construction Fund had a fund balance decrease of \$8.6 million to \$9.9 million, as the construction of the new Red Oak Elementary School, renovation of Nicholasville Elementary and other construction and renovation projects continued through FY2013.

Other funds changes include: a decrease to the General Fund of \$1.31 million; the Capital Outlay Fund decreased by \$0.13 million; and the Facilities Support Program of Kentucky (FSPK) Building Fund decreased by \$0.09 million.

Contrast this information to the Governmental Activities increase in net assets, presented earlier, to illustrate the difference in the two types of reporting. Fund accounting emphasizes available resources such as cash.

For the General Fund, the increase in Fund Balance can be attributed to Management holding down costs in the light of the possibility of more cuts and/or disappointing revenues. The state has relied on federal funding to bridge gaps between available state revenue and amounts committed to school districts.

Proprietary Funds. The Jessamine County Schools' Food Service Fund, the district's only proprietary fund, had a net loss of \$32,848 for FY2013. Sales decreased from \$981,033 to \$906,535 or -\$74,498 (-7.59%). Non-operating revenues: Federal grants from \$2,369,254 to \$2,472,662 or \$103,408 (+4.36%); State grants, excluding on-behalf payments, from \$38,225 to \$39,525 or \$1,300 (+3.40%); Donated commodities increased from \$210,021 to \$229,088 or \$19,067 (+9.08%); and Interest Income decreased from \$3,673 to \$3,421 or \$252 (-6.86%). Operating and non-operating revenues increased from \$3,833,327 (FY2012) to \$3,881,601 or by \$48,274 (+1.26%).

Program expenses increased \$153,614 (4.65%) from \$3,301,376 (FY2012) to \$3,454,990 (FY2013). Salaries and wages increased \$82,786 (+5.60%) from \$1,477,684 to \$1,560,470. State on-behalf payments increased from \$223,921 to \$230,370 (+2.88%). Supplies and Materials cost, which includes food, increased \$81,699 (+4.71%) from \$1,735,281 to \$1,816,980. Other expenses include a decreasing Depreciation expense from \$88,411 (FY2012) to \$77,541 (-12.29%).

The Food Service Fund had a net loss of \$32,848. This FY2013 net loss brings Total Net Position at the end of fiscal year to \$2,298,934 for the Food Services program.

**JESSAMINE COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013**

Fund Transfers. Transfers between governmental funds for FY2013 were as follows:

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General	Special Revenue	SFCC Tech Match	\$ 125,000
Capital Outlay	General	Capital Outlay Transfer	824,193
General	Construction	Construction & Renovation	679,769
Special Revenue	Construction	Construction & Renovation	79,885
FSPK	Debt Service	Debt Payments	7,106,908
			\$ 8,815,755

Capital Assets

The Jessamine County Schools' total investment in capital assets for its governmental and business type activities as of June 30, 2013, is \$118.25 million (net of accumulated depreciation), an increase of \$11.88 million from a year earlier. Construction Work-in-Progress increased over \$15.4 million, as construction of the new Red Oak Elementary School, renovation of Nicholasville Elementary, and other projects continue.

A detailed schedule, including changes during FY2013, is available in the notes to the financial statements: Note D – Capital Assets. Investment in capital assets includes land, buildings, computers and other technology, school buses and other vehicles, and other equipment. Bond proceeds of QZAB Bonds (\$4,248,592) sold during September 2012 is additional financing for the renovation of Nicholasville Elementary. Energy Conservation Revenue Bonds proceeds (\$3,350,000), to be repaid from General Fund energy cost savings, were delivered in May 2013.

Five new buses ordered during FY2012 were delivered during FY2013; five more new buses ordered in FY2013 were delivered early in FY2014. Recent bus purchases have not required KISTA financing, though bus purchases in past years (most recently FY2009) have been financed through the KISTA (Kentucky Interlocal School Transportation Association) Equipment Lease Program. More information about the KISTA program is found in notes to the financial statements, including Note F – Capital Lease Payable.

Long-term Debt

At the end of fiscal year 2013, the Jessamine County Schools had total bonded debt outstanding of \$96,255,847. A portion of this total debt, \$2,790,217, represents the amount of principal the Kentucky School Facility Construction Commission (KFSCC) has agreed to pay.

Jessamine County Schools had two bond issues during FY2013: \$4,248,592 Qualified Zone Academy Bonds, Taxable Series of 2012, dated September 27, 2012; and \$3,350,000 Energy Conservation Revenue Bonds, Series of 2013, dated May 9, 2013. The series dated September 27, 2012 provided additional funds to renovate Nicholasville Elementary School. The series dated May 9, 2013 are providing funds for renovation of several school district buildings for energy conservation.

**JESSAMINE COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013**

Additional information on the Jessamine County Schools' Capital Lease and Bonded Debt Obligations can be found in Note E – Bonded Debt and Lease Obligations.

Budgetary Highlights

Jessamine County Schools continues to enjoy a good financial condition. Though the Fund Balance in the General Fund decreased \$0.5 million to \$9.22 million, this is 15.39% of FY2013 General Fund expenditure.

The Capital Funds: Capital Outlay and FSPK Building Funds each had decreases to Fund Balance for FY2013, \$128,808 and \$94,691, respectively. The Construction Fund decreased \$8.58 million as construction and renovation expenditure exceeded additional Construction Fund revenue.

Economic Factors

It is difficult to assess the overall economy. It may have improved slightly from one year ago. Management is not expecting significant improvement in state or federal revenue; if there is any improvement in revenue, it will likely come from local tax revenue. This requires management to continue to avoid significant improvement to recent spending levels.

Budgetary Implications and Next Year's Budget

Kentucky public schools are required by statute to operate on a July 1 through June 30 fiscal year. Historically, Kentucky public schools have been required to budget a contingency of two percent (2%) of the total budgeted expenditures of the General Fund, Special Revenue Fund, Capital Outlay Fund, Building Fund and School Food Service Fund for the Tentative Working Budget, which must be prepared and approved by the Board by the end of May for the upcoming year. This two percent requirement is also a minimum for the Working Budget that is prepared and approved by the Board by the end of September for the new fiscal year. For FY2014, the Jessamine County Board of Education approved a budget that exceeds the minimal contingency.

The FY2014 Working Budget includes a contingency of \$6,011,555. As a percentage of the budgeted expenditure of \$89,252,811 – the combined total of the General Fund, Special Revenue Fund, Capital Outlay and Building Fund, and the School Food Service Fund – the contingency budget is 6.74% of the total.

Requests for Information

This financial report is designed to provide a general overview of the Jessamine County Schools' finances for all those with an interest the school district's finances. Questions concerning any of the information provided in this report or requests for additional financial information may be addressed to Timothy L. Lemaster, Director of Finance, or Jason M. U'Wren, Internal Auditor, Jessamine County Schools, 871 Wilmore Road, Nicholasville, Kentucky 40356.

Jessamine County School District
Statement of Net Position
June 30, 2013

	Primary Government		
	Governmental Activities	Business- type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 25,224,446	\$ 1,161,726	\$ 26,386,172
Receivables (net)	1,342,143	308,422	1,650,565
Inventories		101,911	101,911
Prepaid expenses	193,998		193,998
Capital assets:			
Land and construction in progress	25,876,757		25,876,757
Other capital assets, net of depreciation	91,649,710	727,479	92,377,190
Total capital assets	<u>117,526,468</u>	<u>727,479</u>	<u>118,253,947</u>
Total assets	<u>144,287,055</u>	<u>2,299,538</u>	<u>146,586,593</u>
DEFERRED OUTFLOWS OF RESOURCES			
Loss for the difference in reacquisition and carrying value of refunding debt	<u>264,477</u>		<u>264,477</u>
LIABILITIES			
Accounts payable and accrued expenses	2,266,564	604	2,267,169
Accrued interest payable	1,121,656		1,121,656
Accrued salaries and benefit payable	3,828,700		3,828,700
Accrued payroll and withholding obligations	2,101		2,101
Unearned revenue	817,915		817,915
Long-term liabilities:			
Due within 1 year:			
Bond obligations	4,355,560		4,355,560
Capital lease obligations	546,665		546,665
Total due within 1 year	<u>4,902,225</u>	<u>-</u>	<u>4,902,225</u>
Due in more than 1 year:			
Bond obligations	91,900,287		91,900,287
Capital lease obligations	1,334,407		1,334,407
KSBIT payable	144,956		144,956
Sick leave	614,684		614,684
Total due in more than 1 year	<u>93,994,334</u>	<u>-</u>	<u>93,994,334</u>
Total liabilities	<u>106,933,495</u>	<u>604</u>	<u>106,934,099</u>
NET POSITION			
Net Investment in capital assets	19,654,026	727,479	20,381,505
Restricted for:			
Nonexpendable restricted for prepaids	7,080		7,080
Expendable restricted for sick leave	307,342		307,342
Expendable restricted for transportation	500,990		500,990
Expendable restricted for site based	30,935		30,935
Expendable restricted for food services		1,571,455	1,571,455
Unrestricted	17,117,665		17,117,665
Total net position	<u>\$ 37,618,037</u>	<u>\$ 2,298,934</u>	<u>\$ 39,916,971</u>

See the accompanying notes to the financial statements.

Jessamine County School District
Statement of Activities
For the year ended June 30, 2013

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
Instruction	\$ 39,547,769	\$ 623,659	\$ 4,867,964	\$ -	\$ (34,056,146)	\$ -	\$ (34,056,146)
Support services:							
Student	3,025,910	151,280	299,567		(2,575,063)		(2,575,063)
Instructional staff	3,047,989		299,567		(2,748,422)		(2,748,422)
District administrative	743,164		74,892		(668,273)		(668,273)
School administrative	5,554,436		524,242		(5,030,194)		(5,030,194)
Business	2,574,884		224,675		(2,350,209)		(2,350,209)
Plant operation and maintenance	6,203,904		599,134	1,782,680	(3,822,090)		(3,822,090)
Student transportation	5,386,631		524,242		(4,862,389)		(4,862,389)
Community service operations	556,970		74,892		(482,078)		(482,078)
Loss on retirement of asset	37,023				(37,023)		(37,023)
Depreciation	4,405,366				(4,405,366)		(4,405,366)
Amortization	36,535				(36,535)		(36,535)
Debt service	68,693				(68,693)		(68,693)
Interest on long-term debt	3,669,528			516,397	(3,153,131)		(3,153,131)
Total governmental activities	<u>74,858,802</u>	<u>774,938</u>	<u>7,489,176</u>	<u>2,299,077</u>	<u>(64,295,612)</u>	<u>-</u>	<u>(64,295,612)</u>
Business-type Activities							
Food service	3,377,449	906,535	2,512,187			41,273	41,273
Depreciation	77,541					(77,541)	(77,541)
Total business-type activities	<u>3,454,990</u>	<u>906,535</u>	<u>2,512,187</u>	<u>-</u>	<u>-</u>	<u>(36,268)</u>	<u>(36,268)</u>
Total school district	<u>\$ 78,313,793</u>	<u>\$ 1,681,474</u>	<u>\$ 10,001,363</u>	<u>\$ 2,299,077</u>	<u>(64,295,612)</u>	<u>(36,268)</u>	<u>(64,331,880)</u>

General Revenues

Property taxes	22,638,685		22,638,685
Distilled spirits taxes	134,359		134,359
Motor vehicle taxes	1,741,274		1,741,274
Utility taxes	3,334,283		3,334,283
Unmined minerals	1,571		1,571
Investment earnings	65,476	3,421	68,897
State aid formula grants	36,831,567		36,831,567
Loss compensation	46,821		46,821
Sale of equipment/buildings	100,987		100,987
Total general revenues	<u>64,895,025</u>	<u>3,421</u>	<u>64,898,445</u>
Change in net position	599,413	(32,848)	566,566
Net Position - beginning	39,213,319	2,331,782	41,545,101
Prior Period Adjustment	(2,194,695)		(2,194,695)
Restated Net Position - beginning	<u>37,018,624</u>	<u>2,331,782</u>	<u>39,350,406</u>
Net Position - ending	<u>\$ 37,618,037</u>	<u>\$ 2,298,934</u>	<u>\$ 39,916,971</u>

The accompanying notes are an integral part of the financial statements.

Jessamine County School District
Balance Sheet
Governmental Funds
June 30, 2013

Governmental Funds

	<u>General</u>	<u>Special Revenue</u>	<u>Construction</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS						
Cash and cash equivalents	\$ 13,204,697	\$ 443,060	\$ 11,053,872	\$ -	\$ 522,816	\$ 25,224,446
Receivables, net						
Taxes-current	587,966					587,966
Taxes-delinquent	156,645					156,645
Accounts	108,009					108,009
Intergovernmental-federal	16,265	473,258				489,524
Prepaid expenses	7,080				186,919	193,998
Total assets	<u>14,080,662</u>	<u>916,318</u>	<u>11,053,872</u>	<u>-</u>	<u>709,735</u>	<u>26,760,587</u>
LIABILITIES						
Accounts payable	1,027,937	98,403	1,140,224			2,266,564
Accrued salaries and benefit payable	3,828,700					3,828,700
Unearned revenue		817,915				817,915
Accrued payroll and withholding obligations	2,101					2,101
Total liabilities	<u>4,858,737</u>	<u>916,318</u>	<u>1,140,224</u>	<u>-</u>	<u>-</u>	<u>6,915,280</u>
FUND BALANCE						
Nonspendable	7,080				-	7,080
Restricted			9,913,648		709,735	10,623,383
Committed	808,332					808,332
Assigned	30,935					30,935
Unassigned	8,375,578					8,375,578
Total fund balance	<u>\$ 9,221,924</u>	<u>\$ -</u>	<u>\$ 9,913,648</u>	<u>\$ -</u>	<u>\$ 709,735</u>	<u>\$ 19,845,308</u>

See the accompanying notes to the financial statements.

Jessamine County School District
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
For the year ended June 30, 2013

Total fund balance per fund financial statements	\$	19,845,308
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
Capital assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net position.		117,526,468
Capitalized the bond costs of the sale/refunding bonds and amortized over the life of the refunded bond.		264,477
Certain liabilities are not reported in this fund financial statement because they are not due and payable, but they are presented in the statement of net position. Those liabilities are:		
Accrued interest payable		(1,121,656)
Bond obligations		(96,255,847)
KSBIT payable		(144,956)
Capital lease obligations		(1,881,072)
Noncurrent sick leave payable		(614,684)
		(614,684)
Net position of governmental activities	\$	<u>37,618,037</u>

The accompanying notes are an integral part of the financial statements.

Jessamine County School District
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the year ended June 30, 2013

Revenues	General Fund	Special Revenue	Construction Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
From local sources						
Property taxes	\$ 16,717,570	\$ -	\$ -	\$ -	\$ 5,921,115	\$ 22,638,685
Distilled spirits taxes	134,359					134,359
Motor vehicle taxes	1,741,274					1,741,274
Utility taxes	3,334,283					3,334,283
Unmined minerals taxes	1,571					1,571
Tuition and fees	63,095					63,095
Earnings on investments	33,713	283	27,673		3,807	65,476
Other local revenues	297,306	326,352				623,659
Intergovernmental-state	36,831,567	2,979,476		359,300	1,782,680	41,953,024
Intergovernmental-federal	88,184	4,509,699		157,097		4,754,980
Total revenues	<u>59,242,925</u>	<u>7,815,811</u>	<u>27,673</u>	<u>516,397</u>	<u>7,707,602</u>	<u>75,310,408</u>
Expenditures						
Instruction	34,681,473	4,797,566				39,479,039
Support services						
Student	2,244,307	781,603				3,025,910
Instruction staff	1,990,308	1,057,682				3,047,989
District administration	732,762	10,402				743,164
School administration	5,178,688	375,747				5,554,436
Business	2,232,851	342,033				2,574,884
Plant operation and maintenance	6,294,174					6,294,174
Student transportation	5,891,649	4,000				5,895,648
Building acquisition and construction			7,950,839			7,950,839
Building improvements			7,472,353			7,472,353
Architectural/engineering			102,995			102,995
Community services	65,077	491,893				556,970
Debt service	613,180		68,693	7,623,305		8,305,178
Total expenditures	<u>59,924,469</u>	<u>7,860,926</u>	<u>15,594,879</u>	<u>7,623,305</u>	<u>-</u>	<u>91,003,579</u>
Excess (deficit) of revenues over expenditures	<u>(681,544)</u>	<u>(45,115)</u>	<u>(15,567,207)</u>	<u>(7,106,908)</u>	<u>7,707,602</u>	<u>(15,693,171)</u>
Other Financing Sources (Uses)						
Sale of land & equipment	100,987					100,987
Loss compensation	46,821					46,821
Proceeds from the sale of bonds			7,598,592			7,598,592
Operating transfers in	824,193	125,000	759,654	7,106,908		8,815,755
Operating transfers (out)	(804,769)	(79,885)			(7,931,101)	(8,815,755)
Total other financing sources (uses)	<u>167,232</u>	<u>45,115</u>	<u>8,358,246</u>	<u>7,106,908</u>	<u>(7,931,101)</u>	<u>7,746,400</u>
Excess (deficit) of revenues and other financing sources over expenditures and other financing uses	<u>(514,312)</u>	<u>-</u>	<u>(7,208,961)</u>	<u>-</u>	<u>(223,499)</u>	<u>(7,946,772)</u>
Fund balance, beginning	<u>9,736,236</u>	<u>-</u>	<u>17,122,609</u>	<u>-</u>	<u>933,234</u>	<u>27,792,080</u>
Fund balance, ending	<u>\$ 9,221,924</u>	<u>\$ -</u>	<u>\$ 9,913,648</u>	<u>\$ -</u>	<u>\$ 709,735</u>	<u>\$ 19,845,308</u>

The accompanying notes are an integral part of the financial statements.

Jessamine County School District
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
 Governmental Funds to the Statement of Activities**
 For the year ended June 30, 2013

Net change in total fund balances per fund financial statements	\$	(7,946,772)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which capital outlays exceeds depreciation expense for the year.</p>		11,686,307
<p>The difference in the bond issue amount and the amount for paid to escrow is amortized over the life of the bond.</p>		(36,535)
<p>Bond and capital lease payments are recognized as expenditures of current financial resources in the fund financial statement but are reductions of liabilities in the statement of net position.</p>		(2,944,992)
<p>Generally, expenditures recognized in this fund financial statement are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred.</p>		
<p>Accrued interest payable</p>		(51,651)
<p>KSBIT payable</p>		(144,956)
<p>Noncurrent sick leave payable</p>		38,012
Change in net position of governmental activities	\$	599,413

The accompanying notes are an integral part of the financial statements.

Jessamine County School District
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>with Final Budget Favorable (Unfavorable)</u>
From local sources				
Property taxes	\$ 16,765,000	\$ 16,765,000	\$ 16,717,570	\$ (47,430)
Distilled spirits taxes	100,000	100,000	134,359	34,359
Motor vehicle taxes	1,600,000	1,600,000	1,741,274	141,274
Utility taxes	2,975,000	2,975,000	3,334,283	359,283
Unmined minerals taxes	2,000	2,000	1,571	(429)
Tuition and fees	54,500	54,500	63,095	8,595
Earnings on investments	27,000	27,000	33,713	6,713
Other local revenues	197,885	204,685	297,306	92,621
Intergovernmental-state	36,507,820	36,508,758	36,831,567	322,810
Intergovernmental-federal	40,000	40,000	88,184	48,184
Total revenues	<u>58,269,205</u>	<u>58,276,943</u>	<u>59,242,925</u>	<u>965,983</u>
Expenditures				
Instruction	34,050,302	34,106,136	34,681,473	(575,337)
Support services				
Student	2,228,414	2,229,359	2,244,307	(14,947)
Instruction staff	1,718,048	2,035,871	1,990,308	45,564
District administration	661,660	682,701	732,762	(50,061)
School administration	5,128,225	5,121,559	5,178,688	(57,129)
Business	2,953,647	2,649,242	2,232,851	416,391
Plant operation and maintenance	6,609,522	6,617,426	6,294,174	323,252
Student transportation	5,748,942	6,342,389	5,891,649	450,740
Land/site acquisitions	5,000	5,000		5,000
Architectural/engineering	7,500	7,500		7,500
Community services	63,905	63,905	65,077	(1,172)
Debt service	613,181	613,181	613,180	1
Total expenditures	<u>59,788,346</u>	<u>60,474,270</u>	<u>59,924,469</u>	<u>549,801</u>
Excess (deficit) of revenues over expenditures	<u>(1,519,141)</u>	<u>(2,197,327)</u>	<u>(681,544)</u>	<u>1,515,784</u>
Other Financing Sources (Uses)				
Sale of land and equipment			100,987	100,987
Loss compensation		23,444	46,821	23,377
Operating transfers in	180,000	864,061	824,193	(39,868)
Operating transfers (out)	(125,000)	(809,061)	(804,769)	4,292
Total other financing sources (uses)	<u>55,000</u>	<u>78,444</u>	<u>167,232</u>	<u>88,788</u>
Excess (deficit) of revenues and other financing sources over expenditures and other financing uses	<u>(1,464,141)</u>	<u>(2,118,884)</u>	<u>(514,312)</u>	<u>1,604,572</u>
Fund balance, beginning	<u>9,000,000</u>	<u>9,574,627</u>	<u>9,736,236</u>	<u>161,609</u>
Fund balance, ending	<u>\$ 7,535,859</u>	<u>\$ 7,455,743</u>	<u>\$ 9,221,924</u>	<u>\$ 1,766,181</u>

The accompanying notes are an integral part of the financial statements.

Jessamine County School District
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Special Revenue Fund
Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
From local sources				
Earnings on investments	\$ 500	\$ 508	\$ 283	\$ (225)
Other local revenues	156,400	452,232	326,352	(125,880)
Intergovernmental-state	2,629,620	3,020,028	2,979,476	(40,552)
Intergovernmental-federal	3,555,987	4,313,581	4,509,699	196,118
Total revenues	<u>6,342,507</u>	<u>7,786,349</u>	<u>7,815,811</u>	<u>29,462</u>
Expenditures				
Instruction	4,141,353	4,659,430	4,797,566	(138,137)
Support services				
Student	336,355	819,891	781,603	38,288
Instruction staff	1,003,869	1,225,561	1,057,682	167,879
District administration		6,808	10,402	(3,594)
School administration	241,508	454,983	375,747	79,235
Business	250,500	250,500	342,033	(91,533)
Student transportation		503	4,000	(3,496)
Community services	493,922	493,674	491,893	1,781
Total expenditures	<u>6,467,507</u>	<u>7,911,349</u>	<u>7,860,926</u>	<u>50,423</u>
Excess (deficit) of revenues over expenditures	<u>(125,000)</u>	<u>(125,000)</u>	<u>(45,115)</u>	<u>79,885</u>
Other Financing Sources (Uses)				
Operating transfers in	125,000	125,000	125,000	-
Operating transfers (out)			(79,885)	(79,885)
Total other financing sources (uses)	<u>125,000</u>	<u>125,000</u>	<u>45,115</u>	<u>(79,885)</u>
Excess (deficit) of revenues and other financing sources over expenditures and other financing uses	-	-	-	-
Fund balance, beginning	-	-	-	-
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

Jessamine County School District
Statement of Net Position
Proprietary Funds
June 30, 2013

		Food Services Fund
ASSETS		
Cash and cash equivalents	\$	1,161,726
Receivables		308,422
Inventories		101,911
Capital assets:		
Other capital assets, net of depreciation		727,479
Total assets		2,299,538
LIABILITIES		
Accounts payable and accrued expenses		604
Total liabilities		604
NET POSITION		
Net Investment in capital assets		727,479
Restricted for:		
Expendable Restricted for Food Service		1,571,455
Total net position	\$	2,298,934

See the accompanying notes to the financial statements.

Jessamine County School District
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds
For the year ended June 30, 2013

		Food Service Fund
Operating Revenues		
Food service sales	\$	906,535
Total operating revenues		<u>906,535</u>
Operating Expenses		
Salaries and wages		1,560,470
Supplies and materials		1,816,980
Depreciation		77,541
Total operating expenses		<u>3,454,990</u>
Operating income (loss)		<u>(2,548,455)</u>
Nonoperating revenues (expenses)		
Federal grants		2,472,662
State grants		39,525
On-behalf benefit payments		230,370
On-behalf benefit payments		(230,370)
Donated commodities		229,088
Commodities used		(229,088)
Interest income		3,421
Total nonoperating revenues (expenses)		<u>2,515,607</u>
Net income (loss)		(32,848)
Total net position, beginning		<u>2,331,782</u>
Total net position, ending	\$	<u><u>2,298,934</u></u>

The accompanying notes are an integral part of the financial statements.

Jessamine County School District
Statement of Cash Flows - Proprietary Funds
For the year ended June 30, 2013

	Food Service Fund
Cash Flows from Operating Activities	
Cash received from lunchroom sales	\$ 906,535
Cash payments to employees for services	(1,560,470)
Cash payments to suppliers for goods and services	(2,108,246)
Net cash used from operating activities	(2,762,180)
Cash Flows from Noncapital Financing Activities	
Nonoperating grants received	2,512,187
Net cash provided from noncapital financing activities	2,512,187
Cash Flows from Capital Financing Activities	
Purchase of capital assets	(275,150)
Net cash used from capital financing activities	(275,150)
Cash Flows from Investing Activities	
Interest on investments	3,421
Net cash flows provided from investing activities	3,421
Net decrease in cash and cash equivalents	(521,722)
Cash and cash equivalents - beginning	1,683,448
Cash and cash equivalents - ending	1,161,726
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating income (loss)	(2,548,455)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Depreciation	77,541
Changes in assets and liabilities:	
Inventory	17,360
Receivables	(308,422)
Accounts payable	(204)
Net Cash Provided by Operating Activities	\$ (2,762,180)

NONCASH NONCAPITAL FINANCING ACTIVITIES

During the year, the district received \$229,088 of food commodities from the U.S. Department of Agriculture.

The accompanying notes are an integral part of the financial statements.

Jessamine County School District
Statement of Fiduciary Net Position
School Activity Funds
June 30, 2013

	School Activity Funds
ASSETS	
Cash and cash equivalents	\$ 538,521
Accounts receivable	<u>3,080</u>
TOTAL ASSETS	<u>541,601</u>
LIABILITIES	
Accounts payable	19,825
Due to student groups	<u>521,776</u>
TOTAL LIABILITIES	<u>541,601</u>
NET POSITION HELD IN TRUST	<u><u>\$ -</u></u>

See the accompanying notes to the financial statements.

JESSAMINE COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Jessamine 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 Jessamine County Board of Education (“District”). The District receives funding from Local, State and Federal government sources and must comply with the commitment requirements of these funding source entities. However, the District is not included in any other governmental “reporting entity” as defined in Section 2100-Codification of Governmental Accounting and Financial Reporting Standards. Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to develop policies which may influence operations and primary accountability for fiscal matters.

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

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

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

Jessamine County Board of Education Finance Corporation

The Board authorized establishment of the Jessamine County Board of Education Finance Corporation a non-stock, non-profit corporation pursuant to Section 162.385 of the School Bond Act and Chapter 273 and Section 58.180 of the Kentucky Revised Statutes (the “Corporation”) to act as an agency of the District for financing the costs of school building facilities. The Board of Directors of the Corporation shall be the same persons who are at any time the members of the Board of Education of the Jessamine County Board of Education.

Basis of Presentation

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

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

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

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

The District has the following funds:

I. Governmental Fund Types

(A) General Fund

The General Fund is the main operating fund of the District. It accounts for financial resources used for general types of operations. This is a budgeted fund, and any fund balances are considered as resources available for use. This is always a major fund of the District.

(B) Special Revenue (Grant) Fund

The Special Revenue (Grant) Fund accounts for proceeds of specific revenue sources (other than expendable trust funds or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally-funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report. The Kentucky Department of Education requires this fund to be a major fund.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(C) Capital Project Funds

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. SEEK Capital Outlay Fund

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 as identified in the District's facility plan.

2. Building (FSPK) Fund

The Facility Support Program of Kentucky (FSPK) accounts for funds generated by the building tax levy that is required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the District's facility plan.

3. Construction Fund

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

(D) Debt Service Fund

The Debt Service Fund is 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 District.

II. Proprietary Funds (Enterprise Funds)

(A) Food Service Fund

The School 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. This is a major fund.

The District applies all GASB pronouncements to proprietary funds.

III. Fiduciary Fund Types

(A) Agency Funds

The Agency Fund accounts for activities of student groups and other types of activities requiring clearing accounts. The schools funds are accounted for in accordance with "Accounting Procedures for Kentucky School Activity Funds."

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Basis of Accounting

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

Revenues – Exchange and Non-exchange Transactions – Revenues resulting from exchange transactions, in which each party receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of the fiscal year-end. Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenues from nonexchange transactions must also be available before it can be recognized.

Unearned revenue – Unearned 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 unearned 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 position as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as unearned revenue.

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

Property Taxes

Property Tax Revenues – Property taxes are levied each August 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The property tax rates assessed for the year ended June 30, 2013, to finance the General Fund operations were \$.629 per \$100 valuation of real property, \$.629 per \$100 valuation for business personal property and \$.547 per \$100 valuation for motor vehicles.

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 government funds. These assets are reported in the government activities column of the government-wide financial statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

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

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

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

Interfund Balances

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Accumulated Unpaid Sick Leave Benefits

Upon retirement from the school system, a certified and classified employee will receive from the district an amount equal to 30% of the value of accumulated sick leave.

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

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

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

Budgetary Process

The District prepares its budgets on the modified accrual basis of accounting, which is the same basis as used to prepare the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.

Once the budget is approved, it can be amended. Amendments are presented to the Board at their regular meetings. 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.

The Kentucky Department of Education does not require the Capital Project Funds and Debt Service Funds to prepare budgets.

Cash and Cash Equivalents

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

Inventories

On government-wide financial statements inventories are stated at cost and are expended when used. On fund financial statements inventories are stated at cost. The cost of inventory items is recorded as expenditure in the governmental fund types when purchased.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Prepaid Assets

Payments made that will benefit periods beyond June 30, 2013 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and expenditure/expense is reported in the year in which services are consumed.

Accrued Liabilities and Long-Term Obligations

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

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

Fund Balance

Fund balance is divided into five categories as defined by GASB 54 as follows:

- Nonspendable: Permanently nonspendable by decree of the donor, such as an endowment, or funds that are not in a spendable form, such as prepaid expenses or inventory on hand.
- Restricted: Legally restricted under legislation, bond authority, or grantor contract.
- Committed: Commitments of future funds for specific purposes passed by the Board.
- Assigned: Funds that are intended by management to be used for a specific purpose, including encumbrances.
- Unassigned: Funds available for any legal purpose.

The Board has adopted a GASB 54 spending policy which states that the spending order of funds is to first use restricted funds, followed by committed, assigned, and unassigned funds.

Net Position

The statement of net position presents the reporting entity's non-fiduciary assets and liabilities, the difference between the two being reported as net position. Net position are reported in three categories:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1) invested in capital assets net of related debt – consisting of capital assets, net of accumulated depreciation and reduced by outstanding balances for debt related to the acquisition, construction, or improvement of the assets; 2) restricted net position – resulting from constraints placed on net position by creditors, grantors, contributors, and other external parties, including those constraints imposed by law through constitutional provisions or enabling legislation adopted by the School District; 3) unrestricted net position – those assets that do not meet the definition of restricted net position or invested in capital assets. It is the District’s policy to first apply restricted net position and then unrestricted net position when an expense is incurred for which both restricted and unrestricted net position are available. The restricted net position in the governmental activities consists of SFCC money.

Operating and Non-Operating Revenues and Expenses

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

Non-operating revenues are not generated directly from the primary activity of the proprietary funds. For the School District those revenues come in the form of grants (federal and state), donated commodities, and earnings from investments.

Contributions of Capital

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

Interfund Activity

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

NOTE B – ESTIMATES

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE C – CASH AND CASH EQUIVALENTS

The District’s cash and cash equivalents were interest bearing demand accounts. Due to the liquidity of the interest bearing demand accounts, the carrying value is the fair market value. Under Kentucky Revised Statutes Section 66.480, the District is authorized to invest in obligations of the United States and its agencies and instrumentalities, obligations and contracts backed by the full faith and credit of the United States or of its agencies, obligations of any corporation of the United States government, certificates of deposits, commercial paper rated in one of the three highest categories of nationally recognized rating agencies and shares in mutual funds.

		Bank Balance
		<hr/>
<u>Kentucky Bank</u>		<u>Demand</u>
FDIC	\$	250,000
Securities pledged to district		<hr/> 28,236,754
Bank balance	\$	<hr/> <hr/> 28,486,754
		Book Balance
		<u>Cash equivalents</u>
Governmental Activities	\$	25,224,446
Business-type Activities		1,161,726
Agency funds		<hr/> 538,521
Total carrying amount	\$	<hr/> <hr/> 26,924,693

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE D – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

<u>Governmental Activities</u>	<u>July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2013</u>
Land	\$ 3,968,229	\$ -	\$ -	\$ 3,968,229
Land improvements	3,515,596	-	-	3,515,596
Buildings	119,348,574	96,677	-	119,445,251
Technology equipment	5,377,049	71,915	497,222	4,951,742
Vehicles	7,667,077	509,017	12,000	8,164,094
General equipment	1,598,024	13,050	50,656	1,560,418
Construction in progress	<u>6,470,491</u>	<u>15,603,407</u>	<u>165,369</u>	<u>21,908,528</u>
Total at historical cost	\$ <u>147,945,041</u>	\$ <u>16,294,066</u>	\$ <u>725,248</u>	\$ <u>163,513,859</u>
Less: Accumulated depreciation				
Land	\$ -	\$ -	\$ -	\$ -
Land improvements	2,719,170	125,777	-	2,844,947
Buildings	29,488,272	2,951,395	-	32,439,667
Technology equipment	3,363,576	678,489	466,146	3,575,919
Vehicles	5,464,332	506,681	12,000	5,959,012
General equipment	<u>1,069,530</u>	<u>143,026</u>	<u>44,709</u>	<u>1,167,846</u>
Total accumulated depreciation	\$ <u>42,104,880</u>	\$ <u>4,405,366</u>	\$ <u>522,855</u>	\$ <u>45,987,391</u>
Governmental Activities				
Capital Assets-net	\$ <u>105,840,161</u>	\$ <u>11,888,699</u>	\$ <u>202,393</u>	\$ <u>117,526,468</u>
<u>Business-Type Activities</u>	<u>July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2013</u>
Technology equipment	\$ 72,291	\$ -	\$ 12,797	\$ 59,494
Vehicles	-	-	-	-
General equipment	<u>1,628,201</u>	<u>275,150</u>	<u>3,032</u>	<u>1,900,318</u>
Total at historical cost	\$ <u>1,700,492</u>	\$ <u>275,150</u>	\$ <u>15,829</u>	\$ <u>1,959,812</u>
Less: Accumulated depreciation				
Technology equipment	\$ 38,573	\$ 8,167	\$ 12,797	\$ 33,942
Vehicles	-	-	-	-
General equipment	<u>1,132,048</u>	<u>69,374</u>	<u>3,032</u>	<u>1,198,390</u>
Total accumulated depreciation	\$ <u>1,170,621</u>	\$ <u>77,541</u>	\$ <u>15,829</u>	\$ <u>1,232,333</u>
Business-Type Activities				
Capital Assets-net	\$ <u>529,871</u>	\$ <u>197,609</u>	\$ -	\$ <u>727,479</u>

Depreciation expense was not allocated to governmental functions. It appears on the statement of activities as “unallocated”.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE E – BONDED DEBT AND LEASE OBLIGATIONS

The amount shown in the accompanying financial statements as bonded debt and lease obligations represent the District’s future obligations to make payments relating to the bonds issued by the Fiscal Court of Jessamine County and the Jessamine County School District Finance Corporation aggregating \$96,255,847, and \$4,355,560 is the portion due within one year.

The District, through the General Fund (including utility taxes), Building (FSPK) Fund, and the SEEK Capital Outlay Fund is obligated to make lease payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Jessamine Count School District Finance Corporation to construct school facilities. The District has an option to purchase the property under lease at any time by retiring the bonds then outstanding. The proceeds from certain refunding issues have been placed in escrow accounts to be used to service the related debt.

The original amount of outstanding issues, the issue dates, interest rates, and outstanding balances, at June 30, 2013 are summarized below:

<u>Bond Issue</u>	<u>Original Amount</u>	<u>Maturity Dates</u>	<u>Interest Rates</u>	<u>2012 Outstanding Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>2013 Outstanding Balance</u>
12/01/1993	\$ 770,000	12/1/2013	4-5%	\$ 115,000		\$ 55,000	\$ 60,000
02/01/2012	15,305,000	3/1/2032	2-3.5%	15,305,000		100,000	15,205,000
5/17/2011R	4,815,000	6/1/2019	2-2.75%	4,245,000		565,000	3,680,000
06/26/2012	4,570,000	8/1/2032	.70 - 3.50%	4,570,000		-	4,570,000
9/1/2010R	1,815,000	5/1/2022	3%	1,700,000		50,000	1,650,000
01/01/2005	11,640,000	1/1/2021	3.375-4.25%	9,935,000		805,000	9,130,000
02/01/2005	11,815,000	2/1/2025	2.5-4.2%	8,435,000		515,000	7,920,000
09/01/2005	17,060,000	9/1/2025	3.5-4%	15,525,000		295,000	15,230,000
05/01/2008	24,700,000	5/1/2029	3.25-4.5%	21,150,000		960,000	20,190,000
06/25/2009	5,395,000	2/1/2021	2-3.7%	4,405,000		460,000	3,945,000
07/01/2009	7,500,000	2/1/2030	2.125-6.4%	7,360,000		70,000	7,290,000
09/27/2012	4,248,592	4/1/2032	1.19%	-	4,248,592	212,745	4,035,847
05/9/2013	\$ 3,350,000	5/1/2027	.650-2.1%	-	3,350,000		3,350,000
				<u>\$ 92,745,000</u>	<u>\$ 7,598,592</u>	<u>\$ 4,087,745</u>	<u>\$ 96,255,847</u>

The District has entered into “participation agreements” with the Kentucky School Facility Construction Commission. The Kentucky Legislature, for the purpose of assisting local school districts in meeting school construction needs, created the Commission. The table following sets forth the amount to be paid by the District and the Commission for each year until maturity of all bond issues.

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 District, including amounts to be paid by the Commission, at June 30, 2013 for debt service, (principal and interest) are as follows:

(SEE SCHEDULE ON NEXT PAGE)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

<u>YEAR</u>	<u>LOCAL</u>		<u>KSFCC</u>		<u>Federal Rebate</u>		<u>TOTAL</u>	<u>TOTAL</u>
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2014	\$ 4,112,446	\$ 3,307,411	\$ 243,114	\$ 109,152	\$ -	\$ 156,325	\$ 4,355,560	\$ 3,572,888
2015	4,246,566	3,182,843	221,261	102,638	-	155,343	4,467,827	3,440,824
2016	4,377,245	3,049,482	227,877	95,828	-	154,111	4,605,122	3,299,422
2017	4,533,555	2,906,816	213,889	88,333	-	152,694	4,747,444	3,147,843
2018	4,683,993	2,754,770	220,801	81,038	-	151,097	4,904,794	2,986,905
2019-2023	26,295,295	11,056,028	714,907	300,250	-	715,875	27,010,202	12,072,153
2024-2028	28,675,370	5,658,624	592,911	164,438	-	446,095	29,268,281	6,269,158
2029-2033	16,541,160	1,380,323	355,457	26,604	-	50,008	16,896,617	1,456,935
	\$ 93,465,630	\$ 33,296,297	\$ 2,790,217	\$ 968,282	\$ -	\$ 1,981,549	\$ 96,255,847	\$ 36,246,127

The Kentucky School Boards Insurance Trust (“KSBIT”) notified the District during the year that their self-insurance pools for worker’s compensation and liability insurance were underfunded. As a result, an assessment will be required under a fair methodology to be approved by the Kentucky Department of Insurance, of current and past participating members to fund the deficit and the transfer of liability to a qualified insurer/reinsurer. On June 24, 2013, the KSBIT Board voted to submit a plan to the Kentucky Department of Insurance using the novation option. A novation transfers all existing KSBIT claims and risk to a highly rated reinsurer which will continue to make claims payments. Under the novation method, the District’s liability would be \$144,956. Members will have the option of making a lump-sum payment of their assessment or to take advantage of bond financing for up to 20 years. This plan is still subject to approval and no payment is estimated for the year ending June 30, 2014.

NOTE F – CAPITAL LEASE PAYABLE

The following is an analysis of the leased property under capital lease through KISTA:

<u>Kista Issue</u>	<u>Original Amount</u>	<u>Maturity Dates</u>	<u>Interest Rates</u>	<u>2012</u>			<u>2013</u>
				<u>Outstanding Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Outstanding Balance</u>
01/01/04	\$ 740,568	3/1/2014	1-3.5%	\$ 136,214	\$ -	\$ 67,011	\$ 69,203
01/01/05	1,508,442	3/1/2015	3-3.625%	446,901	-	162,978	283,923
01/01/06	665,647	3/1/2016	3.3-4%	269,015	-	70,010	199,005
09/01/06	744,968	3/1/2017	3.5-3.875%	386,905	-	76,840	310,065
01/01/09	\$ 1,618,447	3/1/2019	2-3.9%	1,120,555	-	154,024	966,531
Totals				\$ 2,359,590	\$ -	\$ 530,863	\$ 1,828,727

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, 2013:

(SEE SCHEDULE ON NEXT PAGE)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2014	\$ 519,474	\$ 64,776	\$ 584,250
2015	453,084	47,104	500,188
2016	304,957	31,326	336,283
2017	248,537	20,486	269,023
2018	148,651	11,507	160,158
2019	154,024	6,007	160,031
	<u>\$ 1,828,727</u>	<u>\$ 181,206</u>	<u>\$ 2,009,933</u>

Total minimum lease payments	\$ 2,009,933
Less: Amount representing interest	\$ (181,206)
Present Value of Net Minimum Lease Payments	\$ 1,828,727

The following is a summary of the activity during FY 2013 of leased copiers/office equipment that are classified as capital leases.

<u>Installation Date</u>	<u>Original Amount</u>	<u>Expiration Dates</u>	<u>Interest Rates</u>	<u>2012</u>			<u>2013</u>
				<u>Outstanding Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Outstanding Balance</u>
10/6/2009	\$ 7,405	3/1/2011	6.74%	\$ 1,737		\$ 1,736	\$ 0
10/6/2009	12,748	3/1/2014	6.74%	2,990		2,990	0
6/29/2010	43,312	3/1/2015	6.12%	27,554		8,630	18,924
8/5/2010	7,304	3/1/2016	6.12%	4,647		1,455	3,191
8/18/2010	5,767	3/1/2017	6.12%	3,669		1,149	2,520
9/17/2009	9,233	3/1/2019	6.74%	563		563	0
09/07/2011	8,648	9/6/2014	6.74%	6,418		2,846	3,572
06/15/2010	42,673	6/14/2015	6.74%	26,615		8,544	18,071
06/15/2010	8,640	6/14/2015	6.74%	5,389		1,730	3,659
06/15/2010	5,682	6/14/2015	6.74%	3,544		1,138	2,406
09/30/2009	12,748	3/29/2013	6.74%	2,664		2,664	0
09/30/2009	7,405	3/29/2013	6.74%	1,547		1,547	0
Totals				<u>\$ 87,337</u>	<u>\$ -</u>	<u>\$ 34,992</u>	<u>\$ 52,345</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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, 2013:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2014	27,192	2,579	29,770
2015	25,153	835	25,988
	<u>\$ 52,345</u>	<u>\$ 3,413</u>	<u>\$ 55,758</u>

Total minimum lease payments	\$	55,758
Less: Amount representing interest	\$	(3,413)
Present Value of Net Minimum Lease Payments	\$	52,345

NOTE G– RETIREMENT PLANS

Kentucky Teachers’ Retirement System

Plan Description – The Jessamine County School District contributes to the Teachers’ Retirement System of Kentucky (KTRS), a cost-sharing, multiple employer defined benefit pension plan. KTRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems and other public educational agencies in Kentucky. KTRS requires that members of KTRS occupy a position requiring either a four (4) year college degree or certification by KY Department of Education (KDE).

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

Funding policy – Contribution rates are established by KRS. Members before July 1, 2008 are required to contribute 10.855% of their salaries to KTRS. The Commonwealth of Kentucky is required to contribute 13.105% of salaries for members before July 1, 2008 and 14.105% of salaries for members after July 1, 2008. The federal program for any salaries paid by that program pays the matching contribution of 14.105%.

Medical Insurance Plan

Plan description – In addition to the pension benefits described above, Kentucky Revised Statute 161.675 requires KTRS to provide post-retirement healthcare benefits to eligible members and dependents. The KTRS Medical Insurance benefit is a cost-sharing multiple employer defined benefit

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

plan. Changes made to the medical plan may be made by the KTRS Board of Trustees, the Kentucky Department of Employee Insurance and the General Assembly.

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

Funding policy –In order to fund the post-retirement healthcare benefit, three and a half percent (3.5%) of the gross annual payroll of members before July 1, 2008 is contributed. One and three quarters percent (1.75%) is paid by member contributions and three quarters percent (.75%) from state appropriation and one percent (1.0%) from the employer. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

The Jessamine County School System's total payroll for the year was \$43,144,316. The payroll for employees covered under KTRS was \$32,211,117. For the year ended June 30, 2013, the Commonwealth contributed \$3,977,073 to KTRS for the benefit of our participating employees. The School district's contributions to KTRS for the year ending June 30, 2013 were \$331,868, which represents those employees covered by federal programs.

The District's required contributions (both withholding and match) for pension obligations to KTRS for the fiscal years ended 2013, 2012 and 2011 were \$4,640,809, \$4,668,899 and \$4,735,989 respectively.

County Employees Retirement System

Employees who work an average of 100 hours per month participate in the County Employees Retirement System of Kentucky (CERS), 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 the school District. 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, and Frankfort, Kentucky, 40601.

For participating employees who established an account prior to July 1, 2008, they contribute 5% of the creditable compensation. For employees hired after July 1, 2008, they 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 un-funded past service costs per annum plus interest at the actuarial assumed rate. The Board of Trustees of the Kentucky Retirement Systems determines such contribution rates each biennium. The current District contribution rate for employees is 19.55%. The District contributed \$1,986,166 of the employee's compensation during the fiscal year ended June 30, 2013.

The District's required contributions (both withholding and match) for pension obligations to CERS for the fiscal years ended 2013, 2012, 2011 and were \$2,509,531, \$2,360,718, and \$2,115,303 respectively.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE H – COMMITMENTS

The District has the following commitments:

<u>Fund</u>	<u>Amount</u>	<u>Purpose</u>
General	\$ 307,342	Sick Leave Payable
General	500,990	Bus Purchases
Construction	<u>9,913,648</u>	Future Construction
	<u>\$ 10,721,980</u>	

Commitments under operating lease agreements for office equipment provide the minimum future rental payments as of June 30, 2013 as follows:

<u>Year</u>	<u>Amount</u>
2014	\$ 16,237
2015	12,831
2016	6,880
2017	984
2018	<u>328</u>
	<u>\$ 37,260</u>

NOTE I - CONTINGENCIES

The District receives funding from Federal, State and Local governmental 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 District for its disbursements. The amount of such future refunds and un-reimbursed disbursements, if any, is not expected to be significant. Continuation of the District’s grant programs is predicated upon the grantors’ satisfaction the funds provided are being spent as intended and the grantors’ intent to continue their program.

NOTE J - LITIGATION

The District is subject to various other legal actions in various stages of litigation, the outcome of which has not been quantified and not shown as a liability in the financial statements. The attorneys for the Board are under the presumption that insurance will cover any loss from such litigation.

NOTE K – INSURANCE AND RELATED ACTIVITIES

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE L – RISK MANAGEMENT

The District is exposed to various risks of loss related to illegal acts, torts, theft/damage/destruction of assets, errors and omissions, injuries to employees, and natural disasters. To obtain insurance for workers’ compensation, errors and omission, and general liability coverage, the District purchased commercial insurance policies.

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

The Kentucky School Boards Insurance Trust (“KSBIT”) notified the District during the year that their self-insurance pools for worker’s compensation and liability insurance were underfunded. As a result, an assessment will be required under a fair methodology to be approved by the Kentucky Department of Insurance, of current and past participating members to fund the deficit and the transfer of liability to a qualified insurer/reinsurer.

NOTE M – DEFICIT OPERATING BALANCES

The following funds had an operating deficit at the end of the fiscal year causing a reduction in balance.

<u>Fund</u>	<u>Reduction in Fund Balance/Net Position</u>
General	(514,312)
Capital Outlay	(128,808)
Food Service	(32,848)
FSPK	(94,691)
Construction	(7,208,961)

NOTE N - COBRA

Under COBRA, employers are mandated to notify terminated employees of available continuing insurance coverage. Failure to comply with this requirement may put the school district at risk for a substantial loss (contingency).

NOTE O – TRANSFER OF FUNDS

The following transfers were made during the year.

<u>From</u>	<u>To</u>	<u>Purpose</u>	<u>Amount</u>
General Fund	Special Revenue Fund	KETS	\$ 125,000
Capital Outlay Fund	General Fund	Operating expenses	824,193
FSPK Fund	Debt Service Fund	Debt Payments	7,106,908
General Fund	Construction Fund	Construction	679,769
Special Revenue	Construction Fund	Construction	\$ 79,885

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE P – ON-BEHALF PAYMENTS

The financial statements include payments made by the State of Kentucky on – behalf of the Jessamine County School District for teacher’s retirement, health insurance, life insurance, administrative fees, technology, bonded debt, and state operated vocational schools where applicable. The amounts were recorded within the General and School Food Services Funds. The amounts recorded for both revenues and expenditures (expenses) are \$11,582,316 for the General Fund, \$230,370 for the School Food Service Fund and \$359,300 for the Debt Service Fund.

NOTE Q – CHANGE IN ACCOUNTING POLICY

During the fiscal year ended June 30, 2013, management adopted the Governmental Accounting Standards Board Statement No. 63. This statement created the statement of net position which replaced the previous statement of net assets. The term net assets is no longer used and has been replaced with net position. The District also implemented GASB 65 early, resulting in asset and liability classifications of deferred inflows and deferred outflows. This change is preferable so the District can be better prepared for the mandatory adoption in the upcoming fiscal year. The District recorded a deferred outflow of resources for the difference in reacquisition and carrying value of refunding debt. Refer to the prior period adjustment note to see the effect on the change in net position.

NOTE R – RESTRICTED FUND BALANCES

The following funds had restricted fund balances.

Construction	\$ 9,913,648
Food Service	1,571,455
Capital Outlay	29,642
FSPK	680,093

NOTE S – PRIOR PERIOD ADJUSTMENT

The previous year’s net position was overstated by \$2,194,695 due to GASB 65, which no longer requires the recording of bond issue costs or bond discounts. The schedule below shows the restatement of net position due to this change.

Net Position July 1, 2012	\$ 39,213,319
Prior Period Adjustment	\$ (2,194,695)
Restated Net Position July 1, 2012	<u>\$ 37,018,624</u>

NOTE T – SUBSEQUENT EVENTS

The District has evaluated subsequent events through October 21, 2013, the date the financial statements were available to be issued.

Jessamine County School District
Combining Balance Sheet - Nonmajor Governmental Funds
As of June 30, 2013

	<u>Capital Outlay Fund</u>	<u>FSPK Fund</u>	<u>Total Non-Major Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 29,642	\$ 493,174	\$ 522,816
Prepaid expenses		186,919	186,919
Total assets	<u>29,642</u>	<u>680,093</u>	<u>709,735</u>
FUND BALANCE			
Restricted	29,642	680,093	709,735
Total fund balance	<u>\$ 29,642</u>	<u>\$ 680,093</u>	<u>\$ 709,735</u>

The accompanying notes are an integral part of the financial statements.

Jessamine County School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds

For the year ended June 30, 2013

	Capital Outlay Fund	FSPK Fund	Total Non-Major Governmental Funds
Revenues			
From local sources			
Earnings from investments	\$ 829	\$ 2,978	\$ 3,807
Property taxes		5,921,115	5,921,115
Intergovernmental-state	694,556	1,088,124	1,782,680
Total revenues	695,385	7,012,217	7,707,602
Expenditures			
Debt service			-
Total expenditures	-	-	-
Excess (deficit) of revenues over expenditures	695,385	7,012,217	7,707,602
Other financing sources (uses)			
Operating transfer (out)	(824,193)	(7,106,908)	(7,931,101)
Total other financing sources (uses)	(824,193)	(7,106,908)	(7,931,101)
Excess (deficit) of revenues and other financing sources over expenditures and other financing uses	(128,808)	(94,691)	(223,499)
Fund balance, beginning	158,450	774,784	933,234
Fund balance, ending	\$ 29,642	\$ 680,093	\$ 709,735

The accompanying notes are an integral part of the financial statements.

Jessamine County School District
Combining Balance Sheet of Fiduciary Fund - School Activity Funds
As of June 30, 2013

	<u>WEST JESSAMINE HIGH SCHOOL</u>	<u>EAST JESSAMINE HIGH SCHOOL</u>	<u>THE PROVIDENCE SCHOOL</u>	<u>WEST JESSAMINE MIDDLE</u>	<u>EAST JESSAMINE MIDDLE</u>	<u>JESSAMINE CAREER & TECHNOLOGY</u>	<u>BROOKSIDE ELEMENTARY</u>
ASSETS							
Cash and cash equivalents	\$ 81,600	\$ 140,888	\$ 25,242	\$ 39,826	\$ 31,392	\$ 30,755	\$ 29,733
Accounts receivable	-	-	-	-	795	-	37
TOTAL ASSETS	<u>81,600</u>	<u>140,888</u>	<u>25,242</u>	<u>39,826</u>	<u>32,187</u>	<u>30,755</u>	<u>29,770</u>
LIABILITIES							
Accounts payable	19,484		158		100	83	-
TOTAL LIABILITIES	<u>19,484</u>	<u>-</u>	<u>158</u>	<u>-</u>	<u>100</u>	<u>83</u>	<u>-</u>
FUND BALANCE							
School Activities	\$ <u>62,116</u>	\$ <u>140,888</u>	\$ <u>25,084</u>	\$ <u>39,826</u>	\$ <u>32,087</u>	\$ <u>30,671</u>	\$ <u>29,770</u>

Jessamine County School District
Combining Balance Sheet of Fiduciary Fund - School Activity Funds
As of June 30, 2013

	<u>JESSAMINE EARLY LEARNING VILLAGE</u>	<u>NICHOLASVILLE ELEMENTARY</u>	<u>ROSENWALD DUNBAR ELEMENTARY</u>	<u>WARNER ELEMENTARY</u>	<u>WILMORE ELEMENTARY</u>	<u>FIDUCIARY FUND TOTAL</u>
ASSETS						
Cash and cash equivalents	\$ 26,178	\$ 33,397	\$ 39,583	\$ 23,881	\$ 36,048	\$ 538,521
Accounts receivable	-	-	2,174	73	-	3,080
TOTAL ASSETS	<u>26,178</u>	<u>33,397</u>	<u>41,757</u>	<u>23,954</u>	<u>36,048</u>	<u>541,601</u>
LIABILITIES						
Accounts payable	-	-	-	-	-	19,825
TOTAL LIABILITIES	-	-	-	-	-	19,825
FUND BALANCE						
School Activities	<u>\$ 26,178</u>	<u>\$ 33,397</u>	<u>\$ 41,757</u>	<u>\$ 23,954</u>	<u>\$ 36,048</u>	<u>\$ 521,776</u>

Jessamine County School District
Combining Statement of Revenues, Expenses and Changes in Fund Balance
- Fiduciary Funds
For the period ended June 30, 2013

	<u>WEST JESSAMINE HIGH SCHOOL</u>	<u>EAST JESSAMINE HIGH SCHOOL</u>	<u>THE PROVIDENCE SCHOOL</u>	<u>WEST JESSAMINE MIDDLE</u>	<u>EAST JESSAMINE MIDDLE</u>	<u>JESSAMINE CAREER & TECHNOLOGY</u>	<u>BROOKSIDE ELEMENTARY</u>
REVENUES							
Student revenues	\$ 338,695	\$ 239,615	\$ 57,276	\$ 184,189	\$ 119,034	\$ 102,017	\$ 63,216
Total Revenues	<u>338,695</u>	<u>239,615</u>	<u>57,276</u>	<u>184,189</u>	<u>119,034</u>	<u>102,017</u>	<u>63,216</u>
EXPENSES							
Student activities	369,083	209,021	49,680	176,188	138,856	88,553	73,429
Total Expenses	<u>369,083</u>	<u>209,021</u>	<u>49,680</u>	<u>176,188</u>	<u>138,856</u>	<u>88,553</u>	<u>73,429</u>
Excess (Deficit) of Revenues Over Expenses	(30,388)	30,594	7,596	8,002	(19,822)	13,464	(10,213)
FUND BALANCE July 1, 2012	<u>92,504</u>	<u>110,293</u>	<u>17,488</u>	<u>31,825</u>	<u>51,909</u>	<u>17,207</u>	<u>39,982</u>
FUND BALANCE June 30, 2013	<u>\$ 62,116</u>	<u>\$ 140,888</u>	<u>\$ 25,084</u>	<u>\$ 39,826</u>	<u>\$ 32,087</u>	<u>\$ 30,671</u>	<u>\$ 29,770</u>

Jessamine County School District
Combining Statement of Revenues, Expenses and Changes in Fund Balance
- Fiduciary Funds
For the period ended June 30, 2013

	<u>JESSAMINE EARLY LEARNING VILLAGE</u>	<u>NICHOLASVILLE ELEMENTARY</u>	<u>ROSENWALD DUNBAR ELEMENTARY</u>	<u>WARNER ELEMENTARY</u>	<u>WILMORE ELEMENTARY</u>	<u>FIDUCIARY FUND TOTAL</u>
REVENUES						
Student revenues	\$ 36,066	\$ 37,360	\$ 52,189	\$ 41,415	\$ 44,633	\$ 1,315,706
Total Revenues	<u>36,066</u>	<u>37,360</u>	<u>52,189</u>	<u>41,415</u>	<u>44,633</u>	<u>1,315,706</u>
EXPENSES						
Student activities	35,637	32,776	49,990	37,551	40,163	1,300,927
Total Expenses	<u>35,637</u>	<u>32,776</u>	<u>49,990</u>	<u>37,551</u>	<u>40,163</u>	<u>1,300,927</u>
Excess (Deficit) of Revenues Over Expenses	429	4,585	2,200	3,864	4,470	14,779
FUND BALANCE July 1, 2012	<u>25,749</u>	<u>28,812</u>	<u>39,558</u>	<u>20,091</u>	<u>31,578</u>	<u>506,996</u>
FUND BALANCE June 30, 2013	<u>\$ 26,178</u>	<u>\$ 33,397</u>	<u>\$ 41,757</u>	<u>\$ 23,954</u>	<u>\$ 36,048</u>	<u>\$ 521,776</u>

JESSAMINE COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND FUND BALANCES
WEST JESSAMINE HIGH SCHOOL
 FOR THE YEAR ENDED JUNE 30, 2013

	FUND BALANCE JULY 1, 2012	REVENUES	EXPENSES	FUND BALANCE JUNE 30, 2013
ACADEMIC TEAM	\$ -	\$ 249	\$ 249	\$ -
ACTIVITY CARD	3,436	10,695	13,556	575
AP SOCIAL STUDIES	469	694	1,163	-
ART	2,235	1,290	90	3,435
ATHLETICS	14,649	141,803	143,128	13,323
BAND	110	2,185	1,988	307
BETA	1,644	372	630	1,386
CHOIR CLASS	-	13,693	13,547	146
CLASS	1	-	1	-
COLLEGE ALGEBRA	2,411	5,918	6,360	1,969
DANCE TEAM INC	-	-	-	-
FCA	-	-	-	-
GENERAL	34,105	74,058	84,802	23,362
GRAPHICS	965	500	-	1,465
GUIDANCE	5,618	38,809	41,224	3,204
HOMECOMING	68	910	722	256
KEY	694	-	694	-
LIBRARY	192	370	19	543
MATH	-	1,650	619	1,031
MUSICAL	7,179	8,410	12,178	3,411
NATIONAL HONOR	1,236	1,787	1,876	1,148
POSTAGE	273	428	701	-
PROM	199	9,932	8,275	1,855
PSAT	95	1,140	1,032	203
RAQURT CLUB	-	50	50	-
SHOW CHOIR	-	6,243	5,692	551
SCIENCE	934	2,325	1,161	2,098
SPANISH	36	-	-	36
STUDENT SENATE	-	485	281	204
TEACHER VENDING	1,168	1,183	2,309	42
TECHNOLOGY	197	1,139	949	387
VENDING	5,358	3,216	8,266	307
YEARBOOK	9,233	9,163	17,523	872
Totals	\$ 92,504	\$ 338,695	\$ 369,083	\$ 62,116

JESSAMINE COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND FUND BALANCES
EAST JESSAMINE HIGH SCHOOL
 FOR THE YEAR ENDED JUNE 30, 2013

	FUND BALANCE <u>July 1, 2012</u>	<u>REVENUES</u>	<u>EXPENSES</u>	FUND BALANCE <u>June 30, 2013</u>
ART ACTIVITY	\$ 3,101	\$ 1,434	\$ 849	\$ 3,686
ATHLETICS	4,174	118,413	115,420	7,167
BAND	300	844	412	731
BETA	746	-	-	746
CLASS	228	-	-	228
CLUBS	9,958	9,648	9,347	10,258
COKE MONEY	11,852	4,065	449	15,468
DEPARTMENTS	13,675	37,761	30,146	21,290
DONALDSON	3,924	4,247	-	8,171
EJHS SCHOLARSHIP	1,059	2,102	1,500	1,661
GENERAL	30,745	19,654	10,411	39,987
INCENTIVE	552	-	-	552
LIBRARY	952	297	998	251
LOCKERS	13,012	5,347	6,676	11,684
PARKING	7,603	5,245	3,437	9,411
TEACHER	1,728	626	676	1,677
TEXTBOOK	390	20,903	18,513	2,780
VENDOR	2,774	538	-	3,312
YEARBOOK	3,522	8,492	10,187	1,827
	<hr/>	<hr/>	<hr/>	<hr/>
Totals	\$ <u>110,293</u>	\$ <u>239,615</u>	\$ <u>209,021</u>	\$ <u>140,888</u>

JESSAMINE COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND FUND BALANCES
THE PROVIDENCE SCHOOL
 FOR THE YEAR ENDED JUNE 30, 2013

	FUND BALANCE <u>July 1, 2012</u>	<u>REVENUES</u>	<u>EXPENSES</u>	FUND BALANCE <u>June 30, 2013</u>
ANGEL FUND	\$ 769	\$ -	\$ -	\$ 769
ARCHERY FUND	10,434	33,094	29,385	14,143
BOOKFAIR	40	1,848	988	900
EMPTY BOWL	2,182	1,714	2,094	1,802
GENERAL FUND	69	7,148	6,048	1,169
GRADUATION	423	250	90	583
LANDSCAPING	-	3,201	111	3,090
PROVIDENTIAL PARTNERS	102	-	-	102
SENIOR CLASS ACTIVITY FUND	333	-	-	333
STAFF ACTIVITY FUND	1,007	469	594	882
STUDENT COUNCIL	572	-	572	-
UTILITIES INCENTIVE	26	-	-	26
YEARBOOK	820	259	978	101
STUDENT WELFARE	-	200	-	200
JESSAMINE PROUD PRODUCTS	711	9,094	8,821	984
	<u>711</u>	<u>9,094</u>	<u>8,821</u>	<u>984</u>
Totals	\$ <u>17,488</u>	\$ <u>57,276</u>	\$ <u>49,680</u>	\$ <u>25,084</u>

JESSAMINE COUNTY SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2013

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Jessamine County School District and is presented on the accrual basis of accounting. 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 B – FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair value of the commodities disbursed. At June 30, 2013, the District had received food commodities totaling \$229,088.

JESSAMINE COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2013

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Program or Award Amount	Expenditures
US Department of Agriculture				
Passed Through State Department of Education:				
* School Breakfast Program	10.553			
Fiscal Year 13		7760005 13 \$	N/A \$	519,233
Fiscal Year 12		7760005 12	N/A	107,792
* National School Lunch Program	10.555			
Fiscal Year 13		7750002 13	N/A	1,475,292
Fiscal Year 12		7750002 12	N/A	327,430
* Summer Food Program	10.559			
Fiscal Year 12		7740023 12	N/A	38,852
Fiscal Year 12		7690024 12	N/A	4,063
Child Nutrition Cluster Subtotal				<u>2,472,662</u>
Passed Through State Department of Agriculture:				
Food Donation-Commodities	10.565			
Fiscal Year 13		510.4950	N/A	229,088
Total US Department of Agriculture				<u>2,701,750</u>
US Department of Education				
* Fund for the Improvement of Education-Elementary School Counseling	84.215E			
Fiscal Year 13		Q215E110028	429,865	319,988
Fiscal Year 12		Q215E110028	318,771	17,635
				<u>337,623</u>
Passed Through State Department of Education				
Title I Grants to Local Educational Agencies	84.010A			
Fiscal Year 13		3100002 13	1,391,624	1,131,150
Fiscal Year 13D		3100002 13	298,368	73
Fiscal Year 13M		3100002 13	22,000	11,701
Fiscal Year 12		3100002 12	1,195,872	164,755
Fiscal Year 12D		3100002 12	494,111	362,662
Fiscal Year 12M		3100002 12	17,087	5,092
Fiscal Year 12T		3100002 12	11,388	1,593
Title I School Improvement Part (A)	84.010A			
Fiscal Year 12		3100202 12	118,585	53,316
Fiscal Year 11		3100202 11	134,828	72,458
				<u>1,802,800</u>
Title I Even Start	84.213C			
Fiscal Year 11		3160002 11	183,370	15,660
* School Improvement Grants, Recovery Act	84.388A			
Fiscal Year 10B		4100302 10	131,767	73,032
Fiscal Year 10C		4100302 10	90,966	90,966
				<u>163,998</u>
Education Jobs Fund	84.410			
Fiscal Year 11		EJOB00 11	1,405,839	9,966
Migrant Education	84.011A			
Fiscal Year 13		3110002 13	17,000	12,736
Fiscal Year 12		3110002 12	37,800	2,091
				<u>14,827</u>
Homeless Children & Youth	84.196A			
Fiscal Year 12		3990002 12	124,326	10,717
Special Education Grants to States	84.027A			
Fiscal Year 13		3810002 13	1,481,833	1,007,372
Fiscal Year 12		3810002 12	1,538,855	405,146
Fiscal Year 12P		3810002 12	6,714	6,714
UK Vision Impairment Remediation	84.027A			
Fiscal Year 13V		3810002 13	68,114	63,843
Special Education Preschool	84.173A			
Fiscal Year 13		3800002 13	54,292	40,014
Fiscal Year 12		3800002 12	55,382	3
Special Education Cluster Subtotal				<u>1,523,092</u>

JESSAMINE COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2013

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Program or Award Amount	Expenditures
Title III Limited English Proficiency	84.365A			
Fiscal Year 13		3300002 13	33,568	33,568
Fiscal Year 12		3300002 12	40,235	7,008
				<u>40,576</u>
Vocation Education-Basic Grants to States	84.048			
Fiscal Year 14		4621032 14	-	62
Fiscal Year 13		4621032 13	83,036	83,036
Fiscal Year 13A		4621032 13	10,000	4,822
Fiscal Year 12A		4621232 12	3,107	3,107
				<u>91,027</u>
Tech Prep Education	84.243			
Fiscal Year 13		4631180 13	93,025	75,372
Title II Teacher Quality	84.367A			
Fiscal Year 13		3230002 13	297,680	249,850
Fiscal Year 12		3230002 12	296,368	10,402
Fiscal Year 10T		3230003 10	25,000	1,174
				<u>261,426</u>
Education Technology State Grants	84.318X			
Fiscal Year 11		3210002 11	5,494	2,740
Passed Through Commonwealth of Kentucky				
* Adult Education-Community Based Work Transition	84.002			
Fiscal Year 13		3713	33,800	31,772
Fiscal Year 12		371x	-	8,073
* Adult Education	84.002			
Fiscal Year 14		3734	-	156
Fiscal Year 13		3733	90,291	89,792
Fiscal Year 13S		3733S	2,678	732
Fiscal Year 12		3732	74,760	5
* Adult Education-Recruitment Retention	84.002			
Fiscal Year 13		3653	10,843	10,842
Adult Education Subtotal				<u>141,372</u>
Twenty-First Century Community Learning Centers	84.287			
Fiscal Year 09		3400002 09	69,267	63
Race to the Top	84.413A			
Fiscal Year 11		3960002 11	69,298	16,415
Total US Department of Education				<u><u>4,507,674</u></u>
US Department of Labor				
Passed through Bluegrass Area Development District				
Workforce Investment Act	17.259			
Fiscal Year 11		5881	3,495	2,083
Total US Department of Labor				<u>2,083</u>
US Department of Health and Human Services				
Passed Thru Kentucky School Board Association				
Medical Assistance Program	93.778			
Fiscal Year 13		110.4810	N/A	88,184
Total US Department of Health and Human Services				<u>88,184</u>
Total Expenditure of Federal Awards			\$	<u><u>7,299,690</u></u>

* Major Programs

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

To the Jessamine County Board of Education and
State Committee for School District Audits
Nicholasville, Kentucky

We have audited, in accordance with the 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 the Auditor Responsibilities and State Compliance Requirements sections contained in the Kentucky Public School Districts' Audit Contract and Requirements, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Jessamine County School District, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Jessamine County School District's basic financial statements, and have issued our report thereon dated October 21, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Jessamine County School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness Jessamine County School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Jessamine County School District's 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected 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 internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses, In addition, the results of our tests disclosed no deficiencies as it relates to specific state statutes or regulations identified in the audit requirements prescribed by the Kentucky State Committee for School District Audits included in the

Kentucky Public School Districts' Audit Contract and Requirements or Appendices. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jessamine County School District's financial statements are free from 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*.

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

White & Associates, P.C.

Richmond, Kentucky
October 21, 2013

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133**

To the Jessamine County Board of Education and
State Committee for School District Audits
Nicholasville, Kentucky

Report on Compliance for Each Major Federal Program

We have audited Jessamine County School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Jessamine County School District's major federal programs for the year ended June 30, 2013. Jessamine County School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Jessamine County School District's major federal programs based on our audit of the types of compliance requirements referred to above. 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; and 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 the Auditor Responsibilities and State Compliance Requirements sections contained in the Kentucky Public School Districts' Audit Contract and Requirements. 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 Jessamine County School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Jessamine County School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Jessamine County School District, complied, in all material respects, with the types of 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, 2013.

Report on Internal Control Over Compliance

Management of Jessamine County School District, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Jessamine County School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 Jessamine County School District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

White & Associates, P.C.

Richmond, Kentucky
October 21, 2013

JESSAMINE COUNTY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2013

SUMMARY OF AUDITOR’S RESULTS

What type of report was issued for the financial statements?	Unmodified
Were there significant deficiencies in internal control disclosed? If so, was any significant deficiencies material (GAGAS)?	No
Was any material noncompliance reported (GAGAS)?	No
Were there material weaknesses in internal control disclosed for major programs?	No
Were there any significant deficiencies in internal control disclosed that were not considered to be material weaknesses?	No
What type of report was issued on compliance for major programs?	Unmodified
Did the audit disclose findings as it relates to major programs that Is required to be reported as described in Section 510(a) of OMB A-133?	No
Major Programs	Adult Education [CFDA 84.002] Child Nutrition Cluster [CFDA 10.553, 10.555, 10.559] School Improvement Grants [CFDA 84.388A] Fund for the Improvement of Education [CFDA 84.215E]
Dollar threshold of Type A and B programs	\$300,000
Low risk auditee?	Yes

FINDINGS - FINANCIAL STATEMENT AUDIT

No findings at the financial statement level.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

No findings at the major federal award programs level.

JESSAMINE COUNTY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2013

There were no prior period findings.

MANAGEMENT LETTER

Jessamine County School District
Nicholasville, Kentucky

In planning and performing our audit of the financial statements of the Jessamine County School District for the year ended June 30, 2013, we considered the District's internal controls in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

However, during our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. We previously reported on the District's internal control in our report dated October 21, 2013. This letter does not affect our report dated October 21, 2013, on the financial statements of the Jessamine County School District. The conditions observed are as follows:

EAST JESSAMINE HIGH SCHOOL

1-13

Statement of Condition: The Multiple Receipt Forms and the money collected are not being turned in daily to the bookkeeper for timely deposit.

Recommendation for Correction: Multiple Receipt Forms and the money collected should be turned in daily to the bookkeeper.

Management's Response to the Recommendation: The Principal has since met with faculty and staff to explain that money is not to be kept in a filing cabinet or desk drawer, but given to the Bookkeeper the day money is collected, regardless of the size of the deposit. Teachers will use the Multiple Receipt Form (F-SA-6) when collecting money and the Handling Cash Procedures in the *Redbook* shall be followed.

WEST JESSAMINE HIGH SCHOOL

No conditions

EAST JESSAMINE MIDDLE SCHOOL

No conditions

WEST JESSAMINE MIDDLE SCHOOL

No conditions

BROOKSIDE ELEMENTARY

2-13

Statement of Condition: The Multiple Receipt Forms and the money collected are not being turned in daily to the bookkeeper for timely deposit.

Recommendation for Correction: Multiple Receipt Forms and the money collected should be turned in daily to the bookkeeper.

Management’s Response to the Recommendation: The Principal has since met with faculty and staff to explain that money is not to be kept in a filing cabinet or desk drawer, but given to the Bookkeeper the day money is collected, regardless of the size of the deposit. Teachers will use the Multiple Receipt Form (F-SA-6) when collecting money and the Handling Cash Procedures in the *Redbook* shall be followed.

NICHOLASVILLE ELEMENTARY

No conditions

ROSENWALD-DUNBAR ELEMENTARY

No conditions

WARNER ELEMENTARY

No conditions

WILMORE ELEMENTARY

No conditions

JESSAMINE EARLY LEARNING VILLAGE

3-13

Statement of Condition: Did not comply with the following Accounting Procedures for Kentucky School Activity Funds “Redbook”:

- (1) Principal did not consistently date the bank statements after review.
- (2) Monthly Financial Reports were not being submitted timely to the superintendent or finance officer at the close of each month.
- (3) Receipts not written at the time monies were received by the school treasurer.
- (4) Receipts were not being given to the individual turning the monies in.
- (5) Receipts not being deposited timely.
- (6) The deposit slips do not indicate that a second person is verifying the deposit.

Recommendation for Correction: (1) The Principal should date the front page of the bank statement after a complete review. (2) Monthly financial reports shall be prepared and submitted to the superintendent or finance officer in a timely manner. The original shall be signed and reviewed for accuracy and reasonableness by the principal and submitted to the superintendent or finance officer and a copy retained in the files. A list of accounts payables and receivables shall accompany the report. (3) Receipts shall be written to the individual giving the monies to the school treasurer at the time the monies are received. (4) Each individual/entity turning in monies shall be written a receipt on the computer (if automated) or manually (if not automated). The original receipt shall be signed by the

school treasurer and given to the individual/entity that turned the monies in that day. (5) All monies should be deposited on a daily basis. In the event that less than \$100 is on hand to deposit, smaller amounts may be held in a secure location until \$100 is collected. At a minimum, deposits shall be made on a weekly basis even if the deposit amount is less than \$100. The total of the deposit slip shall match the total receipts written since the last deposit. Each deposit shall be verified by a second person daily. (6) An employee, or someone other than the person that prepares the deposit slip needs to initial the deposit slip verifying that the amount of the deposit equals the total amount of receipts recorded in the ledger sheets and that the bank validation stamp matches the amount of the deposit slip.

Management Response to the Recommendation:

- (1) Principal will open the bank statement when it is received by the school and will review it, and after her review, she will initial and date the first page of the bank statement.
- (2) Bookkeeper will prepare the monthly report the first week of the month and submit to the Principal for review and approval signature. After the Principals review the bookkeeper will submit the monthly report to the finance office in a timely manner.
- (3) & (4) A pre-numbered receipt will be written and issued by the school treasurer (bookkeeper) at the time money is received.
- (5) & (6) Bookkeeper will make timely deposits as per Redbook policy. Deposit slips are to be compared to total receipts written since last deposit and verified daily by a second person.

JESSAMINE CAREER & TECHNOLOGY CENTER

4-13

Statement of Condition: Fund Raiser Worksheet (F-SA-2B) not being utilized for all fundraising events that require one.

Recommendation for Correction: For each fundraising event, the sponsor responsible for the administration of the fundraiser will fill out the Fund Raiser Worksheet (F-SA-2B). After completion of the fundraiser, the sponsor will submit the completed Fund Raiser Worksheet to the Principal for review. After review, the principal will give the Fund Raiser Worksheet to the school treasurer to file with other financial documents.

Management Response to the Recommendation: The Principal has instructed faculty and staff that a Fund Raiser Approval Form (F-SA-2A) must be completed and submitted for approval prior to any fundraising. After the completion of all fundraisers the Fund Raiser Approval Worksheet (Form F-SA-2B) must be completed and submitted to the bookkeeper.

5-13

Statement of Condition: Instances of receipts not being deposited timely.

Recommendation for Correction: All monies should be deposited on a daily basis. In the event that less than \$100 is on hand to deposit, smaller amounts may be held in a secure location until \$100 is collected. At a minimum, deposits shall be made on a weekly basis even if the deposit amount is less than \$100. The total of the deposit slip shall match the total receipts written since the last deposit. Each deposit shall be verified by a second person daily.

Management Response to the Recommendation: Bookkeeper will make timely deposits as per *Redbook* Policy. In the event of the bookkeepers' absence, the principal has instructed the secretary to prepare the deposit slip and deposit the monies at the bank.

THE PROVIDENCE SCHOOL

No conditions

Condition 1-13 is a repeat condition from the prior year. We will review the status of these conditions during our next audit engagement. We have already discussed many of these conditions and suggestions with various District personnel, and we will be pleased to discuss these conditions in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

All prior year conditions have been implemented and corrected. Mr. Matthew Moore, Superintendent, is the person responsible for initiation of the corrective action plan for the above conditions which will be implemented immediately. The corrective action plan is the management response for each condition.

We would like to thank the Finance Officer and their department for their support and assistance during our audit.

This report is intended solely for the information and use of the Board of Education, management, and others within the district and is not intended to be and should not be used by anyone other than these specified parties.

White & Associates, PSC

White & Associates, PSC

Richmond, Kentucky

October 21, 2013