

**REPORT OF THE AUDIT OF THE  
PULASKI COUNTY  
SCHOOL DISTRICT**

**For The Fiscal Year Ended  
June 30, 2013**

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Members of the Board  
Pulaski County School District  
Somerset, Kentucky

## **INDEPENDENT AUDITOR'S REPORT**

### **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 the Pulaski County School District, Somerset, Kentucky, 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 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 *Office of Management and Budget Circular No. A-133, Audits of States, Local Governments, and Non-Profit Organizations*. 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.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Pulaski County School District as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows 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 and budgetary comparison information on pages 4 through 8 and 35 through 36 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 Pulaski County School District's basic financial statements. The introductory section and combining and individual non-major fund financial statements 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 are required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organization*, and is also not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subject 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 combining and individual non-major fund financial statements 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.

The introductory section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2013, on our consideration of the Pulaski 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* considering Pulaski County School Districts' internal control over financial reporting and compliance.

Respectfully submitted,



Ross and Company, PLLC  
November 11, 2013

**PULASKI COUNTY SCHOOL DISTRICT  
SOMERSET, KENTUCKY  
Management's Discussion and Analysis (MD & A)  
Year Ended June 30, 2013**

As management of the Pulaski County School District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

**FINANCIAL HIGHLIGHTS**

- The beginning and ending balance for the District's General Fund was \$3,445,882 and \$3,996,617, respectively.
- The General Fund had \$ 61.13 million in revenue, including interfund transfers and beginning balance, which primarily consisted of the state program (SEEK), property, utilities, and motor vehicle taxes. Including inter-fund transfers, there was \$57.14 million in General Fund expenditures.
- SEEK revenue for 2012-2013 came in slightly under the forecasted amount at 99.44%, which was \$164,992 less than forecast. Interest income dipped in the General Fund to \$111,427 down from \$194,264. The basis of interest income for Pulaski County is a percentage over the fed rate. Utility tax receipts increased slightly from \$2,959,157 to \$3,249,717. Property tax revenue came in at 99.47% of projected with total receipts at \$8,901,223. However, tax receipts from motor vehicle taxes increased from \$1,729,494 to \$1,779,749. Delinquent tax revenue slowed to \$325,416 from \$388,868. Omitted tax receipts came in at \$52,841 more than the previous year. The district also sold a closed building that formerly housed Day Treatment for \$118,819 at a loss. The district paid a total of \$150,000 for the building over the last 10 years.
- CERS rates are up to 19.55% for the employer share. KTRS had an employer share rate for the second year equal to 1.00%. The employer rate will increase each year incrementally until 2015 when the rate is currently slated to level at 3.0%. This will be a drastic increase in employer costs for the Pulaski County Board of Education which is currently an estimated \$920,000 for KTRS costs alone in the year 2015.
- The State is continuing a relaxed approach to utilizing Capital Fund Monies for Fiscal Years 2012-2013 and 2013-2014. The District requested and was granted the use of \$342,938 from the Capital Outlay Fund that was not being utilized for debt service to aid in paying general fund payments for KISTA bus leases for the 2012-2013 year. The relaxed use of Capital Funds will not continue past 2013-2014 unless the language is written into the new state biennial budget.
- The District is gearing up for completion of the Southern Middle School project and the Pulaski County High School projects that began in the previous fiscal year. Closeout and completion is expected in the 2014 year. Also, a roof replacement will begin on Nancy Elementary that will be covered by insurance monies due to hail damage. The same sewer issues were discovered in 2013 at Northern Middle School that plagued Southern Middle and required updating. Also, plans have been approved to update Eubank Elementary which is our last elementary school to need renovation. Plans include using the existing cafeteria for additional classrooms, construction of a new cafeteria, a new sewer plant, and a new façade. The Northern Middle sewer upgrade and the Eubank renovation will be combined in one bond sale expected to start in the spring of 2014.

## OVERVIEW OF FINANCIAL STATEMENTS

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

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

The statement of activities presents information showing how the District's assets and liabilities, with the difference between the two reported as Net Position. Over time, increases or decreases in Net Position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's Net 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 only result in cash flows in future fiscal periods.

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

The district-wide financial statements can be found on pages 9 and 10.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. This is a state mandated uniform system and chart of accounts for all Kentucky public school districts utilizing the MUNIS administrative software. The District used fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental, proprietary and fiduciary funds. Fiduciary funds are trust funds established by benefactors to aid in student education, welfare and teacher support. The only proprietary funds are the day care and food service operations. All other activities of the District are included in the governmental funds.

The governmental fund financial statements can be found on pages 11 and 13.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements.

The notes to the financial statement can be found on pages 20-34

## DISTRICT-WIDE FINANCIAL ANALYSIS

Net Position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$10,944,825 as of June 30, 2013.

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

PULASKI COUNTY SCHOOL DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2013  
 (Continued)

the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

**Net Position for the period ending June 30, 2013 and 2012, respectively:**

<b>ASSETS</b>	<b>2013</b>	<b>2012</b>
Total current assets	\$ 9,136,445	\$ 11,507,123
Total non-current assets	74,425,949	76,670,115
Total assets	<u>83,562,394</u>	<u>\$ 88,197,238</u>
<b>LIABILITIES</b>		
Total current liabilities	\$ 8,565,254	\$ 7,949,301
Total non-current liabilities	64,052,315	66,550,937
Total liabilities	<u>72,617,569</u>	<u>74,500,238</u>
<b>NET POSITION</b>		
Invested in capital assets, net of related debt	7,324,260	7,079,520
Restricted	2,055,209	5,657,227
Unrestricted	1,565,356	960,253
Total Net Position	<u>10,944,825</u>	<u>13,697,000</u>
	<u>\$ 83,562,394</u>	<u>\$ 88,197,238</u>

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PULASKI COUNTY SCHOOL DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2013  
 (Continued)

The following table presents a summary of General Fund revenue and expense for the fiscal year ended June 30, 2013.

<b>Revenues</b>	<u>General Fund</u>
From local sources	\$ 14,784,730
State sources	41,914,434
Federal - indirect	-
Other sources	<u>989,095</u>
<b>Total revenues</b>	<u>57,688,259</u>
<b>Expenditures</b>	
Instruction	36,167,457
Support services	
Student	3,346,934
Instruction staff	2,133,354
District administration	1,593,069
School administration	2,355,602
Business	594,846
Plant operation and maintenance	5,242,664
Student transportation	4,364,338
Adult education	-
Facilities acquisition and construction	1,250
Debt service	342,938
Interfund Transfers	<u>995,318</u>
<b>Total expenditures</b>	<u>57,137,770</u>
<b>Excess (deficit) of revenues over expenditures</b>	<u>\$550,489</u>

**Comments on Budget Comparisons**

- The District's total General Fund revenues for the fiscal year ended June 30, 2013, including inter-fund transfers and on-behalf payments, were \$61,134,141 including a beginning balance of \$3,446,882.
- General fund budget (excluding on-behalf revenues) compared to actual revenue varied slightly from line item to line item with the ending actual revenues being \$1,511,678 more than budgeted by 3.19 favorable percentage points. This is due largely in part to the use of Capital Funds, motor vehicle taxes, insurance money, and the sale of the Day Treatment building.
- General fund budget expenditures (excluding on-behalf payments) to actual varied from line item to line item with the ending actual expenditures being \$2,484,693 less than budgeted.

PULASKI COUNTY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2013  
(Continued)

**BUDGETARY IMPLICATIONS**

In Kentucky the public school fiscal year is July 1 – June 30; other programs, i.e. some federal programs operate on a different fiscal calendar, but are reflected in the District's overall budget. By law the budget must have a minimum 2% contingency. The District adopted a budget for 2014 with \$4,473,747 or 9.14% in contingency.

Questions regarding this report should be directed to **Steve Butcher, Superintendent**, or **Rebecca Wright, Finance Officer** at 606-679-1123 or by mail at P O Box 1055, Somerset, KY 42502.

**PULASKI COUNTY SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**DISTRICT WIDE**

As of June 30, 2013

<b>ASSETS</b>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Current Assets</b>			
Cash and cash equivalents	\$ 2,541,599	\$ 923,917	\$ 3,465,516
Other receivables	3,561,840	489,597	4,051,437
Inventory	124,130	128,776	252,906
Prepaid Expense	3,911	-	3,911
Unamortized bond issuance cost	1,362,675	-	1,362,675
<b>Total current assets</b>	<u>7,594,155</u>	<u>1,542,290</u>	<u>9,136,445</u>
<b>Non-current Assets</b>			
Land	3,478,841	-	3,478,841
Buildings and improvements	85,862,528	-	85,862,528
Furniture and equipment	19,768,057	2,383,188	22,151,245
Construction in progress	8,621,150	-	8,621,150
Less: Accumulated depreciation	(43,894,413)	(1,793,402)	(45,687,815)
<b>Total non-current assets</b>	<u>73,836,163</u>	<u>589,786</u>	<u>74,425,949</u>
<b>Total assets</b>	<u>\$ 81,430,318</u>	<u>\$ 2,132,076</u>	<u>\$ 83,562,394</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable	\$ 480,930	\$ 26,801	\$ 507,731
Deferred revenue	836,834	18,732	855,566
Interest payable	2,361,453	-	2,361,453
Current portion of long-term obligations	3,052,072	-	3,052,072
Current portion of capital lease obligations	730,562	-	730,562
Current portion of sick-leave	333,899	-	333,899
Other current liabilities	723,971	-	723,971
<b>Total current liabilities</b>	<u>8,519,721</u>	<u>45,533</u>	<u>8,565,254</u>
<b>Non-current Liabilities</b>			
Non-current portion of long-term obligation	59,742,072	-	59,742,072
Non-current portion of capital lease obligations	3,576,983	-	3,576,983
Non-current portion of accrued sick leave	733,260	-	733,260
<b>Total non-current liabilities</b>	<u>64,052,315</u>	<u>-</u>	<u>64,052,315</u>
<b>Total liabilities</b>	<u>72,572,036</u>	<u>45,533</u>	<u>72,617,569</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	6,734,474	589,786	7,324,260
Restricted for:			
Capital projects	157,467	-	157,467
Other	333,899	1,563,843	1,897,742
Unrestricted	1,632,442	(67,086)	1,565,356
<b>Total net position</b>	<u>8,858,282</u>	<u>2,086,543</u>	<u>10,944,825</u>
<b>Total liabilities and net position</b>	<u>\$ 81,430,318</u>	<u>\$ 2,132,076</u>	<u>\$ 83,562,394</u>

See accompanying notes to financial statements.

**PULASKI COUNTY SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**DISTRICT WIDE**

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
<b>Governmental Activities</b>							
Instruction	\$ 45,092,955	\$ 30,675	\$ 7,854,501	\$ -	\$ (37,207,779)	\$ -	\$ (37,207,779)
Support services:							
Student	3,422,735	-	35,592	-	(3,387,143)	-	(3,387,143)
Instruction staff	3,079,799	-	833,865	-	(2,245,934)	-	(2,245,934)
District administrative	1,595,118	-	-	-	(1,595,118)	-	(1,595,118)
School administrative	2,454,218	-	98,616	-	(2,355,602)	-	(2,355,602)
Business	644,631	-	25,761	-	(618,870)	-	(618,870)
Plant operation and maintenance	6,728,116	-	-	-	(6,728,116)	-	(6,728,116)
Student transportation	5,050,084	-	72,551	-	(4,977,533)	-	(4,977,533)
Facilities acquisition and construction	4,260,031	-	-	1,789,161	(2,470,870)	-	(2,470,870)
Community service activities	945,775	-	945,775	-	-	-	-
Other	136,350	-	1,262	-	(135,088)	-	(135,088)
Interest on long-term debt	2,347,353	-	-	-	(2,347,353)	-	(2,347,353)
<b>Total governmental activities</b>	<b>75,757,165</b>	<b>30,675</b>	<b>9,867,923</b>	<b>1,789,161</b>	<b>(64,069,406)</b>	<b>-</b>	<b>(64,069,406)</b>
<b>Business-type Activities</b>							
Food service	4,499,680	972,106	4,034,319	-	-	506,745	506,745
Child Care	731,303	557,035	216,071	-	-	41,803	41,803
Adult Education	14	-	-	-	-	(14)	(14)
<b>Total business-type activities</b>	<b>5,230,997</b>	<b>1,529,141</b>	<b>4,250,390</b>	<b>-</b>	<b>-</b>	<b>548,534</b>	<b>548,534</b>
<b>Total school district</b>	<b>\$ 80,988,162</b>	<b>\$ 1,559,816</b>	<b>\$ 14,118,313</b>	<b>\$ 1,789,161</b>	<b>\$ (64,069,406)</b>	<b>\$ 548,534</b>	<b>\$ (63,520,872)</b>
<b>General Revenues</b>							
Property taxes					\$ 12,204,669	\$ -	\$ 12,204,669
Delinquent property tax					325,416	-	325,416
Motor vehicle taxes					1,779,749	-	1,779,749
Utility taxes					3,249,717	-	3,249,717
Investment earnings					111,427	10,582	122,009
State aid formula grants					42,654,558	-	42,654,558
Loss on sale of fixed assets					(5,566)	-	(5,566)
Miscellaneous					438,145	-	438,145
Transfers					279,598	(279,598)	-
<b>Total general revenues</b>					<b>61,037,713</b>	<b>(269,016)</b>	<b>60,768,697</b>
Change in net position					(3,031,693)	279,518	(2,752,175)
Net position - beginning					11,889,975	1,807,025	13,697,000
Net position - ending					\$ 8,858,282	\$ 2,086,543	\$ 10,944,825

See accompanying notes to financial statements.

**PULASKI COUNTY SCHOOL DISTRICT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**

As of June 30, 2013

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Construction Fund</u>	<u>Other Governmental</u>	<u>Total Governmental</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 4,153,770	\$ (1,994,395)	\$ 188,850	\$ 193,374	\$ 2,541,599
Account Receivable	729,831	2,832,009	-	-	3,561,840
Inventory	124,130	-	-	-	124,130
Prepaid Expense	3,911	-	-	-	3,911
<b>Total assets</b>	<u>\$ 5,011,642</u>	<u>\$ 837,614</u>	<u>\$ 188,850</u>	<u>\$ 193,374</u>	<u>\$ 6,231,480</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ 291,300	\$ 780	\$ 188,850	\$ -	\$ 480,930
Deferred revenue	-	836,834	-	-	836,834
Other current liabilities	723,971	-	-	-	723,971
<b>Total liabilities</b>	<u>1,015,271</u>	<u>837,614</u>	<u>188,850</u>	<u>-</u>	<u>2,041,735</u>
<b>Fund Balances</b>					
Restricted:					
SFCC Escrow- Current	-	-	-	157,467	157,467
Committed:					
Sick Leave Payable	333,899	-	-	-	333,899
Unassigned:	3,662,472	-	-	35,907	3,698,379
<b>Total fund balances</b>	<u>3,996,371</u>	<u>-</u>	<u>-</u>	<u>193,374</u>	<u>4,189,745</u>
<b>Total liabilities and fund balances</b>	<u>\$ 5,011,642</u>	<u>\$ 837,614</u>	<u>\$ 188,850</u>	<u>\$ 193,374</u>	<u>\$ 6,231,480</u>

See accompanying notes to financial statements.

**PULASKI COUNTY SCHOOL DISTRICT**  
**RECONCILIATION OF GOVERNMENTAL FUNDS -**  
**BALANCE SHEET TO THE STATEMENT OF NET POSITION**

June 30, 2013

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

Total Fund Balance-Governmental Funds		\$ 4,189,745
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental:		
Cost of capital	\$ 109,109,426	
Construction in progress	8,621,150	
Accumulated depreciation	(43,894,413)	
Unamortized bond issuance cost	1,362,675	75,198,838
Long-term liabilities including bonds payable are not due and payable in the current period and therefore are not reported as liabilities in the funds:		
Bonds payable	(62,794,144)	
Capital lease payable	(4,307,545)	
Interest payable	(2,361,453)	
Sick leave	(1,067,159)	(70,530,301)
Total Net Position-Governmental Funds		<u>\$ 8,858,282</u>

See accompanying notes to financial statements.

**PULASKI 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	Other Governmental Funds	Total Governmental Funds
From local sources					
Property taxes	\$ 9,397,143	\$ -	\$ -	\$ 3,132,942	\$ 12,530,085
Motor vehicle taxes	1,779,749	-	-	-	1,779,749
Utility taxes	3,249,717	-	-	-	3,249,717
Earnings on investments	111,427	-	-	-	111,427
Other local revenues	246,694	(509)	-	-	246,185
State sources					
SEEK	29,529,765	-	-	1,789,161	31,318,926
On Behalf Payments	12,252,949	-	-	740,124	12,993,073
Other	131,720	3,007,063	-	-	3,138,783
Federal - indirect	-	6,861,369	-	-	6,861,369
<b>Total revenues</b>	<b>56,699,164</b>	<b>9,867,923</b>	<b>-</b>	<b>5,662,227</b>	<b>72,229,314</b>
<b>Expenditures</b>					
Instruction	36,167,457	7,989,501	-	118,893	44,275,851
Support services					
Student	3,346,934	35,592	-	-	3,382,526
Instruction staff	2,133,354	833,865	-	-	2,967,219
District administration	1,593,069	-	-	-	1,593,069
School administration	2,355,602	98,616	-	-	2,454,218
Business	594,846	25,761	-	-	620,607
Plant operation and maintenance	5,242,664	-	-	-	5,242,664
Student transportation	4,364,338	72,551	-	-	4,436,889
Facilities acquisition and construction	1,250	-	4,253,084	-	4,254,334
Community service activities	-	945,775	-	-	945,775
Debt service	342,938	-	-	5,823,758	6,166,696
Other expenditures	-	1,262	-	-	1,262
<b>Total expenditures</b>	<b>56,142,452</b>	<b>10,002,923</b>	<b>4,253,084</b>	<b>5,942,651</b>	<b>76,341,110</b>
<b>Excess (deficit) of revenues over expenditures</b>	<b>556,712</b>	<b>(135,000)</b>	<b>(4,253,084)</b>	<b>(280,424)</b>	<b>(4,111,796)</b>
<b>Other Financing Sources (Uses)</b>					
Other financing sources- Not transfers	366,560				366,560
Bond proceeds				-	-
Operating transfers in	622,535	135,000	292,763	5,238,434	6,288,732
Operating transfers out	(995,318)	-	-	(5,013,816)	(6,009,134)
<b>Total other financing sources (uses)</b>	<b>(6,223)</b>	<b>135,000</b>	<b>292,763</b>	<b>224,618</b>	<b>646,158</b>
<b>Excess (deficit) of revenues and other financing sources over expenditures and other financing uses</b>	<b>550,489</b>	<b>-</b>	<b>(3,960,321)</b>	<b>(55,806)</b>	<b>(3,465,638)</b>
<b>Net change in fund balances</b>	<b>550,489</b>	<b>-</b>	<b>(3,960,321)</b>	<b>(55,806)</b>	<b>(3,465,638)</b>
<b>Fund balance, July 1, 2012</b>	<b>3,445,882</b>	<b>-</b>	<b>3,960,321</b>	<b>249,180</b>	<b>7,655,383</b>
<b>Fund balance, June 30, 2013</b>	<b>\$ 3,996,371</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 193,374</b>	<b>\$ 4,189,745</b>

See accompanying notes to financial statements.

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

For the year ended June 30, 2013

Total net change in fund balances- governmental funds \$ (3,465,638)

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

Governmental funds report capital outlays as expenditures because they use current financial resources. However in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeds capital outlays in the period. (2,990,874)

In the statement of activities, only the gain on the sale of asset is reported, whereas in the governmental funds, the entire proceeds from the sale increase financial resources. Thus, the change in net position differ from the change in fund balances by the basis of the asset sold. (516,560)

Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position however issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. This is the amount by which bond proceeds exceed principal payments. 4,116,713

In the statement of activities, certain operating expenses such as compensated absences (sick leave), are measured by the amount earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year special termination benefits paid exceed the amounts earned. (109,436)

Interest on long-term debt in the statement of activities differs from the amount reported in governmental funds because interest is recorded as an expenditure in the fund when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the statement of activities is the net result of accrued interest on bonds. (65,898)

Change in Net Position - Governmental Funds \$ (3,031,693)

See accompanying notes to financial statements.

**PULASKI COUNTY SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**

As of June 30, 2013

<b>ASSETS</b>	<u>Food Service Fund</u>	<u>Child Care Fund</u>	<u>Total</u>
<b>Current Assets</b>			
Cash and cash equivalents	\$ 743,411	\$ 180,506	\$ 923,917
Other receivables	489,597	-	489,597
Inventory	128,776	-	128,776
<b>Total current assets</b>	<u>1,361,784</u>	<u>180,506</u>	<u>1,542,290</u>
<b>Noncurrent Assets</b>			
Furniture and equipment	2,383,188	-	2,383,188
Less: Accumulated depreciation	<u>(1,793,402)</u>	<u>-</u>	<u>(1,793,402)</u>
<b>Total noncurrent assets</b>	<u>589,786</u>	<u>-</u>	<u>589,786</u>
<b>Total assets</b>	<u>\$ 1,951,570</u>	<u>\$ 180,506</u>	<u>\$ 2,132,076</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable	\$ 26,801	\$ -	\$ 26,801
Deferred Revenue	18,732	-	18,732
<b>Total current liabilities</b>	<u>45,533</u>	<u>-</u>	<u>45,533</u>
<b>Total liabilities</b>	<u>45,533</u>	<u>-</u>	<u>45,533</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	589,786	-	522,700
Restricted for:			
New Assets	1,187,475	180,506	1,435,067
Inventory	128,776	-	128,776
<b>Total net position</b>	<u>1,906,037</u>	<u>180,506</u>	<u>2,086,543</u>
<b>Total liabilities and net position</b>	<u>\$ 1,951,570</u>	<u>\$ 180,506</u>	<u>\$ 2,132,076</u>

See accompanying notes to financial statements.

**PULASKI COUNTY SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**

For the year ended June 30, 2013

	Food Service Fund	Child Care Fund	Adult Education Fund	Total
<b>Operating Revenues</b>				
Service sales	\$ 972,106	\$ 557,035	\$ -	\$ 1,529,141
<b>Total operating revenues</b>	<u>972,106</u>	<u>557,035</u>	<u>-</u>	<u>1,529,141</u>
<b>Operating Expenses</b>				
Salaries and wages	2,006,045	667,432	14	2,673,491
Professional and contract services	56,841	19,812	-	76,653
Supplies and materials	2,349,169	42,548	-	2,391,717
Depreciation	71,742	-	-	71,742
Other operating expenses	15,883	1,511	-	17,394
<b>Total operating expenses</b>	<u>4,499,680</u>	<u>731,303</u>	<u>14</u>	<u>5,230,997</u>
<b>Operating income (loss)</b>	<u>(3,527,574)</u>	<u>(174,268)</u>	<u>(14)</u>	<u>(3,701,856)</u>
<b>Non-operating revenues (expenses)</b>				
Federal grants	3,987,949	216,071	-	4,204,020
State grants	46,370	-	-	46,370
Interest income	10,582	-	-	10,582
<b>Total non-operating revenues (expenses)</b>	<u>4,044,901</u>	<u>216,071</u>	<u>-</u>	<u>4,260,972</u>
<b>Other Financing Sources (Uses)</b>				
Operating transfers out	(212,512)	-	(67,086)	(279,598)
<b>Total other financing sources (uses)</b>	<u>(212,512)</u>	<u>-</u>	<u>(67,086)</u>	<u>(279,598)</u>
<b>Net income (loss)</b>	304,815	41,803	(67,100)	279,518
<b>Total net position, July 1, 2012</b>	<u>1,601,222</u>	<u>138,703</u>	<u>67,100</u>	<u>1,807,025</u>
<b>Total net position, June 30, 2013</b>	<u>\$ 1,906,037</u>	<u>\$ 180,506</u>	<u>\$ -</u>	<u>\$ 2,086,543</u>

See accompanying notes to financial statements.

**PULASKI COUNTY SCHOOL DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**

For the year ended June 30, 2013

	Food Service Fund	Child Care Fund	Adult Education Fund	Total
<b>Cash Flows from Operating Activities</b>				
Cash received from lunchroom sales	\$ 608,731	\$ 579,158	\$ 66,204	\$ 1,254,093
Cash payments to employees for services	(2,006,045)	(667,432)	(14)	(2,673,491)
Cash payments to suppliers for goods and services	(2,447,728)	(64,839)	-	(2,512,567)
Cash payments for other operating activities	(15,883)	(1,511)	-	(17,394)
<b>Net cash from operating activities</b>	<u>(3,860,925)</u>	<u>(154,624)</u>	<u>66,190</u>	<u>(3,949,359)</u>
<b>Cash Flows from Noncapital Financing Activities</b>				
Non-operating grants received	4,034,319	216,071	-	4,250,390
Transfers	(212,512)	-	(67,086)	(279,598)
<b>Net cash from noncapital financing activities</b>	<u>3,821,807</u>	<u>216,071</u>	<u>(67,086)</u>	<u>3,970,792</u>
<b>Cash Flows from Investing Activities</b>				
Interest on investments	10,582	-	-	10,582
<b>Net cash flows from investing activities</b>	<u>10,582</u>	<u>-</u>	<u>-</u>	<u>10,582</u>
<b>Net increase in cash and cash equivalents</b>	(28,536)	61,447	(896)	32,015
<b>Cash and cash equivalents - beginning</b>	771,947	119,059	896	891,902
<b>Cash and cash equivalents - ending</b>	<u>\$ 743,411</u>	<u>\$ 180,506</u>	<u>\$ -</u>	<u>\$ 923,917</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>				
Operating income (loss)	\$ (3,527,574)	\$ (174,268)	\$ (14)	\$ (3,701,856)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>				
Depreciation	71,742	-	-	71,742
Changes in assets and liabilities:				
Receivables	(271,493)	22,123	66,204	(183,166)
Inventory	(17,779)	-	-	(17,779)
Deferred Revenue	(91,882)	-	-	(91,882)
Accounts payable	(23,939)	(2,479)	-	(26,418)
<b>Net Cash Provided by Operating Activities</b>	<u>\$ (3,860,925)</u>	<u>\$ (154,624)</u>	<u>\$ 66,190</u>	<u>\$ (3,949,359)</u>

See accompanying notes to financial statements.

**PULASKI COUNTY SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS**

June 30, 2013

<b>ASSETS</b>	<u>Trust/Agency Fund</u>
<b>Current Assets</b>	
Due from other funds	\$ 1,018,483
<b>Total assets</b>	<u>\$ 1,018,483</u>
 <b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Due to school groups	\$ 1,018,483
<b>Total net position and liabilities</b>	<u>\$ 1,018,483</u>

See accompanying notes to financial statements.

**PULASKI COUNTY SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE- FIDUCIARY FUNDS**

For the year ended June 30, 2013

	Trust/Agency Fund
<b>Additions</b>	
Revenues from student activities	\$ 1,993,965
<b>Deduction</b>	
Non-instructional expenses	(2,032,277)
<b>Change in revenues over expenses</b>	(38,312)
<b>Due to school groups - beginning</b>	1,056,795
<b>Due to school groups - ending</b>	\$ 1,018,483

See accompanying notes to financial statements.

**PULASKI COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

For the fiscal year ending June 30, 2013

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Reporting Entity

The Pulaski County School District (District) is the basic level of government, which has financial accountability and control over all activities related to the public school education within the jurisdiction of the Pulaski County School District. The District receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. Board members are elected by the public and have decision-making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and have primary financial accountability for fiscal matters. The District is not included in any other governmental "reporting entity" as defined by GASB pronouncements. In accordance with GASB Standard 14, financial transactions of the following component unit are incorporated in the accompanying financial statements.

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

Basis of Presentation

District-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 District-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 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. Non-major

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Fund Financial Statements: (Continued)

funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

Fund Accounting:

The accounts of the District are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund balance, revenues and expenditures or expenses as appropriate. The various funds are summarized by type in the financial statements. The District uses the following funds:

Governmental Fund Types:

General Fund - The General Fund is the primary operating fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. This is always a major fund of the district.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of grants from local, state and federal revenue sources that are legally restricted to expenditures for specified purposes. Project accounting is employed to maintain integrity for the various sources of funds. Federally funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report. KDE requires this fund to be a major fund.

Construction Fund – The Construction Fund is used to account for all resources including proceeds from bond sales for the authorized acquisition and construction of capital facilities.

Capital Outlay Fund - The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund receives \$100 per the District's adjusted average daily attendance restricted for use in financing projects as identified in the District's facility plan. This is a major fund.

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

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.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Proprietary Fund Type

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

Child Care - The Child Care Fund accounts for the funds generated at individuals schools providing after school care for children.

Adult Education - The Adult Education Fund accounts for the funds to provide educational programs to the community.

Fiduciary Fund Type

The School Activity Funds are fiduciary funds used to account for student activity organizations in accordance with the Accounting Procedures for Kentucky School Activity Funds. Financial statements of groups and organizations associated with the school system but not originated within the District (e.g., Band Boosters, Parent-Teacher Associations, etc.) are not included within school activity funds.

Measurement Focus

The accounting and reporting treatment applied to a fund is determined by its measurement focus. The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds include 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.

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 that are presented in the fund financial statements use the modified accrual basis of accounting. Proprietary and fiduciary funds use the accrual basis of accounting.

Exchange and Non-exchange transactions – There are two types of transactions: exchange and non-exchange. The method of determining revenue recognition (i.e., accrual v. modified accrual) depends upon the type of exchange as well as source of revenue. Exchange transactions occur when

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

each party receives essentially equal value. Non-exchange transactions occur when one party receives value without directly giving equal value in return.

Modified Accrual - Revenue from non-exchange transactions (e.g., grants, entitlements and donations) must be available to be recognized. These sources of revenue are recognized in the fiscal year in which all eligibility requirements have been satisfied. Under the modified accrual basis of accounting, revenues from exchange transactions are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For the District, "available" means within sixty days of June 30. Property tax revenue is recognized in the fiscal year for which the taxes are levied. Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as deferred revenue. Under the modified basis of accounting, 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.

Accrual - Under the accrual basis of accounting, revenues are recorded when an exchange takes place. Expenses are recognized at the time they are incurred.

Encumbrance Accounting

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Kentucky Law, appropriations lapse at fiscal year end. Encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year's budget.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the proprietary fund type considers highly liquid investments with maturity of three months or less when purchased to be cash equivalents.

Inventories

On the government-wide financial statements inventories are stated at cost and are expensed when used.

On fund financial statements inventories are stated at cost. The cost of inventory items is recorded as expenditures in the governmental fund types when purchased.

The food service fund uses the specific identification method and the general fund uses the first-in, first-out method.

Budget

The District is required by state law to adopt a budget annually. The budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP). Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Budget (Continued)

Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP). Once the District approves the budget, it can be amended. Budget appropriations lapse at year-end.

Fund Balances

The School Board has implemented GASB Statement 54 employing new terminology and classifications for fund balance items.

Nonspendable Fund Balance includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable. At June 30, 2013, the District did not have a non-spendable fund balance.

Restricted fund balances arise when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. At June 30, 2013, the District had \$157,467 restricted in the Building Fund.

Committed fund balances are those amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, which, for the District is the Board of Education. The Board of Education must approve by majority vote the establishment (and modification or rescinding) of a fund balance commitment. The District had \$333,899 committed for sick leave payable at June 30, 2013.

Assigned fund balances are those amounts that are constrained by the government's *intent* to be used for specific purposes, but are neither restricted nor committed. The Board of Education allows program supervisors to complete purchase orders which result in the encumbrances of funds. Assigned fund balances also include (a) all remaining amounts (except for negative amounts balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed and (b) amounts in the general fund that are intended to be used for specific purposes. At June 30, 2013, the District did not have an assigned fund balance.

Unassigned fund balance is the residual classification for the general fund. This classification represents a fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2. SAFEGUARDING CASH AND CASH EQUIVALENTS**

The District's cash and cash equivalents consist of amounts deposited in interest bearing accounts. The depository bank deposits for safekeeping and trust with the District's third party agent approved pledged securities to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

At June 30, 2013, the carrying amount of the District's combined deposits (cash and cash equivalents) excluding school activity funds was \$5,860,377 and the combined bank balances totaled \$4,807,184. The bank balances were covered by the combination of FDIC insurance and collateral held by the District's agent in the District's name at June 30, 2013.

**Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that in the event of a depository institution failure, the county's deposits may not be returned. The District does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 41.240(4). All deposits meet current guidelines.

The cash deposits held at financial institutions can be categorized according to three levels of risk. These three levels of risk are as follows:

Category 1 Deposits that are insured or collateralized with securities held by the District or by its agent in the District's name.

Category 2 Deposits that are collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.

Category 3 Deposits which are not collateralized or insured.

Based on these three levels of risk, all of the District's cash deposits are classified as Category 2.

Statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. agencies, municipal securities and repurchase agreements. The investment pool and repurchase agreements are considered nonparticipating contracts. The District has a repurchase agreement whereby daily bank deposits sweep to an interest bearing overnight account. Such agreements can be categorized according to three levels of risk. These three levels of risk are:

Category 1 Investments that are insured or collateralized with securities held by the District or by its agent in the District's name.

Category 2 Investments that are collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.

Category 3 Uninsured and unregistered investments held by the counter party, its trust or its agent, but not in the District's name.

The District's investment in repurchase agreements is classified by risk level as Category 2.

**NOTE 3. PROPERTY TAXES**

Revenues and other governmental fund financial resource increments (i.e. bond issue proceeds) are recognized in the accounting period in which they become susceptible to accrual; that is, when they become measurable and available to finance expenditures of the fiscal periods. Property taxes collected are recorded as revenues in the fund for which they were levied. The assessment date of the property taxes is January 1 of each year. The levy is normally set during the September board meeting. Assuming property tax bills are timely mailed, collection date is the period from October 1 through December 31. Collections from the period October 1 through October 31 receive a two percent discount. The due date is the period from November 1 through December 31 in which no discount is allowed. Property taxes received subsequent to January 1 are considered to be delinquent and subject to a lien filed by the County Attorney.

**NOTE 4. RETIREMENT PLANS**

Kentucky Teachers' Retirement System

The Pulaski County School System 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 the 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, KY 40601 or from the KTRS web site at <http://www.ktrs.ky.gov/>.

Funding policy - Contribution rates are established by KRS. Members 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 contributions 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 access to post-employment healthcare benefits to eligible members and dependents. The KTRS Medical Insurance benefit is a cost-sharing multiple employer defined benefit plan. Changes made to the medical plan may be made by the KTRS Board of Trustees, the Kentucky Department of Employee Insurance and the General Assembly.

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

**NOTE 4. RETIREMENT PLANS (CONTINUED)**

Kentucky Teachers' Retirement System (Continued)

Funding policy – In order to fund the post-employment healthcare benefit three and on half percent (3.5%) of gross annual payroll of members before July 1, 2008 is contributed. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

The Pulaski County Schools' total payroll for the year was \$43,511,734. The payroll for employees covered under KTRS was \$32,357,059. For the year ended June 30, 2013, the Commonwealth contributed \$3,852,027 to KTRS for the benefit of participating employees. The School districts contributions to KTRS for the year ending June 30, 2013 were \$448,745 which represents those employees covered by federal programs.

County Employees Retirement System

Plan Description - The County Employees Retirement System (CERS) administered by the Kentucky Retirement System (KRS) is a cost-sharing multiple-employer defined benefit public employee retirement system. The plan provides benefit pension plan coverage for substantially all regular non-certified, full-time employees of each county and Public Schools, and any additional eligible local agencies electing to participate in the System. The participant has a fully vested interest after the completion of sixty months of service, twelve of which are current service. At a minimum, terminated employees are refunded their contributions with credited interest at 3% compounded annually through June 30, 1980, 6% thereafter through June 30, 1986, and 4% thereafter.

CERS through KRS provides for retirement, disability, death, and survivor and health benefits of its members. The KRS annual financial report and other required disclosure information is available by writing the Kentucky Retirement System, 1260 Louisville Road, Frankfort, Kentucky 40601-6124, or by calling (800) 928-4646.

Funding Status and Progress - The Kentucky Retirement System administers CERS based upon employer matching contributions from each county, Public Schools and eligible local agencies electing to participate in the System. The Board of Trustees of Kentucky Retirement Systems determines contribution rates each biennium. The following are CERS non-hazardous contribution rates for the year ended June 30, 2013 member is 5% of their salaries. Participation after September 1, 2008 is at the rate of 6%. The District is required to contribute 19.55%.

The contribution requirement for CERS for the year ended June 30, 2013, was \$2,502,010, which consisted of \$1,983,794 from the District and \$518,216 from employees.

Additional information and historical trend information can be obtained from the Teachers Retirement System of Kentucky and the County Employee Retirement System of Kentucky.

**NOTE 5. LIABILITY FOR COMPENSATED ABSENCES**

Certified employees are awarded a maximum of 10 days of sick leave annually, based upon employment contract terms and District policy. Sick leave is accrued without limitation. Upon retirement from the school system, a certified employee receives from the District an amount equal to 30% of the value of accumulated sick leave at the current daily rate of pay. At June 30, 2013, the estimate for those employees with 27 or more years of service is \$1,067,159, in which \$333,899 is short-term and \$733,260 is long term, both reported on the District-wide financial statements.

**NOTE 6. CAPITAL ASSETS**

Capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of Net 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 \$5,000. 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 capitalized.

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

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

PULASKI COUNTY SCHOOL DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2013  
 (Continued)

**NOTE 6. CAPITAL ASSETS (CONTINUED)**

<b>Governmental Assets</b>	<u>June 30, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2013</u>
<b>Cost</b>				
Land	\$ 3,495,670	\$ -	\$ (\$150,000)	\$ 3,345,670
Land Improvements	133,171	-	-	133,171
Buildings & Improvements	85,862,528	-	-	85,862,528
Technology Equipment	8,167,022	-	-	8,167,022
Other	1,118,585	8,500	-	1,127,085
Vehicles	10,023,215	948,450	(497,715)	10,473,950
Construction in Progress	8,621,150	-	-	8,621,150
<b>Totals at historical cost</b>	<u>117,421,341</u>	<u>956,950</u>	<u>(647,715)</u>	<u>117,730,576</u>
<b>Less: Accumulated Depreciation</b>				
Land Improvements	7,768	6,659	-	14,427
Buildings & Improvements	27,498,297	1,727,472	-	29,225,769
Technology Equipment	6,631,528	625,302	-	7,256,830
Other	922,682	36,542	-	959,224
Vehicles	6,332,478	603,399	(497,715)	6,438,162
<b>Total accumulated depreciation</b>	<u>41,392,753</u>	<u>2,999,374</u>	<u>(497,715)</u>	<u>43,894,412</u>
<b>Net Fixed Assets - Government</b>	<u>\$ 76,028,588</u>	<u>\$ (2,042,424)</u>	<u>\$ (150,000)</u>	<u>\$ 73,836,164</u>
<b>Business Assets</b>				
Technology Equipment	\$ 56,057	\$ -	\$ -	\$ 56,057
Vehicles	27,330	-	-	27,330
General Equipment	2,299,800	-	-	2,299,800
<b>Totals at historical cost</b>	<u>2,383,187</u>	<u>-</u>	<u>-</u>	<u>2,383,187</u>
<b>Less: Accumulated Depreciation</b>				
Technology Equipment	56,057	-	-	56,057
Vehicles	27,330	-	-	27,330
General Equipment	1,638,273	71,742	-	1,710,015
<b>Total accumulated depreciation</b>	<u>1,721,660</u>	<u>71,742</u>	<u>-</u>	<u>1,793,402</u>
<b>Net Fixed Assets - Business Type</b>	<u>\$ 661,527</u>	<u>\$ (71,742)</u>	<u>\$ -</u>	<u>\$ 589,785</u>

PULASKI COUNTY SCHOOL DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2013  
 (Continued)

**NOTE 7. GENERAL LONG-TERM DEBT AND LEASE OBLIGATIONS**

The District is required to make lease payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Pulaski County School District Finance Corporation to construct school facilities. Current requirements for principal and interest expenditures are accounted for in the Debt Service Fund in accordance with state law.

The issue date, original amounts of the issue and interest rates are summarized below:

<u>Bond 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>
Issue of 1993	490,000	8/1/2013	4.5-5%	\$ 70,000	\$ -	\$ 35,000	\$ 35,000
Issue of 1998	7,480,137	7/1/2012	4-4.2%	1,660,000	-	1,660,000	-
Issue of 2003	2,240,000	8/1/2023	2-4.1%	2,000,000	-	1,870,000	130,000
Issue of 2004	2,370,000	5/1/2024	2-5%	1,650,000	-	1,495,000	155,000
Issue of 2004 R	1,365,000	9/1/2015	2-3.75%	580,000	-	90,000	490,000
Issue of 2006	4,540,000	4/1/2026	3.75-4.25%	4,415,000	-	20,000	4,395,000
Issue of 2006 R	940,000	7/1/2016	3.75-4.25%	495,000	-	95,000	400,000
Issue of 2007	3,125,000	6/1/2027	3.5-3.7%	2,535,000	-	130,000	2,405,000
Issue of 2009	24,435,000	2029	3.5-4.25%	24,310,000	-	45,000	24,265,000
Issue of 2009 BR	4,660,000	2018	2.0-3.0%	4,000,000	-	325,000	3,675,000
Issue of 2009 R	2,460,000	10/1/2020	2.00-3.25%	2,270,000	-	60,000	2,210,000
QZAB	1,524,865	5/30/2015	N/A	381,216	-	127,072	254,144
Issue 2010	9,340,000	5/1/2022	1.00-2.75%	8,980,000	-	150,000	8,830,000
Issue of 2011	9,295,000	3/1/2031	1.00-4.250%	9,115,000	-	190,000	8,925,000
Issue of 2012	3,185,000	1/1/2032		3,185,000	-	65,000	3,120,000
Issue of 2012RA	1,940,000	8/1/2023	.50-2.0%	-	1,940,000	-	1,940,000
Issue of 2012R				-	1,600,000	35,000	1,565,000
				<u>\$ 65,646,216</u>	<u>\$ 3,540,000</u>	<u>\$ 6,392,072</u>	<u>\$ 62,794,144</u>

The District has entered into "participation agreements" with the School Facilities Commission. The Kentucky General Assembly created the Commission for the purposes of assisting local school districts in meeting school construction needs. The table on the following page sets forth the amount to be paid by the District and the Commission for each year until maturity of all bonds issues. The liability for the total bond amount remains with the District and, as such, the total principal outstanding. The District is liable for all issues; however, School Facilities Construction Commission participates by contributing those portions of debt that are appropriated in the State's biennial budget.

**NOTE 7. GENERAL LONG-TERM DEBT AND LEASE OBLIGATIONS (CONTINUED)**

The bonds may be called prior to maturity and redemption premiums are specified in each issue. Assuming no bonds are called prior to scheduled maturity, the minimum obligations of the District including amount to be paid by the Commission, at June 30, 2013 for debt service, (principal and interest) are shown on as follows:

**PULASKI COUNTY SCHOOLS  
 SCHEDULE OF DEBT PAYMENTS  
 AS OF JUNE 30, 2013**

YEAR	PULASKI COUNTY SCHOOL DISTRICT		SCHOOL FACILITIES CONSTRUCTION		TOTAL
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	
2014	\$ 2,628,300	\$ 2,049,403	\$ 423,772	\$ 188,104	\$ 5,289,579
2015	2,633,950	1,919,966	398,122	175,259	5,127,297
2016	2,694,397	1,860,410	405,603	162,371	5,122,781
2017	2,761,794	1,790,421	398,206	149,276	5,099,697
2018	2,839,094	1,720,413	380,906	136,293	5,076,706
2019	2,911,205	1,645,532	358,795	123,209	5,038,741
2020	2,979,737	1,571,116	260,263	111,320	4,922,436
2021	3,070,053	1,485,459	269,947	100,180	4,925,639
2022	3,149,857	1,399,521	280,143	88,306	4,917,827
2023	3,244,262	1,303,810	290,738	74,513	4,913,323
2024	3,363,285	1,184,590	291,715	58,673	4,898,263
2025	3,525,036	1,063,543	269,964	45,102	4,903,645
2026	3,668,682	918,279	281,318	33,748	4,902,027
2027	3,821,770	764,141	293,230	21,835	4,900,976
2028	3,986,029	603,595	88,971	9,419	4,688,014
2029	4,152,294	435,954	92,706	5,685	4,686,639
2030	2,909,494	261,001	20,506	1,769	3,192,770
2031	3,028,633	143,979	21,367	908	3,194,887
2032	600,000	20,250	-	-	620,250
<b>TOTAL</b>	<b>\$57,967,872</b>	<b>\$22,141,383</b>	<b>\$ 4,826,272</b>	<b>\$1,485,970</b>	<b>\$86,421,497</b>

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PULASKI COUNTY SCHOOL DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2013  
 (Continued)

**NOTE 7. GENERAL LONG-TERM DEBT AND LEASE OBLIGATIONS (CONTINUED)**

The issue date, original amounts of the issue and interest rates are summarized below:

<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>
2005	730,461	3/1/2015	3-3.625%	\$ 216,412	\$ -	\$ 78,922	\$ 137,490
2006	778,099	3/1/2016	3-3.4%	314,461	-	81,837	232,624
2006B	832,676	3/1/2017	3.5-3.875%	432,457	-	85,887	346,570
2008	860,032	3/1/2018	3.0-3.75%	518,201	-	84,236	433,965
2009	759,027	3/1/2019	2.0-3.90%	525,524	-	72,235	453,289
2009B	741,801	3/1/2020	2.0-3.60%	582,844	-	69,418	513,426
2011	837,429	3/1/2021	1.0-4.0%	746,861		92,285	654,576
2012	627,619	3/1/2022	2.-2.65%	627,619		68,261	559,358
2013	976,247	3/1/2023	2%	-	976,247	-	976,247
<b>TOTALS</b>				<b>\$ 3,964,379</b>	<b>\$ 976,247</b>	<b>\$ 633,081</b>	<b>\$ 4,307,545</b>

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:

**PULASKI COUNTY SCHOOLS  
 SCHEDULE OF KISTA PAYMENTS  
 AS OF JUNE 30, 2013**

<u>YEAR</u>	<u>PULASKI COUNTY SCHOOL DISTRICT</u>		<u>TOTAL</u>
	<u>PRINCIPAL</u>	<u>INTEREST</u>	
2014	730,562	123,946	854,508
2015	723,467	103,446	826,913
2016	637,992	82,200	720,192
2017	562,451	62,924	625,375
2018	477,511	46,121	523,632
2019	392,933	31,991	424,924
2020	312,678	20,481	333,159
2021	237,175	11,604	248,779
2022	144,467	5,017	149,484
2023	88,309	1,766	90,075
<b>TOTAL</b>	<b>\$ 4,307,545</b>	<b>\$ 489,496</b>	<b>\$ 4,797,041</b>

**NOTE 8. OPERATING FUND TRANSFERS**

The following transfers were made during the year:

Type	From Fund	To Fund	Purpose	Amount
Matching	General	Special Revenue	KETS	\$ 135,000
Operating	General	Debt Service	KISTA payment	412,756
Operating	General	School Based Board	Close out account	154,800
Operating	General	Construction	Fund Projects	292,763
Operating	Building	Debt Service	Bond payment	4,288,274
Operating	Capital Outlay	General Fund	Capital Outlay Expenses	342,938
Operating	Capital Outlay	Debt Service	Bond payments	382,604
Operating	Food Service	General Fund	Indirect Cost	212,511
Operating	Adult Ed	General	Close out account	67,086
Total Transfers				<u>\$ 6,288,732</u>

**NOTE 9. DEFICIT OPERATING BALANCES**

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

Construction Fund	(\$3,960,321)
Building Fund	(\$91,713)
Adult Education	(\$67,100)

**NOTE 10. RISK MANAGEMENT**

**Liability Insurance Coverage**

The District is exposed to various risks related to limited torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the District has commercial insurance through Ohio Casualty. The District pays an annual premium for coverage.

**Health Care Coverage**

Full-time employees of the District are covered by the State administered medical insurance plan. The State contributes a variable amount to each employee's account based upon the employees' plan choice. Medical insurance coverage paid by the State on behalf of District employees has been recorded as a revenue and expenditure in the General Fund. Under COBRA, employers are mandated to notify Ceridian Benefits Services of terminated employees. Ceridian Benefit Services then notifies terminated employees of available continuing insurance coverage. Failure to notify Ceridian Benefits Services of this requirement can put the District at risk of paying the premiums.

**NOTE 10. RISK MANAGEMENT (CONTINUED)**

Worker's Compensation

The District participates with Kentucky Employers' Mutual Insurance. Contributions to the Worker's Compensation Fund are based on premium rates established by such fund in conjunction with the excess insurance carrier, subject to claims experience modifications and a group discount amount.

Unemployment Insurance

The District obtains unemployment insurance coverage through the Kentucky Board of Education's Insurance Trust Unemployment Compensation Fund; however, the risk has not been transferred to such fund.

**NOTE 11. COMMITMENTS AND CONTINGENCIES**

Litigation

The Board of Education is the defendant in a number of lawsuits arising principally in the normal course of operations. The Board is covered by insurance against this type of liability. At this time, the administration is unable to make an evaluation regarding the likelihood of an unfavorable outcome or any possible financial implication to the Board of Education.

Grant Programs

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2013 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements.

**NOTE 12. BUDGETARY DISCLOSURE REQUIREMENTS**

Budgetary comparisons for the General Fund and Special Revenue Fund are disclosed as required supplementary information. "On behalf" contributions made by the Commonwealth of Kentucky were recorded in the District's records as revenues and expenditures. The purpose of the policy change was to conform to requirements of the GASB 34 reporting model. The District's budget appropriations did not reflect this change in policy.

**NOTE 13. ON-BEHALF PAYMENTS**

The District receives on-behalf payments from the State of Kentucky for items including retirement and insurance. The amount received for the fiscal year ended June 30, 2013 was \$12,993,073. These payments were recorded in the General Fund.

General Fund	\$	12,252,949
Debt Service		740,124
Total	\$	<u>12,993,073</u>

**PULASKI COUNTY SCHOOL DISTRICT**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**

For the year ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)	Variance % Favorable (Unfavorable)
<b>REVENUES</b>					
From local sources					
Taxes					
Property taxes	\$ 9,258,800	\$ 9,258,800	\$ 9,397,143	\$ 138,343	1.49%
Motor vehicle taxes	1,600,000	1,600,000	1,779,749	179,749	11.23%
Utility taxes	2,750,000	2,750,000	3,249,717	499,717	18.17%
Earnings on investments	150,000	150,000	111,427	(38,573)	-25.72%
Other local revenues	298,830	298,830	246,694	(52,136)	-17.45%
State Sources					
SEEK	29,694,757	29,694,757	29,529,765	(164,992)	-0.56%
Other	36,000	36,000	12,384,669	12,348,669	34301.86%
Other	15,000	15,000	-	(15,000)	-100.00%
Inter-fund transfers	120,000	120,000	622,535	502,535	418.78%
Beginning Balance	3,446,127	3,446,127	3,445,882	(245)	-0.01%
Less On-Behalf Payments			(12,252,949)	(12,252,949)	
<b>TOTAL REVENUES</b>	<u>47,369,514</u>	<u>47,369,514</u>	<u>48,514,632</u>	<u>1,145,118</u>	<u>2.42%</u>
<b>EXPENDITURES</b>					
Instructional	25,631,654	25,631,654	36,167,457	(10,535,803)	-41.10%
Student services					
Student	3,521,885	3,521,885	3,346,934	174,951	4.97%
Instructional staff	2,216,479	2,216,479	2,133,354	83,125	3.75%
District administrative	2,179,815	2,179,815	1,593,069	586,746	26.92%
School administrative	2,320,768	2,320,768	2,355,602	(34,834)	-1.50%
Business	445,858	445,858	594,846	(148,988)	-33.42%
Plant operation and maintenance	4,754,827	4,754,827	5,242,664	(487,837)	-10.26%
Student transportation	3,810,612	3,810,612	4,364,338	(553,726)	-14.53%
Facilities acquisition and construction	1,250	1,250	1,250	-	0.00%
Debt service	-	-	342,938	(342,938)	-100.00%
Inter-fund transfers	8,388	8,388	995,318	(986,930)	-11765.98%
Contingency	2,477,978	2,477,978	-	2,477,978	100.00%
Less On-Behalf Payments			(12,252,949)	12,252,949	
<b>TOTAL EXPENDITURES</b>	<u>47,369,514</u>	<u>47,369,514</u>	<u>44,884,821</u>	<u>2,484,693</u>	<u>5.25%</u>
<b>Excess (Deficit) of Revenues Over Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,629,811</u>	<u>\$ 3,629,811</u>	<u>7.66%</u>

NOTE: BUDGET INFORMATION IS DERIVED FROM THE DISTRICT'S ANNUAL FINANCIAL REPORT, WHICH MAY VARY FROM THE BASIC FINANCIAL STATEMENTS. THE VARIATIONS ARE PRIMARILY DUE TO PRESENTATION OF OTHER FINANCING SOURCES (USES) OF FUNDS AND TRANSFERS.

**PULASKI COUNTY SCHOOL DISTRICT**  
**SPECIAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**

For the year ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)	Variance % Favorable (Unfavorable)
<b>REVENUES</b>					
From local sources					
Other local revenues	\$ -	\$ 2,000	\$ (509)	\$ (2,509)	-125.45%
Intergovernmental - state	2,529,201	2,538,581	3,007,063	468,482	18.45%
Intergovernmental - Federal	4,961,324	5,854,384	6,861,369	1,006,985	17.20%
Inter-fund transfers	-	-	135,000	135,000	0.00%
<b>TOTAL REVENUES</b>	<u>7,490,525</u>	<u>8,394,965</u>	<u>10,002,923</u>	<u>1,607,958</u>	<u>19.15%</u>
<b>EXPENDITURES</b>					
Instructional	\$ 6,322,644	\$ 6,659,587	\$ 7,989,501	\$ (1,329,914)	-19.97%
Student services:					
Student	-	-	35,592	(35,592)	0.00%
Instructional staff	58,381	581,971	833,865	(251,894)	-43.28%
School administrative	-	47,014	98,616	(51,602)	-109.76%
Business	-	-	25,761	(25,761)	-100.00%
Student transportation	170,685	56,922	72,551	(15,629)	-27.46%
Community services	938,815	1,044,507	945,775	98,732	9.45%
Other	-	5,072	1,262	3,810	75.12%
<b>TOTAL EXPENDITURES</b>	<u>7,490,525</u>	<u>8,395,073</u>	<u>10,002,923</u>	<u>(1,607,850)</u>	<u>-19.15%</u>
<b>Excess (Deficit) of Revenues Over Expenditures</b>	<u>\$ -</u>	<u>\$ (108)</u>	<u>\$ -</u>	<u>\$ 108</u>	<u>0.00%</u>

NOTE: BUDGET INFORMATION IS DERIVED FROM THE DISTRICT'S ANNUAL FINANCIAL REPORT, WHICH MAY VARY FROM THE BASIC FINANCIAL STATEMENTS. THE VARIATIONS ARE PRIMARILY DUE TO PRESENTATION OF OTHER FINANCING SOURCES (USES) OF FUNDS AND TRANSFERS.

**PULASKI COUNTY SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS**

As of June 30, 2013

	Building Fund	School Based Board Allocations	Total Non-Major Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 157,467	\$ 35,907	\$ 193,374
<b>Total assets</b>	<b>\$ 157,467</b>	<b>\$ 35,907</b>	<b>\$ 193,374</b>
 <b>LIABILITIES AND FUND BALANCES</b>			
<b>Fund Balances</b>			
Restricted:			
SFCC Escrow	157,467	-	157,467
Unassigned:	-	35,907	35,907
<b>Total fund balances</b>	<b>157,467</b>	<b>35,907</b>	<b>193,374</b>
 <b>Total liabilities and fund balances</b>	 <b>\$ 157,467</b>	 <b>\$ 35,907</b>	 <b>\$ 193,374</b>

**PULASKI COUNTY SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**

For the year ended June 30, 2013

	Building Fund	Capital Outlay Fund	Debt Service Fund	School Based Board Allocations	Total Non-major Govt. Funds
<b>Revenues</b>					
From local sources					
Property taxes	\$ 3,132,942	\$ -	\$ -	\$ -	\$ 3,132,942
State sources					
SEEK	1,063,619	725,542	-	-	1,789,161
On Behalf	-	-	740,124	-	740,124
<b>Total revenues</b>	<u>4,196,561</u>	<u>725,542</u>	<u>740,124</u>	<u>-</u>	<u>5,662,227</u>
<b>Expenditures</b>					
Instruction	-	-	-	118,893	118,893
Debt service	-	-	5,823,758	-	5,823,758
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>5,823,758</u>	<u>118,893</u>	<u>5,942,651</u>
<b>Excess (deficit) of revenues over expenditures</b>	<u>4,196,561</u>	<u>725,542</u>	<u>(5,083,634)</u>	<u>(118,893)</u>	<u>(280,424)</u>
<b>Other Financing Sources (Uses)</b>					
Operating transfers in	-	-	5,083,634	154,800	5,238,434
Operating transfers out	(4,288,274)	(725,542)	-	-	(5,013,816)
<b>Total other financing sources (uses)</b>	<u>(4,288,274)</u>	<u>(725,542)</u>	<u>5,083,634</u>	<u>154,800</u>	<u>224,618</u>
<b>Net change in fund balances</b>	(91,713)	-	-	35,907	(55,806)
<b>Fund balance, July 1, 2012</b>	249,180	-	-	-	249,180
<b>Fund balance, June 30, 2013</b>	<u>\$ 157,467</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,907</u>	<u>\$ 193,374</u>

**PULASKI COUNTY SCHOOL DISTRICT**  
**PULASKI COUNTY HIGH SCHOOL ACTIVITY FUND**  
ALL FUNDS COMBINED  
**STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE**

For The Year Ending June 30, 2013

	Fund Balance June 30, 2012	Receipts	Disburse- ments	Transfers	Fund Balance June 30, 2013
Agri Mechanics	\$ 1,020	\$ 1,238	\$ (1,598)	\$ 200	\$ 860
Ag- Production	2,323	1,064	(3,077)	245	555
Art Grant	-	40	(40)	-	-
Art	383	10	(148)	-	245
Athletics	42,896	86,527	(51,022)	(22,796)	55,605
Band	2,570	43,583	(43,526)	2,559	5,186
Pulaski Central Tran		4,556	(1,083)	-	3,473
Consumer/Family/Food	1,688	1,168	(2,212)	100	744
The People's Fund	1,132	-	(50)	(1,000)	82
Math	278	-	-	-	278
Extra Athletic	3,429	-	(5,175)	2,000	254
ROTC	1,057	18,017	(19,616)	2,100	1,558
Science	601	7,193	(5,994)	(239)	1,561
Social Studies	144	-	-	-	144
Spanish	-	500	-	-	500
Special Ed	815	866	(1,015)	400	1,066
Supply Store	12,313	38,518	(34,438)	(3,371)	13,022
Technology Ed	7	-	-	-	7
Choir	2,190	9,069	(8,130)	-	3,129
Art Club	24	22	(29)	-	17
Fishing Club	150	-	-	-	150
Adv Placement Program	4,145	13,617	(10,777)	40	7,025
Faculty Vending	260	540	(1,075)	335	60
General	2,169	28,023	(26,540)	(463)	3,189
Guidance	1	59	-	-	60
Library	495	3,457	(3,060)	(24)	868
Parking	3,519	10,621	(13,516)	-	624
Student Vending	6,395	8,201	(13,080)	(459)	1,057
Youth Service Center	52	104	(71)	-	85
Academic Quiz	166	1,589	(1,627)	-	128
School Function Expense	-	2,370	(1,658)	-	712
Engineering Club	104	10	-	-	114
FYSC- United Way	767	1,626	(525)	(70)	1,798
Art Club	33	-	(33)	-	-
Cheerleaders	7,180	42,151	(43,606)	91	5,816
Dance Team	827	5,647	(6,623)	200	51
DECA	6,537	40,525	(43,152)	(75)	3,835
Environmental Club	522	275	(119)	-	678
FBLA	6,759	22,298	(29,746)	2,192	1,503

**PULASKI COUNTY SCHOOL DISTRICT**  
**PULASKI COUNTY HIGH SCHOOL ACTIVITY FUND**  
**ALL FUNDS COMBINED**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE**

For The Year Ending June 30, 2013

	Fund Balance June 30, 2012	Receipts	Disburse- ments	Transfers	Fund Balance June 30, 2013
FCA	\$ 1,583	\$ 190	\$ (43)	\$ -	\$ 1,730
FFA	811	28,911	(29,962)	241	1
FCCLA	2,110	1,647	(1,119)	-	2,638
NHS	805	1,282	(1,325)	-	762
Pep Club	412	-	-	-	412
United/S.A.D.D.	-	10	-	-	10
Science Club	23	-	-	-	23
Spanish Club	10	-	-	-	10
Speech/ Drama	2,094	1,663	(1,619)	(57)	2,081
STLP	-	20	-	-	20
Student Council	787	-	(154)	-	633
Tags	506	8,273	(4,679)	1,311	5,411
Sports Officials	24,071	70	(20,370)	-	3,771
Philosophy club	35	-	-	-	35
FEA	27	2,027	(2,059)	5	-
Prom	7,617	7,916	(4,694)	(250)	10,589
12th Region Basketball	25	-	-	-	25
Chess Club	822	65	(213)	-	674
RPG Club	146	72	-	-	218
Student YMCA	1,356	4,037	(5,329)	-	64
Teens Who Care	78	-	-	(78)	-
Cancer Awareness FU	-	8,412	(8,444)	32	-
Boys Basketball Booster	15,882	17,923	(23,189)	506	11,122
Softball Booster	3,266	14,682	(13,785)	-	4,163
Girls Soccer Booster	4,204	6,398	(4,629)	-	5,973
Girls Basketball Booster	6,470	26,844	(27,233)	(652)	5,429
Boys Soccer Booster	935	5,090	(4,128)	-	1,897
Football Booster	2,106	29,970	(24,946)	150	7,280
Baseball Booster	2,894	23,719	(20,857)	(147)	5,609
Cross Country Booster	4,111	12,404	(14,457)	(109)	1,949
Volleyball Booster	11,866	7,841	(11,654)	(31)	8,022
Girls Regional Golf	-	2,387	(2,187)	-	200
Track Booster	988	6,314	(5,585)	(110)	1,607
Tournament/Girls Golf	8,402	2,162	(3,639)	2,122	9,047
Project Graduation	1,326	8,347	(8,607)	-	1,066
Fundraiser Account	268	-	-	-	268
AP Government	43	-	-	-	43
Feud For Food	798	857	(961)	541	1,235
Tennis	1,928	3,510	(4,519)	-	919

**PULASKI COUNTY SCHOOL DISTRICT**  
**PULASKI COUNTY HIGH SCHOOL ACTIVITY FUND**  
**ALL FUNDS COMBINED**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE**

For The Year Ending June 30, 2013

	Fund Balance June 30, 2012	Receipts	Disburse- ments	Transfers	Fund Balance June 30, 2013
Kool Kraz	\$ 1,387	\$ 188	\$ (272)	\$ (1,302)	\$ 1
Freshman Center	1,141	-	(10)	-	1,131
Yearbook	18,557	9,582	(21,634)	900	7,405
Archery Booster	1,210	4,673	(3,860)	-	2,023
YSC Attendance Grant	3	-	-	-	3
Red cross Fundraiser	-	3,232	(646)	(2,586)	-
Senior Fun Day	50	-	-	-	50
Maroon Financial	361	75	(367)	250	319
Student Performance	53	-	-	-	53
Quilting club	131	-	-	-	131
Revue Newspaper	163	-	-	-	163
Book club	12	70	(61)	-	21
JROTC Nationals Acc	-	5,598	(5,277)	-	321
Lady Maroon Invitational	-	4,990	(2,439)	(1,651)	900
Band Scholarship	500	-	-	-	500
Don Marshall Bowl	-	9,762	(7,873)	(1,889)	-
AP Spanish Fund	2	-	-	-	2
AP Biology Class	665	2,030	(1,085)	183	1,793
Swim Team	302	1,283	(1,577)	-	8
Lady Maroon Invitational	197	750	(509)	50	488
Postage Due Account	85	1,793	(1,617)	43	304
Band Uniform Account	706	500	-	-	1,206
Alloc Baseball	4	-	-	1,396	1,400
Alloc Boys Basketball	93	-	(1,634)	2,007	466
Alloc Girls Basketball	775	-	(1,973)	1,325	127
Alloc Cross Country	20	-	(1,000)	980	-
Alloc Football	-	-	(7,000)	7,000	-
Alloc Boys Golf	-	-	(600)	600	-
Alloc Girls Golf	90	-	(600)	510	-
Alloc Boys Soccer	483	-	(912)	517	88
Alloc Girls Soccer	165	-	(301)	835	699
Alloc Softball	7	-	-	1,393	1,400
Alloc Tennis	-	-	(600)	600	-
Alloc Boys Track	-	-	(500)	500	-
Alloc Girls Track	30	-	(500)	470	-
Alloc Volleyball	275	-	(625)	725	375
Alloc Dance	34	-	-	(34)	-
Alloc Cheerleaders	300	-	-	-	300
Alloc Swim Team	85	-	(200)	115	-

**PULASKI COUNTY SCHOOL DISTRICT**  
**PULASKI COUNTY HIGH SCHOOL ACTIVITY FUND**  
**ALL FUNDS COMBINED**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE**

For The Year Ending June 30, 2013

	Fund Balance June 30, 2012	Receipts	Disburse- ments	Transfers	Fund Balance June 30, 2013
PCI Invitational/CC	\$ 2,124	\$ -	\$ -	\$ -	\$ 2,124
Saddle Up Club	-	948	(872)	-	76
Jolly Roger Account	44	-	-	-	44
Academic Team FundR	-	439	(242)	-	197
Build a Bed Fundraiser	-	500	(500)	-	-
Girls Basketball Regional	186	16,600	(14,210)	(2,576)	-
Beta Club	75	641	-	-	716
PBIS	-	105	-	-	105
Spanish Honor Soc	-	361	(217)	-	144
Alloc Archery	-	-	(500)	500	-
Children Heart Foundation	-	133	(133)	-	-
PBIS2	-	-	(1,812)	3,700	1,888
	<u>\$ 252,071</u>	<u>\$ 690,780</u>	<u>\$ (704,905)</u>	<u>\$ -</u>	<u>\$ 237,946</u>
Totals	<u>\$ 252,071</u>	<u>\$ 690,780</u>	<u>\$ (704,905)</u>	<u>\$ -</u>	<u>\$ 237,946</u>

**PULASKI COUNTY SCHOOL DISTRICT**  
**SOUTHWESTERN HIGH SCHOOL ACTIVITY FUND**  
**ALL FUNDS COMBINED**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE**

For the Period Ending June 30, 2013

	Fund Balance June 30, 2012	Receipts	Disburse- ments	Transfers	Fund Balance June 30, 2013
Senior Project Graduation	\$ 7,128	\$ 7,355	\$ (6,821)	\$ 100	\$ 7,762
APP	6,459	23,816	(26,149)	-	4,126
Guidance	23	220	(71)	-	172
Art	1,723	725	(794)	-	1,654
ASL	176	-	-	-	176
PBIS	-	980	(115)	-	865
Band	497	8,379	(8,087)	200	989
Alternative Education	-	4,556	-	-	4,556
Nature Center	5,370	-	-	-	5,370
Chorus	40	-	-	-	40
HVEC	616	928	-	-	1,544
DECA	982	18,801	(5,117)	(13,817)	849
FBLA	756	12,792	(12,263)	(183)	1,102
FCA	719	968	(1,429)	-	258
FFA	4,123	22,971	(19,182)	-	7,912
FCCLA	5,619	1,886	(1,862)	(40)	5,603
Foreign Language	12	-	-	-	12
General	1,452	606	(1,409)	-	649
FACS	5,507	3,579	(6,394)	1,945	4,637
Interest	7,299	1,798	(5,870)	-	3,227
Key Club	190	-	-	-	190
Youth Service Center	2,236	1,339	(2,082)	-	1,493
NHS	1,724	1,250	(1,120)	(125)	1,729
Parking Permit	2,297	3,445	(3,006)	-	2,736
Academic Team	175	1,105	(401)	-	879
ROTC	14,632	18,078	(23,902)	284	9,092
Restitution Account	2,320	100	-	-	2,420
Spanish Club	392	-	-	-	392
Student Government	855	1,411	(1,622)	-	644
Tech/Slip	827	4,790	(2,135)	-	3,482
Math Dept	27	-	-	-	27
Trading Post	24,169	57,010	(70,701)	13,200	23,678
Vending	841	996	(1,280)	-	557
Yearbook	9,548	16,681	(17,145)	75	9,159
Conservation Club	4,037	815	-	(200)	4,652
Peru Trip	-	2,678	(2,500)	-	178
Lost & Damaged Books	1,703	1,030	-	-	2,733
Unite Club	42	-	-	-	42
Biology Trip	64	-	-	-	64

**PULASKI COUNTY SCHOOL DISTRICT**  
**SOUTHWESTERN HIGH SCHOOL ACTIVITY FUND**  
**ALL FUNDS COMBINED**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE**

For the Period Ending June 30, 2013

	Fund Balance June 30, 2012	Receipts	Disburse- ments	Transfers	Fund Balance June 30, 2013
Academic Boosters	\$ 2,808	\$ 1,220	\$ (2,016)	\$ -	\$ 2,012
Debate Team	75	-	-	-	75
Music Theater	676	-	(315)	-	361
Science Dept	379	-	-	23	402
Prom	11,513	8,533	(4,897)	4,375	19,524
Agriculture	733	500	(235)	-	998
Tri-M	553	-	-	-	553
Library	754	601	(693)	-	662
Vending II	1,852	2,021	(2,395)	(420)	1,058
School Pictures	2,903	4,548	(3,723)	-	3,728
Athletic General	15,675	63,923	(67,173)	(9,394)	3,031
Girls Basketball	192	14,137	(13,390)	-	939
Boys Basketball	608	17,053	(16,807)	-	854
Girls Soccer	242	4,246	(4,211)	200	477
Boys Soccer	1,312	1,571	(2,638)	200	445
Girls Golf	1,797	1,889	(2,384)	-	1,302
Boys Golf	75	350	(250)	-	175
Girls Volleyball	3,052	961	(8,972)	5,200	241
Softball	804	10,939	(10,731)	-	1,012
Baseball	1,365	2,520	(3,683)	1,800	2,002
Track	1,730	2,540	(3,738)	-	532
Cross Country	2,559	3,417	(4,391)	-	1,585
Swim	64	-	-	-	64
Tennis	943	5,127	(4,348)	-	1,722
Cheerleaders	11,892	34,612	(40,913)	2,000	7,591
Dance	2,030	4,842	(4,467)	-	2,405
Football	590	25,835	(15,980)	(5,400)	5,045
YSC Grant	2	-	-	-	2
Sports Uniforms	29,475	-	(14,667)	-	14,808
Health/PE	4	-	-	-	4
Archery	851	2,061	(2,800)	-	112
Warrior Nation	800	-	-	-	800
Pep Club	343	2	-	-	345
Pick the Right Choice	1,408	-	-	-	1,408
Robotics	797	7,415	(6,759)	(23)	1,430
Transportation	1,568	200	(1,605)	-	163
Travel Reimbursement	2,726	-	-	-	2,726
<b>Totals</b>	<b>\$ 219,730</b>	<b>\$ 442,151</b>	<b>\$ (465,638)</b>	<b>\$ -</b>	<b>\$ 196,243</b>

**PULASKI COUNTY SCHOOL DISTRICT**  
**ELEMENTARY AND MIDDLE SCHOOLS ACTIVITY FUNDS**  
**ALL FUNDS COMBINED**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE**

For the year ended June 30, 2013

<b>Schools</b>	Fund Balance June 30, 2012	Receipts	Disburse- ments	Fund Balance June 30, 2013
<b>Elementary</b>				
Burnside	\$ 12,345	\$ 22,956	\$ (22,678)	\$ 12,623
Eubank	16,356	35,623	(31,827)	20,152
Memorial Center	19,814	21,514	(19,328)	22,000
Nancy	65,972	48,606	(55,592)	58,986
Northern	23,594	33,048	(30,219)	26,423
Oak Hill	22,591	59,781	(52,254)	30,118
Pulaski	30,975	85,014	(69,194)	46,795
Pulaski Central	9,023	-	(9,023)	-
Shopville	41,279	56,622	(56,586)	41,315
Southern	87,865	88,484	(88,695)	87,654
<b>Middle</b>				
Northern	93,184	241,516	(261,705)	72,995
Southern	155,321	167,870	(162,428)	160,763
<b>Trust &amp; Agency Funds</b>				
Pulaski County ABE Act	6,550	-	(2,205)	4,345
PCPS Day Treatment Act	125	-	-	125
<b>Total</b>	<b>\$ 584,994</b>	<b>\$ 861,034</b>	<b>\$ (861,734)</b>	<b>\$ 584,294</b>

**PULASKI COUNTY PUBLIC SCHOOLS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the Year Ended June 30, 2013

<u>Program Title</u>	<u>MUNIS Number</u>	<u>Federal CFDA No.</u>	<u>Federal Expenditures</u>	<u>Total By CFDA #</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
		<b>Cluster</b>		
<i>Passed Through Kentucky Department of Education:</i>				
<u>Child Nutrition Cluster</u>				
School Breakfast Program	203x	10.553	968,248	
National School Lunch Program	205x	10.555	2,372,002	
Summer Food Service Program for Children	209x	10.559	94,038	\$ 3,434,288 **
Child and Adult Care Food Program		10.558	139,391	139,391
Fresh Fruit and Vegetable Program	215x	10.582	22,706	22,706
<i>Passed Through Kentucky Department of Agriculture:</i>				
<u>Food Distribution Cluster</u>				
Commodity Supplemental Food Program	201x	10.565	278,525	278,525
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>				<b>3,874,910</b>
<i>Passed Through Kentucky Department of Education:</i>				
Adult Education - Recruitment Federal	3653	84.002	13,440	
Adult Education - KYAE	3732	84.002	47,277	
Adult Education - KYAE	3733	84.002	200,351	
Adult Education - Professional Development	3733S	84.002	1,262	262,330
<u>Title I, Part A Cluster</u>				
Title I: Part A - Improving Basic Programs	3102	84.010	291,059	
Title I - Professional Development - District Improvement	3102D	84.010	162,301	
Title I: Part A - Improving Basic Programs	3103	84.010	1,876,091	
Title I - Professional Development - District Improvement	3103D	84.010	458,168	
Title I - Parent Involvement	3103M	84.010	27,516	
Title I - Neglected and Delinquent Children in LEA Institutions	3142	84.010	29,175	
Title I - Neglected and Delinquent Children in LEA Institutions	3143	84.010	57,470	
Title I - School Improvement Funds	3203	84.010	55,000	2,956,780 **
Title I - Migrant Education	3112	84.011	58,855	
Title I - Migrant Education Summer Program	3112S	84.011	26,527	
Title I - Migrant Education	3113	84.011	116,007	201,389
<u>Special Education Cluster</u>				
IDEA B - Flow Thru to LEAs	3373	84.027	1,612,487	
IDEA B - Private Schools	3371P	84.027	9,700	
IDEA B - Private Schools	3372P	84.027	6,419	
IDEA B - Preschool	3433	84.173	54,047	1,682,653 **
Carl Perkins, Title I: Part C - Vocational	3482	84.048	14,242	
Carl Perkins, Title I: Part C - Vocational	3483	84.048	79,005	93,247
Readiness and Emergency Management for Schools	5341E	84.184	42,631	42,631
Perkins Reserve Fund Grant	3633	84.243	73,762	73,762
21st Century Community Learning Centers	5501	84.287	7,844	

See Accompanying Notes to Schedule of Expenditures of Federal Awards

**PULASKI COUNTY PUBLIC SCHOOLS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended June 30, 2013

<u>Program Title</u>	<u>MUNIS</u> <u>Number</u>	<u>Federal</u> <u>CFDA No.</u>	<u>Federal</u> <u>Expenditures</u>	<u>Total By</u> <u>CFDA #</u>
<b>U. S. DEPARTMENT OF EDUCATION (CONTINUED)</b>				
21st Century Community Learning Centers	5502	84.287	129,096	
21st Century Community Learning Centers - Supplemental	5501J	84.287	779	137,719
GEAR-UP	3792G	84.334	79,386	
GEAR-UP	3793G	84.334	533,056	
GEAR-UP - CFES	3793X	84.334	23,607	636,049 **
Title VI: Part B, Subpart 2 - Rural & Low Income Schools	3503	84.358	153,334	153,334 **
Title III: Limited English Proficiency	3452	84.365	14,761	
Title III: Limited English Proficiency	3453	84.365	2,451	17,212
Title II: Part A - High Quality Teachers & Principals	4012	84.367	3,798	
Title II: Part A - High Quality Teachers & Principals	4013	84.367	410,361	414,159 **
Education Jobs Fund Program	4411	84.410	12,268	12,268
Race To The Top	4521	84.413	66,886	66,886
<i>Passed through Ky Department of Juvenile Justice</i>				
Title I - Neglected and Delinquent Children	3131	84.013	781	
Title I - Neglected and Delinquent Children	3132	84.013	5,631	
Title I - Neglected and Delinquent Children	3133	84.013	12,745	
Title I - Neglected and Delinquent Children - Transition Funds	3133T	84.013	1,180	20,337
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<u>6,770,756</u>	
<b>U. S. DEPARTMENT OF COMMERCE</b>				
<i>Passed through NOAA</i>				
PRIDE	2701	11.469	298	
PRIDE	2702	11.469	13	311
<b>U. S. DEPARTMENT OF DEFENSE</b>				
<i>Passed through KY Dept of Military Affairs</i>				
ROTC - GF Portion	5042	12.000	3,944	
ROTC - GF Portion	5043	12.000	76,195	80,139
<b>APPALACHIAN REGIONAL COMMISSION</b>				
<i>Passed through Morehead State University</i>				
Appalachian Higher Education Network (KY AHED)	6682	23.011	807	
Appalachian Higher Education Network (KY AHED)	6683	23.011	4,193	5,000
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
<i>Passed Through Kentucky Department of Education:</i>				
Drug Free Communities	5003A	93.276	39,190	39,190
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>				<u>\$10,770,306</u>

*Tested as Major Program or Cluster* \*\*

See Accompanying Notes to Schedule of Expenditures of Federal Awards

**PULASKI COUNTY SCHOOL DISTRICT**  
**NOTES TO 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 activity of the Pulaski 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 the amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE B. FOOD DISTRIBUTION PROGRAM**

Non-monetary assistance is reported in the Schedule at the fair value of the commodities received. Commodities passed through the U.S. Dept. of Agriculture during the year totaled \$278,525 with the USDA providing \$240,559 and \$37,966 received from the U.S. Department of Defense.

	<u>Awarded</u>	<u>Received</u>
U.S. Dept. of Agriculture	\$ 237,559	\$ 240,559
U.S. Dept. of Defense	30,000	37,966
Total	<u>\$ 267,559</u>	<u>\$ 278,525</u>

**PULASKI COUNTY SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Year ended June 30, 2013

**1. SUMMARY OF AUDITOR'S FINDINGS**

**Financial Statements:**

Type of auditor's report issued: unmodified

Internal control over financial reporting Yes    No

- Material weaknesses identified? X
- Significant deficiencies identified that are not considered to be material weaknesses? X
- Noncompliance material to financial statements noted? X

**Federal Awards:**

Internal control over major programs Yes    No

- Material weakness identified? X
- Significant deficiencies identified that are not considered to be material weaknesses? X None reported

Type of auditor's report issued on compliance for major programs: unmodified

Yes    No

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

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555, 10.559	Child Nutrition Cluster
84.010	Title I Cluster
84.027, 84.173	Special Education Cluster
84.334	GEAR-UP
84.358	Rural & Low Income Schools
84.367	Title II- High Quality Teachers & Principals

- Dollar threshold used to distinguish between type A and type B programs \$323,109
- Auditee qualified as low-risk auditee?    Yes   X      No

## **2. FINANCIAL STATEMENT FINDINGS**

### 2013-01: Lack of Food Service Income Reconciliation

*Statement of Condition:* Food Service receipts found were not accurately classified to their correct income accounts.

*Criteria for Condition:* Transactions are to be recorded accurately.

*Cause of the Condition:* Receipts in four months were not accurately classified to their correct income accounts.

*Effect of the Condition:* Although total Food Service receipts were accurate in total, the miscoding overstated and understated the correct amounts in various individual income accounts.

*Recommendation for Correction:*

We recommend that the current monthly reconciliation of Food Service receipts by total be expanded to also reconcile by source such as student, State, and Federal. Such expanded reconciliation can be easily implemented and add an additional control feature to promote accuracy in the recording of transactions.

#### **Management Response:**

Checks and balances within the finance office have already been put in place to review the monthly receipts by a second party to verify that all the receipts are accurately coded.

### 2013-02 Cash Used for Child Care Invoices

*Statement of Condition:* Child Care invoices were discovered where cash was paid for the purchase.

*Criteria for Condition:* The use of pre-numbered checks is required by the District for all disbursements.

*Cause of the Condition:* Cash was used for the purchase of supplies.

*Effect of the Condition:* Disbursements were understated at the District level. The purchase bypassed the PO system and did not receive proper prior approval.

*Recommendation for Correction:*

Cash should not be used when making purchases. All disbursements must have a pre-numbered check issued for payment.

#### **Management Response:**

The districts Finance Officer addressed the issue with the Childcare Director when the district was made aware of the use of cash. The Director was informed that is was not acceptable and should never happen again.

PULASKI COUNTY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2013

Prior Year:

2012-01      Cash Reconciliation

Status: Corrected

2012-02      Inadequate Pledge of Securities to Protect Deposits

Status: Corrected

**3. FEDERAL AWARDS FINDINGS & QUESTIONED COSTS**

Current Year:

No current year findings at the major federal award programs level.

Prior Year:

No prior year findings at the major federal award programs level.

**PULASKI COUNTY SCHOOL DISTRICT**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

Year ended June 30, 2013

Prior Year:

2012-01      Cash Reconciliation

                Status: Corrected

2012-02      Inadequate Pledge of Securities to Protect Deposits

                Status: Corrected

No prior year findings at the major federal award programs level.

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Members of the Board  
Pulaski County School District  
Somerset, Kentucky

**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**

We have audited, in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements prescribed by the Kentucky State Committee for School District Audits in *Office of Management and Budget Circular No. A-133, Audits of States, Local Governments, and Non-Profit Organization* the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Pulaski County School District as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Pulaski County School District's basic financial statements and have issued our report thereon dated November 11, 2013.

### **Internal Control over Financial Reporting**

In planning and performing our audit, we considered Pulaski 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Pulaski County School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Pulaski 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 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 the 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 weakness or significant deficiencies and therefore, material weakness or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weakness may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies, 2013-01 and 2013-02.

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  
(Continued)

**Compliance and Other Matters**

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

Pulaski County Public Schools District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned cost. Pulaski County Public School's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it. Additional matters were communicated to the Pulaski County Public Schools District in the Recommendations and Comments to Management letter.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal controls 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 controls and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,



Ross and Company, PLLC  
November 11, 2013

**ROSS & COMPANY, PLLC**  
**Certified Public Accountants**  
**800 Envoy Circle**  
**Louisville, KY 40299-1837**  
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Members of the Board  
Pulaski County School District  
Somerset, Kentucky

**INDEPENDENT REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE  
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

**Report on Compliance for Each Major Federal Program**

We have audited Pulaski County School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have direct and material effect on each of Pulaski County School District's major federal programs for the year ended June 30, 2013. Pulaski 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 Pulaski 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 the audit requirements prescribed by the Kentucky State Committee for School District Audits in *Office of Management and Budget Circular No. A-133, Audits of States, Local Governments, and Non-Profit Organizations*. 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 Pulaski 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 Pulaski County School District' compliance.

***Opinion on Each Major Federal Program***

In our opinion, Pulaski County School District complied, in all material respects, with the types compliance requirements referred to above that could have direct and material effect on each of its major federal programs for the year ended June 30, 2013.

INDEPENDENT REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND  
ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133  
(Continued)

**Report Internal Control over Compliance**

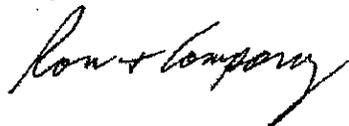
Management of Pulaski County School District is responsible for establishing and maintaining effective internal control over compliance with types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Pulaski County School District's internal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

Respectfully Submitted,



Ross & Company, PLLC

November 11, 2013

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Somerset, Kentucky

## RECOMMENDATIONS AND COMMENTS TO MANAGEMENT

In planning and performing our audit, we considered Pulaski County School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Pulaski County School District's internal control over financial reporting.

However, during our audit, we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. We previously reported on the District's internal control in our report dated November 11, 2013. This letter does not affect our report dated November 11, 2013, on the financial statements of the Pulaski County School District. The conditions observed are as follows:

### Current Year Findings –

#### 2013-01: Lack of Food Service Income Reconciliation

*Statement of Condition:* Food Service receipts found were not accurately classified to correct income accounts.

*Criteria for Condition:* Transactions are to be recorded accurately.

*Cause of the Condition:* Receipts in four months were not accurately classified to correct income accounts.

*Effect of the Condition:* Although total Food Service receipts were accurate in total, the miscoding overstated and understated the correct amounts in various individual income accounts.

#### *Recommendation for Correction:*

We recommend that the current monthly reconciliation of Food Service receipts by total be expanded to also reconcile by source such as student, State, and Federal. Such expanded reconciliation can be easily implemented and add an additional control feature to promote accuracy in the recording of transactions.

### **Management Response:**

Checks and balances within the finance office have already been put in place to review the monthly receipts by a second party to verify that all receipts are accurately coded.

PULASKI COUNTY SCHOOL DISTRICT  
RECOMMENDATIONS AND COMMENTS TO MANAGEMENT  
JUNE 30, 2013  
(Continued)

2013-02      Cash Used for Child Care Invoices

*Statement of Condition:* Child Care invoices were discovered where cash was paid for purchases.

*Criteria for Condition:* The use of pre-numbered checks is required by the District for all disbursements.

*Cause of the Condition:* Cash was used for the purchase of supplies.

*Effect of the Condition:* Disbursements were understated at the District level. The purchase bypassed the PO system and did not receive proper prior approval.

*Recommendation for*

*Correction:* Cash should not be used when making purchases. All disbursements must have a pre-numbered check issued for payment.

**Management Response:**

The districts Finance Officer addressed the issue with the Childcare Director when the district was made aware of the use of cash. The Director was informed that it was not acceptable and should never happen again.

2013-03:      Handling Cash, (Redbook)

*Statement of Condition:* Money/checks were held for a period of time before being submitted to the school treasurer.

*Criteria for Condition:* All money collected by a teacher/sponsor shall be given to the school treasurer on the day of collection per Accounting Procedures for Kentucky School Activity Funds, "Redbook."

*Cause of the Condition:* Teachers/sponsors held checks until the fundraiser was over before submitting to the treasurer.

*Effect of the Condition:* Money is not deposited in a timely manner.

*Recommendation for*

*Correction:* Request all teachers/sponsor that all money should be delivered to school treasurer on date of collection.

**Management Response:**

Bookkeepers, Finance staff, and Principals have reiterated to school staff the Redbook guidelines on handling cash.

PULASKI COUNTY SCHOOL DISTRICT  
RECOMMENDATIONS AND COMMENTS TO MANAGEMENT  
JUNE 30, 2013  
(Continued)

2013-04: Deposits over \$100, (Redbook)

*Statement of Condition:* Amounts over \$100 were not deposited timely.

*Criteria for Condition:* All money collected should be deposited on a daily basis. In the event that less than \$100 is on hand to deposit, small amounts may be held in a secure location per Accounting Procedures for Kentucky School Activity Funds, "Redbook."

*Cause of the Condition:* Deposits in amounts over \$100 held over a day before being deposited.

*Effect of the Condition:* Money is not deposited in a timely manner.

*Recommendation for*

*Correction:* Deposits over \$100 should be delivered to the bank on the same day as the money was collected.

**Management Response:**

All bookkeepers and key school personnel have completed RedBook training updated to refresh staff on state accounting guidelines.

2013-05: Use of Purchase Orders, (Redbook)

*Statement of Condition:* Purchase orders were not used before every purchase.

*Criteria for Condition:* A Purchase Order shall be prepared and approved by the sponsor and principal before the payment is obligated per Accounting Procedures for Kentucky School Activity Funds, "Redbook."

*Cause of the Condition:* Purchase orders were not utilized for every purchase.

*Effect of the Condition:* Purchase being made without proper prior approval.

*Recommendation for*

*Correction:* A purchase order shall be completed with PO date and approved before every purchase.

**Management Response:**

All bookkeepers and key school personnel have completed RedBook training updated to refresh staff on state accounting guidelines. Specific issues will be addressed with individual schools.

PULASKI COUNTY SCHOOL DISTRICT  
RECOMMENDATIONS AND COMMENTS TO MANAGEMENT  
JUNE 30, 2013  
(Continued)

2013-06: "Miscellaneous Vendor" Payee (Redbook)

*Statement of Condition:* Check was made out to "Misc Vendor" as a payment for Book Fair purchases.

*Criteria for Condition:* Before being processed, each disbursement shall be documented by a completed purchase order and an original vendor invoice per Accounting Procedures for Kentucky School Activity Funds, "Redbook."

*Cause of the Condition:* Purchase orders were not utilized for every purchase.

*Effect of the Condition:* Check could have been cashed by an unauthorized vendor.

*Recommendation for Correction:* Payee on all checks should match original vendor invoice.

**Management Response:**

All bookkeepers and key school personnel have completed RedBook training updated to refresh staff on state accounting guidelines. Issues with individual schools will be addressed one on one with school staff.

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 at your convenience.

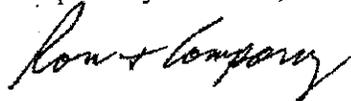
**Prior year comments:**

- 2012-01 Cash Reconciliation (Corrected)
- 2012-02 Inadequate Pledge of Securities to Protect Deposits (Corrected)
- 2012-03 Handling Cash, (Redbook) (Repeat)
- 2012-04 Deposits over \$100, (Redbook) (Repeat)
- 2012-05 Fixed Assets, (Redbook) (Corrected)
- 2012-06 Activity Funds Used for Basic Routine Operations and Maintenance (Redbook) (Corrected)

If any action occurs after this exit conference date, which affects the significant or material findings, it is the responsibility of management to provide that information to the auditors.

We sincerely appreciate the courtesy extended to our audit staff again this year. Of course, should you have any questions or concerns regarding your audit, please feel free to contact us.

Respectfully Submitted,



Ross & Company, PLLC  
November 11, 2013

## **Coulter, Jeffrey - Division of District Support**

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**From:** Paige Squires <PSquires@rosscpas.com>  
**Sent:** Tuesday, September 09, 2014 9:30 AM  
**To:** Coulter, Jeffrey - Division of District Support  
**Subject:** Pulaski Co updated  
**Attachments:** AUD501.13 9.9.14.pdf; SCH501.13FS 9.9.14.pdf

2014 audits will be in one file. Sorry for the inconvenience.

**Have a great day!**

**Paige N Squires, CPA, CFE  
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Greensburg, KY 42743  
(270) 932-9312  
Fax: (270) 932-9318**