

Woodford County School District

**Audited Financial Statements
and Other Financial Information**

June 30, 2013

**WOODFORD COUNTY SCHOOL DISTRICT
TABLE OF CONTENTS
JUNE 30, 2013**

	<u>Page</u>
Independent Auditors' Report	1-3
Management's Discussion and Analysis	4-8
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements:	
Balance Sheet - Governmental Funds	11
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net position	12
Statement of Revenues, Expenditures and Changes In Fund Balances - Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
Budgetary Comparison Schedule – General Fund	15
Budgetary Comparison Schedule – Special Revenue Fund	16
Statement of Net Position - Proprietary Funds	17
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	18
Statement of Cash Flows - Proprietary Funds	19
Statement of Fiduciary Net Position - Fiduciary Funds	20

**WOODFORD COUNTY SCHOOL DISTRICT
TABLE OF CONTENTS - CONTINUED
JUNE 30, 2013**

	<u>Page</u>
Notes to Basic Financial Statements	21-37
Combining Balance Sheet - Nonmajor Governmental Funds	38
Combining Statement of Revenues, Expenditures, and Changes In Fund Balances - Nonmajor Governmental Funds	39
Combining Statement of Receipts, Disbursements and Fund Balances – School Activity Funds	40
Statement of Receipts, Disbursements and Fund Balances Woodford County High School Activity Funds	41-42
Schedule of Expenditures of Federal Awards	43-44
Notes to Schedule of Expenditures of Federal Awards	45
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 <i>Government Auditing Standards</i>	46-47
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133	48-49
Schedule of Findings and Questioned Costs	50-51
Schedule of Prior Year Findings	52
Management Letter Comments	53-56

SUMMERS, MCCRARY & SPARKS, P.S.C.

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INDEPENDENT AUDITORS' REPORT

Kentucky State Committee of School District Audits
Members of the Board of Education
Woodford County School District
Versailles, Kentucky 40361

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Auditor Responsibilities* and *State Compliance Requirements* sections contained in the Kentucky Public School Districts' Audit Contract and Requirements. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis information on pages 4 through 8 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 Woodford County School District's basic financial statements. The combining and individual non-major fund financial statements and the schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* are presented for purposes of additional analysis and are 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 was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2013, on our consideration of Woodford County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Summers, McCrary & Sparks, PSC

Summers, McCrary & Sparks, PSC
Lexington, Kentucky
November 12, 2013

**WOODFORD COUNTY SCHOOL DISTRICT – VERSAILLES, KENTUCKY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

The discussion and analysis of Woodford County School District’s (School District) financial performance provides an overall review of the School District’s financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to review the School District’s financial performance as a whole. Readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the School District’s financial performance.

The Management’s Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in the Statement No. 34 *Basic Financial Statements- and Management’s Discussion and Analysis-for State and Local Governments* issued in June 1999.

FINANCIAL HIGHLIGHTS

The beginning General Fund balance for the District was \$2,896,665. The ending General Fund balance was \$2,815,041.

Adjusted Average Daily Attendance (AADA), used to calculate base SEEK funding, decreased by 50 students from 3664.47 in FY 2012 to 3614.78 in FY 2013. It is important to remember that kindergarten still receives a 50% AADA reduction for the SEEK calculation (funded at the ½ day level).

Property assessments certified by the Commissioner of Education showed a total real estate and personal property valuation of \$2,339,189,539. At the real estate rate of 59.5 and motor vehicle rate of 50.9 cents per \$100 of assessed property, the calculated collection should yield \$13,757,143. The actual collections were \$13,526,925.

The district was concerned about the state funding due to the economy so a raise was not applied to the salary tables.

The General Fund had \$29,806,604 in revenue, which primarily consisted of the state program (SEEK), property, utility, and motor vehicle taxes. Excluding inter-fund transfers, there was \$29,657,718 in General Fund expenditures.

The District completed the local facility plan in 2013, and in line with this approval, the District refinanced FY 2005 bonds for a total savings of \$423,188. Our rating in the bond market remains at AA3. The Districts outstanding bonds totaled \$30,670,000 at June 30, 2013. The District continued to use Capital Outlay dollars to fund smaller project. In FY 2013, the District completed the installation of canopies at Northside Elementary and Woodford Co. Middle School, cost \$160,934 and completed construction of Woodford Co High School Greenhouse and named it the Jim Wilds Greenhouse, cost \$81,430. The District also committed \$32,000 to install a generator at the Central Office to support district KEN cabinet; committed \$169,568 for roof repairs at Woodford Co High School and Safe Harbor Gym; and committed \$115,417 for paving repairs at Woodford Co High School and Northside Elementary.

OVERVIEW OF ANNUAL FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

The statement of net position presents information on all of 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 in improving or deteriorating.

**WOODFORD COUNTY SCHOOL DISTRICT – VERSAILLES, KENTUCKY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

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

The government-wide financial statements can be found on pages 9-10 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. There is a state mandated uniform accounting system and chart of accounts for all Kentucky public school districts utilizing the MUNIS administrative software. The District uses 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. The proprietary funds are our food service operation. The only fiduciary funds are agency funds. All other activities of the District are included in the governmental funds.

The basic governmental fund financial statements can be found on pages 11-20 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 21-37 of the report.

GOVERNMENT-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 \$16 million as of June 30, 2013 as compared to \$16.5 million in the prior year.

The largest portion of the District’s net position reflects its investment in capital assets (e.g., land and improvements, building and improvements, vehicles, furniture and equipment and construction in progress); less any related debt used to acquire those assets that are outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

**WOODFORD COUNTY SCHOOL DISTRICT – VERSAILLES, KENTUCKY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

	<u>June 30, 2012</u>	<u>June 30, 2013</u>
Current Assets	\$ 5,606,536	\$ 4,463,044
Noncurrent Assets	<u>44,327,420</u>	<u>42,824,924</u>
Total Assets	<u>49,933,956</u>	<u>47,287,969</u>
Deferred Outflows of Resources	<u>-</u>	<u>1,649,618</u>
Current Liabilities	2,981,499	2,598,787
Noncurrent Liabilities	<u>30,360,082</u>	<u>29,887,236</u>
Total Liabilities	<u>33,341,581</u>	<u>32,486,023</u>
Deferred Inflows of Resources	<u>-</u>	<u>454,377</u>
Investment in Capital Assets	12,462,420	13,414,472
Restricted	416,256	608,111
Unrestricted	<u>3,713,699</u>	<u>1,974,603</u>
Total Net Position	<u>\$ 16,592,375</u>	<u>\$ 15,997,187</u>

Comments on Budget Comparisons

- The District’s total revenues for the fiscal year ended June 30, 2013, net of inter-fund transfers and bond proceeds, were \$36.7 million.
- General fund budget compared to actual revenue varied from line item to line item with the ending actual balance being \$5.8 million more than budget or approximately 24%. The variance is primarily explained by unbudgeted on-behalf payments made by the State of Kentucky in the amount of \$5.3 million for employee retirement and insurance.
- General fund budget expenditures to actual varied significantly in Instruction. The variance for instructional expenses is also caused by the states’ on-behalf payments detailed above.

**WOODFORD COUNTY SCHOOL DISTRICT – VERSAILLES, KENTUCKY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

The following table presents a summary of revenues and expenses for the fiscal years ended June 30, 2012 and 2013.

	Activities		Activities		Primary Government	
	2012	2013	2012	2013	2012	2013
Revenues						
Program Revenues:						
Charges for services	\$ 33,539	\$ 453,972	\$ 1,077,567	\$ 1,096,731	\$ 1,111,106	\$ 1,550,703
Operating grants and contributions	-	3,816,132		1,167,453	-	4,983,584
Capital grants and contributions	41,305	52,759			41,305	52,759
					-	-
General Revenues:						
Property taxes	11,875,814	12,290,572			11,875,814	12,290,572
Distilled spirits taxes	239,033	273,992			239,033	273,992
Motor vehicle taxes	851,463	962,361			851,463	962,361
Utility taxes	1,519,481	1,864,375			1,519,481	1,864,375
Other taxes	-	-			-	-
Investment earnings	27,342	5,764	997	71	28,339	5,835
State and formula grants	22,018,732	16,900,230	1,102,416		23,121,148	16,900,230
Miscellaneous	430,496	113,360	-	57	430,496	113,417
Total Revenues	37,037,205	36,733,516	2,180,980	2,264,311	39,218,185	38,997,829
Expenses						
Program Activities:						
Instruction	24,508,318	23,032,725			24,508,318	23,032,725
Student support	1,658,466	1,934,497			1,658,466	1,934,497
Instructional staff support	1,506,622	1,436,588			1,506,622	1,436,588
District administrative support	748,106	767,530			748,106	767,530
School administrative support	1,523,721	1,700,666			1,523,721	1,700,666
Business support	1,256,959	1,149,499			1,256,959	1,149,499
Plant operation and maintenance	3,367,439	2,747,327			3,367,439	2,747,327
Student transportation	2,368,171	2,482,078			2,368,171	2,482,078
Facilities acquisition	-	73,405			-	73,405
Community service activities	233,645	614,003			233,645	614,003
Other	401,336	155,962			401,336	155,962
Interest cost	1,029,757	869,037			1,029,757	869,037
						-
Business-Type Activities						
Food service	-	-	2,028,605	2,073,812	2,028,605	2,073,812
Adult education				336		336
Day care			158,660	119,830		119,830
Community education	-	-		5,136	-	5,136
Total Expenses	38,602,540	36,963,317	2,187,265	2,199,116	40,631,145	39,162,432
KSBIT Assessment	\$ -	\$ (430,585)	\$ -	\$ -	\$ -	\$ (430,585)
Increase (decrease) in net position	\$ (1,565,335)	\$ (660,385)	\$ (6,285)	\$ 65,196	\$ (1,412,960)	\$ (595,188)

Governmental Activities

The majority of revenue was derived from state and federal funding making up 57% of the total and local taxes making up 42% of total revenue. Instruction comprises 62% of governmental program expenses. Support services expense make up 19% of government expenses. Student transportation and plant operations total 14% of governmental expenses. The remaining expenses for facility acquisitions, community service activities, and interest account for the final 4% of total governmental expense.

**WOODFORD COUNTY SCHOOL DISTRICT – VERSAILLES, KENTUCKY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

Business-Type Activities

The business-type activities include the food service, day care, adult education, and community education operations. These programs had total revenues of \$2,264,311 and expenses of \$2,199,116 for fiscal year 2013. Of the revenues, \$1,096,731 was charges for services, and \$1,167,453 was from State and Federal grants. Business activities receive no support from tax revenues. The School District will continue to monitor the charges and costs of this activity.

General Fund-Budget Highlights

The School District’s budget is prepared according to Kentucky law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. The State Department of Education requires a zero-based budget with any budgeted remaining fund balance shown as a contingency expense in the budget process.

Capital Assets

At the end of fiscal year 2013 the School District had \$42,780,032 invested in land, buildings, equipment, and vehicles; of this total, \$42,720,459 was in governmental activities.

Debt

At June 30, 2013, the School District had \$30,670,000 in bonds outstanding; of this amount \$390,211 is to be paid from the KSFCC funding provided by the State of Kentucky. A total of \$1,790,000 is due within one year.

District Challenges for the Future

Woodford County School District continues to be financially sound. However, the current state and national financial climate requires the District to remain prudent. The District has been required to provide financial support for unfunded mandates imposed by the state and federal government.

Woodford County School District will continue to use careful planning and monitoring of finances to provide a quality education for students and a secure financial future for the school district.

Future Budgetary Implications

In Kentucky, the public schools’ 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 2013-2014 with a contingency of 6.4%. The payment of the KSBIT assessment is a concern for the 2013-2014 school year.

Contacting the School District’s Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District’s finances and to show the School District’s accountability for the money it receives. If you have any questions about this report or need additional information, please do not hesitate to contact Amy M. Smith, CPA at the Woodford County Board of Education, 330 Pisgah Pike, Versailles, KY 40383 or phone at 859-879-4600.

**WOODFORD COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2013**

ASSETS	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Current Assets			
Cash and cash equivalents	\$ 3,644,400	\$ 190,706	\$ 3,835,107
Accounts receivable	588,203	7,524	595,727
Inventory	-	32,210	32,210
Total current assets	<u>4,232,604</u>	<u>230,440</u>	<u>4,463,044</u>
Noncurrent Assets			
Bond Discount	44,892	-	44,892
Non-depreciated capital assets	2,833,384	-	2,833,384
Net depreciated capital assets	39,887,075	59,573	39,946,648
Total noncurrent assets	<u>42,765,351</u>	<u>59,573</u>	<u>42,824,924</u>
Total assets	<u>\$ 46,997,955</u>	<u>\$ 290,012</u>	<u>\$ 47,287,969</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred Gain/Loss on Bond Refinance	1,649,618	-	1,649,618
Total deferred outflow of resources	<u>\$ 1,649,618</u>	<u>\$ -</u>	<u>\$ 1,649,618</u>
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 196,440	\$ 3,758	\$ 200,198
Interest payable	325,405	-	325,405
Current portion of bond obligations	1,790,000	-	1,790,000
Current portion of capital leases	64,665	-	64,665
Current portion of accumulated vacation	67	-	67
Current portion of accumulated sick leave	77,000	-	77,000
Accrued payroll and withholding obligations	130,823	10,629	141,452
Total current liabilities	<u>2,584,400</u>	<u>14,387</u>	<u>2,598,787</u>
Noncurrent Liabilities			
Noncurrent portion of bonds obligations	28,880,000	-	28,880,000
Noncurrent portion of accumulated vacation	108,001	-	108,001
Noncurrent portion of accumulated sick leave	468,650	-	468,650
Other long term liabilities - KSBIT Assessment	430,585	-	430,585
Total noncurrent liabilities	<u>29,887,236</u>	<u>-</u>	<u>29,887,236</u>
Total liabilities	<u>\$ 32,471,636</u>	<u>\$ 14,387</u>	<u>\$ 32,486,023</u>
DEFERRED INFLOWS OF RESOURCES			
Grants received in advance	454,377	-	454,377
Total deferred inflow of resources	<u>\$ 454,377</u>	<u>\$ -</u>	<u>\$ 454,377</u>
NET POSITION			
Invested in capital assets, net of related debt	\$ 13,272,751	\$ 59,573	\$ 13,332,324
Nonspendable	-	-	-
Restricted			
Capital Projects	608,111	-	608,111
Unrestricted	1,840,697	216,053	2,056,751
Total net position	<u>\$ 15,721,560</u>	<u>\$ 275,626</u>	<u>\$ 15,997,187</u>

See Accompanying Notes to the Financial Statements

**WOODFORD COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR EENDED JUNE 30, 2013**

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Assets Primary Government			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
Instruction	\$ 23,032,725	\$ 20,807	\$ 3,055,087	\$ -	\$ (19,956,832)	\$ -	\$ (19,956,832)
Support services:							
Student	1,934,497	111,974	169,822	-	(1,652,701)	-	(1,652,701)
Instruction staff	1,436,588	-	166,823	-	(1,269,765)	-	(1,269,765)
District administrative	767,530	-	-	-	(767,530)	-	(767,530)
School administrative	1,700,666	-	327	-	(1,700,340)	-	(1,700,340)
Business	1,149,499	-	48,300	-	(1,101,199)	-	(1,101,199)
Plant operation and maintenance	2,747,327	9,124	13,536	-	(2,724,667)	-	(2,724,667)
Student transportation	2,482,078	18,396	87,675	-	(2,376,008)	-	(2,376,008)
Facilities acquisition and construction	73,405	-	-	36,250	(37,155)	-	(37,155)
Community service activities	614,003	293,671	274,564	-	(45,768)	-	(45,768)
Amort. Bond Issue & Bond Discounts	121,586	-	-	-	(121,586)	-	(121,586)
Bond Refinance Exp	34,376	-	-	-	(34,376)	-	(34,376)
Interest on long-term debt	869,037	-	-	16,509	(852,528)	-	(852,528)
Total governmental activities	36,963,317	453,972	3,816,132	52,759	(32,640,454)	-	(32,640,454)
Business-type Activities							
Food service	2,073,812	854,060	1,129,411	-	-	(90,341)	(90,341)
Adult education	336	5,275	-	-	-	4,939	4,939
Day care	119,830	170,657	34,164	-	-	84,990	84,990
Community education	5,136	66,739	3,878	-	-	65,480	65,480
Total business-type activities	2,199,115	1,096,731	1,167,453	-	-	65,068	65,068
Total school district	\$ 39,162,432	\$ 1,550,703	\$ 4,983,584	\$ 52,759	\$ (32,640,454)	\$ 65,068	\$ (32,575,387)
General Revenues							
Taxes							
Property taxes					\$ 12,290,572	\$ -	\$ 12,290,572
Distilled Spirits taxes					273,992	-	273,992
Motor Vehicle taxes					962,361	-	962,361
Utility taxes					1,864,375	-	1,864,375
Tuition					9,750	-	9,750
Investment earnings					5,764	71	5,836
State & Formula grants					16,900,230	-	16,900,230
Gains(Loss) on sale of fixed assets					(19,383)	-	(19,383)
Loss compensation					12,538	-	12,538
Miscellaneous					110,455	57	110,513
Total general revenues					<u>32,410,654</u>	<u>128</u>	<u>32,410,784</u>
Extraordinary item - KSBIT assessment					(430,585)	-	(430,585)
Change in net position					(660,385)	65,196	(595,188)
Net position - beginning					16,381,945	210,430	16,592,375
Net position - ending					<u>\$ 15,721,560</u>	<u>\$ 275,626</u>	<u>\$ 15,997,187</u>

See Accompanying Notes to the Financial Statements

**WOODFORD COUNTY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2013**

	General Fund	Special Revenue	Construction Fund	Debt Service Fund	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 2,829,257	\$ 206,581	\$ 608,562	\$ -	\$ 3,644,400
Accounts receivable	284,271	303,932	-	-	588,203
Total assets	\$ 3,113,529	\$ 510,513	\$ 608,562	\$ -	\$ 4,232,604
Liabilities					
Accounts payable	\$ 154,507	\$ 41,483	\$ 450	\$ -	\$ 196,440
Accrued payroll and withholding obligations	116,170	14,653	-	-	130,823
Current portion of accrued vacation	67	-	-	-	67
Current portion of accrued sick leave	27,744	-	-	-	27,744
Total liabilities	298,488	56,136	450	-	355,074
DEFERRED INFLOWS OF RESOURCES					
Grants received in advance	-	454,377	-	-	454,377
Total deferred inflow of resources	-	454,377	-	-	454,377
Fund Balances					
Restricted - sick leave	257,874	-	608,111	-	865,986
Committed - accrued vacation	108,001	-	-	-	108,001
Assigned - purchase obligations	123,534	-	-	-	123,534
Unassigned	2,325,631	-	-	-	2,325,631
Total fund balances	2,815,041	-	608,111	-	3,423,152
Total liabilities, deferred inflows of resources and fund balances	\$ 3,113,529	\$ 510,513	\$ 608,562	\$ -	\$ 4,232,604

See Accompanying Notes to the Financial Statements

**WOODFORD COUNTY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2013**

Total fund balance per fund financial statements	\$	3,423,152
Amounts reported for governmental activities in the statement of activities are different because:		
Capital assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net position.		
Capital assets		42,720,459
Deferred amount of refunding		1,649,618
Bond discounts and issue costs		44,892
Certain liabilities (such as bonds payable, the long-term portion of accrued sick leave, and accrued interest) are not reported in this fund financial statement because they are not due and payable, but they are presented in the statement of net position.		
Bond obligations		(30,670,000)
Capital lease obligations		(64,665)
Accrued interest		(325,405)
Accrued vacation		(108,001)
Accrued sick leave		(517,906)
Other accrued liabilities		(430,585)
		(1,046,560)
Net position of governmental activities	\$	15,721,560

WOODFORD COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	General Fund	Special Revenue	Construction Fund	Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues						
From local sources						
Taxes						-
Property taxes	\$ 9,951,382	\$ -	\$ -	\$ -	\$ 2,339,190	\$ 12,290,572
Distilled spirits	273,992	-	-	-	-	273,992
Motor vehicle taxes	962,361	-	-	-	-	962,361
Utility taxes	1,864,375	-	-	-	-	1,864,375
Tuition and Fees	9,750	-	-	-	-	9,750
Transportation	18,396	-	-	-	-	18,396
Earnings on investments	5,764	306	-	-	-	6,070
Other Local Revenues	507,101	151,548	36,250	-	-	694,899
Intergovernmental - State	16,162,015	1,077,388	-	111,722	643,002	17,994,128
Intergovernmental - Federal	38,930	2,586,889	-	-	-	2,625,819
Other revenues	12,538	-	-	-	-	12,538
Total revenues	<u>29,806,604</u>	<u>3,816,131</u>	<u>36,250</u>	<u>111,722</u>	<u>2,982,192</u>	<u>36,752,899</u>
Expenditures						
Instruction	\$ 17,751,193	\$ 3,353,321	\$ -	\$ -	\$ -	\$ 21,104,514
Support services						
Student	1,722,480	169,822	-	-	-	1,892,302
Instruction staff	1,250,263	166,823	-	-	-	1,417,086
District administration	754,232	-	-	-	-	754,232
School administration	1,680,255	327	-	-	-	1,680,582
Business	1,065,285	48,300	-	-	-	1,113,585
Plant operation and maintenance	2,647,133	13,536	-	-	-	2,660,669
Student transportation	2,453,329	87,675	-	-	-	2,541,004
Facilities acquisition and construction	-	-	281,738	-	-	281,738
Community service activities	333,386	274,564	-	-	-	607,950
Debt service	-	-	-	2,688,515	-	2,688,515
Other expenditures	161	-	-	-	-	161
Total expenditures	<u>29,657,718</u>	<u>4,114,366</u>	<u>281,738</u>	<u>2,688,515</u>	<u>-</u>	<u>36,742,337</u>
Excess (deficit) of revenues over expenditures	<u>148,886</u>	<u>(298,234)</u>	<u>(245,488)</u>	<u>(2,576,793)</u>	<u>2,982,192</u>	<u>10,562</u>
Other financing sources (uses)						
Net proceeds from sale of fixed assets	\$ 17,521	\$ -	\$ -	\$ -	\$ -	\$ 17,521
Operating transfers in	56,083	304,114	618,103	2,494,645	-	3,472,946
Operating transfers out	(304,114)	(5,880)	-	-	(3,162,951)	(3,472,946)
Payments to refund debt escrow agent	-	-	-	(5,067,852)	-	(5,067,852)
Issuance of refunded debt	-	-	-	5,150,000	-	5,150,000
Total other financing sources (uses)	<u>(230,510)</u>	<u>298,234</u>	<u>618,103</u>	<u>2,576,793</u>	<u>(3,162,951)</u>	<u>99,669</u>
Excess (deficit) of revenues and other financing sources over expenditures and other financing uses	<u>(81,624)</u>	<u>-</u>	<u>372,615</u>	<u>-</u>	<u>(180,759)</u>	<u>110,232</u>
Fund balance, July 1, 2012	<u>2,896,665</u>	<u>-</u>	<u>235,497</u>	<u>-</u>	<u>180,759</u>	<u>3,312,921</u>
Fund balance, June 30, 2013	<u>\$ 2,815,041</u>	<u>\$ -</u>	<u>\$ 608,111</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,423,152</u>

See Accompanying Notes to the Financial Statements

**WOODFORD COUNTY SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013**

Net change in total fund balances per fund financial statements	\$	110,232
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which capital outlays exceeds depreciation expense for the year.		
Purchase of Capital Assets		715,666
Depreciation Expense		(2,215,892)
Unrealized gains and losses derived from the disposal of capital assets are not presented in this financial statement because they do not provide or use current financial resources but they are presented in the statement of activities.		
		(36,904)
Payments to escrow agents use current financial resources and are reported in the fund financial statements but they are not presented in the statement of activities		
		5,067,852
The proceeds for the issuance of bonds provide current financial resources and are reported in this fund financial statement but they are presented as liabilities in the statement of net assets.		
Bond Proceeds		(5,150,000)
Bond and capital lease payments are recognized as expenditures of current financial resources in the fund financial statement but are reductions of liabilities in the statement of net assets.		
Bond principal payments		1,725,000
Capital lease payments		86,220
Bond discounts are expensed as incurred in the fund financial statement, but are amortized over the life of the bond in the statement of activities:		
Amortization Expense		(121,586)
New Bond Discounts		47,772
Generally, expenditures recognized in this fund financial statement are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred.		
Change in accrued interest		12,330
Change in accrued sick leave		(362,490)
Change in accrued vacation		(108,001)
Change in other liabilities		(430,585)
Change in net position of governmental activities	\$	(660,385)

See Accompanying Notes to the Financial Statements

**WOODFORD COUNTY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013**

	GENERAL FUND			VARIANCE Favorable (Unfavorable)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues				
From local sources				
Taxes				
Property taxes	\$ 9,256,218	\$ 10,023,000	\$ 9,951,382	\$ (71,618)
Destilled spirits	251,081	246,000	273,992	27,992
Motor vehicle taxes	738,784	915,000	962,361	47,361
Utility taxes	1,900,000	1,800,000	1,864,375	64,375
Revenue in lieu of taxes				
Tuition and fees	4,000	8,000	9,750	1,750
Transportation	20,000	20,000	18,396	(1,604)
Earnings on investments	-	5,000	5,764	764
Other local revenues	77,000	304,658	507,101	202,443
Intergovernmental - State	10,545,921	10,648,515	16,162,015	5,513,500
Intergovernmental - Federal	15,500	27,491	38,930	11,439
Other revenues	-	-	12,538	12,538
Total revenues	<u>22,808,505</u>	<u>23,997,664</u>	<u>29,806,604</u>	<u>5,808,940</u>
Expenditures				
Instruction	14,880,304	14,543,703	17,751,193	(3,207,490)
Support services				-
Student	1,339,756	1,387,821	1,722,480	(334,660)
Instruction staff	1,088,256	965,231	1,250,263	(285,032)
District administration	722,085	727,468	754,232	(26,764)
School administration	1,335,533	1,354,487	1,680,255	(325,768)
Business	675,501	825,640	1,065,285	(239,645)
Plant operation and maintenance	2,484,644	2,625,278	2,647,133	(21,855)
Student transportation	1,816,700	2,290,475	2,453,329	(162,854)
Food services	-	-	161	(161)
Community services	44,973	244,208	333,386	(89,178)
Total expenditures	<u>24,387,753</u>	<u>24,964,311</u>	<u>29,657,718</u>	<u>(4,693,408)</u>
Excess (deficit) of revenues over expenditures	<u>(1,579,248)</u>	<u>(966,647)</u>	<u>148,886</u>	<u>1,115,532</u>
Other Financing Sources (Uses)				
Net proceeds from sale of fixed assets	3,000	13,000	17,521	4,521
Operating transfers in	-	-	56,083	56,083
Operating transfers out	-	(242,785)	(304,114)	(61,330)
Total other financing sources (uses)	<u>3,000</u>	<u>(229,785)</u>	<u>(230,510)</u>	<u>(725)</u>
Excess (deficit) of revenues and other financing sources over expenditures and other financing uses	<u>(1,576,248)</u>	<u>(1,196,432)</u>	<u>(81,624)</u>	<u>1,114,807</u>
Fund balance, July 1, 2012	<u>2,356,004</u>	<u>2,638,791</u>	<u>2,896,665</u>	<u>257,874</u>
Fund balance, June 30, 2013	<u>\$ 779,756</u>	<u>\$ 1,442,359</u>	<u>\$ 2,815,041</u>	<u>\$ 1,372,682</u>

Note: Both inflows and outflows are equally different in the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds by the amount of on-behalf payments of \$5,352,580.

See Accompanying Notes to the Financial Statements

**WOODFORD COUNTY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2013**

	SPECIAL REVENUE FUND			VARIANCE Favorable (Unfavorable)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues				
From local sources				
Interest on investments	\$ -	\$ 214	\$ 306	\$ 92
Other local revenues	-	245,210	151,548	(93,662)
Intergovernmental - State	1,094,744	1,120,611	1,077,388	(43,223)
Intergovernmental - Federal	1,676,331	2,356,900	2,586,889	229,989
Other revenues	-	-	-	-
Total revenues	<u>2,771,075</u>	<u>3,722,935</u>	<u>3,816,131</u>	<u>93,197</u>
Expenditures				
Instruction	2,502,751	3,140,436	3,353,321	(212,884)
Support services				
Student	-	167,356	169,822	(2,466)
Instruction staff	86,627	160,320	166,823	(6,503)
School administration	-	-	327	(327)
Business	-	187,348	48,300	139,049
Plant operation and maintenance	-	-	13,536	(13,536)
Student transportation	5,439	26,965	87,675	(60,710)
Community services	153,829	169,280	162,338	6,942
Adult Education Operations	161,067	112,505	112,225	279
Total expenditures	<u>2,909,714</u>	<u>3,964,210</u>	<u>4,114,366</u>	<u>(150,156)</u>
Excess (deficit) of revenues over expenditures	<u>(138,639)</u>	<u>(241,275)</u>	<u>(298,234)</u>	<u>(56,959)</u>
Other Financing Sources (Uses)				
Operating transfers in	138,639	247,155	304,114	56,959
Operating transfers out	-	(5,880)	(5,880)	-
Total other financing sources (uses)	<u>138,639</u>	<u>241,275</u>	<u>298,234</u>	<u>56,959</u>
Excess (deficit) of revenues and other financing sources over expenditures and other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, July 1, 2012	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2013	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Accompanying Notes to the Financial Statements

WOODFORD COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2013

	Food Service Fund	Other Enterprise Funds	Total
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 33,206	\$ 157,500	\$ 190,706
Other receivables	7,524	-	7,524
Inventory	32,210	-	32,210
Total current assets	<u>72,940</u>	<u>157,500</u>	<u>230,440</u>
Noncurrent Assets			
Capital Assets	343,479	-	343,479
Less: Accumulated depreciation	(283,906)	-	(283,906)
Total noncurrent assets	<u>59,573</u>	<u>-</u>	<u>59,573</u>
Total assets	<u>\$ 132,513</u>	<u>\$ 157,500</u>	<u>\$ 290,013</u>
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 3,563	\$ 195	\$ 3,758
Accrued payroll and withholding obligations	8,734	1,895	10,629
Total current liabilities	<u>12,297</u>	<u>2,090</u>	<u>14,387</u>
Noncurrent Liabilities			
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>12,297</u>	<u>2,090</u>	<u>14,387</u>
NET POSITION			
Invested in capital assets, net of related debt	59,573	-	59,573
Unrestricted	60,643	155,410	216,053
Total net position	<u>120,216</u>	<u>155,410</u>	<u>275,626</u>
Total liabilities and net position	<u>\$ 132,513</u>	<u>\$ 157,500</u>	<u>\$ 290,012</u>

See Accompanying Notes to the Financial Statements

WOODFORD COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2013

	Food Service Fund	Other Enterprise Funds	Total
Operating Revenues			
Food service sales	\$ 854,060	\$ -	\$ 854,060
Community service activities	-	237,396	237,396
Other operating revenues	57	5,275	5,333
Total operating revenues	<u>854,117</u>	<u>242,671</u>	<u>1,096,788</u>
Operating Expenses			
Salaries and wages	1,009,561	123,502	1,133,063
Professional and contract services	39,298	466	39,763
Supplies and materials	1,004,602	1,310	1,005,912
Depreciation	13,458	-	13,458
Other operating expenses	6,894	25	6,919
Total operating expenses	<u>2,073,812</u>	<u>125,303</u>	<u>2,199,115</u>
Operating income (loss)	<u>(1,219,695)</u>	<u>117,368</u>	<u>(1,102,327)</u>
Nonoperating revenues (expenses)			
Federal grants	948,426	-	948,426
State grants	134,024	38,041	172,066
Donated commodities	46,960	-	46,960
Interest income	71	-	71
Total nonoperating revenues (expenses)	<u>1,129,482</u>	<u>38,041</u>	<u>1,167,523</u>
Net income (loss)	<u>(90,213)</u>	<u>155,410</u>	<u>65,196</u>
Total net position, July 1, 2012	<u>210,430</u>	<u>-</u>	<u>210,430</u>
Total net position, June 30, 2013	<u>\$ 120,216</u>	<u>\$ 155,410</u>	<u>\$ 275,626</u>

See Accompanying Notes to the Financial Statements

**WOODFORD COUNTY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

	Food Service Fund	Other Enterprise Funds	Total
Cash Flows from Operating Activities			
Cash received from lunchroom sales	\$ 846,536	\$ -	\$ 846,536
Cash received from user charges	-	237,396	237,396
Cash received from other activities	57	5,275	5,333
Cash payments to employees for services	(898,155)	(84,308)	(982,462)
Cash payments to suppliers for goods and services	(947,964)	(1,581)	(949,545)
Cash payments for other operating activities	(6,894)	(25)	(6,919)
Net cash from operating activities	<u>(1,006,419)</u>	<u>156,757</u>	<u>(849,661)</u>
Cash Flows from Capital Financing Activities			
Acquisition of capital assets	(3,201)	-	(3,201)
Net cash from capital financing activities	<u>(3,201)</u>	<u>-</u>	<u>(3,201)</u>
Cash Flows from Noncapital Financing Activities			
Nonoperating grants received	967,696	-	967,696
Net cash from noncapital financing activities	<u>967,696</u>	<u>-</u>	<u>967,696</u>
Cash Flows from Investing Activities			
Interest on investments	71	-	71
Net cash flows from investing activities	<u>71</u>	<u>-</u>	<u>71</u>
Net increase in cash and cash equivalents	(41,852)	156,757	114,905
Cash and cash equivalents - beginning	<u>75,058</u>	<u>742</u>	<u>75,801</u>
Cash and cash equivalents - ending	<u>\$ 33,206</u>	<u>\$ 157,500</u>	<u>\$ 190,706</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	\$ (1,219,695)	\$ 117,368	\$ (1,102,327)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Depreciation	13,458	-	13,458
Donated commodities	46,960	-	46,960
On-behalf payments	114,755	38,041	152,796
Realized loss/gain on sale of assets	-	-	-
Changes in assets and liabilities:			
Receivables	(7,524)	-	(7,524)
Inventory	46,495	-	46,495
Accounts payable	2,480	195	2,675
Accrued liabilities	(3,348)	1,153	(2,195)
Net Cash Provided (Used) by Operating Activities	<u>\$ (1,006,419)</u>	<u>\$ 156,758</u>	<u>\$ (849,661)</u>
Non-Cash Non-Capital Financing Activities			
Donated commodities received from federal government	<u>\$ 46,960</u>	<u>\$ -</u>	<u>\$ 46,960</u>

See Accompanying Notes to the Financial Statements

**WOODFORD COUNTY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2013**

		<u>AGENCY FUNDS</u>
ASSETS:		
Cash and cash equivalents	\$	362,518
Accounts receivable		<u>5,000</u>
TOTAL ASSETS	\$	<u><u>367,518</u></u>
LIABILITIES:		
Accounts payable	\$	57,653
Due to student groups		<u>309,865</u>
TOTAL LIABILITIES	\$	<u><u>367,518</u></u>

See Accompanying Notes to the Financial Statements

**WOODFORD COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013**

NOTE A – REPORTING ENTITY

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

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

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

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

Blended Component Unit

Woodford County Board of Education Finance Corporation – On December 10, 1990, the Board of Education resolved to authorize the establishment of the Woodford 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 Section 58.180) (the “Corporation”) as an agency for the District for financing the costs of school building facilities. The members of the Board also comprise the Corporation’s Board of Directors. The Corporation does not publish individual component unit financial statements.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF FUNDS

Basis of Presentation

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

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

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

**WOODFORD COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF FUNDS
(CONTINUED)**

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

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

The District has the following funds:

I. Governmental Fund Types

- A. The General Fund is the main operating fund of the Board. It accounts for financial resources used for general types of operations. This is a budgeted fund, and any fund balances are considered as resources available for use. This is a major fund of the District.
- B. The Special Revenue (Grant) Funds account for proceeds of specific revenue sources (other than expandable trust or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of the specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in the report on pages 42-43. This is a major fund of the District.
- C. Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment (other than those financed by Proprietary Fund).
 - 1. The Support Education Excellence in Kentucky (SEEK) Capital Outlay fund receives those funds designated by the state as Capital Outlay funds and is restricted for use in financing projects identified in the District's facility plan. This is a non-major fund of the District.
 - 2. The Facility Support Program of Kentucky (FSPK) accounts for funds generated by the building tax levy required to participate in the School Facilities Construction commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the District's facility plan. This is a non-major fund of the District.
 - 3. The Construction Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction. This is a major fund of the District.

**WOODFORD COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF FUNDS
(CONTINUED)**

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

II. Proprietary Fund Types (Enterprise Fund)

- A. The Food Service Fund is used to account for school food service activities, including the National School Lunch Program, which is conducted in cooperation with the U.S. Department of Agriculture (USDA). Amounts have been recorded for in-kind contribution of commodities from the USDA. The Food Service is a major fund.
- B. The Day Care Fund is used to account for child care revenue. The Day Care Fund is a non-major fund.
- C. The Adult Education Fund is used to account for donations for adult education programs. The Adult Education Fund is a non-major fund.
- D. The Community Education Fund is used to account for fee-based community education programs. The Community Education Fund is a non-major fund.

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

III. Fiduciary Fund Type (Agency)

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

Basis of Accounting

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

Revenues – Exchange and Non-exchange Transactions

Revenues resulting from exchange transactions, in which each party receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within 60 days of the fiscal year-end.

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

**WOODFORD COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF FUNDS
(CONTINUED)**

Expenses/Expenditures

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

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

On Behalf payments are payments made by the state, on the behalf of the District. The most significant "on behalf" payments were for employee health insurance and for Teachers' Retirement match. The "on behalf" payments are required to be presented as part of both revenues and expenditures within these financial statements.

Property Taxes

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

The property tax rates assessed for the year ended June 30, 2013, to finance the General fund operations were \$0.595 per \$100 valuation for real property, \$0.595 per \$100 valuation for business personal property, and \$0.509 per \$100 valuation for motor vehicles.

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

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net 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 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:

**WOODFORD COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF FUNDS
(CONTINUED)**

Capital Assets (Continued)

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

Interfund Balances

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

Accumulated Unpaid Sick Leave Benefits

Upon retirements from the school system, an employee will receive from the District an amount equal to 30% of the value of accumulated sick leave. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the School District's past experience of making termination payments. At June 30, 2013, this amount totaled \$545,650.

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

For governmental fund financial statements, the current portion of unpaid accrued sick leave is the amount expected to be paid using expendable available resources. These amounts are recorded in the amount "current portion of accrued sick leave" in the general fund. The board may reserve up to 50% of the sick leave liability as a "restriction" of the general fund balance, for June 30, 2013, the Board restricted only 47%.

Accrued Vacation

Upon retirement or termination of employment for any reason, a classified employee will receive their accumulated vacation time at a rate equivalent to the daily salary rate, calculated from the employee's last annual compensation. At June 30, 2013, this amount totaled \$108,068.

Budgetary Process

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

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

**WOODFORD COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF FUNDS
(CONTINUED)**

Budgetary Process (Continued)

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

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

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

The budget for the Special Revenue Fund consists of the sum of each active grant's budget. Large variances between budgeted and actual activity can occur because grants with little activity during the year will have their entire budget rolled up into the combined budget for all years.

Cash and Cash Equivalents

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

Inventories

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

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

The food service fund uses the specific identification method.

Investments

The private purpose trust funds record investments at their quoted market prices. All realized gains and losses and changes in fair value are recorded in the Statement of Changes in Fiduciary Net Position.

Bond issue costs

Costs associated with the issuance of bond obligations, including fiscal and rating agency fees, paying agent fees, and attorney fees, are reported as expenditures.

Accrued Liabilities and Long-Term Obligations

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

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, the noncurrent portion of capital leases, accumulated sick leave, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within 60

**WOODFORD COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF FUNDS
(CONTINUED)**

Accrued Liabilities and Long-Term Obligations (Continued)

days after year-end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

Fund Balance Reserves

Following GASB 54, the District may divide its fund balance into one of the following categories:

- Non-Spendable Fund Balances are amounts that are not in a spendable form nor are they required to be maintained intact.
- Restricted Fund Balances are amounts constrained to specific purposes by their providers through constitutional provisions or by enabling legislation.
- Committed Fund Balances are amounts constrained to specific purposes by the board itself, using its highest level of decision-making authority.
- Assigned Fund Balances are amounts the board intends to use for a specific purpose, but are neither restricted nor committed.
- Unassigned Fund Balances are amounts that are available for any purpose.

It is the Board's practice to liquidate funds when conditions have been met releasing these funds from legal, contractual, Board or managerial obligations, using restricted funds first, followed by committed funds, assigned funds, then unassigned funds.

Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District only reports one item in this category, the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Grants received before the eligibility requirements are met are reported as deferred inflows of resources.

**WOODFORD COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF FUNDS
(CONTINUED)**

Operating Revenues and Expenses

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

Contributions of Capital

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

Interfund Activity

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

New Accounting Pronouncements

GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements, effective for periods beginning after December 15, 2011, incorporates into GASB's authoritative literature certain accounting and financial reporting guidance included in Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants (AICPA) Committee on Accounting Procedure, which do not conflict with or contradict GASB pronouncements. The District implemented the new requirements for the fiscal year 2013 financial statements.

GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position, effective for periods beginning after December 15, 2011, provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. The District implemented the new requirements for the fiscal year 2013 financial statements.

GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, effective for periods beginning after December 15, 2012, will improve financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. The District implemented the new requirements for the fiscal year 2013 financial statements.

Estimates

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

**WOODFORD COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013**

NOTE C – CASH AND CASH EQUIVALENTS

Custodial Credit Risk - Deposits

The Kentucky Revised Statutes authorize the District to invest money subject to its control in obligations of the United States; bonds or certificates of indebtedness of Kentucky and its agencies and instrumentalities; savings and loan associations insured by an agency of the United States up to the amount insured; and national or state banks chartered in Kentucky and insured by an agency of the United States providing such banks pledge as security obligations, as permitted by KRS 41.240 (4), having a current quoted market value at least equal to uninsured deposits.

Custodial Credit is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy is to have all deposits secured by pledged securities.

At year-end, the District's bank balances were collateralized by securities held by the pledging bank's trust department in the District's name and FDIC Insurance. At year end, the carrying amount of the District's cash and cash equivalents was \$4,197,625. The bank balance for the same time was \$5,575,644.

Cash equivalents are funds temporarily invested in securities with maturity of 90 days or less.

NOTE D – CAPITAL ASSETS

Depreciation expense was charge to functions of the governmental activities of the District as follows:

Governmental Activities:

Instruction	\$ 1,807,059
Support Services:	
Student	38,701
Instruction staff	18,711
District administration	10,381
School administration	18,791
Business	8,565
Plant operations & maintenance	39,254
Student transportation	268,538
Community service	5,236
Adult education	656
Total depreciation expense, governmental activities	<u>\$ 2,215,892</u>

**WOODFORD COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013**

NOTE D – CAPITAL ASSETS (CONTINUED)

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

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

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 2,833,384	\$ -	\$ -	\$ 2,833,384
Total capital assets not being depreciated	2,833,384	-	-	2,833,384
Other capital assets:				
Land Improvements	697,796	-	-	697,796
Buildings	56,498,781	289,763	(10,964)	56,777,580
Technology	3,045,983	8,457	(394,523)	2,659,917
Vehicles	4,544,604	346,748	(359,097)	4,532,255
General Equipment	2,990,502	70,698	(23,178)	3,038,022
Total other capital assets	67,777,666	715,666	(787,762)	67,705,570
Less accumulated depreciation for:				
Land Improvements	(261,045)	(34,890)	-	(295,935)
Buildings	(19,925,484)	(1,342,323)	8,533	(21,259,274)
Technology	(1,850,313)	(399,045)	368,271	(1,881,087)
Vehicles	(3,078,326)	(261,262)	359,097	(2,980,491)
General Equipment	(1,238,293)	(178,372)	14,957	(1,401,708)
Total accumulated depreciation	(26,353,461)	(2,215,892)	750,858	(27,818,495)
Other capital assets, net	41,424,205	(1,500,226)	(36,904)	39,887,075
Governmental Activities, net	44,257,589	(1,500,226)	(36,904)	42,720,459
Business Activities:				
Technology	45,140	-	3,295	41,845
General Equipment	298,433	3,201	-	301,634
Total	343,573	3,201	3,295	343,479
Less accumulated depreciation for:				
Technology	(17,900)	(8,157)	3,295	(22,762)
General Equipment	(255,843)	(5,301)	-	(261,144)
Total accumulated depreciation	(273,743)	(13,458)	3,295	(283,906)
Business Activities: net	\$ 69,830	\$ (10,257)	\$ 6,590	\$ 59,573

**WOODFORD COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013**

NOTE E – LONG TERM DEBT AND LEASE OBLIGATIONS

The amount shown in the accompanying financial statements as bond obligations represents the District's future obligations to make debt payments relating to the bonds issued by the Woodford County School District Finance Corporation aggregating \$30,670,000. The original amount of each issue and interest rates are summarized below:

<u>Issue Date</u>	<u>Proceeds</u>	<u>Rates</u>	<u>Maturity Dates</u>	<u>Outstanding Balance June 30, 2013</u>
1996	\$ 215,000	4.875% - 5.650%	06/30/2017	\$ 70,000
2004	7,830,000	2.000% - 3.750%	10/01/2016	3,875,000
2008	6,420,000	2.000% - 3.900%	02/01/2028	6,055,000
2012A	15,540,000	0.600% - 2.500%	07/01/2023	14,905,000
2012B	680,000	1.500% - 2.650%	06/30/2028	615,000
2013	5,150,000	1.000% - 2.350%	02/01/2026	5,150,000
	<u>\$ 35,835,000</u>			<u>\$ 30,670,000</u>

The District, through the General Fund (including utility taxes and the Support Education Excellence in Kentucky (SEEK)), Building Fund, and Capital Outlay Fund is obligated to make payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Woodford County School District Finance Corporation to construct school facilities. The District has an option to purchase the property under lease at any time by retiring the bonds then outstanding. The District has "participation agreements" with the Kentucky School Facility Construction Commission. The Commission was created by the Kentucky Legislature for the purpose of assisting local schools districts in meeting school construction needs. The Commission will remit a stated amount of bond principal and interest payments annually, subject to biennial approval by the Kentucky General Assembly. Approval has been received for the biennial fiscal period ended June 30, 2013. Should approval not be received in future period, the District remains obligated for the full amount of the bond principal and interest payments. The table below sets forth the amount to be paid by the Board and the Commission for each year until maturity of all bonds issued. 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 maturity, the minimum obligations of the District, including amounts to be paid by the Commission at June 30 for debt service (principal and interest) are as follows:

**WOODFORD COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013**

NOTE E – LONG TERM DEBT AND LEASE OBLIGATIONS (CONTINUED)

Year	Woodford County		K S F C C		Total	Total
	Principal	Interest	Principal	Interest	Principal	Interest
2013-2014	\$ 1,691,291	\$ 770,969	\$ 98,709	\$ 13,012	\$ 1,790,000	\$ 783,981
2014-2015	1,722,551	742,338	102,449	9,281	1,825,000	751,619
2015-2016	1,793,580	693,288	106,420	5,302	1,900,000	698,590
2016-2017	1,847,367	641,337	82,633	1,625	1,930,000	642,963
2017-2018	1,895,000	595,496	0	-	1,895,000	595,496
2018-2019	1,930,000	556,684	0	-	1,930,000	556,684
2019-2020	1,970,000	516,959	0	-	1,970,000	516,959
2020-2021	2,015,000	474,590	0	-	2,015,000	474,590
2021-2022	2,065,000	427,281	0	-	2,065,000	427,281
2022-2023	2,035,000	375,268	0	-	2,035,000	375,268
2023-2024	2,090,000	321,519	0	-	2,090,000	321,519
2024-2025	2,200,000	290,853	0	-	2,200,000	290,853
2025-2026	2,255,000	239,570	0	-	2,255,000	239,570
2026-2027	2,340,000	184,838	0	-	2,340,000	184,838
2027-2028	2,430,000	94,163	0	-	2,430,000	94,163
Totals	\$30,279,789	\$6,925,151	\$390,211	\$29,220	\$30,670,000	\$6,954,371

Defeased Bonds

During fiscal year 2013, the District issued \$5,150,000 of Series 2013 School Building Refunding Revenue Bonds, with an average interest rate of 2.18% to advance refund previously issued and outstanding Series 2005 School Building Revenue Bonds, with an average interest rate of 3.7%. The net proceeds of the Series 2013R bonds were deposited into an irrevocable trust with an escrow agent for future debt service payments on \$4,620,000 of the 2005 Series bonds. The Series 2005 School Building Revenue Bonds will be called on July 1, 2015, the earliest date on which the Series 2005 bonds are subject to redemption prior to maturity at par. As a result of this issuance, \$4,620,000 of the obligation is considered to be defeasance and the liability for those bonds has been removed from the District's financial statements.

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$ 449,852. This difference, reported in the accompanying statement of net position as a deferred outflow of resources, will be amortized to operations through 2024. The District reduced its aggregate debt service payments to maturity by \$423,188.

Capital Lease

The Board leases copiers for the District under capital leases. The leases expire in 2014. The assets and liabilities under the capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The assets are depreciated over the lower of their related lease terms or their estimated productive lives. Depreciation of assets under capital leases is included in depreciation expense. The following is an analysis of the leased property under capital lease by class:

<u>Class of Property</u>	
Copiers	\$ 280,215
Less: Accumulated Depreciation	<u>(234,033)</u>
	<u>\$ 46,182</u>

**WOODFORD COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013**

NOTE E – LONG TERM DEBT AND LEASE OBLIGATIONS (CONTINUED)

The following is a schedule by year of the future principal payments under capital leases as of June 30, 2013:

Year Ending June 30,	Amount
2014	\$ 64,665
Total Obligation	<u>\$ 64,665</u>

KSBIT Payable

The Kentucky School Board Insurance Trust (KSBIT) notified the District during the year that its self-insurance pools for worker's compensation and liability insurance were underfunded. As a result, an assessment will be required, under a fair methodology to be approved by the Kentucky Department of Insurance, of current and past participating members, to fund the deficit and the transfer of liability to a qualified insurer/reinsurer. On June 24, 2013, the KSBIT Board voted to submit a plan to the Kentucky Department of insurance using the novation option of funding. A novation transfers all existing KSBIT claims and risk to a highly rated reinsurer which will take over the future responsibility for all present and future claims. The District's liability under the novation method would be \$430,585. The District will have the option to make a lump-sum payment of its assessment or to finance the liability over 20 years. The plan is still subject to approval and no payment is expected for the year ending June 30, 2014. The District has recorded this estimated amount in its long-term obligations since payment is probable and is included as an extraordinary item on the statement of activities.

The following is a summary of the District's long-term debt transactions for the year ended June 30, 2013:

	6/30/12 Beginning Balance	Additions	Payments	6/30/13 Ending Balance	Amounts Due Within One Year
Bonds	\$ 31,865,000	\$ 5,150,000	\$ 6,345,000	\$ 30,670,000	\$ 1,790,000
Capital Leases	\$ 150,885	\$ 0	\$ 86,220	\$ 64,665	\$ 64,665
Sick Leave	\$ 515,748	\$ 123,501	\$ 93,599	\$ 545,650	\$ 77,000
Vacation	\$ 0	\$ 108,068	\$ 0	\$ 108,068	\$ 67
KSBIT Payable	\$ 0	\$ 430,585	\$ 0	\$ 430,585	\$ 0

NOTE F – COMMITMENTS UNDER NON-CAPITALIZED LEASES

In November 2009, the District entered into an agreement to lease fiber optic transmission capacity. The agreement requires 60 monthly lease payments of \$1,862 and two separate non-recurring lease payments of \$439,384 and \$145,884. The District obtained a new lease in FY 2012 for a postage machine, requiring annual payments of \$528. The following minimum lease payments are due for the year ending June 30, 2013:

Year Ended June 30,	Amount
2014	\$ 23,580
2015	8,625
2016	528
2017	88
Total Obligations	<u>\$ 32,821</u>

Expenditures for equipment under operating leases for the year ended June 30, 2013, totaled \$23,580.

**WOODFORD COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013**

NOTE G – RETIREMENT PLANS

Classified Employees – Classified employees (substantially all full time District employees other than certified employees) are covered by the County Employees Retirement Systems (“CERS”), a cost-sharing multiple-employer defined benefit pension plan administered by the Kentucky Retirement System, an agency of the Commonwealth of Kentucky. CERS provides retirement, death and disability benefits to Plan members and beneficiaries. Cost of living adjustments are provided at the discretion of the State Legislature. Under the provisions of the Kentucky Revised Statute Section 61.645, the Board of Trustees of the Kentucky Retirement System administers CERS and has the authority to establish and amend benefit provisions.

Plan members are required to contribute 5% of their annual covered compensation and the District is required to contribute at an actuarially determined rate. All new members hired after August 31, 2008 are required to contribute 6% at an actuarially determined rate. The current rate is 19.55% of the employee's total covered compensation. The contribution requirements of Plan members and the District are established and may be amended by the Kentucky Retirement Systems' Board of Trustees. The District's contributions to CERS for the year ended June 30, 2013 was \$1,303,206, which consisted of \$1,033,265 from the District and \$269,941 from the employees. The District's contributions were \$1,023,057 and \$811,137 for 2012 and 2011, respectively.

The Kentucky Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for CERS. That report may be obtained by writing to Kentucky Retirement Systems, Perimeter Park West, 1260 Louisville Road, Frankfort, KY 40601.

Certified Employees – Certified employees are covered under the Teachers' Retirement System of Kentucky (“KTRS”), a cost sharing, multiple employer defined benefit pension plan. KTRS provides retirement, death and disability benefits to Plan members. KTRS requires members of KTRS to occupy a position requiring either a four year degree or certification by the KY Department of Education (KDE). Job classifications that permit experience to substitute for either of these requirements do participate in KTRS.

Plan members are required to contribute 10.855% of their annual covered compensation of which the Commonwealth of Kentucky provides a 14.105% matching contribution as required by Kentucky Revised Statutes 165.540 and 161.550. The payments made by the Commonwealth of Kentucky on behalf of the District's certified employees are reflected in the accompanying financial statements as both revenues and expenses/expenditures. The Commonwealth of Kentucky requires payments for federally funded employees to be made by such federal funds; the District's contributions to KTRS for the year ended June 30, 2013 was \$2,087,651, which consisted of \$315,147 from the District and \$1,772,504 from the employees. The District's contributions were \$132,812 and \$126,450 for 2012 and 2011, respectively.

KTRS issues a publicly available financial report that includes financial statements and required supplementary information on the Plan. That report may be obtained by writing to Kentucky Teachers' Retirement System, 479 Versailles Road, Frankfort, KY 40601.

KTRS and CERS do not make separate measurements of assets and pension benefit obligations for individual employers.

As the District is only one of several employers participating in the Plan, it is not practicable to determine the District's portion of the unfunded past service cost or the vested benefits of the District's portion of the Plan assets.

**WOODFORD COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013**

NOTE G – RETIREMENT PLANS (CONTINUED)

Retirement Plans - The District also offers employees the option to participate in defined contribution plans under Sections 403(B) and 401(K) of the Internal Revenue Code. All regular full-time and part-time employees are eligible to participate and may contribute up to the maximum amount allowable by law.

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits them to defer a portion of their salary until future years. This deferred compensation is not available to employees until their termination, retirement, death or unforeseeable emergency. GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, allows entities with little or no administrative involvement and who do not perform the investing function for these plans to omit plan assets and related liabilities from their financial statements. The District, therefore, does not report these assets and liabilities on its financial statements.

Employee contributions made to these plans during the year totaled \$289,937. The District does not contribute to these plans.

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

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

Funding policy – In order to fund the post-employment healthcare benefit, active member contributions are matched by the state at .75% of members' gross salaries. Member contributions are 1.75% of salary. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan. Additionally, under the Shared Responsibility Plan, the local school district employers pay 1.0% of members' salary for the 2012-2013 fiscal year.

NOTE H – CONTINGENCIES

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

In addition, the District operates in a heavily regulated environment. The operations of the District are subject to the administrative directives, rules and regulations of federal and state regulatory agencies, including, but not limited to, the U.S. Department of Education and the Kentucky Department of Education. Such administrative directives, rules and regulations are subject to change by an act of Congress or the Kentucky Legislature or an administrative change mandated by the Kentucky Department of Education. Such changes may occur with little or inadequate funding to pay for the related cost, including the additional administrative burden to comply with a change.

**WOODFORD COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013**

NOTE I – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To obtain insurance for worker's compensation, errors and omissions, and general liability coverage, the District participates in the Kentucky School Boards Insurance Trust Liability Insurance Fund. These public entity risk pools operate as common risk management and insurance programs for all school districts and other tax supported educational agencies of Kentucky who are members of the Kentucky School Boards Association. The District pays an annual premium to each fund for coverage. Contributions to the Workers' Compensation Fund are based on premium rates established by such a fund in conjunction with the excess insurance carrier, subject to claims experience modifications and a group discount amount. Dividends may be declared, but are not payable until twenty-four months after the expiration of the self-insurance term. The liability insurance fund pays insurance premiums of the participating members established by the insurance carrier. The Trust can terminate coverage if it is unable to obtain acceptable excess general liability coverage, and for any reason, by giving ninety day's notice. In the event the Trust terminated coverage, any amount remaining in the Fund would be returned to the member on a pro rata basis.

NOTE I – RISK MANAGEMENT (CONTINUED)

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

NOTE J – INSURANCE AND RELATED ACTIVITIES

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

NOTE K – DEFICIT OPERATING BALANCES

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

General Fund	\$	81,624
Capital Outlay Fund	\$	35,249
Building Fund	\$	145,510
Food Service Fund	\$	90,213

NOTE L - COBRA

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

**WOODFORD COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013**

NOTE M – INTERFUND TRANSACTIONS

There were no interfund balances payable or receivable at June 30, 2013.

The following transfers were made during the year:

<u>Type</u>	<u>Purpose</u>	<u>From Fund</u>	<u>To Fund</u>	<u>Totals</u>
Operational	Matching	General	Special Revenue	304,114
Operational	Indirect Costs	Special Revenue	General	5,880
Operational	Maintenance	Capital Outlay	General	50,203
Operational	Improvements	Capital Outlay	Construction	346,524
Operational	Improvements	Building Fund	Construction	271,579
Operational	Debt Service	Building Fund	Debt Service	2,494,645
				<u>3,472,946</u>

NOTE N – ON BEHALF PAYMENTS

During the year, the Commonwealth of Kentucky contributed estimated payments on behalf of the District. These payments were recorded in the appropriate revenue and expense accounts on the statement of revenue, expenses, and changes in fund balance. These revenues and expenditures are not budgeted by the District. As a result, the actual expenditures for the General and Special Revenue funds exceeded budgeted amounts, as presented on pages 15 and 16.

For the fiscal year ended June 30, 2013, the on-behalf payments were recorded as follows:

<u>Fund</u>	<u>Actual</u>
General	\$ 5,352,580
Food Service	114,755
Debt Service	111,722
Day Care	34,164
Community Ed	3,878
	<u>\$ 5,617,098</u>

NOTE P – LITIGATION

The District is subject to several legal actions in various stages of litigation, the outcome of which is not determinable at this time. Management of the District and its legal counsel do not anticipate that there will be any material effect on the combined financial statements as a result of the cases presently in progress.

NOTE Q – SUBSEQUENT EVENTS

Management has reviewed subsequent event through November 12, 2013. There are no material subsequent events to disclose.

WOODFORD COUNTY SCHOOL DISTRICT
SUPPLEMENTAL SCHEDULES

**WOODFORD COUNTY PUBLIC SCHOOLS
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2013**

	Capital Outlay Fund	Building Fund	Total Nonmajor Govt. Funds
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ -
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Total liabilities	-	-	-
Fund Balances			
Restricted	-	-	-
Total fund balances	-	-	-
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**WOODFORD COUNTY PUBLIC SCHOOLS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013**

	Capital Outlay Fund	Building Fund	Total Non-Major Governmental Funds
Revenues			
From local sources			
Property taxes	\$ -	\$ 2,339,190	\$ 2,339,190
State sources			
SEEK	-	-	-
Other	361,478	281,524	643,002
Total revenues	<u>361,478</u>	<u>2,620,714</u>	<u>2,982,192</u>
Expenditures			
Support services			
Debt service	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficit) of revenues over expenditures	<u>361,478</u>	<u>2,620,714</u>	<u>2,982,192</u>
Other Financing Sources (Uses)			
Operating transfers in	-	-	-
Operating transfers out	(396,727)	(2,766,224)	(3,162,951)
Total other financing sources (uses)	<u>(396,727)</u>	<u>(2,766,224)</u>	<u>(3,162,951)</u>
Excess (deficit) of revenues and other financing sources over expenditures and other financing uses	<u>(35,249)</u>	<u>(145,510)</u>	<u>(180,759)</u>
Net change in fund balances	(35,249)	(145,510)	(180,759)
Fund balance, July 1, 2012	<u>35,249</u>	<u>145,510</u>	<u>180,759</u>
Fund balance, June 30, 2013	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**WOODFORD COUNTY SCHOOL DISTRICT
 COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCES
 SCHOOL ACTIVITY FUNDS
 For The Year Ended June 30, 2013**

	Cash Balances June 30, 2012	Receipts	Disbursements	Cash Balances June 30, 2013	Accounts Receivable June 30, 2013	Accounts Payable June 30, 2013	Fund Balances June 30, 2013
Woodford Co. High School	\$ 227,096	\$ 922,129	\$ 908,798	\$ 240,427	\$ 5,000	\$ 52,308	\$ 193,119
Woodford Co. Middle	79,235	299,559	310,617	68,177	-	2,015	66,162
Woodford Co. Adult Education	5,380	5	5,385	-	-	-	-
Woodford Co. Community Education	145,740	329,424	474,651	513	-	246	266
Nothside Elementary	2,319	29,884	28,638	3,565	-	1,151	2,414
Southside Elementary School	15,126	79,557	74,225	20,459	-	1,932	18,527
Huntertown Elementary	14,297	38,046	34,912	17,431	-	-	17,431
Simmons Elementary	9,429	61,725	59,209	11,945	-	-	11,945
	<u>\$ 498,622</u>	<u>\$ 1,760,329</u>	<u>\$ 1,896,434</u>	<u>\$ 362,518</u>	<u>\$ 5,000</u>	<u>\$ 57,653</u>	<u>\$ 309,865</u>

**WOODFORD COUNTY SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND FUND BALANCES
WOODFORD COUNTY HIGH SCHOOL ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

ACCOUNTS:	Cash Balances June 30, 2012	Receipts	Disbursements	Cash Balances June 30, 2013	Accounts Receivable June 30, 2013	Accounts Payable June 30, 2013	Fund Balances June 30, 2013
STAFF VENDING	\$ -	\$ 4,720	\$ 788	\$ 3,932	\$ -	\$ -	\$ 3,932
ADVANCED PLACEMENT	4,268	60,691	61,659	3,300	-	263	3,037
BAND ACCOUNT	21,927	73,024	89,962	4,989	-	258	4,731
BOSTROM SCHOLARSHIP	-	1,050	1,000	50	-	-	50
CHORUS	-	908	908	-	-	-	-
CLASS OF 2014	3,863	12,163	9,026	7,001	-	334	6,667
SENIOR CLASS TRIP	1,039	43,300	43,137	1,203	-	-	1,203
CLASS OF 2015	610	4,832	1,173	4,268	-	-	4,268
CLASS OF 2016	1,826	740	2,263	303	-	-	303
CLASS OF 2013	11,875	6,413	14,663	3,625	-	3,037	588
HOSA	2,074	8,903	8,899	2,078	-	-	2,078
LIBRARY	1,344	2,638	2,935	1,046	-	-	1,046
PARKING LOT	2,373	3,378	2,337	3,414	-	-	3,414
TECHNOLOGY ED ACCT	244	664	520	389	-	-	389
TICKET SURCHARGE	-	7,956	7,956	-	-	-	-
LOST & DAMAGED BOOK	-	165	-	165	-	-	165
STUDENT FEES/IPAD CH	-	148,535	148,535	-	-	-	-
WEIGHT ROOM	463	42	467	39	-	-	39
TECHNOLOGY ED ACCT	-	5,000	4,996	4	-	-	4
ATHLETIC FEES	-	9,325	9,325	-	-	-	-
BASEBALL	241	17,872	15,420	2,693	-	294	2,400
BOYS BASKETBALL	7,019	35,422	40,112	2,330	-	914	1,416
GIRLS BASKETBALL	1,541	20,929	19,334	3,136	-	481	2,656
CHEERLEADERS	10,562	16,526	22,426	4,661	-	-	4,661
CROSS COUNTRY	4,369	6,954	4,563	6,759	-	-	6,759
DANCE TEAM	-	1,392	1,376	16	-	-	16
FOOTBALL	31,073	39,445	62,649	7,869	-	-	7,869
41ST DISTRICT TOURNAMENT	-	3,730	3,620	110	-	-	110
GOLF	-	5,630	4,170	1,460	-	-	1,460
SOCCER-BOYS	378	16,269	7,381	9,266	-	-	9,266
SOCCER-GIRLS	550	28,838	23,229	6,158	-	-	6,158
SOFTBALL	3,588	5,972	6,988	2,572	-	309	2,263
STEP TEAM	78	-	-	78	-	-	78
SWIMMING	7,921	4,705	3,675	8,951	-	-	8,951
TENNIS	-	4,577	4,361	216	-	100	115
TRACK	1,452	3,322	3,352	1,422	-	-	1,422
VOLLEYBALL	6,542	28,589	30,482	4,648	-	-	4,648
WRESTLNG	1,669	14,779	11,045	5,403	-	-	5,403
ACADEMIC TEAM	169	11,351	10,744	775	-	-	775
ARCHERY CLUB	853	2,156	2,567	442	-	442	-
ART CLUB	540	85	-	625	-	-	625
BETA CLUB	1,724	8,943	8,372	2,296	-	-	2,296
CHAMELEON CLUB	-	-	-	-	-	-	-
CREATIVE WRITING CLUB	1,344	3,976	3,146	2,173	-	-	2,173
DRAMA CLUB	-	279	279	-	-	-	-
DRAMA PRODUCTIONS	549	7,863	8,409	3	-	-	3
CARDIO ROOM	50	390	-	440	-	-	440
SUBTOTALS	\$ 134,116	\$ 684,441	\$ 708,248	\$ 110,309	\$ -	\$ 6,431	\$ 103,878

**WOODFORD COUNTY SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND FUND BALANCES
WOODFORD COUNTY HIGH SCHOOL ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

ACCOUNTS:	Cash			Cash	Accounts	Accounts	Fund
	Balances	Receipts	Disbursements				
	June 30,			June 30,	June 30,	June 30,	June 30,
	2012			2013	2013	2013	2013
SUBTOTALS	\$ 134,116	\$ 684,441	\$ 708,248	\$ 110,309	\$ -	\$ 6,431	\$ 103,878
ESPERANZA CLUB	388	231	261	359	-	-	359
FBLA/DECA	263	387	415	236	-	-	236
FCA	1,084	85	533	636	-	-	636
FCS FOOD ACCOUNT	399	11,556	10,157	1,798	-	10	1,788
FFA	5,149	26,139	27,284	4,004	-	1,273	2,731
FCCLA	1,880	15,145	13,004	4,021	-	-	4,021
FILM ACCOUNT	85	507	421	170	-	-	170
FOOD FOR ALL GRANT/F	-	2,500	642	1,858	-	-	1,858
REDEFINING BEAUTY	-	977	855	122	-	-	122
FUTURE EDUCATORS	112	-	-	112	-	-	112
SCHOOL STORE	-	609	7	602	-	-	602
HANTIS CLUB	190	240	400	30	-	-	30
STLP	-	70	31	39	-	-	39
STAY STRONG CLUB	803	30	833	-	-	-	-
KEY CLUB	457	553	882	127	-	-	127
LACROSSE	2,696	1,667	1,750	2,613	-	-	2,613
MEDIA	2,550	1,655	1,936	2,268	-	-	2,268
NEWSPAPER	4,573	16,815	15,481	5,907	-	245	5,661
PEP CLUB	344	750	1,023	71	-	-	71
SOCIAL ACTION CLUB	390	(55)	185	150	-	-	150
PHILOSOPHY	-	-	-	-	-	-	-
BASS FISHING CLUB	-	200	200	-	-	-	-
SPANISH CLUB	1,197	270	957	510	-	-	510
SPANISH HONORS	581	472	817	236	-	-	236
GAME CLUB	10	-	-	10	-	-	10
ST. COUNCIL	886	-	-	886	-	-	886
STUDENT INCENTIVES	2,679	-	140	2,539	-	-	2,539
THEATRE CLUB	545	(279)	-	266	-	-	266
VO-AG ACCOUNT	623	9,803	4,423	6,003	-	892	5,111
WASHINGTON D.C. TRIP	179	54,916	54,704	391	-	-	391
FFA SCHOLARSHIP	-	2,898	2,500	398	-	-	398
CHESS	-	-	-	-	-	-	-
YOUNG DEMOCRATS	165	(150)	-	15	-	-	15
YOUNG REPUBLICANS	200	-	-	200	-	-	200
ORCHESTRA	-	968	589	379	-	-	379
BOOK CLUB	96	60	41	114	-	-	114
PTO	3,006	2,986	5,986	6	-	-	6
VO-AG CD	37,000	-	-	37,000	-	-	37,000
W.C. MONTGOMERY SC	832	5,206	6,000	38	5,000	5,000	38
MISCELLANEOUS	3,946	9,182	12,660	468	-	-	468
COKE FUND	-	-	-	-	-	-	-
AD ACCOUNT	19,134	71,016	35,433	54,717	-	38,456	16,261
LOCKER FEES	310	280	-	590	-	-	590
PEPSI	227	-	-	227	-	-	227
TOTALS	\$ 227,096	\$ 922,129	\$ 908,798	\$ 240,427	\$ 5,000	\$ 52,308	\$ 193,119

WOODFORD COUNTY SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Federal Expenditures (\$)</i>
<i>U.S. Department of Education</i>			
<i>Passed Through State Department of Education</i>			
<i>Special Education Cluster (IDEA)-Cluster</i>			
Special Education_Grants to States	84.027		
IDEA-B - 3373		3810002-12	\$683,385
IDEA BASIC PRIVATE SCHOOL - 3371P		3810002-10	\$3,909
IDEA-B - 3372		3810002-11	\$162,001
<i>Total</i>			<u>\$849,295</u>
Special Education_Preschool Grants	84.173		
IDEA-B PRESCHOOL - 3432		3800002-11	\$19,333
IDEA-B PRESCHOOL - 3433		3800002-12	\$26,286
<i>Total</i>			<u>\$45,619</u>
<i>Total Special Education Cluster (IDEA)-Cluster</i>			<u>\$894,914</u>
Title I Grants to Local Educational Agencies	84.010		
TITLE 1 – 3103		3100002-12	\$371,668
Title 1 Delinquent Children		3100102-12	\$19,232
TITLE 1 - 3102		3100002-11	\$83,318
Title 1 – Grant to Local Educational Agencies		3100202-11	\$26,818
Title 1 – Grant to Local Educational Agencies		3100202-12	\$131,456
Title 1 Delinquent Children		3100102-11	\$251
<i>Total</i>			<u>\$632,743</u>
Adult Education - Basic Grants to States	84.002		
ADULT ED BASIC ED - 3733		3733	\$44,326
ADULT ED ENGLISH LANGUAGE		3703	\$14,799
AE STUDENT SUCCESS - 3653		3653	\$4,615
<i>Total</i>			<u>\$63,740</u>
Career and Technical Education -- Basic Grants to States	84.048		
VOCATIONAL EDUCATION BASIC GRANT - 3483		4621332-13	\$32,987
VOCATIONAL EDUCATION BASIC GRANT - 3482		4621232-11	\$5,814
<i>Total</i>			<u>\$38,801</u>
Education Jobs Fund	84.410		
EDUJOBS - 4411		EJOB00-10	\$269,029
<i>Total</i>			<u>\$269,029</u>
English Language Acquisition Grants	84.365		
TITLE III, LEP CON - 3453		3300002-12	\$39,224
TITLE III, LEP CON - 3452		3300002-11	\$7,685
<i>Total</i>			<u>\$46,909</u>
Improving Teacher Quality State Grants	84.367		
TITLE II TEACHER QUALITY - 4012		3230002-11	\$8,312
TITLE II TEACHER QUALITY - 4013		3230002-12	\$127,337
<i>Total</i>			<u>\$135,648</u>

WOODFORD COUNTY SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

Rehabilitation Services	84.126		
Rehabilitation Services		3763	\$6,761
<i>Total</i>			\$6,761
Title II	84.318		
Federal Education Tech		3210002-10	\$384
<i>Total</i>			\$384
Race to the Top	84.413		
RACE TO THE TOP - 4521		3960002-11	\$4,523
<i>Total</i>			\$4,523
Title IV	84.215F		
Carol M White Physical Ed		5322F	\$157,454
Carol M White Physical Ed		5343F	\$220,644
<i>Total</i>			\$378,098
Twenty-First Century Community Learning Centers	84.287		
21ST CENTURY - 5501		3400002-10	\$20,906
21ST CENTURY - 5502		3400002-11	\$125,918
21ST CENTURY SUPPLEMENTAL FUNDS - 5501J		3400002-10	\$5,196
<i>Total</i>			\$152,020
<i>Total Department of Education</i>			\$2,623,570
<i>Department of Health and Human Services-</i>			
Passed Through Department of Education			
Temporary Assistance for Needy Families	93.558		
Job Readiness		3811	\$51
Job Readiness		3812	\$1,144
<i>Total</i>			\$1,195
<i>Total Department of Health and Human Services</i>			\$1,195
United States Department of Agriculture Programs			
Passed Through State Department of Education			
Child Nutrition Cluster:			
National School Lunch Program	10.555	7750002-12	\$144,847
National School Lunch Program	10.555	7750002-13	\$79,705
Summer Food Service Program	10.559	7740023-13	\$10,221
Summer Food Service Program	10.559	7690024-13	\$1,068
School Breakfast Program	10.553	7760005-12	\$44,423
School Breakfast Program	10.553	7760005-13	\$168,163
<i>Total</i>			\$948,427
Non Cash Commodity	10.555	NA	\$46,960
<i>Total</i>			\$995,387
<i>Total United States Department of Agriculture</i>			\$995,387
<i>Total Expenditures of Federal Awards</i>			\$3,620,153

**WOODFORD COUNTY SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2013**

NOTE 1- BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Woodford County School District under the programs of the federal government for the year ended June 30, 2013. 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. Because the schedule presents only a selected portion of operations of the Woodford County School District, it is not intended to and does not present the financial position, changes in net assets or cash flows of the District.

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB A-87, Cost Principles for State and Local Governments, wherein certain types of expenditures are not allowable or are limited as to reimbursements. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

NOTE 3 – FOOD DISTRIBUTION

Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. For the year ended June 30, 2013, the District received food commodities totaling \$46,960.

SUMMERS, MCCRARY & SPARKS, P.S.C.

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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

Kentucky State Committee for School District Audits
Members of the Board of Education
Woodford County School District
Versailles, KY

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the audit requirements prescribed by the Kentucky State Committee for School District Audits, in the *Auditor Responsibilities* and *State Compliance Requirements* sections contained in the Kentucky Public School Districts' Audit Contract and Requirements, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Woodford County School District (District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 12, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify

any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the District in a separate letter dated November 12, 2013.

Purpose of this Report

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

Summers, McCrary & Sparks, PSC

Summers, McCrary & Sparks, PSC
Lexington, Kentucky
November 12, 2013

SUMMERS, MCCRARY & SPARKS, P.S.C.

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

Kentucky State Committee for School District Audits
Members of the Board of Education
Woodford County School District
Versailles, Kentucky

Report on Compliance for Each Major Federal Program

We have audited Woodford County School District's (District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2013. The 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 the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, Non-Profit Organizations* and the audit requirements prescribed by the Kentucky State Committee for School District Audits, in the *Auditor Responsibilities* and *State Compliance Requirements* sections contained in the Kentucky Public School Districts' Audit Contract and Requirements. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 the District's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

Summers, McCrary & Sparks, PSC

Summers, McCrary & Sparks, PSC
Lexington, Kentucky
November 12, 2013

**WOODFORD COUNTY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

Section II – Financial Statement Findings

There were no findings this year.

Section III – Federal Award Findings and Questioned Costs

There were no findings this year.

**WOODFORD COUNTY SCHOOL DISTRICT
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013**

There were no findings in the prior year.

SUMMERS, MCCRARY & SPARKS, P.S.C.

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Members of the Board of Education
Woodford County School District
Versailles, Kentucky

In planning and performing our audit of the financial statements of Woodford County School District for the year ended June 30, 2013, we considered the District's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated November 12, 2013 on the financial statements of the Woodford County School District

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

Respectfully,

Summers, McCrary & Sparks, PSC

Summers, McCrary & Sparks, PSC
Lexington, Kentucky
November 12, 2013

**WOODFORD COUNTY SCHOOL DISTRICT
MANAGEMENT LETTER COMMENTS
JUNE 30, 2013**

BOARD

Comment: During our review of cash disbursements, we noted multiple instances of post-dated purchase orders. We recommend all purchase orders be completed and approved prior to purchases being made.

Response: I have discussed this issue with the staff and believe the recent implementation of a computerized system will help eliminate this issue.

WOODFORD COUNTY HIGH SCHOOL

Comment: During our review of the "Requisition and Report of Ticket Sales" (Form F-SA-1) forms, we found multiple forms that did not have an explanation of differences noted. The Bookkeeper should review the "Ticket Sales" procedures section, item no. 6, of the "Redbook", which states reconciliation, explanation of shortages/overages, and signatures are recorded using Form (F-SA-1).

Response: I agree that there were several forms that did not note the reason for ticket box overages/shortages. In review, all forms had the appropriate signatures; however, the provided ticket sheet did not give adequate space to note such differences and prior auditors had not commented on the missing information; therefore, I didn't realize I was supposed to note differences on the form. I have re-read the "Ticket Sales" procedures section, item no. 6, of the "Redbook" and have already corrected this habit for the 2013-14 school year.

WOODFORD COUNTY MIDDLE SCHOOL

Comment: During our review of the "Requisition and Report of Ticket Sales" (Form F-SA-1), we found multiple forms that did not have an explanation of differences noted and were missing the required signatures. The Bookkeeper should review the "Ticket Sales" procedures section, item no. 6, of the "Redbook", which states reconciliation, explanation of shortages/overages, and signatures are recorded using Form (F-SA-1). The Bookkeeper should also ensure that all required signatures are properly included in the corresponding sections (Form F-SA-1).

Response: Bookkeeper has reviewed Redbook procedure. Administrator on duty at event will verify form for signatures and explanation of differences.

**WOODFORD COUNTY SCHOOL DISTRICT
MANAGEMENT LETTER COMMENTS
JUNE 30, 2013**

HUNTERTOWN ELEMENTARY

Comment: During our review of the "Standard Invoice" form (F-SA-8), we found multiple instances where the form was signed by the Bookkeeper, rather than the vendor. The Bookkeeper should review the Purchasing section, item no. 3 of the "Redbook", which states, "If a vendor invoice is not available, the disbursement shall be supported by a standard invoice (Form F-SA-8), which must be signed by the payee".

Response: The vendors in question were Woodford County Board of Education and parents I had to refund field trip money to when their child was absent. I have reviewed the above section of the "Redbook" and in the future will always have the vendor sign the standard invoice I complete.

NORTHSIDE ELEMENTARY

Comment: During our review of invoices, we found multiple instances where the check number and date paid were not included on the invoice. The Bookkeeper should review the Purchasing section, item no. 6 of the Procedures in the "Redbook", which states, "The check number and date paid shall be noted on the invoice".

Response: This action had been done on the P.O. itself. From this point forward it will be noted on the invoice, the check number and the date it was paid.

SOUTHSIDE ELEMENTARY

Any exceptions noted in testing appeared to be isolated incidents only and were communicated to management.

SIMMONS ELEMENTARY

Any exceptions noted in testing appeared to be isolated incidents only and were communicated to management.

WOODFORD COUNTY ADULT EDUCATION

Any exceptions noted in testing appeared to be isolated incidents only and were communicated to management.

**WOODFORD COUNTY SCHOOL DISTRICT
MANAGEMENT LETTER COMMENTS
JUNE 30, 2013**

WOODFORD COUNTY COMMUNITY EDUCATION

Any exceptions noted in testing appeared to be isolated incidents only and were communicated to management.

STATUS OF PRIOR YEAR COMMENTS

-none