

PIKE COUNTY BOARD OF EDUCATION
PIKEVILLE, KENTUCKY

AUDITED FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED
JUNE 30, 2014

Wallen, Puckett, & Anderson, PSC

CERTIFIED PUBLIC ACCOUNTANTS
POST OFFICE BOX 1349
PIKEVILLE, KENTUCKY 41502

PIKE COUNTY BOARD OF EDUCATION
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INDEPENDENT AUDITOR'S REPORT

Kentucky State Committee for Board of Education Audits
Members of the Board of
Pike County Board Of Education
Pikeville, Kentucky

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Pike County Board of Education as of and for the year ended June 30, 2014, 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 of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the Independent Auditor's Contract, including Appendix I - Audit Extension Request and Appendix II - Instructions for Submission of the Audit Report. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatements 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 evaluation 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 Pike County Board of Education as of June 30, 2014 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 6 and 37 through 39 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 supplemental information in accordance with auditing standards generally accepted in the United States of America, which consists 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 an opinion on the financial statements that collectively comprise the Pike County School District's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis 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 is the responsibility of management and was derived from and relates 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 accounting 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 13, 2014 on our consideration of the Pike County Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grants, agreements and other matters. The purpose of that report is to describe the scope of our testing of 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.

WALLEN, PUCKETT, AND ANDERSON, P. S. C.

Wallen, Puckett and Anderson, PSC

Certified Public Accountants

Pikeville, Kentucky

November 13, 2014

**PIKE COUNTY SCHOOL SYSTEM – PIKEVILLE, KENTUCKY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2014**

As management of the Pike County School System (District), we offer readers of the District’s financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

FINANCIAL HIGHLIGHTS

- The beginning cash and investment balance from all funds (except Construction) for the District was \$11,468,979.75.
- The General Fund (Fund 1) had \$79,100,675.96 in revenue, which consisted of a beginning balance of \$7,778,431.63, the state program (SEEK) funding, property, un-mined minerals, utilities, and motor vehicle taxes. There were \$73,905,106.93 in General Fund expenditures, consisting primarily of salary and benefits, as well as expenditures for utilities, insurances, new vehicles/buses, computers, instructional supplies, maintenance and transportation supplies, general supplies, contract and professional services, and other items as determined by necessity. Both revenues and expenses include state on-behalf payments for insurances, retirement and technology of \$12,476,534.72. In FY13 the year-end Unreserved Fund 1 Balance was \$7,410,797.50. For FY14, the year-end Unreserved Fund 1 Balance is \$5,061,801.77, a decrease of \$2,348,995.73. The decrease can be attributed to the continuing loss of students, increase in electricity due to a harsh winter, general increase in the cost of necessity items and a Board approved, unfunded \$400.00 bonus paid to all employees.
- The Special Revenue Fund (Fund 2) was used to receipt and expend local, state and federal grant awards.
- The Capital Outlay Fund (Fund 310) and the Building Fund (Fund 320) were first used to meet obligations on prior bond issues. Bonds are issued as the district renovates facilities consistent with a long-range facilities plan that is established with community input and in keeping with Kentucky Department of Education (KDE) stringent compliance regulations. On bond issues that existed as of July 1, 2013, the district’s total principal debt decreased by \$6,124,901.14 during the current fiscal year. As allowed by law, funds available beyond bond obligations were used for capital improvement projects such as roofs and HVAC systems and for property insurance, KISTA payments, bus purchases and other on-going construction projects.
- The School Food Service Fund (Fund 51) was used to receipt and expend funds associated with the school feeding programs. Both revenues and expenditures include state on-behalf payments of \$1,473,710.17. On June 30, 2014, the Food Service program had Unrestricted Net Assets of \$835,624.98, an increase of \$515,706.61 over the prior year Unrestricted Net Assets. Note: For the 13-14 school year, the Board continued the Community Eligibility Option (CEO) program. This program requires free breakfast and lunch for all students, regardless of income.
- The district issued one bond series in FY2014. The bond was issued in June, 2014 for the purpose of reroofing Shelby Valley High School and Southside Elementary and expediting the first stage of the new Millard Elementary School. The total bond issue amount was \$8,350,000.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) 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 assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the district is improving or deteriorating.

The statement of activities presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

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 8 and 9 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. This is a state mandated uniform 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 funds and fiduciary funds. Fiduciary funds are trust funds established by benefactors to aid in student education, welfare and teacher support. The only proprietary funds are our vending and food service operations. All other activities of the district are included in the governmental funds.

The basic governmental fund financial statements can be found on pages 10 and 12 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19 to 35 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. In the case of this District, assets exceeded liabilities by \$61,238,368 as of June 30, 2014.

The largest portion of the District's net assets reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment and construction in progress), less any related debt used to acquire those assets that are still 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.

Net Position for the period ending June 30, 2014

The current year's financial statements as a result of implementing GASB 34 reflect the following.

	<u>June 30, 2013</u>	<u>June 30, 2014</u>
Current Assets	\$ 18,188,630	\$ 14,860,183
Noncurrent Assets	149,574,649	149,077,831
Total Assets	<u>\$ 167,763,279</u>	<u>\$ 163,938,014</u>
Current Liabilities	\$ 10,142,902	\$ 5,715,614
Noncurrent Liabilities	98,676,320	96,984,021
Total Liabilities	<u>\$ 108,819,222</u>	<u>\$ 102,699,635</u>
Net Assets		
Investment in capital assets (net of debt)	\$ 52,492,895	\$ 52,723,762
Restricted	5,147,297	7,342,914
Unreserved Fund Balance	1,303,865	1,171,692
Total Net Position	<u>\$ 58,944,057</u>	<u>\$ 61,238,368</u>

Comments on Budget Comparisons

- The District's total revenues for the fiscal year ended June 30, 2014, including beginning balances and on-behalf payments, were \$106,755,942.42, exclusive of construction fund and debt service.
- General fund budget revenues compared to actual revenue varied slightly from line item to line item with the ending actual balance, excluding on-behalf payments, being \$1,385,033.95 more than final budget, or approximately two percentage points. The majority of this overage was due to the Sale of Land/Buildings for closed facilities, Medicaid Reimbursement, Delinquent/Omitted Taxes and the transfer of funds from Capital Outlay/Building Fund to the General Fund for the purpose of paying for insurance and electricity.
- General fund budget expenditures compared to actual expenditures, exclusive of budgeted contingency and on-behalf, varied from line item to line item with the ending actual balance being \$1,404,024.74 less than budget, or approximately two percentage points. The majority of the decrease in budgeted expenditures was due to the transfer of funds from Capital Outlay/Building Fund to General Fund for the purpose of paying for insurance and electricity, the decision to purchase fewer vehicles than budgeted and the continuing effort of the district to reduce basic expenditures in all areas.

The following table presents a summary of revenue and expense, for all funds except Construction and Debt Service, for the fiscal year ended June 30, 2014.

	Revenues	
Beginning Balance	\$	8,890,783.80
Local revenue sources		22,377,860.79
State revenue sources		58,563,866.38
Federal Revenue		14,446,649.62
Other Sources		2,476,781.83
Total revenues	<u>\$</u>	<u>\$106,755,942.42</u>

Expenses	
Instruction	\$ 47,216,575.39
Student Support Services	3,736,358.02
Instructional Support	4,633,435.18
District Administration	2,208,585.98
School Administration	4,375,662.07
Business Support	1,445,248.85
Plant Operations	12,410,432.89
Student Transportation	6,978,584.24
Food Service Operations	7,160,897.52
Community Support	1,816,065.76
Construction/Land	100,981.07
Debt Service	160,990.30
Other/Fund Transfers	8,480,931.19
Total Expenses	\$ 100,724,748.46
Revenue in Excess of Expense	\$ 6,031,193.96

BUDGETARY IMPLICATIONS

In Kentucky the public school fiscal year is July 1-June 30; other programs, i.e. some federal operate on a different fiscal calendar, but are reflected in the district overall budget. By law the budget must have a minimum 2% contingency across major funds. The district adopted a budget with \$2,563,675 in contingency, which was 3.29% of total budgeted revenues across the major funds.

FY15 CONCERNS

In FY15, the District faces the continual underfunding of the state SEEK program and full-day Kindergarten, the continual loss of students and fluctuating fuel and energy costs. Other major concerns for the 2014-2015 budget include CERS Spiking issues, the KSBIT assessment on prior Worker's Comp coverage, an aging bus fleet, aging facilities and overcrowding at a major school.

The district will continue its participation in the Community Eligibility Option. This option allows free breakfast and lunch for all students. With the increase in food costs, the School Food Service program must be diligent to remain financially viable.

Questions regarding this report should be directed to **Superintendent David Lester** at (606) 433-9200 or to **Nancy S. (Ratliff) Grubb**, Director of Finance/Treasurer at (606) 433-9230 or by mail at 316 South Mayo Trail; Pikeville, KY 41501.

BASIC FINANCIAL STATEMENTS

PIKE COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION
June 30, 2014

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Cash & Cash Equivalents	\$ 2,033,207	\$ 705,702	\$ 2,738,909
Investments	0	0	0
Inventory	0	178,368	178,368
Accounts Receivable	11,810,880	132,026	11,942,906
Total Current Assets	\$ 13,844,087	\$ 1,016,096	\$ 14,860,183
Non – Current Assets			
Capital Assets, Net	\$ 102,113,377	\$ 316,225	\$ 102,429,602
Construction in Progress	46,648,229	0	46,648,229
Total Non – Current Assets	\$ 148,761,606	\$ 316,225	\$ 149,077,831
TOTAL ASSETS	\$ 162,605,693	\$ 1,332,321	\$ 163,938,014
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 959,081	\$ 2,104	\$ 961,185
Payroll Taxes Payable	112,703	0	112,703
Current Portion of KSBIT Payable	143,549	0	143,549
Current Portion of Accrued Sick Leave	373,638	0	373,638
Current Portion of Bond Obligations	3,578,585	0	3,578,585
Total Current Liabilities	\$ 5,167,556	\$ 2,104	\$ 5,169,660
Non-Current Liabilities			
Non-Current Portion of Obligations	\$ 92,775,484	\$ 0	\$ 92,775,484
Non-Current-KSBIT Payable	430,646	0	430,646
Non-Current Portion of Accrued Sick Leave	3,777,902	0	3,777,902
Total Non-Current Liabilities	\$ 96,984,032	\$ 0	\$ 96,984,032
Total Liabilities	\$ 102,151,588	\$ 2,104	\$ 102,153,692
Deferred Inflows of Resources			
Deferred Revenue	\$ 545,954	\$ 0	\$ 545,954
Total Deferred Inflows of Resources	\$ 545,954	\$ 0	\$ 545,954
NET POSITION			
Invested in Capital Assets, Net of Related Debt	\$ 52,407,537	\$ 316,225	\$ 52,723,762
Restricted	7,164,547	178,367	7,342,914
Unrestricted	336,067	835,625	1,171,692
NET POSITION	\$ 59,908,151	\$ 1,330,217	\$ 61,238,368

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

**PIKE COUNTY BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Expenses	Operating Grants & Contributions	Capital Grants & Contribution	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction	\$ 52,066,211	\$ 6,250	\$ 8,216,113	\$ 0	\$ (43,843,848)	\$ 0	\$ (43,843,848)
Support Services							
Student	3,736,359	0	209,574	0	(3,526,785)	0	(3,526,785)
Instruction Staff	4,893,203	0	1,613,654	0	(3,279,549)	0	(3,279,549)
District Administrative	2,208,586	0	0	0	(2,208,586)	0	(2,208,586)
School Administrative	4,375,662	0	0	0	(4,375,662)	0	(4,375,662)
Business	1,445,248	0	171,096	0	(1,274,152)	0	(1,274,152)
Plant Operation and Maint.	12,410,433	0	21,499	0	(12,388,934)	0	(12,388,934)
Student Transportation	6,978,584	0	79,920	0	(6,898,664)	0	(6,898,664)
Central Office	0	0	0	0	0	0	0
Community Service Activities	1,816,065	0	1,578,829	0	(237,236)	0	(237,236)
Facilities Acquisition and	88,530	0	0	0	(88,530)	0	(88,530)
Other	14,477	0	0	0	(14,477)	0	(14,477)
Interest on Long Term Debt	3,293,252	0	0	0	(3,293,252)	0	(3,293,252)
Total Government Activities	\$ 93,326,610	\$ 6,250	\$ 11,890,685	\$ 0	\$ (81,429,675)	\$ 0	\$ (81,429,675)
Business Type Activities:							
Food Service	\$ 7,164,773	\$ 665,659	\$ 7,006,285	\$ 0	0	507,171	507,171
Total Business Type Activities	\$ 7,164,773	\$ 665,659	\$ 7,006,285	\$ 0	\$ 0	\$ 507,171	\$ 507,171
Total Primary Government	\$ 100,491,383	\$ 671,909	\$ 18,896,970	\$ 0	\$ (81,429,675)	\$ 507,171	\$ (80,922,504)
			General Revenues				
			Taxes		\$ 20,931,332	\$ 0	\$ 20,931,332
			Investment Earnings		70,816	2,459	73,275
			State and Formula Grants		58,088,106	0	58,088,106
			Gains on Sales of Fixed Assets		609,100	0	609,100
			Miscellaneous		703,223	0	703,223
			Operating Transfer		0	0	0
			SFCC Principal Payment		0	0	0
			Total		\$ 80,402,577	\$ 2,459	\$ 80,405,036
			Change in Net Position		(1,027,098)	509,630	(517,468)
			Net Position – Beginning		58,123,470	820,587	58,944,057
			Prior Period Adjustment		2,811,779	0	2,811,779
			Net Position - Ending		\$ 59,908,151	\$ 1,330,217	\$ 61,238,368

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

**PIKE COUNTY BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2014**

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Construction Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Fund</u>
ASSETS AND RESOURCES					
Cash and Cash Equivalents	\$ 6,212,028	\$ (1,597,594)	\$ (2,581,227)	\$ 0	\$ 2,033,207
Investments	0	0	0	0	0
Bond Issuance Costs	0	0	0	0	0
Accounts Receivables	1,196,809	2,442,543	8,171,528	0	11,810,880
Total Assets and Resources	<u>\$ 7,408,837</u>	<u>\$ 844,949</u>	<u>\$ 5,590,301</u>	<u>\$ 0</u>	<u>\$ 13,844,087</u>
LIABILITIES AND FUND BALANCE					
Liabilities					
Accounts Payable	\$ 561,116	\$ 184,472	\$ 213,493	\$ 0	\$ 959,081
Payroll Liabilities	(1,820)	114,523	0	0	112,703
Total Liabilities	<u>\$ 559,296</u>	<u>\$ 298,995</u>	<u>\$ 213,493</u>	<u>\$ 0</u>	<u>\$ 1,071,784</u>
Deferred Inflows of Resources					
Deferred Revenue	\$ 0	\$ 545,954	\$ 0	\$ 0	\$ 545,954
Total Deferred Inflows of Resources	<u>\$ 0</u>	<u>\$ 545,954</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 545,954</u>
Fund Balance					
Assigned For Prior Year					
Purchase Obligation	\$ 88,637	\$ 0	\$ 0	\$ 0	\$ 88,637
Committed for Site Base	132,561	0	0	0	132,561
Committed for Sick Leave	373,638	0	0	0	373,638
Committed for Workers Compensation	1,192,903	0	0	0	1,192,903
Restricted for Future Construction	0	0	5,376,808	0	5,376,808
Restricted for Future Building Needs	0	0	0	0	0
Unassigned Fund Balance	5,061,802	0	0	0	5,061,802
Total Fund Balance	<u>\$ 6,849,541</u>	<u>\$ 0</u>	<u>\$ 5,376,808</u>	<u>\$ 0</u>	<u>\$ 12,226,349</u>
Total Liabilities and Fund Balance	<u>\$ 7,408,837</u>	<u>\$ 844,949</u>	<u>\$ 5,590,301</u>	<u>\$ 0</u>	<u>\$ 13,844,087</u>

**PIKE COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE BALANCE SHEET- GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2014**

Fund balance per fund financial statements	\$	12,226,349
Amounts reported for governmental activities in the statement of Net Positions are different because:		
Capital assets and construction in progress are not reported in this funds financial statement because they are not current financial resources, but they are reported in the statement of Net Positions.		148,761,606
Certain liabilities (such as bonds payable, compensated absences, KSBIT liability) are not reported in this funds financial statement because they are not due and payable, but they are presented in the statement of Net Positions.		
Sick Leave		(4,151,540)
Non-Current-KSBIT Payable		(574,195)
Bonds		(96,354,069)
Net Position for Governmental Activities	<u>\$</u>	<u>59,908,151</u>

PIKE COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	General Fund	Special Revenue	Construction Fund	Other Governmental Funds	Total Governmental Fund
REVENUES					
From Local Sources					
Taxes					
Property	\$ 11,419,537	\$ 0	\$ 0	\$ 3,134,070	\$ 14,553,607
Motor Vehicles	2,369,413	0	0	0	2,369,413
Utilities	4,008,312	0	0	0	4,008,312
Other	0	0	0	0	0
Tuition and Fees	6,250	0	0	0	6,250
Earnings on Investments	68,280	658	1,878	0	70,816
Other Local Revenues	129,531	573,692	0	0	703,223
Intergovernmental- Intermediate	0	2,389,638	0	0	2,389,638
Intergovernmental- State	50,397,216	2,813,534	0	7,800,823	61,011,573
Intergovernmental-Indirect Federal	0	5,995,668	0	0	5,995,668
Intergovernmental-Direct Federal	581,912	0	0	0	581,912
Total Revenues	\$ 68,980,451	\$ 11,773,190	\$ 1,878	\$ 10,934,893	\$ 91,690,412
EXPENDITURES					
Instruction	\$ 39,021,470	\$ 8,216,113	\$ 0	\$ 0	\$ 47,237,583
Support Services					
Student	3,526,785	209,574	0	0	3,736,359
Instruction Staff	3,279,549	1,613,654	0	0	4,893,203
District Administrative	2,208,586	0	0	0	2,208,586
School Administrative	4,375,662	0	0	0	4,375,662
Business	1,274,152	171,096	0	0	1,445,248
Plant Operation and Maint.	12,388,934	21,499	0	0	12,410,433
Student Transportation	6,898,665	79,919	0	0	6,978,584
Food Service	0	0	0	0	0
Community Services	237,237	1,578,828	0	0	1,816,065
Facilities Acquisitions and Construction	86,504	0	3,790,411	0	3,876,915
Purchase Professional Services	14,477	0	0	0	14,477
Site Improvement	0	0	1,295,917	0	1,295,917
Building Improvements	0	0	234,902	0	234,902
Debt Service					
Principal	141,005	0	0	6,104,916	6,245,921
Interest	19,985	0	0	3,114,780	3,134,765
Bond Issuance Costs	0	0	0	0	0
Total Expenditures	\$ 73,473,011	\$ 11,890,683	\$ 5,321,230	\$ 9,219,696	\$ 99,904,620
Excess (Deficit) of Revenues over Expenditures	\$ (4,492,560)	\$ (117,493)	\$ (5,319,352)	\$ 1,715,197	\$ (8,214,208)
Other Financing Sources (Uses)					
Proceeds from Sales of Bonds	\$ 0	\$ 0	\$ 8,171,528	\$ 0	\$ 8,171,528
Proceeds from Sales of Fixed Assets	609,100	0	0	0	609,100
Operating Transfer, In	1,732,693	134,989	1,368,116	5,245,133	8,480,931
Operating Transfer, Out	(712,872)	(17,496)	0	(7,750,564)	(8,480,932)
Total Other Financing Sources	\$ 1,628,921	\$ 117,493	\$ 9,539,644	\$ (2,505,431)	\$ 8,780,627
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses					
	\$ (2,863,639)	\$ 0	\$ 4,220,292	\$ (790,234)	\$ 566,419
Fund Balance July 1, 2013	9,713,180	0	1,156,516	790,234	11,659,930
Fund Balance June 30, 2014	\$ 6,849,541	\$ 0	\$ 5,376,808	\$ 0	\$ 12,226,349

See independent auditor's report and accompanying notes to the financial statement.

**PIKE COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

Net change in total fund balances per fund financial statements \$ 566,419

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

Capital outlays are reported as expenditures in this funds 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 net capital outlays exceeds depreciation expense for the year. 5,319,204

The cost of capital assets is allocated over their useful lives and reported as depreciation expense. (5,741,710)

Bond proceeds are reported as financing source in governmental funds and thus contributes to the change in fund balance. In the statement of Net Positions, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of Net Positions. (8,171,528)

Other Debt Related (158,487)

Bond and capital lease payments are recognized as expenditures of current financial resources in the fund financial statements but are reductions of liabilities in the statement of financial position 6,245,921

Estimated claims that are not mature are not reported in this statement. The KSBIT liability is recorded in the statement of activities. 528,426

In the statement of activities certain operating expenses such as compensated absences are measured by the amounts earned during the year. In the governmental fund, however, expenditures for these items are measured by the amount of financial resources used. These accrued expenses paid exceeded the amounts earned.

Accrued Sick Leave 384,656

Other 1

Change in net Position of governmental activities \$ (1,027,098)

PIKE COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2014

	<u>Food Service</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 705,702
Inventory	178,368
Accounts Receivable	132,026
Total Current Assets	\$ 1,016,096
Capital Assets-net of depreciation	316,225
Total Assets	\$ 1,332,321
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 2,104
Total Current Liabilities	\$ 2,104
Net Position	
Investment in Capital Asset, Net of Debt	\$ 316,225
Restricted	178,367
Unrestricted	835,625
Total Net Position	\$ 1,330,217

PIKE COUNTY BOARD OF EDUCATION

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN NET POSITION PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2014

	FOOD SERVICE			VARIANCE
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE)
OPERATING REVENUES:				
Lunchroom Sales	\$ 606,000	\$ 606,000	\$ 651,863	\$ (45,863)
Other Operating Revenues	0	0	13,796	(13,796)
TOTAL OPERATING REVENUES	\$ 606,000	\$ 606,000	\$ 665,659	\$ (59,659)
OPERATING EXPENSES:				
Salaries and Wages	\$ 3,901,479	\$ 3,901,479	\$ 4,075,756	\$ 174,277
Contract Services	46,469	46,469	47,176	707
Materials and Supplies	3,142,226	3,142,226	2,935,838	(206,388)
Expendable Equipment	0	0	26,507	26,507
Depreciation	99,179	99,179	75,798	(23,381)
Other Operating Expenses	1,676	1,676	3,698	2,022
TOTAL OPERATING EXPENSES	\$ 7,191,029	\$ 7,191,029	\$ 7,164,773	\$ (26,256)
Operating Income (Loss)	\$ (6,585,029)	\$ (6,585,029)	\$ (6,499,114)	\$ (33,403)
NON-OPERATING REVENUES (EXPENSES)				
Federal Grants	\$ 4,800,000	\$ 4,800,000	\$ 5,203,819	\$ (403,819)
State Grants	1,350,000	1,350,000	1,526,855	(176,855)
Donated Commodities	0	0	275,611	(275,611)
Interest Income	750	750	2,459	(1,709)
NON-OPERATING REVENUES (EXPENSES)	\$ 6,150,750	\$ 6,150,750	\$ 7,008,744	\$ (857,994)
Net Income (Loss) Before Operating Transfers	\$ (434,279)	\$ (434,279)	\$ 509,630	\$ (891,397)
Operating Transfers	0	0	0	0
Increase in net position	\$ (434,279)	\$ (434,279)	\$ 509,630	\$ (891,397)
Net Position July 1, 2013			820,587	
Net Position June 30, 2014			\$ 1,330,217	

See independent auditor's report and accompanying notes to the financial statement.

**PIKE COUNTY BOARD OF EDUCATION
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2014**

	Food Service
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from:	
Lunchroom Sales	\$ 651,863
Government Grants	6,993,637
Other Activities	13,796
Cash Paid to/for:	
Employees	(4,075,756)
Contract Service	(47,176)
Supplies	(2,801,431)
Expendable Equipment	(26,507)
Other	(3,259)
Net Cash Provided (Used) by Operating Activities	<u>\$ 705,167</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Receipt of Interest Income	\$ 2,459
Other Income	0
Net Cash Provided by Investing Activities	<u>\$ 2,459</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Equipment	\$ (1,925)
Net Cash Used by Capital and Related Financing Activities	<u>\$ (1,925)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Transfer Funds	\$ 0
Net Cash Provided by Financing Activities	<u>\$ 0</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 705,701
Cash and Cash Equivalents July 1, 2012	0
Cash and Cash Equivalents June 30, 2013	<u>\$ 705,701</u>
Reconciliation of Operating Income (Loss)	
To Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	\$ 509,630
Adjustments to Reconcile Operating Income to Net Cash	
Operating Activities:	
Depreciation	75,798
Interest Income	(2,459)
Change in Assets and Liabilities:	
Accounts Receivable	262,963
Inventory	(70,437)
Accounts Payable	(70,767)
Other	440
Net Cash provided by Operating Activities	<u>\$ 705,168</u>
Schedule of Non Cash Transactions:	
Donated Commodities Received From Federal Government	<u>\$ 275,611</u>

See independent auditor's report and accompanying notes to the financial statement.

PIKE COUNTY BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2014

	School Activity Funds
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 1,162,318
Accounts Receivable	50,987
Total Assets	\$ 1,213,305
 <u>LIABILITIES</u>	
Accounts Payable	\$ 36,686
Total Liabilities	\$ 36,686
Net Position Held in Trust	\$ 1,176,619

See independent auditor's report and accompanying notes to the financial statement.

PIKE COUNTY BOARD OF EDUCATION
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	School Activity Funds
Additions	
Receipts	\$ 3,735,210
Total Additions	\$ 3,735,210
Deductions	
Supplies and Materials	\$ 3,686,014
Total Deductions	\$ 3,686,014
Change in Net Position	\$ 49,196
Net Position July 1, 2013	1,127,423
Net Position June 30, 2014	\$ 1,176,619

**PIKE COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 1 – REPORTING ENTITY

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

The Board, for financial purposes, includes all of the funds and account groups relevant to the operation of the Pike 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 Booster, Parent-Teacher Associations, etc.

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

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

Pike County Board of Education Finance Corporation-Board of Education has the Pike County Board of Education Finance Corporation (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS 58.180) as an agency of the District for financing the costs of school building facilities. The Board Members of the Pike County Board of Education also comprise the Corporation’s Board of Directors.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

**PIKE COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2014**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

BASIS OF PRESENTATION (CONT)

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

a. Governmental Fund Types

The **General Fund** is the primary operating fund of the Board. It accounts for financial resources used for general types of operations. This is a budgeted fund, and any unrestricted fund balances are considered as resources available for use.

The **Special Revenue Fund (Grant Funds)** accounts for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of specified project periods as well as the state grant program. 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 Federal Financial Assistance included in this report.

**PIKE COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2014**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued).

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 Funds).

1. The **Support Education Program 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.
2. The **Facility Support Program (FSPK) Fund** 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.
3. The **Technology Fund** accounts for Kentucky Education Technology System allocation and local district matching funds restricted for the purchase of technology consistent with the District's approved technology plan.
4. The **Construction Fund** includes Capital Projects Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction.

b. Proprietary Fund Type

The School Food Service Fund is used to account for school food service activities, including the National School Lunch Program, which is conducted in cooperation with U.S. Department of Agriculture (USDA). No amounts have been recorded for in-kind contribution of commodities from the USDA, but commodities are identified in the Schedule of Federal Financial Assistance included in this report. The measurement focus is upon the determination of net income.

c. Fiduciary Fund Type

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

**PIKE COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2014**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF ACCOUNTING

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

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

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year in which all 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 resource is 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.

Deferred Revenue – Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Grants and entitlements received before the eligibility requirements are met are recorded as deferred revenue.

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

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

**PIKE COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2014**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

PROPERTY TAXES

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

The property tax rates assessed for the year ended June 30, 2014 to finance the General Fund operations were \$.567 per \$100 valuation for real property, \$.567 per \$100 valuation for business personal property and \$.553 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 gas.

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

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

INTERFUND BALANCES

On fund financial statements, receivables and payables resulting from short-term inter-fund loans are classified as “inter-fund receivables/payables”. These amounts are eliminated in the governmental and business-type activities columns of the statements of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances. As of June 30, 2014 there were no inter-fund receivables/payables.

**PIKE COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2014**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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).

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.

Inventory – Supplies and materials are charged to expenditures when purchased.

Encumbrances – Encumbrances are reported as an assignment of the fund balance. They are not reported as disbursements until paid. For budgetary purposes, appropriations lapse at fiscal year-end and outstanding encumbrance at year-end are re-appropriated in the next year. An assignment of fund balance equal to outstanding encumbrances, at year-end is provided for at June 30, 2014. Accordingly, no differences exist between actual results and the applicable budgetary data presented in the accompanying combined financial statements.

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.

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 non-current portion of capital leases, accumulated sick leave, contractually required pension contributions, and special termination benefits that will be paid from

**PIKE COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2014**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

Governmental funds report liabilities in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year-end, are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

Fund Balance Reserves – The District has elected to adopt GASB statement 54 for financial statement reporting. The following lists the terminology used to describe components of the fund balances:

Non-spendable	permanently non-spendable by the decree of the donor or items which may not be used for another purpose.
Restricted	legally restricted under federal or state law, bond authority, or grantor contract.
Committed	commitments passed by the board.
Assigned	funds assigned to management priority-encumbrances.
Unassigned	funds available for future operations.

Operating Revenues and Expenses – Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Board of Education, 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.

Inter-fund 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 inter-fund transfers. Inter-fund 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.

Deferred Revenue – Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant and accordingly, when such funds are received they are recorded as deferred revenue until earned. Property tax and other governmental fund financial resource increments (i.e. bond issue proceeds) are recognized in the accounting period in which they become susceptible to accrual: that is when they become both measurable and available to finance expenditures of the fiscal period.

**PIKE COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2014**

NOTE 3 – ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, designated fund balances and disclosures of contingent assets and liabilities at the date of the general purpose financial statement, and the reported amount of revenues and expenditures during the reporting period. Actual results could differ from estimates.

NOTE 4 – CASH AND CASH EQUIVALENTS

At year-end, the carrying amount of the Board’s cash and cash equivalents was \$10,874,107. Of the total cash balance, \$250,000 was covered by Federal Depository Insurance, with the remainder covered by collateral held by the pledging bank’s trust departments in the Board’s name.

General Fund, cash and cash equivalents at June 30, 2014 consist of the following:

	<u>Bank Balance</u>
Community Trust Bank	\$ 10,864,337
U S Bank	9,770
Total Bank Balance	<u>\$ 10,874,107</u>
	<u>Book Balance</u>
Breakdown per financial statements:	
Governmental Funds	\$ 2,033,207
Fiduciary Funds	1,162,325
Proprietary Funds	705,702
Total Book Balance	<u>\$ 3,901,234</u>
The securities pledged as collateral are:	
FHLB letter of credit-Community Trust	\$ 14,000,000
Other Securities Pledged	1,361,685
FDIC	250,000
Total securities pledged	<u>\$ 15,611,685</u>

PIKE COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2014

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2014 was as follows:

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
Governmental Activities				
Land	\$ 9,228,528	\$ -0-	\$ 138,092	\$ 9,090,436
Land Improvements	9,260,411	-0-	239,257	9,021,154
Buildings	145,615,903	-0-	3,321,682	142,294,221
Technology Equipment	9,350,100	804,018	617,149	9,536,969
Vehicles	15,664,474	59,925	-0-	15,724,399
General Equipment	3,465,068	73,413	29,538	3,508,943
Infrastructure	89,638	-0-	-0-	89,638
Construction in Progress	41,323,383	5,324,846	-0-	46,648,229
Total	<u>\$ 233,997,505</u>	<u>6,262,202</u>	<u>4,345,718</u>	<u>235,913,989</u>

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
Less Accumulated Depreciation				
Land Improvements	\$ 7,244,328	267,026	234,282	\$ 7,277,072
Buildings & Improvements	59,061,884	3,132,323	2,552,210	59,641,997
Technology & Equipment	7,053,976	955,500	600,749	7,408,728
Vehicles	9,027,572	1,162,400	-0-	10,189,972
General Equipment	2,416,296	224,461	15,479	2,625,278
Infrastructure	9,337	-0-	-0-	9,337
Total Accumulated Depreciation	<u>\$ 84,813,393</u>	<u>\$ 5,741,710</u>	<u>\$ 3,402,720</u>	<u>\$ 87,152,383</u>
Governmental Activities Capital Assets-net	<u>\$ 149,184,112</u>	<u>\$ 520,492</u>	<u>\$ 942,998</u>	<u>\$ 148,761,606</u>

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
Business-Type Activities				
Technology & Equipment	\$ 114,968	\$ 1,925	\$ 9,193	\$ 107,700
General Equipment	2,431,106	-0-	28,204	2,402,902
Total	<u>\$ 2,546,074</u>	<u>\$ 1,925</u>	<u>\$ 36,957</u>	<u>\$ 2,510,602</u>

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
Less Accumulated Depreciation				
Technology & Equipment	\$ 101,942	\$ 5,851	\$ 9,193	\$ 98,600
General Equipment	2,053,595	69,947	27,764	2,095,778
Total	<u>2,155,537</u>	<u>75,798</u>	<u>36,957</u>	<u>2,194,378</u>
Business-Type Activities Capital Assets-Net	<u>\$ 390,537</u>	<u>\$ (73,873)</u>	<u>440</u>	<u>\$ 316,224</u>

Depreciation expense was allocated to governmental functions.

**PIKE COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2014**

NOTE 6– BONDED DEBT AND LEASE OBLIGATIONS

On June 25, 2014 the district issued School Building Revenue Bonds-Series 2014, in the amount of \$8,350,000. The proceeds of this issue are to be used for construction projects at Southside, Shelby Valley and Millard. This issue carries interest at 2.00-4.00% and matures June of 2034. Principle payments are to be made in June of each year and interest payments will be made in June and December of each year. The amounts are included in the schedule of bond payments.

The amounts shown in the accompanying financial statements as lease obligations represents the Board's future obligations to make lease payments relating to the bonds issued by the Fiscal Court of Pike County, aggregating \$95,948,320 .

The original amount of the issues, issue dates and interest rates are shown below:

<u>Issue Date</u>	<u>Proceeds</u>	<u>Rates</u>
December 1, 2003	6,115,000	2.00%-4.125%
February 1, 2005	4,310,000	2.30%-3.60%
November 1, 2006	5,460,000	3.50%-3.80%
February 1, 2007	2,210,000	4.00%-4.40%
October 1, 2007	13,715,000	4.00%-4.375%
May 1, 2008	3,505,000	2.10%-3.250%
June 1, 2009	10,695,000	1.00%-3.20%
October 1, 2009	1,735,000	1.20%-4.125%
October 4, 2010	6,400,000	0.700%--3.100%
November 1, 2011	29,670,000	2.00%-4.00%
November 1, 2011	11,000,000	4.62%
June 1, 2012	18,720,000	2.00%-3.00%
May 1, 2013	3,880,000	1.00%-2.00%
June 1, 2014	8,350,000	2.00%-4.00%

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

The Board, through the General Fund, is also obligated to make lease payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Pike County Fiscal Court to purchase the buses under lease at any time by retiring the bonds then outstanding.

The district has also entered into "participation agreement" with the School Facility Construction Commission. The Kentucky General Assembly for the purpose of assisting local Board of Educations in meeting school construction needs created the commission. The table below sets forth the amount to be paid by the district each year until maturity of all bond issues.

The bonds may be called prior to maturity at dated and redemption premiums specified in each issue.

**PIKE COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENT – CONTINUED
JUNE 30, 2014**

NOTE 6– BONDED DEBT AND LEASE OBLIGATIONS (Continued)

Issue	Beginning Balance	New Proceeds	Retired Principal	Ending Balance
		-0-		0
2005R Series	1,405,000	-0-	480,000	925,000
2006 Series	500,000	-0-	-0-	500,000
2006R Series	3,260,000	-0-	415,000	2,845,000
2007 Series	1,720,000	-0-	90,000	1,630,000
2007 KISTA	546,754	-0-	141,005	405,749
2007B Series	11,850,000	-0-	430,000	11,420,000
2008R Series	1,745,000	-0-	400,000	1,345,000
2009 Series	1,540,000	-0-	70,000	1,470,000
2009R Series	8,535,000	-0-	1,015,000	7,520,000
2010R Series	5,720,000	-0-	385,000	5,335,000
2011 Series	28,740,000	-0-	945,000	27,795,000
2011 QSCB	8,188,221	-0-	454,901	7,733,320
2012R Series	16,640,000	-0-	1,105,000	15,535,000
2013R Series	3,880,000	-0-	335,000	3,545,000
2014 Series	-0-	8,350,000	-0-	8,350,000
TOTAL	<u>\$ 94,269,975</u>	<u>\$ 8,350,000</u>	<u>\$ 6,265,906</u>	<u>\$96,354,069</u>

**PIKE COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2014**

NOTE 6– BONDED DEBT AND LEASE OBLIGATIONS (Concluded)

Assuming the issues are not called prior to scheduled maturity, the minimum obligations of the funds at June 30, 2014, for debt service, (principal and interest) are as follows:

	<u>PIKE COUNTY BOARD</u>		<u>KY. CONSTRUCTION COMMISSION</u>		
	LOCAL	LOCAL	KSFCC	KSFCC	TOTAL
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	
	<u>TOTAL</u>	<u>TOTAL</u>	<u>TOTAL</u>	<u>TOTAL</u>	<u>TOTAL</u>
2014-2015	3,431,825	2,440,157	2,968,076	768,158	9,053,722
2015-2016	3,514,896	2,391,544	2,855,005	698,135	8,873,230
2016-2017	3,587,890	2,313,974	2,682,011	630,261	8,635,686
2017-2018	3,665,169	2,230,487	2,689,732	563,423	8,578,261
2018-2019	3,761,470	2,139,715	2,583,431	497,374	8,409,340
2019-2020	3,858,310	2,041,042	2,591,591	430,496	8,351,789
2020-2021	3,956,491	1,934,812	2,238,410	366,481	7,929,645
2021-2022	4,045,730	1,836,984	1,639,171	315,219	7,382,136
2022-2023	4,152,893	1,728,639	1,682,008	272,382	6,938,972
2023-2024	3,802,394	1,601,377	1,642,507	228,707	6,232,985
2024-2025	2,716,872	1,472,257	1,378,029	186,849	4,440,557
2025-2026	2,867,345	1,374,007	1,372,556	145,843	4,443,250
2026-2027	2,971,083	1,268,418	1,413,818	104,332	4,444,432
2027-2028	3,083,576	1,154,240	1,141,325	63,891	4,129,314
2028-2029	3,208,988	1,032,208	655,913	43,204	3,618,295
2029-2030	3,333,365	906,839	641,536	33,589	3,591,060
2030-2031	3,469,829	521,624	550,072	26,076	3,491,901
2031-2032	3,565,282	129,941	164,718	20,122	3,054,900
2032-2033	594,105	48,655	170,895	13,945	
2033-2034	622,270	24,891	177,730	7,109	
TOTALS	<u>\$ 64,209,783</u>	<u>\$ 28,591,811</u>	<u>\$ 31,238,534</u>	<u>\$ 5,415,596</u>	<u>\$129,455,724</u>

**PIKE COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2014**

NOTE 7 – LEASE COMMITMENTS

Commitments under operating lease agreements for equipment provide the minimum future rental payments as of June 30, 2014 as follows:

	Principal	Interest	Total
June 30, 2015	146,760	14,874	161,634
June 30, 2016	126,617	9,554	136,171
June 30, 2017	132,372	4,964	137,336
Total	\$ 405,749	29,392	435,141

NOTE 8– ACCUMULATED UNPAID SICK LEAVE BENEFITS

Upon retirement from the school system, a certified employee will receive from the Board an amount equal to 30% of accumulated sick leave. At June 30, 2014, this amount totaled \$ 373,638 for employees with 27 or more years of experience, which are accounted for as the long-term debt district wide. The District has elected to include this liability as a reserved portion of the General Fund. The entire compensated absence is reported on the government wide financial statements.

NOTE 9- WORKER’S COMPENSATION INSURANCE LIABILITY

In order to satisfy the outstanding claims and deficits of the Kentucky School Board Insurance Trust (KSBIT), a non-profit, self-insured pool, the District entered into an agreement to pay \$574,195 to settle all claims. This amount is interest free and is to be paid upon the following schedule:

8/31/2014	\$	143,549
8/31/2015		71,774
8/31/2016		71,774
8/31/2017		71,774
8/31/2018		71,774
8/31/2019		71,774
8/31/2020		71,774
TOTAL	\$	574,193

NOTE 10– RETIREMENT PLAN

PENSION PLAN – KTRS

Plan Description – The Pike County School System contributes to the Teachers’ Retirement System of Kentucky (KTRS), a cost sharing, multiple employer defined benefit pension plan. KTRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems and other public educational agencies in Kentucky.

KTRS was created by the 1938 General Assembly and is governed by Chapter 151 Section 220 through Chapter 161 Section 990 of the Kentucky Revised Statutes (KRS). KTRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. That report can be obtained by writing to Kentucky Teachers’ Retirement System, 479 Versailles Road, Frankfort, KY 40601.

**PIKE COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2014**

NOTE 10– RETIREMENT PLAN (Continued)

PENSION PLAN – KTRS

Funding Policy – Contribution rates are established by KTRS. Members are required to contribute 11.355% of their salaries for members before July 1, 2008 and 11.355% for members after July 1, 2008, to KTRS. The Commonwealth of Kentucky is required to contribute 14.605% and 13.105% of salaries respectively. The federal program, for any salaries paid by that program, pays the matching contributions. KTRS requires that members of KTRS occupy a position requiring either a four (4) year college degree or certification by KY Department of Education (KDE).

The Pike County School System's total payroll for the 2014 year was \$54,615,508. The payroll for employees covered under KTRS was \$39,702,320. For the year ended June 30, 2014, participating employees contributed \$4,508,198 to KTRS for their benefit. The Board of Education's contributions to KTRS for the year ending June 30, 2014 were \$523,154, which represents those employees covered by federal programs.

The Pike County School System's total payroll for the 2013 year was \$53,952,393. The payroll for employees covered under KTRS was \$39,153,394. For the year ended June 30, 2013 participating employees contributed \$4,250,166 to KTRS for their benefits. The Board of Education's contributions to KTRS for the year ending June 30, 2013 were \$973,024, which represents those employees covered by federal programs. The Commonwealth contributed \$4,255,757.

The Pike County School System's total payroll for the 2012 year was \$55,057,210. The payroll for employees covered under KTRS was \$39,746,305. For the year ended June 30, 2012, participating employees contributed \$4,130,400 to KTRS for their benefits. The Board of Education's contributions to KTRS for the year ending June 30, 2012 were \$989,970, which represents those employees covered by federal programs.

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 Trustee, 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 KTRS Department of Insurance. Once retired members and eligible spouses attain the age of 65 and are Medicare eligible, coverage is to be obtained through the KTRS Medicare Eligible Health Plan. In order to fund the post-retirement healthcare benefit, active member contributions are matched by the state at 0.75% of members gross salary. Members contributions are 1.75% of salary. Also, premiums collected from retirees as described in the plan description and income from investments help meet the medical expenses of the plan. Additionally the District pays 1.0% of the members salary.

**PIKE COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2014**

NOTE 10– RETIREMENT PLAN (Concluded)

PENSION PLAN – CERS

Classified personnel are covered under the County Employee’s Retirement System (CERS), a cost sharing, multi-employer, public employer’s retirement system. For 2014, funding for this Plan is provided through payroll withholdings of 5.00% and a Board Contribution of 18.89% of the employee’s total compensation subject to contribution.

In 2014, the Pike County School System’s payroll for employees covered under CERS was \$17,855,475. For the year ended June 30, 2014, the contribution requirement was \$3,507,181. Employees contributed \$758,674 and the Board of Education’s contributions to CERS were \$2,748,507.

In 2013, the Pike County School System’s payroll for employees covered under CERS was \$16,745,704. The contribution requirement was \$3,486,878. Employees contributed \$732,635 and the Board of Education’s contributions to CERS were \$2,754,243.

In 2012, the Pike County School System’s payroll for employees covered under CERS was \$14,484,654. For the year ended June 30, 2012, the contribution requirement was \$3,507,545. Employees contributed \$753,202 and the Board of Education’s contributions to CERS were \$2,754,545.

The “pension benefit obligation” is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the pensions’ funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among the plans and employers.

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

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

NOTE 11– CONTINGENCIES

The Board receives funding from federal, state, 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 Board for its disbursements. The amount of such future refunds and un-reimbursed disbursements, if any, is not expected to be significant. Continuation of the Board grant programs is predicated upon the grantor’s satisfaction that the funds provided are being spent as intended and the grantor’s intent to continue their programs.

**PIKE COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2014**

NOTE 12 – INSURANCE AND RELATED ACTIVITIES

The Board is exposed to various forms of loss of assets associated with the risks of fire, personal, liability, theft, vehicular accidents, errors and omissions, fiduciary responsibility, etc. Each of these risk areas is covered through the purchase of commercial insurance. The Board has purchased certain policies, which are retrospectively rated which include Worker’s Compensation Insurance. The board has also self-insured some of the workers compensation.

NOTE 13 – LITIGATION

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

NOTE 14 – DEFICITS

The following funds have operations that resulted in a current year deficit of expenditures over revenue resulting in corresponding reduction of fund balance:

- General Fund
- Building Fund

NOTE 15 – COBRA

Under COBRA, employers are mandated to notify terminated employees of available continuing insurance coverage. Failure to comply with the requirements may put the Board of Education at risk for a substantial loss contingency.

NOTE 16 – TRANSFER OF FUNDS

The following transfers were made during the year:

<u>Type</u>	<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
Operating	1	2	Matching	\$ 134,989
Operating	320	400	Debt Service	5,245,133
Operation	320	360	Construction	790,234
Operating	310	1	Capital	843,676
Operation	2	1	Capital	17,496
Operating	320	1		871,521
Operating	1	360	Construction	577,883

**PIKE COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2014**

NOTE 17 – ON BEHALF PAYMENTS

The state of Kentucky makes certain payments to health insurance carriers and flexible spending account, and KTRS retirement vendors on behalf of the employees of the District. The state expended \$17,528,870, and \$467,798 was received from federal sources, for a total of \$17,996,668. In accordance with GASB Statement No.24 the District has recognized these payments as revenue and expenditures.

NOTE 18 – PRIOR PERIOD ADJUSTMENT

The 2011 QSCB Bond Issue liability was overstated by \$2,811,779. This issue has a feature that allows for the annual payments to be placed in an account that bears interest. This accumulated growth will be used to pay the outstanding bonds at maturity. The bond was issued for \$11,000,000. However the liability to the School District is \$8,188,221. This adjustment has the effect of reducing the beginning outstanding bond liability and increasing the Net Position for Governmental Activities by that amount.

SUPPLEMENTARY INFORMATION

PIKE COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	GENERAL FUND			VARIANCE
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE)
REVENUES:				
From Local Sources				
Taxation	\$ 12,400,000	\$ 12,400,000	\$ 11,419,537	\$ (980,463)
Motor Vehicle	2,150,000	2,150,000	2,369,413	219,413
Utilities	3,900,000	3,900,000	4,008,312	108,312
Other				
Tuition & Fees	20,000	20,000	6,250	(13,750)
Earnings on Investments	80,000	80,000	68,280	(11,720)
Other Local Revenues	24,340	24,340	129,531	105,191
Intergovernmental-State	50,267,852	50,081,527	50,397,216	315,689
Intergovernmental – Direct Federal	100,000	100,000	581,912	481,912
TOTAL REVENUES	\$ 68,942,192	\$ 68,755,867	\$ 68,980,451	\$ 224,584
EXPENDITURES:				
Current:				
Instruction	\$ 44,426,276	\$ 44,412,033	\$ 39,021,470	\$ (5,390,563)
Support Services:				
Student	2,975,479	2,975,479	3,526,786	551,307
Instructional Staff	2,934,225	2,948,495	3,279,549	331,054
District Administration	2,969,871	3,022,712	2,208,586	(814,126)
School Administration	3,022,712	3,617,221	4,375,662	758,441
Business	1,372,954	1,372,954	1,274,152	(98,802)
Plant Operations & Maintenance	10,099,230	10,099,230	12,388,934	2,289,704
Student Transportation	6,059,985	6,059,985	6,898,665	838,680
Central Office	0	0	0	0
Food Service Operations	0	0	0	0
Other	1,000	1,000	14,477	13,477
Community Service	2,500	2,500	237,237	234,737
Site Acquisition & Constr.	20,000	20,000	86,504	66,504
Debt Service – Principal	160,990	160,990	141,005	(19,985)
Debt Service – Interest	647,350	0	19,985	19,985
Contingency	2,750,000	2,563,675	0	(2,563,675)
TOTAL EXPENDITURES	\$ 77,442,572	\$ 77,256,274	\$ 73,473,012	\$ (3,783,262)
Excess (Deficit) of Revenues over Expenditures	\$ (8,500,380)	\$ (8,500,407)	\$ (4,492,561)	\$ 4,007,846
OTHER FINANCING SOURCES (USES):				
Bonds Proceeds	\$ 0	\$ 0	\$ 0	\$ 0
Proceeds from Sale of Fixed Assets	0	0	609,100	609,100
Operating Transfers In	861,949	861,949	1,732,693	870,744
Operating Transfers Out	(140,000)	(140,000)	(712,871)	(572,871)
TOTAL OTHER FINANCING SOURCES (USES):	\$ 721,949	\$ 721,949	\$ 1,628,922	\$ 906,973
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	\$ (7,778,431)	\$ (7,778,458)	\$ (2,863,639)	\$ 4,914,819
Fund Balance July 1, 2013			9,713,180	
Fund Balance June 30, 2014			<u>6,849,541</u>	

See independent auditor's report and accompanying notes to the financial statement.

PIKE COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	SPECIAL REVENUE			VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES:				
From Local Sources				
Taxation	\$ 0	\$ 0	\$ 0	\$ 0
Motor Vehicle	0	0	0	0
Utilities	0	0	0	0
Other	0	0	0	0
Tuition & Fees	0	0	0	0
Earnings on Investments	265	0	658	658
Other Local Revenues	568,442	756,149	573,692	(182,457)
Intergovernmental-Intermediate	2,930,185	2,842,652	2,389,638	(453,014)
Intergovernmental-State	2,522,167	2,484,592	2,813,534	328,942
Intergovernmental – InDirect Federal	10,101,227	6,275,447	5,995,668	(279,779)
Intergovernmental – Direct Federal	0	0	0	0
TOTAL REVENUES	\$ 16,122,286	\$ 12,358,840	\$ 11,773,190	\$ (585,650)
EXPENDITURES:				
Current:				
Instruction	\$ 10,939,080	\$ 8,499,935	\$ 8,216,113	\$ 283,822
Support Services:				
Student	356,753	255,210	209,574	45,636
Instructional Staff	2,080,204	1,618,388	1,613,654	4,734
District Administration	0	0	0	0
School Administration	0	0	0	0
Business	155,471	183,091	171,096	11,995
Plant Operations & Maintenance	21,120	22,291	21,499	792
Student Transportation	944,588	79,600	79,919	(319)
Central Office	0	0	0	0
Food Service Operations	0	0	0	0
Other	0	0	0	0
Community Service	1,782,532	1,822,424	1,578,828	243,596
Facilities Acquisition & Construction	0	0	0	0
Contingency	0	0	0	0
TOTAL EXPENDITURES	\$ 16,279,748	\$ 12,480,939	\$ 11,890,683	\$ 590,256
Excess (Deficit) of Revenues over Expenditures	\$ (157,462)	\$ (122,099)	\$ (117,493)	\$ 4,606
OTHER FINANCING SOURCES (USES):				
Bonds Proceeds	\$ 0	\$ 0	\$ 0	\$ 0
Proceeds from Sale of Fixed Assets	0	0	0	0
Operating Transfers In	174,472	140,000	134,989	(5,011)
Operating Transfers Out	(17,009)	(18,273)	(17,496)	777
TOTAL OTHER FINANCING SOURCES (USES):	\$ 157,463	\$ 121,727	\$ 117,493	\$ (4,234)
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	<u>\$ 1</u>	<u>\$ (372)</u>	\$ 0	<u>\$ 372</u>
Fund Balance July 1, 2013			0	
Fund Balance June 30, 2014			<u>\$ 0</u>	

See independent auditor's report and accompanying notes to the financial statement.

PIKE COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	CONSTRUCTION FUND			VARIANCE
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE)
REVENUES:				
From Local Sources				
Taxation	\$ 0	\$ 0	\$ 0	\$ 0
Motor Vehicle	0	0	0	0
Utilities	0	0	0	0
Other	0	0	0	0
Tuition & Fees	0	0	0	0
Earnings on Investments	0	0	1,878	1,878
Other Local Revenues	0	0	0	0
Intergovernmental-State	0	0	0	0
Intergovernmental – InDirect Federal	0	0	0	0
Intergovernmental – Direct Federal	0	0	0	0
TOTAL REVENUES	\$ 0	\$ 0	\$ 1,878	\$ 1,878
EXPENDITURES:				
Current:				
Instruction	\$ 0	\$ 0	\$ 0	\$ 0
Support Services:				
Student	0	0	0	0
Instructional Staff	0	0	0	0
District Administration	0	0	0	0
School Administration	0	0	0	0
Business	0	0	0	0
Plant Operations & Maintenance	0	0	0	0
Student Transportation	0	0	0	0
Central Office	0	0	0	0
Food Service Operations	0	0	0	0
Other	0	0	0	0
Community Service	0	0	0	0
Facilities Acquisition & Construction	85,610	85,610	3,790,411	(3,704,801)
Building Improvements	2,024,783	2,024,783	234,902	1,789,881
Site Improvements	12,650	12,650	1,295,917	(1,283,267)
TOTAL EXPENDITURES	\$ 2,123,043	\$ 2,123,043	\$ 5,321,230	\$ (3,198,187)
Excess (Deficit) of Revenues over Expenditures	\$ (2,123,043)	\$ (2,123,043)	\$ (5,319,352)	\$ (3,196,309)
OTHER FINANCING SOURCES (USES):				
Bonds Proceeds	\$ 1,375,000	\$ 1,375,000	\$ 8,171,528	\$ 6,796,528
Proceeds from Sale of Fixed Assets	0	0	0	0
Operating Transfers In	748,043	748,043	1,368,116	620,073
Operating Transfers Out	0	0	0	0
TOTAL OTHER FINANCING SOURCES (USES):	\$ 2,123,043	\$ 2,123,043	\$ 9,539,644	\$ 7,416,601
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	\$ 0	\$ 0	\$ 4,220,292	\$ 4,220,292
Fund Balance July 1, 2013			1,156,516	
Fund Balance June 30, 2014			<u>\$ 5,376,808</u>	

See independent auditor's report and accompanying notes to the financial statement.

**PIKE COUNTY BOARD OF EDUCATION
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2014**

	Capital Outlay Fund	Debt Service Fund	FSPK Fund	Total Other Government Funds
<u>ASSETS AND RESOURCES</u>				
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0	\$ 0
Investments	0	0	0	0
Bond Issuance Costs(net)	0	0	0	0
Accounts Receivable	0	0	0	0
Total Assets	\$ 0	\$ 0	\$ 0	\$ 0
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities				
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0
Payroll Liabilities	0	0	0	0
Total Liabilities	\$ 0	\$ 0	\$ 0	\$ 0
 Deferred Revenue	 0	 0	 0	 0
Total Liabilities	\$ 0	\$ 0	\$ 0	\$ 0
Fund Balances				
Assigned For Prior Year Purchase Obligation				
Reserved for Site Base	\$ 0	\$ 0	\$ 0	\$ 0
Reserved for Sick Leave	0	0	0	0
Unassigned Fund Balance	0	0	0	0
Restricted for Future Construction	0	0	0	0
Restricted for Future Building Needs	0	0	0	0
Unassigned Fund Balance	0	0	0	0
Total Fund Balances	\$ 0	\$ 0	\$ 0	\$ 0
Total Liabilities and Fund Balances	\$ 0	\$ 0	\$ 0	\$ 0

PIKE COUNTY BOARD OF EDUCATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Capitol Outlay Fund	Debt Service Fund	Building Fund	Total Other Governmental Funds
REVENUES				
From Local Sources				
Taxes				
Property	\$ 0	\$ 0	\$ 3,134,070	\$ 3,134,070
Motor Vehicles	0	0	0	0
Utilities	0	0	0	0
Other	0	0	0	0
Tuition and Fees	0	0	0	0
Earnings on Investments	0	0	0	0
Other Local Revenues	0	0	0	0
Intergovernmental- Intermediate	0	0	0	0
Intergovernmental- State	843,676	3,974,563	2,982,584	7,800,823
Intergovernmental-Indirect Federal	0	0	0	0
Intergovernmental-Direct Federal	0	0	0	0
Total Revenues	\$ 843,676	\$ 3,974,563	\$ 6,116,654	\$ 10,934,893
EXPENDITURES				
Instruction	\$ 0	\$ 0	\$ 0	\$ 0
Support Services				
Student	0	0	0	0
Instruction Staff	0	0	0	0
District Administrative	0	0	0	0
School Administrative	0	0	0	0
Business	0	0	0	0
Plant Operation and Maint.	0	0	0	0
Student Transportation	0	0	0	0
Food Service	0	0	0	0
Community Services	0	0	0	0
Facilities Acquisitions and Construction	0	0	0	0
Purchase Professional Services	0	0	0	0
Site Improvement	0	0	0	0
Building Improvements	0	0	0	0
Debt Service				
Principal	0	6,104,916	0	6,104,916
Interest	0	3,114,780	0	3,114,780
Bond Issuance Costs	0	0	0	0
Total Expenditures	\$ 0	\$ 9,219,696	\$ 0	\$ 9,219,696
Excess (Deficit) of Revenues over Expenditures	\$ 843,676	\$ (5,245,133)	\$ 6,116,654	\$ 1,715,197
Other Financing Sources (Uses)				
Proceeds from Sales of Bonds	\$ 0	\$ 0	\$ 0	\$ 0
Proceeds from Sales of Fixed Assets	0	0	0	0
Operating Transfer, In	0	5,245,133	0	5,245,133
Operating Transfer, Out	(843,676)	0	(6,906,888)	(7,750,564)
Total Other Financing Sources	\$ (843,676)	\$ 5,245,133	\$ (6,906,888)	\$ (2,505,431)
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	\$ 0	\$ 0	\$ (790,234)	\$ (790,234)
Fund Balance July 1, 2013	0	0	790,234	790,234
Fund Balance June 30, 2014	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

See independent auditor's report and accompanying notes to the financial statement.

**PIKE COUNTY BOARD OF EDUCATION
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND NET POSITION
 SCHOOL ACTIVITY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2014**

SCHOOLS	Cash Balance July 1, 2013	Receipts	Disburse- ments	Cash Balance June 30, 2014	Accounts Receivable	Accounts Payable	Due to Students June 30, 2014
HIGH SCHOOLS							
Belfry	\$ 90,952	\$ 469,959	\$ 440,876	\$ 120,035	\$ 10,990	\$ 17,425	\$ 113,600
East Ridge	117,010	255,617	278,563	94,064	1,540	376	95,228
Phelps	111,027	176,000	167,509	119,518	1,611	0	121,129
Pike Central	92,421	314,460	328,470	78,411	983	4,849	74,545
Shelby Valley	144,440	455,304	456,494	143,250	129	271	143,108
MIDDLE SCHOOLS							
Belfry Middle	5,581	189,437	178,376	16,642	28,711	0	45,353
Feds Creek Middle	21,711	67,104	67,796	21,019	347	0	21,366
Johns Creek	43,015	231,669	237,775	36,909	1,718	6,817	31,810
Millard	48,937	208,631	196,856	60,712	1,082	2,336	59,458
Mullins	43,560	342,840	336,676	49,724	450	158	50,016
Valley Middle	132,537	292,887	333,377	92,047	307	296	92,058
ELEMENTARY SCHOOLS							
Bevins	32,415	74,230	60,644	46,001	0	1,010	44,991
Blackberry	10,978	30,095	31,107	9,966	0	0	9,966
Dorton	64,899	97,259	86,358	75,800	0	0	75,800
Elkhorn City	45,996	162,033	155,180	52,849	2,469	1,305	54,013
Kimper	15,512	63,269	60,393	18,388	0	818	17,570
Majestic	22,673	31,730	36,262	18,141	0	60	18,081
Phelps	32,185	108,839	108,423	32,601	0	965	31,636
Southside	79,671	122,135	132,006	69,800	650	0	70,450
DAY TREATMENT CENTERS							
Shelby Valley	1,416	1,547	1,585	1,378	0	0	1,378
North Point	0	9,456	4,441	5,015	0	0	5,015
Phelps	141	40	133	48	0	0	48
TOTALS	<u>\$ 1,157,077</u>	<u>\$ 3,704,541</u>	<u>\$ 3,699,300</u>	<u>\$ 1,162,318</u>	<u>\$ 50,987</u>	<u>\$ 36,686</u>	<u>\$ 1,176,619</u>

See independent auditor's report and accompanying notes to the financial statement.

**PIKE COUNTY BOARD OF EDUCATION
BELFRY HIGH SCHOOL
ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014**

Fund	Cash Balance July 1, 2013	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2014	Accounts Receivable	Payable	Due to Students June 30, 2014
GENERAL	\$ 28	\$ 14,491	\$ 18,578	\$ 4,090	\$ 31	\$ 4,500	\$ 0	\$ 4,531
ACADEMIC	1,570	354	1,393	0	531	0	0	531
TENNIS	0	9,618	5,615	700	4,703	0	0	4,703
SPIRIT TEAM	344	1,801	3,815	1,670	0	0	0	0
GOLF TEAM	474	473	822	0	125	0	0	125
NANCY SCOTT	0	500	0	0	500	0	500	0
DEBBIE HUNTER	0	500	0	0	500	0	500	0
LOCKER FEES	237	3,186	734	(1,992)	697	0	0	697
TEXTBOOK RENTAL	270	4,922	72	(4,090)	1,030	0	0	1,030
FACULTY	0	6,821	6,333	(457)	31	0	0	31
MNA	0	0	0	0	0	0	0	0
NON RESIDENT	0	0	0	0	0	0	0	0
HOMECOMING	0	374	370	0	4	0	0	4
HONOR SOCIETY	191	1,597	1,699	0	89	0	0	89
WRESTLING	0	9,735	11,729	1,994	0	0	0	0
STLP	484	0	113	0	371	0	0	371
YGA-KYA	0	3,412	3,938	526	0	0	0	0
MU ALPHA THETA	0	380	380	0	0	0	0	0
BUSINESS	5	0	0	0	5	0	0	5
STORES	5	29,497	22,595	(2,043)	4,865	0	0	4,865
ROBOTICS	7,363	823	7,382	0	804	0	0	804
VENTURINO	0	750	250	0	500	0	500	0
CHARLES JOHNSON GR.	5,000	5,000	5,000	0	5,000	0	5,000	0
HOSA	1,383	8,579	8,532	0	1,431	0	0	1,431
FOOTBALL	16,624	139,667	128,352	(500)	27,439	0	500	26,939
YOUTH FOOTBALL	10,507	16,293	10,350	(8,571)	7,879	0	0	7,879
FOOTBALL II	14,000	0	0	5,000	19,000	0	0	19,000
BOYS BASKETBALL	151	32,494	32,436	345	554	0	0	554
YOUTH BASKETBALL	1,220	250	0	(1,220)	250	0	0	250
REGIONAL TOURNAMENT	0	0	0	0	0	0	0	0
GIRLS BASKETBALL	4,619	16,286	18,655	875	3,124	0	0	3,124
BASEBALL	5,839	7,600	14,017	1,146	569	0	0	569
BASEBALL DIAMOND	1,146	0	0	(1,146)	0	0	0	0

**PIKE COUNTY BOARD OF EDUCATION
BELFRY HIGH SCHOOL
ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014**

Fund	Cash Balance July 1, 2013	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2014	Accounts Receivable	Payable	Due to Students June 30, 2014
BOYS CHEERLEADERS	962	28,011	23,695	0	5,278	6,490	5,635	6,133
GIRLS CHEERLEADERS	800	500	1,300	0	0	0	0	0
SOFTBALL	80	9,835	10,813	1,578	680	0	0	680
VOLLEYBALL	1,304	12,770	10,048	0	4,026	0	0	4,026
ART HONOR SOCIETY	0	520	436	0	84	0	0	84
SPECIAL NEEDS	554	0	279	0	275	0	0	275
BOYS & GIRLS SOCCER	1,361	28,305	18,139	(500)	11,027	0	840	10,187
JR CLASS	2,215	11,671	13,076	0	810	0	0	810
JROTC	4,403	521	4,515	2,500	2,909	0	0	2,909
SADD	149	1,324	1,044	0	429	0	0	429
YALSA	393	620	422	0	590	0	0	590
SPEECH & DRAMA	292	0	0	0	292	0	0	292
CO-ED Y	0	0	0	0	0	0	0	0
FBLA	1	90	0	0	91	0	0	91
YOUTH SERVICE CENTER	711	630	0	(493)	849	0	0	849
CHILDREN INC.	388	17,061	16,394	493	1,547	0	1,199	348
ANNUAL	1,541	25,938	26,801	0	677	0	0	677
VARNEY SCHOLARSHIP	3,000	0	0	0	3,000	0	1,000	2,000
SCIENCE	112	306	515	97	0	0	0	0
TRACK	0	2,225	2,224	0	1	0	0	1
SOUTHS SCHOLARSHIP	1,000	1,750	1,000	0	1,750	0	1,750	0
BAND	178	8,089	6,660	0	1,607	0	0	1,607
STLP	0	0	0	0	0	0	0	0
SCHOOL NEWSPAPER	0	655	357	0	299	0	0	299
FRANK WELCH MEMORIAL	50	185	0	0	235	0	0	235
MARQUEE	0	3,550	0	0	3,550	0	0	3,550
TOTAL	<u>\$ 90,954</u>	<u>\$ 469,959</u>	<u>\$ 440,877</u>	<u>\$ 0</u>	<u>\$ 120,037</u>	<u>\$ 10,990</u>	<u>\$ 17,424</u>	<u>\$ 113,603</u>

**PIKE COUNTY BOARD OF EDUCATION
EAST RIDGE HIGH SCHOOL
ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014**

Fund	Cash Balance July 1, 2013	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2014	Accounts Receivable	Payable	Due to Students June 30, 2014
GENERAL	\$ 5,587	\$ 13,903	\$ 30,236	\$ 11,158	\$ 412	\$ 940	\$ 0	\$ 1,351
LIBRARY	674	62	700	0	35	0	0	35
SCHOLARSHIPS	12,000	15,275	16,000	0	11,275	0	0	11,275
PARKING	2,594	580	308	0	2,865	0	300	2,565
TEXTBOOKS	0	5,089	0	0	5,089	0	0	5,089
PRINCIPALS	6,013	0	0	(6,013)	0	0	0	0
STUDENT ACTIVITY	350	0	0	0	350	0	0	350
CULTURE CLUB	0	0	0	0	0	0	0	0
HEALTH	0	0	0	0	0	0	0	0
JKG CEDAR GRANT	8	5,026	3,508	(1,525)	1	0	0	1
JKG	0	21,687	21,611	(28)	48	0	0	48
WARRIOR WAREHOUSE	0	10,196	10,438	1,986	1,744	0	0	1,744
STUDENT ACTIVITY	0	0	0	0	0	0	0	0
SPECIAL EDUCATION	0	0	0	0	0	0	0	0
FMD	0	923	836	0	88	0	0	88
MIDDLE SCHOOL SOFTBALL	0	0	0	0	0	0	0	0
YOUNG REPUBLICAN	157	0	0	(157)	0	0	0	0
HISTORY CLUB	209	0	0	0	209	0	0	209
RAIN DANCE CLUB	38	0	0	0	38	0	0	38
ACADEMIC TEAM	788	1,820	2,579	(29)	0	0	0	0
ATHLETICS	9,473	17,382	19,826	(7,028)	0	0	0	0
59TH DISTRICT	0	0	0	0	0	0	0	0
UNIFORMS	0	1,000	0	(1,000)	0	0	0	0
BOYS BASKETBALL	0	6,932	9,403	2,471	0	0	0	0
DISTRICT TOURNAMENT	0	5,089	1,992	(3,097)	0	0	0	0
REGION BASKETBALL	0	4,655	1,099	(3,556)	0	0	0	0
GIRLS DISTRICT	0	0	0	0	0	0	0	0
GIRLS BASKETBALL	0	5,679	7,887	2,208	0	0	0	0
E.R.Y. WRESTLING	661	0	0	0	661	0	0	661
FOOTBALL	0	18,940	22,278	3,338	0	0	0	0
WRESTLING	0	0	579	579	0	0	0	0

See independent auditor's report and accompanying notes to the financial statement.

**PIKE COUNTY BOARD OF EDUCATION
EAST RIDGE HIGH SCHOOL
ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014**

Fund	Cash Balance July 1, 2013	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2014	Accounts Receivable	Payable	Due to Students June 30, 2014
ER MIDDLE SCHOOL	0	1,779	1,704	(75)	0	0	0	0
ER MIDDLE SCHOOL FB	0	0	80	80	0	0	0	0
SOFTBALL	0	2,288	3,898	1,610	0	0	0	0
SOFTBALL	0	912	926	316	302	0	0	302
BASEBALL	0	1,086	1,109	347	323	0	0	323
BASEBALL	0	1,500	4,947	3,447	0	0	0	0
JR. HIGH BASEBALL	0	0	1,248	1,248	0	0	0	0
2014 TRIP	1,974	3,148	4,168	106	1,059	0	0	1,059
STUDENT INCENTIVE	0	0	0	0	0	0	0	0
VOLLEYBALL	0	9,632	9,659	27	(0)	0	0	(0)
VB DISTRICT TOURNAMENT	0	0	0	0	0	500	0	500
TRACK	0	140	1,007	867	0	0	0	0
CHEERLEADERS	3,187	26,322	24,228	0	5,281	0	0	5,281
CROSS COUNTRY	0	170	1,123	953	0	0	0	0
GOLF	0	0	788	788	0	0	0	0
CONCESSIONS	0	0	0	0	0	0	0	0
JROTC VENDING	5,159	7,941	3,952	(5,966)	3,181	0	0	3,181
TEACHERS LOUNGE CONCESS	1,749	5,694	6,393	0	1,050	100	0	1,150
GATORADE CONCESSION	1,335	1,754	436	(878)	1,774	0	0	1,774
ATHLETIC VENDING	982	7,038	9,301	1,281	0	0	0	0
ART	0	0	0	0	0	0	0	0
CISCO KIDS	0	0	0	0	0	0	0	0
YEAH	0	0	0	0	0	0	0	0
BAND	0	0	0	0	0	0	0	0
CHOIR	0	512	361	(51)	100	0	0	100
JROTC	0	0	0	0	0	0	0	0
JROTC COLLEGE FUND	0	0	0	0	0	0	0	0
JROTC DRILL TEAM	4,753	5,460	6,479	2,983	6,717	0	0	6,717
DRAMA	8	0	0	170	178	0	0	178
AP ENGLISH	0	0	0	0	0	0	0	0
ANNUAL/YEARBOOK	29,669	6,379	6,591	(5,130)	24,327	0	0	24,327

**PIKE COUNTY BOARD OF EDUCATION
EAST RIDGE HIGH SCHOOL
ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014**

Fund	Cash Balance July 1, 2013	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2014	Accounts Receivable	Payable	Due to Students June 30, 2014
PICTURES	5,250	3,285	0	(191)	8,344	0	0	8,344
NEWSPAPER	170	0	0	(170)	0	0	0	0
BETA CLUB	833	0	375	0	458	0	0	458
FCA	244	150	0	(170)	224	0	0	224
NATIONAL HONOR SOC.	757	4,263	3,913	(240)	867	0	0	867
Y.S.C	55	0	55	(0)	(0)	0	0	(0)
ARCHERY	0	0	0	0	0	0	0	0
CHILDREN INC.	0	9,153	7,430	(1,677)	46	0	0	46
JUKE BOX	1,128	787	0	(1,915)	0	0	0	0
STUDENT INCENTIVE	608	0	0	(608)	0	0	0	0
ART	7	0	0	(7)	0	0	0	0
CISCO KIDS	77	0	0	157	234	0	0	234
BAND	82	1,221	919	(379)	4	0	0	4
GUIDANCE COUNSELOR	785	1,700	2,714	228	(0)	0	0	(0)
SAFE SCHOOL CAMPAIGN	100	0	0	0	100	0	0	100
PROM	15,361	10,125	13,455	0	12,031	0	0	12,031
PROJECT PROM	130	0	0	(130)	0	0	0	0
HOMECOMING ACTIVITIES	1,229	0	2,420	1,191	0	0	0	0
SENIORS	0	3,308	3,261	77	124	0	74	50
STUDENT ENRICHMENT	1,103	5,360	6,071	2,826	3,219	0	0	3,219
STUDENT LEADERSHIP	0	0	0	0	0	0	0	0
GIFTED AND TALENTED	53	0	0	0	53	0	0	53
FAMILY CONSUMER	0	0	0	0	0	0	0	0
FCCLA	257	0	0	(257)	0	0	0	0
SAVING & LOAN	0	0	0	0	0	0	0	0
FBLA	1,299	228	272	0	1,256	0	0	1,256
PEN/PENCIL VENDING	116	49	0	(164)	0	0	0	0
	<u>\$ 117,013</u>	<u>\$ 255,617</u>	<u>\$ 278,563</u>	<u>\$ 0</u>	<u>\$ 94,067</u>	<u>\$ 1,540</u>	<u>\$ 374</u>	<u>\$ 95,232</u>

**PIKE COUNTY BOARD OF EDUCATION
 PHELPS HIGH SCHOOL
 ACTIVITY FUNDS
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2014**

Fund	Cash Balance July 1, 2013	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2014	Accounts Receivable	Payable	Due to Students June 30, 2014
GENERAL	\$ 1,792	\$ 4,537	\$ 5,662	\$ 135	\$ 802	\$ 1,451	\$ 0	\$ 2,253
STUDENT ACTIVITIES	6,478	2,608	1,427	(283)	7,376	160	0	7,536
DUAL CREDIT TUITION	884	700	852	0	732	0	0	732
SR. CLASS	684	1,317	1,354	0	647	0	0	647
VOLLEYBALL	919	7,215	8,314	3,513	3,333	0	0	3,333
JR. HIGH VOLLEYBALL	912	1,982	2,408	(74)	412	0	0	412
BOOK RENTAL	799	436	0	(26)	1,209	0	0	1,209
LOCKERS	2,692	1,090	0	0	3,782	0	0	3,782
CHEER	127	4,659	4,486	(159)	141	0	0	141
WRESTLING	88	918	1,202	196	0	0	0	0
JH BASEBALL	0	0	0	0	0	0	0	0
VAR BOYS BASKETBALL	599	17,687	19,406	4,469	3,349	0	0	3,349
FOOTBALL	8,316	9,856	9,192	(960)	8,020	0	0	8,020
DANCE TEAM	50	2,869	2,846	0	73	0	0	73
BASEBALL	959	4,109	3,073	0	1,995	0	0	1,995
VAR GIRLS BASKETBALL	1,554	0	0	(1,554)	0	0	0	0
VARSITY SOFTBALL	75	5,007	5,516	519	85	0	0	85
JH FOOTBALL	41	0	0	0	41	0	0	41
JH BOYS BASKETBALL	4,982	13,013	13,423	0	4,572	0	0	4,572
60TH CONCESSION	0	562	0	(562)	0	0	0	0
60TH DISTRICT SHIRTS	0	536	0	(536)	0	0	0	0
60TH DISTRICT GATE	0	1,549	1,153	(396)	0	0	0	0
60TH DISTRICT PROGRAMS	0	2,056	0	(2,056)	0	0	0	0
ALL-A GATE	0	2,864	0	(2,864)	0	0	0	0
ALL-A PROGRAMS	0	1,100	150	(950)	0	0	0	0
ALL-A SHIRTS	0	1,235	863	(372)	0	0	0	0
ALL-A CONCESSION	0	0	0	0	0	0	0	0
KY STUDIES	0	0	0	0	0	0	0	0
JH GIRLS BASKETBALL	1,680	3,055	4,330	(75)	330	0	0	330
NH SOCIETY	56	170	0	0	226	0	0	226
JROTC	846	905	911	223	1,063	0	0	1,063

See independent auditor's report and accompanying notes to the financial statement.

**PIKE COUNTY BOARD OF EDUCATION
PHELPS HIGH SCHOOL
ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014**

Fund	Cash Balance July 1, 2013	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2014	Accounts Receivable	Payable	Due to Students June 30, 2014
FBLA	242	760	631	0	371	0	0	371
ACADEMICS	85	580	509	0	156	0	0	156
LIBRARY FUND	447	3,089	3,045	26	517	0	0	517
HOT PROGRAM	33	0	0	0	33	0	0	33
JR CLASS	187	4,531	5,661	1,261	318	0	0	318
PEP CLUB	561	0	0	0	561	0	0	561
CHILDREN INC.	7,524	14,093	2,357	0	19,260	0	0	19,260
STORE	10,002	13,460	8,049	0	15,413	0	0	15,413
VENDING MACHINES	9,578	19,366	12,645	0	16,299	0	0	16,299
TEACHERS VENDING	5,007	13,349	11,230	0	7,126	0	0	7,126
CEDAR	0	306	111	0	195	0	0	195
YEARBOOK	1,899	2,844	0	0	4,743	0	0	4,743
4-H CLUB	106	0	0	0	106	0	0	106
REV ENERGY SCHOLARSHIP	2,000	0	2,000	0	0	0	0	0
B MATNEY SCHOLARSHIP	500	0	500	0	0	0	0	0
BAND	433	2,365	1,840	0	958	0	0	958
PARKING TAGS	309	220	110	0	419	0	0	419
GRAPHICS ACCOUNT	88	260	62	0	286	0	0	286
GYM UPGRADE	24,480	0	23,287	0	1,193	0	0	1,193
UNIFORMS	0	240	0	1,760	2,000	0	0	2,000
FCA	135	0	0	(135)	0	0	0	0
FMD UNIT	63	0	0	0	63	0	0	63
GENERAL SPORTS FUND	7,668	5,579	6,307	(1,076)	5,864	0	0	5,864
JUNIOR HIGH ACTIVITES	3,955	2,573	2,388	0	4,140	0	0	4,140
SPELLING TEAM	539	0	0	0	539	0	0	539
BETA CLUB	653	350	209	(24)	770	0	0	770
TOTAL	<u>\$ 111,027</u>	<u>\$ 176,000</u>	<u>\$ 167,509</u>	<u>\$ 0</u>	<u>\$ 119,518</u>	<u>\$ 1,611</u>	<u>\$ 0</u>	<u>\$ 121,129</u>

**PIKE COUNTY BOARD OF EDUCATION
PIKE COUNTY CENTRAL HIGH SCHOOL
ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014**

Fund	Cash Balance July 1, 2013	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2014	Accounts Receivable	Payable	Due to Students June 30, 2014
SCHOOL	\$ 27,532	\$ 36,863	\$ 41,868	\$ (2,516)	\$ 20,011	\$ 550	\$ 630	\$ 19,931
LOCKER RENTAL	687	1,865	2,000	0	552	0	0	552
PARKING PERMITS	165	1,450	1,000	0	615	0	0	615
TEXTBOOK RENTAL	0	0	0	2,671	2,671	0	0	2,671
MEMORIAL	227	0	0	0	227	0	0	227
ATTENDANCE	100	0	0	0	100	0	0	100
AP CLASSES	2,513	2,525	2,885	0	2,153	0	0	2,153
HALL OF FAME	2,000	0	871	412	1,541	0	0	1,541
COLLEGE ENGLISH TRAVEL	0	0	0	0	0	0	0	0
SCHOOL PICTURES	482	0	190	0	292	0	0	292
CONCESSION	51	0	48	0	3	0	0	3
STAFF VENDING	1,026	4,530	4,292	0	1,264	271	0	1,535
ATHLETIC	0	62,095	49,429	(3,535)	9,131	0	1,149	7,982
BOYS VARSITY	0	15,798	18,912	3,114	0	0	0	0
BASEBALL	1,526	15,302	17,439	611	0	0	0	0
BOYS BASKETBALL	918	9,912	11,743	913	0	0	0	0
FOOTBALL	3,154	6,595	9,343	0	406	0	0	406
G VAR CHEERLEADERS	0	13,454	13,900	446	0	0	0	0
GIRLS BASKETBALL	2,519	8,674	12,231	1,307	269	0	0	269
SOFTBALL	1,251	7,836	5,802	(1,307)	1,978	0	619	1,359
VOLLEYBALL	2,959	9,524	11,118	0	1,365	0	0	1,365
WRESTLING	0	1,744	1,799	55	0	0	0	0
BOYS TRACK	0	0	1,070	1,070	0	0	0	0
GIRLS TRACK	0	90	696	605	(1)	0	0	(1)
GOLF	0	0	871	871	0	0	0	0
SOCCER	0	906	1,692	786	0	0	0	0
TENNIS	651	550	0	0	1,201	0	0	1,201
BETA CLUB	1,417	0	760	0	657	0	0	657

See independent auditor's report and accompanying notes to the financial statement.

**PIKE COUNTY BOARD OF EDUCATION
 PIKE COUNTY CENTRAL HIGH SCHOOL
 ACTIVITY FUNDS
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2014**

Fund	Cash Balance July 1, 2013	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2014	Accounts Receivable	Payable	Due to Students June 30, 2014
ACADEMIC	1,373	545	1,454	0	464	0	111	353
FBLA	289	1,899	1,739	204	653	0	0	653
CULINARY SKILLS	1,612	539	1,649	0	502	0	0	502
ENTREPRENEURSHIP	6,587	4,562	4,840	0	6,309	0	0	6,309
CEDAR	0	80	80	0	0	0	0	0
FCCLA	839	0	0	0	839	0	0	839
PEP CLUB	483	820	643	0	660	0	0	660
PROJECT PROM	1,594	4,509	4,900	0	1,203	0	0	1,203
STUDENT ACTIVITIES	0	0	0	0	0	162	0	162
STUDENT COUNCIL	0	227	42	0	185	0	0	185
SCIENCE	87	0	0	0	87	0	0	87
SPANISH CLUB	217	0	199	0	18	0	0	18
FCA	38	0	0	0	38	0	0	38
TECHNOLOGY STUDENT	279	0	0	(279)	0	0	0	0
FEA	533	0	0	0	533	0	0	533
NHS	181	1,335	978	0	538	0	0	538
ART	0	9,088	8,887	0	201	0	0	201
CLASS OF 2012	1,638	0	0	(1,638)	0	0	0	0
CLASS OF 2013	4,088	0	0	(4,088)	0	0	0	0
PROM	2,097	14,679	12,644	0	4,132	0	1,592	2,540
CLASS OF 2014	0	6,400	6,488	88	0	0	0	0
CLASS OF 2015	0	0	0	0	0	0	0	0
BAND	6,087	35,184	37,613	2,030	5,688	0	332	5,356
DANCE TEAM	224	0	0	(224)	0	0	0	0
CHORUS	234	8,292	5,308	(2,030)	1,188	0	99	1,089
JR R.O.T.C.	632	999	873	300	1,058	0	317	741
HOSA	378	0	0	(300)	78	0	0	78

**PIKE COUNTY BOARD OF EDUCATION
 PIKE COUNTY CENTRAL HIGH SCHOOL
 ACTIVITY FUNDS
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2014**

Fund	Cash Balance July 1, 2013	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2014	Accounts Receivable	Payable	Due to Students June 30, 2014
MEDICAIDE NURSE AIDE	57	721	979	300	99	0	0	99
NEWSPAPER	2,341	0	0	(2,341)	0	0	0	0
JOURNALISM	0	59	0	0	59	0	0	59
YEARBOOK	4,827	3,946	8,319	2,341	2,795	0	0	2,795
SPEECH	450	5,821	6,294	400	377	0	0	377
LIBRARY	0	2,167	2,135	0	32	0	0	32
YOUNG DEMOCRATS	0	0	0	0	0	0	0	0
YOUNG REPUBLICANS	294	0	0	0	294	0	0	294
4-H CLUB	20	0	0	(20)	0	0	0	0
Y-CLUB	106	0	0	0	106	0	0	106
HVPA	568	0	0	0	568	0	0	568
DRIVERS EDUCATION	31	0	0	0	31	0	0	31
EXPLORERS	282	1,142	1,232	0	192	0	0	192
HISTORY CLUB	1,327	3,548	3,780	0	1,095	0	0	1,095
KEY CLUB	624	4,768	5,116	0	276	0	0	276
NATIONAL HISTORY DAY	2,454	310	416	0	2,348	0	0	2,348
CHILDREN INC.	375	3,107	1,903	(246)	1,333	0	0	1,333
TOTAL	# \$ 92,424	\$ 314,460	\$ 328,470	\$ 0	\$ 78,414	\$ 983	\$ 4,849	\$ 74,548

See independent auditor's report and accompanying notes to the financial statement.

**PIKE COUNTY BOARD OF EDUCATION
SHELBY VALLEY HIGH SCHOOL
ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014**

Fund	Cash Balance July 1, 2013	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2014	Accounts Receivable	Payable	Due to Students June 30, 2014
ACADEMICS	\$ 0	\$ 7,097	\$ 8,043	\$ 1,332	\$ 385	\$ 0	\$ 0	\$ 385
ALL A VOLLEYBALL	0	3,057	2,239	0	818	0	0	818
ATHLETICS	24,093	49,578	11,203	(52,052)	10,416	0	0	10,416
BAND	0	582	2,572	1,990	0	0	0	0
BAND BOOSTERS	0	20,903	16,353	0	4,550	0	0	4,550
BASEBALL	0	100	4,667	4,567	0	0	0	0
BASEBALL BOOSTERS	180	6,912	4,878	168	2,383	0	0	2,383
BASEBALL SCOREBOARD	0	0	0	0	0	0	0	0
BASKETBALL-BOYS	0	2,503	17,821	15,318	0	0	0	0
BASKETBALL-GIRLS	0	10,416	18,069	7,653	0	0	0	0
BETA CLUB	997	983	1,212	0	767	0	0	767
BLUE CREW ACCOUNT	790	350	970	0	170	0	0	170
BOYS B BALL	3	3,659	3,659	0	3	0	0	3
CATS	17,659	1,944	5,738	(3,265)	10,599	0	0	10,599
CEDAR, INC.	0	0	0	0	0	0	0	0
CHEERLEADING	1,853	11,670	13,064	800	1,259	0	0	1,259
CHILDREN INC.	0	9,314	8,374	(940)	0	0	0	0
CHOIR	0	1,034	718	0	316	0	0	316
CONCESSIONS	17,866	36,256	14,426	(22,497)	17,198	0	0	17,198
CROSS COUNTRY	715	0	0	1,500	2,215	0	0	2,215
CULINARY SKILLS	0	28	369	341	0	0	0	0
CULINARY SKILLS	0	0	0	0	0	0	0	0
DANCE TEAM	6	8,459	10,206	1,742	0	0	0	0
DISTRICT TOURNAMENT	0	3,864	2,754	(600)	510	0	0	510
DUAL CREDIT CLASS	0	1,335	2,500	1,165	0	0	0	0
DUAL CREDIT CLASS	0	0	0	0	0	0	0	0
FBLA	0	2,398	2,476	241	163	0	0	163
FCA	84	0	0	0	84	0	0	84
FCCLA	0	3,151	3,608	623	166	0	0	166
FILM/VIDEO CLASS	0	544	0	0	544	0	0	544
FOOTBALL	0	5,894	34,743	28,850	0	0	0	0
FRESHMEN CLASS	0	2,195	1,672	(84)	439	0	0	439

See independent auditor's report and accompanying notes to the financial statement.

**PIKE COUNTY BOARD OF EDUCATION
SHELBY VALLEY HIGH SCHOOL
ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014**

Fund	Cash Balance	Receipts	Disburse- ments	Transfers	Cash Balance	Accounts	Payable	Due to Students
	July 1, 2013				June 30, 2014	Receivable		June 30, 2014
GAME CONCESSION	9,322	15,403	4,591	(9,322)	10,812	0	0	10,812
GENERAL	7,435	20,934	23,055	4,854	10,168	129	0	10,297
GIRLS BASKETBALL	16	3,075	2,849	0	242	0	0	242
GOLF	209	900	2,144	1,036	0	0	0	0
GREENHOUSE	21	214	0	(235)	0	0	0	0
HELP DESK	1,033	0	0	0	1,033	0	0	1,033
JOURNALISM	21,140	20,091	23,209	(178)	17,845	0	271	17,574
JROTC	1,561	11,148	10,192	55	2,572	0	0	2,572
JUNIOR CLASS	5,046	27,412	21,702	(5,247)	5,510	0	0	5,510
LEUKEMIA	0	238	238	0	0	0	0	0
LIBRARY	0	2,141	2,141	0	0	0	0	0
LOCKER RENTAL FEES	1,646	2,115	1,197	5	2,569	0	0	2,569
LOCKER RENTALS	0	0	0	0	0	0	0	0
NATIONAL HONOR SOCIETY	3,277	5,587	5,266	(272)	3,327	0	0	3,327
PENNIES FOR PATIENTS	0	0	0	0	0	0	0	0
PRINCIPAL'S ADVISORY	1,000	0	0	0	1,000	0	0	1,000
PRINCIPAL'S ADVISORY	0	0	0	0	0	0	0	0
PROJECT PROM	1,158	4,213	6,663	1,291	(0)	0	0	(0)
QUARTERBACK CLUB	377	1,000	1,250		127	0	0	127
REGIONAL TOURNAMENT	0	0	0	0	0	0	0	0
SCIENCE FAIR	0	224		61	285	0	0	285
SE KY GRANT	9	0	9	0	0	0	0	0
SENIOR CLASS	0	58,741	64,613	5,872	0	0	0	0
SOCCER-BOYS	4,590	1,351	4,959	1,250	2,232	0	0	2,232
SOCCER-GIRLS	4,636	1,389	5,055	1,250	2,220	0	0	2,220
SOFTBALL	0	152	4,307	4,155	0	0	0	0
SOFTBALL BOOSTERS	396	7,912	4,858	0	3,451	0	0	3,451
SOPHOMORE CLASS	0	645	228	(82)	335	0	0	335
SV MIDDLE BASEBALL	1,276	664	1,299	0	642	0	0	642
SV MIDDLE FOOTBALL	2,745	11,759	9,132	0	5,372	0	0	5,372

**PIKE COUNTY BOARD OF EDUCATION
SHELBY VALLEY HIGH SCHOOL
ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014**

Fund	Cash Balance July 1, 2013	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2014	Accounts Receivable	Payable	Due to Students June 30, 2014
SV MIDDLE SOFTBALL	0	4,190	2,494	0	1,696	0	0	1,696
SVHS DAIRY GRANT	0	0	0	0	0	0	0	0
TEACHERS LOUNGE	1,136	6,565	10,761	4,500	1,440	0	0	1,440
TEXTBOOK	18	7,626	0	0	7,644	0	0	7,644
TRACK	347	75	990	1,000	432	0	0	432
VENDING MACHINES	9,587	32,902	32,732	(1,500)	8,258	0	0	8,258
VOLLEYBALL	0	4,213	6,208	2,144	149	0	0	149
WEIGHT ROOM	0	0	0	0	0	0	0	0
WEIGHT ROOM	2,027	65	2,000	0	92	0	0	92
WILDCAT DEN	0	7,133	9,017	2,513	628	0	0	628
YOUTH SERVICE CENTER	187	1,003	1,003	0	187	0	0	187
	<u>\$ 144,442</u>	<u>\$ 455,305</u>	<u>\$ 456,494</u>	<u>\$ (0)</u>	<u>\$ 143,253</u>	<u>\$ 129</u>	<u>\$ 271</u>	<u>\$ 143,111</u>

**PIKE COUNTY BOARD OF EDUCATION
BOARD MEMBERS AND OTHER OFFICERS OF THE BOARD
JUNE 30, 2014**

<u>BOARD MEMBERS</u>	<u>ADDRESS</u>	<u>TERM EXPIRES</u>
FRANK RATLIFF	BELCHER, KY	12-31-2016
JUSTIN MAYNARD	PIKEVILLE, KY	12-31-2016
KENNETH BILITER	MAJESTIC, KY	12-31-2016
CHUCK JOHNSON, MD	SOUTH WILLIAMSON, KY	12-31-2014
VIRGIL OSBORNE	VIRGIE, KY	12-31-2014

ROGER WAGNER, SUPERINTENDENT

SUPPLEMENTAL INFORMATION
FEDERAL FINANCIAL ASSISTANCE

**PIKE COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014**

Federal Grantor <u>Pass-Through Agency</u> Program Title	Federal CFDA Number	Pass- Through Grantor Number	Amount of Award	Total Expenditures
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Passed Through State Department of Education:				
Title I Part A Cluster				
Title I	84.010	3100002	\$ 2,958,212	\$ 835,932
Title I	84.010	3100002	2,658,647	1,770,916
Title I – Parent Involvement	84.010	3100002	172,854	66,018
Title I – Parent Involvement	84.010	3100002	158,389	85,291
Title I – School Improvements	84.010A	3100202	116,117	112,790
Total Title I Part A Cluster			<u>\$ 6,064,219</u>	<u>\$ 2,870,947</u>
Migrant Education	84.011	3110002	\$	\$
Total Migrant Education			<u>\$ 0</u>	<u>\$ 0</u>
Special Education Cluster				
IDEA-B	84.027	3810002	\$ 1,833,368	\$ 399,642
IDEA-B	84.027	3810002	1,698,903	1,129,712
IDEA-B Private Schools	84.027	3810002		
IDEA-Preschool	84.173	3800002	43,214	43,214
Total Special Education Cluster			<u>\$ 3,575,485</u>	<u>\$ 1,572,568</u>
Title I – Homeless Children & Youth	84.196		64,317	13,954
Title I – Homeless Children & Youth	84.196		58,663	40,214
Vocational Education-Perkins	84.048	4621232	80,554	199
Vocational Education-Perkins	84.048	4621232	3,981	3,981
Vocational Education-Perkins	84.048	4621232	76,317	70,059
Title IV-Rural/Low Income	84.358B	3140002	181,642	24,101
Title IV-Rural/Low Income	84.358B	3140002	167,747	115,948
Improving Teacher Quality	84.367	3230002	745,863	16,183
Improving Teacher Quality	84.367	3230002	714,539	698,658
Race to the Top	84.413	4521	133,320	26,921
Total from State Department of Education			<u>\$ 11,866,647</u>	<u>\$ 5,453,733</u>
<u>Passed Through Department of Juvenile Justice</u>				
Title I- Neglected and Delinquent Children - Day Treatment	84.013	3133	\$ 30,652	2,000
Title I- Neglected and Delinquent Children - Day Treatment	84.013	3334	26,960	26,960
Title I- Part D Transitional - Day TM	84.013	3134T	4,720	4,720
Total pass-through Department of Juvenile Justice			<u>\$ 62,332</u>	<u>\$ 33,680</u>

**PIKE COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014**

Federal Grantor				
<u>Pass-Through Agency</u>	Federal	Pass-	Amount of	Total
Program Title	CFDA	Through	Award	Expenditures
	Number	Grantor		
		Number		
<u>Passed Through Cabinet for Families</u>				
Adult Education – Recruitment /Retention	84.002	3654	\$ 34,451	\$ 34,451
Adult Education – Recruitment /Retention	84.002	3733	268,250	195
Adult Basic Education	84.002	3734	194,993	190,881
Adult Basic Education	84.002	3734s	6,686	2,778
Total pass-through from Cabinet for Families			\$ 504,380	\$ 228,305
<u>Passed Through Morehead State University</u>				
Gear Up (Collaborative Teaching Grant)	84.334A	3793G	\$ 338,520	\$ 94,338
Gear Up (Collaborative Teaching Grant)	84.334A	3794G	388,520	232,630
Total pass-through from Morehead State University			\$ 727,040	\$ 326,968
Total US Department of Education			\$ 13,160,399	\$ 6,042,686
<u>US DEPARTMENT OF DEFENSE</u>				
MJROTC	12.000	5043	\$ 300,000	\$ 279,199
Total U. S. Department of Defense			\$ 300,000	\$ 279,199
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
<u>Passed Through Big Sandy Community Action Program</u>				
Head Start	93.600	04CH0712	\$ 2,613,904	\$ 673,786
Head Start	93.600	04CH0712	2,696,472	1,723,238
Total Head Start			\$ 5,310,376	\$ 2,397,024
Total U. S. Department of Health and Human Services			\$ 5,310,376	\$ 2,397,024
<u>APPALACHIAN REGIONAL COMMISSION (ARC)</u>				
<u>Passed Through Morehead State University</u>				
KY Appalachian Higher Education	23.011	6882	\$ 17,708	\$ 8
KY Appalachian Higher Education	23.011	6883	12,214	1,633
Total Appalachian Regional Commission			\$ 29,922	\$ 1,641
<u>U.S. DEPARTMENT OF COMMERCE</u>				
PRIDE – Environmental Education	11.420		\$ 3,725	\$ 3,226
Total U.S. Department of Commerce			\$ 3,725	\$ 3,226

PIKE COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

Federal Grantor	Federal CFDA Number	Pass- Through Grantor Number	Amount of Award	Total Expenditures
<u>Pass-Through Agency</u> <u>Program Title</u>				
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Child Nutrition Clusters				
<u>Passed Through State Department of Agriculture</u>				
Food Donation	10.553	N/A	\$ 275,611	\$ 275,611
<u>Passed Through State Department of Education</u>				
National School Breakfast	10.553	7760005	1,831,132	1,831,132
National School Lunch	10.555	7250002	3,374,731	3,374,731
National Summer	10.559	7690024	0	0
National Summer	10.559	7740023	0	0
Total Child Nutrition Cluster			<u>\$ 5,481,474</u>	<u>\$ 5,481,474</u>
Fresh Fruit and Vegetable Program	10.582	7720012	6,677	6,677
School & Community Nutrition	10.560	7850012	1,000	1,000
Total U.S. Department of Agriculture			<u>\$ 5,489,151</u>	<u>\$ 5,489,151</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 24,293,573</u>	<u>\$ 14,212,927</u>

**PIKE COUNTY BOARD OF EDUCATION
NOTES TO THE SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
JUNE 30, 2014**

NOTE 1 - BASIS OF PRESENTATION

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

NOTE B – FOOD DISTRIBUTION

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

PIKE COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2014

SECTION I – SUMMARY OF AUDITORS’ RESULTS

1. The auditor’s report expresses an unmodified opinion on the financial statements of Pike County Board Of Education.
2. No significant deficiencies were disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Pike County Board Of Education were disclosed during the audit.
4. No significant deficiency in internal control over major federal award programs disclosed during the audit.
5. The auditor’s report on compliance for the major federal award programs for Pike County Board Of Education expresses an unmodified opinion on all major federal award programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this schedule.
7. The programs tested as major programs included:

Name	CFDA #
Child Nutrition Cluster	10.553
	10.555
	10.556
	10.559

8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Pike County Board Of Education was determined to be a low risk auditee.

SECTION II – FINANCIAL STATEMENT AND FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings or questioned costs.

**PIKE COUNTY BOARD OF EDUCATION
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014**

Department of Agriculture
2013-01: PAYROLL

Statement of Condition: The Pike County School District School Food Services Division failed to implement adequate controls over the initiation and processing of Payroll.

Criteria: Internal controls should be in place to that provides reasonable assurance that individuals are added to the payroll only after proper management approval and individuals are paid only after time cards are properly reviewed and approved.

Cause: The Food Services Division failed to implement adequate controls over the initiation and processing of payroll.

Effect: Overpayment of wages and contributing to additional potential disallowable costs.

Recommendation: We recommend the Pike County School District's School Food Service Division implement adequate internal controls to strengthen the processing of payroll.

Views of Responsible officials and Planned Corrective Action: Employment of staff on the school food service shall be based on necessity. All employees hired shall go thru the standard hiring practices and paid according to salary schedule. Finance will be given the authority to question any invoice submitted to payroll that does not adhere to the salary schedule. The Superintendent will be notified if an invoice is approved by the school food service director at an amount or hours above the salary schedule. The Superintendent will assign a staff member to have purview over the director of SFS payroll invoice. The Director of Finance will prepare and conduct training with SFS administrative staff on the proper completion and approval of invoices for payroll

Current Status: Adequate Controls have been established and being followed.

2013-02: PURCHASES

Statement of Condition: The Pike County School District School Food Services Division purchased fruit from a fundraising entity which was partially utilized in the preparation of fruit baskets for district personnel.

Cause: The Food Services Division failed to implement adequate controls over the purchasing.

Effect: Overpayment for fruit.

Recommendation: We recommend the Pike County School District's School Food Service Division utilize funding in the most economical way available in order to provide the greatest benefit to the children and taxpayers of Pike County. Additionally, the District should prohibit utilizing District funds or purchased inventory from SFS or other departments for personal gifts for District employees.

Views of Responsible officials and Planned Corrective Action: The Director of Finance will prepare and conduct training with SFS staff on cost effectiveness and the proper use of purchased food products. Finance officer shall be given authority to question purchases made by SFS. The Superintendent shall assign a staff member to have purview over large SFS purchases, as well as purchases that go off the current bid.

Current Status: The recommendation was adopted in August 2013. No similar findings were noted in current audit.

PIKE COUNTY BOARD OF EDUCATION
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended June 30, 2014

2013-03: INVOICES AND TRAVEL REIMBURSEMENTS

Statement of Condition: The Pike County School District School Food Services Division failed to implement adequate controls over the processing of invoices and travel reimbursements which lead to several unallowable and questionable costs.

Cause: The Food Services Division failed to implement adequate controls over the processing of invoices and travel reimbursements.

Effect: Processing of invoices and travel reimbursements resulted in possible unallowable and questionable costs

Recommendation: We recommend the Pike County School District's School Food Service Division implement adequate internal controls to strengthen the processing of invoices, travel vouchers, and requests for reimbursement.

Views of Responsible officials and Planned Corrective Action: The Director of Finance will prepare and conduct training with SFS staff on cost effectiveness and the proper use of purchased food products. Finance officer shall be given authority to question purchases made by SFS. The Superintendent shall assign a staff member to have purview over large SFS purchases, as well as purchases that go off the current bid.

Current Status: Adequate Controls have been established and being followed.

2013-04: CATERING ACTIVITIES

Statement of Condition: The Pike County School District School Food Services Division's catering activities were not properly operated or monitored which created an environment where waste, fraud, and abuse could occur undetected.

Cause: Lack of policies and procedures for the operation of and accounting for catering activities.

Effect: Catering activities were not properly operated or monitored which created an environment where waste, fraud, and abuse could occur undetected.

Recommendation: We recommend the Pike County School District continue its current practice of not operating a catering program; however, in the event that a decision is made to resume catering operations, the District should operate in accordance with the recommendations provided by the Office of Educational Accountability. This should include the SFS Division adequately tracking and documenting expenses, revenues, and inventory, for each event to ensure a high level of accountability is achieved.

Views of Responsible officials and Planned Corrective Action: Hall of Fame banquet will still be worked by SFS staff; however, the district (not SFS) will purchase the food from bid, utilizing the donations that are received. The SFS staff that work will be paid directly from donations, and overtime will be paid if required. The Director of Finance will prepare and conduct training with SFS administrative staff on procedures for the Hall of Fame and the cessation of catering.

Current Status: Catering activities have been eliminated.

The above findings are the result of a special audit by the Kentucky Auditor of Public Accounts requested by the Pike County Board of Education.

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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 Board of Education Audits
Members of the Pike County Board Of Education
Pikeville, Kentucky

We have audited, in accordance with the 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, Appendix I to the Independent auditor, contract-general audit requirements, and Appendix II to the Independent Auditor's contract-state audit requirement, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Pike County Board Of Education, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Pike County Board Of Education's basic financial statements, and have issued our report thereon dated November 13, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Pike County Board Of Education'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 Pike County Board Of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of Pike County Board Of Education'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 Pike County Board of Education's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

WALLEN, PUCKETT, AND ANDERSON, P. S. C.

Wallen, Puckett and Anderson, PSC

Certified Public Accountants
Pikeville, Kentucky

November 13, 2014

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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 Board of Education Audits
Members of the Pike County Board Of Education
Pikeville, Kentucky

Report on Compliance for Each Major Federal Program

We have audited Pike County Board Of Education's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Pike County Board Of Education's major federal programs for the year ended June 30, 2014. Pike County Board Of Education'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 Pike County Board Of Education'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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Appendix I to the independent auditor's contract-general audit requirements, and Appendix II to the Independent auditor's contract-state audit 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 Pike County Board Of Education'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 Pike County Board Of Education's compliance.

Opinion on Each Major Federal Program

In our opinion, Pike County Board Of Education, 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, 2014.

Report on Internal Control Over Compliance

Management of Pike County Board Of Education 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 Pike County Board Of Education'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 Pike County Board Of Education's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control 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.

WALLEN, PUCKETT, AND ANDERSON, P. S. C.

Wallen, Puckett and Anderson, PSC

Certified Public Accountants
Pikeville, Kentucky

November 13, 2014

MANAGEMENT LETTER

Wallen, Puckett, & Anderson, PSC
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MANAGEMENT LETTER

To the Pike County Board of Education
and Management of the Pike County Board of Education
Pikeville, KY 41501

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Pike County Board of Education as of and for the year ended June 30, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered Pike County Board of Education's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Governmental Unit's internal control. Accordingly, we do not express an opinion on the effectiveness of the Governmental Unit'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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore there can be no assurances that all such deficiencies have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we identified certain immaterial items and these matters are identified on the accompanying schedule.

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

WALLEN, PUCKETT, AND ANDERSON, P. S. C.

Wallen, Puckett and Anderson, PSC

Certified Public Accountants

Pikeville, Kentucky

November 13, 2014

**PIKE COUNTY BOARD OF EDUCATION
MANAGEMENT LETTER POINTS
FOR THE YEAR ENDED JUNE 30, 2014**

BELFRY MIDDLE SCHOOL – SCHOOL ACTIVITY FUNDS

PURCHASE ORDERS-Prior to a new principal being hired, Purchase orders were not being used for most of the purchases. Purchase orders are now being consistently used and prepared.

BUDGET PREPARATION-There was no 2013-2014 Budget prepared for the activity funds.

ELKHORN CITY ELEMENTARY-SCHOOL ACTIVITY FUNDS

REQUIRED SIGNATURES-There were several instances of checks being issued with only one authorized signature.

JOHNS CREEK ELEMENTARY-SCHOOL ACTIVITY FUNDS

ACTIVITY ACCOUNT DEFICIT-The inclusion of the accounts payable results in a deficit for the Cheerleading A Team, in the amount of \$1,230.

MAJESTIC ELEMENTARY-SCHOOL ACTIVITY FUNDS

REQUIRED SIGNATURES-There were several instances of checks being issued with only one authorized signature.

MILLARD ELEMENTARY-SCHOOL ACTIVITY FUNDS

ACTIVITY ACCOUNT DEFICIT-The inclusion of accounts payable results in a deficit for the Cheerleading Fund, in the amount of \$1,053.

PHELPS ELEMENTARY-SCHOOL ACTIVITY FUNDS

ACTIVITY ACCOUNT DEFICIT-The inclusion of accounts payable results in a deficit for the Special Ed Fund, in the amount of \$298.

FINANCE OFFICER RESPONSE

District administrative staff will make certain the school principal and those with bookkeeping duties receive intentional focused oversight regarding the school's bookkeeping procedures. Further, district staff will develop a corrective plan for the school principal's implementation, that at a minimum include supplemental school activity fund training for the school principal and those with bookkeeping duties. This training will be in addition to the annual school activity fund training already being provided by the district to all school principals, assistant principals and those with bookkeeping duties.

**PIKE COUNTY BOARD OF EDUCATION
RESOLUTION OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014**

BELFRY MIDDLE SCHOOL – SCHOOL ACTIVITY FUNDS

ACCOUNTS PAYABLE- Accounts payable in the amount of \$23,310.86 was omitted from the end of year report.

ACTIVITY ACCOUNT DEFICIT-The inclusion of the omitted accounts payable results in several of the individual activity fund balances to result in deficit balances, as well as the overall total.

PURCHASE ORDERS-Purchase orders were not used for any of the purchases included in the unlisted account payable.

ACCOUNTS RECEIVABLE- Accounts receivable on the annual report included receivables described as donations. Donations are not to be recognized as accounts receivable.

DONATIONS-Receipts issued to the principal in the amount of \$650.00 indicate a donation was given by the principal. Donations are described as “gifts of money or materials to the school from persons or entities outside the school system”.

Resolution – The school deficit was eliminated. A new principal and bookkeeper were hired. The new staff was trained and instructed in proper bookkeeping procedures.

FEDS CREEK ELEMENTARY-SCHOOL ACTIVITY FUNDS

PURCHASE ORDERS-There were many instances of not issuing purchase orders.

Resolution – Additional emphasis during annual training was placed on proper use of purchase orders.

BEVINS ELEMENTARY SCHOOL ACTIVITY FUNDS

PURCHASE ORDERS-There were some instances of non- use of purchase orders and some instances of not getting the purchase orders signed by the receiving person.

Resolution – Additional emphasis during annual training was placed on proper use of purchase orders.

KIMPER ELEMENTARY-SCHOOL ACTIVITY FUNDS

PURCHASE ORDERS-There were several instances of not using purchase orders.

Resolution – Additional emphasis during annual training was placed on proper use of purchase orders.

**PIKE COUNTY BOARD OF EDUCATION
RESOLUTION OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014**

SUMMARY OF AUDIT BY AUDITOR OF PUBLIC ACCOUNTS

SCHOOL FOOD SERVICE

1. Failed to implement adequate controls over payroll
2. Purchases from a fundraising entity-used for district personnel
3. Failed to implement adequate controls over processing of invoices and travel reimbursements.
4. Catering activities were not properly monitored.

MANAGEMENTS CORRECTIVE ACTIONS

1. Finance was given the authority to question any invoice submitted to payroll that does not adhere to the salary schedule. The Superintendent was notified if an invoice is approved by the school food service director at an amount or hours above the salary schedule. The Superintendent assigned a staff member to have purview over the director of SFS payroll invoice. The Director of Finance prepared and conducted training with SFS administrative staff on the proper completion and approval of invoices for payroll.
2. The Director of Finance prepared and conducted training with SFS staff on cost effectiveness and the proper use of purchased food products. Finance officer was authority to question purchases made by SFS. The Superintendent assigned a staff member to have purview over large SFS purchases, as well as purchases off the current bid.
3. The Director of Finance prepared and conducted training with SFS administrative staff on the proper use of funds, the travel voucher form, and travel policies. Finance was given the authority to question SFS reimbursements and payments. The Superintendent assigned an administrative staff member to have purview over expense reimbursements for the Director of School Food Service.
4. Food service personnel were instructed to cease catering.