

Woodford County School District

**Audited Financial Statements
and Other Financial Information**

June 30, 2014

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

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Woodford County School District (the District) as of and for the year ended June 30, 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 from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Woodford County School District as of June 30, 2014 and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund and the Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis information on pages 4 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Woodford County School District's basic financial statements. The combining and individual non-major fund financial statements and the schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were 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 auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2014, on our consideration of Woodford County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Summers, McCrary & Sparks, PSC

Summers, McCrary & Sparks, PSC
Lexington, Kentucky
October 28, 2014

**WOODFORD COUNTY SCHOOL DISTRICT – VERSAILLES, KENTUCKY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2014**

The discussion and analysis of Woodford County School District’s (School District) financial performance provides an overall review of the School District’s financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to review the School District’s financial performance as a whole. Readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the School District’s financial performance.

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

FINANCIAL HIGHLIGHTS

The beginning General Fund balance for the District was \$2,815,041. The ending General Fund balance was \$3,706,455.

Adjusted Average Daily Attendance (AADA), used to calculate base SEEK funding, increased by 43 students from 3614.78 in FY 2013 to 3657.97 in FY 2014. It is important to remember that kindergarten still receives a 50% AADA reduction for the SEEK calculation (funded at the ½ day level).

Property assessments certified by the Commissioner of Education showed a total real estate and personal property valuation of \$2,366,349,902. At the real estate rate of 62.2 and motor vehicle rate of 50.9 cents per \$100 of assessed property, the calculated collection should yield \$14,503,197. The actual collections were \$14,155,544.

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

The General Fund had \$31,070,130 in revenue, which primarily consisted of the state program (SEEK), property, utility, and motor vehicle taxes. Excluding inter-fund transfers, there was \$30,165,017 in General Fund expenditures.

Our rating in the bond market remains at AA3. The Districts outstanding bonds totaled \$28,880,000 at June 30, 2014. The District reserved the majority of Capital Outlay dollars to wait for confirmation of the KSBIT assessment, which was received on June 26, 2014. The Woodford Co Board of Education approved to pay for one half of the assessment, due in August 2014 with Capital Outlay dollars and the remaining balance in August of 2015, also with Capital Outlay dollars. The total assessment is \$418,374. A small balance of the Capital Outlay funds was used for minor projects. In FY 2014, the District replaced the WCHS gym (\$19,264) and Northside Elementary library (\$19,729) metal halide lights with LED lights. The District also committed \$154,325 to install new HVAC units and \$136,638 to install new windows at the Central Office.

OVERVIEW OF ANNUAL FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

The statement of net position presents information on all of the District’s assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

**WOODFORD COUNTY SCHOOL DISTRICT – VERSAILLES, KENTUCKY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2014**

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

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

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

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. There is a state mandated uniform accounting system and chart of accounts for all Kentucky public school districts utilizing the MUNIS administrative software. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental, proprietary and fiduciary funds. The proprietary funds are our food service operation. The only fiduciary funds are agency funds. All other activities of the District are included in the governmental funds.

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

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 21-35 of the report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government’s financial position. In the case of the District, assets exceeded liabilities by \$17.3 million as of June 30, 2014 as compared to \$16 million in the prior year.

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

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

**WOODFORD COUNTY SCHOOL DISTRICT – VERSAILLES, KENTUCKY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2014**

Net Position for the periods ending June 30, 2013 and 2014

| | June 30, 2013 | June 30, 2014 |
|---------------------------------------|----------------------|----------------------|
| Current Assets | \$ 4,463,044 | \$ 6,173,710 |
| Noncurrent Assets | 42,824,924 | 40,782,830 |
| Total Assets | 47,287,968 | 46,956,540 |
| Deferred Outflows of Resources | 1,649,618 | 1,498,240 |
| Current Liabilities | 2,598,787 | 2,930,171 |
| Noncurrent Liabilities | 29,887,236 | 27,866,031 |
| Total Liabilities | 32,486,023 | 30,796,202 |
| Deferred Inflows of Resources | 454,377 | 295,809 |
| Investment in Capital Assets | 13,332,324 | 13,074,246 |
| Restricted | 608,111 | 655,723 |
| Unrestricted | 2,056,751 | 3,632,802 |
| Total Net Position | \$ 15,997,187 | \$ 17,362,771 |

Comments on Budget Comparisons

- The District’s total revenues for the fiscal year ended June 30, 2014, net of inter-fund transfers and bond proceeds, were \$38.6 million.
- General fund budget compared to actual revenue varied from line item to line item with the ending actual balance being \$525,827 more than budget or approximately 2%.
- General fund budget expenditures to actual varied from line item to line item with the ending actual balance being \$297,212 less than budget or approximately 1%.

**WOODFORD COUNTY SCHOOL DISTRICT – VERSAILLES, KENTUCKY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2014**

The following table presents a summary of revenues and expenses for the fiscal years ended June 30, 2013 and 2014.

Summary of Changes in Net Position for the periods ending June 30, 2013 and 2014

| | Governmental Activities | | Business-Type Activities | | Total Primary Government | |
|--|----------------------------|---------------------|-----------------------------|--------------------|-----------------------------|---------------------|
| | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 |
| Revenues | | | | | | |
| Program Revenues: | | | | | | |
| Charges for services | \$ 453,972 | \$ 1,259,738 | \$ 1,096,731 | \$ 1,126,242 | \$ 1,550,703 | \$ 2,385,980 |
| Operating grants and contributions | 3,816,132 | 3,170,251 | 1,167,453 | 1,349,189 | 4,983,584 | 4,519,440 |
| Capital grants and contributions | 52,759 | 13,012 | | | 52,759 | 13,012 |
| | | | | | - | - |
| General Revenues: | | | | | | |
| Property taxes | 12,290,572 | 13,225,394 | | | 12,290,572 | 13,225,394 |
| Distilled spirits taxes | 273,992 | 229,057 | | | 273,992 | 229,057 |
| Motor vehicle taxes | 962,361 | 985,787 | | | 962,361 | 985,787 |
| Utility taxes | 1,864,375 | 1,924,297 | | | 1,864,375 | 1,924,297 |
| Other taxes | - | - | | | - | - |
| Investment earnings | 5,764 | 7,178 | 71 | 38 | 5,834 | 7,215 |
| State and formula grants | 16,900,230 | 17,565,932 | | | 16,900,230 | 17,565,932 |
| Miscellaneous | 113,360 | 253,933 | 57 | 282 | 113,417 | 254,215 |
| Total Revenues | 36,733,516 | 38,634,578 | 2,264,311 | 2,475,750 | 38,997,828 | 41,110,329 |
| Expenses | | | | | | |
| Program Activities: | | | | | | |
| Instruction | 23,032,725 | 22,278,049 | | | 23,032,725 | 22,278,049 |
| Student support | 1,934,497 | 2,560,233 | | | 1,934,497 | 2,560,233 |
| Instructional staff support | 1,436,588 | 1,816,270 | | | 1,436,588 | 1,816,270 |
| District administrative support | 767,530 | 758,125 | | | 767,530 | 758,125 |
| School administrative support | 1,700,666 | 1,607,735 | | | 1,700,666 | 1,607,735 |
| Business support | 1,149,499 | 1,125,981 | | | 1,149,499 | 1,125,981 |
| Plant operation and maintenance | 2,747,327 | 2,943,361 | | | 2,747,327 | 2,943,361 |
| Student transportation | 2,482,078 | 2,820,755 | | | 2,482,078 | 2,820,755 |
| Facilities acquisition | 73,405 | 346,905 | | | 73,405 | 346,905 |
| Community service activities | 614,003 | 54,906 | | | 614,003 | 54,906 |
| Other | 155,962 | 154,899 | | | 155,962 | 154,899 |
| Interest cost | 869,037 | 782,394 | | | 869,037 | 782,394 |
| Business-Type Activities | | | | | | |
| Food service | - | - | 2,028,605 | 2,079,532 | 2,028,605 | 2,079,532 |
| Adult education | | | | 60 | | 60 |
| Day care | | | 158,660 | 407,561 | | 407,561 |
| Community education | - | - | | 20,191 | - | 20,191 |
| Total Expenses | 36,963,317 | 37,249,612 | 2,187,265 | 2,507,345 | 38,991,922 | 39,756,957 |
| KSBIT Assessment | (430,585) | 12,211 | | | | 12,211 |
| Increase (decrease) in net position | \$ (660,386) | \$ 1,397,178 | \$ 77,046 | \$ (31,595) | \$ 5,906 | \$ 1,365,583 |

Governmental Activities

The majority of revenue was derived from state and federal funding making up 53.67% of the total and local taxes making up 42.36% of total revenue. Instruction comprises 60% of governmental program expenses. Support services expense make up 21% of government expenses. Student transportation and plant operations total 15% of governmental expenses. The remaining expenses for facility acquisitions, community service activities, and interest account for the final 4% of total governmental expense.

**WOODFORD COUNTY SCHOOL DISTRICT – VERSAILLES, KENTUCKY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2014**

Business-Type Activities

The business-type activities include the food service, day care, adult education, and community education operations. These programs had total revenues of \$2,475,431 and expenses of \$2,507,345 for fiscal year 2014. Of the revenues, \$1,126,242 was charges for services, and \$1,349,189 was from State and Federal grants. Business activities receive no support from tax revenues. The School District will continue to monitor the charges and costs of this activity.

General Fund-Budget Highlights

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

Capital Assets

At the end of fiscal year 2014 the School District had \$40,741,459 invested in land, buildings, equipment, and vehicles; of this total, \$40,695,522 was in governmental activities.

Debt

At June 30, 2014, the School District had \$28,880,000 in bonds outstanding; of this amount \$307,710 is to be paid from the KSFCC funding provided by the State of Kentucky. A total of \$1,825,000 is due within one year.

District Challenges for the Future

Woodford County School District continues to be financially sound. However, the current state and national financial climate requires the District to remain prudent. The District has been required to provide financial support for unfunded mandates imposed by the state and federal government. The most recent includes a mandated 1% salary increase for all staff in the 2014-2015 school year and an additional 2% mandated raise in the 2015-2016 school year. A significant amount of this mandated raise will have to be funded with local tax dollars.

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

Future Budgetary Implications

In Kentucky, the public schools’ fiscal year is July 1 – June 30; other programs, i.e. some federal programs, operate on a different fiscal calendar, but are reflected in the District’s overall budget. By law, the budget must have a minimum 2% contingency. The District adopted a budget for 2014-2015 with a contingency of 6.84%.

Contacting the School District’s Financial Management

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

WOODFORD COUNTY PUBLIC SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2014

| ASSETS | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total</u> |
|---|------------------------------------|-------------------------------------|----------------------|
| Current Assets | | | |
| Cash and cash equivalents | \$ 5,457,377 | \$ 185,302 | \$ 5,642,679 |
| Investments | 37,000 | - | 37,000 |
| Accounts receivable | 444,483 | 4,484 | 448,967 |
| Inventory | - | 45,064 | 45,064 |
| Total current assets | <u>5,938,860</u> | <u>234,850</u> | <u>6,173,710</u> |
| Noncurrent Assets | | | |
| Bond Discount | 41,371 | - | 41,371 |
| Non-depreciated capital assets | 2,833,384 | - | 2,833,384 |
| Net depreciated capital assets | 37,862,138 | 45,937 | 37,908,075 |
| Total noncurrent assets | <u>40,736,893</u> | <u>45,937</u> | <u>40,782,830</u> |
| Total assets | <u>\$ 46,675,754</u> | <u>\$ 280,787</u> | <u>\$ 46,956,540</u> |
| DEFERRED OUTFLOW OF RESOURCES | | | |
| Deferred Gain/Loss on Bond Refinance | 1,498,240 | - | 1,498,240 |
| Total deferred outflow of resources | <u>\$ 1,498,240</u> | <u>\$ -</u> | <u>\$ 1,498,240</u> |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Accounts payable | \$ 532,983 | \$ 2,528 | \$ 535,511 |
| Interest payable | 326,825 | - | 326,825 |
| Current portion of bond obligations | 1,825,000 | - | 1,825,000 |
| Current portion of accumulated vacation | 12,231 | - | 12,231 |
| Current portion of accumulated sick leave | 93,742 | - | 93,742 |
| Accrued payroll and withholding obligations | 127,246 | 9,616 | 136,862 |
| Total current liabilities | <u>2,918,027</u> | <u>12,144</u> | <u>2,930,171</u> |
| Noncurrent Liabilities | | | |
| Noncurrent portion of bonds obligations | 27,055,000 | - | 27,055,000 |
| Noncurrent portion of accumulated vacation | 121,540 | - | 121,540 |
| Noncurrent portion of accumulated sick leave | 480,304 | - | 480,304 |
| Other long term liabilities - KSBIT Assessment | 209,187 | - | 209,187 |
| Total noncurrent liabilities | <u>27,866,031</u> | <u>-</u> | <u>27,866,031</u> |
| Total liabilities | <u>\$ 30,784,058</u> | <u>\$ 12,144</u> | <u>\$ 30,796,202</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Grants received in advance | 271,198 | - | 271,198 |
| Prepaid Meal Sales | - | 24,611 | 24,611 |
| Total deferred inflow of resources | <u>\$ 271,198</u> | <u>\$ 24,611</u> | <u>\$ 295,809</u> |
| NET POSITION | | | |
| Invested in capital assets, net of related debt Restricted | \$ 13,028,309 | \$ 45,937 | \$ 13,074,246 |
| Capital Projects | 655,723 | - | 655,723 |
| Other Purposes | - | 198,095 | 198,095 |
| Unrestricted | <u>3,434,706</u> | <u>-</u> | <u>3,434,707</u> |
| Total net position | <u>\$ 17,118,738</u> | <u>\$ 244,032</u> | <u>\$ 17,362,771</u> |

See Accompanying Notes to the Financial Statements

**WOODFORD COUNTY PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

| FUNCTIONS/PROGRAMS | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Position Primary Government | | |
|---|----------------------|----------------------------|--|--|--|-----------------------------|------------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total |
| | | | | | | | |
| Governmental Activities | | | | | | | |
| Instruction | \$ 22,278,049 | \$ 1,239,809 | \$ 2,595,334 | \$ - | \$ (18,442,907) | \$ - | \$ (18,442,907) |
| Support services: | | | | | | | |
| Student | 2,560,233 | - | 76,476 | - | (2,483,756) | - | (2,483,756) |
| Instruction staff | 1,816,270 | - | 195,325 | - | (1,620,946) | - | (1,620,946) |
| District administrative | 758,125 | - | - | - | (758,125) | - | (758,125) |
| School administrative | 1,607,735 | - | - | - | (1,607,735) | - | (1,607,735) |
| Business | 1,125,981 | - | 932 | - | (1,125,049) | - | (1,125,049) |
| Plant operation and maintenance | 2,943,361 | 3,665 | - | - | (2,939,696) | - | (2,939,696) |
| Student transportation | 2,820,755 | 16,265 | 47,241 | - | (2,757,249) | - | (2,757,249) |
| Facilities acquisition and construction | 346,905 | - | - | - | (346,905) | - | (346,905) |
| Community service activities | 54,906 | - | 254,944 | - | 200,037 | - | 200,037 |
| Amort. Bond Issue & Bond Discounts | 154,899 | - | - | - | (154,899) | - | (154,899) |
| Interest on long-term debt | 782,394 | - | - | 13,012 | (769,382) | - | (769,382) |
| Total governmental activities | <u>37,249,612</u> | <u>1,259,738</u> | <u>3,170,251</u> | <u>13,012</u> | <u>(32,806,611)</u> | <u>-</u> | <u>(32,806,611)</u> |
| Business-type Activities | | | | | | | |
| Food service | 2,047,536 | 776,504 | 1,253,413 | - | - | (17,619) | (17,619) |
| Adult education | 60 | - | 180 | - | - | 120 | 120 |
| Day care | 407,561 | 349,738 | 51,069 | - | - | (6,754) | (6,754) |
| Community education | 20,191 | - | 12,531 | - | - | (7,662) | (7,662) |
| Total business-type activities | <u>2,475,349</u> | <u>1,126,242</u> | <u>1,317,193</u> | <u>-</u> | <u>-</u> | <u>(31,915)</u> | <u>(31,915)</u> |
| Total school district | <u>\$ 39,724,960</u> | <u>\$ 2,385,980</u> | <u>\$ 4,487,444</u> | <u>\$ 13,012</u> | <u>\$ (32,806,611)</u> | <u>\$ (31,915)</u> | <u>\$ (32,838,526)</u> |

General Revenues

| | | | |
|---------------------------------------|----------------------|-------------------|----------------------|
| Taxes | | | |
| Property taxes | \$ 13,225,394 | \$ - | \$ 13,225,394 |
| Distilled Spirits taxes | 229,057 | - | 229,057 |
| Motor Vehicle taxes | 985,787 | - | 985,787 |
| Utility taxes | 1,924,297 | - | 1,924,297 |
| Tuition | 41,796 | - | 41,796 |
| Investment earnings | 7,178 | 38 | 7,216 |
| State & Formula grants | 17,565,933 | - | 17,565,933 |
| Gains(Loss) on sale of fixed assets | 14,586 | 282 | 14,868 |
| Loss compensation | 52,342 | - | 52,342 |
| Miscellaneous | 145,209 | - | 145,209 |
| Total general revenues | <u>34,191,579</u> | <u>320</u> | <u>34,191,899</u> |
| Change in net position | 1,384,968 | (31,595) | 1,353,373 |
| Extraordinary item - KSBIT assessment | 12,211 | - | 12,211 |
| Net position - beginning | 15,721,560 | 275,626 | 15,997,186 |
| Net position - ending | <u>\$ 17,118,738</u> | <u>\$ 244,032</u> | <u>\$ 17,362,770</u> |

See Accompanying Notes to the Financial Statements

WOODFORD COUNTY PUBLIC SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2014

| | General Fund | Special Revenue | Construction Fund | Non-Major Funds | Total Governmental Funds |
|---|---------------------|--------------------|----------------------|--------------------|--------------------------------|
| Assets | | | | | |
| Cash and cash equivalents | \$ 4,004,327 | \$ 198,390 | \$ 657,286 | \$ 597,374 | \$ 5,457,377 |
| Investments | - | - | - | 37,000 | 37,000 |
| Accounts receivable | 287,248 | 152,676 | - | 4,560 | 444,483 |
| Inventory | - | - | - | - | - |
| Total assets | \$ 4,291,575 | \$ 351,066 | \$ 657,286 | \$ 638,934 | \$ 5,938,860 |
| Liabilities | | | | | |
| Accounts payable | \$ 438,219 | \$ 73,757 | \$ 1,563 | \$ 19,445 | \$ 532,983 |
| Accrued payroll and withholding obligations | 120,766 | 6,111 | - | 368 | 127,246 |
| Current portion of accrued vacation | 12,231 | - | - | - | 12,231 |
| Current portion of accrued sick leave | 13,903 | - | - | - | 13,903 |
| Total liabilities | 585,120 | 79,868 | 1,563 | 19,813 | 686,363 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Grants received in advance | - | 271,198 | - | - | 271,198 |
| Total deferred inflow of resources | - | 271,198 | - | - | 271,198 |
| Fund Balances | | | | | |
| Nonspendable | - | - | - | - | - |
| Restricted | 287,530 | - | 655,723 | 125,067 | 1,068,321 |
| Committed | 121,540 | - | - | 494,053 | 615,594 |
| Assigned | 477,434 | - | - | - | 477,434 |
| Unassigned | 2,819,951 | - | - | - | 2,819,951 |
| Total fund balances | 3,706,455 | - | 655,723 | 619,121 | 4,981,299 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 4,291,575 | \$ 351,066 | \$ 657,286 | \$ 638,934 | \$ 5,938,860 |

See Accompanying Notes to the Financial Statements

**WOODFORD COUNTY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2014**

| | | |
|---|----|--------------|
| Total fund balance per fund financial statements | \$ | 4,981,299 |
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| Capital assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net position. | | |
| Capital assets | | 40,695,522 |
| Deferred amount of refunding | | 1,539,611 |
| Certain liabilities (such as bonds payable, the long-term portion of accrued sick leave, and accrued interest) are not reported in this fund financial statement because they are not due and payable, but they are presented in the statement of net position. | | |
| Bond obligations | | (28,880,000) |
| Capital lease obligations | | - |
| Accrued interest | | (326,825) |
| Accrued vacation | | (121,540) |
| Accrued sick leave | | (560,143) |
| Other accrued liabilities | | (209,187) |
| | | (29,697,695) |
| Net position of governmental activities | \$ | 17,118,738 |

WOODFORD COUNTY PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

| | General Fund | Special Revenue | Construction Fund | Non-Major Governmental Funds | Total Governmental Funds |
|--|---------------------|--------------------|----------------------|------------------------------------|--------------------------------|
| Revenues | | | | | |
| From local sources | | | | | |
| Taxes | | | | | |
| Property taxes | \$ 10,859,044 | \$ - | \$ - | \$ 2,366,350 | \$ 13,225,394 |
| Distilled spirits | 229,057 | - | - | - | 229,057 |
| Motor vehicle taxes | 985,787 | - | - | - | 985,787 |
| Utility taxes | 1,924,297 | - | - | - | 1,924,297 |
| Tuition and Fees | 41,796 | - | - | - | 41,796 |
| Transportation | 16,265 | - | - | - | 16,265 |
| Earnings on investments | 7,005 | 268 | - | - | 7,273 |
| Other Local Revenues | 97,832 | 49,291 | - | 1,242,463 | 1,389,586 |
| Intergovernmental - State | 16,808,145 | 1,250,817 | - | 770,800 | 18,829,762 |
| Intergovernmental - Federal | 48,560 | 1,869,874 | - | - | 1,918,435 |
| Other revenues | 52,342 | - | - | - | 52,342 |
| Total revenues | <u>31,070,130</u> | <u>3,170,251</u> | <u>-</u> | <u>4,379,612</u> | <u>38,619,993</u> |
| Expenditures | | | | | |
| Instruction | \$ 17,249,748 | \$ 2,685,553 | \$ - | \$ 682,443 | \$ 20,617,744 |
| Support services | | | | | |
| Student | 2,448,932 | 76,476 | - | - | 2,525,408 |
| Instruction staff | 1,559,222 | 195,325 | - | 48,713 | 1,803,260 |
| District administration | 959,002 | - | - | - | 959,002 |
| School administration | 1,589,127 | - | - | - | 1,589,127 |
| Business | 1,119,481 | 932 | - | - | 1,120,412 |
| Plant operation and maintenance | 2,917,123 | - | - | 1,769 | 2,918,892 |
| Student transportation | 2,271,321 | 47,241 | - | 23,088 | 2,341,650 |
| Facilities acquisition and construction | - | - | 346,899 | - | 346,899 |
| Community service activities | 50,963 | 254,944 | - | - | 305,906 |
| Debt service | - | - | - | 2,570,974 | 2,570,974 |
| Other expenditures | 99 | - | - | - | 99 |
| Total expenditures | <u>30,165,017</u> | <u>3,260,470</u> | <u>346,899</u> | <u>3,326,987</u> | <u>37,099,373</u> |
| Excess (deficit) of revenues over expenditures | <u>905,113</u> | <u>(90,219)</u> | <u>(346,899)</u> | <u>1,052,625</u> | <u>1,520,620</u> |
| Other financing sources (uses) | | | | | |
| Net proceeds from sale of fixed assets | \$ 37,527 | \$ - | \$ - | \$ - | \$ 37,527 |
| Capital lease proceeds | - | - | - | - | - |
| Operating transfers in | 43,774 | 95,000 | 402,285 | 2,459,253 | 3,000,312 |
| Operating transfers out | (95,000) | (4,781) | (7,774) | (2,892,758) | (3,000,312) |
| Total other financing sources (uses) | <u>(13,699)</u> | <u>90,219</u> | <u>394,511</u> | <u>(433,505)</u> | <u>37,527</u> |
| Excess (deficit) of revenues and other financing sources over expenditures and other financing uses | 891,414 | - | 47,612 | 619,121 | 1,558,147 |
| Fund balance, July 1, 2013 | <u>2,815,041</u> | <u>-</u> | <u>608,111</u> | <u>-</u> | <u>3,423,152</u> |
| Fund balance, June 30, 2014 | <u>\$ 3,706,455</u> | <u>\$ -</u> | <u>\$ 655,723</u> | <u>\$ 619,121</u> | <u>\$ 4,981,299</u> |

See Accompanying Notes of the Financial Statements

**WOODFORD COUNTY PUBLIC SCHOOLS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

| | | |
|---|----|-------------|
| Net change in total fund balances per fund financial statements | \$ | 1,558,147 |
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which capital outlays exceeds depreciation expense for the year. | | |
| Purchase of Capital Assets | | 116,388 |
| Depreciation Expense | | (2,118,384) |
| Realized gains and losses derived from the disposal of capital assets are not presented in this financial statement because they do not provide or use current financial resources but they are presented in the statement of activities. | | |
| | | (22,941) |
| Bond and capital lease payments are recognized as expenditures of current financial resources in the fund financial statement but are reductions of liabilities in the statement of net position. | | |
| Bond principal payments | | 1,790,000 |
| Capital lease payments | | 64,665 |
| Bond issue costs are expensed as incurred in the fund financial statement, but are amortized over the life of the bond in the statement of activities: | | |
| Amortization Expense | | (154,899) |
| New Bond Issue Cost | | - |
| Generally, expenditures recognized in this fund financial statement are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred. | | |
| Accrued interest | | (1,420) |
| Accrued sick leave | | (42,237) |
| Accrued vacation | | (13,539) |
| KSBIT | | 221,398 |
| | | 221,398 |
| Change in net position of governmental activities | \$ | 1,397,179 |

See Accompanying Notes to the Financial Statements

**WOODFORD COUNTY PUBLIC SCHOOLS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014**

| | GENERAL FUND | | | VARIANCE Favorable (Unfavorable) |
|--|---------------------|---------------------|---------------------|--|
| | Budgeted Amounts | | Actual | |
| | Original | Final | | |
| Revenues | | | | |
| From local sources | | | | |
| Taxes | | | | |
| Property taxes | \$ 10,523,000 | \$ 10,708,000 | \$ 10,857,519 | \$ 149,519 |
| Distilled spirits | 246,000 | 270,000 | 229,057 | (40,943) |
| Motor vehicle taxes | 915,000 | 915,000 | 985,787 | 70,787 |
| Utility taxes | 1,800,000 | 1,800,000 | 1,924,297 | 124,297 |
| Revenue in lieu of taxes | | | | |
| Tuition and Fees | 8,000 | 15,000 | 41,796 | 26,796 |
| Transportation | 20,000 | 20,000 | 16,265 | (3,735) |
| Earnings on investments | 5,000 | 5,000 | 7,005 | 2,005 |
| Other Local Revenues | 195,507 | 2,800 | 99,358 | 96,558 |
| Intergovernmental - State | 16,365,700 | 16,788,503 | 16,808,145 | 19,643 |
| Intergovernmental - Federal | 15,000 | 20,000 | 48,560 | 28,560 |
| Other revenues | - | - | 52,342 | 52,342 |
| Total revenues | <u>30,093,207</u> | <u>30,544,303</u> | <u>31,070,130</u> | <u>525,827</u> |
| Expenditures | | | | |
| Instruction | 18,824,598 | 17,852,461 | 17,249,748 | 602,713 |
| Support services | | | | |
| Student | 1,729,395 | 2,238,807 | 2,448,932 | (210,125) |
| Instruction staff | 1,291,328 | 1,477,046 | 1,559,222 | (82,176) |
| District administration | 780,629 | 794,327 | 959,002 | (164,675) |
| School administration | 1,635,667 | 1,635,036 | 1,589,127 | 45,909 |
| Business | 912,622 | 1,109,449 | 1,119,481 | (10,032) |
| Plant operation and maintenance | 2,798,962 | 2,868,850 | 2,917,123 | (48,273) |
| Student transportation | 1,918,200 | 2,436,226 | 2,271,321 | 164,906 |
| Food Services | - | - | 99 | (99) |
| Community Services | 286,817 | 50,028 | 50,963 | (935) |
| Facilities acquisition and construction | - | - | - | - |
| Total expenditures | <u>30,178,218</u> | <u>30,462,229</u> | <u>30,165,017</u> | <u>297,212</u> |
| Excess (deficit) of revenues over expenditures | <u>(85,011)</u> | <u>82,073</u> | <u>905,113</u> | <u>823,040</u> |
| Other Financing Sources (Uses) | | | | |
| Proceeds from Capital leases | - | - | - | - |
| Net proceeds from sale of fixed assets | - | - | 37,527 | 37,527 |
| Operating transfers in | - | 5,353 | 43,774 | 38,421 |
| Operating transfers out | (95,000) | (95,000) | (95,000) | - |
| Total other financing sources (uses) | <u>(95,000)</u> | <u>(89,647)</u> | <u>(13,699)</u> | <u>75,948</u> |
| Excess (deficit) of revenues and other financing sources over expenditures and other financing uses | <u>(180,011)</u> | <u>(7,574)</u> | <u>891,414</u> | <u>898,988</u> |
| Fund balance, July 1, 2013 | <u>1,678,562</u> | <u>2,449,165</u> | <u>2,449,165</u> | <u>-</u> |
| Fund balance, June 30, 2014 | <u>\$ 1,498,551</u> | <u>\$ 2,441,592</u> | <u>\$ 3,340,580</u> | <u>\$ 898,988</u> |

See Accompanying Notes to the Financial Statements

**WOODFORD COUNTY PUBLIC SCHOOLS
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2014**

| | SPECIAL REVENUE FUND | | | VARIANCE Favorable (Unfavorable) |
|--|----------------------|------------------|------------------|--|
| | Budgeted Amounts | | Actual | |
| | Original | Final | | |
| Revenues | | | | |
| From local sources | | | | |
| Interest on Investments | \$ - | \$ 217 | \$ 268 | \$ 52 |
| Other Local Revenues | - | 63,389 | 49,291 | (14,098) |
| Intergovernmental - State | 906,741 | 1,247,288 | 1,250,817 | 3,530 |
| Intergovernmental - Federal | 1,124,717 | 2,157,196 | 1,869,874 | (287,322) |
| Other revenues | - | - | - | - |
| Total revenues | <u>2,031,458</u> | <u>3,468,090</u> | <u>3,170,251</u> | <u>(297,839)</u> |
| Expenditures | | | | |
| Instruction | 1,572,892 | 2,818,559 | 2,685,553 | 133,007 |
| Support services | | | | |
| Student | 173,980 | 14,868 | 76,476 | (61,608) |
| Instruction staff | 27,724 | 229,193 | 195,325 | 33,868 |
| District administration | - | - | - | - |
| School administration | - | - | - | - |
| Business | 165,000 | 177,652 | 932 | 176,720 |
| Plant operation and maintenance | - | - | - | - |
| Student transportation | 29,776 | 61,812 | 47,241 | 14,570 |
| Community Services | 157,086 | 166,826 | 165,821 | 1,004 |
| Adult Education Operations | - | 89,400 | 89,123 | 277 |
| Community service activities | - | - | - | - |
| Total expenditures | <u>2,126,458</u> | <u>3,558,309</u> | <u>3,260,470</u> | <u>297,839</u> |
| Excess (deficit) of revenues over expenditures | <u>(95,000)</u> | <u>(90,219)</u> | <u>(90,219)</u> | <u>-</u> |
| Other Financing Sources (Uses) | | | | |
| Proceeds from Capital leases | - | - | - | - |
| Net proceeds from sale of fixed assets | - | - | - | - |
| Operating transfers in | 95,000 | 95,000 | 95,000 | - |
| Operating transfers out | - | (4,781) | (4,781) | - |
| Total other financing sources (uses) | <u>95,000</u> | <u>90,219</u> | <u>90,219</u> | <u>-</u> |
| Excess (deficit) of revenues and other financing sources over expenditures and other financing uses | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balance, July 1, 2013 | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balance, June 30, 2014 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

See Accompanying Notes to the Financial Statements

WOODFORD COUNTY PUBLIC SCHOOLS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2014

| | Food Service Fund | Other Enterprise Funds | Total |
|---|----------------------|---------------------------|-------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | \$ 38,339 | \$ 146,963 | \$ 185,302 |
| Other receivables | 4,484 | - | 4,484 |
| Inventory | 45,064 | - | 45,064 |
| Total current assets | <u>87,887</u> | <u>146,963</u> | <u>234,850</u> |
| Noncurrent Assets | | | |
| Capital Assets | 318,750 | - | 318,750 |
| Less: Accumulated depreciation | (272,813) | - | (272,813) |
| Total noncurrent assets | <u>45,937</u> | <u>-</u> | <u>45,937</u> |
| Total assets | <u>\$ 133,824</u> | <u>\$ 146,963</u> | <u>\$ 280,787</u> |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Accounts payable | \$ 2,117 | \$ 412 | \$ 2,528 |
| Accrued payroll and withholding obligations | 4,179 | 5,436 | 9,616 |
| Total current liabilities | <u>6,296</u> | <u>5,848</u> | <u>12,144</u> |
| Noncurrent Liabilities | | | |
| Total noncurrent liabilities | <u>-</u> | <u>-</u> | <u>-</u> |
| Total liabilities | <u>6,296</u> | <u>5,848</u> | <u>12,144</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Prepaid meal sales | 24,611 | - | 24,611 |
| Total deferred inflow of resources | <u>24,611</u> | <u>-</u> | <u>24,611</u> |
| NET POSITION | | | |
| Invested in capital assets, net of related debt | 45,937 | - | 45,937 |
| Restricted | 56,980 | 141,115 | 198,095 |
| Total net position | <u>102,917</u> | <u>141,115</u> | <u>244,032</u> |
| Total liabilities and net position | <u>\$ 133,824</u> | <u>\$ 146,963</u> | <u>\$ 280,787</u> |

See Accompanying Notes to the Financial Statements

WOODFORD COUNTY PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2014

| | Food Service Fund | Other Enterprise Funds | Total |
|---|----------------------|---------------------------|--------------------|
| Operating Revenues | | | |
| Food service sales | \$ 776,504 | \$ - | \$ 776,504 |
| Community service activities | - | 349,738 | 349,738 |
| Other operating revenues | 282 | 2,500 | 2,782 |
| Total operating revenues | <u>776,786</u> | <u>352,238</u> | <u>1,129,024</u> |
| Operating Expenses | | | |
| Salaries and wages | 1,045,389 | 389,015 | 1,434,404 |
| Professional and contract services | 22,077 | 8,665 | 30,742 |
| Supplies and materials | 962,555 | 29,742 | 992,297 |
| Depreciation | 13,636 | - | 13,636 |
| Other operating expenses | 3,879 | 391 | 4,270 |
| Total operating expenses | <u>2,047,536</u> | <u>427,813</u> | <u>2,475,349</u> |
| Operating income (loss) | <u>(1,270,750)</u> | <u>(75,575)</u> | <u>(1,346,326)</u> |
| Nonoperating revenues (expenses) | | | |
| Federal grants | 999,906 | - | 999,906 |
| State grants | 156,382 | 61,280 | 217,662 |
| Donated commodities | 97,125 | - | 97,125 |
| Interest income | 38 | - | 38 |
| Total nonoperating revenues (expenses) | <u>1,253,451</u> | <u>61,280</u> | <u>1,314,731</u> |
| Changes in Net Position | <u>(17,299)</u> | <u>(14,295)</u> | <u>(31,594)</u> |
| Total net position, July 1, 2013 | <u>120,216</u> | <u>155,410</u> | <u>275,626</u> |
| Total net position, June 30, 2014 | <u>\$ 102,917</u> | <u>\$ 141,115</u> | <u>\$ 244,032</u> |

See Accompanying Notes of the Financial Statements

**WOODFORD COUNTY PUBLIC SCHOOLS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

| | Food Service Fund | Other Enterprse Funds | Total |
|---|-----------------------|--------------------------|-----------------------|
| Cash Flows from Operating Activities | | | |
| Cash received from lunchroom sales | \$ 779,544 | \$ - | \$ 779,544 |
| Cash received from user charges | 24,611 | 349,738 | 374,348 |
| Cash received from other activities | 283 | 2,500 | 2,783 |
| Cash payments to employees for services | (912,227) | (325,212) | (1,237,438) |
| Cash payments to suppliers for goods and services | (901,806) | (38,190) | (939,996) |
| Cash payments for other operating activities | (3,879) | (391) | (4,270) |
| Net cash from operating activities | <u>(1,013,475)</u> | <u>(11,555)</u> | <u>(1,025,031)</u> |
| Cash Flows from Capital Financing Activities | | | |
| Acquisition of capital assets | - | - | - |
| Net cash from capital financing activities | <u>-</u> | <u>-</u> | <u>-</u> |
| Cash Flows from Noncapital Financing Activities | | | |
| Nonoperating grants received | 1,018,571 | 1,018 | 1,019,589 |
| Net cash from noncapital financing activities | <u>1,018,571</u> | <u>1,018</u> | <u>1,019,589</u> |
| Cash Flows from Investing Activities | | | |
| Interest on investments | 38 | - | 38 |
| Net cash flows from investing activities | <u>38</u> | <u>-</u> | <u>38</u> |
| Net increase in cash and cash equivalents | 5,133 | (10,537) | (5,404) |
| Cash and cash equivalents - beginning | <u>33,206</u> | <u>157,500</u> | <u>190,706</u> |
| Cash and cash equivalents - ending | <u>\$ 38,339</u> | <u>\$ 146,963</u> | <u>\$ 185,302</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities | | | |
| Operating income (loss) | \$ (1,270,750) | \$ (75,575) | \$ (1,346,326) |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities | | | |
| Depreciation | 13,636 | - | 13,636 |
| Donated Commodities | 97,125 | - | 97,125 |
| On-behalf payments | 137,717 | 60,262 | 197,979 |
| Changes in assets and liabilities: | | | |
| Receivables | 3,040 | - | 3,040 |
| Inventory | (12,854) | - | (12,854) |
| Pre-paid lunchroom sales | 24,611 | - | 24,611 |
| Accounts payable | (1,446) | 217 | (1,230) |
| Accrued liabilities | (4,554) | 3,541 | (1,014) |
| Net Cash Provided by Operating Activities | <u>\$ (1,013,476)</u> | <u>\$ (11,556)</u> | <u>\$ (1,025,032)</u> |
| Non-Cash Non-Capital Financing Activities | | | |
| Donated commodities received from federal government | <u>\$ 129,121</u> | <u>\$ -</u> | <u>\$ 129,121</u> |

See Accompanying Notes to the Financial Statements

**WOODFORD COUNTY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2014**

| | <u>AGENCY FUNDS</u> |
|---------------------------|-------------------------|
| ASSETS: | |
| Cash and cash equivalents | \$ 72,664 |
| Accounts receivable | <u>550</u> |
| TOTAL ASSETS | <u>\$ 73,214</u> |
| LIABILITIES: | |
| Accounts payable | \$ 663 |
| Due to student groups | <u>72,551</u> |
| TOTAL LIABILITIES | <u>\$ 73,214</u> |

See Accompanying Notes to the Financial Statements

**WOODFORD COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014**

NOTE A – REPORTING ENTITY

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

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

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

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

Blended Component Unit

Woodford County Board of Education Finance Corporation – On December 10, 1990, the Board of Education resolved to authorize the establishment of the Woodford County School District Finance Corporation (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS Section 58.180) (the “Corporation”) as an agency for the District for financing the costs of school building facilities. The members of the Board also comprise the Corporation’s Board of Directors. The Corporation does not publish individual component unit financial statements.

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

Basis of Presentation

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

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

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

**WOODFORD COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014**

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

expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

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

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

The District has the following funds:

I. Governmental Fund Types

- A. The General Fund is the main operating fund of the Board. It accounts for financial resources used for general types of operations. This is a budgeted fund, and any fund balances are considered as resources available for use. This is a major fund of the District.
- B. The Special Revenue (Grant) Funds account for proceeds of specific revenue sources (other than expandable trust or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of the specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in the report on pages 41-42. This is a major fund of the District.
- C. Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment (other than those financed by Proprietary Fund).
 - 1. The Support Education Excellence in Kentucky (SEEK) Capital Outlay fund receives those funds designated by the state as Capital Outlay funds and is restricted for use in financing projects identified in the District's facility plan. This is a non-major fund of the District.
 - 2. The Facility Support Program of Kentucky (FSPK) accounts for funds generated by the building tax levy required to participate in the School Facilities Construction commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the District's facility plan. This is a non-major fund of the District.
 - 3. The Construction Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction. This is a non-major fund of the District.

**WOODFORD COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014**

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

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

II. Proprietary Fund Types (Enterprise Fund)

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

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

III. Fiduciary Fund Type (Agency)

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

Basis of Accounting

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

Revenues – Exchange and Non-exchange Transactions

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

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

**WOODFORD COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014**

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

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the statement of revenues, expenses, and changes in net position as an expense with the like amount reported as donated commodities revenue. 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. Allocations of cost, such as depreciation, are not recognized in governmental funds.

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

Property Taxes

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

The property tax rates assessed for the year ended June 30, 2014, to finance the General fund operations were \$0.622 per \$100 valuation for real property, \$0.622 per \$100 valuation for business personal property, and \$0.509 per \$100 valuation for motor vehicles.

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

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

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

**WOODFORD COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014**

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

Capital Assets (Continued)

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

Interfund Balances

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

Accumulated Unpaid Sick Leave Benefits

Upon retirements from the school system, an employee will receive from the District an amount equal to 30% of the value of accumulated sick leave. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the School District's past experience of making termination payments. At June 30, 2014, this amount totaled \$571,046.

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

For governmental fund financial statements the current portion of unpaid accrued sick leave is the amount expected to be paid using expendable available resources. These amounts are recorded in the amount "sick leave payable in process" in the general fund. The board may reserve up to 50% of the sick leave liability as a "restriction" of the general fund balance, for June 30, 2014, the Board restricted 50%.

Accrued Vacation

Upon retirement or termination of employment for any reason, a classified employee will receive their accumulated vacation time at a rate equivalent to the daily salary rate, calculated from the employee's last annual compensation. At June 30, 2014, this amount totaled \$133,771.

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).

**WOODFORD COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014**

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

Budgetary Process (Continued)

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

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

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

Cash and Cash Equivalents

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

Inventories

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

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

The food service fund uses the specific identification method.

Investments

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

Prepaid Assets

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

Accrued Liabilities and Long-Term Obligations

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

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

**WOODFORD COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014**

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

Fund Balance Reserves

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

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

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

Net Position

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

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District does not have any of this type of item.

Operating Revenues and Expenses

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

**WOODFORD COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014**

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

Contributions of Capital

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

Interfund Activity

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

New Accounting Pronouncements

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions: an Amendment of GASB Statement No. 27* improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement is effective for fiscal years beginning after June 15, 2014. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

Estimates

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

NOTE C – CASH AND CASH EQUIVALENTS

Custodial Credit Risk - Deposits

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

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

At year-end, the District's bank balances were collateralized by securities held by the pledging bank's trust department in the District's name and FDIC Insurance. At year end, the carrying amount of the

District's cash and cash equivalents were \$5,642,679. The bank balance for the same time was \$6,975,523. Cash equivalents are funds temporarily invested in securities with maturity of 90 days or less.

**WOODFORD COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014**

NOTE D – CAPITAL ASSETS

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

| | Beginning Balance | Additions | Retirements | Ending Balance |
|--|----------------------|-------------|-------------|-------------------|
| Governmental Activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 2,833,384 | \$ - | \$ - | \$ 2,833,384 |
| Total capital assets not being depreciated | 2,833,384 | - | - | 2,833,384 |
| Other capital assets: | | | | |
| Land Improvements | 697,796 | - | - | 697,796 |
| Buildings | 56,777,580 | - | - | 56,777,580 |
| Technology | 2,659,917 | - | (599,487) | 2,060,430 |
| Vehicles | 4,532,255 | 24,833 | (444,837) | 4,112,251 |
| General Equipment | 3,038,022 | 91,555 | (122,300) | 3,007,277 |
| Total other capital assets | 67,705,570 | 116,388 | (1,166,624) | 66,655,335 |
| Less accumulated depreciation for: | | | | |
| Land Improvements | (295,935) | (34,890) | - | (330,825) |
| Buildings | (21,259,274) | (1,327,702) | - | (22,586,976) |
| Technology | (1,881,087) | (312,150) | 595,695 | (1,597,542) |
| Vehicles | (2,980,491) | (263,690) | 444,837 | (2,799,344) |
| General Equipment | (1,401,708) | (179,952) | 103,150 | (1,478,510) |
| Total accumulated depreciation | (27,818,495) | (2,118,384) | 1,143,683 | (28,793,196) |
| Other capital assets, net | 39,887,075 | (2,001,996) | (22,941) | 37,862,138 |
| Governmental Activities, net | 42,720,459 | (2,001,996) | (22,941) | 40,695,522 |
| Business Activities: | | | | |
| Technology | 41,845 | - | (1,061) | 40,784 |
| General Equipment | 301,634 | - | (23,668) | 277,966 |
| Total | 343,479 | - | (24,729) | 318,750 |
| Less accumulated depreciation for: | | | | |
| Technology | (22,762) | (8,157) | 1,061 | (29,858) |
| General Equipment | (261,144) | (5,479) | 23,668 | (242,955) |
| Total accumulated depreciation | (283,906) | (13,636) | 24,729 | (272,813) |
| Business Activities: net | \$ 59,573 | \$ (13,636) | \$ - | \$ 45,937 |

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

Instruction

Support services:

| | |
|---|------------------|
| Instruction | 1,723,419 |
| Student | 34,825 |
| Instruction staff | 13,010 |
| District administrative | 8,310 |
| School administrative | 18,609 |
| Business | 5,568 |
| Plant operation and maintenance | 39,390 |
| Student transportation | 271,403 |
| Community Service | 3,498 |
| Adult Ed | 352 |
| Total depreciation expense charged to governmental functions: | <u>2,118,384</u> |

**WOODFORD COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014**

NOTE E – LONG TERM DEBT AND LEASE OBLIGATIONS

The amount shown in the accompanying financial statements as bond obligations represents the District's future obligations to make debt payments relating to the bonds issued by the Woodford County School District Finance Corporation aggregating \$28,880,000.

The original amount of each issue and interest rates are summarized below:

| Issue Date | Proceeds | Rates | Maturity Dates | Outstanding |
|-------------------|----------------------|-----------------|-----------------------|----------------------------------|
| | | | | Balance June 30, 2014 |
| 1996 | 215,000 | 4.875% - 5.650% | 6/30/2017 | 60,000 |
| 2004 | 7,830,000 | 2.000% - 3.750% | 10/1/2016 | 2,960,000 |
| 2008 | 6,420,000 | 2.000% - 3.900% | 2/1/2028 | 5,975,000 |
| 2012A | 15,540,000 | 0.600% - 2.500% | 7/1/2023 | 14,310,000 |
| 2012B | 680,000 | 1.500% - 2.650% | 6/30/2028 | 550,000 |
| 2013 | 5,150,000 | 1.000% - 2.350% | 2/1/2026 | 5,025,000 |
| | <u>\$ 35,835,000</u> | | | <u>\$ 28,880,000</u> |

The District, through the General Fund (including utility taxes and the Support Education Excellence in Kentucky (SEEK)), Building Fund, and Capital Outlay Fund is obligated to make payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Woodford County School District Finance Corporation to construct school facilities. The District has an option to purchase the property under lease at any time by retiring the bonds then outstanding. The District has "participation agreements" with the Kentucky School Facility Construction Commission. The Commission was created by the Kentucky Legislature for the purpose of assisting local schools districts in meeting school construction needs. The Commission will remit a stated amount of bond principal and interest payments annually, subject to biennial approval by the Kentucky General Assembly. Approval has been received for the biennial fiscal period ended June 30, 2013. Should approval not be received in future period, the District remains obligated for the full amount of the bond principal and interest payments. The table below sets forth the amount to be paid by the Board and the Commission for each year until maturity of all bonds issued. The bonds may be called prior to maturity and redemption premiums are specified in each issue. Assuming no bonds are called prior to scheduled maturity, the maturity, the minimum obligations of the District, including amounts to be paid by the Commission at June 30 for debt service (principal and interest) are as follows:

**WOODFORD COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014**

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

| <u>Year</u> | <u>Woodford County</u> | | <u>K S F C C</u> | | <u>Total</u> | |
|---------------|-----------------------------|----------------------------|--------------------------|-------------------------|-----------------------------|----------------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> |
| 2014-2015 | \$ 1,722,551 | \$ 742,338 | \$ 102,449 | \$ 9,281 | \$ 1,825,000 | \$ 751,619 |
| 2015-2016 | 1,793,580 | 693,288 | 106,420 | 5,302 | 1,900,000 | 698,590 |
| 2016-2017 | 1,847,367 | 641,337 | 82,633 | 1,625 | 1,930,000 | 642,963 |
| 2017-2018 | 1,895,000 | 595,496 | - | - | 1,895,000 | 595,496 |
| 2018-2019 | 1,930,000 | 556,684 | - | - | 1,930,000 | 556,684 |
| 2019-2020 | 1,970,000 | 516,959 | - | - | 1,970,000 | 516,959 |
| 2020-2021 | 2,015,000 | 474,590 | - | - | 2,015,000 | 474,590 |
| 2021-2022 | 2,065,000 | 427,281 | - | - | 2,065,000 | 427,281 |
| 2022-2023 | 2,035,000 | 375,268 | - | - | 2,035,000 | 375,268 |
| 2023-2024 | 2,090,000 | 321,519 | - | - | 2,090,000 | 321,519 |
| 2024-2025 | 2,200,000 | 290,853 | - | - | 2,200,000 | 290,853 |
| 2025-2026 | 2,255,000 | 239,570 | - | - | 2,255,000 | 239,570 |
| 2026-2027 | 2,340,000 | 184,838 | - | - | 2,340,000 | 184,838 |
| 2027-2028 | 2,430,000 | 94,163 | - | - | 2,430,000 | 94,163 |
| Totals | <u>\$ 28,588,498</u> | <u>\$ 6,154,182</u> | <u>\$ 291,502</u> | <u>\$ 16,208</u> | <u>\$ 28,880,000</u> | <u>\$ 6,170,390</u> |

Capital Lease

The Board leased copiers for the District under capital leases. The leases expired in 2014. The assets were returned to the leaseholder and the assets were removed from the active asset list. As of June 30, 2014, there are no future capital lease payments due.

KSBIT Payable

The Kentucky School Board Insurance Trust (KSBIT) notified the District during the prior year that its self-insurance pools for worker's compensation and liability insurance were underfunded. As a result, an assessment was required, under a fair methodology to be approved by the Kentucky Department of Insurance, of current and past participating members, to fund the deficit and the transfer of liability to a qualified insurer/reinsurer. On June 24, 2013, the KSBIT Board voted to submit a plan to the Kentucky Department of insurance using the novation option of funding. A novation transfers all existing KSBIT claims and risk to a highly rated reinsurer which will take over the future responsibility for all present and future claims. The District's liability under the novation method would be \$430,585. The District will have the option to make a lump-sum payment of its assessment or to finance the liability over 20 years. The plan was approved in June 2014 and the first payment is due by August 15, 2014. The District has adjusted the estimated amount recorded in the prior year for the actual assessment of \$418,374.

The following is a summary of the District's long-term debt transactions for the year ended June 30, 2014:

| | 6/30/13 Beginning Balance | Additions | Payments | 6/30/14 Ending Balance | Amounts Due Within One Year |
|----------------|---------------------------------|-------------|--------------|------------------------------|-----------------------------------|
| Bonds | \$ 30,670,000 | \$ - | \$ 1,790,000 | \$ 28,880,000 | \$ 1,825,000 |
| Capital Leases | \$ 64,665 | \$ - | \$ 64,665 | \$ - | \$ - |
| Sick Leave | \$ 545,650 | \$ 123,636 | \$ 95,240 | \$ 574,046 | \$ 93,742 |
| Vacation | \$ 108,068 | \$ 35,477 | \$ 9,774 | \$ 133,771 | \$ 12,231 |
| KSBIT Payable | \$ 430,585 | \$ (12,211) | \$ - | \$ 418,374 | \$ 209,187 |

**WOODFORD COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014**

NOTE F – COMMITMENTS UNDER NON-CAPITALIZED LEASES

In April 2014, the District entered into an agreement to lease fiber optic transmission capacity. The agreement requires 60 monthly lease payments of \$10,814 starting in November 2014. The following minimum lease payments are due for the year ending June 30, 2014:

| Operating Leases | |
|-----------------------------|-------------------|
| Year Ending June 30, | Amount |
| 2015 | \$ 161,713 |
| 2016 | \$ 161,064 |
| 2017 | \$ 160,624 |
| 2018 | \$ 95,760 |
| 2019 | \$ 95,760 |
| Total Obligations | <u>\$ 674,921</u> |

Expenditures for equipment under operating leases for the year ended June 30, 2014, totaled \$23,580.

NOTE G – RETIREMENT PLANS

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

Plan members are required to contribute 5% of their annual covered compensation and the District is required to contribute at an actuarially determined rate. All new members hired after August 31, 2008 are required to contribute 6% at an actuarially determined rate. The current rate is 18.89% of the employee’s total covered compensation. The contribution requirements of Plan members and the District are established and may be amended by the Kentucky Retirement Systems’ Board of Trustees. The District’s contributions to CERS for the year ended June 30, 2014, 2013 and 2012 were \$1,310,312, (which consisted of \$1,026,448 from the District and \$283,864 from the employees), \$1,303,206 and \$1,023,057.

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

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

Contribution rates for KTRS are established by KRS. Members are required to contribute 11.355% of their salaries to KTRS. The Commonwealth of Kentucky is required to contribute 13.105% of salaries for members in a state retirement system before July 1, 2008 and 14.105% of salaries for members who started their account after July 1, 2008. The federal program that pays for salaries also pays the matching contributions. The District’s contributions to KTRS for the year ended June 30, 2014 and 2013 totaled \$2,185,269 (which consisted of \$374,223 from the District and \$1,811,046 from the employees) and \$2,087,651.

**WOODFORD COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014**

NOTE G – RETIREMENT PLANS (CONTINUED)

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

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

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

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

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

Employee contributions made to these plans during the year totaled \$296,679. The District does not contribute to these plans.

NOTE H – CONTINGENCIES

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

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

**WOODFORD COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014**

NOTE I – RISK MANAGEMENT

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

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

NOTE J – INSURANCE AND RELATED ACTIVITIES

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

NOTE K – DEFICIT OPERATING BALANCES

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

| | |
|--------------------------|-----------|
| Food Service Fund | \$ 17,300 |
| Day Care Fund | \$ 6,754 |
| Community Education Fund | \$ 7,661 |

NOTE L - COBRA

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

**WOODFORD COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014**

NOTE M – INTERFUND TRANSACTIONS

There were no interfund balances payable or receivable at June 30, 2014.

The following transfers were made during the year:

| <u>Type</u> | <u>Purpose</u> | <u>From Fund:</u> | <u>To Fund:</u> | <u>Totals</u> |
|-------------|----------------|-------------------|-----------------|----------------------------|
| Operational | Matching | General | Special Revenue | \$ 95,000 |
| Operational | Indirect Cost | Special Revenue | General | 4,781 |
| Operational | Improvements | Capital Outlay | General | 38,993 |
| Operational | Improvements | Capital Outlay | Construction | 236,515 |
| Operational | Improvements | Building Fund | Construction | 157,996 |
| Operational | Improvements | Construction | Construction | 7,774 |
| Operational | Debt Service | Building Fund | Debt Service | <u>2,459,253</u> |
| | | | | <u>\$ 3,000,312</u> |

NOTE N – ON BEHALF PAYMENTS

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

For the fiscal year ended June 30, 2014, the on-behalf payments were recorded as follows:

| Fund | Actual |
|--------------|---------------------------|
| General | \$5,734,823 |
| Food Service | 137,717 |
| Debt Service | 111,721 |
| Day Care | 50,051 |
| Community Ed | <u>10,211</u> |
| | <u>\$6,044,523</u> |

NOTE P – LITIGATION

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

NOTE Q – SUBSEQUENT EVENTS

Management has reviewed subsequent event through October 28, 2014. There are no material subsequent events to disclose.

**WOODFORD COUNTY PUBLIC SCHOOLS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014**

| | District Activity Fund | Capital Outlay Fund | Building Fund |
|---|---------------------------|------------------------|------------------|
| Assets | | | |
| Cash and cash equivalents | \$ 472,307 | \$ 90,288 | \$ 34,779 |
| Investments | 37,000 | - | - |
| Accounts receivable | 4,560 | - | - |
| Total assets | <u>513,867</u> | <u>90,288</u> | <u>34,779</u> |
| Liabilities | | | |
| Accounts payable | 19,445 | - | - |
| Accrued payroll and withholding obligations | 368 | - | - |
| Current portion of accrued vacation | - | - | - |
| Current portion of accrued sick leave | - | - | - |
| Total liabilities | <u>19,813</u> | <u>-</u> | <u>-</u> |
| Fund Balances | | | |
| Restricted | - | 90,288 | 34,779 |
| Committed | 494,053 | - | - |
| Total fund balances | <u>494,053</u> | <u>90,288</u> | <u>34,779</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 513,867</u> | <u>\$ 90,288</u> | <u>\$ 34,779</u> |

WOODFORD COUNTY PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

| | District Activity Fund | Capital Outlay Fund | Building Fund | Debt Service Fund | Total Non-Major Governmental Funds |
|--|---------------------------|------------------------|--------------------|----------------------|---|
| Revenues | | | | | |
| From local sources | | | | | |
| Property taxes | \$ - | \$ - | \$ 2,366,350 | \$ - | \$ 2,366,350 |
| Other | 1,242,463 | - | - | - | 1,242,463 |
| State sources | | | | | |
| SEEK | - | - | - | - | - |
| Other | 7,604 | 365,797 | 285,678 | 111,721 | 770,800 |
| Total revenues | <u>1,250,067</u> | <u>365,797</u> | <u>2,652,028</u> | <u>111,721</u> | <u>4,379,612</u> |
| Expenditures | | | | | |
| Instructional | 682,443 | - | - | - | 682,443 |
| Support services | | | | | |
| Student | - | - | - | - | - |
| Instruction staff | 48,713 | - | - | - | 48,713 |
| District administration | - | - | - | - | - |
| School administration | - | - | - | - | - |
| Business | - | - | - | - | - |
| Plant operation and maintenance | 1,769 | - | - | - | 1,769 |
| Student transportation | 23,088 | - | - | - | 23,088 |
| Debt service | - | - | - | 2,570,974 | 2,570,974 |
| Total expenditures | <u>756,013</u> | <u>-</u> | <u>-</u> | <u>2,570,974</u> | <u>3,326,987</u> |
| Excess (deficit) of revenues over expenditures | <u>494,053</u> | <u>365,797</u> | <u>2,652,028</u> | <u>(2,459,253)</u> | <u>1,052,625</u> |
| Other Financing Sources (Uses) | | | | | |
| Operating transfers in | - | - | - | 2,459,253 | 2,459,253 |
| Operating transfers out | - | (275,509) | (2,617,249) | - | (2,892,758) |
| Total other financing sources (uses) | <u>-</u> | <u>(275,509)</u> | <u>(2,617,249)</u> | <u>2,459,253</u> | <u>(433,505)</u> |
| Excess (deficit) of revenues and other financing sources over expenditures and other financing uses | <u>494,053</u> | <u>90,288</u> | <u>34,779</u> | <u>-</u> | <u>619,121</u> |
| Net change in fund balances | <u>494,053</u> | <u>90,288</u> | <u>34,779</u> | <u>-</u> | <u>619,121</u> |
| Fund balance, July 1, 2013 | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balance, June 30, 2014 | <u>\$ 494,053</u> | <u>\$ 90,288</u> | <u>\$ 34,779</u> | <u>\$ -</u> | <u>\$ 619,121</u> |

WOODFORD COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCES
SCHOOL ACTIVITY FUNDS
For The Year Ended June 30, 2014

| | Cash Balances June 30, 2013 | Receipts | Disbursements | Cash Balances June 30, 2014 | Accounts Receivable June 30, 2014 | Accounts Payable June 30, 2014 | Fund Balances June 30, 2014 |
|----------------------------------|--------------------------------------|-------------------|---------------------|--------------------------------------|--|---|--------------------------------------|
| Woodford Co. High School | \$ 240,427 | \$ 482,443 | \$ 657,233 | \$ 65,637 | \$ 550 | \$ 663 | \$ 65,524 |
| Woodford Co. Middle | 68,177 | 318,962 | 380,221 | 6,918 | - | - | 6,918 |
| Woodford Co. Community Education | 513 | - | 513 | - | - | - | - |
| Nothside Elementary | 3,565 | 9,010 | 12,575 | - | - | - | - |
| Southside Elementary School | 20,459 | 71,541 | 92,000 | - | - | - | - |
| Huntertown Elementary | 17,431 | 8,003 | 25,435 | - | - | - | - |
| Simmons Elementary | 11,945 | 88,870 | 100,707 | 109 | - | - | 109 |
| | <u>\$ 362,518</u> | <u>\$ 978,829</u> | <u>\$ 1,268,683</u> | <u>\$ 72,664</u> | <u>\$ 550</u> | <u>\$ 663</u> | <u>\$ 72,551</u> |

**WOODFORD COUNTY SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND FUND BALANCES
WOODFORD COUNTY HIGH SCHOOL ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

| ACCOUNTS: | Cash Balances June 30, 2013 | Receipts | Disbursements | Cash Balances June 30, 2014 | Accounts Receivable June 30, 2014 | Accounts Payable June 30, 2014 | Fund Balances June 30, 2014 |
|--------------------------|--------------------------------------|-------------------|-------------------|--------------------------------------|--|---|--------------------------------------|
| STAFF VENDING | \$ 3,932 | \$ 3,080 | \$ 6,350 | \$ 662 | \$ - | \$ - | \$ 662 |
| ADVANCED PLACEMENT | 3,300 | 2,990 | 6,290 | - | - | - | - |
| BAND ACCOUNT | 4,989 | 26,053 | 31,042 | - | - | - | - |
| BOSTROM SCHOLARSHIP | 50 | - | 50 | - | - | - | - |
| CHORUS | - | 621 | 621 | - | - | - | - |
| CLASS OF 2014 | 7,001 | 180 | 7,181 | - | - | - | - |
| SENIOR CLASS TRIP | 1,203 | 22,053 | 23,256 | - | - | - | - |
| CLASS OF 2015 | 4,268 | - | 4,268 | - | - | - | - |
| CLASS OF 2016 | 303 | 3,824 | 4,127 | - | - | - | - |
| CLASS OF 2017 | 3,625 | - | 3,625 | - | - | - | - |
| HOSA | 2,078 | 3,042 | 5,120 | - | - | - | - |
| LIBRARY | 1,046 | 439 | 1,485 | - | - | - | - |
| PARKING LOT | 3,414 | 3,027 | 6,441 | - | - | - | - |
| TECHNOLOGY ED ACCT | 389 | 330 | 719 | - | - | - | - |
| TICKET SURCHARGE | - | 6,324 | 6,324 | - | - | - | - |
| LOST & DAMAGED BOOK | 165 | - | 165 | - | - | - | - |
| STUDENT FEES/IPAD CH | - | 113,181 | 113,181 | - | - | - | - |
| WEIGHT ROOM | 39 | - | 39 | - | - | - | - |
| TECHNOLOGY ED ACCT | 4 | - | 4 | - | - | - | - |
| ATHLETIC FEES | - | 5,875 | 5,875 | - | - | - | - |
| BASEBALL | 2,693 | 3,946 | 5,768 | 871 | - | - | 871 |
| BOYS BASKETBALL | 2,330 | 39,254 | 35,296 | 6,288 | - | - | 6,288 |
| GIRLS BASKETBALL | 3,136 | 18,364 | 19,089 | 2,411 | - | 480 | 1,931 |
| CHEERLEADERS | 4,661 | 2,722 | 3,393 | 3,990 | - | - | 3,990 |
| CROSS COUNTRY | 6,759 | 5,440 | 4,856 | 7,343 | - | 120 | 7,223 |
| DANCE TEAM | 16 | - | - | 16 | - | - | 16 |
| FOOTBALL | 7,869 | 40,211 | 37,958 | 10,122 | - | - | 10,122 |
| 41ST DISTRICT TOURNAMENT | 110 | - | 110 | - | - | - | - |
| GOLF | 1,460 | 6,170 | 5,762 | 1,868 | - | - | 1,868 |
| SOCCER-BOYS | 9,266 | 8,491 | 12,645 | 5,112 | - | - | 5,112 |
| SOCCER-GIRLS | 6,158 | 25,658 | 28,261 | 3,556 | - | - | 3,556 |
| SOFTBALL | 2,572 | 6,867 | 8,710 | 729 | 550 | - | 1,279 |
| STEP TEAM | 78 | 875 | 952 | - | - | - | - |
| SWIMMING | 8,951 | 5,174 | 5,325 | 8,800 | - | - | 8,800 |
| TENNIS | 216 | 4,880 | 3,782 | 1,314 | - | 54 | 1,260 |
| TRACK | 1,422 | 3,758 | 4,032 | 1,148 | - | - | 1,148 |
| VOLLEYBALL | 4,648 | 27,763 | 29,778 | 2,633 | - | - | 2,633 |
| WRESTLNG | 5,403 | 10,603 | 11,611 | 4,395 | - | - | 4,395 |
| ACADEMIC TEAM | 775 | 4,680 | 5,455 | - | - | - | - |
| ARCHERY CLUB | 442 | 5,271 | 3,835 | 1,878 | - | - | 1,878 |
| ART CLUB | 625 | - | 625 | - | - | - | - |
| BETA CLUB | 2,296 | 560 | 2,856 | - | - | - | - |
| HARRY POTTER ALLIANCE | - | 155 | 155 | - | - | - | - |
| CREATIVE WRITING CLUB | 2,173 | 264 | 2,437 | - | - | - | - |
| DRAMA CLUB | - | - | - | - | - | - | - |
| DRAMA PRODUCTIONS | 3 | 1,839 | 1,842 | - | - | - | - |
| CARDIO ROOM | 440 | 500 | 940 | - | - | - | - |
| SUBTOTALS | <u>\$ 110,309</u> | <u>\$ 414,464</u> | <u>\$ 461,637</u> | <u>\$ 63,136</u> | <u>\$ 550</u> | <u>\$ 654</u> | <u>\$ 63,032</u> |

**WOODFORD COUNTY SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND FUND BALANCES
WOODFORD COUNTY HIGH SCHOOL ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

| ACCOUNTS: | Cash | | | Cash | Accounts | Accounts | Fund |
|----------------------|------------|------------|---------------|-----------|------------|----------|-----------|
| | Balances | Receipts | Disbursements | Balances | Receivable | Payable | Balances |
| | June 30, | | | June 30, | June 30, | June 30, | June 30, |
| | 2013 | | | 2014 | 2014 | 2014 | 2014 |
| SUBTOTALS | \$ 110,309 | \$ 414,464 | \$ 461,637 | \$ 63,136 | \$ 550 | \$ 654 | \$ 63,032 |
| ESPERANZA CLUB | 359 | 223 | 582 | - | - | - | - |
| FBLA/DECA | 236 | 691 | 927 | - | - | - | - |
| FCA | 636 | 110 | 746 | - | - | - | - |
| FCS FOOD ACCOUNT | 1,798 | 4,609 | 6,407 | - | - | - | - |
| FFA | 4,004 | 11,200 | 15,204 | - | - | - | - |
| FCCLA | 4,021 | 9,730 | 13,751 | - | - | - | - |
| FILM ACCOUNT | 170 | - | 170 | - | - | - | - |
| FOOD FOR ALL GRANT/F | 1,858 | 2 | 1,860 | - | - | - | - |
| REDEFINING BEAUTY | 122 | 510 | 632 | - | - | - | - |
| FUTURE EDUCATORS | 112 | 60 | 172 | - | - | - | - |
| SCHOOL STORE | 602 | 2,741 | 3,343 | - | - | - | - |
| HANTIS CLUB | 30 | 105 | 135 | - | - | - | - |
| STLP | 39 | - | 39 | - | - | - | - |
| STAY STRONG CLUB | - | - | - | - | - | - | - |
| KEY CLUB | 127 | 435 | 562 | - | - | - | - |
| LACROSSE | 2,613 | 8,122 | 8,233 | 2,502 | - | - | 2,502 |
| MEDIA | 2,268 | 403 | 2,671 | - | - | - | - |
| NEWSPAPER | 5,907 | 12,584 | 18,491 | - | - | - | - |
| PEP CLUB | 71 | 812 | 884 | - | - | - | - |
| SOCIAL ACTION CLUB | 150 | 10 | 160 | - | - | - | - |
| PHILOSOPHY | - | - | - | - | - | - | - |
| BASS FISHING CLUB | - | 150 | 150 | - | - | - | - |
| SPANISH CLUB | 510 | 205 | 715 | - | - | - | - |
| SPANISH HONORS | 236 | 440 | 676 | - | - | - | - |
| GAME CLUB | 10 | - | 10 | - | - | - | - |
| ST. COUNCIL | 886 | - | 886 | - | - | - | - |
| STUDENT INCENTIVES | 2,539 | - | 2,539 | - | - | - | - |
| THEATRE CLUB | 266 | - | 266 | - | - | - | - |
| VO-AG ACCOUNT | 6,003 | 428 | 6,431 | - | - | - | - |
| WASHINGTON D.C. TRIP | 391 | 5,609 | 6,000 | - | - | - | - |
| Y CLUB | - | 225 | 225 | - | - | - | - |
| FFA SCHOLARSHIP | 398 | - | 398 | - | - | - | - |
| CHESS | - | - | - | - | - | - | - |
| YOUNG DEMOCRATS | 15 | 10 | 25 | - | - | - | - |
| YOUNG REPUBLICANS | 200 | - | 200 | - | - | - | - |
| ORCHESTRA | 379 | 2,424 | 2,802 | - | - | - | - |
| BOOK CLUB | 114 | 20 | 134 | - | - | - | - |
| PTO | 6 | - | 6 | - | - | - | - |
| VO-AG CD | 37,000 | (37,000) | - | - | - | - | - |
| W.C. MONTGOMERY SC | 38 | 5,160 | 5,198 | - | - | - | - |
| MISCELLANEOUS | 468 | 9,990 | 10,458 | - | - | 9 | (9) |
| COKE FUND | - | - | - | - | - | - | - |
| AD ACCOUNT | 54,717 | 27,826 | 82,543 | - | - | - | - |
| LOCKER FEES | 590 | 145 | 735 | - | - | - | - |
| PEPSI | 227 | - | 227 | - | - | - | - |
| TOTALS | \$ 240,427 | \$ 482,443 | \$ 657,233 | \$ 65,637 | \$ 550 | \$ 663 | \$ 65,524 |

WOODFORD COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

| Federal Grantor/Pass-Through Grantor/Program Title | Federal CFDS Number | Pass Through Grant Number | Federal Expenditures |
|--|------------------------|------------------------------|----------------------|
| <u>U.S. Department of Education</u> | | | |
| Passed Through Kentucky State Department of Education: | | | |
| Special Education Cluster (IDEA)-Cluster | | | |
| Special Education Grants to States | 84.027 | 3810002-12 | \$68,205 |
| Special Education Grants to States | 84.027 | 3810002-13 | 680,582 |
| Special Education_Preschool Grants | 84.173 | 3800002-12 | 7,901 |
| Special Education Preschool Grants | 84.173 | 3800002-13 | 33,989 |
| Total Special Education Cluster (IDEA)- Cluster | | | 790,677 |
| Career and Technical Education -- Basic Grants | | | |
| Career and Technical Education -- Basic Grants | 84.048 | 3710006-13 | 1,500 |
| Career and Technical Education -- Basic Grants | 84.048 | 4621332-13 | 847 |
| Career and Technical Education -- Basic Grants | 84.048 | 3710002-13 | 32,786 |
| Total Career and Technical Education | | | 35,133 |
| English Language Acquisition Grants | | | |
| English Language Acquisition Grants | 84.365 | 3300002-12 | 9,618 |
| English Language Acquisition Grants | 84.365 | 3300002-13 | 48,891 |
| Total English Language Acquisition | | | 58,509 |
| Twenty-First Century Community Learning Centers | | | |
| Twenty-First Century Community Learning Centers | 84.287 | 3400002-11 | 25,099 |
| Twenty-First Century Community Learning Centers | 84.287 | 3400002-12 | 124,450 |
| Total Twenty-First Century Community Learning Centers | | | 149,549 |
| Adult Education - Basic Grants to States | | | |
| Adult Education - Basic Grants to States | 84.002 | 3654 | 5,879 |
| Adult Education - Basic Grants to States | 84.002 | 3733 | 1 |
| Adult Education - Basic Grants to States | 84.002 | 3734 | 33,555 |
| Total Adult Education | | | 39,435 |
| Elementary School Counseling | | | |
| Elementary School Counseling | 84.215 | 5323 | 176,562 |
| Total Elementary School Counseling | | | 176,562 |
| Improving Teacher Quality State Grants | | | |
| Improving Teacher Quality State Grants | 84.367 | 3230002-12 | 6,634 |
| Improving Teacher Quality State Grants | 84.367 | 3230002-13 | 73,418 |
| Total Improving Teacher Quality | | | 80,052 |
| Race to the Top | | | |
| Race to the Top | 84.413 | 3960002-11 | 16,124 |
| Title I Grants to Local Education Agencies | | | |
| Title I Grants to Local Education Agencies | 84.010 | 3100102-12 | 1 |
| Title I Grants to Local Education Agencies | 84.010 | 3100102-13 | 18,046 |
| Title I Grants to Local Educational Agencies | 84.010 | 3100002-11 | 2,689 |
| Title I Grants to Local Educational Agencies | 84.010 | 3100002-12 | 133,501 |
| Title I Grants to Local Educational Agencies | 84.010 | 3100002-13 | 367,827 |
| Total Title I | | | 522,064 |
| Vocational Ed Rehabilitation | | | |
| Vocational Ed Rehabilitation | 84.126 | 3764 | 1,769 |
| Total U.S. Department of Education | | | 1,869,874 |

United States Department of Agriculture

Passed Through Kentucky State Department of Education:

Child Nutrition Cluster

| | | | |
|--|--------|------------|---------|
| School Breakfast Program | 10.553 | 7760005-13 | 40,443 |
| School Breakfast Program | 10.553 | 7760005-14 | 167,915 |
| National School Lunch Program | 10.555 | 7750002-13 | 153,093 |
| National School Lunch Program | 10.555 | 7750002-14 | 625,178 |
| Summer Food Service Program for Children | 10.559 | 7690024-13 | 1,263 |
| Summer Food Service Program for Children | 10.559 | 7740023-13 | 12,014 |
| Total Cash Assistance | | | 999,906 |

WOODFORD COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

| | | | |
|--|--------|---------|---------------------------|
| Non-Cash Assistance | | | |
| National School Lunch Program | 10.555 | 4005385 | <u>97,125</u> |
| Total U.S. Department of Agriculture | | | <u>1,097,031</u> |
| <i>Total Expenditures of Federal Awards</i> | | | <u><u>\$2,966,905</u></u> |

**WOODFORD COUNTY SCHOOL DISTRICT
NOTES TO 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 Woodford County School District under the programs of the federal government for the year ended June 30, 2014. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Because the schedule presents only a selected portion of operations of the Woodford County School District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 – FOOD DISTRIBUTION

Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. For the year ended June 30, 2014, the District received food commodities totaling \$97,125.

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the audit requirements prescribed by the Kentucky State Committee for School District Audits, as defined in the *Auditor Responsibilities* and *State Compliance Requirements* sections contained in the Kentucky Public School Districts' Audit Contract and Requirements, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Woodford County School District (District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 28, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 14-01. This finding is a noncompliance of specific state statutes or regulations identified in *Auditor Responsibilities* and *State Compliance Requirements* sections contained in the Kentucky Public School Districts' Audit Contract and Requirements.

We noted certain matters that we reported to management of the District in a separate letter dated October 28, 2014.

Woodford County School District's Response to Findings

Woodford County School District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Woodford County School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Summers, McCrary & Sparks, PSC

Summers, McCrary & Sparks, PSC
Lexington, Kentucky
October 28, 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 School District Audits
Members of the Board of Education
Woodford County School District
Versailles, Kentucky

Report on Compliance for Each Major Federal Program

We have audited Woodford County School District's (District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2014. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, Non-Profit Organizations* and the audit requirements prescribed by the Kentucky State Committee for School District Audits, in the *Auditor Responsibilities* and *State Compliance Requirements* sections contained in the Kentucky Public School Districts' Audit Contract and Requirements. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Woodford County School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

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

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

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

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

Summers, McCrary & Sparks, PSC

Summers, McCrary & Sparks, PSC
Lexington, Kentucky
October 28, 2014

**WOODFORD COUNTY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

Section II – Financial Statement Findings

State Audit Requirements

| | | |
|-------|-----------------|--|
| 14-01 | Condition: | The Board did not obtain the proper approval prior to entering into a lease in excess of \$100,000. |
| | Criteria: | Per KRS 65.944, no school district shall enter into a lease if the lease price exceeds \$100,000 without first receiving the approval of the lease from the chief state school officer. |
| | Effect: | Noncompliance with KRS and increased risk of overspending. |
| | Cause: | New District personnel unfamiliar with the requirement. |
| | Recommendation: | District personnel should review the statutes and inquire of applicable state personnel about the procedures for obtaining the required approval. |
| | Response: | We agree with the auditors' comments and the following action has been taken to resolve this issue. We notified KDE of the oversight and they have requested that we submit all the required paperwork to obtain approval even though it is after the fact. All of the other requirements were met and when we spoke to KDE staff, we were given a reasonable assurance that the paperwork submitted will be approved. |

Section III – Federal Award Findings and Questioned Costs

There were no findings this year.

**WOODFORD COUNTY SCHOOL DISTRICT
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014**

There were no findings in the prior year.

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

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

In planning and performing our audit of the financial statements of Woodford County School District for the year ended June 30, 2014, we considered the District's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated October 28, 2014 on the financial statements of the Woodford County School District.

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

Respectfully,

Summers, McCrary & Sparks, PSC

Summers, McCrary & Sparks, PSC
Lexington, Kentucky
October 28, 2014

**WOODFORD COUNTY SCHOOL DISTRICT
MANAGEMENT LETTER COMMENTS
JUNE 30, 2014**

BOARD

Comment: During our review of cash disbursements, we noted several instances of post dated purchase orders. Without properly approved purchase orders, unauthorized expenditures and overspending could occur. All purchase orders should be completed and approved prior to the purchase.

Response: We agree with the auditor comments and the following action has been taken to correct this issue. On October 28, 2014 at our monthly administration meeting, the Chief Operating Officer reviewed the audit results and reminded everyone that obtaining an approved purchase order is mandatory. The majority of the issues were from the transportation department and the responsible person retired in July 2014. The regulations have been reviewed with the new director and she has changed the procedures in her office of obtaining the purchase orders and is confident that this will not happen in the future. There were two other incidents noted at two different locations and we feel these were isolated incidents but the administrators of those departments have been notified.

SCHOOL ACTIVITY FUNDS

WOODFORD COUNTY HIGH SCHOOL

Comment: During our review of transfers, we noted multiple Transfer Forms (F-SA-10) which were not signed by the appropriate sponsor of the activity fund. We recommend the Bookkeeper review the Transfer Form (F-SA-10) of the "Redbook", to ensure they are familiar with all items that need to be reported on the form.

Response: All account transfers were made with sponsors' knowledge and were noted on the appropriate form. In the future, all forms will have sponsors signature, when needed, in lieu of my own.

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

Response: I inadvertently missed one signature. It is apparent that I understand the Purchasing section of the "Redbook" as there was only one form out of the hundreds completed that did not have one of the two signatures required. I will continue to review all standard invoices at time of payment.

WOODFORD COUNTY MIDDLE SCHOOL

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

HUNTERTOWN ELEMENTARY

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

**WOODFORD COUNTY SCHOOL DISTRICT
MANAGEMENT LETTER COMMENTS
JUNE 30, 2014**

NORTHSIDE ELEMENTARY

Comment: During our review of cash disbursements, we found one instance of a purchase order being completed after the purchases was made. We recommend the Bookkeeper review the "Purchasing" section, item no. 5, of the "Redbook", which states that the purchase order shall be prepared and approved by the sponsor and principal before the payment is obligated.

Response: The "Purchasing" section of the "Redbook" has been reviewed and in the future, the procedure will be followed as it states that the purchase order shall be prepared and approved by the sponsor and principal before the payment is obligated. This procedure has also been reviewed with the staff.

SIMMONS ELEMENTARY

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

SOUTHSIDE ELEMENTARY

Comment: During our review of cash disbursements, we found one instance of a purchase order being completed after the purchases was made. We recommend the Bookkeeper review the "Purchasing" section, item no. 5, of the "Redbook", which states that the purchase order shall be prepared and approved by the sponsor and principal before the payment is obligated.

Response: I have reviewed the "Purchasing" section, item no. 5 in the redbook and have reminded staff of this procedure as well. I feel with the new munis system now in place with the district, that we shouldn't have this issue again.

WOODFORD COUNTY COMMUNITY EDUCATION

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

STATUS OF PRIOR YEAR COMMENTS

WOODFORD COUNTY HIGH SCHOOL

- Previously, during our review of the "Requisition and Report of Ticket Sales" (Form F-SA-1) form, we found multiple forms that did not have an explanation of differences noted. We recommended that the Bookkeeper should review the "Ticket Sales" procedures section, item no. 6, of the "Redbook", which states reconciliation, explanation of shortages/overages, and signatures are recorded using Form (F-SA-1). No similar findings occurred in current year.

WOODFORD COUNTY MIDDLE SCHOOL

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

**WOODFORD COUNTY SCHOOL DISTRICT
MANAGEMENT LETTER COMMENTS
JUNE 30, 2014**

HUNTERTOWN ELEMENTARY

- Previously, during our review of the “Standard Invoice” form (F-SA-8), we found multiple instances where the form was signed by the Bookkeeper, rather than the vendor. We recommended that the Bookkeeper should review the Purchasing section, item no. 3 of the “Redbook”, which states, “If a vendor invoice is not available, the disbursement shall be supported by a standard invoice (Form F-SA-8), which must be signed by the payee”. No similar findings occurred in current year.

NORTHSIDE ELEMENTARY

- Previously, during our review of invoices, we found multiple instances where the check number and date paid were not included on the invoice. We recommended that the Bookkeeper should review the Purchasing section, item no. 6 of the procedures in the “Redbook”, which states, “The check number and date paid shall be noted on the invoice”. No similar findings occurred in current year.