

**Clark County School District**  
**Audited Financial Statements**  
**and Other Financial Information**

**June 30, 2012**

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

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## INDEPENDENT AUDITOR'S REPORT

Kentucky State Committee of School District Audits  
Members of the Board of Education  
Clark County School District  
Winchester, Kentucky 40391

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 Clark County School District as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. 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; the provisions of Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the audit requirements prescribed by the Kentucky State Committee for School District Audits in *Appendix I of the Independent Auditor's Contract – General Audit Requirements*, *Appendix II of the Independent Auditor's Contract - State Audit Requirements*, *Appendix III to the Independent Auditor's Contract – Audit Extensions request and Appendix IV of the Independent Auditor's Contract – Instructions for Submission of the Audit Report*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 District as of June 30, 2012, 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 conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2012, on our consideration of the Clark 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The accompanying supplemental schedules on pages 41 through 45 are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards on pages 46-47 is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual non-major fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Summers, McCrary & Sparks, PSC*

Summers, McCrary & Sparks, PSC  
Lexington, Kentucky  
November 15, 2012

**CLARK COUNTY SCHOOL DISTRICT – WINCHESTER, KY  
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2012**

As management of the Clark County School District (District), we offer readers of the District’s financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

**FINANCIAL HIGHLIGHTS**

- The total General Fund balance for FY 2012 is \$7,893,136 as compared to \$5,663,677 for FY 2011, which is greater than the 2% contingency as required by state law.
- The General Fund had \$39,654,603 in revenue, which primarily consisted of the state program (SEEK), property, utilities, and motor vehicle taxes. Expenditures for General Fund totaled \$38,264,694.
- The District continued work on the new George Rogers Clark High School project and issued bonds and construction contracts on the new Clark County Elementary School and Conkwright Renovation projects. The District was able to move forward with the Area Technology Center phase of the New George Rogers Clark High School project.
- The Board of Education was able to give employees a 1.5% salary increase effective October 1, 2011.

**OVERVIEW OF FINANCIAL STATEMENTS**

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

**Government-wide financial statements**

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

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

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

**CLARK COUNTY SCHOOL DISTRICT – WINCHESTER, KY  
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2012**

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

The government-wide financial statements can be found on pages 8 and 9 of this report.

**Fund financial statements**

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

The basic governmental fund financial statements can be found on pages 10 through 13 of this report.

**Notes to the financial statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20 through 40 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net assets may serve over time as a useful indicator of a government’s financial position. In the case of the District, assets exceeded liabilities by \$44,698,913 as of June 30, 2012 as compared to \$38,572,506 as of June 30, 2011.

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

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

**CLARK COUNTY SCHOOL DISTRICT – WINCHESTER, KY  
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2012**

**Net Assets for the periods ending June 30, 2012 and 2011**

Changes in net assets for the District were as follows:

|                                            | 2012                        | 2011                       | Change                     |
|--------------------------------------------|-----------------------------|----------------------------|----------------------------|
| Current Assets                             | <u>\$52,015,066</u>         | <u>\$53,899,227</u>        | <u>\$(1,884,161)</u>       |
| Noncurrent Assets                          | <u>63,272,271</u>           | <u>40,172,488</u>          | <u>23,099,783</u>          |
| <b>Total Assets</b>                        | <b><u>\$115,287,337</u></b> | <b><u>\$94,071,715</u></b> | <b><u>\$21,215,622</u></b> |
| Current Liabilities                        | \$ 8,774,968                | \$ 6,061,359               | \$ 2,713,609               |
| Noncurrent Liabilities                     | <u>61,813,456</u>           | <u>49,437,850</u>          | <u>12,375,606</u>          |
| <b>Total Liabilities</b>                   | <b><u>\$70,588,424</u></b>  | <b><u>\$55,499,209</u></b> | <b><u>\$15,089,215</u></b> |
| Investment in capital assets (net of debt) | \$31,774,180                | \$23,793,922               | \$ 7,980,258               |
| Restricted                                 | 38,006,004                  | 42,429,289                 | (4,423,285)                |
| Unrestricted                               | <u>(25,081,271)</u>         | <u>(27,650,705)</u>        | <u>2,569,434</u>           |
| <b>Total Net Assets</b>                    | <b><u>\$44,698,913</u></b>  | <b><u>\$38,572,506</u></b> | <b><u>\$ 6,126,407</u></b> |

Assets increased significantly from 2011 to 2012, mainly due to increases in cash from bond proceeds and construction work in progress. Liabilities increased due to bond issues for the new Clark County Elementary School and Conkwright renovation, as well as accounts payable on those projects and the new George Rogers Clark High School project.

**Comments on Budget Comparisons**

- The District’s total revenues for governmental funds for the fiscal year ended June 30, 2012, is \$52,757,522 as compared to \$49,512,655 for 2011.
- Other financing sources for the district totaled \$18,828,125 in 2012 as compared to \$46,932,922 in 2011. The major revenues in this category are the bond proceeds for the new Clark County Elementary and Conkwright renovation projects.
- General fund budget compared to actual revenue varies mainly due to on-behalf payments made by the state for retirement, health and life benefits. Taxes collected and other local revenues were also higher than budgeted.
- The total cost of all governmental programs and services is \$73,779,473 for 2012 as compared to \$58,489,903 in 2011. The significant increase in expenditures was mainly due to construction expenses.
- General fund budget expenditures compared to actual varies mainly due to on behalf payments made by the state for retirement, health and life benefits.

**CLARK COUNTY SCHOOL DISTRICT – WINCHESTER, KY  
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2012**

The following table presents a summary of revenues and expenses for the fiscal years ended June 30, 2012 and 2011.

|                            | <b>Summary of Revenue and Expenditures</b> |                     |                      |                    |                     |                     |
|----------------------------|--------------------------------------------|---------------------|----------------------|--------------------|---------------------|---------------------|
|                            | <b>Governmental</b>                        |                     | <b>Business-type</b> |                    | <b>Total</b>        |                     |
|                            | <b>2012</b>                                | <b>2011</b>         | <b>2012</b>          | <b>2011</b>        | <b>2012</b>         | <b>2011</b>         |
| <b>Revenues:</b>           |                                            |                     |                      |                    |                     |                     |
| Local revenue sources      | \$18,477,158                               | \$15,752,188        | \$1,282,265          | \$1,269,405        | \$19,759,723        | \$17,021,594        |
| State revenue sources      | 28,221,929                                 | 27,259,518          | 213,143              | 209,307            | 28,435,072          | 27,468,825          |
| Federal revenue sources    | 5,723,240                                  | 6,223,653           | 2,194,603            | 2,021,473          | 7,917,843           | 8,245,126           |
| Investments                | 396,600                                    | 287,721             | 9,134                | 10,115             | 405,734             | 297,836             |
| <b>Total revenue</b>       | <b>52,818,927</b>                          | <b>49,523,080</b>   | <b>3,699,145</b>     | <b>3,510,300</b>   | <b>56,518,072</b>   | <b>53,033,380</b>   |
| <b>Expenses:</b>           |                                            |                     |                      |                    |                     |                     |
| Instruction                | \$30,290,260                               | \$30,085,501        | \$0                  | \$0                | \$30,290,260        | \$30,085,501        |
| Student support services   | 1,859,882                                  | 1,319,875           | 0                    | 0                  | 1,859,882           | 1,319,875           |
| Instructional support      | 1,712,182                                  | 1,573,599           | 0                    | 0                  | 1,712,182           | 1,573,599           |
| District administration    | 1,327,265                                  | 1,323,593           | 0                    | 0                  | 1,327,265           | 1,323,593           |
| School administration      | 2,227,866                                  | 2,190,279           | 0                    | 0                  | 2,227,866           | 2,190,279           |
| Business Support           | 927,147                                    | 978,975             | 0                    | 0                  | 927,147             | 978,975             |
| Plant operations           | 3,717,448                                  | 3,726,235           | 0                    | 0                  | 3,717,448           | 3,726,235           |
| Student transportation     | 2,099,068                                  | 2,235,487           | 0                    | 0                  | 2,099,068           | 2,235,487           |
| Community Service          | 480,893                                    | 478,539             | 0                    | 0                  | 480,893             | 478,539             |
| Facilities acquisition     | 0                                          | 0                   | 0                    | 0                  | 0                   | 0                   |
| Interest on long-term debt | 2,263,900                                  | 1,433,603           | 0                    | 0                  | 2,263,900           | 1,433,603           |
| Food Service               | 0                                          | 0                   | 3,485,754            | 3,151,823          | 3,485,754           | 3,151,823           |
| <b>Total expenses</b>      | <b>\$46,905,911</b>                        | <b>\$45,345,686</b> | <b>3,485,754</b>     | <b>3,151,823</b>   | <b>50,391,665</b>   | <b>48,497,509</b>   |
| Change in net assets       | 5,913,016                                  | 4,177,394           | 213,391              | 358,477            | 6,126,407           | 4,535,871           |
| Beginning net assets       | 37,181,860                                 | 33,004,466          | 1,390,646            | 1,032,169          | 38,572,506          | 34,036,635          |
| <b>Ending net assets</b>   | <b>\$43,094,876</b>                        | <b>\$37,181,860</b> | <b>\$1,604,037</b>   | <b>\$1,390,646</b> | <b>\$44,698,913</b> | <b>\$38,572,506</b> |

**Governmental Activities**

The majority of revenue was derived from local taxes making up 37% of the total revenue and state funding making up 62% of total revenue. Instruction makes up 62% of total General Fund Expenditures. Central support services expenditures are: Transportation 7%, Maintenance & Operations 10%, School Administration 6% and Other Support Functions 15%.

**CLARK COUNTY SCHOOL DISTRICT – WINCHESTER, KY  
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2012**

**Business-Type Activities**

Revenues for Food Service Fund totals \$3,699,145 as of June 30, 2012, an increase of \$188,845 from 2011. These revenues include lunchroom sales, federal and state grants, federal commodities, and interest income. Total Operating Expenditures for Food Service Fund totals \$3,485,754 as of June 30, 2012, an increase of \$333,931 from 2011. The Change in Net Assets (Revenues less Expenditures) for the Food Service Fund is an increase of \$213,391.

**Debt**

At June 30, 2012, the School District had \$65,272,621 in debt outstanding; of this amount \$3,054,252 is to be paid from the KSFCC funding provided by the State of Kentucky. A total of \$3,661,474 is due within one year.

**Capital Assets**

The Board added \$24,213,914 in capital assets during the year, primarily for construction projects, technology equipment and school buses.

**FUTURE BUDGETARY IMPLICATIONS**

In Kentucky, the public school fiscal year is July 1-June 30; other programs, i.e. some federal grants, 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 with \$8,061,338 in contingency (18.7%) for the 2012-2013 fiscal year, which is above the 2 percent requirement. The CERS retirement rate increased to 19.55% beginning July 1, 2012, as mandated by State law. Beginning on July 1, 2012, the District was required to contribute a matching percentage of 1.00% for all state and locally funded employees that contribute to the Kentucky Teachers' Retirement System. The federal match for all employees under KTRS increased by 0.50% to 14.105%.

The Clark County Public Schools levied a real estate tax rate of 53.6 and a tangible tax rate of 53.6 on August 21, 2012. These rates reflect that the Board took the 4% increase rate of 53.0, plus the allowed rate of 0.6 for exonerations.

The District is continuing progress in construction of the new Clark County High School project and a construction bid was awarded in the fall of 2011. Currently, this project is expected to have a cost of approximately \$59,906,528, which will be funded from SFCC cash, an SFCC bond sale, a Qualified School Construction Bond sale, and a local bond sale. The BG-1 was revised to add the cost of the additional phase for the Area Technology Center. The new George Rogers Clark High School is set to open in August 2013.

The District proceeded with bidding and issuing of bonds for the new Clark County Elementary School and Conkwright renovation projects in fall 2011. The projects are estimated at \$15,711,005 and \$9,665,000, respectively, and will be funded through district SFCC cash, SFCC bond sales, and local bond sales. The new Clark County Elementary School is set to open in August 2013.

Questions regarding this report should be directed to Elaine Farris, Superintendent, or the Director of Finance, at (859) 744-4545 or by mail at 1600 W. Lexington Avenue, Winchester, KY 40391.

CLARK COUNTY SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
JUNE 30, 2012

|                                                                                | PRIMARY GOVERNMENT         |                             |                       |
|--------------------------------------------------------------------------------|----------------------------|-----------------------------|-----------------------|
|                                                                                | GOVERNMENTAL<br>ACTIVITIES | BUSINESS-TYPE<br>ACTIVITIES | TOTAL                 |
| <b>ASSETS:</b>                                                                 |                            |                             |                       |
| <b>Current Assets</b>                                                          |                            |                             |                       |
| Cash and cash equivalents                                                      | \$ 49,341,356              | \$ 1,226,362                | \$ 50,567,718         |
| Accounts receivable                                                            |                            |                             |                       |
| Taxes                                                                          | 554,247                    | -                           | 554,247               |
| Accounts                                                                       | 52,044                     | 38,077                      | 90,121                |
| Intergovernmental - state                                                      | 421,663                    | -                           | 421,663               |
| Intergovernmental - federal                                                    | 346,568                    | -                           | 346,568               |
| Inventory                                                                      | -                          | 34,749                      | 34,749                |
| Total Current Assets                                                           | <u>50,715,878</u>          | <u>1,299,188</u>            | <u>52,015,066</u>     |
| <b>Noncurrent Assets</b>                                                       |                            |                             |                       |
| Bond discounts and issue costs net of<br>accumulated amortization of \$113,114 | 510,687                    | -                           | 510,687               |
| Non-depreciated capital assets                                                 | 39,413,443                 | -                           | 39,413,443            |
| Net depreciated capital assets                                                 | <u>23,010,671</u>          | <u>337,470</u>              | <u>23,348,141</u>     |
| Total Noncurrent Assets                                                        | 62,934,801                 | 337,470                     | 63,272,271            |
| <b>TOTAL ASSETS</b>                                                            | <u>\$ 113,650,679</u>      | <u>\$ 1,636,658</u>         | <u>\$ 115,287,337</u> |
| <b>LIABILITIES:</b>                                                            |                            |                             |                       |
| <b>Current Liabilities</b>                                                     |                            |                             |                       |
| Accounts payable                                                               | \$ 3,840,665               | \$ 32,621                   | \$ 3,873,286          |
| Accrued interest                                                               | 324,591                    | -                           | 324,591               |
| Current portion of accrued sick leave                                          | 122,192                    | -                           | 122,192               |
| Current portion of bond obligations                                            | 3,407,579                  | -                           | 3,407,579             |
| Current portion of lease obligations                                           | 131,703                    | -                           | 131,703               |
| Deferred revenue                                                               | <u>915,617</u>             | <u>-</u>                    | <u>915,617</u>        |
| Total Current Liabilities                                                      | 8,742,347                  | 32,621                      | 8,774,968             |
| <b>Noncurrent Liabilities</b>                                                  |                            |                             |                       |
| Bond premiums net of amortization of \$25,303                                  | 202,309                    | -                           | 202,309               |
| Noncurrent portion of bond obligations                                         | 60,408,963                 | -                           | 60,408,963            |
| Noncurrent portion of lease obligations                                        | 778,743                    | -                           | 778,743               |
| Noncurrent portion of accrued sick leave                                       | <u>423,441</u>             | <u>-</u>                    | <u>423,441</u>        |
| Total Noncurrent Liabilities                                                   | 61,813,456                 | -                           | 61,813,456            |
| <b>TOTAL LIABILITIES</b>                                                       | <u>70,555,803</u>          | <u>32,621</u>               | <u>70,588,424</u>     |
| <b>NET ASSETS</b>                                                              |                            |                             |                       |
| Invested in capital assets, net of related debt                                | 28,698,558                 | 337,470                     | 29,036,028            |
| Restricted For:                                                                |                            |                             |                       |
| Construction                                                                   | 36,598,407                 | -                           | 36,598,407            |
| Debt Service                                                                   | 1,407,597                  | -                           | 1,407,597             |
| Unrestricted                                                                   | <u>(23,609,686)</u>        | <u>1,266,567</u>            | <u>(22,343,119)</u>   |
| <b>TOTAL NET ASSETS</b>                                                        | <u>43,094,876</u>          | <u>1,604,037</u>            | <u>44,698,913</u>     |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>                                        | <u>\$ 113,650,679</u>      | <u>\$ 1,636,658</u>         | <u>\$ 115,287,337</u> |

See Auditor's Report and Accompanying Notes

CLARK COUNTY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2012

| FUNCTIONS/PROGRAMS               | PROGRAM REVENUES |                         |                                          |                                        | NET (EXPENSE) REVENUE AND<br>CHANGES IN NET ASSETS<br>PRIMARY GOVERNMENT |                             |                 |
|----------------------------------|------------------|-------------------------|------------------------------------------|----------------------------------------|--------------------------------------------------------------------------|-----------------------------|-----------------|
|                                  | EXPENSES         | CHARGES FOR<br>SERVICES | OPERATING<br>GRANTS AND<br>CONTRIBUTIONS | CAPITAL<br>GRANTS AND<br>CONTRIBUTIONS | GOVERNMENTAL<br>ACTIVITIES                                               | BUSINESS-TYPE<br>ACTIVITIES | TOTAL           |
|                                  |                  |                         |                                          |                                        |                                                                          |                             |                 |
| Primary Government               |                  |                         |                                          |                                        |                                                                          |                             |                 |
| Governmental Activities:         |                  |                         |                                          |                                        |                                                                          |                             |                 |
| Instructional                    | \$ 30,290,261    | \$ -                    | \$ 12,974,643                            | \$ -                                   | \$ (17,315,618)                                                          | \$ -                        | \$ (17,315,618) |
| Support Services:                |                  |                         |                                          |                                        |                                                                          |                             |                 |
| Student                          | 1,859,882        | -                       | 362,033                                  | -                                      | (1,497,849)                                                              | -                           | (1,497,849)     |
| Instructional staff              | 1,712,182        | -                       | 369,083                                  | -                                      | (1,343,099)                                                              | -                           | (1,343,099)     |
| District administration          | 1,327,265        | -                       | 45,554                                   | -                                      | (1,281,711)                                                              | -                           | (1,281,711)     |
| School administration            | 2,227,866        | -                       | 463,298                                  | -                                      | (1,764,568)                                                              | -                           | (1,764,568)     |
| Business                         | 927,147          | -                       | 135,709                                  | -                                      | (791,438)                                                                | -                           | (791,438)       |
| Plant operations and maintenance | 3,717,448        | -                       | 204,198                                  | -                                      | (3,513,250)                                                              | -                           | (3,513,250)     |
| Student transportation           | 2,099,068        | -                       | 208,082                                  | -                                      | (1,890,986)                                                              | -                           | (1,890,986)     |
| Non-Instructional                | 480,893          | -                       | -                                        | -                                      | (480,893)                                                                | -                           | (480,893)       |
| Interest on long-term debt       | 2,263,900        | -                       | -                                        | 1,932,311                              | (331,589)                                                                | -                           | (331,589)       |
| Total Governmental Activities    | 46,905,912       | -                       | 14,762,600                               | 1,932,311                              | (30,211,001)                                                             | -                           | (30,211,001)    |
| Business-Type Activities:        |                  |                         |                                          |                                        |                                                                          |                             |                 |
| Lunchroom sales                  | 3,485,754        | 1,015,461               | 2,407,746                                | -                                      | -                                                                        | (62,547)                    | (62,547)        |
| Total Primary Government         | \$ 50,391,666    | \$ 1,015,461            | \$ 17,170,346                            | \$ 1,932,311                           | \$ (30,211,001)                                                          | \$ (62,547)                 | \$ (30,273,548) |
|                                  |                  |                         | General Revenues:                        |                                        |                                                                          |                             |                 |
|                                  |                  |                         |                                          |                                        |                                                                          |                             |                 |
|                                  |                  |                         |                                          | \$ 13,427,732                          | \$ -                                                                     | \$ 13,427,732               |                 |
|                                  |                  |                         |                                          | 1,220,594                              | -                                                                        | 1,220,594                   |                 |
|                                  |                  |                         |                                          | 2,591,630                              | -                                                                        | 2,591,630                   |                 |
|                                  |                  |                         |                                          | 17,228,374                             | -                                                                        | 17,228,374                  |                 |
|                                  |                  |                         |                                          | 396,601                                | 9,134                                                                    | 405,735                     |                 |
|                                  |                  |                         |                                          | 1,259,086                              | 266,804                                                                  | 1,525,890                   |                 |
|                                  |                  |                         |                                          | 36,124,017                             | 275,938                                                                  | 36,399,955                  |                 |
|                                  |                  |                         |                                          | 5,913,016                              | 213,391                                                                  | 6,126,407                   |                 |
|                                  |                  |                         |                                          | 37,181,860                             | 1,390,646                                                                | 38,572,506                  |                 |
|                                  |                  |                         |                                          | \$ 43,094,876                          | \$ 1,604,037                                                             | \$ 44,698,913               |                 |

See Auditor's Report and Accompanying Notes

CLARK COUNTY SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2012

|                                            | GENERAL<br>FUND     | SPECIAL<br>REVENUE<br>(GRANT)<br>FUNDS | CONSTRUCTION<br>FUND | NON-MAJOR<br>GOVERNMENTAL<br>FUNDS | TOTAL<br>GOVERNMENTAL<br>FUNDS |
|--------------------------------------------|---------------------|----------------------------------------|----------------------|------------------------------------|--------------------------------|
| <b>ASSETS:</b>                             |                     |                                        |                      |                                    |                                |
| Cash and cash equivalents                  | \$ 7,861,577        | \$ 243,875                             | \$ 39,828,307        | \$ 1,407,597                       | \$ 49,341,356                  |
| Accounts receivable                        |                     |                                        |                      |                                    |                                |
| Taxes                                      | 554,247             | -                                      | -                    | -                                  | 554,247                        |
| Other                                      | 46,098              | 5,946                                  | -                    | -                                  | 52,044                         |
| Intergovernmental - state                  | -                   | 421,663                                | -                    | -                                  | 421,663                        |
| Intergovernmental - federal                | -                   | 286,112                                | -                    | -                                  | 286,112                        |
| <b>TOTAL ASSETS</b>                        | <b>\$ 8,461,922</b> | <b>\$ 957,596</b>                      | <b>\$ 39,828,307</b> | <b>\$ 1,407,597</b>                | <b>\$ 50,655,422</b>           |
| <b>LIABILITIES:</b>                        |                     |                                        |                      |                                    |                                |
| Accounts payable                           | \$ 568,786          | \$ 41,979                              | \$ 3,229,900         | \$ -                               | \$ 3,840,665                   |
| Deferred revenue                           | -                   | 915,617                                | -                    | -                                  | 915,617                        |
| <b>TOTAL LIABILITIES</b>                   | <b>568,786</b>      | <b>957,596</b>                         | <b>3,229,900</b>     | <b>-</b>                           | <b>4,756,282</b>               |
| <b>FUND BALANCES:</b>                      |                     |                                        |                      |                                    |                                |
| Restricted                                 |                     |                                        |                      |                                    |                                |
| Sick leave                                 | 272,817             | -                                      | -                    | -                                  | 272,817                        |
| Debt service                               | -                   | -                                      | -                    | 896,064                            | 896,064                        |
| Capital projects                           | -                   | -                                      | 36,598,407           | 511,533                            | 37,109,940                     |
| Committed                                  | 26,404              | -                                      | -                    | -                                  | 26,404                         |
| Assigned                                   | 11,860              | 81,728                                 | -                    | -                                  | 93,588                         |
| Unassigned                                 | 7,582,055           | (81,728)                               | -                    | -                                  | 7,500,327                      |
| <b>TOTAL FUND BALANCES</b>                 | <b>7,893,136</b>    | <b>-</b>                               | <b>36,598,407</b>    | <b>1,407,597</b>                   | <b>45,899,140</b>              |
| <b>TOTAL LIABILITIES AND FUND BALANCES</b> | <b>\$ 8,461,922</b> | <b>\$ 957,596</b>                      | <b>\$ 39,828,307</b> | <b>\$ 1,407,597</b>                | <b>\$ 50,655,422</b>           |

See Auditor's Report and Accompanying Notes

CLARK COUNTY SCHOOL DISTRICT  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2012

|                                                                                                                                                                                                                                                                             |  |               |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|---------------|
| Total Governmental Fund Balances                                                                                                                                                                                                                                            |  | \$ 45,899,140 |
| Amounts reported for governmental activities in the statement of net assets are different because:                                                                                                                                                                          |  |               |
| Capital assets are not reported in the fund financial statement because they are not current financial resources, but they are reported in the statement of net assets.                                                                                                     |  | 62,424,114    |
| Certain assets are not reported in this fund financial statement because they are not available to pay current period expenditures, but they are in the statement of net assets.                                                                                            |  |               |
| Accounts Receivable                                                                                                                                                                                                                                                         |  | 60,456        |
| Bond discounts and issuance costs                                                                                                                                                                                                                                           |  | 510,687       |
| Certain liabilities (such as bonds payable, the long-term portion of accrued sick leave, and other accrued liabilities) are not reported in the fund financial statement because they are not due and payable, but are presented in the statement of net assets as follows: |  |               |
| Bonds payable                                                                                                                                                                                                                                                               |  | (63,816,542)  |
| Leases payable                                                                                                                                                                                                                                                              |  | (910,446)     |
| Bond premiums                                                                                                                                                                                                                                                               |  | (202,309)     |
| Accrued interest                                                                                                                                                                                                                                                            |  | (324,591)     |
| Accrued sick leave                                                                                                                                                                                                                                                          |  | (545,633)     |
|                                                                                                                                                                                                                                                                             |  | (545,633)     |
| Net Assets of Governmental Activities                                                                                                                                                                                                                                       |  | \$ 43,094,876 |

CLARK COUNTY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012

|                                                                                                        | GENERAL<br>FUND   | SPECIAL<br>REVENUE<br>(GRANT)<br>FUNDS | CONSTRUCTION<br>FUND | NON-MAJOR<br>GOVERNMENTAL<br>FUNDS | TOTAL<br>GOVERNMENTAL<br>FUNDS |
|--------------------------------------------------------------------------------------------------------|-------------------|----------------------------------------|----------------------|------------------------------------|--------------------------------|
| <b>REVENUES:</b>                                                                                       |                   |                                        |                      |                                    |                                |
| From local sources:                                                                                    |                   |                                        |                      |                                    |                                |
| Taxes:                                                                                                 |                   |                                        |                      |                                    |                                |
| Property                                                                                               | \$ 10,728,718     | \$ -                                   | \$ -                 | \$ 2,699,014                       | \$ 13,427,732                  |
| Motor vehicle                                                                                          | 1,220,594         | -                                      | -                    | -                                  | 1,220,594                      |
| Utilities                                                                                              | 2,591,630         | -                                      | -                    | -                                  | 2,591,630                      |
| Earnings on investments                                                                                | 137,062           | -                                      | 241,914              | 17,625                             | 396,601                        |
| Other local revenues                                                                                   | 98,199            | 1,138,054                              | -                    | -                                  | 1,236,253                      |
| Intergovernmental - state                                                                              | 24,739,739        | 1,662,261                              | -                    | 1,819,929                          | 28,221,929                     |
| Intergovernmental - federal                                                                            | 138,661           | 4,064,203                              | -                    | 1,459,920                          | 5,662,784                      |
| <b>TOTAL REVENUES</b>                                                                                  | <b>39,654,603</b> | <b>6,864,518</b>                       | <b>241,914</b>       | <b>5,996,488</b>                   | <b>52,757,523</b>              |
| <b>EXPENDITURES:</b>                                                                                   |                   |                                        |                      |                                    |                                |
| Current:                                                                                               |                   |                                        |                      |                                    |                                |
| Instruction:                                                                                           | 23,540,741        | 5,906,600                              | -                    | -                                  | 29,447,341                     |
| Support Services:                                                                                      |                   |                                        |                      |                                    |                                |
| Student                                                                                                | 1,887,552         | 14,550                                 | -                    | -                                  | 1,902,102                      |
| Instructional staff                                                                                    | 1,306,011         | 448,390                                | -                    | -                                  | 1,754,401                      |
| District administration                                                                                | 1,315,161         | -                                      | -                    | -                                  | 1,315,161                      |
| School administration                                                                                  | 2,257,542         | -                                      | -                    | -                                  | 2,257,542                      |
| Business                                                                                               | 933,878           | -                                      | -                    | -                                  | 933,878                        |
| Plant operations and maintenance                                                                       | 3,675,842         | -                                      | -                    | -                                  | 3,675,842                      |
| Student transportation                                                                                 | 2,779,444         | 37,488                                 | -                    | -                                  | 2,816,932                      |
| Non-Instructional                                                                                      | -                 | 478,866                                | -                    | -                                  | 478,866                        |
| Facilities acquisition and construction                                                                | -                 | -                                      | 23,417,891           | -                                  | 23,417,891                     |
| Debt service                                                                                           | 568,523           | -                                      | -                    | 5,210,994                          | 5,779,517                      |
| <b>TOTAL EXPENDITURES</b>                                                                              | <b>38,264,694</b> | <b>6,885,894</b>                       | <b>23,417,891</b>    | <b>5,210,994</b>                   | <b>73,779,473</b>              |
| Excess (Deficit) of Revenues over Expenditures                                                         | 1,389,909         | (21,376)                               | (23,175,977)         | 785,494                            | (21,021,950)                   |
| <b>OTHER FINANCING SOURCES (USES):</b>                                                                 |                   |                                        |                      |                                    |                                |
| Sale of capital assets                                                                                 | 950               | -                                      | -                    | -                                  | 950                            |
| Operating transfers in                                                                                 | 333,802           | 27,376                                 | 1,546,005            | -                                  | 1,907,183                      |
| Operating transfers out                                                                                | (27,376)          | (6,000)                                | -                    | (1,873,807)                        | (1,907,183)                    |
| Proceeds from debt issuance                                                                            | 532,174           | -                                      | 18,295,000           | -                                  | 18,827,174                     |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>                                                            | <b>839,550</b>    | <b>21,376</b>                          | <b>19,841,005</b>    | <b>(1,873,807)</b>                 | <b>18,828,124</b>              |
| Excess (Deficit) of Revenues and Other Financing Sources<br>over Expenditures and Other Financing Uses | 2,229,459         | -                                      | (3,334,972)          | (1,088,313)                        | (2,193,826)                    |
| Fund Balance beginning of year                                                                         | 5,663,677         | -                                      | 39,933,379           | 2,495,910                          | 48,092,966                     |
| Fund Balance end of year                                                                               | \$ 7,893,136      | \$ -                                   | \$ 36,598,407        | \$ 1,407,597                       | \$ 45,899,140                  |

See Auditor's Report and Accompanying Notes

CLARK COUNTY SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2012

|                                                                                                                                                                                                                                                                                                                                                                                     |                     |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| Net Change in Fund Balances - Total Governmental Funds                                                                                                                                                                                                                                                                                                                              | \$ (2,193,826)      |
| <p>Amounts reported for governmental activities in the statement of activities are different because:</p>                                                                                                                                                                                                                                                                           |                     |
| <p>Capital outlays are reported as expenditures in the fund financial statement because they are current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which capital outlays exceeds depreciation expense for the year.</p>                             |                     |
| Capital outlays                                                                                                                                                                                                                                                                                                                                                                     | 24,032,926          |
| Depreciation expense                                                                                                                                                                                                                                                                                                                                                                | (1,242,150)         |
| <p>Revenues reported in the fund financial statements are recognized when measurable and available. However, revenues in the statement of activities are recognized when earned.</p>                                                                                                                                                                                                |                     |
|                                                                                                                                                                                                                                                                                                                                                                                     | 60,456              |
| <p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>                                                                                                                                                                                            |                     |
| Change in accrued interest                                                                                                                                                                                                                                                                                                                                                          | (68,171)            |
| Change in sick leave                                                                                                                                                                                                                                                                                                                                                                | 34,558              |
| <p>Amortization of bond discounts and issuance costs are reported in the statement of activities but do not require current financial resources and therefore are not reported as expenditures in governmental funds.</p>                                                                                                                                                           |                     |
|                                                                                                                                                                                                                                                                                                                                                                                     | (38,617)            |
| <p>Amortization of bond premiums are reported in the statement of activities but do not provide current financial resources and therefore are not reported as revenues in governmental funds.</p>                                                                                                                                                                                   |                     |
|                                                                                                                                                                                                                                                                                                                                                                                     | 15,187              |
| <p>Long-term debt proceeds are reported as other financing resources in funds, thereby increasing fund balances. In the statement of net assets, however, issuing long-term debt increases liabilities and has no effect on net assets. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net assets.</p> |                     |
| Debt proceeds                                                                                                                                                                                                                                                                                                                                                                       | (18,827,174)        |
| Bond discounts                                                                                                                                                                                                                                                                                                                                                                      | 9,595               |
| Debt principal repaid                                                                                                                                                                                                                                                                                                                                                               | <u>4,130,232</u>    |
| Change in Net Assets of Governmental Activities                                                                                                                                                                                                                                                                                                                                     | <u>\$ 5,913,016</u> |

CLARK COUNTY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL GENERAL FUND (NON-GAAP BUDGETARY BASIS)  
FOR THE YEAR ENDED JUNE 30, 2012

|                                                                                                        | GENERAL FUND       |                    |                     | VARIANCE<br>Favorable<br>(Unfavorable) |
|--------------------------------------------------------------------------------------------------------|--------------------|--------------------|---------------------|----------------------------------------|
|                                                                                                        | BUDGETED AMOUNTS   |                    | ACTUAL              |                                        |
|                                                                                                        | ORIGINAL           | FINAL              |                     |                                        |
| <b>REVENUES:</b>                                                                                       |                    |                    |                     |                                        |
| From Local Sources:                                                                                    |                    |                    |                     |                                        |
| Taxes:                                                                                                 |                    |                    |                     |                                        |
| Property                                                                                               | \$ 9,036,689       | \$ 9,404,900       | \$ 10,728,718       | \$ 1,323,818                           |
| Motor vehicle                                                                                          | 1,136,080          | 1,162,767          | 1,220,594           | 57,827                                 |
| Utilities                                                                                              | 2,300,000          | 2,400,000          | 2,591,630           | 191,630                                |
| Tuition and fees                                                                                       | -                  | -                  | -                   | -                                      |
| Earnings on investments                                                                                | 75,000             | 75,000             | 137,062             | 62,062                                 |
| Other local revenues                                                                                   | 77,000             | 77,000             | 98,199              | 21,199                                 |
| Intergovernmental - state                                                                              | 16,006,108         | 17,402,281         | 24,739,739          | 7,337,458                              |
| Intergovernmental - indirect federal                                                                   | 14,150             | 75,015             | 138,661             | 63,646                                 |
| <b>TOTAL REVENUES</b>                                                                                  | <u>28,645,027</u>  | <u>30,596,963</u>  | <u>39,654,603</u>   | <u>9,057,640</u>                       |
| <b>EXPENDITURES:</b>                                                                                   |                    |                    |                     |                                        |
| Current:                                                                                               |                    |                    |                     |                                        |
| Instruction:                                                                                           | 16,579,717         | 18,294,207         | 23,540,741          | (5,246,534)                            |
| Support Services:                                                                                      |                    |                    |                     |                                        |
| Student                                                                                                | 1,132,197          | 1,536,038          | 1,887,552           | (351,514)                              |
| Instructional staff                                                                                    | 1,033,663          | 1,154,877          | 1,306,011           | (151,134)                              |
| District administration                                                                                | 1,264,617          | 1,355,364          | 1,315,161           | 40,203                                 |
| School administration                                                                                  | 1,644,793          | 1,769,864          | 2,257,542           | (487,678)                              |
| Business                                                                                               | 853,603            | 840,994            | 933,878             | (92,884)                               |
| Plant operations and maintenance                                                                       | 3,245,933          | 3,402,252          | 3,675,842           | (273,590)                              |
| Student transportation                                                                                 | 2,261,816          | 2,501,653          | 2,779,444           | (277,791)                              |
| Non-Instructional                                                                                      | -                  | -                  | -                   | -                                      |
| Facilities acquisition and construction                                                                | -                  | -                  | -                   | -                                      |
| Debt service                                                                                           | 246,560            | 336,409            | 568,523             | (232,114)                              |
| Contingency                                                                                            | 4,296,657          | 5,098,483          | -                   | 5,098,483                              |
| <b>TOTAL EXPENDITURES</b>                                                                              | <u>32,559,556</u>  | <u>36,290,141</u>  | <u>38,264,694</u>   | <u>(1,974,553)</u>                     |
| Excess (Deficit) of Revenues over Expenditures                                                         | <u>(3,914,529)</u> | <u>(5,693,178)</u> | <u>1,389,909</u>    | <u>7,083,087</u>                       |
| <b>OTHER FINANCING SOURCES (USES):</b>                                                                 |                    |                    |                     |                                        |
| Sale of capital assets                                                                                 | 1,000              | 1,000              | 950                 | (50)                                   |
| Operating transfers in                                                                                 | -                  | 345,973            | 333,802             | (12,171)                               |
| Operating transfers out                                                                                | -                  | (27,376)           | (27,376)            | -                                      |
| Proceeds from debt issuance                                                                            | -                  | -                  | 532,174             | 532,174                                |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>                                                            | <u>1,000</u>       | <u>319,597</u>     | <u>839,550</u>      | <u>519,953</u>                         |
| Excess (Deficit) of Revenues and Other Financing Sources<br>over Expenditures and Other Financing Uses | <u>(3,913,529)</u> | <u>(5,373,581)</u> | <u>2,229,459</u>    | <u>7,603,040</u>                       |
| Fund Balance beginning                                                                                 | <u>3,913,529</u>   | <u>5,373,581</u>   | <u>5,663,677</u>    | <u>290,096</u>                         |
| Fund Balance ending                                                                                    | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ 7,893,136</u> | <u>\$ 7,893,136</u>                    |
| <b>Adjustments to Generally Accepted Accounting Principles:</b>                                        |                    |                    |                     |                                        |
| Intergovernmental State Revenue - On-behalf Payments                                                   |                    |                    | \$ 7,489,481        |                                        |
| Corresponding Expenses for On-behalf Payments:                                                         |                    |                    |                     |                                        |
| Instruction                                                                                            |                    |                    | (5,701,524)         |                                        |
| Support Services:                                                                                      |                    |                    |                     |                                        |
| Student                                                                                                |                    |                    | (362,033)           |                                        |
| Instructional staff                                                                                    |                    |                    | (369,083)           |                                        |
| District administration                                                                                |                    |                    | (45,554)            |                                        |
| School administration                                                                                  |                    |                    | (463,298)           |                                        |
| Business                                                                                               |                    |                    | (135,709)           |                                        |
| Plant operations and maintenance                                                                       |                    |                    | (204,198)           |                                        |
| Student transportation                                                                                 |                    |                    | (208,082)           |                                        |
| Fund balance end of year (GAAP Basis)                                                                  |                    |                    | <u>\$ 7,893,136</u> |                                        |

See Auditor's Report and Accompanying Notes

CLARK COUNTY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL SPECIAL REVENUE FUND (NON-GAAP BUDGETARY BASIS)  
FOR THE YEAR ENDED JUNE 30, 2012

|                                                                                                        | SPECIAL REVENUE FUND |                  |                  | VARIANCE<br>Favorable<br>(Unfavorable) |
|--------------------------------------------------------------------------------------------------------|----------------------|------------------|------------------|----------------------------------------|
|                                                                                                        | BUDGETED AMOUNTS     |                  | ACTUAL           |                                        |
|                                                                                                        | ORIGINAL             | FINAL            |                  |                                        |
| <b>REVENUES:</b>                                                                                       |                      |                  |                  |                                        |
| From Local Sources:                                                                                    |                      |                  |                  |                                        |
| Other local revenues                                                                                   | \$ 217,070           | \$ 165,672       | \$ 1,138,054     | \$ 972,382                             |
| Intergovernmental - state                                                                              | 1,412,604            | 1,623,095        | 1,662,261        | 39,166                                 |
| Intergovernmental - indirect federal                                                                   | 4,713,797            | 3,856,765        | 4,064,203        | 207,438                                |
| <b>TOTAL REVENUES</b>                                                                                  | <u>6,343,471</u>     | <u>5,645,532</u> | <u>6,864,518</u> | <u>1,218,986</u>                       |
| <b>EXPENDITURES:</b>                                                                                   |                      |                  |                  |                                        |
| Current:                                                                                               |                      |                  |                  |                                        |
| Instruction:                                                                                           | 5,457,004            | 4,690,198        | 5,906,600        | (1,216,402)                            |
| Support Services:                                                                                      |                      |                  |                  |                                        |
| Student                                                                                                | 14,318               | 14,116           | 14,550           | (434)                                  |
| Instructional staff                                                                                    | 330,996              | 465,897          | 448,390          | 17,507                                 |
| Student transportation                                                                                 | 68,078               | 40,000           | 37,488           | 2,512                                  |
| Non-Instructional                                                                                      | 473,075              | 462,697          | 478,866          | (16,169)                               |
| <b>TOTAL EXPENDITURES</b>                                                                              | <u>6,343,471</u>     | <u>5,672,908</u> | <u>6,885,894</u> | <u>(1,212,986)</u>                     |
| Excess (Deficit) of Revenues over Expenditures                                                         | <u>-</u>             | <u>(27,376)</u>  | <u>(21,376)</u>  | <u>6,000</u>                           |
| <b>OTHER FINANCING SOURCES (USES):</b>                                                                 |                      |                  |                  |                                        |
| Operating transfers in                                                                                 | -                    | 27,376           | 27,376           | -                                      |
| Operating transfers out                                                                                | -                    | -                | (6,000)          | (6,000)                                |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>                                                            | <u>-</u>             | <u>27,376</u>    | <u>21,376</u>    | <u>(6,000)</u>                         |
| Excess (Deficit) of Revenues and Other Financing Sources<br>over Expenditures and Other Financing Uses | -                    | -                | -                | -                                      |
| Fund Balance beginning                                                                                 | -                    | -                | -                | -                                      |
| Fund Balance ending                                                                                    | <u>\$ -</u>          | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>                            |

See Auditor's Report and Accompanying Notes

CLARK COUNTY SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
JUNE 30, 2012

|                                                 | ENTERPRISE<br>FUND  |
|-------------------------------------------------|---------------------|
| <b>ASSETS:</b>                                  |                     |
| Current Assets                                  |                     |
| Cash and cash equivalents                       | \$ 1,226,362        |
| Accounts receivable                             | 38,077              |
| Inventory                                       | 34,749              |
| Total Current Assets                            | 1,299,188           |
| Noncurrent Assets                               |                     |
| Machinery & equipment                           | 1,295,433           |
| Accumulated depreciation                        | (957,963)           |
| Total Noncurrent Assets                         | 337,470             |
| <b>TOTAL ASSETS</b>                             | <b>\$ 1,636,658</b> |
| <b>LIABILITIES:</b>                             |                     |
| Current Liabilities                             |                     |
| Accounts payable                                | \$ 32,621           |
| <b>TOTAL LIABILITIES</b>                        | <b>32,621</b>       |
| <b>NET ASSETS:</b>                              |                     |
| Invested in capital assets, net of related debt | 337,470             |
| Unrestricted                                    | 1,266,567           |
| <b>TOTAL NET ASSETS</b>                         | <b>1,604,037</b>    |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>         | <b>\$ 1,636,658</b> |

CLARK COUNTY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2012

|                                   | ENTERPRISE<br>FUND |
|-----------------------------------|--------------------|
| OPERATING REVENUES:               |                    |
| Lunchroom sales                   | \$ 1,015,461       |
| Other operating revenues          | 266,804            |
| TOTAL OPERATING REVENUES          | 1,282,265          |
| OPERATING EXPENSES:               |                    |
| Salaries and wages                | 1,298,650          |
| Contract services                 | 62,196             |
| Materials and supplies            | 2,040,470          |
| Miscellaneous                     | 11,977             |
| Property                          | 11,835             |
| Depreciation                      | 60,626             |
| TOTAL OPERATING EXPENSES          | 3,485,754          |
| Operating Income (Loss)           | (2,203,489)        |
| NON-OPERATING REVENUES (EXPENSES) |                    |
| Federal grants                    | 2,006,033          |
| Federal commodities               | 188,570            |
| State grants                      | 213,143            |
| Interest income                   | 9,134              |
| NON-OPERATING REVENUES (EXPENSES) | 2,416,880          |
| Change in Net Assets              | 213,391            |
| Total Net Assets beginning        | 1,390,646          |
| Total Net Assets ending           | \$ 1,604,037       |

See Auditor's Report and Accompanying Notes

CLARK COUNTY SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2012

|                                                                                                               | <u>ENTERPRISE<br/>FUND</u>   |
|---------------------------------------------------------------------------------------------------------------|------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                                                   |                              |
| Cash received from customers                                                                                  | \$ 1,282,265                 |
| Cash paid to suppliers                                                                                        | (1,918,257)                  |
| Cash paid to employees                                                                                        | <u>(1,116,324)</u>           |
| Net Cash Provided (Used) by Operating Activities                                                              | <u>(1,752,316)</u>           |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>                                                        |                              |
| Governmental grants                                                                                           | <u>2,031,063</u>             |
| Net Cash Provided (Used) by Noncapital Financing Activities                                                   | 2,031,063                    |
| <b>CASH FLOWS FROM CAPITAL AND RELATED<br/>FINANCING ACTIVITIES</b>                                           |                              |
| Purchase of capital assets                                                                                    | <u>(136,927)</u>             |
| Net Cash Provided (Used) by Financing Activities                                                              | (136,927)                    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                                                   |                              |
| Interest received                                                                                             | <u>9,134</u>                 |
| Net Cash Provided (Used) by Investing Activities                                                              | <u>9,134</u>                 |
| Net Increase (Decrease) in Cash and Cash Equivalents                                                          | 150,954                      |
| Cash and cash equivalents beginning                                                                           | <u>1,075,408</u>             |
| Cash and cash equivalents ending                                                                              | <u><u>\$ 1,226,362</u></u>   |
| <br><b>Reconciliation of Operating Income (Loss) to Net Cash Provided<br/>(Used) by Operating Activities:</b> |                              |
| Operating Income (Loss)                                                                                       | \$ (2,203,489)               |
| Adjustments to Reconcile Net Income (Loss) to Net<br>Cash from Operating Activities:                          |                              |
| Depreciation                                                                                                  | 60,626                       |
| On-behalf payments                                                                                            | 182,326                      |
| Donated commodities                                                                                           | 188,570                      |
| Changes in Assets and Liabilities:                                                                            |                              |
| Inventories                                                                                                   | 1,490                        |
| Accounts payable                                                                                              | <u>18,161</u>                |
| Net Cash Provided (Used) by Operating Activities                                                              | <u><u>\$ (1,752,316)</u></u> |
| <br><b>Non-cash Items:</b>                                                                                    |                              |
| On-behalf payments                                                                                            | \$ 182,326                   |
| Donated commodities                                                                                           | \$ 188,570                   |

See Auditor's Report and Accompanying Notes

CLARK COUNTY SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2011

|                           | <u>AGENCY<br/>FUNDS</u> |
|---------------------------|-------------------------|
| ASSETS                    |                         |
| Cash and cash equivalents | \$ 437,076              |
| Accounts receivable       | <u>1,671</u>            |
| TOTAL ASSETS              | <u>\$ 438,747</u>       |
| LIABILITIES:              |                         |
| Accounts payable          | \$ 7,728                |
| Due to student groups     | <u>431,019</u>          |
| TOTAL LIABILITIES         | <u>\$ 438,747</u>       |

See Auditor's Report and Accompanying Notes

**CLARK COUNTY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 1 – REPORTING ENTITY**

The Clark County Board of Education (Board), a five-member group, is the level of government which has oversight responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the Clark 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, as Board members are elected by the public and have decision making authority, the power to designate management, and the responsibility to develop policies which may influence operations and primary accountability for fiscal matters.

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

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

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

**Blended Component Unit**

**Clark County Board of Education Finance Corporation** - In a prior year, the Board of Education resolved to authorize the establishment of the Clark County School District Finance Corporation (a non-stock, non-profit corporation organized under Section 162.385 of the School Bond Act and Chapter 273 and KRS 58.180) (the Corporation) as an agency of the District for financing the costs of school building improvements. The Board members of the Clark County Board of Education also comprise the corporation's Board of Directors.

**CLARK COUNTY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF FUNDS**

**BASIS OF PRESENTATION**

Government-wide Financial Statements

The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activity of the reporting entity, except for fiduciary funds. The statements distinguish between governmental and business-type activities. The government wide financial statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund and fiduciary fund financials statements, but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements and the statements for governmental funds.

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

Fund Financial Statements

Fund financial statements report detailed information about the District. The focus of governmental and proprietary 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 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

**CLARK COUNTY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF FUNDS (Cont'd)**

**BASIS OF PRESENTATION (CONT'D)**

Fund Financial Statements (Cont'd)

changes in the total fund balances. Proprietary funds and fiduciary funds are reported using the economic resources measurement focus. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

The District has the following funds:

I. Governmental Fund Types

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

(B) The Special Revenue Fund accounts for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes. Project accounting is employed to maintain integrity for the various sources of funds. 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 Funds). The following are Capital Project Funds:

- 1) The Support Education Excellence in Kentucky (SEEK) Fund receives those funds designated by the state as Capital Outlay Funds (unless authorized for retention in the General Fund) and is generally restricted for use in financing capital acquisitions. This is a non-major fund of the District.
- 2) The Facility Support Program of Kentucky 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.

**CLARK COUNTY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF FUNDS (Cont'd)**

Fund Financial Statements (Cont'd)

- 3) The Construction Fund accounts for funds from two sources. First funds generated by sales of bonds issues are used for various construction and renovation projects. Second, proceeds from the sale of properties and equipment owned by the District are to be used at the discretion of the Board for construction projects in future years. This is a major fund of the District.

II. Proprietary Fund Types (Enterprise Fund)

- (A) The Food Service Fund accounts for school food service activities, including the National School Lunch Program, which is conducted in cooperation with the U.S. Department of Agriculture ("USDA"). Amounts have been recorded for in-kind contribution of commodities from the USDA. This is a major fund of the District.

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. These 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.

**CLARK COUNTY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF FUNDS (Cont'd)**

**BASIS OF ACCOUNTING (CONT'D)**

In the Government-wide Statement of Net Assets and Statement of Activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. 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.

In the fund financial statements, governmental funds and agency funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Revenues from local sources consist primarily of property taxes. Property taxes collected are recorded as revenues in the fund for which they were levied. Revenue is recognized when susceptible to accrual. Miscellaneous revenues are recorded on the same basis, if measurable. Investment earnings are recorded as earned since they are measurable and available.

Grant funds which are recorded in the special revenue fund as restricted funds are considered to be earned to the extent of expenditures made under the provisions of the grant and, accordingly, when such funds are received they are recorded as deferred revenues until earned.

**CLARK COUNTY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF FUNDS (Cont'd)**

Budgetary Process

The District's budgetary process accounts for certain transactions on a basis of accounting other than the General Accepted Accounting Principles (GAAP). The major difference between the budgetary basis and the GAAP basis is that on-behalf payments made by the state for the District are not budgeted. See Note 16 for these amounts which were not known by the District at the time the budget was adopted.

Once the budget is approved, it can be amended. Amendments are presented to the Board at their regular or special meetings. Per District policy, only amendments that aggregate greater than \$10,000 require Board approval. Such amendments made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end in accordance with state 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 grants.

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.

Inventory

Inventory consists of food purchased by the District and commodities granted by the United States Department of Agriculture (USDA). The commodities are recognized as revenues and expenditures by the Food Service Fund when consumed. Any material commodities on hand at year end are recorded as inventory. All purchased inventory items are valued at the lower of cost or market (first-in, first-out) using the consumption method and commodities assigned values are based on information provided by the USDA.

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.

**CLARK COUNTY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF FUNDS (Cont'd)**

Property Taxes

Property Tax Revenues - Property taxes are levied each September on the assessed value listed as of the prior January 1 for all real and personal property in the county. The billings are considered due upon receipt by the taxpayer; however, the actual date is based on a period ending 30 days after the tax bill mailing. Property taxes received after December 31, are considered delinquent and the County Attorney can file a lien against the property.

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, 2012, to finance the General Fund operations were \$.512 per \$100 valuation for real property, \$.512 per \$100 valuation for business personal property and \$.535 per \$100 valuation for motor vehicles.

The District levies a 3% utility tax on all businesses and households within the County.

Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable discount or premium. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental type funds recognize bond premiums and discounts, as well as bond issuance costs, during the period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on issuances are reported as other financing uses. Issuance costs are reported as expenditures.

Capital Assets

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

**CLARK COUNTY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF FUNDS (Cont'd)**

Capital Assets (Cont'd)

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

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:

|                            |             |
|----------------------------|-------------|
| 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     |
| Other                      | 10 years    |

Interfund Balances

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

Accumulated Unpaid Sick Leave Benefits

Upon retirement from the school system, an employee will receive from the District an amount equal to 30% of the value of the 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.

**CLARK COUNTY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF FUNDS (Cont'd)**

Accumulated Unpaid Sick Leave Benefits (Cont'd)

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 “accumulated sick leave payable” in the general fund. The non-current portion of the liability is not reported in the fund financial statements, but is reflected in the statement of net assets.

Deferred Revenue

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

Accrued Liabilities and Long-Term Obligations

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

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

Fund Balances

The District adopted GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54) for fiscal year 2011 for its governmental funds. Fund balances for each of the District’s governmental funds (General Fund, special revenue funds, capital projects funds, and debt service funds) will be displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

- *Nonspendable fund balance*—amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact.

**CLARK COUNTY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF FUNDS (Cont'd)**

Fund Balances (Con'd)

- *Restricted fund balance*—amounts that can be spent only for specific purposes because of constraints imposed by external providers (such as grantors, bondholders, and higher levels of government), or imposed by constitutional provisions or enabling legislation.
- *Committed fund balance*—amounts that can be spent only for specific purposes determined by a formal action of the government's highest level of decision-making authority.
- *Assigned fund balance*—amounts the government intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed.
- *Unassigned fund balance*—amounts that are available for any purpose; these amounts can be reported only in the District's General Fund.

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 Assets

Net assets represent the difference between assets and liabilities. Net assets, invested in capital assets, net related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets 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.

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 various schools. All other revenues are non-operating. Operating expenses can be tied directly to the production of the goods and services, such as the materials and labor and direct overhead. Other expenses are non-operating.

Receivables from and payables to external parties are reported separately and are not offset in the proprietary fund financial statements and business-type activities of the government-wide financial statements, unless a right of offset exists.

**CLARK COUNTY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF FUNDS (Cont'd)**

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.

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 basic financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**NOTE 3 - CASH AND CASH EQUIVALENTS**

At year end, the carrying amount of the District's cash and cash equivalents was \$51,004,794. The bank balance for the same time was \$52,175,980. Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned to it. Of the bank balance, \$820,667 was covered by the Federal Depository Insurance, \$48,628,165 was covered by collateral held in pledging bank's trust department in the District's name, and \$2,727,148 was uninsured and uncollateralized.

The carrying amounts are reflected in the financial statements as follows:

|                    |                     |
|--------------------|---------------------|
| Governmental Funds | \$49,341,356        |
| Proprietary Funds  | 1,226,362           |
| Fiduciary Funds    | 437,076             |
| Total              | <u>\$51,004,794</u> |

Due to the nature of the accounts and certain limitations imposed on the use of funds, each bank account within the following funds is considered to be restricted: Special Revenue Fund, SEEK Capital Outlay Fund, FSPK Building Fund, Construction Fund, Food Service Fund and School Activity Funds.

**CLARK COUNTY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE - 4 CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2012 was as follows:

|                                            | Beginning<br>Balance | Additions    | Disposals | Ending<br>Balance |
|--------------------------------------------|----------------------|--------------|-----------|-------------------|
| Governmental Activities:                   |                      |              |           |                   |
| Capital assets not being depreciated:      |                      |              |           |                   |
| Land                                       | \$3,030,137          | \$0          | \$0       | \$3,030,137       |
| Construction in progress                   | 12,965,416           | 23,417,890   | 0         | 36,383,306        |
| Total capital assets not being depreciated | 15,995,553           | 23,417,890   | 0         | 39,413,443        |
| Other capital assets                       |                      |              |           |                   |
| Land Improvements                          | 144,670              | 0            | 0         | 144,670           |
| Buildings & Improvements                   | 39,283,934           | 1,799        | 0         | 39,285,733        |
| Technological Equipment                    | 5,108,846            | 304,184      | 0         | 5,413,030         |
| Vehicles                                   | 3,686,371            | 339,500      | 0         | 4,025,870         |
| General Equipment                          | 795,620              | 13,614       | 0         | 809,234           |
| Total other assets                         | 49,019,441           | 659,097      | 0         | 49,678,537        |
| Less accumulated depreciation for:         |                      |              |           |                   |
| Land Improvements                          | (7,837)              | (7,234)      | 0         | (15,070)          |
| Buildings & Improvements                   | (17,453,444)         | (759,227)    | 0         | (18,212,670)      |
| Technological Equipment                    | (4,451,651)          | (297,862)    | 0         | (4,749,513)       |
| Vehicles                                   | (2,892,637)          | (154,824)    | 0         | (3,047,461)       |
| General Equipment                          | (620,149)            | (23,003)     | 0         | (643,152)         |
| Total accumulated depreciation             | (25,425,718)         | (1,242,150)  | 0         | (26,667,866)      |
| Other capital assets, net                  | 23,593,723           | (583,053)    | 0         | 23,010,671        |
| Governmental Activities, net               | \$39,589,276         | \$22,834,838 | \$0       | \$62,424,114      |
| Business Activities:                       |                      |              |           |                   |
| Technological Equipment                    | \$155,324            | \$0          | \$0       | \$155,324         |
| General Equipment                          | 1,003,181            | 136,927      | 0         | 1,140,108         |
| Total                                      | 1,158,505            | 136,927      | 0         | 1,295,432         |
| Less accumulated depreciation for:         |                      |              |           |                   |
| Technological Equipment                    | (80,240)             | (20,534)     | 0         | (100,774)         |
| General Equipment                          | (817,096)            | (40,092)     | 0         | (857,188)         |
| Total accumulated depreciation             | (897,336)            | (60,626)     | 0         | (957,962)         |
| Business Activities, net                   | \$261,169            | \$76,301     | \$0       | \$337,470         |

**CLARK COUNTY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE - 4 CAPITAL ASSETS (Cont'd)**

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

**Governmental Activities:**

|                                                     |             |
|-----------------------------------------------------|-------------|
| Instruction                                         | \$898,671   |
| Support Services:                                   |             |
| Student                                             | 75,688      |
| Instructional staff                                 | 8,799       |
| District administration                             | 12,105      |
| School administration                               | 23,273      |
| Business                                            | 1,882       |
| Plant operations & maintenance                      | 41,606      |
| Student transportation                              | 177,777     |
| Other Instructional                                 | 323         |
| Non-instructional                                   | 2,026       |
| Total depreciation expense, governmental activities | \$1,242,150 |

**NOTE 5 - BONDED DEBT AND LEASE OBLIGATIONS**

Bonds

The District, through the General Fund, the Building Fund, and the SEEK Capital Outlay Fund are obligated to make payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Clark County School District Finance Corporation to construct school facilities. The District has the option to purchase the property under lease at any time by retiring the bonds then outstanding.

In connection with the school revenue bonds issued after May 1, 1996, the District entered into "Participation agreements" with the School Facility Construction Commission. The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs. The table below sets forth the amount to be paid by the District and the Commission for each year until maturity of all bond issues. The liability for the total bond amount remains with the District and, as such, the total principal outstanding has been recorded in the financial statements.

On December 1, 2011, the District issued \$2,845,000 in Qualified Zone Academy Bonds (QZABS). QZAB's are financing instruments that are used to finance renovations and repairs to schools, with the federal government providing the interest payment and the school district being responsible for the repayment of principal only.

**CLARK COUNTY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 5 – BONDED DEBT AND LEASE OBLIGATIONS (Cont'd)**

On December 1, 2011, the District issued \$15,450,000 in Qualified School Construction Bonds (QSCB). The QSCB are tax advantaged bonds issued as described in section 54A, 54F and 6431 of the Internal Revenue Code. The District has irrevocable elected to receive a cash interest subsidy payment from the Federal government equal to the interest payable by the District on each interest payment date. The SFCC will make annual payments of \$640,348 into an irrevocable escrow account, which along with the income earned on the payments will produce the total principal amount required for the retirement of the bonds at their maturity.

Advance Refunding

On July 1, 2012, the District issued \$268,100 of general obligation refunding bonds, Series 2012R, with interest rates of 2.0%. The bonds consist of serial bonds with annual maturities from June, 2013 through December, 2016. The net proceeds of \$267,954 (after issuance costs of \$146) were used to advance refund series 2001 bonds with a total outstanding principal amount of \$265,000 and an average interest rate of 4.825%.

The net proceeds were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded bonds. As a result, the refundable bonds are considered to be defeased, and the related liability for the bonds has been removed from the District's liabilities. The advance refunding was done in order to reduce debt payments in the short-term. The refunding decreased the District's total debt service payments by \$11,893. The transaction resulted in an economic loss (difference between the present value of the debt service on the old and the new bonds) of \$3,100.

The District reports the refundable credit and interest subsidy as federal revenues.

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

| <u>Issue Date</u> | <u>Proceeds</u>     | <u>Rates</u> | <u>Balance<br/>June 30, 2012</u> | <u>Maturity Date</u> |
|-------------------|---------------------|--------------|----------------------------------|----------------------|
| 1996              | \$255,000           | 4.50%-5.55%  | 85,000                           | 9/1/2016             |
| 2008R             | 3,945,000           | 2.25-3.60%   | 3,190,000                        | 09/01/2019           |
| 2010 QSCB         | 41,535,000          | 5.20%        | 37,588,442                       | 06/01/2026           |
| 2010 BABS         | 5,170,000           | 2.25-3.60%   | 4,390,000                        | 09/01/2019           |
| 2012R             | 268,100             | 2.00%        | 268,100                          | 6/1/2016             |
| 2011 QZAB         | 2,845,000           | 5.00%        | 2,845,000                        | 12/1/2030            |
| 2011 QSCB         | 15,450,000          | 5.00%        | 15,450,000                       | 12/1/2030            |
|                   | <u>\$69,468,100</u> |              | <u>\$63,816,542</u>              |                      |

**CLARK COUNTY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 5 – BONDED DEBT AND LEASE OBLIGATIONS (Cont'd)**

The bonds which may be called prior to maturity and redemption premiums are specified in each issue. Assuming no bonds are called prior to scheduled maturity, the minimum obligations of the District, including amounts to be paid by the Commission, at June 30, 2012 for debt service (principal and interest) are as follows:

| Fiscal Year | Clark County School District |                     | Kentucky School Facility Construction Commission |                    | Total                |
|-------------|------------------------------|---------------------|--------------------------------------------------|--------------------|----------------------|
|             | Principal                    | Interest            | Principal                                        | Interest           |                      |
| 2013        | \$3,275,448                  | \$3,201,229         | \$132,131                                        | \$120,895          | \$6,729,703          |
| 2014        | 2,516,114                    | 3,183,862           | 133,665                                          | 118,529            | 5,952,170            |
| 2015        | 2,452,392                    | 3,170,050           | 135,687                                          | 115,674            | 5,873,803            |
| 2016        | 2,467,730                    | 3,155,911           | 143,049                                          | 112,341            | 5,879,031            |
| 2017        | 2,412,347                    | 3,140,822           | 145,932                                          | 108,348            | 5,807,449            |
| 2018-22     | 11,318,477                   | 15,497,397          | 697,918                                          | 470,704            | 27,984,496           |
| 2023-27     | 17,979,106                   | 13,238,337          | 861,546                                          | 307,075            | 32,386,064           |
| 2028-32     | 18,340,676                   | 3,205,479           | 804,324                                          | 79,039             | 22,429,518           |
|             | <u>\$60,762,290</u>          | <u>\$47,793,087</u> | <u>\$3,054,252</u>                               | <u>\$1,432,605</u> | <u>\$113,042,234</u> |

The following is a summary of the District's long-term debt transactions for the year ended June 30, 2012:

|                | Beginning Balance   | Additions           | Payments           | Ending Balance      | Due Within One Year |
|----------------|---------------------|---------------------|--------------------|---------------------|---------------------|
| Bonds          | \$48,726,721        | \$18,563,100        | \$3,473,279        | \$63,816,542        | \$3,407,579         |
| Capital Leases | 1,169,386           | 264,074             | 523,014            | 910,446             | 131,703             |
| Sick Leave     | 580,191             | 78,962              | 113,520            | 545,633             | 122,192             |
| Total          | <u>\$50,476,298</u> | <u>\$18,906,136</u> | <u>\$4,109,813</u> | <u>\$65,272,621</u> | <u>\$3,661,474</u>  |

Capital Leases

The following is an analysis of the leased property under capital leases by class at June 30, 2012:

| Class of Property              | Amount            |
|--------------------------------|-------------------|
| Buses                          | \$1,295,014       |
| Less: Accumulated Depreciation | (477,428)         |
| Book Value                     | <u>\$ 817,586</u> |

**CLARK COUNTY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 5 – BONDED DEBT AND LEASE OBLIGATIONS (Cont'd)**

The following is a schedule by years of the future minimum lease payments under capital leases together with the present value of the minimum lease payments as of June 30, 2012:

| <u>Year Ending June 30</u>                  | <u>Capital lease payable</u> |
|---------------------------------------------|------------------------------|
| 2013                                        | \$159,444                    |
| 2014                                        | 159,740                      |
| 2015                                        | 154,588                      |
| 2016                                        | 145,439                      |
| 2017                                        | 140,951                      |
| 2018-2022                                   | 264,131                      |
| Total minimum lease payments                | 1,024,293                    |
| Less: Amount of interest                    | (113,847)                    |
| Present value of net minimum lease payments | <u>\$910,446</u>             |

**NOTE 6 - COMMITMENTS UNDER NON CAPITALIZED LEASES**

Commitments under operating lease agreements for office equipment provided for the minimum future rental payments as of June 30, 2012 as follows:

| <u>Year ending June 30:</u> |                  |
|-----------------------------|------------------|
| 2013                        | \$167,198        |
| 2014                        | 155,573          |
| 2015                        | 129,855          |
| 2016                        | 4,963            |
| Total                       | <u>\$457,589</u> |

Rent expense for the year ended June 30, 2012 was \$245,371.

**NOTE 7 - RETIREMENT PLAN**

Kentucky Teacher's Retirement System

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

**CLARK COUNTY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 7 - RETIREMENT PLAN (Cont'd)**

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

*Funding policy* - Contribution rates for KTRS are established by KRS. Members are required to contribute 10.355% (10.855% for new hires effective July, 1, 2009) of their salaries to KTRS. The Commonwealth of Kentucky is required to contribute 13.605% 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 total payroll for the year was \$29,841,967. The payroll for employees covered under KTRS was \$22,705,964. For the years ended June 30, 2012, 2011 and 2010, the Commonwealth contributed \$2,689,769, \$2,311,849 and \$2,286,421, respectively for the benefit of the District's participating employees. The District's contributions to KTRS for the years ending June 30, 2012, 2011 and 2010 were \$437,999, \$426,587 and \$370,972, respectively, which represented those employees covered by federal programs.

County Employees' Retirement System

Substantially all other employees (classified personnel) are covered under the County Employee's Retirement System (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 either 5% or 6% of their annual covered compensation and the District is required to contribute at an actuarially determined rate. The current rate is 18.96% of the employee's total compensation. The contribution requirement for CERS for the years ended June 30, 2012, 2011 and 2010 were \$1,329,993 (which consisted of \$1,045,328 from the District and \$284,665 from the employees), \$1,175,854 and \$1,205,834.

CERS issues a publicly available financial report included in the Kentucky Retirement Systems Annual Report that includes financial statements and the required supplementary information for CERS. A copy of the annual report may be obtained by writing to Kentucky Retirement Systems, Perimeter Park West, 1260 Louisville Road, Frankfort, KY 40601, or by calling (502) 564-4646.

**CLARK COUNTY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 7 - RETIREMENT PLAN (Cont'd)**

Deferred Compensation

The District also offers employees the option to participate in a defined contribution plan under Section 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. Employee contributions made to these plans during the year totaled \$250,030. The District does not contribute to these plans.

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 this plan during the year totaled \$178,032. The District does not contribute to this plan.

Medical Insurance Plan

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

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

*Funding policy* – The post-retirement healthcare provided by KTRS is financed on a pay-as-you-go basis. In order to fund the post-retirement healthcare benefit, one and five tenths percent (1.5%) of the gross annual payroll of all active members is contributed. One-half (1/2) of this amount is derived from member contributions and one-half (1/2) from state appropriation. Also, the premiums collected from retirees as described in the plan description and investment interest help with the medical expenses of the plan.

**CLARK COUNTY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 8 – ACCUMULATED UNPAID SICK LEAVE BENEFITS**

Upon retirement 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. At June 30, 2012, this amount totaled \$545,633. The District follows a policy of funding up to one-half of the total amount accrued as a reservation of the General Fund balance.

**NOTE 9 - CONTINGENCIES**

Funding for the District's Grant Funds is provided by federal, state and local government agencies. These funds are to be used for designated purposes only. If, based upon the grantor's review, the funds are considered not to have been used for the intended purpose; the grantor may request a refund of monies advanced, or to 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 grantor's satisfaction that the funds provided are being spent as intended and the grantor's 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.

**NOTE 10 - 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 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.

**CLARK COUNTY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 10 - RISK MANAGEMENT (Cont'd)**

The Trust can terminate coverage if it is unable to obtain acceptable excess general liability coverage, and for any reason, by giving ninety days 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; 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 several fiscal years.

**NOTE 11 - 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 are covered through the purchase of commercial insurance. The District has purchased certain policies which are retrospectively rated and include worker's compensation insurance.

**NOTE 12 - DEFICIT OPERATING/ FUND BALANCES**

There were no funds operating at a deficit fund balance at June 30, 2012. However, the following funds had operations that resulted in a current year deficit of revenues over expenditures resulting in the following reductions of fund balance:

|                   |             |
|-------------------|-------------|
| Building Fund     | \$1,260,034 |
| Construction Fund | \$3,334,972 |

**NOTE 13 - COBRA**

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

**NOTE 14 - LITIGATION**

The District is subject to a legal action in the stage 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.

**CLARK COUNTY SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 15 – INTERFUND TRANSACTIONS**

The following transfers were made during the year:

| Type         | From Fund       | To Fund         | Purpose       | Amount      |
|--------------|-----------------|-----------------|---------------|-------------|
| Operating    | Special Revenue | General         | Reimbursement | \$6,000     |
| Operating    | Capital Outlay  | General         | Various       | \$327,802   |
| Matching     | General         | Special Revenue | Technology    | \$27,376    |
| Construction | Building        | Construction    | Construction  | \$1,546,005 |

**NOTE 16 - ON-BEHALF PAYMENTS**

The Commonwealth of Kentucky contributes funds on behalf of the District for medical insurance and related expenses, pension contributions and vocational education. The School Facilities Construction Commission contributes funds for the retirement of bonds and payment of interest on behalf of the District. These payments were recognized as on-behalf payments and recorded in the appropriate revenue and expense accounts as reported on the statement of activities and in the actual column on the budgetary comparison schedule.

These revenues were not budgeted by the District. As a result, the actual expenditures for the General, Proprietary and Building funds exceeded budgeted amounts, as presented on the budgetary comparison schedules.

Contributions made on behalf of the District for the year ended June 30, 2012 were:

|                                |                    |
|--------------------------------|--------------------|
| KY Teachers Retirement System  | \$2,689,769        |
| Insurance and related expenses | 4,816,757          |
| Vocational Education           | 76,613             |
| Bond principal and interest    | 411,935            |
| Total on-behalf payments       | <u>\$7,995,074</u> |

**NOTE 17 - COMMITMENTS**

As of June 30, 2012, the District had outstanding construction contracts totaling \$33,134,778.

**CLARK COUNTY SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2012**

|                                                | CAPITAL OUTLAY<br>FUND | BUILDING<br>FUND  | TOTAL<br>NON-MAJOR<br>GOVERNMENTAL<br>FUNDS |
|------------------------------------------------|------------------------|-------------------|---------------------------------------------|
| ASSETS:                                        |                        |                   |                                             |
| Cash and cash equivalents                      | \$ 896,064             | \$ 511,533        | \$ 1,407,597                                |
| <b>TOTAL ASSETS</b>                            | <b>\$ 896,064</b>      | <b>\$ 511,533</b> | <b>\$ 1,407,597</b>                         |
| LIABILITIES:                                   |                        |                   |                                             |
| Accounts payable                               | \$ -                   | \$ -              | \$ -                                        |
| TOTAL LIABILITIES                              | -                      | -                 | -                                           |
| FUND BALANCES:                                 |                        |                   |                                             |
| Restricted                                     | 896,064                | 511,533           | 1,407,597                                   |
| TOTAL FUND BALANCES                            | 896,064                | 511,533           | 1,407,597                                   |
| <b>TOTAL LIABILITIES AND<br/>FUND BALANCES</b> | <b>\$ 896,064</b>      | <b>\$ 511,533</b> | <b>\$ 1,407,597</b>                         |

**CLARK COUNTY SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012**

|                                                                                                           | <u>CAPITAL<br/>OUTLAY</u> | <u>BUILDING<br/>FUND</u> | <u>TOTAL<br/>NON-MAJOR<br/>GOVERNMENTAL<br/>FUNDS</u> |
|-----------------------------------------------------------------------------------------------------------|---------------------------|--------------------------|-------------------------------------------------------|
| REVENUES:                                                                                                 |                           |                          |                                                       |
| From local sources:                                                                                       |                           |                          |                                                       |
| Taxes:                                                                                                    |                           |                          |                                                       |
| Property                                                                                                  | \$ -                      | \$ 2,699,014             | \$ 2,699,014                                          |
| Earnings on investments                                                                                   | 4,932                     | 12,693                   | 17,625                                                |
| Intergovernmental - State                                                                                 | 494,591                   | 1,325,338                | 1,819,929                                             |
| Intergovernmental - Federal                                                                               | -                         | 1,459,920                | 1,459,920                                             |
| TOTAL REVENUES                                                                                            | <u>499,523</u>            | <u>5,496,965</u>         | <u>5,996,488</u>                                      |
| EXPENDITURES:                                                                                             |                           |                          |                                                       |
| Current:                                                                                                  |                           |                          |                                                       |
| Debt service                                                                                              | -                         | 5,210,994                | 5,210,994                                             |
| TOTAL EXPENDITURES                                                                                        | <u>-</u>                  | <u>5,210,994</u>         | <u>5,210,994</u>                                      |
| Excess (Deficit) of Revenues over Expenditures                                                            | 499,523                   | 285,971                  | 785,494                                               |
| OTHER FINANCING SOURCES (USES):                                                                           |                           |                          |                                                       |
| Operating transfers out                                                                                   | <u>(327,802)</u>          | <u>(1,546,005)</u>       | <u>(1,873,807)</u>                                    |
| TOTAL OTHER FINANCING SOURCES (USES)                                                                      | <u>(327,802)</u>          | <u>(1,546,005)</u>       | <u>(1,873,807)</u>                                    |
| Excess (Deficit) of revenues and<br>Other financing sources<br>over expenditures and other financing uses | 171,721                   | (1,260,034)              | (1,088,313)                                           |
| Fund balance beginning                                                                                    | <u>724,343</u>            | <u>1,771,567</u>         | <u>2,495,910</u>                                      |
| Fund balance ending                                                                                       | <u>\$ 896,064</u>         | <u>\$ 511,533</u>        | <u>\$ 1,407,597</u>                                   |

**CLARK COUNTY SCHOOL DISTRICT  
 COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES  
 SCHOOL ACTIVITIES FUND  
 For The Year Ended June 30, 2012**

|                                  | Cash Balances<br>June 30, 2011 | Receipts            | Disbursements       | Cash Balances<br>June 30, 2012 | Accounts<br>Receivable<br>June 30, 2012 | Accounts<br>Payable<br>June 30, 2012 | Deposits Held<br>in Custody<br>for Students<br>June 30, 2012 |
|----------------------------------|--------------------------------|---------------------|---------------------|--------------------------------|-----------------------------------------|--------------------------------------|--------------------------------------------------------------|
| George Rogers Clark High School  | \$ 194,613                     | \$ 445,870          | \$ 434,315          | \$ 206,168                     | \$ 1,067                                | \$ 1,164                             | \$ 206,071                                                   |
| Clark Middle School              | 39,943                         | 227,412             | 228,118             | 39,237                         | -                                       | 1,448                                | 37,789                                                       |
| Conkwright Middle School         | 84,073                         | 208,239             | 205,466             | 86,846                         | -                                       | -                                    | 86,846                                                       |
| Clark County Alternative School  | 1,770                          | 6,312               | 7,150               | 932                            | -                                       | -                                    | 932                                                          |
| Central Elementary School        | 20,739                         | 25,420              | 21,066              | 25,093                         | 404                                     | 4,245                                | 21,251                                                       |
| Fannie Bush Elementary School    | 10,862                         | 24,406              | 31,250              | 4,018                          | -                                       | -                                    | 4,018                                                        |
| Hannah McClure Elementary School | 2,459                          | 19,130              | 18,283              | 3,306                          | -                                       | 657                                  | 2,649                                                        |
| Pilot View Elementary School     | 17,777                         | 15,201              | 20,382              | 12,596                         | -                                       | -                                    | 12,596                                                       |
| Providence Elementary School     | 14,295                         | 21,601              | 22,214              | 13,682                         | -                                       | -                                    | 13,682                                                       |
| Shearer Elementary School        | 9,928                          | 25,950              | 25,770              | 10,108                         | 106                                     | 214                                  | 10,000                                                       |
| Strode Station Elementary School | 23,358                         | 44,002              | 45,639              | 21,721                         | 95                                      | -                                    | 21,816                                                       |
| Trapp Elementary School          | 16,583                         | 15,766              | 18,980              | 13,369                         | -                                       | -                                    | 13,369                                                       |
|                                  | <u>\$ 436,400</u>              | <u>\$ 1,079,309</u> | <u>\$ 1,078,633</u> | <u>\$ 437,076</u>              | <u>\$ 1,671</u>                         | <u>\$ 7,728</u>                      | <u>\$ 431,019</u>                                            |

CLARK COUNTY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
CLARK COUNTY HIGH SCHOOL ACTIVITY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012

| ACCOUNTS:               | Cash     | Receipts | Disbursements | Transfers | Cash     | Accounts   | Accounts | Deposits    |
|-------------------------|----------|----------|---------------|-----------|----------|------------|----------|-------------|
|                         | Balances |          |               |           | Balances | Receivable | Payable  | Held in     |
|                         | June 30, |          |               |           | June 30, | June 30,   | June 30, | Custody for |
|                         | 2011     |          |               |           | 2012     | 2012       | 2012     | Students    |
|                         |          |          |               |           |          |            |          | June 30,    |
|                         |          |          |               |           |          |            |          | 2012        |
| 12th Region Girls       | \$ -     | \$ 1,960 | \$ 1,941      | \$ (19)   | \$ -     | \$ -       | \$ -     | \$ -        |
| Academic Team           | 16       | -        | -             | -         | 16       | -          | -        | 16          |
| Adventuring Crew 1119   | 199      | 200      | 288           | -         | 111      | -          | -        | 111         |
| Ag. Machine Shop        | 1,941    | 2,306    | 2,911         | -         | 1,336    | -          | -        | 1,336       |
| Art                     | -        | -        | 540           | 540       | -        | -          | -        | -           |
| Art Club                | 6,243    | 2,380    | 732           | (225)     | 7,666    | -          | -        | 7,666       |
| Arts & Humanities       | -        | 300      | 1,517         | 1,217     | -        | -          | -        | -           |
| Athletics               | 24,283   | 83,532   | 48,042        | (26,472)  | 33,301   | -          | 253      | 33,048      |
| Athletic Contingency    | -        | 10,980   | -             | -         | 10,980   | -          | -        | 10,980      |
| Banana Split Rewards    | -        | -        | 84            | 84        | -        | -          | -        | -           |
| Band                    | -        | -        | -             | -         | -        | -          | -        | -           |
| Baseball                | -        | 15,048   | 15,432        | 384       | -        | -          | -        | -           |
| Beta Club               | 1,557    | 3,273    | 3,498         | (264)     | 1,068    | -          | -        | 1,068       |
| Black Achievers         | 51       | -        | -             | -         | 51       | -          | -        | 51          |
| Bookstore               | 620      | 1,442    | 1,012         | -         | 1,050    | -          | -        | 1,050       |
| Bowling                 | -        | 790      | 714           | -         | 76       | -          | -        | 76          |
| Boy's Basketball        | -        | -        | 2,997         | 2,997     | -        | -          | -        | -           |
| Boy's Golf              | -        | 550      | 720           | 170       | -        | -          | -        | -           |
| Boy's Soccer            | -        | -        | 3,672         | 3,672     | -        | -          | -        | -           |
| Boy's Tennis            | -        | 331      | 444           | 113       | -        | -          | -        | -           |
| Business                | -        | -        | 89            | 89        | -        | -          | -        | -           |
| Cap & Gowns             | -        | 13,070   | 19,834        | 6,764     | -        | -          | -        | -           |
| Cardinal Lab            | 271      | 1,000    | 906           | -         | 365      | -          | -        | 365         |
| CBI - Spec Ed           | 269      | 500      | 870           | 141       | 40       | -          | -        | 40          |
| Cheerleading            | -        | 4,742    | 6,242         | 1,500     | -        | -          | -        | -           |
| Chess Club              | 223      | -        | -             | -         | 223      | -          | -        | 223         |
| Chorus                  | -        | 540      | 5,874         | 5,334     | -        | -          | -        | -           |
| Cinderella's Closet     | -        | 350      | -             | -         | 350      | -          | -        | 350         |
| Class of 2010           | 2,749    | -        | -             | (2,749)   | -        | -          | -        | -           |
| Class of 2011           | 5,323    | -        | -             | (5,323)   | -        | -          | -        | -           |
| Class of 2012           | 535      | 62,077   | 58,255        | 8,844     | 13,201   | -          | -        | 13,201      |
| Class of 2013           | 452      | -        | -             | -         | 452      | -          | -        | 452         |
| Class of 2014           | -        | -        | -             | -         | -        | -          | -        | -           |
| Climate Committee       | -        | -        | -             | -         | -        | -          | -        | -           |
| Contingency             | 6,623    | -        | -             | -         | 6,623    | -          | -        | 6,623       |
| Dance Team              | -        | 520      | 520           | -         | -        | -          | -        | -           |
| Drama                   | 595      | 707      | 827           | (180)     | 295      | -          | -        | 295         |
| Ego                     | 1,087    | 73       | 356           | (70)      | 734      | -          | -        | 734         |
| English                 | -        | -        | 314           | 314       | -        | -          | -        | -           |
| Family & Consumer       | -        | -        | 3,788         | 3,788     | -        | -          | -        | -           |
| FBLA                    | 938      | 1,751    | 2,684         | -         | 5        | -          | -        | 5           |
| FCA                     | 291      | 550      | 452           | (200)     | 189      | -          | -        | 189         |
| Fees                    | 19,027   | 78,634   | 43,719        | (42,969)  | 10,973   | -          | -        | 10,973      |
| FFA                     | 1,853    | 7,412    | 12,741        | 3,550     | 74       | -          | -        | 74          |
| FCCLA                   | 80       | 3,028    | 2,814         | 20        | 314      | -          | -        | 314         |
| Floral Design           | 600      | 1,753    | 2,263         | -         | 90       | -          | -        | 90          |
| Foreign Language        | -        | -        | -             | -         | -        | -          | -        | -           |
| Football                | -        | 450      | 9,839         | 9,389     | -        | -          | -        | -           |
| Football Playoff Game   | -        | -        | -             | -         | -        | -          | -        | -           |
| Football Weightroom     | 426      | 3,848    | 4,392         | 118       | -        | -          | -        | -           |
| French Club             | 327      | 517      | 402           | -         | 442      | -          | -        | 442         |
| Freshman Academy        | -        | 550      | 1,003         | 772       | 319      | -          | -        | 319         |
| Future Educators Assoc  | -        | 65       | 36            | -         | 29       | -          | -        | 29          |
| General                 | 42,301   | 39,707   | 36,800        | (3,202)   | 42,006   | 892        | 295      | 42,603      |
| Girls Basketball        | -        | -        | 2,916         | 2,916     | -        | -          | -        | -           |
| Girls District          | -        | 3,414    | 2,471         | (943)     | -        | -          | -        | -           |
| Girls Golf              | -        | -        | 165           | 165       | -        | -          | -        | -           |
| Girls Soccer            | -        | -        | 973           | 973       | -        | -          | -        | -           |
| Girls Tennis            | -        | 3,000    | 2,919         | -         | 81       | -          | -        | 81          |
| Greenhouse              | 8,034    | 8,567    | 12,851        | (18)      | 3,732    | -          | -        | 3,732       |
| Guidance                | 361      | 666      | 185           | -         | 842      | -          | -        | 842         |
| Health                  | -        | -        | -             | -         | -        | -          | -        | -           |
| Industrial Arts         | -        | -        | 374           | 374       | -        | -          | -        | -           |
| Industrial Arts Special | 560      | 1,084    | 1,451         | 14        | 207      | -          | -        | 207         |
| Jr. Civitan             | -        | 4        | 25            | 200       | 179      | -          | -        | 179         |
| Jr. ROTC                | 2,046    | 3,337    | 8,278         | 3,110     | 215      | -          | -        | 215         |

CLARK COUNTY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
CLARK COUNTY HIGH SCHOOL ACTIVITY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012

|                      | Cash<br>Balances<br>June 30,<br>2011 | Receipts          | Disbursements     | Transfers   | Cash<br>Balances<br>June 30,<br>2012 | Accounts<br>Receivable<br>June 30,<br>2012 | Accounts<br>Payable<br>June 30,<br>2012 | Deposits<br>Held in<br>Custody<br>Students<br>June 30,<br>2012 |
|----------------------|--------------------------------------|-------------------|-------------------|-------------|--------------------------------------|--------------------------------------------|-----------------------------------------|----------------------------------------------------------------|
| <b>ACCOUNTS:</b>     |                                      |                   |                   |             |                                      |                                            |                                         |                                                                |
| LBD Speical Ed       | -                                    | 250               | -                 | -           | 250                                  | -                                          | -                                       | 250                                                            |
| Library              | 299                                  | 150               | 20                | -           | 429                                  | -                                          | -                                       | 429                                                            |
| Math                 | -                                    | -                 | -                 | -           | -                                    | -                                          | -                                       | -                                                              |
| NHS                  | 1,263                                | 150               | 170               | (150)       | 1,093                                | -                                          | -                                       | 1,093                                                          |
| Orchestra            | -                                    | 784               | 784               | -           | -                                    | -                                          | -                                       | -                                                              |
| Outstanding English  | 500                                  | -                 | 500               | 500         | 500                                  | -                                          | -                                       | 500                                                            |
| Parking              | 12,441                               | 1,080             | 268               | -           | 13,253                               | -                                          | -                                       | 13,253                                                         |
| Physical Education   | -                                    | -                 | -                 | -           | -                                    | -                                          | -                                       | -                                                              |
| Principal's Account  | 5,885                                | 16,358            | 10,452            | -           | 11,791                               | -                                          | -                                       | 11,791                                                         |
| Project Graduation   | 12,413                               | 20,569            | 20,623            | -           | 12,359                               | -                                          | 590                                     | 11,769                                                         |
| Rachel Sutherland    | 1,000                                | -                 | 1,000             | 1,000       | 1,000                                | -                                          | -                                       | 1,000                                                          |
| Rise                 | -                                    | 1,500             | 1,438             | -           | 62                                   | -                                          | -                                       | 62                                                             |
| Science              | -                                    | -                 | 24                | 24          | -                                    | -                                          | -                                       | -                                                              |
| Smoke Signals        | 1,147                                | 1,472             | 5,808             | 3,550       | 361                                  | -                                          | -                                       | 361                                                            |
| Social Studies       | -                                    | -                 | 97                | 97          | -                                    | -                                          | -                                       | -                                                              |
| Softball             | -                                    | 13,161            | 13,161            | -           | -                                    | -                                          | -                                       | -                                                              |
| Soft Drinks          | 2,001                                | 1,615             | 2,996             | (120)       | 500                                  | 175                                        | -                                       | 675                                                            |
| Spanish Club         | 125                                  | -                 | -                 | -           | 125                                  | -                                          | -                                       | 125                                                            |
| Special Education    | -                                    | -                 | 1,150             | 1,150       | -                                    | -                                          | -                                       | -                                                              |
| Spirit Club          | 177                                  | -                 | 480               | 303         | -                                    | -                                          | -                                       | -                                                              |
| STLP                 | 64                                   | 5                 | -                 | -           | 69                                   | -                                          | -                                       | 69                                                             |
| Swimming             | -                                    | 586               | 1,282             | 696         | -                                    | -                                          | -                                       | -                                                              |
| Tech Prep            | -                                    | -                 | -                 | -           | -                                    | -                                          | -                                       | -                                                              |
| Testing              | 252                                  | 448               | 1,012             | 312         | -                                    | -                                          | -                                       | -                                                              |
| Textbooks            | -                                    | -                 | 13,848            | 13,848      | -                                    | -                                          | -                                       | -                                                              |
| Track                | -                                    | 525               | 1,937             | 1,412       | -                                    | -                                          | -                                       | -                                                              |
| TSA                  | 19                                   | 3,017             | 2,854             | -           | 182                                  | -                                          | -                                       | 182                                                            |
| VoAg                 | -                                    | -                 | 1,525             | 1,575       | 50                                   | -                                          | 26                                      | 24                                                             |
| Volleyball           | -                                    | -                 | 180               | 180         | -                                    | -                                          | -                                       | -                                                              |
| Y-Club               | 89                                   | 552               | 965               | 440         | 116                                  | -                                          | -                                       | 116                                                            |
| YSC Donation Account | 124                                  | 1,871             | 2,081             | 215         | 129                                  | -                                          | -                                       | 129                                                            |
| Yearbook             | 26,933                               | 16,769            | 17,488            | 50          | 26,264                               | -                                          | -                                       | 26,264                                                         |
| <b>TOTALS</b>        | <b>\$ 194,613</b>                    | <b>\$ 445,870</b> | <b>\$ 434,315</b> | <b>\$ -</b> | <b>\$ 206,168</b>                    | <b>\$ 1,067</b>                            | <b>\$ 1,164</b>                         | <b>\$ 206,071</b>                                              |

CLARK COUNTY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2012

| Federal Grantor/<br>Pass-Through Grantor/<br>Program Title | Federal<br>CFDA<br>Number | Pass -<br>Through<br>Entity's<br>Number | Federal<br>Expenditures |
|------------------------------------------------------------|---------------------------|-----------------------------------------|-------------------------|
| <u>U.S. DEPT. OF AGRICULTURE</u>                           |                           |                                         |                         |
| Passed Through State Dept. of Education:                   |                           |                                         |                         |
| <i>Child Nutrition Cluster:</i>                            |                           |                                         |                         |
| National School Lunch Program                              | 10.555                    | 7750002 11                              | \$ 287,816              |
| National School Lunch Program                              | 10.555                    | 7750002 12                              | 1,146,966               |
| Summer Food Service Program for Children                   | 10.559                    | 7690024-11                              | 1,084                   |
| Summer Food Service Program for Children                   | 10.559                    | 7740023-11                              | 48,466                  |
| School Breakfast Program                                   | 10.553                    | 7760005 11                              | 100,481                 |
| School Breakfast Program                                   | 10.553                    | 7760005 12                              | 421,220                 |
| <i>Total Child Nutrition Cluster:</i>                      |                           |                                         | <u>2,006,033</u>        |
| Passed Through State Dept. of Agriculture:                 |                           |                                         |                         |
| Food Donation                                              | 10.555                    | 51                                      | 188,570                 |
| <b>TOTAL U.S. DEPT. OF AGRICULTURE</b>                     |                           |                                         | <u><b>2,194,603</b></u> |
| <u>U.S. DEPT. OF EDUCATION</u>                             |                           |                                         |                         |
| Passed Through State Dept. of Education:                   |                           |                                         |                         |
| <i>Special Education (IDEA) Cluster:</i>                   |                           |                                         |                         |
| Special Education Grants to States (IDEA, PART B)          | 84.027                    | 3810002-10                              | 204,528                 |
| Special Education Grants to States (IDEA, PART B)          | 84.027                    | 3810002-11                              | 937,356                 |
| IDEA, Part B - ARRA                                        | 84.391                    | 4810002 09                              | 23,866                  |
| Special Education Preschool Grants (IDEA Preschool)        | 84.173                    | 3800002-11                              | 43,000                  |
| IDEA Part B Preschool- ARRA                                | 84.392                    | 4800002 09                              | 67,069                  |
| <i>Total Special Education (IDEA) Cluster:</i>             |                           |                                         | <u>1,275,819</u>        |
| Title I Grants to Local Education Agencies                 | 84.010                    | 3100002-11                              | 1,106,186               |
| Title I Grants to Local Education Agencies                 | 84.010                    | 3100002-10                              | 214,156                 |
| Title 1 Grants to Local Education Agencies                 | 84.010                    | 3100202-09                              | 40,066                  |
| School Improvement                                         | 84.010                    | 3100202-10                              | 54,684                  |
| School Improvement-ARRA                                    | 84.388                    | 4100302-09                              | 50,000                  |
| Title I, Part A - ARRA                                     | 84.389                    | 4100002 09                              | 24,790                  |
|                                                            |                           |                                         | <u>1,489,882</u>        |
| Title 1 Migrant Grant                                      | 84.011                    | 3110002-12                              | 137,452                 |
| Title 1 Migrant Grant                                      | 84.011                    | 3110002-11                              | 28,357                  |
|                                                            |                           |                                         | <u>165,809</u>          |
| Vocational Education Basic Grants to States (Perkins III)  | 84.048                    | 4621132-11                              | 24,406                  |
| Vocational Education Basic Grants to States (Perkins III)  | 84.048                    | 4621132-10                              | 23,100                  |
|                                                            |                           |                                         | <u>47,506</u>           |
| Education Jobs Grant                                       | 84.410                    | EJOB00-11                               | 653,994                 |
| Education Technology State Grants                          | 84.318                    | 3210002-10                              | 4,552                   |
| Education Technology State Grants                          | 84.318                    | 3210002-09                              | 3,679                   |
| Education Technology State Grants-ARRA                     | 84.386                    | 4210002-09                              | 37,689                  |
|                                                            |                           |                                         | <u>45,920</u>           |

CLARK COUNTY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2012

| Federal Grantor/<br>Pass-Through Grantor/<br>Program Title         | Federal<br>CFDA<br>Number | Pass -<br>Through<br>Entity's<br>Number | Federal<br>Expenditures |
|--------------------------------------------------------------------|---------------------------|-----------------------------------------|-------------------------|
| <u>U.S. DEPT. OF EDUCATION CONTINUED</u>                           |                           |                                         |                         |
| Striving Readers                                                   | 84.371                    | 3180001-11                              | 55,924                  |
| Striving Readers                                                   | 84.371                    | 3180001-10                              | <u>12,978</u>           |
|                                                                    |                           |                                         | 68,902                  |
| English Language Acquisition Grants                                | 84.365                    | 3300002-11                              | 1,690                   |
| English Language Acquisition Grants                                | 84.365                    | 3300002-10                              | <u>15,460</u>           |
|                                                                    |                           |                                         | 17,150                  |
| Improving Teacher Quality State Grants                             | 84.367                    | 3230002-11                              | 137,095                 |
| Improving Teacher Quality State Grants                             | 84.367                    | 3230002-10                              | <u>139,640</u>          |
|                                                                    |                           |                                         | 276,735                 |
| Title 1 State Agency for Neglected and Delinquent Children & Youth | 84.013                    | 3132                                    | 16,693                  |
| Education for Homeless Children and Youth - ARRA                   | 84.387                    | 4990002-09                              | 1,017                   |
| TOTAL U.S. DEPT. OF EDUCATION                                      |                           |                                         | <u>4,059,427</u>        |
| <u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICE</u>                 |                           |                                         |                         |
| Cooperative Agreement to Support Comprehensive School Health       | 93.938                    | 2000001-11                              | 546                     |
| <u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u>              |                           |                                         |                         |
| Service Learning Grant                                             | 94.004                    | 1000001-09                              | 1,829                   |
| <u>APPALACHIAN RESEARCH COMMISSION</u>                             |                           |                                         |                         |
| Appalachian Higher Education Network                               | 23.011                    | 6881                                    | 1,429                   |
| Appalachian Higher Education Network                               | 23.011                    | 6882                                    | <u>1,520</u>            |
| TOTAL APPLACHIAN RESEARCH COMMISSION                               |                           |                                         | <u>2,949</u>            |
| TOTAL EXPENDITURES OF FEDERAL AWARDS                               |                           |                                         | <u>\$ 6,259,354</u>     |

**CLARK COUNTY SCHOOL DISTRICT  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2012**

**NOTE 1 - BASIS OF PRESENTATION**

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

**NOTE 2 – 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, 2012, the District received food commodities totaling \$188,570.

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

CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS:

AMERICAN INSTITUTE  
OF CERTIFIED PUBLIC ACCOUNTANTS

KENTUCKY SOCIETY  
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PRIVATE COMPANIES  
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LAURENCE T. SUMMERS  
1961-1992

## 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  
Clark County School District  
Winchester, Kentucky

We have audited the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Clark County School District (District) as of and for the year ended June 30, 2012 which collectively comprise the District's basic financial statements and have issued our report thereon dated November 15, 2012. 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; the provisions of Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profits Organizations*, and the audit requirements prescribed by the Kentucky State Committee for School District Audits in *Appendix I of the Independent Auditor's Contract – General Audit Requirements, Appendix II of the Independent Auditor's Contract - State Audit Requirements, Appendix III to the Independent Auditor's Contract – Audit Extension Request, and Appendix IV of the Independent Auditor's Contract – Instructions for Submission of the Audit Report.*

### Internal Control Over Financial Reporting

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

*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 District's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 12-01. This finding is a material noncompliance of specific state statutes or regulations identified in *Appendices II – State Audit Requirements, of the Independent Auditor's Contract*.

We noted certain matters that we reported to management of the District in a separate letter dated November 15, 2012.

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of members of the Kentucky State Committee for School District Audits, the members of the Clark County Board of Education, the Kentucky Department of Education, management, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*Summers, McCrary & Sparks, PSC*

Summers, McCrary & Sparks, PSC  
Lexington, Kentucky  
November 15, 2012

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

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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Kentucky State Committee For School District Audits  
Members of the Board of Education  
Clark County School District  
Winchester, Kentucky

### Compliance

We have audited the Clark County School District (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, 2012. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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 *Appendix I of the Independent Auditor's Contract – General Audit Requirements*, *Appendix II of the Independent Auditor's Contract - State Audit Requirements*, *Appendix III to the Independent Auditor's Contract – Audit Extension Request and Appendix IV of the Independent Auditor's Contract –Instructions for Submission of the Audit Report*. 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. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the 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, 2012.

### Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance 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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of members of the Kentucky State Committee for School District Audits, the members of the Clark County Board of Education, the Kentucky Department of Education, management, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*Summers, McCrary & Sparks, PSC*

Summers, McCrary & Sparks, PSC  
Lexington, Kentucky  
November 15, 2012

**CLARK COUNTY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued unqualified  
 Internal control over financial reporting:  
     Material weakness(es) identified? \_\_\_\_\_yes    Xno  
     Significant deficiencies identified  
     that are not considered to be material  
     weakness? \_\_\_\_\_yes    Xno  
 Noncompliance material to financial  
 statements noted? Xyes    \_\_\_\_\_no

**Federal Awards**

Internal control over majority programs:  
     Material weakness(es) identified? \_\_\_\_\_yes    Xno  
     Significant deficiencies identified  
     that are not considered to be material  
     weakness(es)? \_\_\_\_\_yes    Xno

Type of auditor's report issued on compliance for the major programs - unqualified

Any audit findings disclosed that are  
 required to be report in accordance  
 with section 510(a) of Circular A-133? \_\_\_\_\_yes    Xno

Identification of major programs:

|                       |                                           |
|-----------------------|-------------------------------------------|
| <u>CFDA Number(s)</u> | <u>Name of Federal Program of Cluster</u> |
| 10.553;10.555;10.559  | Child Nutrition Cluster                   |

Dollar threshold used to distinguish  
 Between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? Xyes    \_\_\_\_\_no

**CLARK COUNTY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**Section II – Financial Statement Findings**

State Audit Requirements

12-01Condition: The securities pledged as collateral by the District's depository were insufficient to fully collateralize the District's deposits.

Criteria: Per 702 KAR 3:090, the penal sum of the depository bond shall be adjusted to reflect expected increases in the highest day balances due to anticipated changes of deposit amounts.

Effect: Noncompliance with KAR and increased risk of potential loss of assets.

Cause: Large fluctuation in District's deposits throughout the year.

Recommendation: District should obtain periodic reports of pledged securities from their depository and compare the pledged amount to their deposits to ensure deposits are fully collateralized.

Response: The Finance Director and the Chief Financial Officer for Peoples Exchange Bank met and agreed that Peoples Exchange Bank would from this point forward pledge additional securities in excess of the FHLB Letter of Credit amount, up to the balance of the Board's checking account, to be certain that the balance of the account is completely covered. The Finance Director will request monthly statements of additional securities pledged to ensure that the Board's deposits are fully secured.

**Section III – Federal Award Findings and Questioned Costs**

**none**

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Members of the Board of Education  
Clark County School District  
Winchester, Kentucky 40391

In planning and performing our audit of the financial statements of Clark County School District for the year ended June 30, 2012, we considered the District's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated November 15, 2012 on the financial statements of the Clark County School District

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

Respectfully,

*Summers, McCrary & Sparks, PSC*

Summers, McCrary & Sparks, PSC  
Lexington, Kentucky  
November 15, 2012

**CLARK COUNTY SCHOOL DISTRICT  
MANAGEMENT POINTS  
JUNE 30, 2012**

**BOARD**

1. Cash Disbursements

Condition: When testing cash disbursements, we noted several purchase orders in the maintenance department dated after the invoice. The District needs to review and strengthen the existing controls over cash disbursements to ensure purchases orders are completed prior to making a purchase.

Response: The Finance Director will remind District maintenance staff of the requirement to complete purchase orders prior to making a purchase.

2. Capital Assets

Condition: During our inquiries we noted a lack of segregation of duties in ordering, receiving and recording technology purchases. The District needs to review and strengthen the existing controls over technology purchases to ensure the safeguarding of assets.

Response: The Technology and Finance Directors will work together to develop stronger internal controls for the purchasing, receiving, storing, and inventory of technology assets. Procedures will be developed to provide as much segregation of duties as possible and to provide a storage location for undistributed assets with more limited access. These procedures will be developed and in place by December 11, 2012.

3. Donations

Condition: District staff will propose a policy regarding donations received by schools for Board approval. Principals and school bookkeepers will be reminded of the Red Book requirement to submit a year-end list of donations received by the school; however, a listing of donations received may be requested at any time by the Superintendent.

Response: The Finance Director will request that the all schools submit a list of donations to the Board for review on a monthly basis.

4. Payroll

Condition: An employee was not paid in accordance with the approved salary schedule due to their pay rate not being updated for a raise. Procedures should be reviewed to ensure all employees are paid according to the salary schedule.

**CLARK COUNTY SCHOOL DISTRICT  
MANAGEMENT POINTS  
JUNE 30, 2012**

4. Payroll (contd)

Response: There was a mid-year raise and this employee's pay rate was inadvertently not changed. The clerical error has been corrected and the employee in question has been paid all funds due to her for the last fiscal year. The payroll department will carefully review changes in pay rates to make sure all employees are paid at the correct rate.

5. Payroll

Condition: Board members do not have completed Forms I-9, Employment Eligibility Verification on file. The U.S. Citizenship and Immigration Service requires all employees document they are eligible to work in the United States. The Board should obtain I-9's from all Board members.

Response: The Human Resources Director has requested that each Board member complete the I-9 form for our records. All future Board members will be asked to complete the I-9 as part of their initial paperwork.

**STATUS OF PRIOR YEAR RECOMMENDATIONS**

- Previously, we noted purchase orders were being completed after the purchase was already made. We recommended all purchase orders be completed prior to the purchase. Same finding in current year. See above.

**SCHOOL ACTIVITY FUNDS**

**GEORGE ROGERS CLARK HIGH SCHOOL**

Comment: During our review of cash receipts we found donations intended for students, inadvertently deposited into the teachers' account. During this review we noted some donor letters did not clarify the intended purpose or use. The Bookkeeper needs to transfer these funds into the proper accounts. Also, we recommend the school follow up with donors to obtain more specific direction.

Response: All donations not specified have been transferred into the General Account. All funds have been transferred into proper accounts. School administration received a letter from a donor clarifying how the donated funds may be spent and will ask future donors to be more specific with regards to the manner in which such funds may be spent.

**CLARK COUNTY SCHOOL DISTRICT  
MANAGEMENT POINTS  
JUNE 30, 2012**

**CLARK ALTERNATIVE SCHOOL**

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

**CLARK MIDDLE SCHOOL**

**Comment:** During our review of accounts payable, we found one invoice that was not included on the accounts payable listing at year end, which should have been. The Bookkeeper should review the "Financial Reports" policy section, item no. 1, and the "Definitions" section of the "Redbook," which states a listing of accounts payable (Form F-SA-15B0) shall accompany the report. An accounts payable is when merchandise or services are received, but not paid for at the end of the reporting period.

**Response:** Our bookkeeper was in the mode of transition at the end of the year and I am certain it was an oversight on her part. We will review the accounts payable more thoroughly at year's end for school year 2012-2013 to ensure this does not occur again.

**Comment:** During our review of cash disbursements, we found two cash disbursements that did not have an invoice or standard invoice to support the expense. The Bookkeeper should review the "Purchasing" procedures section, item no. 3 of the "Redbook," which states before being processed, each disbursement shall be documented by a completed purchase order and an original invoice. If a vendor invoice is not available, the disbursement shall be supported by a standard invoice (Form F-SA-8).

**Response:** We will be more intentional on ensuring that there is a completed purchase order and an original invoice with every order for school year 2012-2013. Our new bookkeeper is conscientious about the correct procedures to follow.

**CONKWRIGHT MIDDLE SCHOOL**

**Comment:** During our review of cash disbursements, we found multiple instances where the Principal did not sign the approval section of the "Standard Invoice" (Form F-SA-8). The Bookkeeper and Principal should review the "standard Invoice" to ensure they are familiar with all items that need to be completed on the form.

**Response:** We did not know that the principal had to sign the standard invoice in both places. We now are making sure that every standard invoice is signed at the top and bottom of each page.

**CLARK COUNTY SCHOOL DISTRICT  
MANAGEMENT POINTS  
JUNE 30, 2012**

**STRODE STATION ELEMENTARY**

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

**TRAPP ELEMENTARY**

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

**PILOT VIEW ELEMENTARY**

Comment: During our review of transfers made during the year, we found one instance where the transfer form was not completed properly. The Bookkeeper should review the Transfer Form (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 transfers in the future will have two signatures.

Comment: During our review of the Annual Financial Report we noted one account finished the year with a negative balance. The Bookkeeper should review the "Financial Reports" policy section, item no. 4, which states no activity fund shall end the fiscal year with a deficit balance.

Response: In the future, all accounts will end the year with a positive balance.

**PROVIDENCE ELEMENTARY**

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

**HANNAH MCCLURE ELEMENTARY**

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

**FANNIE BUSH ELEMENTARY**

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

**CLARK COUNTY SCHOOL DISTRICT  
MANAGEMENT POINTS  
JUNE 30, 2012**

**SHEARER ELEMENTARY**

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

**CENTRAL ELEMENTARY**

Comment: During our review of accounts payable, we found three invoices that were not included on the accounts payable listing at year end, which should have been. The Bookkeeper should review the "Financial Reports" policy section, item no. 1, and the "Definitions" section of the "Redbook," which states a listing of accounts payable (Form F-SA-15B0) shall accompany the report. An accounts payable is when merchandise or services are received but not paid for at the end of the reporting period.

Response: Oversight occurred over the summer months, and was inadvertently omitted. Corrective measures have been instituted to serve as a reminder in the future.

**STATUS OF PRIOR YEAR RECOMMENDATIONS**

**GEORGE ROGERS CLARK HIGH SCHOOL**

- Previously, we found multiple instances of the Vendor's Address not being completed on the Standard Invoice (Form F-SA-8). We recommended the Bookkeeper review the Standard Invoice Form (F-SA-8) of the "Redbook", to ensure they were familiar with all items that need to be reported on the form. No similar findings occurred in the current year.

**CLARK MIDDLE SCHOOL**

- Previously, we found two invoices that were not included on the accounts payable listing at year end, which should have been. We recommended the Bookkeeper review the "Financial Reports" policy section, item no. 1, and the "Definitions" section of the "Redbook," which states a listing of accounts payable (Form F-SA-15B0) shall accompany the report. A similar finding occurred in the current year.

**CONKWRIGHT MIDDLE SCHOOL**

- Previously, we found one instance where the transfer form was not completed properly. We recommended the Bookkeeper review the Transfer Form (Form F-SA-10) of the "Redbook", to ensure they were familiar with all items that need to be reported on the form. No similar findings occurred in the current year.

**CLARK COUNTY SCHOOL DISTRICT  
MANAGEMENT POINTS  
JUNE 30, 2012**

**CONKWRIGHT MIDDLE SCHOOL (Contd)**

- Previously, we found significant discrepancies were not being explained on the Report of Ticket Sales (Form F-SA-1). We recommended the Bookkeeper review the Report of Ticket Sales (Form F-SA-1) of the “Redbook”, to ensure they were familiar with all required elements of the form. No similar findings occurred in the current year.

**HANNAH MCCLURE ELEMENTARY**

- Previously, we found multiple, Multiple Receipt Forms (Form F-SA-6) that were missing the Person Remitting Money’s signature. We recommended the bookkeeper review the Multiple Receipt Form (F-SA-6) of the “Redbook”, to ensure they were familiar with all items that need to be reported on the form. No similar findings occurred in the current year.

**SHEARER ELEMENTARY**

- Previously, we found one instance where the transfer form was not completed properly. We recommended the Bookkeeper review the Transfer Form (Form F-SA-10) of the “Redbook”, to ensure they were familiar with all items that need to be reported on the form. No similar findings occurred in the current year.

**CENTRAL ELEMENTARY**

- Previously, we found the Principal was not signing the Approval for Purchase line on the Standard Invoice (Form F-SA-8). We recommended the Bookkeeper and Principal review the Standard Invoice (Form F-SA-8) of the “Redbook”, to ensure they were familiar with all items that need to be reported on the form. No similar findings occurred in the current year.
- Previously, we found the required reports were not turned in properly. We recommended the Principal review the “Support/Booster Organizations Using External Accounts “Responsibilities” section item no. 2, 3 and 5 which state the support organization must submit to the Principal the names of the club officers, and annual Support Organization Budget Worksheet (Form F-SA-4B) and an annual financial report. No similar findings occurred in the current year.