

**Strothman & Company P S C**

Certified Public Accountants & Advisors



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Financial Statements and  
Related Information

**Jefferson County Board of Education  
Middle School Activity Funds**

June 30, 2012

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**Jefferson County Board of Education  
Middle School Activity Funds**

June 30, 2012

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## Independent Auditors' Report



Members of the Board  
Jefferson County Board of Education  
Louisville, Kentucky

We have audited the accompanying combined statement of fiduciary net assets of the Middle School Activity Funds (the "Activity Funds") of the Jefferson County Board of Education (the "Board") as of June 30, 2012. This financial statement is the responsibility of the Board's management. Our responsibility is to express an opinion on this financial statement 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 opinion.

In our opinion, the combined statement of fiduciary net assets referred to above presents fairly, in all material respects, the net assets of the Activity Funds of the Board as of June 30, 2012 in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (Unaudited) on pages 3 and 4 be presented to supplement the basic financial statement. Such information, although not a part of the financial statement, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statement in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Management's Discussion and Analysis (Unaudited) 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 financial statement, and other knowledge we obtained during our audit of the financial statement. 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 an opinion on the combined statement of fiduciary net assets taken as a whole. The combining information listed in the preceding table of contents on pages 9 through 16, is presented for purposes of additional analysis and are not a required part of the combined statement of fiduciary net assets of the Activity Funds of the Board. This information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. This information has been subjected to the auditing procedures applied in our audit of the financial statement and certain other procedures,

including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, 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 combined statement of fiduciary net assets taken as a whole.

In accordance with *Government Auditing Standards*, we have issued a report dated November 14, 2012 on our consideration of the Activity Funds' internal control over financial reporting and 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 the 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 consider in assessing the results of our audit.

*Stratton + Cogay PSC*

Louisville, Kentucky  
November 14, 2012

Management's Discussion and Analysis (Unaudited)

**Jefferson County Board of Education  
Middle School Activity Funds**

June 30, 2012

The management team of the Jefferson County Board of Education (the "Board") presents this Management's Discussion and Analysis (Unaudited) of the Middle School Activity Funds (the "Activity Funds") for the fiscal year ended June 30, 2012. Please read it in conjunction with the Activity Funds' financial statement on page 5.

**Government Structure**

The twenty-seven middle schools, special educational schools and other related facilities sponsor programs to supplement the activities provided by the Board. These supplemental activities are accounted for in various funds categorized by the particular activity or group involved. The Board prescribes policies for the supervision and administration of the Activity Funds, and generally has custodial responsibility over these funds. Such custodial responsibility is mandated by the Kentucky Department of Education.

**Basic Financial Statements**

This financial report includes the combined statement of fiduciary net assets and combining statements of fiduciary net assets and cash receipts and disbursements for all twenty-seven middle schools. The Independent Auditors' Report on this information precedes this Management's Discussion and Analysis (Unaudited).

The Activity Funds of the Board are being presented as agency funds in accordance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* and related standards.

**Financial Highlights**

Total assets of all Activity Funds amounted to \$1,453,823 at June 30, 2012, compared to \$1,407,416 of total assets in the prior year, which reflects an increase of \$46,407. At June 30, 2012, total assets consist primarily of cash and temporary cash investments totaling \$1,307,589, compared to June 30, 2011 which reflected cash and temporary cash investments of \$1,300,745. This increase in cash and temporary cash investments was due primarily to the excess of cash receipts over cash disbursements of \$11,594 during the fiscal year ended June 30, 2012. Total liabilities of all Activity Funds amounted to \$1,453,823 at June 30, 2012, compared to total liabilities of \$1,407,416 in the prior year.

Middle schools generate receipts for the Activity Funds primarily from student fees, athletic events admission, fund raising projects, donations and allocations from the Board. Cash receipts of the Activity Funds amounted to \$4,430,872 during the fiscal year ended June 30, 2012, which reflects a \$97,907 increase over prior year's cash receipts of \$4,332,965. Disbursements by the Activity Funds amounted to \$4,419,278 and \$4,161,699 during the fiscal years ended June 30, 2012 and 2011, respectively.

Continued

Management's Discussion and Analysis (Unaudited)--Continued

**Jefferson County Board of Education  
Middle School Activity Funds**

June 30, 2012

**Contacting the Jefferson County Board of Education Financial Management**

This financial report is designed to provide a general overview of the finances of the Jefferson County Board of Education Middle School Activity Funds and to show management's accountability for these funds. If you have questions about this report or need additional information, contact the Chief Financial Officer/Treasurer of the Jefferson County Board of Education, P. O. Box 34020, Louisville, Kentucky 40232-3674.

Combined Statement of Fiduciary Net Assets

**Jefferson County Board of Education  
Middle School Activity Funds**

June 30, 2012

**Assets**

Cash	\$ 1,160,023
Temporary cash investments	147,566
Accounts receivable	9,399
Inventory	<u>136,835</u>

**Total Assets** \$ 1,453,823

**Liabilities**

Accounts payable	\$ 53,922
Due to Jefferson County Board of Education	11,953
Due to student groups	<u>1,387,948</u>

**Total Liabilities** \$ 1,453,823

See Notes to Combined Statement of Fiduciary Net Assets

**Jefferson County Board of Education  
Middle School Activity Funds**

June 30, 2012

**Note A--Fund Structure and Summary of Significant Accounting Policies**

Fund Structure--The Jefferson County Board of Education (the "Board") Middle School Activity Funds (the "Activity Funds") provide funding for the programs in twenty-seven middle schools, special educational schools and other related facilities for Board sponsored programs, and to supplement the activities provided by the Board. The Board prescribes policies for the supervision and administration of the Activity Funds, in accordance with the requirements of the Kentucky Department of Education as set forth in its publication, "A Uniform Program of Accounting for School Activity Funds." Salaries for the treasurers of Activity Funds and other administrative support are paid by the Board and recorded in the Board's General Fund.

Middle schools generate revenue for the Activity Funds primarily from allocations from the Board, athletic event admissions, fund raising projects and donations.

Basis of Accounting--The combined statement of fiduciary net assets of the Activity Funds has been prepared in conformity with generally accepted accounting principles as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The combined statement of fiduciary net assets was prepared in accordance with GASB No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and related standards.

The Activity Funds are fiduciary/agency funds of the Board. For financial purposes, the accounting treatment applied to a fund is determined by its measurement focus. All fiduciary/agency funds are accounted for by using an economic resources measurement focus and the accrual basis of accounting.

Inventory--Inventory, consisting primarily of bookstore supplies and vending machine supplies, is stated at the lower of cost (using first-in, first-out method) or market.

Use of Estimates--The preparation of the combined statement of fiduciary net assets requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of this financial statement. Actual results could differ from those estimates.

Subsequent Events--In preparing this financial statement, management of the Board has evaluated events and transactions for potential recognition or disclosure through November 14, 2012, the date the financial statement was available to be issued.

**Jefferson County Board of Education  
Middle School Activity Funds**

June 30, 2012

**Note B--Cash and Temporary Cash Investments**

The Activity Funds have adopted GASB Statement No. 40, *Deposits and Investment Risk Disclosures*. GASB Statement No. 40 addresses custodial credit risk, interest rate risk, credit risk and concentration of credit risk.

Statutes authorize the Activity Funds to invest in the following:

- (1) Obligations of the United States and of its agencies and instrumentalities, repurchase agreements and specially approved AAA rated corporate bonds;
- (2) Bonds or certificates of indebtedness of the Commonwealth of Kentucky and of its agencies and municipalities;
- (3) Any savings and loan associations insured by an agency of the United States up to the amount insured;
- (4) Interest bearing deposits in national and state banks chartered in Kentucky and insured by an agency of the United States up to the amount so insured, and in larger amounts providing such bank shall pledge securities having a current quoted market value at least equal to any uninsured deposits.

Temporary cash investments consist of certificates of deposit at various financial institutions located in Jefferson County, Kentucky, with various maturity dates and rates of interest. Such temporary cash investments are stated at cost, which approximates their market value.

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Activity Funds' deposits may not be returned to it. All cash deposits and temporary cash investments of the Activity Funds are covered by depositor insurance provided by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 per depositor. Any amounts in excess of FDIC coverage are covered by pledged securities at the various financial institutions.

By investing in certificates of deposit, the Activity Funds have minimized their exposure to credit risk. Interest rate risk is minimized by primarily investing in certificates of deposits with maturity dates of one year or less.

Continued

Notes to Combined Statement of Fiduciary Net Assets--Continued

**Jefferson County Board of Education  
Middle School Activity Funds**

June 30, 2012

**Note B--Cash and Temporary Cash Investments--Continued**

Temporary cash investment activity during the year ended June 30, 2012 is summarized as follows:

	<b>Temporary Cash Investments July 1, 2011</b>	<b>Deposits</b>	<b>Withdrawals</b>	<b>Temporary Cash Investments June 30, 2012</b>
Barret Traditional Middle School	\$ 25,000			\$ 25,000
Carrithers Middle School	19,750		\$ 4,750	15,000
Highland Middle School	5,038			5,038
Thomas Jefferson Middle School	10,000			10,000
Knight Middle School	10,000			10,000
Myers Middle School	20,000			20,000
Noe Middle School	10,000			10,000
Stuart Middle School	<u>52,528</u>			<u>52,528</u>
	<u>\$ 152,316</u>	<u>\$</u>	<u>\$ 4,750</u>	<u>\$ 147,566</u>

**Note C--Due To Jefferson County Board of Education**

The amounts due to the Board consist primarily of supplies and services provided by the Board to the middle schools. These amounts are usually reimbursed to the Board promptly.

**Note D--Future Funding**

Funding for the Activity Funds is generally dependent upon the fund raising ability of the students, parents and others in the middle schools, and the success of the other programs. Continuation of the various activities in each middle school is predicated upon the ability of students, parents and others to raise funds, the students' intent to continue their activities, and upon the Board's continued support of these activities.

## Combining Information

Combining Statement of Fiduciary Net Assets

**Jefferson County Board of Education  
Middle School Activity Funds**

June 30, 2012

	<u>Total</u>	<u>Barret Traditional Middle School</u>	<u>Binet School</u>	<u>Carrithers Middle School</u>
<b>Assets</b>				
Cash	\$ 1,160,023	\$ 124,157	\$ 32,541	\$ 16,742
Temporary cash investments	147,566	25,000		15,000
Accounts receivable	9,399	3	20	5
Inventory	<u>136,835</u>	<u>11,432</u>	<u>826</u>	<u>684</u>
<b>Total Assets</b>	<u><u>\$ 1,453,823</u></u>	<u><u>\$ 160,592</u></u>	<u><u>\$ 33,387</u></u>	<u><u>\$ 32,431</u></u>
<b>Liabilities</b>				
Accounts payable	\$ 53,922	\$ 306	\$ 2,132	\$ 206
Due to Jefferson County Board of Education	11,953			
Due to student groups	<u>1,387,948</u>	<u>160,286</u>	<u>31,255</u>	<u>32,225</u>
<b>Total Liabilities</b>	<u><u>\$ 1,453,823</u></u>	<u><u>\$ 160,592</u></u>	<u><u>\$ 33,387</u></u>	<u><u>\$ 32,431</u></u>

Continued

Combining Statement of Fiduciary Net Assets--Continued

**Jefferson County Board of Education  
Middle School Activity Funds**

June 30, 2012

	<b>Conway Middle School</b>	<b>Crosby Middle School</b>	<b>Duvalle Education Center</b>	<b>Farnsley Middle School</b>
<b>Assets</b>				
Cash	\$ 42,611	\$ 85,546	\$ 5,837	\$ 73,888
Accounts receivable		2,925	68	
Inventory	480	76	858	930
<b>Total Assets</b>	<b>\$ 43,091</b>	<b>\$ 88,547</b>	<b>\$ 6,763</b>	<b>\$ 74,818</b>
<b>Liabilities</b>				
Accounts payable	\$ 1,457	\$ 2,322	\$ 47	\$ 158
Due to student groups	41,634	86,225	6,716	74,660
<b>Total Liabilities</b>	<b>\$ 43,091</b>	<b>\$ 88,547</b>	<b>\$ 6,763</b>	<b>\$ 74,818</b>

Continued

Combining Statement of Fiduciary Net Assets--Continued

**Jefferson County Board of Education  
Middle School Activity Funds**

June 30, 2012

	<u>Frost Middle School</u>	<u>Highland Middle School</u>	<u>Jefferson County Traditional Middle School</u>	<u>Thomas Jefferson Middle School</u>
<b>Assets</b>				
Cash	\$ 12,183	\$ 59,835	\$ 52,628	\$ 22,597
Temporary cash investments		5,038		10,000
Accounts receivable	8			2
Inventory	<u>645</u>	<u>96</u>	<u>19,032</u>	<u>5,852</u>
<b>Total Assets</b>	<u><u>\$ 12,836</u></u>	<u><u>\$ 64,969</u></u>	<u><u>\$ 71,660</u></u>	<u><u>\$ 38,451</u></u>
<b>Liabilities</b>				
Accounts payable	\$ 38			
Due to student groups	<u>12,798</u>	<u>\$ 64,969</u>	<u>\$ 71,660</u>	<u>\$ 38,451</u>
<b>Total Liabilities</b>	<u><u>\$ 12,836</u></u>	<u><u>\$ 64,969</u></u>	<u><u>\$ 71,660</u></u>	<u><u>\$ 38,451</u></u>

Continued

Combining Statement of Fiduciary Net Assets--Continued

**Jefferson County Board of Education  
Middle School Activity Funds**

June 30, 2012

	<b>Johnson Traditional Middle School</b>	<b>Kammerer Middle School</b>	<b>Alex R. Kennedy Metro Middle School</b>	<b>Knight Middle School</b>
<b>Assets</b>				
Cash	\$ 110,288	\$ 136,884	\$ 8,954	\$ 12,354
Temporary cash investments				10,000
Accounts receivable		1,193		
Inventory	13,169	1,531	83	1,297
<b>Total Assets</b>	<b>\$ 123,457</b>	<b>\$ 139,608</b>	<b>\$ 9,037</b>	<b>\$ 23,651</b>
<b>Liabilities</b>				
Accounts payable	\$ 2,218	\$ 17,883		\$ 1,550
Due to Jefferson County Board of Education				730
Due to student groups	121,239	121,725	\$ 9,037	21,371
<b>Total Liabilities</b>	<b>\$ 123,457</b>	<b>\$ 139,608</b>	<b>\$ 9,037</b>	<b>\$ 23,651</b>

Continued

Combining Statement of Fiduciary Net Assets--Continued

**Jefferson County Board of Education  
Middle School Activity Funds**

June 30, 2012

	<b>Lassiter Middle School</b>	<b>Meyzeek Middle School</b>	<b>Myers Middle School</b>	<b>Newburg Middle School</b>
<b>Assets</b>				
Cash	\$ 15,572	\$ 37,510	\$ 1,862	\$ 41,051
Temporary cash investments			20,000	
Accounts receivable		667	2	240
Inventory	21,141	899	243	11,676
	<u>21,141</u>	<u>899</u>	<u>243</u>	<u>11,676</u>
<b>Total Assets</b>	<b><u>\$ 36,713</u></b>	<b><u>\$ 39,076</u></b>	<b><u>\$ 22,107</u></b>	<b><u>\$ 52,967</u></b>
<b>Liabilities</b>				
Accounts payable	\$ 8,223	\$ 654	\$ 3,148	\$ 583
Due to student groups	28,490	38,422	18,959	52,384
	<u>28,490</u>	<u>38,422</u>	<u>18,959</u>	<u>52,384</u>
<b>Total Liabilities</b>	<b><u>\$ 36,713</u></b>	<b><u>\$ 39,076</u></b>	<b><u>\$ 22,107</u></b>	<b><u>\$ 52,967</u></b>

Continued

Combining Statement of Fiduciary Net Assets--Continued

**Jefferson County Board of Education  
Middle School Activity Funds**

June 30, 2012

	<u>Noe Middle School</u>	<u>Olmsted Academy North</u>	<u>Olmsted Academy South</u>	<u>Ramsey Middle School</u>
<b>Assets</b>				
Cash	\$ 96,212	\$ 14,972	\$ 46,200	\$ 72,405
Temporary cash investments	10,000			
Accounts receivable	2,079			
Inventory	<u>11,888</u>	<u>1,670</u>	<u>9,277</u>	<u>12,269</u>
<b>Total Assets</b>	<b><u>\$ 120,179</u></b>	<b><u>\$ 16,642</u></b>	<b><u>\$ 55,477</u></b>	<b><u>\$ 84,674</u></b>
<b>Liabilities</b>				
Accounts payable	\$ 3,619		\$ 650	\$ 3,934
Due to Jefferson County Board of Education	10,702			521
Due to student groups	<u>105,858</u>	<u>\$ 16,642</u>	<u>54,827</u>	<u>80,219</u>
<b>Total Liabilities</b>	<b><u>\$ 120,179</u></b>	<b><u>\$ 16,642</u></b>	<b><u>\$ 55,477</u></b>	<b><u>\$ 84,674</u></b>

Continued

Combining Statement of Fiduciary Net Assets--Continued

**Jefferson County Board of Education  
Middle School Activity Funds**

June 30, 2012

	<b>Stuart Middle School</b>	<b>Waller Williams Environmental School</b>	<b>Western Middle School</b>	<b>Westport Middle School</b>
<b>Assets</b>				
Cash	\$ 26,011	\$ 9,651	\$ 978	\$ 554
Temporary cash investments	52,528			
Accounts receivable	1	4		2,182
Inventory	8,130	74	80	2,497
<b>Total Assets</b>	<b>\$ 86,670</b>	<b>\$ 9,729</b>	<b>\$ 1,058</b>	<b>\$ 5,233</b>
<b>Liabilities</b>				
Accounts payable		\$ 90	\$ 303	\$ 4,401
Due to student groups	\$ 86,670	9,639	755	832
<b>Total Liabilities</b>	<b>\$ 86,670</b>	<b>\$ 9,729</b>	<b>\$ 1,058</b>	<b>\$ 5,233</b>

See Independent Auditors' Report

Combining Statement of Cash Receipts and Disbursements

**Jefferson County Board of Education  
Middle School Activity Funds**

Year Ended June 30, 2012

<u>Name of School</u>	<u>Cash Balance July 1, 2011</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash Balance June 30, 2012</u>
Barret Traditional Middle School	\$ 122,056	\$ 315,163	\$ 313,062	\$ 124,157
Binet School	32,187	50,646	50,292	32,541
Carrithers Middle School	14,163	104,830	102,251	16,742
Conway Middle School	41,562	129,531	128,482	42,611
Crosby Middle School	86,581	278,906	279,941	85,546
Duvalle Education Center	6,734	17,448	18,345	5,837
Farnsley Middle School	62,691	232,753	221,556	73,888
Frost Middle School	16,796	48,060	52,673	12,183
Highland Middle School	69,978	186,291	196,434	59,835
Jefferson County Traditional Middle School	59,776	275,015	282,163	52,628
Thomas Jefferson Middle School	24,096	122,558	124,057	22,597
Johnson Traditional Middle School	108,890	318,963	317,565	110,288
Kammerer Middle School	96,850	226,411	186,377	136,884
Alex R. Kennedy Metro Middle School	9,193	9,660	9,899	8,954
Knight Middle School	12,241	80,853	80,740	12,354
Lassiter Middle School	13,450	84,653	82,531	15,572
Meyzeek Middle School	54,958	342,095	359,543	37,510
Myers Middle School	6,673	92,744	97,555	1,862
Newburg Middle School	39,436	264,671	263,056	41,051
Noe Middle School	80,266	304,660	288,714	96,212
Olmsted Academy North	10,864	59,582	55,474	14,972
Olmsted Academy South	45,354	149,582	148,736	46,200
Ramsey Middle School	66,582	364,093	358,270	72,405
Stuart Middle School	56,046	132,577	162,612	26,011
Waller Williams Environmental School	3,809	17,473	11,631	9,651
Western Middle School	4,325	43,605	46,952	978
Westport Middle School	2,872	178,049	180,367	554
<b>Total</b>	<b>\$ 1,148,429</b>	<b>\$ 4,430,872</b>	<b>\$ 4,419,278</b>	<b>\$ 1,160,023</b>

See Independent Auditors' Report

**Report Required by *Government Auditing Standards***

**Independent Auditors' 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***

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**Independent Auditors' 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***



Members of the Board  
Jefferson County Board of Education  
Louisville, Kentucky

We have audited the combined statement of fiduciary net assets of the Middle School Activity Funds (the "Activity Funds") of the Jefferson County Board of Education (the "Board") as of and for the year ended June 30, 2012, and have issued our report thereon dated November 14, 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Activity Funds' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the combined statement of fiduciary net assets, but not for the purpose of expressing an opinion on the effectiveness of the Activity Funds' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Activity Funds' 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 misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the Activity Funds' combined statement of fiduciary net assets will not be prevented or detected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily 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 Activity Funds' combined statement of fiduciary net assets is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We also noted certain other matters that we reported to management of the Board in a separate letter dated November 14, 2012.

This report is intended for the information and use of the members of the Board, management and the Kentucky Department of Education, and is not intended to be and should not be used by anyone other than these specified parties.

*Stolman & Coyne PSC*

Louisville, Kentucky  
November 14, 2012