

PIKE COUNTY BOARD OF EDUCATION
PIKEVILLE, KENTUCKY

AUDITED FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED
JUNE 30, 2012

Wallen, Puckett, & Anderson, PSC

CERTIFIED PUBLIC ACCOUNTANTS
POST OFFICE BOX 1349
PIKEVILLE, KENTUCKY 41502

PIKE COUNTY BOARD OF EDUCATION
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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Pike County Board of Education as of and for the year ended June 30, 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 Pike County Board of Education's management. Our responsibility is to express an opinion 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, Government and Non Profit Organizations and the audit requirements prescribed by the Kentucky State Committee for School District Audits in Appendix 1 of the Independent Auditor's Contract – General Audit Requirements, Appendix II of the Independent Auditor's Contract - State Audit Requirements, and Appendix III of the Independent Auditor's Contract – Electronic Submission. 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 Pike County Board of Education as of June 30, 2012 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2012 on our consideration of the Pike County Board of Education's internal control over financial reporting on our tests of its compliance with certain provisions of laws, regulations, contracts, grants, agreements and other matter. The purpose of that report is to describe the scope of our testing of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* 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 and budgetary comparison information on pages 1 through 4 and 36 through 38 be presented to supplement basic financial statements, such information, although not a part of the basic financial statements, required by the Governmental Accounting Standards Board, who consider it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical content. 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 method 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 budgetary comparison information on pages 36 through 39 and the combining non-major fund financial statements on pages 39 through 40 and summary of fiduciary and school activities funds on pages 42 through 56 are presented for the purpose of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards on pages 57 through 62 is presented for purposes of additional analysis as required by US Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, Appendix I to the Independent Auditor's Contract-General Audit Requirements, and Appendix II to the Independent Auditors Contract-State Audit Contract, and is also not a required part of the basic financial statements. The combining non-major fund financial statements and 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 taken as a whole. The budgetary comparison information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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

Wallen, Puckett and Anderson, PSC

Certified Public Accountants

Pikeville, Kentucky

November 26, 2012

**PIKE COUNTY SCHOOL SYSTEM – PIKEVILLE, KENTUCKY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2012**

As management of the Pike County School System (District), we offer readers of the District’s financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 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 beginning cash and investment balance from all funds (except Construction) for the District was \$1,955,068.83.
- The General Fund (Fund 1) had \$77,865,323.38 in revenue, which consisted of a beginning balance of \$3,377,960.02, the state program (SEEK) funding, property, un-mined minerals, utilities, and motor vehicle taxes. There were \$71,304,646.79 in General Fund expenditures, consisting primarily of salary and benefits, as well as expenditures for utilities, insurances, new vehicles/buses, computers, instructional supplies, maintenance and transportation supplies, general supplies, contract and professional services, and other items as determined by necessity. Both revenues and expenses include state on-behalf payments for insurances, retirement and technology of \$12,037,717.43. In FY11 the year-end Unreserved Fund 1 Balance was \$2,937,780.12. For FY12, the year-end Unreserved Fund 1 Balance is \$6,212,305.59, an increase of \$3,274,525.47. The increase can be attributed to Medicare reimbursements from prior years, reduced diesel usage due to the purchase of hybrid buses, reduced utilities due to mild winter and implementation of energy plan, and the continued reduction in staff due to attrition.
- The Special Revenue Fund (Fund 2) was used to receipt and expend local, state and federal grant awards. As required, all ARRA funds received by the district were tracked through Fund 2 with a specific project code for each ARRA allocation.
- The Capital Outlay Fund (Fund 310) and the Building Fund (Fund 320) were first used to meet obligations on prior bond issues. Bonds are issued as the district renovates facilities consistent with a long-range facilities plan that is established with community input and in keeping with Kentucky Department of Education (KDE) stringent compliance regulations. On bond issues that existed as of July 1, 2011, the district’s total principal debt decreased by \$3,517,372 during the current fiscal year. As allowed by law, funds available beyond bond obligations were used for capital improvement projects such as roofs and HVAC systems and for property insurance, KISTA payments, bus purchases and electricity. The Board approved one BG-1 from Building Fund for the Kimper Community Center.
- The School Food Service Fund (Fund 51) was used to receipt and expend funds associated with the school feeding programs. Both revenues and expenditures include state on-behalf payments of \$1,385,709.29. On June 30, 2012, the Food Service program had an Unreserved Fund Balance of \$18,267.44. Note: For the 11-12 school year, the Board approved the adoption and implementation of the Community Eligibility Option (CEO) program. This program requires free breakfast and lunch for all students, regardless of income.
- The district issued three bond series in FY2012. In November 2011 the district approved a Qualified School Construction Bond in the amount of \$11,000,000 for partial funding of the new Phelps Elementary. Also in November 2011 the district approved issuing a bond in the amount of \$29,760,000 for the balance of the new Phelps Elementary and the new Valley Elementary. In February 2012 the district approve a bond in the amount of \$18,720,000 for the purpose of refunding the bond series of 2003.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

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

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

The government-wide financial statements can be found on pages 7-9 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 10-11 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 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. In the case of this District, assets exceeded liabilities by \$57,050,343 as of June 30, 2012.

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

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

Net Assets for the period ending June 30, 2012

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

	June 30, 2011	June 30, 2012
Current Assets	\$ 6,858,828	\$ 38,473,182
Noncurrent Assets	<u>117,363,707</u>	<u>129,299,567</u>
Total Assets	\$ 124,222,535	\$167,772,749
Current Liabilities	6,556,388	\$ 6,785,668
Noncurrent Liabilities	<u>65,283,264</u>	<u>103,268,084</u>
Total Liabilities	\$ 71,839,652	\$110,053,752
Net Assets		
Investment in capital assets (net of debt)	52,066,454	\$ 26,634,686
Restricted	<619,992>	25,833,000
Unreserved Fund Balance	<u>936,421</u>	<u>5,251,311</u>
Total Net Assets	\$ 52,382,883	\$ 57,718,997

Comments on Budget Comparisons

- The District's total revenues for the fiscal year ended June 30, 2012, including beginning balances and on-behalf payments, were \$108,505,994.67. Construction fund and Debt Service not included.
- General fund budget revenues compared to actual revenue varied slightly from line item to line item with the ending actual balance, excluding on-behalf payments, being \$1,341,245.98 more than budgeted, or two percentage points. The majority of this overage in revenue was due to tax collections being better than anticipated and the collection of Omitted and Delinquent taxes, which the state recommends to not budget because it is not guaranteed revenue and the amounts fluctuate. Also the district received Medicare reimbursements for prior years that cannot be anticipated or budgeted.
- General fund budget expenditures compared to actual expenditures, exclusive of budgeted contingency and on-behalf, varied from line item to line item with the ending actual balance being \$2,301,056.56 less than budget, or approximately three and three-quarter percentage points. The majority of the decrease in budgeted expenditures was due to the restructuring of salaries to Fund 2, not filling mid-year vacancies, carry-over school funds, mild winter reducing utility cost, and savings in both Maintenance and Transportation day to day costs.

The following table presents a summary of revenue and expense, for all funds except Construction, for the fiscal year ended June 30, 2012.

	Revenues
Beginning Balance	\$ 3,788,292.84
Local revenue sources	23,855,298.38
State revenue sources	47,074,604.94
Federal Revenue	17,456,349.70
On-Behalf Payments	13,423,426.72
Other Sources	<u>2,908,022.09</u>
Total revenues	\$108,505,994.67

Expenses	
Instruction	\$47,086,872.02
Student Support Services	3,817,326.99
Instructional Support	5,047,828.60
District Administration	2,347,483.01
School Administration	4,255,423.15
Business Support	1,602,305.78
Plant Operations	11,079,895.75
Student Transportation	8,878,305.69
Food Service Operations	7,134,486.00
Community Support	2,040,563.88
Construction/Land	75,545.00
Debt Service	3,830,675.95
Other/Fund Transfers	<u>4,730,338.82</u>
Total Expenses	\$101,927,050.64
Revenue in Excess of Expense	\$ 6,578,944.03

General Fund Revenue

Exclusive of on-behalf, the local revenue was derived from beginning balance (5.13% of general fund revenue), local taxes (28.68% of total general fund revenue), with state funding making up 60.55% of total general fund revenue. The balance of revenues came from tuition, investments, property rental, Medicare, fund transfers, sale of assets and other miscellaneous sources.

BUDGETARY IMPLICATIONS

In Kentucky the public school fiscal year is July 1-June 30; other programs, i.e. some federal operate on a different fiscal calendar, but are reflected in the district overall budget. By law the budget must have a minimum 2% contingency across major funds. The district adopted a budget with \$2,918,374.05 in contingency, which was 3.7% of total budgeted revenues across the major funds.

FY13 CONCERNS

In FY13, the District faces underfunding of the state SEEK program, fluctuating fuel and energy costs, rising Worker's Compensation losses and the depletion of ARRA supplemental funding. The district will continue its participation in the Community Eligibility Option. This option allows free breakfast and lunch for all students. With the increase in food costs, the School Food Service program must be diligent to remain financially viable.

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

PIKE COUNTY BOARD OF EDUCATION
STATEMENT OF NET ASSETS
JUNE 30, 2012

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash & Cash Equivalents	\$ 33,834,555	\$ 25,903	\$ 33,860,458
Investments	-0-	-0-	-0-
Inventory	-0-	165,387	165,387
Bond Issuance Costs	1,015,471		1,015,471
Accounts Receivable	3,431,866	-0-	3,431,866
Total Assets	38,281,892	191,290	38,473,182
Non – Current Assets			
Capital Assets, Net	111,815,631	484,999	112,300,630
Construction in Progress	16,998,937	-0-	16,998,937
Total Non – Current Assets	128,814,568	484,999	129,299,567
TOTAL ASSETS	\$ 167,096,460	\$ 676,289	\$167,772,749
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 2,444,775	\$ 7,635	\$ 2,452,410
Payroll Taxes Payable	139,318	-0-	139,318
Deferred Revenue	273,936	-0-	273,936
Current Portion of Accrued Sick Leave	493,194	-0-	493,194
Current Portion of Bond Obligations	3,426,810	-0-	3,426,810
Total Current Liabilities	6,778,033	7,635	6,785,668
Non-Current Liabilities			
Non-Current Portion of Obligations	99,238,071	-0-	99,238,071
Non-Current Portion of Accrued Sick Leave	4,030,013	-0-	4,030,013
Total Non-Current Liabilities	103,268,084	-0-	103,268,084
TOTAL LIABILITIES	\$ 110,046,117	\$ 7,635	\$ 110,053,752
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	\$26,149,687	\$ 484,999	\$26,634,686
Restricted for:			
Capital Assets	25,833,000	-0-	25,833,000
Non-spendable Inventory	-0-	165,387	165,387
Unrestricted	5,067,656	18,268	5,085,924
Total Net Assets (Deficit)	\$ 57,050,343	\$ 668,654	\$ 57,718,997

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

**PIKE COUNTY BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012**

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Expenses	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction	\$ 45,422,103	\$ -0-	10,697,167	\$ -0-	\$ (34,724,936)	\$ -0-	\$(34,724,936)
Support Services							
Student	3,817,327	-0-	356,753	-0-	(3,460,574)	-0-	(3,460,574)
Instruction Staff	5,047,829	-0-	2,080,205	-0-	(2,967,624)	-0-	(2,967,624)
District Administrative	2,347,829	-0-	-0-	-0-	(2,347,829)	-0-	(2,347,829)
School Administrative	4,255,423	-0-	-0-	-0-	(4,255,423)	-0-	(4,255,423)
Business	1,602,305	-0-	155,471	-0-	(1,446,834)	-0-	(1,446,834)
Plant Operation and Maint.	12,717,499	-0-	21,120	-0-	(12,696,379)	-0-	(12,696,379)
Student Transportation	8,878,306	-0-	944,588	-0-	(7,933,718)	-0-	(7,933,718)
Central Office	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Food Services	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Community Service Activities	2,040,564	-0-	1,782,533	-0-	(258,031)	-0-	(258,031)
Facilities Acquisition and Construction	15,083,417	-0-	-0-	15,007,872	(75,545)	-0-	(75,545)
Other	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Interest on Long Term Debt	2,285,199	-0-	-0-	-0-	(2,285,199)	-0-	(2,285,199)
Total Government Activities	103,497,801	-0-	16,037,837	15,007,872	(72,452,092)	-0-	(72,452,092)
Business Type Activities:							
Food Service	7,191,029	705,879	6,035,709	-0-	-0-	(449,441)	(449,441)
Total Business Type Activities	7,191,029	705,879	6,035,709	-0-	-0-	(449,441)	(449,441)
Total Primary Government	\$110,688,830	\$ 705,879	\$ 22,073,546	\$ 15,007,872	\$ (72,452,092)	\$ (449,441)	\$(72,901,533)

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

**PIKE COUNTY BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012**

	Governmental Activities	Business-Type Activities	Total
General Revenues			
Taxes	\$ 21,848,109	\$ -0-	\$ 21,848,109
Investment Earnings	169,077	833	169,910
State and Formula Grants	51,895,167	-0-	51,895,167
Gains on Sales of Fixed Assets	0	-0-	0
Miscellaneous	1,162,283	-0-	1,162,283
Operating Transfer	(82,728)	82,728	-0-
SFCC Principal Payment	3,162,178	-0-	3,162,178
Total	<u>\$ 78,154,086</u>	<u>\$ 83,561</u>	<u>\$ 78,237,647</u>
Change in Net Assets	5,701,994	(365,880)	5,336,114
Net Assets – Beginning	51,348,349	1,034,534	52,382,883
Net Assets - Ending	<u>\$ 57,050,343</u>	<u>\$668,654</u>	<u>\$57,718,997</u>

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

**PIKE COUNTY BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012**

	General Fund	Special Revenue	Construction Fund	Other Governmental Funds	Total Governmental Fund
ASSETS AND RESOURCES					
Cash and Cash Equivalents	\$ 7,915,472	\$ (1,957,087)	\$ 27,876,170	\$ -0-	\$ 33,834,555
Investments	-0-	-0-	-0-	-0-	-0-
Bond Issuance Costs	-0-	-0-	-0-	1,015,471	1,015,471
Accounts Receivables	1,011,480	2,420,386	-0-	-0-	3,431,866
Total Assets and Resources	\$ 8,926,952	\$ 463,299	\$ 27,876,170	\$ 1,015,471	\$ 38,281,892
LIABILITIES AND FUND BALANCE					
Liabilities					
Accounts Payable	\$ 597,990	\$ 49,261	\$ 1,797,524	\$ -0-	\$ 2,444,775
Payroll Tax Liabilities	(784)	140,102	-0-	-0-	139,318
Deferred Revenue	-0-	273,936	-0-	-0-	273,936
Total Liabilities	\$ 597,206	\$ 463,299	\$ 1,797,524	\$ -0-	\$ 2,858,029
Fund Balance					
Assigned For Prior Year					
Purchase Obligation	\$ 71,609	\$ 181,500	\$ 245,646	\$ -0-	\$ 498,755
Committed for Site Base	205,943	-0-	-0-	-0-	205,943
Committed for Sick Leave	493,194	-0-	-0-	-0-	493,194
Committed for Workers Compensation	1,346,695	-0-	-0-	-0-	1,346,695
Restricted for Future Construction	-0-	-0-	25,833,000	-0-	25,833,000
Unassigned Fund Balance	6,212,305	(181,500)	-0-	1,015,471	7,046,276
Total Fund Balance	8,329,746	-0-	26,078,646	-0-	35,423,863
Total Liabilities and Fund Balance	\$ 8,926,952	\$ 463,299	\$ 27,876,170	\$ -0-	\$ 38,281,892

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

**PIKE COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE BALANCE SHEET- GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2012**

Fund balance per fund financial statements	\$ 35,423,863
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets and construction in progress are not reported in this funds financial statement because they are not current financial resources, but they are reported in the statement of net assets.	128,814,568
Certain liabilities (such as bonds payable, compensated absences) are not reported in this funds financial statement because they are not due and payable, but they are presented in the statement of net assets.	(107,188,088)
Net assets for Governmental Activities	<u>\$ 57,050,343</u>

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

**PIKE COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Construction Fund</u>	<u>Other Governmental Fund</u>	<u>Total Governmental Fund</u>
REVENUES					
From Local Sources					
Taxes					
Property	\$ 12,593,661	\$ -0-	\$ -0-	\$ 2,971,074	\$ 15,564,735
Motor Vehicles	2,275,477	-0-	-0-	-0-	2,275,477
Utilities	4,007,897	-0-	-0-	-0-	4,007,897
Other		-0-	-0-	-0-	-0-
Tuition and Fees	20,250	-0-	-0-	-0-	20,250
Earnings on Investments	138,195	-0-	30,882	-0-	169,077
Other Local Revenues	573,326	568,707	-0-	-0-	1,142,033
Intergovernmental- Intermediate	-0-	2,930,185	-0-	-0-	2,930,185
Intergovernmental- State	51,895,167	2,501,471	-0-	7,382,263	61,778,901
Intergovernmental- Indirect Federal	-0-	10,118,169	-0-	-0-	10,118,169
Intergovernmental- Direct Federal	249,840	3,754	-0-	-0-	253,594
Total Revenues	<u>71,753,813</u>	<u>16,122,286</u>	<u>30,882</u>	<u>10,353,337</u>	<u>98,260,318</u>
EXPENDITURES					
Instruction	36,147,792	10,939,079	-0-	-0-	47,086,871
Support Services					
Student	3,460,574	356,753	-0-	-0-	3,817,327
Instruction Staff	2,967,624	2,080,205	-0-	-0-	5,047,829
District Administrative	2,347,483	-0-	-0-	-0-	2,347,483
School Administrative	4,255,423	-0-	-0-	-0-	4,255,423
Business	1,446,834	155,471	-0-	-0-	1,602,305
Plant Operation and Maint.	11,058,776	21,120	-0-	-0-	11,079,896
Student Transportation	7,933,718	944,588	-0-	-0-	8,878,306
Food Service	-0-	-0-	-0-	-0-	-0-
Community Services	258,031	1,782,533	-0-	-0-	2,040,564
Facilities Acquisitions and					
Construction	75,545	-0-	10,428,712	-0-	10,504,257
Site Improvement			4,405,125		4,405,125
Building Improvements			174,035		174,035
Debt Service					
Principal	162,163	-0-	-0-	6,830,691	6,992,854
Interest	-0-	-0-	-0-	-0-	-0-
Bond Issuance Costs		-0-	-0-	15,841	15,841
Total Expenditures	<u>70,113,963</u>	<u>16,279,749</u>	<u>15,007,872</u>	<u>6,846,532</u>	<u>108,248,116</u>

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

**PIKE COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Construction Fund</u>	<u>Other Governmental Fund</u>	<u>Total Governmental Fund</u>
Excess (Deficit) of					
Revenues over Expenditures	<u>\$1,639,850</u>	<u>\$ (157,463)</u>	<u>\$ (14,976,990)</u>	<u>\$ 3,506,805</u>	<u>\$ (9,987,798)</u>
Other Financing Sources (Uses)					
Proceeds from Sales of Bonds	-0-	-0-	39,844,621	1,031,312	40,875,933
Proceeds from Sales of Fixed Assets	-0-	-0-	-0-	-0-	-0-
Operating Transfer, In	2,733,550	174,472	1,822,317	-0-	4,730,339
Operating Transfer, Out	<u>(1,190,684)</u>	<u>(17,009)</u>	<u>-0-</u>	<u>(3,522,646)</u>	<u>(4,730,339)</u>
Total Other Financing Sources	<u>1,542,866</u>	<u>157,463</u>	<u>41,666,938</u>	<u>(2,491,334)</u>	<u>40,875,933</u>
Excess (Deficit) of Revenues and other Financing Sources over Expenditures and Other Financing Uses	3,182,716	-0-	26,689,948	1,015,471	30,888,135
Fund Balance July 1, 2011	<u>5,147,030</u>	<u>-0-</u>	<u>(611,302)</u>	<u>-0-</u>	<u>4,535,728</u>
Fund Balance June 30, 2012	<u><u>\$ 8,329,746</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ 26,078,646</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ 35,423,863</u></u>

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

**PIKE COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012**

Net change in total fund balances per fund financial statements	\$30,888,135
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported as expenditures in this funds financial statement because they use current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which capital outlays exceeds depreciation expense for the year.	11,952,311
Bond proceeds are reported as financing source in governmental funds end thus contributes to the change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net assets.	(37,367,628)
In the statement of activities certain operating expenses such as compensated absences are measured by the amounts earned during the year. In the governmental fund, however, expenditures for these items are measured by the amount of financial resources used. This year these accrued expenses paid exceeded the amounts earned.	229,176
Change in net assets of governmental activities	\$ 5,701,994

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

**PIKE COUNTY BOARD OF EDUCATION
STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2012**

		Food Service
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$	25,903
Inventory		165,387
Accounts Receivable		-0-
Total Current Assets		\$ 191,290
Capital Assets-net of depreciation		484,999
Total Assets		\$ 676,289
LIABILITIES		
Current Liabilities		
Accounts Payable	\$	7,635
Total Current Liabilities		\$ 7,635
Net Assets		
Investment in Capital Asset, Net of Debt	\$	484,999
Non-spendable Inventory		165,387
Assigned Prior Year Purchase Obligations		-0-
Unassigned Fund Balance		18,268
Total Net Assets		\$ 668,654

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

**PIKE COUNTY BOARD OF EDUCATION
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN NET ASSETS PROPRIETARY FUND
 FOR THE YEAR ENDED JUNE 30, 2012**

	Food Service
OPERATING REVENUES:	
Lunchroom Sales	\$ 705,879
Other Operating Revenues	-0-
TOTAL OPERATING REVENUES	705,879
OPERATING EXPENSES:	
Salaries and Wages	3,901,479
Contract Services	46,469
Materials and Supplies	3,142,226
Expendable Equipment	
Depreciation	99,179
Other Operating Expenses	1,676
TOTAL OPERATING EXPENSES	7,191,029
Operating Income (Loss)	(6,485,150)
NON-OPERATING REVENUES (EXPENSES)	
Federal Grants	4,583,115
State Grants	1,452,594
Interest Income	833
NON-OPERATING REVENUES (EXPENSES)	6,036,542
Net Income (Loss) Before Operating Transfers	(448,608)
Operating Transfers	82,728
Net Income (Loss)	(365,880)
Retained Earnings July 1, 2011	1,034,534
Retained Earnings June 30, 2012	\$ 668,654

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

**PIKE COUNTY BOARD OF EDUCATION
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2012**

	Food Service
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from:	
Lunchroom Sales	\$ 705,879
Government Grants	6,035,709
Other Activities	-0-
Cash Paid to/for:	
Employees	(3,901,479)
Contract Service	(46,469)
Supplies	(3,125,213)
Expendable Equipment	21,981
Other	(1,676)
 Net Cash Provided (Used) by Operating Activities	 \$ (311,268)
CASH FLOWS FROM INVESTING ACTIVITIES	
Receipt of Interest Income	\$ 833
Other Income	-0-
Net Cash Provided by Investing Activities	\$ 833
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Equipment	\$ (84,705)
Net Cash Used by Capital and Related Financing Activities	\$ (84,705)
CASH FLOWS FROM FINANCING ACTIVITIES	
Transfer Funds	\$ -0-
Net Cash Provided by Financing Activities	\$ -0-
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (395,140)
Cash and Cash Equivalents July 1, 2011	421,043
Cash and Cash Equivalents June 30, 2012	\$ 25,903
Reconciliation of Operating Income (Loss)	
To Net Cash Provided (Used) by Operating Activities	
Net Income (Loss)	\$ (448,608)
Adjustments to Reconcile Net Income to Net Cash	
Operating Activities:	
Depreciation	99,179
Change in Assets and Liabilities:	
Accounts Receivable	12,349
Inventory	(42,636)
Accounts Payable	(15,424)
Net Cash provided by Operating Activities	\$ (395,140)
Schedule of Non Cash Transactions:	
Donated Commodities Received From Federal Government	\$ 267,390

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

**PIKE COUNTY BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2012**

	<u>School Activity Fund</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 1,152,359
Accounts Receivable	14,426
Total Assets	<u>\$ 1,166,785</u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 32,959
Total Liabilities	<u>32,929</u>
Net Assets Held in Trust	<u>\$ 1,133,826</u>

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

**PIKE COUNTY BOARD OF EDUCATION
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

	Private Purpose Trust Fund
Additions	
Receipts	\$3,892,713
Total Additions	3,892,713
Deductions	
Supplies and Materials	3,833,152
Total Deductions	3,833,152
Change in Net Assets	59,561
Net Assets, July 1, 2011	1,074,265
Net Assets, June 30, 2012	\$ 1,133,826

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

**PIKE COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 1 – REPORTING ENTITY

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

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

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

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

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

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

PIKE COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

BASIS OF PRESENTATION (CONT)

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

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

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

a. Governmental Fund Types

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

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

**PIKE COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2012**

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

Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment (other than those financed by Proprietary Funds).

1. The **Support Education Support Program Capital Outlay Fund** receives those funds designated by the state as Capital Outlay Funds and is restricted for use in financing projects identified in the district's facility plan.
2. The **Facility Support Program (FSPK) Fund** accounts for funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable, funds may be used for projects identified in the district's facility plan.
3. The **Technology Fund** accounts for Kentucky Education Technology System allocation and local district matching funds restricted for the purchase of technology consistent with the District's approved technology plan.
4. The **Construction Fund** includes Capital Projects Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction.

b. Proprietary Fund Type

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

c. Fiduciary Fund Type

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

**PIKE COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2012**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF ACCOUNTING

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

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

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

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

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

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

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

**PIKE COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2012**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

PROPERTY TAXES

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

The property tax rates assessed for the year ended June 30, 2012 to finance the General Fund operations were \$.578 per \$100 valuation for real property, \$.578 per \$100 valuation for business personal property and \$.553 per \$100 valuation for motor vehicles.

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

CAPITAL ASSETS

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

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

INTERFUND BALANCES

On fund financial statements, receivables and payables resulting from short-term inter-fund loans are classified as “inter-fund receivables/payables”. These amounts are eliminated in the governmental and business-type activities columns of the statements of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances. As of June 30, 2012 there were no inter-fund receivables/payables.

**PIKE COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2012**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BUDGETARY PROCESS

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

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

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

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

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

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

Encumbrances – Encumbrances are reported as an assignment of the fund balance. They are not reported as disbursements until paid. For budgetary purposes, appropriations lapse at fiscal year-end and outstanding encumbrance at year-end are re-appropriated in the next year. An assignment of fund balance equal to outstanding encumbrances, at year-end is provided for at June 30, 2012. Accordingly, no differences exist between actual results and the applicable budgetary data presented in the accompanying combined financial statements.

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

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

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, the non-current portion of capital leases, accumulated sick leave, contractually required pension contributions, and special termination benefits that will be paid from

**PIKE COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2012**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

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

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

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

Operating Revenues and Expenses – Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Board of Education, those revenues are primarily charges for meals provided by the various schools.

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

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

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

**PIKE COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2012**

NOTE 3 – ESTIMATES

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

NOTE 4 – CASH AND CASH EQUIVALENTS

At year-end, the carrying amount of the Board’s cash and cash equivalents was \$33,860,458. Of the total cash balance, \$500,000 was covered by Federal Depository Insurance, with the remainder covered by collateral held by the pledging bank’s trust departments in the Board’s name.

General Fund, cash and cash equivalents at June 30, 2012 consist of the following:

	<u>Bank Balance</u>
Community Trust Bank	\$ 26,490,091
B B & Trust	13,753,204
Total Bank Balance	<u>\$ 40,243,295</u>
	<u>Book Balance</u>
Breakdown per financial statements:	
Governmental Funds	\$ 33,834,555
Proprietary Funds	25,903
Total Book Balance	<u>\$ 33,860,458</u>
The securities pledged as collateral are:	
FHLB letter of credit-Community Trust	\$ 28,918,178
FHLB letter of credit-B B & Trust	19,650,000
Total securities pledged	<u>\$ 48,568,178</u>

NOTE 5– INVESTMENTS

The following is a list of investments at June 30, 2012: None

PIKE COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2012

NOTE 6 – CAPITAL ASSETS

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

	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2012</u>
Governmental Activities				
Land	\$ 8,988,474	\$ 419,411	\$ 156,851	\$ 9,251,034
Land Improvements	9,277,587	9,469	-0-	9,287,056
Buildings	145,619,277		579,599	145,039,678
Technology Equipment	11,240,450	540,708	1,220,620	10,560,538
Vehicles	15,430,447	2,155,441	1,865,072	15,720,816
General Equipment	3,669,426	71,828	155,006	3,586,248
Infrastructure	89,638	-0-	-0-	89,638
Construction in Progress	2,012,450	15,007,873	21,386	16,998,937
Total	<u>\$ 196,327,749</u>	<u>\$ 18,204,730</u>	<u>\$ 3,998,534</u>	<u>\$ 210,533,945</u>
	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2012</u>
Less Accumulated Depreciation				
Land Improvements	\$ 6,770,978	\$ 207,716	\$ -0-	\$ 6,978,694
Buildings & Improvements	53,748,592	2,603,603	-0-	56,352,195
Technology & Equipment	8,364,195	1,042,405	1,179,163	8,227,437
Vehicles	8,407,462	1,285,771	1,832,453	7,860,780
General Equipment	2,164,928	252,684	126,678	2,290,934
Infrastructure	9,337	-0-	-0-	9,337
Total Accumulated Depreciation	<u>\$ 79,465,492</u>	<u>\$ 5,392,179</u>	<u>\$ 3,138,294</u>	<u>\$ 81,719,377</u>
Governmental Activities Capital Assets-net	<u>\$ 116,862,257</u>	<u>\$ 12,812,551</u>	<u>\$ 860,240</u>	<u>\$ 128,814,568</u>
	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2012</u>
Business-Type Activities				
Technology & Equipment	\$ 144,295	\$ 267	\$ 16,018	\$ 128,544
General Equipment	2,467,092	84,438	95,835	2,455,695
Total	<u>\$ 2,611,387</u>	<u>\$ 84,705</u>	<u>\$ 111,853</u>	<u>\$ 2,584,239</u>
	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2012</u>
Less Accumulated Depreciation				
Technology & Equipment	\$ 126,112	\$ 5,285	\$ 17,751	\$ 113,646
General Equipment	1,983,825	93,894	92,125	1,985,594
Total	<u>2,109,937</u>	<u>99,179</u>	<u>109,876</u>	<u>2,099,240</u>
Business-Type Activities Capital Assets-Net	<u>\$ 501,450</u>	<u>\$ (14,474)</u>	<u>\$ 1,977</u>	<u>\$ 484,999</u>

Depreciation expense was allocated to governmental functions.

**PIKE COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2012**

NOTE 7– BONDED DEBT AND LEASE OBLIGATIONS

The amounts shown in the accompanying financial statements as lease obligations represents the Board’s future obligations to make lease payments relating to the bonds issued by the Fiscal Court of Pike County, aggregating \$102,664,881 .

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

<u>Issue Date</u>	<u>Proceeds</u>	<u>Rates</u>
May 8, 2001	2,520,000	3.500%-4.150%
June 4, 2002	6,060,000	4.000%-4.750%
July 1, 2003	20,655,000	2.000%-4.200%
December 1, 2003	6,115,000	2.000%-4.125%
February 1, 2005	4,310,000	2.300%-3.600%
November 1, 2006	5,460,000	3.500%-3.800%
February 1, 2007	2,210,000	4.000%-4.400%
October 1, 2007	13,715,000	4.000%-4.375%
May 1, 2008	3,505,000	2.100%-3.250%
June 1, 2009	10,695,000	1.000%-3.200%
October 1, 2009	1,735,000	1.200%-4.125%
October 4, 2010	6,400,000	0.700%--3.100%
November 1, 2011	29,670,000	2.000%-4.000%
November 1, 2011	11,000,000	4.620%
June 1, 2012	18,720,000	2.000%-3.000%

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

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

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

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

**PIKE COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENT – CONTINUED
JUNE 30, 2012**

NOTE 7– BONDED DEBT AND LEASE OBLIGATIONS (Continued)

<u>Issue</u>	<u>Beginning Balance</u>	<u>New Proceeds</u>	<u>Retired Principal</u>	<u>Ending Balance</u>
2001R Series	315,000	-0-	315,000	-0-
2002 Series	250,000	-0-	250,000	-0-
2003 Series	17,505,000	-0-	17,505,000	-0-
2003B Series	4,390,000	-0-	275,000	4,115,000
2005R Series	2,255,000	-0-	385,000	1,870,000
2006 Series	500,000	-0-	-0-	500,000
2006R Series	4,065,000	-0-	395,000	3,670,000
2007 Series	1,895,000	-0-	85,000	1,810,000
2007 KISTA	817,253	-0-	132,372	684,881
2007B Series	12,630,000	-0-	385,000	12,245,000
2008R Series	2,500,000	-0-	360,000	2,140,000
2009 Series	1,670,000	-0-	65,000	1,605,000
2009R Series	10,285,000	-0-	765,000	9,520,000
2010R Series	6,220,000	-0-	105,000	6,115,000
2011 Series		29,670,000	-0-	29,670,000
2011 QSCB		11,000,000	-0-	11,000,000
2012R Series		18,720,000	1,000,000	17,720,000
TOTAL	<u>\$ 65,297,253</u>	<u>\$ 59,390,000</u>	<u>\$ 22,022,372</u>	<u>\$102,664,881</u>

**PIKE COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2012**

NOTE 7- BONDED DEBT AND LEASE OBLIGATIONS (Concluded)

Assuming the issued are not called prior to scheduled maturity, the minimum obligations of the funds at June 30, 2012, for debt service, (principal and interest) are as follows:

	<u>PIKE COUNTY BOARD</u>		<u>KY. CONSTRUCTION COMMISSION</u>		
	LOCAL	LOCAL	KSFCC	KSFCC	<u>TOTAL</u>
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	
<u>TOTAL</u>	<u>TOTAL</u>	<u>TOTAL</u>	<u>TOTAL</u>		
2012-2013	3,288,683	1,915,659	2,661,218	897,652	8,763,212
2013-2014	3,358,639	1,846,092	2,721,262	831,632	8,757,625
2014-2015	3,427,889	1,772,876	2,792,012	759,383	8,752,160
2015-2016	3,511,045	1,694,686	2,683,856	684,445	8,574,032
2016-2017	3,583,495	1,617,193	2,516,406	611,026	8,328,120
2017-2018	3,664,217	1,533,794	2,530,684	537,631	8,266,326
2018-2019	3,758,149	1,443,041	2,431,752	464,213	8,097,155
2019-2020	3,853,815	1,344,434	2,446,086	391,162	8,035,497
2020-2021	3,951,936	1,238,295	2,097,965	322,086	7,610,282
2021-2022	4,042,201	1,140,603	1,502,700	266,850	6,952,354
2022-2023	4,149,899	1,032,364	1,550,002	219,548	6,951,813
2023-2024	3,685,485	905,191	1,514,416	171,958	6,277,050
2024-2025	2,327,069	779,579	1,202,832	131,077	4,440,557
2025-2026	2,416,669	693,022	1,238,232	95,327	4,443,250
2026-2027	2,509,604	601,517	1,275,297	58,014	4,444,432
2027-2028	2,606,599	502,338	998,302	22,075	4,129,314
2028-2029	2,707,017	397,000	457,884	6,394	3,568,295
2029-2030	2,811,575	289,200	393,326	0	3,494,101
2030-2031	2,923,593	177,000	391,308	0	3,491,901
2031-2032	2,995,000	59,900	95,000	1,959	3,151,859
					\$
TOTALS	<u>\$ 65,572,579</u>	<u>\$ 20,983,784</u>	<u>\$ 33,500,540</u>	<u>\$ 6,472,432</u>	<u>126,529,335</u>

The Board approved three new bond issues during the year ending June 30, 2012. On November 9, 2012, the Board issued \$11,000,000 in Qualified School Construction Bonds, with a stated interest rate of 4.62% and an effective rate of 2.878%. Also, on November 9, 2012 the Board issued \$29,670,000 in bonds, with rates of 2%-4%. Both of these issues were used to finance the Phelps Elementary School and the Virgie Elementary School. On January 1, 2012 the Board issued \$18,720,000 in bonds with interest rates of 2%-3% to refund the 2003 issue. This re-issuance resulted in a cumulative savings of \$ 1,204,081 for the District.

**PIKE COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2012**

NOTE 8 – LEASE COMMITMENTS

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
June 30, 2013	138,127	24,992	163,119
June 30, 2014	141,005	19,985	160,990
June 30, 2015	146,760	14,874	161,634
June 30, 2016	126,617	9,554	136,171
June 30, 2017	132,372	4,964	137,336
Total	<u>\$ 684,881</u>	<u>74,369</u>	<u>759,250</u>

NOTE 9– ACCUMULATED UNPAID SICK LEAVE BENEFITS

Upon retirement from the school system, a certified employee will receive from the Board an amount equal to 30% of accumulated sick leave. At June 30, 2012, this amount totaled \$ 493,194 for employees with 27 or more years of experience, which are accounted for as the long-term debt district wide. The District has elected to include this liability as a reserved portion of the General Fund. The entire compensated absence is reported on the government wide financial statements.

**PIKE COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2012**

NOTE 10– RETIREMENT PLAN

PENSION PLAN – KTRS

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

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

Funding Policy – Contribution rates are established by KTRS. Members are required to contribute 10.355% of their salaries for members before July 1, 2008 and 10.855% for members after July 1, 2008, to KTRS. The Commonwealth of Kentucky is required to contribute 13.605% and 14.105% of salaries respectively. The federal program, for any salaries paid by that program, pays the matching contributions. KTRS requires that members of KTRS occupy a position requiring either a four (4) year college degree or certification by KY Department of Education (KDE).

The Pike County School System’s total payroll for the 2012 year was \$55,057,210. The payroll for employees covered under KTRS was \$39,746,305. For the year ended June 30, 2012, participating employees contributed \$4,130,400 to KTRS for their benefits. The Board of Education’s contributions to KTRS for the year ending June 30, 2012 were \$989,970, which represents those employees covered by federal programs. The Commonwealth contributed \$4,282,601.

The Pike County School System’s total payroll for the 2011 year was \$54,799,801. The payroll for employees covered under KTRS was \$40,622,555. For the year ended June 30, 2011, participating employees contributed \$4,120,058 to KTRS for their benefits. The Board of Education’s contributions to KTRS for the year ending June 30, 2011 were \$814,846, which represents those employees covered by federal programs.

The Pike County School System’s total payroll for the 2010 year was \$57,839,924. The payroll for employees covered under KTRS was \$40,053,333. For the year ended June 30, 2010, participating employees contributed \$4,099,539 to KTRS for their benefit. The Board of Education’s contribution to KTRS for the year ending June 30, 2010 were \$878,924, which represents those employees covered by federal programs.

**PIKE COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2012**

PENSION PLAN – CERS

Classified personnel are covered under the County Employee's Retirement System (CERS), a cost sharing, multi-employer, public employer's retirement system. For 2012, funding for this Plan is provided through payroll withholdings of 5.00% and a Board Contribution of 18.96% of the employee's total compensation subject to contribution.

In 2012, the Pike County School System's payroll for employees covered under CERS was \$14,484,654. The contribution requirement was \$3,507,747. Employees contributed \$753,202 and the Board of Education's contributions to CERS were \$2,754,545.

In 2011, the Pike County School System's payroll for employees covered under CERS was \$14,177,246. For the year ended June 30, 2011, the contribution requirement was \$3,125,877. Employees contributed \$725,674 and the Board of Education's contributions to CERS were \$2,400,202.

In 2010, the Pike County School System's payroll for employees covered under CERS was \$14,469,436. For the year ended June 30, 2010, the contribution requirement was \$3,056,767. Employees contributed \$742,241 and the Board of Education's contributions to CERS were \$2,314,526.

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

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

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

NOTE 11– CONTINGENCIES

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

NOTE 12 – INSURANCE AND RELATED ACTIVITIES

The Board is exposed to various forms of loss of assets associated with the risks of fire, personal, liability, theft, vehicular accidents, errors and omissions, fiduciary responsibility, etc. Each of these risk areas is covered through the purchase of commercial insurance. The Board has purchased certain policies, which are retrospectively rated which include Worker's Compensation Insurance. The board has also self-insured some of the workers compensation. A separate checking account of \$147,608 is established for this reserve.

**PIKE COUNTY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
 JUNE 30, 2012**

NOTE 13 – LITIGATION

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

NOTE 14 – DEFICIT BALANCES

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

Food Service

NOTE 15 – COBRA

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

NOTE 16 – TRANSFER OF FUNDS

The following transfers were made during the year:

<u>Type</u>	<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
Operating	1	2	Matching	\$ 174,472
Operating	1	360	Construction	1,016,212
Operation	320	360	Construction	806,105
Operating	320	1	Capital	1,844,180
Operation	360	1	Capital	872,361
Operation	2	1	Indirect Cost	17,009

NOTE 17 – ON BEHALF PAYMENTS

The state of Kentucky makes certain payments to health insurance carriers and flexible spending account, and KTRS retirement vendors on behalf of the employees of the District. The state expended \$13,423,427. In accordance with GASB Statement No.24 the District has recognized these payments as revenue and expenditures. The on behalf payments, however, were not budgeted and are not included in the original or final budget of the district.

SUPPLEMENTARY INFORMATION

**PIKE COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012**

	GENERAL FUND			VARIANCE
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE)
REVENUES:				
From Local Sources				
Taxation	\$ 9,700,000	\$ 11,750,000	\$ 12,593,661	\$ (843,661)
Motor Vehicle	2,000,000	2,000,000	2,275,477	(275,477)
Utilities	4,000,000	4,200,000	4,007,897	192,103
Other				
Tuition & Fees	17,000	17,000	20,250	(3,250)
Earnings on Investments	100,000	80,000	138,195	(58,195)
Other Local Revenues	41,000	414,000	573,326	(159,326)
Intergovernmental-State	40,796,597	39,834,912	51,895,167	(12,060,255)
Intergovernmental – Direct Federal	50,000	80,000	249,840	(169,840)
TOTAL REVENUES	<u>56,704,597</u>	<u>58,375,912</u>	<u>71,753,813</u>	<u>(13,377,901)</u>
EXPENDITURES:				
Current:				
Instruction	28,560,853	29,761,993	36,147,792	(6,385,799)
Support Services:				
Student	2,733,173	2,993,877	3,460,574	(466,697)
Instructional Staff	2,730,235	2,760,532	2,967,624	(207,092)
District Administration	1,786,090	2,347,423	2,347,483	(60)
School Administration	3,438,749	3,513,593	4,255,423	(741,830)
Business	1,160,165	1,148,697	1,446,834	(298,137)
Plant Operations & Maintenance	9,830,457	10,489,082	11,058,776	(569,694)
Student Transportation	7,391,340	7,110,262	7,933,718	(823,456)
Central Office	-0-	-0-	-0-	-0-
Food Service Operations	-0-	-0-	-0-	-0-
Other	-0-	-0-	-0-	-0-
Community Service	-0-	38,363	258,031	(219,668)
Facilities Acquisition & Constr.	132,000	42,000	75,545	(33,545)
Debt Service – Principal	162,163	162,163	162,163	-0-
Debt Service – Interest	-0-	-0-	-0-	-0-
Contingency	1,597,372	2,918,374	0-	2,918,374
TOTAL EXPENDITURES	<u>59,522,597</u>	<u>63,286,359</u>	<u>70,113,963</u>	<u>(6,827,604)</u>
Excess (Deficit) of Revenues over Expenditures	<u>(2,818,000)</u>	<u>(4,910,447)</u>	<u>1,639,850</u>	<u>6,550,297</u>
OTHER FINANCING SOURCES (USES):				
Bonds Proceeds	-0-	-0-	-0-	-0-
Proceeds from Sale of Fixed Assets	-0-	-0-	-0-	-0-
Operating Transfers In	18,000	2,732,487	2,733,550	(1,063)
Operating Transfers Out	(200,000)	(1,200,000)	(1,190,684)	9,316
TOTAL OTHER FINANCING SOURCES (USES):	<u>(182,000)</u>	<u>1,532,487</u>	<u>1,542,866</u>	<u>10,379</u>
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	<u>(3,000,000)</u>	<u>(3,377,960)</u>	<u>3,182,716</u>	<u>6,560,676</u>
Fund Balance July 1, 2011	3,000,000	3,377,960	5,147,030	1,769,070
Fund Balance June 30, 2012	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 8,329,746</u>	<u>\$ 8,329,746</u>

The actual numbers reflect on behalf payments of \$13,423,427, which are not budgeted.

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

**PIKE COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012**

	SPECIAL REVENUE			VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES:				
From Local Sources				
Taxation	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Motor Vehicle	-0-	-0-	-0-	-0-
Utilities	-0-	-0-	-0-	-0-
Other	-0-	-0-	-0-	-0-
Tuition & Fees	-0-	-0-	-0-	-0-
Earnings on Investments	-0-	-0-	-0-	-0-
Other Local Revenues	606,938	79,536	568,706	(489,170)
Intergovernmental-State	5,530,430	2,882,547	2,930,185	(47,638)
Intergovernmental – Indirect Federal	12,221,175	9,736,540	12,623,395	(2,886,855)
Intergovernmental – Direct Federal	-0-	-0-	-0-	-0-
TOTAL REVENUES	18,358,543	12,698,623	16,122,286	(3,423,663)
EXPENDITURES:				
Current:				
Instruction	13,592,719	8,666,473	10,939,080	(2,272,607)
Support Services:				
Student	392,736	395,806	356,753	39,053
Instructional Staff	2,393,016	2,217,337	2,080,204	137,133
District Administration	-0-	-0-	-0-	-0-
School Administration	-0-	-0-	-0-	-0-
Business	189,095	156,015	155,471	544
Plant Operations & Maintenance	22,739	21,472	21,120	352
Student Transportation	51,669	40,864	944,588	(903,724)
Central Office	-0-	-0-	-0-	-0-
Food Service Operations	-0-	-0-	-0-	-0-
Other	-0-	-0-	-0-	-0-
Community Service	1,913,259	1,358,539	1,782,533	(423,994)
Facilities Acquisition & Constr.	-0-	-0-	-0-	-0-
Other	-0-	-0-	-0-	-0-
TOTAL EXPENDITURES	18,555,233	12,856,506	16,279,749	(3,423,243)
Excess (Deficit) of Revenues over Expenditures	(196,690)	(157,883)	(157,463)	420
OTHER FINANCING SOURCES (USES):				
Bonds Proceeds	-0-	-0-	-0-	-0-
Proceeds from Sale of Fixed Assets	-0-	-0-	-0-	-0-
Operating Transfers In	215,000	175,000	174,472	(528)
Operating Transfers Out	(18,310)	(17,117)	(17,009)	108
TOTAL OTHER FINANCING SOURCES (USES):	196,690	157,883	157,463	(420)
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and				
Other Financing Uses	-0-	-0-	-0-	-0-
Fund Balance July 1, 2011	-0-	-0-	-0-	-0-
Fund Balance June 30, 2012	\$ 0	\$ -0-	\$ -0-	\$ -0-

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

**PIKE COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012**

	CONSTRUCTION FUND			VARIANCE
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE)
REVENUES:				
From Local Sources				
Taxation	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Motor Vehicle	-0-	-0-	-0-	-0-
Utilities	-0-	-0-	-0-	-0-
Other	-0-	-0-	-0-	-0-
Tuition & Fees	-0-	-0-	-0-	-0-
Earnings on Investments	-0-	-0-	30,882	(30,882)
Other Local Revenues	-0-	-0-	-0-	-0-
Intergovernmental-State	-0-	-0-	-0-	-0-
Intergovernmental – Indirect Federal	-0-	-0-	-0-	-0-
Intergovernmental – Direct Federal	-0-	-0-	-0-	-0-
TOTAL REVENUES	-0-	-0-	30,882	(30,882)
EXPENDITURES:				
Current:				
Instruction	-0-	-0-	-0-	-0-
Support Services:				
Student	-0-	-0-	-0-	-0-
Instructional Staff	-0-	-0-	-0-	-0-
District Administration	-0-	-0-	-0-	-0-
School Administration	-0-	-0-	-0-	-0-
Business	-0-	-0-	-0-	-0-
Plant Operations & Maintenance	-0-	-0-	-0-	-0-
Student Transportation	-0-	-0-	-0-	-0-
Central Office	-0-	-0-	-0-	-0-
Food Service Operations	-0-	-0-	-0-	-0-
Other	-0-	-0-	-0-	-0-
Community Service	-0-	-0-	-0-	-0-
Facilities Acquisition & Constr.	-0-	743,405	10,428,712	(9,685,307)
Building Improvements	-0-	62,700	174,036	(111,336)
Site Improvements	-0-	-	4,405,125	(4,405,125)
TOTAL EXPENDITURES	-0-	806,105	15,007,873	(14,201,768)
Excess (Deficit) of Revenues over Expenditures	-0-	(806,105)	(14,976,991)	(14,170,886)
OTHER FINANCING SOURCES (USES):				
Bonds Proceeds	-0-	-0-	39,844,621	39,844,621
Proceeds from Sale of Fixed Assets	-0-	-0-	-0-	-0-
Operating Transfers In	-0-	806,105	1,822,317	1,016,212
Operating Transfers Out	-0-	-0-	-0-	-0-
TOTAL OTHER FINANCING SOURCES (USES):	-0-	806,105	41,666,938	40,860,833
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	-0-	-0-	26,689,947	26,689,947
Fund Balance July 1, 2011	-0-	-0-	(611,302)	(611,302)
Fund Balance June 30, 2012	\$ 0	\$ -0-	\$ 26,078,645	\$ 26,078,645

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

**PIKE COUNTY BOARD OF EDUCATION
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012**

	Capital Outlay Fund	FSPK Fund	Debt Service	Total Non- Major Government Funds
<u>ASSETS</u>				
Cash and				
Cash Equivalents	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Accounts Receivable	-0-	-0-	-0-	-0-
Bond Issuance Costs(net)	-0-	-0-	1,015,471	1,015,471
Total Assets	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 1,015,471</u>	<u>\$ 1,015,471</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities				
Accounts Payable	\$ -0-	-0-	-0-	-0-
Deferred Revenue	-0-	-0-	-0-	-0-
Total Liabilities	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Fund Balances				
Reserved for Site Base	-0-	-0-	-0-	-0-
Reserved for Sick Leave	-0-	-0-	-0-	-0-
Unassigned Fund Balance	-0-	-0-	1,015,471	1,015,471
Restricted for Future				
Construction	-0-	-0-	-0-	-0-
Unreserved	-0-	-0-	-0-	-0-
Total Fund Balances	<u>-0-</u>	<u>-0-</u>	<u>1,015,471</u>	<u>1,015,471</u>
Total Liabilities and Fund Balances	<u>-0-</u>	<u>\$ -0-</u>	<u>\$ 1,015,471</u>	<u>\$ 1,015,471</u>

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

**PIKE COUNTY BOARD OF EDUCATION
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE –
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2012**

	Capital Outlay	FSPK Fund	DEBT SERVICE	Total Non- Major Govern- mental Fund
REVENUES				
Taxes:				
Property	\$ -0-	\$ 2,971,074	\$ -0-	\$ 2,971,074
Earnings on Investment	-0-	-0-	-0-	-0-
Bond Proceeds	-0-	-0-	-0-	-0-
Other Local Revenues	-0-	-0-	-0-	-0-
Intergovernmental State	872,361	3,347,724	3,162,178	7,382,263
Total Revenues	872,361	6,318,798	3,162,178	10,353,337
EXPENDITURES				
Instruction	-0-	-0-	-0-	-0-
Plant Operation & Main	-0-	-0-	-0-	-0-
Facilities Acquisitions and Construction	-0-	-0-	-0-	-0-
Site Improvements	-0-	-0-	-0-	-0-
Building Improvements	-0-	-0-	-0-	-0-
Debt Service				
Principal	-0-	3,668,513	3,162,178	6,830,691
Interest	-0-	-0-	-0-	-0-
Amortized Bond Issuance Costs			15,841	15,841
Total Expenditures	-0-	3,668,513	3,178,019	6,846,532
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	872,361	2,650,285	(15,841)	3,506,805
Other Financing Sources (Uses)				
Proceeds from Sale of Bond	-0-	-0-	1,031,312	1,031,312
Operating Transfer In	-0-	-0-	-0-	-0-
Operating Transfer Out	(872,361)	(2,650,285)	-0-	(3,522,646)
Total Other Financing Sources (Uses)	(872,361)	(2,650,285)	1,031,312	(2,491,334)
Excess (Deficit) of Revenue and Other Financing Sources over Expenditures and Other Financing Uses	-0-	-0-	1,015,471	1,015,471
Fund Balance, July 1, 2011	-0-	-0-	1,015,471	1,015,471
Fund Balance, June 30, 2012	\$ -0-	\$ -0-	\$ 1,015,471	\$ 1,015,471

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

**PIKE COUNTY BOARD OF EDUCATION
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE
 SCHOOL ACTIVITY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2012**

<u>SCHOOLS</u>	<u>CASH BALANCE</u> 01-Jul-11	<u>RECEIPTS</u>	<u>DISBURSE- MENTS</u>	<u>CASH BALANCE</u> 30-Jun-12	<u>ACCOUNTS RECEIVABLE</u>	<u>ACCOUNTS PAYABLE</u>	<u>FUND BALANCE</u> 30-Jun-11
HIGH SCHOOLS							
Belfry	\$ 62,966	\$ 451,436	\$ 446,497	\$ 67,905	\$ -0-	\$ 5,839	\$ 62,066
East Ridge	151,082	284,720	328,587	107,215	4,200	3,137	108,278
Phelps	69,944	230,834	192,017	108,761	-0-	-0-	108,761
Pike Central	78,540	348,000	327,552	98,988	450	3,733	95,705
Shelby Valley	100,474	443,409	389,545	154,338	129	-0-	154,467
MIDDLE SCHOOLS							
Belfry Middle	369	265,190	262,012	3,547	1,352	2,419	2,480
Feds Creek Middle	25,217	99,741	97,208	27,750	-0-	3,500	24,250
Johns Creek	31,383	310,343	311,535	30,191	6,310	580	35,921
Millard	38,181	192,693	189,395	41,479	167	-0-	41,646
Mullins	31,068	309,690	305,595	35,163	50	6,870	28,343
Virgie Middle	125,738	275,710	263,063	138,385	40	259	138,166
ELEMENTARY SCHOOLS							
Bevins	19,306	69,947	64,842	24,411	-0-	73	24,338
Blackberry	10,327	29,151	29,990	9,488	-0-	-0-	9,488
Dorton	72,334	100,321	99,214	73,441	692	51	74,082
Elkhorn City	51,259	208,244	198,737	60,766	1,036	5,233	56,569
Kimper	16,982	42,942	39,908	20,016	-0-	-0-	20,016
Majestic	28,025	39,290	42,993	24,322	-0-	25	24,297
Phelps	47,400	110,419	118,275	39,544	-0-	901	38,643
Southside	65,432	141,705	121,869	85,268	-0-	339	84,929
DAY TREATMENT CENTERS							
Shelby Valley	1,891	1,041	1,551	1,381	-0-	-0-	1,381
TOTALS	<u>\$1,027,918</u>	<u>\$3,954,826</u>	<u>\$3,830,385</u>	<u>\$ 1,152,359</u>	<u>\$ 14,426</u>	<u>\$ 32,959</u>	<u>\$ 1,133,826</u>

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

PIKE COUNTY BOARD OF EDUCATION
BELFRY HIGH SCHOOL

ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND FUND BALANCE

FOR THE YEAR ENDED JUNE 30, 2012

Fund	Cash Balance July 1, 2011	Receipts	Disbursements	Transfers	Cash Balance June 30, 2012	Accounts Receivable	Accounts Payable	Fund Balance June 30, 2012
GENERAL	\$ 31	\$26,300	\$ 27,633	\$ 1,329	\$ 28	\$ -0-	\$-0-	\$ 28
ACADEMIC	-0-	1,575	2,314	739	-0-	-0-	-0-	-0-
SPIRIT TEAM	31	4,013	3,919	-0-	126	-0-	-0-	126
GOLF TEAM	116	-0-	60	-0-	56	-0-	-0-	56
LOCKER FEES	-0-	2,668	278	(2,003)	386	-0-	-0-	386
TEXTBOOK RENTAL	-0-	4,267	242	(4,025)	-0-	-0-	-0-	-0-
FACULTY	40	540	766	186	-0-	-0-	-0-	-0-
MNA	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
NON RESIDENT	-0-	1,500	1,500	-0-	-0-	-0-	-0-	-0-
HONOR SOCIETY	223	825	917	-0-	130	-0-	-0-	130
WRESTLING	1,356	4,099	7,983	2,528	-0-	-0-	-0-	-0-
MU ALPHA THETA	-0-	380	380	-0-	-0-	-0-	-0-	-0-
BUSINESS	130	1,618	1,960	216	4	-0-	-0-	4
STORES	515	51,899	45,752	(6,663)	-0-	-0-	-0-	-0-
ROBOTICS	5,000	10,209	7,778	-0-	7,431	-0-	500	6,931
CHARLES JOHNSON GR.	-0-	5,000	5,000	-0-	-0-	-0-	-0-	-0-
HOSA	1,808	5,590	4,951	-0-	2,447	-0-	-0-	2,447
FOOTBALL	24,299	112,202	105,321	(10,114)	21,065	-0-	-0-	21,065
BOYS BASKETBALL	356	25,286	31,741	6,098	-0-	-0-	-0-	-0-
GIRLS BASKETBALL	6,860	12,285	20,688	3,819	2,276	-0-	-0-	2,276
BASEBALL	1,027	14,200	15,282	55	-0-	-0-	-0-	-0-
BOYS CHEERLEADERS	5,863	17,199	20,506	3,302	5,859	-0-	3,339	2,520
GIRLS CHEERLEADERS	-0-	20,244	12,566	(3,341)	4,335	-0-	-0-	4,335
SOFTBALL	-0-	11,011	10,146	(865)	-0-	-0-	-0-	-0-
VOLLEYBALL	1,287	5,958	7,050	-0-	195	-0-	-0-	195

PIKE COUNTY BOARD OF EDUCATION
BELFRY HIGH SCHOOL

ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND FUND BALANCE

FOR THE YEAR ENDED JUNE 30, 2012 (CONTINUED)

Fund	Cash Balance July 1, 2011	Receipts	Disbursements	Transfers	Cash Balance June 30, 2012	Accounts Receivable	Accounts Payable	Fund Balance June 30, 2012
SPECIAL NEEDS	1,319	6,089	6,794	-0-	614	-0-	-0-	614
BOYS & GIRLS SOCCER	4,175	35,382	32,068	-0-	7,489	-0-	-0-	7,489
JR CLASS	1,228	10,618	9,547	-0-	2,299	-0-	-0-	2,299
JR ROTC	1,809	3,155	2,913	1,750	3,801	-0-	-0-	3,801
SADD	500	2,778	2,704	-0-	575	-0-	-0-	575
YALSA	580	752	876	-0-	457	-0-	-0-	457
SPEECH & DRAMA	-0-	3,374	2,301	(1,073)	-0-	-0-	-0-	-0-
CO-ED Y	369	-0-	-0-	-0-	369	-0-	-0-	369
YOUTH SERVICE CENTER	-0-	1,000	462	-0-	538	-0-	-0-	538
CHILDREN INC.	-0-	12,963	11,468	(1,199)	295	-0-	-0-	295
ANNUAL	578	30,190	35,966	5,198	-0-	-0-	-0-	-0-
VARNEY SCHOLARSHIP	1,852	-0-	-0-	3,148	5,000	-0-	1,000	4,000
SCIENCE	112	-0-	-0-	-0-	112	-0-	-0-	112
TRACK	-0-	-0-	809	809	-0-	-0-	-0-	-0-
SOUTHS SCHOLARSHIP	1,500	1,000	750	-0-	1,750	-0-	1,000	750
BAND	2	917	741	-0-	178	-0-	-0-	178
STLP	-0-	3,856	3,765	-0-	90	-0-	-0-	90
SCHOOL NEWSPAPER	-0-	494	600	106	-0-	-0-	0-	-0-
TOTAL	<u>\$ 62,966</u>	<u>\$ 451,436</u>	<u>\$ 446,497</u>	<u>\$ -0-</u>	<u>\$ 67,905</u>	<u>\$ -0-</u>	<u>\$ 5,839</u>	<u>\$ 62,066</u>

PIKE COUNTY BOARD OF EDUCATION
EAST RIDGE HIGH SCHOOL

ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND FUND BALANCE

FOR THE YEAR ENDED JUNE 30, 2012

Fund	Cash Balance July 1, 2011	Receipts	Disbursements	Transfers	Cash Balance June 30, 2012	Accounts Receivable	Accounts Payable	Fund Balance June 30, 2012
GENERAL	\$ 2,067	\$ 9,664	\$ 18,195	\$ 6,484	\$ 20	\$ -0-	\$ 439	\$(419)
LIBRARY	627	24	22	-0-	629	-0-	-0-	629
SCHOLARSHIPS	21,500	10,000	22,000	2,000	11,500	-0-	-0-	11,500
PARKING	2,438	310	-0-	(424)	2,324	-0-	-0-	2,324
TEXTBOOKS	11,442	5,615	1,219	(4,678)	11,161	-0-	-0-	11,161
PRINCIPALS	12,308	6,750	5,424	(5,971)	7,663	250	-0-	7,913
CULTURE CLUB	258	-0-	682	424	-0-	-0-	-0-	-0-
HEALTH	-0-	822	-0-	-0-	822	-0-	-0-	822
JKG CEDAR GRANT	59	21,397	21,949	492	-0-	1,150	-0-	1,150
DO SOMETHING CLUB	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
SPECIAL EDUCATION	23	-0-	-0-	-0-	23	-0-	-0-	23
MIDDLE SCHOOL SFTB	-0-	500	559	420	361	-0-	-0-	361
YOUNG REPUBLICAN	157	-0-	-0-	-0-	157	-0-	-0-	157
HISTORY CLUB	934	2,056	2,912	-0-	78	-0-	-0-	78
RAIN DANCE CLUB	35	1,060	1,057	-0-	38	-0-	-0-	38
ACADEMIC TEAM	-0-	1,450	3,131	1,681	-0-	-0-	-0-	-0-
ATHLETICS	5,843	81,431	60,578	(26,231)	464	-0-	-0-	464
59 TH DISTRICT	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
UNIFORMS	7,650	-0-	8,627	1,741	764	-0-	-0-	764
BOYS BASKETBALL	250	50	6,876	6,576	-0-	-0-	-0-	-0-
DISTRICT TOURNAMENT	1,087	-0-	-0-	(896)	191	-0-	-0-	191
GIRLS DISTRICT	58	-0-	-0-	(58)	-0-	-0-	-0-	-0-
GIRLS BASKETBALL	-0-	50	4,753	4,703	-0-	-0-	-0-	-0-
FOOTBALL BOOSTERS	400	-0-	-0-	(400)	-0-	-0-	-0-	-0-
FOOTBALL	143	-0-	11,623	11,484	4	-0-	-0-	4
WRESTLING	445	242	2,562	1,875	-0-	-0-	-0-	-0-
ER MIDDLE SCHOOL	1,131	1,322	3,159	706	-0-	-0-	-0-	-0-
ER MIDDLE SCHOOL FB	2,378	1,527	4,319	938	523	-0-	-0-	523

PIKE COUNTY BOARD OF EDUCATION
EAST RIDGE HIGH SCHOOL

ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND FUND BALANCE

FOR THE YEAR ENDED JUNE 30, 2012 (CONTINUED)

Fund	Cash Balance July 1, 2011	Receipts	Disbursements	Transfers	Cash Balance June 30, 2012	Accounts Receivable	Accounts Payable	Fund Balance June 30, 2012
SOFTBALL	641	901	2,726	1,184	-0-	-0-	-0-	-0-
BASEBALL	566	-0-	2,965	2,399	-0-	-0-	-0-	-0-
JR. HIGH BASEBALL	232	80	1,410	1,098	-0-	-0-	-0-	-0-
BB/SB 59 TH TOUR	-0-	-0-	-0-	-0-	-0-	-0-	-0-	0-
STUDENT INCENTIVE	-0-	1,558	670	-0-	888	-0-	-0-	888
VOLLEYBALL	1,266	3,736	7,116	2,225	111	-0-	-0-	111
VB DISTRICT TOURNAMENT	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TRACK	-0-	218	100	(118)	-0-	-0-	-0-	-0-
CHEERLEADERS	2,312	11,443	12,059	(88)	1,608	2,500	2,669	1,439
CROSS COUNTRY	-0-	85	1,795	1,709	-0-	-0-	-0-	-0-
GOLF	-0-	-0-	540	540	-0-	-0-	-0-	-0-
CONCESSIONS	3	-0-	-0-	-0-	3	300	-0-	303
JROTC VENDING	2,406	6,574	4,932	(2,416)	1,632	-0-	-0-	1,632
TEACHER LNGE CONCESS	-0-	2,842	5,813	2,971	-0-	-0-	-0-	-0-
GATORADE CONCESS	1,540	2,824	2,908	(637)	819	-0-	-0-	819
ATHLETIC VENDING	4,842	28,598	21,762	(7,979)	3,699	-0-	-0-	3,699
ART	2	-0-	-0-	-0-	2	-0-	-0-	2
CISCO KIDS	77	-0-	-0-	-0-	77	-0-	-0-	77
YEAH	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
BAND	-0-	500	3,760	3,260	-0-	-0-	-0-	-0-
CHOIR	42	1,216	1,132	(126)	-0-	-0-	-0-	-0-
JROTC	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
JROTC COLLEGE FUND	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
JROTC DRILL TEAM	6,345	5,462	6,330	1,012	6,489	-0-	29	6,460
DRAMA	220	-0-	-0-	-0-	220	-0-	-0-	220
AP ENGLISH	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
ANNUAL/YEARBOOK	28,338	11,027	11,622	-0-	27,743	-0-	-0-	27,743
PICTURES	-0-	5,471	-0-	(5,471)	-0-	-0-	-0-	-0-
NEWSPAPER	170	-0-	-0-	-0-	170	-0-	-0-	170

PIKE COUNTY BOARD OF EDUCATION
EAST RIDGE HIGH SCHOOL

ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND FUND BALANCE

FOR THE YEAR ENDED JUNE 30, 2012 (CONTINUED)

Fund	Cash Balance July 1, 2011	Receipts	Disbursements	Transfers	Cash Balance June 30, 2012	Accounts Receivable	Accounts Payable	Fund Balance June 30, 2012
BETA CLUB	934	129	200	-0-	863	-0-	-0-	863
FCA	244	-0-	-0-	-0-	244	-0-	-0-	244
NATIONAL HONOR SOC.	810	3,725	3,215	(100)	1,220	-0-	-0-	1,220
Y.S.C.	35	-0-	-0-	-0-	35	-0-	-0-	35
ARCHERY	240	-0-	-0-	(240)	-0-	-0-	-0-	-0-
CHILDREN INC.	110	12,979	9,961	(2,472)	656	-0-	-0-	656
FUNDS FOR NEEDY	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
GUIDANCE COUNSELOR	807	5,747	5,924	(86)	544	-0-	-0-	544
SAFE SCHOOL CAMPAIGN	100	-0-	-0-	-0-	100	-0-	-0-	100
PROM	22,450	12,136	18,281	-0-	16,305	-0-	-0-	16,305
PROJECT PROM	1,344	52	-0-	(1,396)	-0-	-0-	-0-	-0-
HOMECOMING ACTIVITIES	1,270	1,781	1,105	-0-	1,947	-0-	-0-	1,947
SENIORS	-0-	5,291	5,077	-0-	214	-0-	-0-	214
STUDENT ENRICHMENT	-0-	15,346	16,547	4,175	2,971	-0-	-0-	2,971
STUDENT LEADERSHIP	418	-0-	62	-0-	356	-0-	-0-	356
GIFTED AND TALENTED	53	-0-	-0-	-0-	53	-0-	-0-	53
FAMILY CONSUMER	4	-0-	-0-	(4)	-0-	-0-	-0-	-0-
FCCLA	257	-0-	-0-	-0-	257	-0-	-0-	257
SAVING & LOAN	305	-0-	-0-	(305)	-0-	-0-	-0-	-0-
FBLA	1,386	567	802	-0-	1,152	-0-	-0-	1,152
PEN/PENCIL VENDING	80	161	126	-0-	115	-0-	-0-	115
TOTAL	\$ 151,082	\$ 284,720	\$ 328,587	\$ -0-	\$ 107,215	\$4,200	\$ 3,137	\$ 108,278

PIKE COUNTY BOARD OF EDUCATION
 PHELPS HIGH SCHOOL

ACTIVITY FUNDS
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND FUND BALANCE

FOR THE YEAR ENDED JUNE 30, 2012

Fund	Cash Balance July 1, 2011	Receipts	Disbursements	Transfers	Cash Balance June 30, 2011	Accounts Receivable	Accounts Payable	Fund Balance June 30, 2011
GENERAL	\$ 2,861	\$ 13,605	\$ 22,297	\$ 9,374	\$ 3,544	\$ -0-	\$ -0-	\$ 3,544
STUDENT ACTIVITIES	1,859	1,034	6,514	7065	3,443	-0-	-0-	3,443
DUAL CREDIT TUITION	5,175	5,083	4,293	-0-	5,965	-0-	-0-	5,965
SR. CLASS	1,316	3,401	3,770	(380)	567	-0-	-0-	567
VOLLEYBALL	349	5,761	4,388	(224)	1,498	-0-	-0-	1,498
JR HIGH VOLLEYBALL	1,352	3,540	3,844	(330)	718	-0-	-0-	718
BOOK RENTAL	4,120	69	1,937	(660)	1,592	-0-	-0-	1,592
LOCKERS	117	1,415	-0-	-0-	1,532	-0-	-0-	1,532
CHEER	207	-0-	207	-0-	-0-	-0-	-0-	-0-
WRESTLING	-0-	4,000	-0-		4,000	-0-	-0-	4,000
60 TH DIST PROGRAM	-0-	7,537	2,447	(5,090)	-0-	-0-	-0-	-0-
VAR BOYS BASKETBALL	1,123	17,507	17,822	3446	4,253	-0-	-0-	4,253
FOOTBALL	6,444	10,055	7,483	(1,421)	7,595	-0-	-0-	7,595
DANCE TEAM	-0-	11,281	12,684	1683	280	-0-	-0-	280
BASEBALL	2,058	892	2,128	55	876	-0-	-0-	876
VAR GIRLS BASKETBALL	2,826	4,912	10,115	5810	3,434	-0-	-0-	3,434
VARSITY SOFTBALL	71	3,279	1,910	(1,414)	27	-0-	-0-	27
60 TH CONCESSION	-0-	4,673	163	(4,511)	-0-	-0-	-0-	-0-
JH BOYS BASKETBALL	74	9,172	6,465	194	2,975	-0-	-0-	2,975
60 TH DIST GATE	-0-	12,952	9,490	(3,462)	-0-	-0-	-0-	-0-
JH GIRLS BASKETBALL	271	6,718	3,515	(277)	3,197	-0-	-0-	3,197
KY STUDIES	-0-	235	25	(211)	-0-	-0-	-0-	-0-
JROTC	1,944	2,606	3,066	400	1,884	-0-	-0-	1,884
FBLA	327	450	346	-0-	431	-0-	-0-	431
ACADEMICS	291	200	590	500	401	-0-	-0-	401
LIBRARY FUND	520	2,243	2,315	-0-	447	-0-	-0-	447

PIKE COUNTY BOARD OF EDUCATION
 PHELPS HIGH SCHOOL

ACTIVITY FUNDS
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND FUND BALANCE

FOR THE YEAR ENDED JUNE 30, 2012(CONTINUED)

Fund	Cash Balance July 1, 2011	Receipts	Disbursements	Transfers	Cash Balance June 30, 2012	Accounts Receivable	Accounts Payable	Fund Balance June 30, 2012
JR CLASS	89	7,835	7,987	63	-0-	-0-	-0-	-0-
PEP CLUB	569	84	29	-0-	624	-0-	-0-	624
CHILDREN INC.	6,964	18,253	6,773	-0-	18,444	-0-	-0-	18,444
STORE	4,855	13,684	8,649	104	9,994	-0-	-0-	9,994
VENDING MACHINES	6,319	25,567	13,092	(16,000)	2,794	-0-	-0-	2,794
TEACHER'S VENDING	3,138	9,185	4,649	-0-	7,674	-0-	173	7,674
CATS REWARD	870	550	-0-	(104)	1,316	-0-	-0-	1,316
YEARBOOK	4,524	7,005	6,735	1,105	5,898	-0-	-0-	5,898
4-H CLUB	70	-0-	-0-	-0-	70	-0-	-0-	70
B MATNEY SCHOLARSHIP	500	500	500	-0-	500	-0-	-0-	500
BAND	-0-	685	375	50	360	-0-	-0-	360
PARKING TAGS	340	80	-0-	-0-	420	-0-	-0-	420
GRAPHICS ACCOUNT	568	200	217	-0-	552	-0-	-0-	552
JH ACADEMICS	-0-	2,750	-0-	(2750)	-0-	-0-	-0-	-0-
REV. ENERGY	-0-	1,000	-0-	-0-	1,000	-0-	-0-	1,000
FCA	35	100	-0-	-0-	135	-0-	-0-	135
FMD UNIT	63	-0-	-0-	-0-	63	-0-	-0-	63
GENERAL SPORTS FUND	4,283	9,003	10,943	4,219	6,559	-0-	-0-	6,559
JUNIOR HIGH ACTIVITIES	2,837	738	3,165	2,750	3,160	-0-	-0-	3,160
SPELLING TEAM	615	54	130	-0-	539	0-	-0-	539
BETA CLUB	-0-	941	957	16	-0-	-0-	-0-	-0-
TOTAL	\$ 69,944	\$ 230,834	\$ 192,017	\$ -0-	\$ 108,761	\$ -0-	\$ -0-	\$ 108,761

PIKE COUNTY BOARD OF EDUCATION
 PIKE COUNTY CENTRAL HIGH SCHOOL

ACTIVITY FUNDS
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND FUND BALANCE

FOR THE YEAR ENDED JUNE 30, 2012

Fund	Cash Balance July 1, 2011	Receipts	Disbursements	Transfers	Cash Balance June 30, 2012	Accounts Receivable	Accounts Payable	Fund Balance June 30, 2012
SCHOOL	\$ 17,181	\$ 40,691	\$ 30,312	\$ (4,194)	\$ 23,366	\$ 200	\$ 135	\$ 23,431
LOCKER RENTAL	1,528	2,410	2,983	-0-	955	-0-	273	682
PARKING PERMITS	1,023	1,440	2,322	-0-	140	-0-	-0-	140
MEMORIAL	227	-0-	-0-	-0-	227	-0-	-0-	227
ATTENDANCE	100	-0-	-0-	-0-	100	-0-	-0-	100
AP CLASSES	1,674	2,265	1,899	-0-	2,040	-0-	-0-	2,040
HALL OF FAME	2,000	-0-	-0-	-0-	2,000	-0-	-0-	2,000
SCHOOL PICTURES	6,790	-0-	-0-	-0-	6,790	-0-	-0-	6,790
CONCESSION	693	324	999	-0-	18	-0-	-0-	18
STAFF VENDING	1,930	4,862	6,066	(146)	580	250	-0-	830
ATHLETIC	3,232	51,512	53,703	(1,041)	-0-	-0-	-0-	-0-
BOYS VARSITY	-0-	25,750	26,500	750	-0-	-0-	-0-	-0-
BASEBALL	-0-	3,958	6,114	2,156	-0-	-0-	-0-	-0-
MIDDLE SCH BASEBALL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
BOYS BASKETBALL	-0-	18,459	14,538	-0-	3,921	-0-	-0-	3,921
FOOTBALL	316	14,459	13,014	-0-	1,761	-0-	-0-	1,761
MIDDLE SCH FOOTBALL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
G VAR CHEERLEADERS	61	-0-	-0-	(61)	-0-	-0-	-0-	-0-
GIRLS BASKETBALL	7,462	18,324	12,567	-0-	13,219	-0-	-0-	13,219
SOFTBALL	1,405	13,286	13,373	-0-	1,319	-0-	465	854
VOLLEYBALL	1,002	8,654	9,542	(20)	94	-0-	-0-	94
WRESTLING	-0-	5,805	6,150	345	-0-	-0-	-0-	-0-
BOYS TRACK	78	-0-	41	-0-	37	-0-	-0-	37
GOLF	4	-0-	-0-	-0-	4	-0-	-0-	4

PIKE COUNTY BOARD OF EDUCATION
 PIKE COUNTY CENTRAL HIGH SCHOOL

ACTIVITY FUNDS
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND FUND BALANCE

FOR THE YEAR ENDED JUNE 30, 2012 (CONTINUED)

Fund	Cash Balance July 1, 2011	Receipts	Disbursements	Transfers	Cash Balance June 30, 2012	Account Receivable	Accounts Payable	Fund Balance June 30, 2012
SOCCER	636	-0-	2,139	1,503	-0-	-0-	-0-	-0-
TENNIS	333	1,448	1,637	-0-	145	-0-	-0-	145
BETA CLUB	41	-0-	-0-	(41)	-0-	-0-	-0-	-0-
BETA CLUB (CLASS OF	1,719	1,153	821	(260)	1,791	-0-	-0-	1,791
ACADEMIC	1,975	1,959	2,926	-0-	1,008	-0-	-0-	1,008
FBLA	1,455	340	1,049	-0-	746	-0-	-0-	746
CULINARY SKILLS	428	1,900	1,226	-0-	1,101	-0-	-0-	1,101
ENTREPRENEURSHIP	1,931	15,584	8,812	-0-	8,703	-0-	-0-	8,703
CEDAR	-0-	552	552	-0-	-0-	-0-	-0-	-0-
FCCLA	839	-0-	-0-	-0-	839	-0-	-0-	839
PEP CLUB	168	1,497	1,479	-0-	186	-0-	-0-	186
PROJECT PROM	1,087	6,163	5,810	-0-	1,439	-0-	-0-	1,439
SCIENCE	87	-0-	-0-	-0-	87	-0-	-0-	87
SPANISH CLUB	217	-0-	-0-	-0-	217	-0-	-0-	217
SIGN LANGUAGE CLUB	3	-0-	-0-	(3)	-0-	-0-	-0-	-0-
FCA	38	320	320	-0-	38	-0-	-0-	38
TECHNOLOGY STUDENT	278	-0-	-0-	-0-	278	-0-	-0-	278
FEA	533	-0-	-0-	-0-	533	-0-	-0-	533
NHS	268	1,890	1,237	(200)	721	-0-	-0-	721
ART	12	3,359	3,926	556	-0-	-0-	-0-	-0-
CLASS OF 2011	1,787	-0-	205	(151)	1,430	-0-	-0-	1,430
CLASS OF 2012	3,904	3,156	2,693	451	4,818	-0-	2,860	1,958
CLASS OF 2013	-0-	17,592	17,308	-0-	284	-0-	-0-	284
BAND	4,359	30,067	29,064	-0-	5,363	-0-	-0-	5,363
DANCE TEAM	224	-0-	-0-	-0-	224	-0-	-0-	224

PIKE COUNTY BOARD OF EDUCATION
 PIKE COUNTY CENTRAL HIGH SCHOOL

ACTIVITY FUNDS
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND FUND BALANCE

FOR THE YEAR ENDED JUNE 30, 2012 (CONTINUED)

Fund	Cash Balance July 1, 2011	Receipts	Disbursements	Transfers	Cash Balance June 30, 2012	Account Receivable	Accounts Payable	Fund Balance June 30, 2012
CHORUS	826	6,442	6,879	-0-	388	-0-	-0-	388
MAJORETTES	19	-0-	-0-	(19)	-0-	-0-	-0-	-0-
JAG	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
JR R.O.T.C.	394	1,813	2,123	-0-	84	-0-	-0-	84
HOSA	761	1,169	1,082	(240)	608	-0-	-0-	608
MEDICADE NURSE AIDE	124	1,484	1,767	240	81	-0-	-0-	81
NEWSPAPER	2,753	-0-	-0-	-0-	2,753	-0-	-0-	2,753
YEARBOOK	1,154	8,560	6,863	-0-	2,851	-0-	-0-	2,851
CLASS OF 2009	51	-0-	-0-	(51)	-0-	-0-	-0-	-0-
SPEECH	11	8,700	8,704	-0-	9	-0-	-0-	9
KEY CLUB	-0-	808	-0-	-0-	808	-0-	-0-	808
LIBRARY	-0-	817	866	200	151	-0-	-0-	151
YOUNG REPUBLICANS	294	-0-	-0-	-0-	294	-0-	-0-	294
4-H CLUB	20	-0-	-0-	-0-	20	-0-	-0-	20
Y-CLUB	-0-	4,776	4,772	-0-	4	-0-	-0-	4
HVPA	568	-0-	-0-	-0-	568	-0-	-0-	568
DRIVERS EDUCATION	31	-0-	-0-	-0-	31	-0-	-0-	31
EXPLORERS	91	4,668	4,886	226	99	-0-	-0-	99
HISTORY CLUB	1,045	3,265	3,423	-0-	886	-0-	-0-	886
NATIONAL HISTORY DAY	1,318	2,164	810	-0-	2,673	-0-	-0-	2,673
CHILDREN INC.	52	4,155	4,050	-0-	156	-0-	-0-	156
TOTAL	<u>\$ 78,540</u>	<u>\$ 348,000</u>	<u>\$ 327,552</u>	<u>\$ -0-</u>	<u>\$ 98,986</u>	<u>\$ 450</u>	<u>\$ 3,733</u>	<u>\$ 95,703</u>

PIKE COUNTY BOARD OF EDUCATION
SHELBY VALLEY HIGH SCHOOL

ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND FUND BALANCE

FOR THE YEAR ENDED JUNE 30, 2012

Fund	Cash Balance July 1, 2011	Receipts	Disbursements	Transfers	Cash Balance June 30, 2012	Accounts Receivable	Accounts Payable	Fund Balance June 30, 2012
ACADEMICS	\$ -0-	585	1,164	1,000	421	-0-	-0-	421
ATHLETICS	-0-	52,522	5,713	(36,608)	10,200	-0-	-0-	10,200
BAND	-0-	596	704	1,000	892	-0-	-0-	892
BLUE CREW ACCOUNT	309	445	-0-	(152)	602	-0-	-0-	602
BASEBALL	-0-	150	7,416	7,266	-0-	-0-	-0-	-0-
BASEBALL BOOSTERS	721	5,237	5,559	(320)	79	-0-	-0-	79
BASKETBALL-BOYS	-0-	245	8,427	8,182	-0-	-0-	-0-	-0-
BOYS BASKETBALL	3	374	374	-0-	3	-0-	-0-	3
BASKETBALL GIRLS	-0-	2	9,443	9,441	-0-	-0-	-0-	-0-
GIRLS BASKETBALL	1,873	2,756	1,411	(1,176)	2,042	-0-	-0-	2,042
BETA CLUB	389	1,105	792	8	710	-0-	-0-	710
CHEERLEADING	2,059	8,726	10,321	1,000	1,464	-0-	-0-	1,464
CATS	11,767	2,536	4,273	(911)	9,119	-0-	-0-	9,119
CHILDREN, INC.	-0-	14,665	13,885	(780)	-0-	-0-	-0-	-0-
CONCESSIONS	-0-	33,342	10,326	-0-	23,017	-0-	-0-	23,017
GAME CONCESSION	-0-	23,393	8,501	(551)	14,341	-0-	-0-	14,341
CROSS COUNTRY	879	138	2,155	1,500	362	-0-	-0-	362
DANCE TEAM	405	29,255	25,106	1,145	5,698	-0-	-0-	5,698
YOUTH SERVICE CENTER	1,245	1,530	1,565	(30)	1,181	-0-	-0-	1,181
FBLA	17	-0-	-0-	-0-	17	-0-	-0-	17
FCA	98	30	44	-0-	84	-0-	-0-	84
FOOTBALL	-0-	8,590	26,737	18,147	-0-	-0-	-0-	0
SV MIDDLE F-BALL	1,963	14,116	14,893	-0-	1,185	-0-	-0-	1,185
QUARTERBACK CLUB	-0-	4,727	753	1,061	5,035	-0-	-0-	5,035

PIKE COUNTY BOARD OF EDUCATION
SHELBY VALLEY HIGH SCHOOL

ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND FUND BALANCE

FOR THE YEAR ENDED JUNE 30, 2012 (CONTINUED)

Fund	Cash Balance July 1, 2011	Receipts	Disbursements	Transfers	Cash Balance June 30, 2012	Accounts Receivable	Accounts Payable	Fund Balance June 30, 2012
GENERAL	7,983	32,978	33,046	(3,237)	4,677	129	-0-	4,806
GOLF	-0-	-0-	45	565	520	-0-	-0-	520
DISTRICT TOURN	-0-	23,812	14,304	(739)	8,769	-0-	-0-	8,769
HOSA	-0-	20	30	10	-0-	-0-	-0-	-0-
GREENHOUSE	-0-	11	-0-	-0-	11	-0-	-0-	11
HELP DESK	1,033	-0-	-0-	-0-	1,033	-0-	-0-	1,033
JAG	-0-	-0-	191	191	-0-	-0-	-0-	-0-
JROTC	2,206	14,670	15,338	15	1,553	-0-	-0-	1,553
JOURNALISM	16,631	22,449	14,799	120	24,401	-0-	-0-	24,401
TEACHERS LOUNGE	1,857	4,393	6,869	2,893	2,273	-0-	-0-	2,273
WEIGHT ROOM	-0-	3,818	4,180	362	-0-	-0-	-0-	-0-
NEWSPAPER	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
JUNIOR CLASS	4,203	29,826	28,377	(4,152)	1,499	-0-	-0-	1,499
NATIONAL HONOR SOC	2,157	6,835	6,397	(270)	2,325	-0-	-0-	2,325
PROJECT PROM	-0-	8,293	6,415	-0-	1,877	-0-	-0-	1,877
REGIONAL TOURN	-0-	4,116	3,282	58	892	-0-	-0-	892
SENIOR CLASS	-0-	15,926	19,918	4,631	638	-0-	-0-	638
SOCCER - BOYS	2,697	1,061	2,783	2,000	2,975	-0-	-0-	2,975
SOCCER - GIRLS	3,211	987	2,818	2,000	3,380	-0-	-0-	3,380
SOFTBALL	150	100	6,739	6,489	-0-	-0-	-0-	-0-
SVHS DAIRY GRANT	1,166	-0-	-0-	-0-	1,166	-0-	-0-	1,166
SOPHOMORE CLASS	51	-0-	-0-	171	222	-0-	-0-	222
SOFTBALL BOOSTERS	-0-	8,338	6,899	-0-	1,439	-0-	-0-	1,439

PIKE COUNTY BOARD OF EDUCATION
SHELBY VALLEY HIGH SCHOOL

ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND FUND BALANCE

FOR THE YEAR ENDED JUNE 30, 2012 (CONTINUED)

Fund	Cash Balance July 1,2011	Receipts	Disbursements	Transfers	Cash Balance June 30, 2012	Accounts Receivable	Accounts Payable	Fund Balance June 30,2012
TEXTBOOK	10,107	9,105	84	(9,996)	9,133	-0-	-0-	9,133
TRACK	571	643	3,417	2,203	-0-	-0-	-0-	-0-
LOCKER RENTALS	-0-	2,832	2,305	5	532	-0-	-0-	532
WILDCAT DEN	3,004	7,823	14,681	4,355	500	-0-	-0-	500
VOLLEYBALL	2,261	1,849	3,878	2,563	2,796	-0-	-0-	2,796
VENDING MACHINES	19,459	38,459	33,185	(19,459)	5,275	-0-	-0-	5,275
TOTAL	<u>\$ 100,474</u>	<u>\$ 443,409</u>	<u>\$ 389,545</u>	<u>-0-</u>	<u>\$ 154,338</u>	<u>129</u>	<u>-0-</u>	<u>\$ 154,467</u>

**PIKE COUNTY BOARD OF EDUCATION
BOARD MEMBERS AND OTHER OFFICERS OF THE BOARD
JUNE 30, 2012**

<u>BOARD MEMBERS</u>	<u>ADDRESS</u>	<u>TERM EXPIRES</u>
FRANK RATLIFF	BELCHER, KY	12-31-2012
EARL THACKER	KIMPER, KY	12-31-2012
FRANK MCGUIRE	PHELPS, KY	12-31-2012
CHUCK JOHNSON, MD	SOUTH WILLIAMSON, KY	12-31-2014
VIRGIL OSBORNE	VIRGIE, KY	12-31-2014

ROGER WAGNER, SUPERINTENDENT

SUPPLEMENTAL INFORMATION
FEDERAL FINANCIAL ASSISTANCE

**PIKE COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

<u>Federal Grantor</u>				
<u>Pass-Through Agency</u>	Federal CFDA Number	Pass- Through Grantor Number	Amount of Award	Total Expenditures
<u>Program Title</u>				
U.S. DEPARTMENT OF EDUCATION				
Passed Through State Department of Education:				
Title I Part A Cluster				
Title I – Distinguished Schools	84.010	3100001	\$ 6,000	\$ 6,000
Title I	84.010	3100002	2,917,080	944,668
Title I - Professional Development	84.010	3100002	350,448	130,404
Title I – Parent Involvement	84.010	3100002	220,490	67,426
Title I	84.010	3100002	2,753,462	1,774,288
Title I - Professional Development	84.010	3100002	333,024	211,632
Title I – Parent Involvement	84.010	3100002	219,613	121,268
Title I – Parent Involvement	84.010A	3100202	53,231	43,543
Title I – ARRA	84.389	4100002	1,976,297	46,640
Title I – ARRA	84.389	4100002	25,490	3,267
Total Title I Part A Cluster			<u>\$ 8,855,135</u>	<u>\$ 3,349,136</u>
Migrant Education	84.011	3110002	\$ 87,305	\$ 1,606
Migrant Education	84.011	3110002	43,200	43,113
Total Migrant Education			<u>\$ 130,505</u>	<u>\$ 44,719</u>
Special Education Cluster				
IDEA-B	84.027	3810002	\$ 1,844,042	\$ 1,831,910
IDEA-B Private Schools	84.027	3810002	16,682	16,682
IDEA-Preschool	84.173	3800002	45,009	45,009
IDEA-Preschool - Private Schools	84.173	3800002	462	462
IDEA B-LEA	84.391	4810002	2,287,686	26,688
Total Special Education Cluster			<u>\$ 4,193,881</u>	<u>\$ 1,920,751</u>

**PIKE COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

<u>Federal Grantor</u> <u>Pass-Through Agency</u> <u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass- Through Grantor Number</u>	<u>Amount of Award</u>	<u>Total Expenditures</u>
Educational Technology State Grants Cluster				
Education Technology - ARRA	84.386	4210002	\$ 61,246	\$ 8,184
Education Technology - ARRA	84.386A	4210002	90,432	11,914
Total Educational Technology State Grants Cluster			<u>\$ 151,678</u>	<u>\$ 20,098</u>
Vocational Education-Perkins	84.048	4621132	114,489	8,729
Vocational Education-Perkins	84.048	4621232	63,756	48,115
Unite Pike ASAP	84.184A	5340A	228,418	3,754
Title IV-Rural/Low Income	84.358	3140002	63,583	58,461
Title IV-Rural/Low Income	84.358	3140002	208,662	185,495
Improving Teacher Quality	84.367	3230002	749,699	749,699
Education Jobs Fund	84.410A	EJOB00	2,169,978	2,169,978
Total from State Department of Education			<u>\$ 16,929,784</u>	<u>\$ 8,558,935</u>
<u>Passed Through Department of Juvenile Justice</u>				
Title I- Neglected and Delinquent Children - Day Treatment	84.013	3132	\$ 38,460	\$ 38,460
Title I- Part D Transitional - Day TM	84.013	3132T	3,763	1,712
Total pass-through Department of Juvenile Justice			<u>\$ 42,223</u>	<u>\$ 40,172</u>
<u>Passed Through Cabinet for Families</u>				
Adult Education - Basic	84.002	3652	\$ 44,066	\$ 31,616
Adult Education - Basic	84.002	3731	250,403	9,762
Adult Education - Basic	84.002	3732	243,387	238,376
Adult Education - Basic Professional Development	84.002	3732S	11,831	730
Total pass-through from Cabinet for Families			<u>\$ 549,687</u>	<u>\$ 280,484</u>

**PIKE COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

<u>Federal Grantor</u>				
<u>Pass-Through Agency</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor Number</u>	<u>Amount of Award</u>	<u>Total Expenditures</u>
<u>Program Title</u>				
<u>Passed Through Morehead State University</u>				
Gear Up	84.334	3791G	\$ 338,520	\$ 86,941
Gear Up	84.334	3792G	338,520	254,094
Total pass-through from Morehead State University			<u>\$ 677,040</u>	<u>\$ 341,035</u>
Total US Department of Education			<u>\$ 18,198,734</u>	<u>\$ 9,220,626</u>
 <u>DEPARTMENT OF ENERGY</u>				
<u>Passed Through KY Department of Education</u>				
<u>KY Hybrid Electric School</u>				
Bus	81.086	9310002	\$ 895,080	\$ 895,080
Total Department of Energy			<u>\$ 895,080</u>	<u>\$ 895,080</u>
 <u>US DEPARTMENT OF DEFENSE</u>				
MJROTC	12.000	5041	\$ 97,875	\$ 93,080
MJROTC	12.000	5042	244,889	148,833
Total U. S. Department of Defense			<u>\$ 342,764</u>	<u>\$ 241,913</u>
 <u>U.S. DEPARTMENT OF LABOR</u>				
<u>Passed Through State Department of Education</u>				
Jobs for Kentucky Graduates	17.260	N/A	\$ 101,600	\$ 101,600
Total U. S. Department of Labor			<u>\$ 101,600</u>	<u>\$ 101,600</u>
 <u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u>				
<u>Passed Through State Department of Education</u>				
Service Learning Grant	94.004	1000000	\$ 5,500	\$ 200
Service Learning Grant	94.004	1000001	1,150	1,150
Total Corporation For National and Community Service (CNCS)			<u>\$ 6,650</u>	<u>\$ 1,350</u>

**PIKE COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

<u>Federal Grantor</u>				
<u>Pass-Through Agency</u>	<u>Federal CFDA Number</u>	<u>Pass- Through Grantor Number</u>	<u>Amount of Award</u>	<u>Total Expenditures</u>
<u>Program Title</u>				
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
<u>Passed Through Big Sandy Community Action Program</u>				
Head Start	93.600	04CH0712	\$ 148	\$ 148
Head Start	93.600	04CH0712	2,676,011	613,979
Head Start	93.600	04CH0712	2,162,273	1,534,533
Total Head Start			<u>\$ 4,838,432</u>	<u>\$ 2,148,660</u>
Total U. S. Department of Health and Human Services			<u>\$ 4,838,432</u>	<u>\$ 2,148,660</u>
 <u>U.S. DEPARTMENT OF JUSTICE</u>				
<u>Passed Through State Department of Education</u>				
Unite Drug Counselor	16.580	3001	\$ 54,300	\$ 4,968
Total U.S. Department of Justice			<u>\$ 54,300</u>	<u>\$ 4,968</u>
 <u>APPALACHIAN REGIONAL COMMISSION</u>				
<u>Passed Through Morehead State University</u>				
KY Appalachian Higher Education	23.011	6881	\$ 25,000	\$ 6,619
KY Appalachian Higher Education	23.011	6882	17,708	8,971
Total Appalachian Regional Commission			<u>\$ 42,708</u>	<u>\$ 15,590</u>
 <u>U.S. DEPARTMENT OF COMMERCE</u>				
PRIDE – Environmental Education			\$ 16,325	\$ 989
Total U.S. Department of Commerce			<u>\$ 16,325</u>	<u>\$ 989</u>

**PIKE COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

<u>Federal Grantor</u>				
<u>Pass-Through Agency</u>	Federal CFDA Number	Pass- Through Grantor Number	Amount of Award	Total Expenditures
<u>Program Title</u>				
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Child Nutrition Clusters				
<u>Passed Through State Department of Agriculture</u>				
Food Donation	10.555	N/A	\$ 267,390	\$ 267,390
<u>Passed Through State Department of Education</u>				
National School Breakfast	10.553	7760005	1,914,867	1,914,867
National School Lunch	10.555	7250002	2,673,422	2,663,937
National Summer	10.559	7690024	3,907	3,907
National Summer	10.559	7740023	404	404
Total Child Nutrition Cluster			<u>\$ 4,859,990</u>	<u>\$ 4,850,505</u>
NSLP Equipment-Child Nutrition	10.579	7720012	29,950	29,950
Total U.S. Department of Agriculture			<u>\$ 4,889,940</u>	<u>\$ 4,880,455</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 29,386,533</u>	<u>\$ 17,511,231</u>

**PIKE COUNTY BOARD OF EDUCATION
NOTES TO THE 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 Pike County Board of Education and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B – FOOD DISTRIBUTION

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

PIKE COUNTY BOARD OF EDUCATION
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2012

SECTION I – SUMMARY OF AUDITORS’ RESULTS

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

Name	CFDA #
Child Nutrition Cluster	10.553
	10.555
	10.556
	10.559
Head Start	93.600
Education Jobs Fund	84.410

8. The threshold for distinguishing Types A and B programs was \$525,337.
9. Pike County Board Of Education was determined to be a low risk auditee.

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

There were no findings or questioned costs.

**PIKE COUNTY BOARD OF EDUCATION
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012**

There were no prior year audit findings.

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

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

We have audited the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of Pike County Board of Education as of and for the year ended June 30, 2012, which collectively comprise the Pike County Board Of Education's basic financial statements and have issued our report thereon, dated November 26, 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, Appendix I to the Independent auditor, contract-general audit requirements, and Appendix II to the Independent Auditor's contract-state audit requirement.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of Pike County Board Of Education is responsible for establishing and maintain effective internal control over financial reporting. In planning and performing our audit, we considered the Pike County Board Of Education'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 the Pike County Board Of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Pike County Board Of Education'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 combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the entity's financial statements will not be prevented, or detected and corrected 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 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 Pike County Board Of Education'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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. In addition, the results of our test disclosed no instances of non-compliance of specific state statutes or regulations identified in Appendix II of the Independent Auditors Contract – State Audit Requirement.

We noted certain matters that we reported to the Pike County Board Of Education in a separate letter dated November 21, 2012.

This report is intended solely for the information and use of the Kentucky State Committee For School District Audits, Board of Education, Management, others within the entity, and 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.

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

Wallen, Puckett and Anderson, PSC

Certified Public Accountants

Pikeville, Kentucky

November 26, 2012

Wallen, Puckett, & Anderson, psc
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

COMPLIANCE

We have audited Pike County Board of Education's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Pike County Board of Education's major federal program for the year ended June 30, 2011. Pike County Board Of Education's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of law, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Pike County Board Of Education's management. Our responsibility is to express an opinion of the Pike County Board Of Education'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; OMB Circular A-133 Audits of States, Local Government and Non Profit Organizations, Appendix I to the independent auditor's contract-general audit requirements, and Appendix II to the Independent auditor's contract-state audit requirements. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Pike County Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Pike County Board Of Education's compliance with those requirements.

In our opinion the Pike County Board Of Education 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 Pike County Board Of Education 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 Pike County Board Of Education's internal control over compliance with the requirements that could have a direct and material effect on a major federal program 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 of the effectiveness of the Pike County Board of Education's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct non-compliance 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 non-compliance 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 the Kentucky State Committee for School District Audits, Board of Education, management, others within the entity, and 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.

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

Wallen, Puckett and Anderson, PSC

Certified Public Accountants

Pikeville, Kentucky

November 26, 2012

MANAGEMENT LETTER

Wallen, Puckett, & Anderson, PSC
CERTIFIED PUBLIC ACCOUNTANTS

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

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Pike County Board of Education as of and for the year ended June 30, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered Pike County Board of Education's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Governmental Unit's internal control. Accordingly, we do not express an opinion on the effectiveness of the Governmental Unit's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

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

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

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

Wallen, Puckett and Anderson, PSC

Certified Public Accountants

Pikeville, Kentucky

November 21, 2012

**PIKE COUNTY BOARD OF EDUCATION
MANAGEMENT LETTER POINTS
FOR THE YEAR ENDED JUNE 30, 2012**

CONDITION 1 – SCHOOL ACTIVITY FUNDS

East Ridge High School incurred a deficit in the general fund as of June 30, 2012.

RECOMMENDATION

School accounting personnel should review the funds prior to year end and when necessary obtain permission to transfer the amount required to avoid a deficit balance.

FINANCE OFFICER RESPONSE

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