

SHELBY COUNTY SCHOOL DISTRICT

**BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2012**

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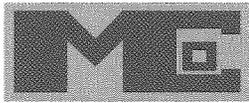
REPORT OF INDEPENDENT AUDITORS

CONTENTS

Report of Independent Auditors	1
Management’s Discussion and Analysis (MD&A) (Unaudited)	3
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets.....	11
Statement of Activities.....	12
Fund Financial Statements	
Balance Sheet – Governmental Funds.....	13
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Assets.....	14
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Statement of Activities.....	16
Statement of Net Assets – Proprietary Funds.....	17
Statement of Revenues, Expenses, and Changes in Net Assets – Proprietary Funds.....	18
Statement of Cash Flows – Proprietary Funds.....	19
Statement of Net Assets – Fiduciary Funds.....	20
Statement of Changes in Net Assets – Fiduciary Fund.....	21
Notes to Basic Financial Statements	22

Supplementary Information

Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	39
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Special Revenue Funds	40
Statement of Receipts, Disbursements, and Due to Student Groups – Middle and Elementary Schools Activity Funds	41
Statement of Receipts, Disbursements, and Due to Student Groups – Shelby County High School Activity Funds.....	42
Statement of Receipts, Disbursements, and Due to Student Groups – Martha Layne Collins High School Activity Funds	49
Schedule of Expenditures of Federal Awards.....	54
Notes to Schedule of Expenditures of Federal Awards	57
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	58
Report of Independent Auditors on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	60
Schedule of Findings and Questioned Costs.....	62
Schedule of Prior Year Audit Findings.....	64
Independent Auditors’ Transmittal Letter for Management Letter Comments	65
Management Letter Comments	66
Statement of Certification	70



**MATHER
& COMPANY**

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REPORT OF INDEPENDENT AUDITORS

Kentucky State Committee for
School District Audits
Members of the Board of Education
Shelby County School District
Shelbyville, Kentucky

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Shelby County School District (the District), as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; 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 No. A-133, Audits of States, Local Governments, and Non-Profit Organizations*; and the audit requirements prescribed by the Kentucky State Committee for School District Audits in *Appendix I to the Independent Auditor's Contract – General Audit Requirements, Appendix II to the Independent Auditor's Contract – State Audit Requirements, Appendix III to the Independent Auditor's Contract – Audit Extension Request, and Appendix IV to the Independent Auditor's Contract – Instructions for Submission of the Audit Report*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the District as of June 30, 2012, and the respective changes in financial position, where applicable, and cash flows 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 7, 2012, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be 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 3 through 10, and 39 through 40, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information, in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information, and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Mather & Co. CPAs, LLC

Mather & Co. CPAs, LLC
Louisville, Kentucky
November 7, 2012

SHELBY COUNTY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (UNAUDITED) **Year ended June 30, 2012**

This section of the financial statements for the Shelby County Public School District presents management's discussion and analysis of the financial performance of the Shelby County School District during the fiscal year that ended on June 30, 2012. As management of the District, we offer readers of the financial statements this narrative overview and analysis to highlight and further explain the financial events that have taken place in the past year. We encourage readers to consider the information presented herein along with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The General Fund had \$52.1 million in revenues, which primarily consisted of funding through the State's Support Education Excellence in Kentucky (SEEK) program and revenues from taxes, which include property taxes, motor vehicle taxes, and utilities taxes. This compares to \$50.3 million in General Fund revenues for the prior year.
- Net General Fund SEEK revenue for the year was \$23.4 million, which compares to \$21.3 million for the prior year. This represents a 9.9% increase over the previous year funding level.
- The District levied tax rates of 69.7 cents (real estate), 69.7 cents (tangible property), and 46.5 cents (motor vehicles) per \$100 of assessed value, and continued the 3% utility tax.
- The District has initiated plans to construct a new elementary school to replace Southside Elementary School at the same location, as well as a new Early Childhood Center on the site of the former Northside Elementary School.
- As part of the new Southside Elementary School project, the District acquired two small parcels of land to provide additional access to and from the school. In addition, as part of the Early Childhood Center project, the District acquired and will soon demolish five small houses and another building adjacent to the former Northside Elementary School, which will also be demolished to make way for the new structure.
- The District, through the Shelby County School District Finance Corporation, issued \$9.62 million of refunding bonds in November 2011. Bonds are issued as the District constructs or renovates facilities consistent with a long-range facilities plan established with community input and in keeping with stringent compliance requirements of the Kentucky Department of Education (KDE).

- The District did not dispose of any land or buildings in the fiscal year that ended June 30, 2012.
- During the current fiscal year, the District's portion of bonded indebtedness payments was \$4,883,584, including principal of \$2,474,258 and interest of \$2,409,326.
- General Fund expenditures totaled \$52.4 million.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of four parts—management's discussion and analysis, the basic financial statements, notes to basic financial statements, and required supplementary information.

1. **Management's Discussion and Analysis (MD&A):** The MD&A consists of the previous page and subsequent pages in this section that provide an outline of the financial statements, including specific results and an explanation of the financial statement presentation.
2. **Basic Financial Statements:** The basic financial statements include two kinds of statements that present different views of the District:
 - **Government-wide Financial Statements:**
 - **Statement of Net Assets and Statement of Activities:** These two financial statements provide both short-term and long-term information about the District's *overall* financial status.
 - **Fund Financial Statements:**
 - The remaining statements are various fund financial statements that focus on *individual parts* of the District, reporting the District's operations in more detail than the government-wide statements. More information about the various types of funds is included later but, in general, the funds and their purposes are:
 - **Governmental funds** – Basic services like regular and special education are accounted for in these funds. The governmental funds include the General Fund, the Special Revenue Funds, the Construction Fund, and other governmental funds. The governmental funds statements tell how these basic services were financed in the short-term as well as what remains for future spending.
 - **Proprietary funds** – Certain activities, such as food services, daycare programs, and summer activity programs, are operated by the District like a business. The proprietary funds statements offer short- and long-term financial information about the activities of these funds.

- **Fiduciary funds** – The District acts, primarily for scholarships and school activity fund accounts, solely as a trustee or agent for the benefit of others. The fiduciary funds statements provide information about these financial relationships.

3. **Notes to the Financial Statements:** The financial statements include notes that explain some of the information in the statements and provide more detailed data.
4. **Supplementary Information:** The financial statements include a section of required supplementary information that further explains and supports the financial statements with a comparison of the District’s budget for the year.

Types of Financial Statements

The remainder of this overview section of management’s discussion and analysis highlights the structure and contents of each of the statements.

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all the District’s assets and liabilities. The current year’s revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District’s net assets and how they have changed. Net assets—the difference between the District’s assets and liabilities—are one way to measure the District’s financial health or position. Over time, an increase or decrease in the District’s net assets is an indicator of whether its financial position is improving or deteriorating, respectively.

In the government-wide financial statements, the District’s activities are divided into two categories:

- *Governmental activities*—Most of the District’s basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state formula aid finance most of these activities.
- *Business-type activities*—The District charges fees to help cover the costs of certain services it provides. The District’s food services, daycare programs, and summer activity programs are included here.

Fiduciary funds, by definition, are held by the District for others, so these funds are not part of the government-wide financial statements, since only the assets and liabilities of the *District* are included in the government-wide financial statements.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds—not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for specific purposes (like the Construction Fund) or to show that it is properly using certain revenues (like the Building Fund, Capital Outlay Fund, and Special Revenue Funds). The District has three kinds of funds:

- *Governmental funds*—Most of the District's basic services are included in governmental funds, which generally focus on (1) the flow of cash and other financial assets that can readily be converted to cash and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine the financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information with the governmental funds statements that explains the relationship (or differences) between them.
- *Proprietary funds*—Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide statements. In fact, the District's enterprise funds (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.
- *Fiduciary funds*—The District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activity funds. The District is responsible for ensuring that assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. As noted previously, we exclude these activities from the government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net assets may serve over time as a useful indicator of the District's financial position. The largest portion of the District's net assets reflects its investments in capital assets, such as land and improvements, buildings and improvements, vehicles, furniture and equipment, and construction in progress, less any related debt used to acquire those assets that remains outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending.

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 are summarized in Table 1.

Table 1
Shelby County Public School District
Net Assets
June 30, 2012

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>School District Total</u>
Current and other assets	\$ 21,261,977	\$ 682,733	\$ 21,944,710
Capital assets	<u>115,596,061</u>	<u>638,927</u>	<u>116,234,988</u>
Total assets	136,858,038	1,321,660	138,179,698
Long-term debt outstanding	62,020,000	-	62,020,000
Other liabilities	<u>7,106,080</u>	<u>-</u>	<u>7,106,080</u>
Total liabilities	<u>69,126,080</u>	<u>-</u>	<u>69,126,080</u>
Net assets invested in capital assets, net of related debt	50,001,373	638,927	50,640,300
Restricted	3,329,066	-	3,329,066
Unrestricted	<u>14,401,519</u>	<u>682,733</u>	<u>15,084,252</u>
Total net assets	<u>\$ 67,731,958</u>	<u>\$ 1,321,660</u>	<u>\$ 69,053,618</u>

Comments on Budget Comparisons

- **Revenues:** General Fund revenues were \$52.1 million for the fiscal year ended June 30, 2012. This includes payments (\$8.8 million) made by the State on behalf of the District, which are unbudgeted in accordance with directions from the Kentucky Department of Education. The most significant “on behalf” payments were for employee health insurance and for Teachers’ Retirement match. General Fund actual revenues exceeded budget by approximately \$231,000.
- **Expenses:** General Fund expenses were \$52.4 million for the year. Budgeted expenses were \$50.9 million but, as with revenues, the “on behalf” payments (\$8.8 million) made by the State are not budgeted. When this amount is excluded from actual expenditures, the District’s expenses were \$42.1 million, compared with budgeted expenses of \$50.9 million. The District had \$5.2 million remaining in budgeted contingency at year-end.

Table 2 presents a summary of the District's revenues for the year.

Table 2
Shelby County Public School District
Revenues
For the year ended June 30, 2012

	<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>School District Total</u>	<u>Percent</u>
Property taxes	\$ 19,984,557	\$ -	\$ 19,984,557	28.2 %
Motor vehicle taxes	1,264,347	-	1,264,347	1.8
Utilities taxes	2,914,113	-	2,914,113	4.1
Earnings on investments	198,442	5,069	203,511	0.3
Other local revenues	486,429	-	486,429	0.7
State revenue	37,740,282	213,175	37,953,457	53.7
Federal revenue	4,251,572	2,139,956	6,391,528	9.0
Lunchroom sales	-	1,128,806	1,128,806	1.6
Childcare fees	-	431,749	431,749	0.6
Total	<u>\$ 66,839,742</u>	<u>\$ 3,918,755</u>	<u>\$ 70,758,497</u>	<u>100.0 %</u>

2011/2012 Revenues

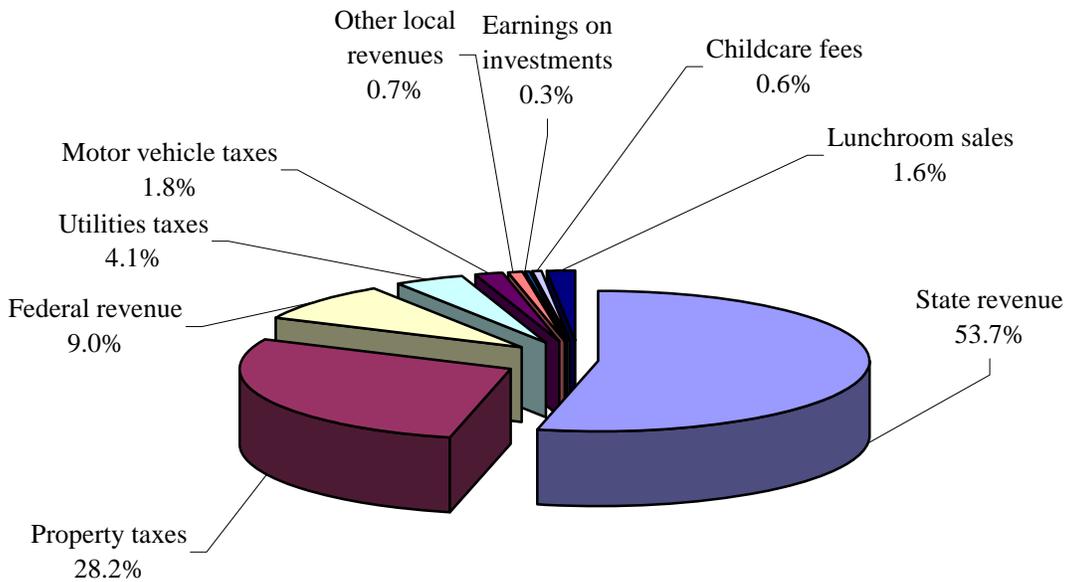
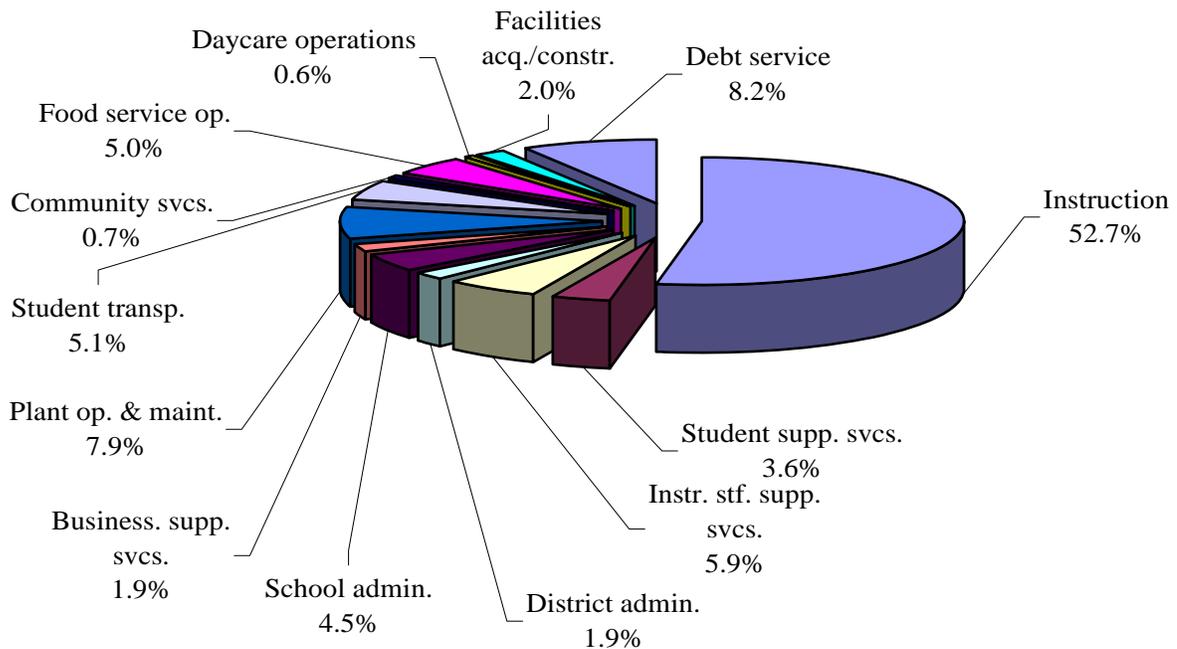


Table 3 presents a summary of the District's expenditures for the year.

Table 3
Shelby County Public School District
Expenditures
For the year ended June 30, 2012

	Governmental Funds	Proprietary Funds	School District Total	Percent
Instruction	\$ 37,308,913	\$ -	\$ 37,308,913	52.7 %
Student support services	2,554,912	-	2,554,912	3.6
Instructional staff support services	4,163,035	-	4,163,035	5.9
District administration	1,322,450	-	1,322,450	1.9
School administration	3,199,153	-	3,199,153	4.5
Business support services	1,358,089	-	1,358,089	1.9
Plant operations and maintenance	5,632,642	-	5,632,642	7.9
Student transportation	3,598,423	-	3,598,423	5.1
Community services	499,491	-	499,491	0.7
Food service operations	138,900	3,443,109	3,582,009	5.0
Daycare operations	-	460,601	460,601	0.6
Facilities acquisition and construction	1,426,354	-	1,426,354	2.0
Debt service	<u>5,842,132</u>	<u>-</u>	<u>5,842,132</u>	<u>8.2</u>
Totals	<u>\$ 67,044,494</u>	<u>\$ 3,903,710</u>	<u>\$ 70,948,204</u>	<u>100.0 %</u>

2011/2012 Expenditures



BUDGETARY IMPLICATIONS

Contingency

By law the District must have at least a 2% contingency for budgetary purposes, but management has concluded a higher reserve is needed due to significant fluctuations and instability in state and federal funding. The District ended the year with contingency of \$5,203,328 or 10.5% of the budgeted expenses in the General Fund (excluding contingency) and Food Service Fund.

Presentation of Revenues and Expenditures

The “on-behalf” payments are required to be presented as part of both revenues and expenditures. This requirement may be somewhat confusing, so we have presented the following General Fund summary to show the actual and budgeted revenues without these payments:

	General Fund				
	Actual			Budget	Favorable (Unfavorable) Variance
	Total	Less: On-Behalf	Excluding On-Behalf		
Total Revenues	\$ 52,107,298	\$ 8,824,836	\$ 43,282,462	\$ 43,051,866	\$ 230,596
Total Expenditures	<u>52,433,000</u>	<u>8,824,836</u>	<u>43,608,164</u>	<u>50,948,751</u>	<u>7,340,587</u>
Excess (deficit) of revenues over (under) expenditures	<u>\$ (325,702)</u>	<u>\$ -</u>	<u>\$ (325,702)</u>	<u>\$ (7,896,885)</u>	<u>\$ 7,571,183</u>

The District’s remaining contingency of \$3.8 million is included in budgeted expenditures.

Budget Approach

For many years, the District has prepared its budget in a conservative manner. A sizable fund balance at the beginning of the year is important since the majority of the District’s tax revenue is not received until approximately five months into the fiscal year. The District’s fund balance must be used to offset the delay in tax receipts for the year.

In addition, the District receives approximately half of its funding from state sources. As a result, it is important that the District continue to budget conservatively due to periodic changes in state and federal funding, such as cuts in state grants and federal grants and adjustments to state SEEK appropriations.

CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District’s finances and to demonstrate the District’s accountability for the public funds it receives. If you have questions about this report or need additional financial information, contact Greg Murphy, Director of Finance, Shelby County Public Schools, 1155 Main Street, Shelbyville, Kentucky 40065. He can also be reached by electronic mail at greg.murphy@shelby.kyschools.us or by telephone at 502-633-2375.

SHELBY COUNTY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

June 30, 2012

	Governmental <u>Activities</u>	Business- Type <u>Activities</u>	<u>Total</u>
ASSETS			
Cash	\$ 18,733,507	\$ 646,827	\$ 19,380,334
Investments	19,663	-	19,663
Receivables:			
Taxes	352,394	-	352,394
Intergovernmental – State	80,499	-	80,499
Intergovernmental – Federal	770,322	-	770,322
Inventory	-	35,906	35,906
Bond issue costs	1,305,592	-	1,305,592
Net capital assets	<u>115,596,061</u>	<u>638,927</u>	<u>116,234,988</u>
Total assets	136,858,038	1,321,660	138,179,698
LIABILITIES			
Accounts payable	151,663	-	151,663
Deferred revenue	688,729	-	688,729
Current maturities of bond obligations	2,730,000	-	2,730,000
Current portion of accumulated sick leave	175,000	-	175,000
Interest payable	844,688	-	844,688
Noncurrent maturities of bond obligations	62,020,000	-	62,020,000
Noncurrent portion of accumulated sick leave	<u>2,516,000</u>	<u>-</u>	<u>2,516,000</u>
Total liabilities	<u>69,126,080</u>	<u>-</u>	<u>69,126,080</u>
NET ASSETS			
Invested in capital assets, net of related debt	50,001,373	638,927	50,640,300
Restricted for:			
Capital expenditures	175,639	-	175,639
Capital expenditures/debt service	3,153,427	-	3,153,427
Unrestricted	<u>14,401,519</u>	<u>682,733</u>	<u>15,084,252</u>
Total net assets	<u>\$ 67,731,958</u>	<u>\$ 1,321,660</u>	<u>\$ 69,053,618</u>

See accompanying notes.

SHELBY COUNTY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Year ended June 30, 2012

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	
FUNCTION/PROGRAMS							
Governmental activities							
Instruction	\$ 38,056,969	\$ -	\$ 11,509,049	\$ -	\$ (26,547,920)	\$ -	\$ (26,547,920)
Student support services	2,594,663	-	501,479	-	(2,093,184)	-	(2,093,184)
Instructional staff support services	4,178,650	-	1,479,893	-	(2,698,757)	-	(2,698,757)
District administration	1,359,709	-	78,124	-	(1,281,585)	-	(1,281,585)
School administration	3,501,602	-	653,458	-	(2,848,144)	-	(2,848,144)
Business support services	1,391,410	-	150,394	-	(1,241,016)	-	(1,241,016)
Plant operations and maintenance	7,446,168	-	376,654	-	(7,069,514)	-	(7,069,514)
Student transportation	3,968,476	-	534,648	-	(3,433,828)	-	(3,433,828)
Food service operations	139,421	-	139,421	-	-	-	-
Community services	501,365	-	499,070	-	(2,295)	-	(2,295)
Interest	2,601,642	-	-	2,045,436	(556,206)	-	(556,206)
Total governmental activities	65,740,075	-	15,922,190	2,045,436	(47,772,449)	-	(47,772,449)
Business-type activities							
Food service	3,308,109	1,128,806	2,218,131	-	-	38,828	38,828
Child care	460,601	431,749	-	-	-	(28,852)	(28,852)
Total business-type activities	3,768,710	1,560,555	2,218,131	-	-	9,976	9,976
Total primary government	\$ 69,508,785	\$ 1,560,555	\$ 18,140,321	\$ 2,045,436	(47,772,449)	9,976	(47,762,473)
General revenues							
Taxes:							
Property					19,984,557	-	19,984,557
Motor vehicle					1,264,347	-	1,264,347
Utilities					2,914,113	-	2,914,113
Earnings on investments					198,442	5,069	203,511
State grants					24,221,219	-	24,221,219
Federal grants					116,113	-	116,113
Operating transfers					195,231	(195,231)	-
Other local amounts					208,875	-	208,875
Total general revenues and transfers					49,102,897	(190,162)	48,912,735
Change in net assets					1,330,448	(180,186)	1,150,262
Net assets as of July 1, 2011					66,401,510	1,501,846	67,903,356
Net assets as of June 30, 2012					\$ 67,731,958	\$ 1,321,660	\$ 69,053,618

See accompanying notes.

SHELBY COUNTY SCHOOL DISTRICT

BALANCE SHEET – GOVERNMENTAL FUNDS

June 30, 2012

	General Fund	Special Revenue Funds	SEEK Capital Outlay Fund	Facility Support Program (FSPK) Fund	School Construction Fund	Debt Service Fund	Total Governmental Funds
ASSETS							
Cash	\$ 15,418,821	\$ -	\$ -	\$ 3,139,047	\$ 175,639	\$ -	\$ 18,733,507
Investments	19,663	-	-	-	-	-	19,663
Receivables:							
Taxes	338,014	-	-	14,380	-	-	352,394
Intergovernmental – State	-	80,499	-	-	-	-	80,499
Intergovernmental – Federal	-	770,322	-	-	-	-	770,322
Due from Special Revenue Funds	127,493	-	-	-	-	-	127,493
Total assets	\$ 15,903,991	\$ 850,821	\$ -	\$ 3,153,427	\$ 175,639	\$ -	\$ 20,083,878
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 117,064	\$ 34,599	\$ -	\$ -	\$ -	\$ -	\$ 151,663
Deferred revenue	-	688,729	-	-	-	-	688,729
Due to General Fund	-	127,493	-	-	-	-	127,493
Current portion of accumulated sick leave	175,000	-	-	-	-	-	175,000
Total liabilities	292,064	850,821	-	-	-	-	1,142,885
Fund balances							
Restricted for:							
Capital expenditures	-	-	-	-	175,639	-	175,639
Capital expenditures/ debt service	-	-	-	3,153,427	-	-	3,153,427
Committed to future construction projects	8,000,000	-	-	-	-	-	8,000,000
Assigned to purchase obligations	105,656	-	-	-	-	-	105,656
Unassigned	7,506,271	-	-	-	-	-	7,506,271
Total fund balances	15,611,927	-	-	3,153,427	175,639	-	18,940,993
Total liabilities and fund balances	\$ 15,903,991	\$ 850,821	\$ -	\$ 3,153,427	\$ 175,639	\$ -	\$ 20,083,878

See accompanying notes.

SHELBY COUNTY SCHOOL DISTRICT

**RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS**

June 30, 2012

Total fund balances – governmental funds	\$ 18,940,993
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$154,506,546, and the accumulated depreciation is \$38,910,485.	115,596,061
Bond issue costs are not current financial resources and therefore are not reported as assets in governmental funds.	1,305,592
Bonds payable are not reported in the governmental fund balance sheet because they are not due and payable in the current period, but they are presented in the statement of net assets.	(64,750,000)
Noncurrent portion of accumulated sick leave is not reported in the governmental fund balance sheet because it is not due and payable in the current period, but it is presented in the statement of net assets.	(2,516,000)
Interest payable is not reported in the governmental fund balance sheet because it is not due and payable in the current period, but it is presented in the statement of net assets.	<u>(844,688)</u>
Total net assets – governmental activities	<u>\$ 67,731,958</u>

See accompanying notes.

SHELBY COUNTY SCHOOL DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
Year ended June 30, 2012**

	General Fund	Special Revenue Funds	SEEK Capital Outlay Fund	Facility Support Program (FSPK) Fund	School Construction Fund	Debt Service Fund	Total Governmental Funds
Revenues							
From local sources:							
Taxes:							
Property	\$ 15,163,898	\$ -	\$ -	\$ 4,820,659	\$ -	\$ -	\$ 19,984,557
Motor vehicle	1,111,828	-	-	152,519	-	-	1,264,347
Utilities	2,914,113	-	-	-	-	-	2,914,113
Earnings on investments	178,432	1,300	-	18,710	-	-	198,442
Other local	173,325	313,104	-	-	-	-	486,429
Intergovernmental – State	32,449,589	2,648,791	600,971	1,082,383	-	958,548	37,740,282
Intergovernmental – Federal	116,113	4,135,459	-	-	-	-	4,251,572
Total revenues	52,107,298	7,098,654	600,971	6,074,271	-	958,548	66,839,742
Expenditures							
Current:							
Instruction	32,020,306	5,288,607	-	-	-	-	37,308,913
Student support services	2,456,804	98,108	-	-	-	-	2,554,912
Instructional staff support services	3,002,882	1,160,153	-	-	-	-	4,163,035
District administration	1,322,450	-	-	-	-	-	1,322,450
School administration	3,186,473	12,680	-	-	-	-	3,199,153
Business support services	1,358,089	-	-	-	-	-	1,358,089
Plant operations and maintenance	5,602,894	29,748	-	-	-	-	5,632,642
Student transportation	3,343,781	254,642	-	-	-	-	3,598,423
Food service operations	138,900	-	-	-	-	-	138,900
Community services	421	499,070	-	-	-	-	499,491
Facilities acquisition and construction	-	-	-	-	1,426,354	-	1,426,354
Debt service	-	-	-	-	-	5,842,132	5,842,132
Total expenditures	52,433,000	7,343,008	-	-	1,426,354	5,842,132	67,044,494
(Deficit) excess of revenues (under) over expenditures	(325,702)	(244,354)	600,971	6,074,271	(1,426,354)	(4,883,584)	(204,752)
Other financing sources (uses)							
Proceeds from issuance of bonds	-	-	-	9,620,000	-	-	9,620,000
Payment to refunded bond escrow agent	-	-	-	(9,620,000)	-	-	(9,620,000)
Operating transfers in	400,451	244,354	-	-	-	4,883,584	5,528,389
Operating transfers out	(244,354)	-	(600,971)	(4,487,833)	-	-	(5,333,158)
Other	45,514	-	-	-	-	-	45,514
Total other financing sources (uses)	201,611	244,354	(600,971)	(4,487,833)	-	4,883,584	240,745
Net change in fund balance	(124,091)	-	-	1,586,438	(1,426,354)	-	35,993
Fund balance as of July 1, 2011	15,736,018	-	-	1,566,989	1,601,993	-	18,905,000
Fund balance as of June 30, 2012	\$ 15,611,927	\$ -	\$ -	\$ 3,153,427	\$ 175,639	\$ -	\$ 18,940,993

See accompanying notes.

SHELBY COUNTY SCHOOL DISTRICT

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year ended June 30, 2012**

Net change in total fund balances – governmental funds	\$ 35,993
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported as expenditures in the governmental fund financial statements because they use current financial resources, but are presented as assets in the statement of net assets and depreciated over their estimated useful lives. Related depreciation expense is reported in the statement of activities. The difference is the amount by which capital outlays (\$2,345,374) is exceeded by depreciation expense (\$4,057,230) and net disposals (\$9,964) for the year.	(1,721,820)
Bond issuance costs are reported as expenditures in the governmental fund financial statements, but are capitalized and amortized over the life of the related bonds in the statement of activities.	130,685
Bond payments are recognized as expenditures of current financial resources in the governmental fund financial statements, but are reductions of liabilities and interest expense in the statement of net assets and statement of activities, respectively.	<u>2,885,590</u>
Change in net assets – governmental activities	<u>\$ 1,330,448</u>

See accompanying notes.

SHELBY COUNTY SCHOOL DISTRICT

STATEMENT OF NET ASSETS – PROPRIETARY FUNDS

June 30, 2012

	School Food Service <u>Fund</u>	Child Care <u>Fund</u>	Total Proprietary <u>Funds</u>
ASSETS			
Current assets			
Cash	\$ 540,500	\$ 106,327	\$ 646,827
Inventory	<u>35,906</u>	<u>-</u>	<u>35,906</u>
Total current assets	576,406	106,327	682,733
Noncurrent assets			
Capital assets	1,969,751	-	1,969,751
Less accumulated depreciation	<u>1,330,824</u>	<u>-</u>	<u>1,330,824</u>
Total noncurrent assets	<u>638,927</u>	<u>-</u>	<u>638,927</u>
Total assets	1,215,333	106,327	1,321,660
NET ASSETS			
Invested in capital assets	638,927	-	638,927
Unrestricted	<u>576,406</u>	<u>106,327</u>	<u>682,733</u>
Total net assets	<u>\$ 1,215,333</u>	<u>\$ 106,327</u>	<u>\$ 1,321,660</u>

See accompanying notes.

SHELBY COUNTY SCHOOL DISTRICT

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS –
PROPRIETARY FUNDS
Year ended June 30, 2012**

	School Food Service Fund	Child Care Fund	Total Proprietary Funds
Operating revenues			
Lunchroom sales	\$ 1,128,806	\$ -	\$ 1,128,806
Childcare fees	<u>-</u>	<u>431,749</u>	<u>431,749</u>
Total operating revenues	1,128,806	431,749	1,560,555
Operating expenses			
Salaries, wages, and benefits	1,677,062	388,208	2,065,270
Materials and supplies	1,651,081	60,295	1,711,376
Depreciation	112,662	-	112,662
Other	<u>2,304</u>	<u>12,098</u>	<u>14,402</u>
Total operating expenses	<u>3,443,109</u>	<u>460,601</u>	<u>3,903,710</u>
Operating loss	(2,314,303)	(28,852)	(2,343,155)
Nonoperating revenues and transfers			
Federal grants	2,004,956	-	2,004,956
Donated commodities	135,000	-	135,000
State grants	213,175	-	213,175
Interest income	5,069	-	5,069
Transfer out	<u>(195,231)</u>	<u>-</u>	<u>(195,231)</u>
Total nonoperating revenues and transfers	<u>2,162,969</u>	<u>-</u>	<u>2,162,969</u>
Change in net assets	(151,334)	(28,852)	(180,186)
Net assets as of July 1, 2011	<u>1,366,667</u>	<u>135,179</u>	<u>1,501,846</u>
Net assets as of June 30, 2012	<u><u>\$ 1,215,333</u></u>	<u><u>\$ 106,327</u></u>	<u><u>\$ 1,321,660</u></u>

See accompanying notes.

SHELBY COUNTY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS Year ended June 30, 2012

	School Food Service Fund	Child Care Fund	Total Proprietary Funds
Cash flows from operating activities			
Cash received from:			
Lunchroom sales	\$ 1,128,806	\$ -	\$ 1,128,806
Childcare fees	-	433,289	433,289
Cash paid to/for:			
Salaries, wages, and benefits	(1,677,062)	(388,208)	(2,065,270)
Materials and supplies	(1,517,835)	(61,721)	(1,579,556)
Other	<u>(2,304)</u>	<u>(12,098)</u>	<u>(14,402)</u>
Net cash used in operating activities	(2,068,395)	(28,738)	(2,097,133)
Cash flows from noncapital financing activities			
Government grants	<u>2,218,131</u>	-	<u>2,218,131</u>
Net cash provided by noncapital financing activities	2,218,131	-	2,218,131
Cash flows from capital and related financing activities			
Capital asset purchases	(40,388)	-	(40,388)
Transfer to General Fund	<u>(195,231)</u>	-	<u>(195,231)</u>
Net cash used in capital and related financing activities	(235,619)	-	(235,619)
Cash flows from investing activities			
Receipt of interest income	<u>5,069</u>	-	<u>5,069</u>
Net cash provided by investing activities	<u>5,069</u>	-	<u>5,069</u>
Net decrease in cash	(80,814)	(28,738)	(109,552)
Cash as of July 1, 2011	<u>621,314</u>	<u>135,065</u>	<u>756,379</u>
Cash as of June 30, 2012	<u>\$ 540,500</u>	<u>\$ 106,327</u>	<u>\$ 646,827</u>
Reconciliation of operating loss to net cash used in operating activities			
Operating loss	\$ (2,314,303)	\$ (28,852)	\$ (2,343,155)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation	112,662	-	112,662
Donated commodities	135,000	-	135,000
Changes in assets and liabilities:			
Receivables	-	1,540	1,540
Inventory	(1,754)	-	(1,754)
Accounts payable	<u>-</u>	<u>(1,426)</u>	<u>(1,426)</u>
Net cash used in operating activities	<u>\$ (2,068,395)</u>	<u>\$ (28,738)</u>	<u>\$ (2,097,133)</u>
Schedule of non-cash transactions			
Donated commodities	\$ 135,000	-	\$ 135,000

See accompanying notes.

SHELBY COUNTY SCHOOL DISTRICT

STATEMENT OF NET ASSETS – FIDUCIARY FUNDS

June 30, 2012

	<u>Private Purpose Trust Fund</u>	<u>Student Activity Funds</u>	<u>Total Fiduciary Funds</u>
ASSETS			
Cash	\$ <u>320</u>	\$ <u>709,605</u>	\$ <u>709,925</u>
Total assets	320	709,605	709,925
LIABILITIES			
Accounts payable	-	2,831	2,831
Due to student groups	<u>-</u>	<u>706,774</u>	<u>706,774</u>
Total liabilities	<u>-</u>	<u>709,605</u>	<u>709,605</u>
NET ASSETS			
Held in trust for scholarships	<u>\$ 320</u>	<u>\$ -</u>	<u>\$ 320</u>

See accompanying notes.

SHELBY COUNTY SCHOOL DISTRICT

STATEMENT OF CHANGES IN NET ASSETS – FIDUCIARY FUND
Year ended June 30, 2012

	<u>Private Purpose Trust Fund</u>
Revenues	
Earnings on investments	\$ 5
Contributions	<u>20,000</u>
Total revenues	20,005
Expenditures	
Scholarships	<u>20,000</u>
Total expenditures	<u>20,000</u>
Change in net assets	5
Net assets as of July 1, 2011	<u>315</u>
Net assets as of June 30, 2012	<u><u>\$ 320</u></u>

See accompanying notes.

SHELBY COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

Year ended June 30, 2012

1. Basis of presentation and summary of significant accounting policies

Reporting entity – The Shelby 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 Shelby County School District (District). The District receives funding from local, state, and federal government sources and must comply with the commitment requirements of these funding source entities. However, the District is not included in any other governmental reporting entity, and its Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to develop policies which may influence operations, and primary accountability for fiscal matters.

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

The District's basic financial statements 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 basic financial statements of the following organization are included in the accompanying basic financial statements:

Shelby County School District Finance Corporation – The Shelby County, Kentucky, Board of Education established the Shelby County School District Finance Corporation (Corporation) (a nonprofit, nonstock, public, and charitable corporation organized under the School Bond Act, KRS 273, and KRS Section 58.180) as an agency of the Board for financing the costs of school building facilities. The Board Members of the Shelby County Board of Education also comprise the Corporation's Board of Directors.

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 District's financial activities, except for fiduciary funds. The statements distinguish between those District activities that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. The District's activities are generally financed through state funding, property and utility taxes, and federal, state, and local grants. Revenues are recorded when earned and expenses are recorded at the time the liability is incurred, regardless of when the related cash flows take place. Revenues from grants are recognized in the fiscal year in which eligibility requirements are met.

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

Fund financial statements – Fund financial statements report detailed information about the District. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each fund is presented in a separate column. Fiduciary funds are reported by fund type.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. State and other governmental revenues applicable to the current fiscal year and collected within 60 days of year end are recognized as revenue.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt and payments for compensated absences which are recognized as expenditures when they come due for payment. General capital asset acquisitions are reported as expenditures in governmental funds, and proceeds of general long-term debt are reported as other financing sources.

Under the terms of the District's grant agreements, certain programs are funded by specific cost-reimbursement grants and general revenues. Generally, the District applies cost-reimbursement funds first to finance such programs with remaining costs paid for with general revenues.

Proprietary funds utilize the economic resources measurement focus and the accrual basis of accounting. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues generally result from providing services in connection with the fund's principal operations. The funds' principal operating revenues are food service charges and childcare fees. Operating expenses include food production costs, materials and supplies, administrative costs, and depreciation on capital assets.

Fiduciary funds utilize the economic resources measurement focus and the accrual basis of accounting.

Accounting principles generally accepted in the United States of America require that the General Fund be reported as a major fund. All other governmental and proprietary funds whose assets, liabilities, revenues, or expenditures comprise at least 10% of the total for the relevant fund category and at least 5% of the corresponding total for all governmental and proprietary funds combined must also be reported as major funds. Additionally, the District has determined certain other funds should be reported as major funds.

The District has the following funds:

a. Governmental fund types

The General Fund is the District's general operating fund and accounts for and reports all District revenues and expenditures not accounted for or reported in other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

The Special Revenue Funds are used to account for and report the proceeds of specific revenue sources restricted to expenditures for specified purposes other than debt or capital projects. This is a major fund of the District.

Capital Project Funds are used to account for and report financial resources restricted for capital outlays, including the acquisition or construction of capital facilities or other capital assets, and to provide financial resources for debt service requirements. Capital Projects Funds exclude those types of capital-related outflows financed by proprietary funds or for assets that are held in trust.

1. The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund receives those funds designated by the State as capital outlay funds and is generally restricted for use in financing projects identified in the District's facility plan (including payment of bonded lease obligations). This is a major fund of the District.
2. The Facility Support Program (FSPK) Fund accounts for and reports funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the District's facility plan. This is a major fund of the District.
3. The School Construction Fund accounts for and reports proceeds from sales of bonds and other revenue to be used for authorized construction. This is a major fund of the District.

4. The Debt Service Fund accounts for and reports debt payments. The fund does not have any funding sources and entirely relies upon transfers from other funds to meet debt obligations. This is a major fund of the District.

b. Proprietary fund types

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

The Child Care Fund is used to account for and report after-school revenues and programs where a fee is charged for participating. This is a major fund of the District.

The District applies all governmental accounting standards, as well as financial accounting standards, issued on or before November 30, 1989 to proprietary funds, unless those financial accounting standards conflict with or contradict governmental accounting standards.

c. Fiduciary fund types

The Student Activity Funds account for and report activities of student groups and other types of activities requiring clearing accounts. These funds comply with *Accounting Procedures for Kentucky School Activity Funds*.

The Private Purpose Trust Fund accounts for and reports the Pflughaupt Memorial Scholarship Fund under which principal and income are used to benefit individuals by providing scholarships.

Budgetary process – The District’s budgetary process accounts for transactions on the modified accrual basis of accounting which is consistent with accounting principles generally accepted in the United States of America.

In accordance with state law, the District prepares a general school budget based upon the amount of revenue to be raised by local taxation, including the rate of levy, and from estimates of other local, state, and federal revenues. The budget contains estimated expenditures for current expenses, debt service, capital outlay, and other necessary expenses. The budget must be approved by the Board.

The District does not budget for on-behalf payments, which are reported with the General Fund and the School Food Service Fund in the fund financial statements and the budgetary comparison supplementary information.

The District must formally and publicly examine estimated revenues and expenses for the subsequent fiscal year by January 31 of each year.

Additionally, the District must prepare an annual allocation to schools by March 1 of each year for the following fiscal year. This allocation must include the amount for certified and classified staff based on the District's staffing policy and the amount for the instructional supplies, materials, travel, and equipment.

Additionally, the District must adopt a tentative working budget for the subsequent fiscal year by May 30 of each year. This budget must contain a 2% reserve.

Finally, the District must adopt a final working budget and submit it to the Kentucky Department of Education by September 30 of the current fiscal year.

The Board has the ability to amend the working budget. The working budget was amended during the year.

Inventory – Inventory which consists of food and supplies is recorded at the lower of cost, determined by the first-in first-out (FIFO) method, or market.

Prepaid expenses – Payments made that will benefit periods beyond the end of the fiscal year are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed. No prepaid expenses were recorded as of June 30, 2012.

Bond issue costs – Costs associated with the issuance of bond obligations, including underwriter fees, fiscal and rating agency fees, paying agent fees, attorney fees, and bond deferrals on refunding are reported as expenditures in the governmental funds financial statements. These costs are capitalized and amortized over the lives of the respective bonds on the government-wide financial statements.

Interfund balances – On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as due from or to other funds. 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 interfund balances.

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 and 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 fund.

All capital assets are capitalized at cost (or estimated historical cost based on independent appraisals) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District

maintains capitalization thresholds as shown below. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

<u>Description</u>	<u>Estimated Lives</u>	<u>Capitalization Thresholds</u>
Buildings and improvements	20-50 years	\$ 10,000
Land improvements	20 years	10,000
Technology equipment	5 years	5,000
Vehicles	5-10 years	All
General equipment	15 years	5,000
Food service equipment	12 years	1,000
Infrastructure	20 years	10,000

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 in 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 if they will be liquidated with current resources. In general, payments made within 60 days after year-end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

Deferred revenue – Deferred revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are recorded as deferred revenue.

Accumulated sick leave – Sick leave benefits are calculated using the vesting method, and accrued based on the District's estimates using historical trend information. The current portion of the liability is estimated based on the anticipated payouts in the succeeding fiscal year.

Fund balances – The District classifies its governmental fund balances as follows:

Nonspendable – This category includes funds that are not available to be spent because they are not in spendable format, or because they are legally required to remain intact. The District does not have any nonspendable funds as of June 30, 2012.

Restricted – This category includes resources that are restricted by state law to be used for certain purposes. The SEEK Capital Outlay Fund and the FSPK Fund are restricted to be used for future debt service or future construction projects. The School Construction Fund is restricted for future construction projects. The Debt Service Fund is restricted for debt service.

Committed – This category includes funds that have been designated for future projects by the Board. Only the Board may commit funds and modify or rescind the commitment.

Assigned – This category represents funds that have been designated for existing purchase obligations. Assignments can be made by authorized members of management.

Unassigned – This category represents the remainder of the governmental fund balances that do not belong in any other fund balance classifications.

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, unless the District provides otherwise in its committed or assigned actions.

When the District incurs an expenditure for which both restricted and unrestricted (assigned and unassigned, respectively) funds are available within a given fund, the District generally spends restricted funds first and unrestricted funds last.

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 District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first.

Interfund activity – Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds, and after nonoperating revenues/expenses in proprietary funds. These transactions are eliminated in the governmental and business-type activities columns of the statement of activities.

Encumbrance accounting – Encumbrances are not liabilities, and therefore are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end and outstanding encumbrances at year-end are reappropriated in the next fiscal year.

Estimates – The preparation of basic financial statements requires the District's management to make estimates and assumptions that affect reported amounts of assets, liabilities, fund balances, and disclosure of contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

Subsequent events – The District's management has evaluated subsequent events through November 7, 2012, the date which the financial statements were available for issue. No subsequent events were of such a nature as to require disclosure.

New accounting pronouncements – In June 2011, the Governmental Accounting Standards Board (GASB) issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and in March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Statement No. 63 amends previous pronouncements and incorporates deferred outflows of resources and deferred inflows of resources, as defined in Concepts Statement No. 4, *Elements of Financial Statements*, into the required components of the statement of financial position's (formerly statement of net assets) residual measure and renames that measure net position, rather than net assets. Statement No. 65 establishes accounting and financial reporting standards that reclassify certain items previously classified as assets and liabilities as deferred outflows and deferred inflows of resources. Statement No. 63 is effective for years beginning after December 15, 2011, and Statement No. 65 is effective for years beginning after December 15, 2012. The District has not determined the potential impact these pronouncements will have on its future financial statements.

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. Statement No. 68 replaces previous requirements related to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The objective of Statement No. 68 is to improve accounting and financial reporting for pensions provided to the employees of state and local governments, and information about financial support for pensions that is provided by other entities. This Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. This Statement also provides related note disclosure and supplementary information requirements. Statement No. 68 is effective for years beginning after December 15, 2014. The District has not determined the potential impact, if any, this pronouncement will have on its future financial statements.

2. Deposits with financial institutions

As of June 30, 2012, the carrying amount of the District's deposits with financial institutions was \$20,090,259, and its bank balances totaled \$24,977,864. Of the total bank balances, approximately \$250,000 was covered by federal depository insurance, with the remainder covered by a collateral agreement with securities.

Cash is commingled in various bank accounts. Due to the nature of the accounts and limitations imposed by bond issue requirements, construction projects, and financial assistance programs, each cash amount within the following funds is considered to be restricted:

Facility Support Program (FSPK) Fund
School Construction Fund
Student Activity Funds
Private Purpose Trust Fund

District funds are considered to be public funds and therefore their investment is limited by statute to certain obligations of the United States or similar government agencies, cash instruments, and certain pooled investment funds.

3. Taxes

The District's ad valorem property tax is levied on the assessed value listed as of the prior January 1 for all real and personal property located in the District. Taxes as certified by the Kentucky Department of Revenue become delinquent after January 31.

The property tax rates assessed for the year ended June 30, 2012 were \$.697 per \$100 valuation for real property, \$.697 per \$100 valuation for business personal property, and \$.465 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.

4. Capital assets

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

<u>Governmental Activities</u>	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Balance June 30, 2012</u>
Land	\$ 2,419,344	\$ 458,531	\$ -	\$ 2,877,875
Land improvements	1,461,061	23,460	-	1,484,521
Buildings and improvements	139,432,247	112,818	-	139,545,065
Technology equipment	1,258,972	143,336	78,615	1,323,693
Vehicles	5,998,829	-	176,209	5,822,620

	Balance July 1, 2011	Additions	Dispositions	Balance June 30, 2012
General equipment	\$ 867,742	\$ 315,877	\$ 6,860	\$ 1,176,759
Construction in progress	494,829	1,291,352	-	1,786,181
Infrastructure	<u>489,832</u>	<u>-</u>	<u>-</u>	<u>489,832</u>
Total cost	152,422,856	2,345,374	261,684	154,506,546
Less accumulated depreciation:				
Land improvements	758,026	47,340	-	805,366
Buildings and improvements	28,639,018	3,372,878	-	32,011,896
Technology equipment	956,065	174,539	73,740	1,056,864
Vehicles	4,073,120	353,925	176,208	4,250,837
General equipment	482,813	84,056	1,772	565,097
Infrastructure	<u>195,933</u>	<u>24,492</u>	<u>-</u>	<u>220,425</u>
Total accumulated depreciation	<u>35,104,975</u>	<u>4,057,230</u>	<u>251,720</u>	<u>38,910,485</u>
Governmental activities net capital assets	<u>\$ 117,317,881</u>	<u>\$ (1,711,856)</u>	<u>\$ 9,964</u>	<u>\$ 115,596,061</u>
<u>Business-Type Activities</u>				
Food service equipment	\$ 1,937,982	\$ 40,388	\$ 8,619	\$ 1,969,751
Less accumulated depreciation:				
Food service equipment	<u>1,226,781</u>	<u>112,662</u>	<u>8,619</u>	<u>1,330,824</u>
Business-type activities net capital assets	<u>\$ 711,201</u>	<u>\$ (72,274)</u>	<u>\$ -</u>	<u>\$ 638,927</u>

Governmental activities depreciation expense is allocated to specific functions or programs on the statement of activities as follows:

Instruction	\$ 608,113
Student support services	30,168
District administration	32,299
School administration	290,449
Business support services	28,227
Plant operations and maintenance	2,711,418
Student transportation	<u>356,556</u>
Total depreciation expense	<u>\$ 4,057,230</u>

5. Bonded debt and lease obligations

The amounts shown in the accompanying basic financial statements as bond obligations represent the District's future obligations to make lease payments relating to the bonds issued by the Shelby County School District Finance Corporation.

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

<u>Issue</u>	<u>Proceeds</u>	<u>Interest Rates</u>
1996	\$ 285,000	4.00 – 5.10%
1999	9,325,000	4.00 – 4.35%
2004	12,335,000	1.65 – 5.08%
2005	5,140,000	2.50 – 4.25%
2009	13,710,000	2.25 – 3.25%
2009	35,700,000	3.25 – 5.00%
2011	6,210,000	1.00 – 3.125%
2012	9,620,000	0.70 – 2.80%

The District, through the General Fund, the Facility Support Program (FSPK) Fund, and the SEEK Capital Outlay Fund, is obligated to make payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Shelby County School District Finance Corporation to construct school facilities. The District has an option to purchase the property under lease at any time by retiring the bonds then outstanding.

In 1996, 1999, 2004, 2009, 2011, and 2012 the District entered into "participation agreements" with the School Facility Construction Commission (Commission). The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs. The participation agreements generally provide for the Commission to assist the District in meeting bond obligations and are renewable, at the Commission's option, bi-annually. Should the Kentucky General Assembly choose to not fund the Commission in the future, the District would be responsible for meeting the full requirements of the bond issues. The table below sets forth the amount to be paid by the District and the Commission for each year until maturity of all bond issues.

During 2012, the District issued revenue refunding bonds totaling \$9,620,000 to defease the 2004 issue totaling \$9,265,000. This transaction will result in future cash flow savings of approximately \$757,000 and an economic gain (difference between the present value of the new debt service payments and the old debt service payments) of approximately \$657,000. As of June 30, 2012, all of the 2004 issue bonds have been retired.

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

<u>Fiscal Year Ending</u>	<u>Shelby County School District</u>		<u>Kentucky School Facility Construction Commission</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2013	\$ 2,312,619	\$ 2,255,964	\$ 417,381	\$ 202,733	\$ 5,188,697
2014	2,377,247	2,200,349	427,753	192,133	5,197,482

Fiscal Year Ending	Shelby County School District		Kentucky School Facility Construction Commission		Total
	Principal	Interest	Principal	Interest	
2015	\$ 2,744,326	\$ 2,134,590	\$ 550,674	\$ 179,740	\$ 5,609,330
2016	2,810,747	2,056,606	564,253	164,236	5,595,842
2017	2,897,166	1,968,940	562,834	147,203	5,576,143
2018	2,983,441	1,877,695	576,559	130,616	5,568,311
2019	3,066,943	1,782,610	593,057	113,599	5,556,209
2020	3,284,991	1,680,412	285,009	95,127	5,345,539
2021	3,386,066	1,574,098	293,934	86,202	5,340,300
2022	3,546,346	1,459,511	303,654	76,481	5,385,992
2023	3,666,105	1,337,058	313,895	66,240	5,383,298
2024	3,790,100	1,205,145	324,900	55,236	5,378,381
2025	3,983,755	1,062,450	161,245	43,326	5,250,776
2026	4,156,298	879,569	168,702	35,868	5,240,437
2027	4,343,283	682,145	176,717	27,855	5,230,000
2028	4,539,448	464,981	185,552	19,019	5,209,000
2029	4,760,171	238,008	194,829	9,742	5,202,750
	<u>\$ 58,649,052</u>	<u>\$ 24,860,131</u>	<u>\$ 6,100,948</u>	<u>\$ 1,645,356</u>	<u>\$ 91,255,487</u>

A summary of the changes in the outstanding bonds during the fiscal year ended June 30, 2012 is as follows:

Issue	Balance July 1, 2011	Additions	Payments	Balance June 30, 2012
School Building Revenue Bonds:				
1996	\$ 95,000	\$ -	\$ 15,000	\$ 80,000
1999	970,000	-	970,000	-
2004	9,650,000	-	9,650,000	-
2005	3,955,000	-	215,000	3,740,000
2009	12,120,000	-	725,000	11,395,000
2009	34,670,000	-	565,000	34,105,000
2011	6,125,000	-	265,000	5,860,000
2012	-	9,620,000	50,000	9,570,000
Totals	<u>\$ 67,585,000</u>	<u>\$ 9,620,000</u>	<u>\$ 12,455,000</u>	<u>\$ 64,750,000</u>

6. Accumulated unpaid sick leave benefits

Upon retirement from the school system, eligible employees will receive from the District an amount equal to 30% of the value of accumulated sick leave.

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, the current portion of unpaid accumulated sick leave is the amount expected to be paid using expendable available resources. These amounts are recorded in the accumulated sick leave payable account in the General Fund. The noncurrent portion of the liability is not reported.

A summary of the changes in the estimated accumulated unpaid sick leave benefits during the fiscal year ended June 30, 2012 is as follows:

Balance as of July 1, 2011	\$ 2,691,000
Additions/increases to estimate	148,685
Less payments	<u>148,685</u>
Balance as of June 30, 2012	2,691,000
Less current portion	<u>175,000</u>
Noncurrent portion	<u>\$ 2,516,000</u>

7. Commitments and contingencies

The District receives funding from federal and state government agencies and private contributions. These funds are to be used for designated purposes only. For government agency grants, if based on the grantor's review the funds are considered not to have been used for the intended purpose, the grantor may request a refund of funds advanced, or refuse to reimburse the District for its disbursements. The collectability of any related receivables as of June 30, 2012 may be impaired. The amount of such future refunds and unreimbursed disbursements, if any, is not expected to be significant. Continuation of the District's grant programs is predicated upon the grantors' satisfaction that the funds provided are being spent as intended and the grantors' intent to continue their programs.

The District has been named in multiple lawsuits, most of which are being handled by the District's insurance carrier. The District cannot estimate a potential loss, if any, at this time.

8. Retirement plans

The District 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. Kentucky Revised Statutes (KRS) require that members of KTRS occupy a position requiring either a four year college degree or certification by the Kentucky Department of Education (KDE).

KTRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the 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, Kentucky 40601, or from the KTRS website at <http://ktrs.ky.gov/>.

Contribution rates are established by KRS. Members are required to contribute 10.355% if hired prior to July 1, 2008, or 10.855% if hired after July 1, 2008, of their salaries to KTRS. The Commonwealth of Kentucky is required to contribute 13.105% of salaries if hired before July 1, 2008, or 14.105% of salaries if hired after July 1, 2008. The federal program for any salaries paid by that program pays the matching contributions.

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

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

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

The District's total payroll was \$42,930,876, \$39,287,568, and \$36,317,472 for the years ended June 30, 2012, 2011, and 2010, respectively. The payroll for employees covered under KTRS was \$31,817,408, \$31,324,029, and \$30,317,472 for the years ended June 30, 2012, 2011, and 2010, respectively. The Commonwealth contributed \$3,771,914, \$3,878,715, and \$3,671,075 to KTRS for the years ended June 30, 2012, 2011, and 2010, respectively, for the benefit of the participating employees. The District's contributions to KTRS were \$321,397, \$270,776, and \$166,237 for the years ended June 30, 2012, 2011, and 2010, respectively, which represents those employees covered by federal programs.

Substantially all other employees (classified personnel) are covered under the County Employee's Retirement System (CERS), a cost-sharing, multiple-employer, public employers retirement system administered by the Kentucky Retirement System, an agency of the Commonwealth of Kentucky. CERS provides retirement, death, disability, and health

benefits to members and their beneficiaries. Under KRS provisions, the Board of Trustees of the Kentucky Retirement System administers CERS and has the authority to establish and amend benefit provisions. The Kentucky Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for CERS. That report can be obtained by writing to Kentucky Retirement Systems, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601.

Plan members are required to contribute 5% of their annual covered compensation, if hired before September 1, 2008, or 6% of their annual covered compensation, if hired after September 1, 2008, and the District is required to contribute at an actuarially determined rate. The current rate is 18.96% of the employee's total covered compensation. The contribution requirements of plan members and the District are established and may be amended by the Kentucky Retirement System's Board of Trustees. The District's contributions to CERS for the years ended June 30, 2012, 2011, and 2010 were \$1,605,868, \$1,348,863, and \$1,180,655, respectively, and are equal to the required contribution for the related year.

The District also offers employees the option to participate in the Shelby County Board of Education 403(b) Plan, a defined contribution plan under Section 403(b), 401(k), and 457 of the Internal Revenue Code. All regular full-time and part-time employees are eligible to participate and may contribute up to the maximum amount allowable under Section 403(b), 401(k), and 457 of the Internal Revenue Code. Members contributed approximately \$724,000 during the year ended June 30, 2012. The District does not contribute to the plan.

9. On-behalf payments for fringe benefits

The District receives on-behalf payments for fringe benefits from the Commonwealth of Kentucky. The following amounts are included as revenues and expenses/expenditures on the statement of activities, and the statement of revenues, expenditures, and changes in fund balances/net assets:

Retirement contributions to the Teachers' Retirement System of Kentucky	\$ 3,771,914
Health and life insurance	4,866,789
Vocational education	93,736
Education Technology	<u>92,397</u>
 Total General Fund	 8,824,836
 Health and life insurance	 <u>180,923</u>
 Total School Food Service Fund	 <u>180,923</u>
 Total	 <u>\$ 9,005,759</u>

10. Insurance, risk management, and related activities

The District is exposed to various forms of loss of assets associated with the risks of fire, personal liability, theft, vehicular accidents, errors and omissions, fiduciary responsibility, etc.; and risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, natural disasters, workers compensation, unemployment, etc. Each of these risk areas is covered through the purchase of commercial insurance.

The District has purchased certain policies which are retrospectively rated which includes workers' compensation insurance. Premiums are accrued based on the ultimate cost of the experience to date of a group of entities.

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

11. Deficit operating/fund balances

There are no District funds that currently have a deficit fund balance. However, the General Fund, the School Construction Fund, the School Food Service Fund, and the Child Care Fund had operations that resulted in a current year operating loss resulting in a corresponding reduction of fund balance.

12. COBRA

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

13. Transfer of funds

The following transfers were made during the year ended June 30, 2012:

<u>Type</u>	<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
Operating	School Food Service	General	Administrative	\$ 195,231
Matching	General	Special Revenue	Technology Matching	244,354
Operating	Facility Support Program (FSPK)	General	Administrative	205,220

<u>Type</u>	<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
Operating	SEEK Capital Outlay	Debt Service	Debt Payments	\$ 600,971
Operating	Facility Support Program (FSPK)	Debt Service	Debt Payments	4,282,613

14. Interfund receivables and payables

Interfund balances as of June 30, 2012 consist of the following:

<u>Due to Fund</u>	<u>Due from Fund</u>	<u>Purpose</u>	<u>Amount</u>
General	Special Revenue	Cash flow	\$ 127,493

SUPPLEMENTARY INFORMATION

SHELBY COUNTY SCHOOL DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND
Year ended June 30, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
From local sources:				
Taxes:				
Property	\$ 14,359,772	\$ 14,984,217	\$ 15,163,898	\$ 179,681
Motor vehicle	1,012,357	1,077,193	1,111,828	34,635
Utilities	3,100,000	2,960,000	2,914,113	(45,887)
Earnings on investments	242,000	213,000	178,432	(34,568)
Other local	86,958	90,958	173,325	82,367
Intergovernmental – State	23,632,920	23,611,498	32,449,589	8,838,091
Intergovernmental – Federal	<u>120,000</u>	<u>115,000</u>	<u>116,113</u>	<u>1,113</u>
Total revenues	42,554,007	43,051,866	52,107,298	9,055,432
Expenditures				
Current:				
Instruction	25,455,991	26,287,843	32,020,306	(5,732,463)
Student support services	2,044,464	2,077,980	2,456,804	(378,824)
Instructional staff support services	1,937,228	2,726,718	3,002,882	(276,164)
District administration	1,245,660	1,218,587	1,322,450	(103,863)
School administration	2,657,849	2,496,158	3,186,473	(690,315)
Business support services	1,175,569	1,182,556	1,358,089	(175,533)
Plant operations and maintenance	5,081,679	5,963,455	5,602,894	360,561
Student transportation	2,968,732	3,645,210	3,343,781	301,429
Food service operations	145,030	146,916	138,900	8,016
Community services	-	-	421	(421)
Contingency	<u>3,810,550</u>	<u>5,203,328</u>	<u>-</u>	<u>5,203,328</u>
Total expenditures	<u>46,522,752</u>	<u>50,948,751</u>	<u>52,433,000</u>	<u>(1,484,249)</u>
(Deficit) excess of revenues (under) over expenditures	(3,968,745)	(7,896,885)	(325,702)	7,571,183
Other financing sources (uses)				
Operating transfers in	200,000	405,220	400,451	(4,769)
Operating transfers out	-	(244,354)	(244,354)	-
Other	<u>-</u>	<u>-</u>	<u>45,514</u>	<u>45,514</u>
Total other financing sources (uses)	<u>200,000</u>	<u>160,866</u>	<u>201,611</u>	<u>40,745</u>
Net change in fund balance	(3,768,745)	(7,736,019)	(124,094)	7,611,928
Fund balance as of July 1, 2011	<u>15,736,018</u>	<u>15,736,018</u>	<u>15,736,018</u>	<u>-</u>
Fund balance as of June 30, 2012	<u>\$ 11,967,273</u>	<u>\$ 7,999,999</u>	<u>\$ 15,611,927</u>	<u>\$ 7,611,928</u>

SHELBY COUNTY SCHOOL DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – SPECIAL REVENUE FUNDS
Year ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Favorable <u>(Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
From local sources:				
Earnings on investments	\$ -	\$ 110	\$ 1,300	\$ 1,190
Other local	183,510	218,984	313,104	94,120
Intergovernmental – State	2,328,083	2,353,677	2,648,791	295,114
Intergovernmental – Federal	<u>3,003,598</u>	<u>3,124,224</u>	<u>4,135,459</u>	<u>1,011,235</u>
Total revenues	5,515,191	5,696,995	7,098,654	1,401,659
Expenditures				
Current:				
Instruction	3,810,078	4,190,968	5,288,607	(1,097,639)
Student support services	135,386	135,336	98,108	37,228
Instructional staff support services	928,074	896,109	1,160,153	(264,044)
School administration	15,000	15,000	12,680	2,320
Plant operations and maintenance	-	29,748	29,748	-
Student transportation	114,670	175,380	254,642	(79,262)
Community services	<u>511,983</u>	<u>498,808</u>	<u>499,070</u>	<u>(262)</u>
Total expenditures	<u>5,515,191</u>	<u>5,941,349</u>	<u>7,343,008</u>	<u>(1,401,659)</u>
Deficit of revenues under expenditures	-	(244,354)	(244,354)	-
Other financing sources				
Operating transfers in	<u>-</u>	<u>244,354</u>	<u>244,354</u>	<u>-</u>
Total other financing sources	<u>-</u>	<u>244,354</u>	<u>244,354</u>	<u>-</u>
Net change in fund balance	-	-	-	-
Fund balance as of July 1, 2011	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance as of June 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SHELBY COUNTY SCHOOL DISTRICT

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND DUE TO STUDENT GROUPS –
MIDDLE AND ELEMENTARY SCHOOLS ACTIVITY FUNDS
Year ended June 30, 2012**

<u>School</u>	<u>Cash July 1, 2011</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash June 30, 2012</u>	<u>Accounts Receivable June 30, 2012</u>	<u>Accounts Payable June 30, 2012</u>	<u>Due to Student Groups June 30, 2012</u>
Shelby County Education Center at Cropper Heritage Elementary School	\$ 1,219	\$ 1,392	\$ 1,434	\$ 1,177	\$ -	\$ -	\$ 1,177
Painted Stone Elementary School	103,407	58,265	68,435	93,237	-	-	93,237
Simpsonville Elementary School	69,874	70,094	71,050	68,918	-	-	68,918
Southside Elementary School	80,157	56,677	52,831	84,003	-	-	84,003
Clear Creek Elementary School	24,486	43,454	44,126	23,814	-	-	23,814
Wright Elementary School	38,484	75,487	87,108	26,863	-	100	26,763
East Middle School	77,193	48,263	42,505	82,951	-	-	82,951
West Middle School	32,347	136,814	135,135	34,026	-	-	34,026
	<u>22,354</u>	<u>161,649</u>	<u>157,759</u>	<u>26,244</u>	<u>-</u>	<u>-</u>	<u>26,244</u>
Totals	<u>\$ 449,521</u>	<u>\$ 652,095</u>	<u>\$ 660,383</u>	<u>\$ 441,233</u>	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ 441,133</u>

SHELBY COUNTY SCHOOL DISTRICT

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND DUE TO STUDENT GROUPS –
SHELBY COUNTY HIGH SCHOOL ACTIVITY FUNDS
Year ended June 30, 2012**

<u>Activity Fund</u>	<u>Cash July 1, 2011</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Interfund Transfers</u>	<u>Cash June 30, 2012</u>	<u>Accounts Receivable June 30, 2012</u>	<u>Accounts Payable June 30, 2012</u>	<u>Due to Student Groups June 30, 2012</u>
Academic team	\$ 35	\$ 4,000	\$ 1,729	\$ (1,571)	\$ 735	\$ -	\$ -	\$ 735
Amnesty Club	235	-	-	-	235	-	-	235
Anime Club	626	-	-	(626)	-	-	-	-
AP examination	4,997	30,817	31,995	(3,819)	-	-	-	-
Athletic Booster Club	451	4,245	3,642	(1,054)	-	-	-	-
Athletic Brick Camp	596	-	496	-	100	-	-	100
Athletic fees	-	14,645	3,720	(10,925)	-	-	-	-
Athletic gate	1,400	54,070	1,400	(52,670)	1,400	-	-	1,400
Athletic season passes	-	3,300	-	(3,300)	-	-	-	-
Band	3,523	9,397	12,510	(49)	361	-	-	361
Baseball	-	44	12,078	12,034	-	-	-	-
Basketball – boys	-	-	18,972	18,972	-	-	-	-
Basketball – girls	-	-	4,652	4,652	-	-	-	-
Basketball Holiday Tournament	-	2,653	3,251	598	-	-	-	-
Beta Club	465	-	-	-	465	-	-	465
Beverage and snack	642	2,531	1,805	(29)	1,339	-	-	1,339
Bible study	511	-	-	-	511	-	-	511
Black Achievers	1,013	-	-	(178)	835	-	-	835

(continued)

SHELBY COUNTY SCHOOL DISTRICT

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND DUE TO STUDENT GROUPS –
SHELBY COUNTY HIGH SCHOOL ACTIVITY FUNDS – CONTINUED
Year ended June 30, 2012**

<u>Activity Fund</u>	<u>Cash July 1, 2011</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Interfund Transfers</u>	<u>Cash June 30, 2012</u>	<u>Accounts Receivable June 30, 2012</u>	<u>Accounts Payable June 30, 2012</u>	<u>Due to Student Groups June 30, 2012</u>
Boys Basketball								
Camp	\$ 400	\$ 1,520	\$ 630	\$ 110	\$ 1,400	\$ -	\$ -	\$ 1,400
C. Burgin classroom	222	-	-	(222)	-	-	-	-
C. Turner classroom	158	108	150	(14)	102	-	-	102
Ceralde classroom	697	250	14	626	1,559	-	-	1,559
Choir Boosters Support	31	-	-	(31)	-	-	-	-
Chorus	6,451	29,848	27,094	(2,768)	6,437	-	-	6,437
Class of 2010	208	-	-	(208)	-	-	-	-
Class of 2011	2,800	70	635	(2,235)	-	-	-	-
Colorpro Poster Ac	-	268	97	55	226	-	-	226
Cross-country	-	-	1,667	1,667	-	-	-	-
Cross-country invitational	4,086	7,357	4,875	(4,000)	2,568	-	-	2,568
Cross-county regional	-	650	470	-	180	-	-	180
Dance Club	34	-	-	(34)	-	-	-	-
Dance Team	1,717	9,338	6,414	(494)	4,147	-	-	4,147
District support	4,015	4,000	2,259	(5,756)	-	-	-	-
Diversity Club	-	815	-	(815)	-	-	-	-
Drama	3,165	2,347	4,978	(477)	57	-	-	57
Eighth grade team	404	2,325	1,524	(724)	481	-	-	481

(continued)

SHELBY COUNTY SCHOOL DISTRICT

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND DUE TO STUDENT GROUPS –
SHELBY COUNTY HIGH SCHOOL ACTIVITY FUNDS – CONTINUED
Year ended June 30, 2012**

<u>Activity Fund</u>	<u>Cash July 1, 2011</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Interfund Transfers</u>	<u>Cash June 30, 2012</u>	<u>Accounts Receivable June 30, 2012</u>	<u>Accounts Payable June 30, 2012</u>	<u>Due to Student Groups June 30, 2012</u>
English	\$ 135	\$ 3,120	\$ 2,294	\$ (861)	\$ 100	\$ -	\$ -	\$ 100
Ernest Jennings	100	1,500	1,500	-	100	-	-	100
ESL	437	-	-	-	437	-	-	437
Family and Consumer SC	-	1,397	1,132	(265)	-	-	-	-
FCCLA	-	6,234	5,433	(670)	131	-	-	131
FEA Scholarship	204	-	-	-	204	-	-	204
Fellow Christian Athletes	1,692	-	-	-	1,692	-	-	1,692
Field trips	1,571	190	15,453	13,692	-	-	-	-
Fishing Club	436	-	-	-	436	-	-	436
Flower fund	25	269	294	-	-	-	-	-
Football	-	-	27,757	27,757	-	-	-	-
Football camp	465	820	783	(465)	37	-	-	37
French Club	499	-	132	-	367	-	-	367
Freshman Class	-	697	-	(75)	622	-	-	622
Future Farmers	1,429	6,197	6,538	(376)	712	-	-	712
General Athletics	578	5,290	5,421	10	457	-	-	457
General Fund	12,846	10,680	22,918	(409)	199	-	-	199
George Cottrell Van	-	1,234	1,434	200	-	-	-	-
Girls basketball camp	1,310	2,925	2,036	(1,090)	1,109	-	-	1,109

(continued)

SHELBY COUNTY SCHOOL DISTRICT

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND DUE TO STUDENT GROUPS –
SHELBY COUNTY HIGH SCHOOL ACTIVITY FUNDS – CONTINUED
Year ended June 30, 2012**

<u>Activity Fund</u>	<u>Cash</u> <u>July 1,</u> <u>2011</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Interfund</u> <u>Transfers</u>	<u>Cash</u> <u>June 30,</u> <u>2012</u>	<u>Accounts</u> <u>Receivable</u> <u>June 30,</u> <u>2012</u>	<u>Accounts</u> <u>Payable</u> <u>June 30,</u> <u>2012</u>	<u>Due to</u> <u>Student</u> <u>Groups</u> <u>June 30,</u> <u>2012</u>
Girls soccer district	\$ -	\$ 2,588	\$ 2,035	\$ (553)	\$ -	\$ -	\$ -	\$ -
Golf – boys	-	-	1,523	1,523	-	-	-	-
Golf – girls	-	125	5,379	5,254	-	-	-	-
Guidance	5	296	-	-	301	-	-	301
Hargadon Benevolence	470	-	-	-	470	-	-	470
Health and PE	296	-	-	-	296	-	-	296
Hispanic FCA	100	-	100	-	-	-	-	-
Interact Club	839	1	782	-	58	-	-	58
Jr KY Homebuilders	460	75	937	402	-	-	-	-
Juniors – 2013	1,501	11,825	8,690	(444)	4,192	-	-	4,192
Latino Club	283	-	-	-	283	-	-	283
Library fines and copier	6,068	2,662	2,020	(517)	6,193	-	-	6,193
National Honor Society	499	1,071	1,117	(249)	204	-	-	204
Nature Center	1,065	100	-	-	1,165	-	-	1,165
Orchestra	749	10,957	10,190	51	1,567	-	-	1,567
Rocket games	114	2,462	2,542	801	835	-	-	835
ROTC – non-reimburse	10,004	7,731	6,671	(1,195)	9,869	-	-	9,869
SADD	1	-	-	(1)	-	-	-	-
S.C. Jr. Historical	358	-	-	-	358	-	-	358

(continued)

SHELBY COUNTY SCHOOL DISTRICT

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND DUE TO STUDENT GROUPS –
SHELBY COUNTY HIGH SCHOOL ACTIVITY FUNDS – CONTINUED
Year ended June 30, 2012**

<u>Activity Fund</u>	<u>Cash July 1, 2011</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Interfund Transfers</u>	<u>Cash June 30, 2012</u>	<u>Accounts Receivable June 30, 2012</u>	<u>Accounts Payable June 30, 2012</u>	<u>Due to Student Groups June 30, 2012</u>
SCHS farm	\$ 5,649	\$ 6,949	\$ 3,676	\$ (259)	\$ 8,663	\$ -	\$ -	\$ 8,663
SCHS Fund for the Arts	639	-	-	-	639	-	-	639
SCHS greenhouse	11,751	7,154	3,737	(221)	14,947	-	-	14,947
SCHS theater	667	-	-	-	667	-	-	667
SCHS Youth Service Center	3	150	-	(142)	11	-	-	11
Science Club	553	1,606	746	(791)	622	-	-	622
Senior class trip	-	4,145	5,145	1,000	-	-	-	-
Seniors – 2012	4,998	-	2,481	(1,000)	1,517	-	-	1,517
Soccer – boys	-	20	2,442	2,422	-	-	-	-
Soccer – girls	-	-	6,320	6,320	-	-	-	-
Social studies	91	-	86	-	5	-	-	5
Softball	-	150	7,321	7,171	-	-	-	-
Softball camp	3,875	-	-	-	3,875	-	-	3,875
Sophomores – 2014	726	943	2,055	386	-	-	-	-
Spanish Club	165	-	-	-	165	-	-	165
Special Education	110	-	9	-	101	-	-	101
Spirit	4	-	-	(4)	-	-	-	-
Spirit Club	158	-	-	-	158	-	-	158
Sports program	661	6,630	3,974	(3,317)	-	-	-	-
Staff vending	362	2,025	1,802	-	585	-	-	585

(continued)

SHELBY COUNTY SCHOOL DISTRICT

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND DUE TO STUDENT GROUPS –
SHELBY COUNTY HIGH SCHOOL ACTIVITY FUNDS – CONTINUED
Year ended June 30, 2012**

<u>Activity Fund</u>	<u>Cash July 1, 2011</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Interfund Transfers</u>	<u>Cash June 30, 2012</u>	<u>Accounts Receivable June 30, 2012</u>	<u>Accounts Payable June 30, 2012</u>	<u>Due to Student Groups June 30, 2012</u>
State textbooks	\$ 544	\$ -	\$ 532	\$ -	\$ 12	\$ -	\$ -	\$ 12
Step Team	-	182	182	-	-	-	-	-
Student Council	579	10	-	-	589	-	-	589
Student YMCA	140	7,502	6,880	(545)	217	-	-	217
Summer baseball	3,443	22,769	20,380	(1,508)	4,324	-	-	4,324
Summer boys basketball	-	10,347	12,430	2,133	50	-	-	50
Summer boys cross-country	2,421	668	2,132	8,334	9,291	-	-	9,291
Summer boys golf	1,518	5,754	5,485	-	1,787	-	-	1,787
Summer boys soccer	133	3,276	2,066	84	1,427	-	-	1,427
Summer boys tennis	-	971	319	(427)	225	-	-	225
Summer cheerleaders	4,396	3,550	6,505	(1,012)	429	-	-	429
Summer football	7,303	24,333	25,677	(2,118)	3,841	-	-	3,841
Summer girls basketball	1,366	9,936	6,823	(1,495)	2,984	-	-	2,984
Summer girls cross-country	4,334	-	-	(4,334)	-	-	-	-
Summer girls golf	3,900	8,566	8,369	(88)	4,009	-	-	4,009
Summer girls soccer	3,415	8,046	7,995	(526)	2,940	-	-	2,940
Summer girls tennis	253	-	-	(253)	-	-	-	-

(continued)

SHELBY COUNTY SCHOOL DISTRICT

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND DUE TO STUDENT GROUPS –
SHELBY COUNTY HIGH SCHOOL ACTIVITY FUNDS – CONTINUED
Year ended June 30, 2012**

<u>Activity Fund</u>	<u>Cash July 1, 2011</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Interfund Transfers</u>	<u>Cash June 30, 2012</u>	<u>Accounts Receivable June 30, 2012</u>	<u>Accounts Payable June 30, 2012</u>	<u>Due to Student Groups June 30, 2012</u>
Summer softball	\$ 4,904	\$ 12,043	\$ 8,700	\$ -	\$ 8,247	\$ -	\$ 512	\$ 7,735
Summer swimming	1,433	7,009	3,962	(3,966)	514	-	-	514
Summer track	-	6,072	5,544	(105)	423	-	-	423
Summer volleyball	96	3,687	2,747	(827)	209	-	-	209
Swim team	-	-	3,700	3,700	-	-	-	-
Tag	4,471	1,619	4,123	(860)	1,107	-	-	1,107
Tech. Student Assoc.	-	3,724	2,833	(358)	533	-	-	533
Tennis – boys	-	-	1,167	1,167	-	-	-	-
Tennis – girls	-	-	420	420	-	-	-	-
Track	-	-	1,660	1,660	-	-	-	-
TV production	-	500	220	-	280	-	-	280
Volleyball camp	760	-	-	-	760	-	-	760
Volleyball district	-	1,352	1,162	(190)	-	-	-	-
Volleyball – girls	30	-	2,201	2,171	-	-	-	-
W. Wilson Project Acct	3,761	1,215	3,068	(854)	1,054	-	-	1,054
WHAS Excellence – Larue	115	-	-	-	115	-	-	115
Yearbook and Newspaper	15,367	3,853	11,699	(626)	6,895	-	-	6,895
Young Democrats	377	-	-	(377)	-	-	-	-
Young Republicans	<u>56</u>	<u>-</u>	<u>15</u>	<u>-</u>	<u>41</u>	<u>-</u>	<u>-</u>	<u>41</u>
Totals	<u>\$ 178,948</u>	<u>\$ 441,800</u>	<u>\$ 480,958</u>	<u>\$ -</u>	<u>\$ 139,790</u>	<u>\$ -</u>	<u>\$ 512</u>	<u>\$ 139,278</u>

SHELBY COUNTY SCHOOL DISTRICT

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND DUE TO STUDENT GROUPS –
MARTHA LAYNE COLLINS HIGH SCHOOL ACTIVITY FUNDS
Year ended June 30, 2012**

<u>Activity Fund</u>	<u>Cash July 1, 2011</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Interfund Transfers</u>	<u>Cash June 30, 2012</u>	<u>Accounts Receivable June 30, 2012</u>	<u>Accounts Payable June 30, 2012</u>	<u>Due to Student Groups June 30, 2012</u>
General Fund	\$ 10,061	\$ 12,100	\$ 18,722	\$12,638	\$ 16,077	\$ -	\$ 194	\$ 15,883
Academic Guides	-	1,000	-	-	1,000	-	-	1,000
Academic Team	190	4,000	2,136	(935)	1,119	-	-	1,119
Art Club	-	205	141	(64)	-	-	-	-
Art Department	65	269	200	(134)	-	-	-	-
ASL Club	75	319	357	-	37	-	-	37
Athletic fees	-	13,540	90	(13,450)	-	-	-	-
Athletic gate	-	1,800	1,800	-	-	-	-	-
Athletic insurance	-	1,365	3,435	2,070	-	-	-	-
Athletic programs	200	2,399	2,345	(254)	-	-	-	-
Band	-	9,360	8,251	(1,109)	-	-	-	-
Band fees	219	7,539	7,805	400	353	-	-	353
Band instrument rental	-	400	222	-	178	-	-	178
Baseball	-	6,969	6,485	(484)	-	-	-	-
Baseball district	-	3,029	1,835	(1,194)	-	-	-	-
Baseball regional	-	6,966	5,453	(1,513)	-	-	-	-
Baseball summer	329	11,925	12,020	750	984	-	-	984
Beta Club	1,467	6,174	4,688	(214)	2,739	-	-	2,739
Black Achievers	1,175	256	829	-	602	-	-	602

(continued)

SHELBY COUNTY SCHOOL DISTRICT

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND DUE TO STUDENT GROUPS –
MARTHA LAYNE COLLINS HIGH SCHOOL ACTIVITY FUNDS – CONTINUED
Year ended June 30, 2012**

<u>Activity Fund</u>	<u>Cash</u> <u>July 1,</u> <u>2011</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Interfund</u> <u>Transfers</u>	<u>Cash</u> <u>June 30,</u> <u>2012</u>	<u>Accounts</u> <u>Receivable</u> <u>June 30,</u> <u>2012</u>	<u>Accounts</u> <u>Payable</u> <u>June 30,</u> <u>2012</u>	<u>Due to</u> <u>Student</u> <u>Groups</u> <u>June 30,</u> <u>2012</u>
Boys basketball	\$ -	\$ 14,391	\$ 5,290	\$ (9,101)	\$ -	\$ -	\$ -	\$ -
Boys basketball summer	720	21,450	19,133	(2,367)	670	-	-	670
Boys tennis	-	-	98	98	-	-	-	-
Cheer scholarship	-	250	250	-	-	-	-	-
Cheerleaders	4,461	23,372	26,615	(131)	1,087	-	1,021	66
Chorus	1,929	9,293	8,898	(630)	1,694	-	-	1,694
Class of 2011	573	-	573	-	-	-	-	-
Class of 2012	6,244	-	6,084	(160)	-	-	-	-
Class of 2013	439	16,680	11,986	78	5,211	-	-	5,211
Class of 2014	-	244	88	-	156	-	-	156
Class of 2015	88	-	-	-	88	-	-	88
Collins Creations	-	247	235	-	12	-	-	12
Collins Media Production	4,596	10,816	10,844	(2,052)	2,516	-	-	2,516
Concessions	-	34,219	22,917	(11,302)	-	-	-	-
Cross-country	2,263	5,946	5,198	1,500	4,511	-	-	4,511
Culinary arts	2,037	6,306	6,646	935	2,632	-	-	2,632
Dance team	5,696	8,499	10,441	729	4,483	-	301	4,182
District basketball	-	4,423	-	(4,423)	-	-	-	-
Drama	7,053	6,369	3,999	(4,208)	5,215	-	-	5,215

(continued)

SHELBY COUNTY SCHOOL DISTRICT

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND DUE TO STUDENT GROUPS –
MARTHA LAYNE COLLINS HIGH SCHOOL ACTIVITY FUNDS – CONTINUED
Year ended June 30, 2012**

<u>Activity Fund</u>	<u>Cash July 1, 2011</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Interfund Transfers</u>	<u>Cash June 30, 2012</u>	<u>Accounts Receivable June 30, 2012</u>	<u>Accounts Payable June 30, 2012</u>	<u>Due to Student Groups June 30, 2012</u>
English department	\$ -	\$ 133	\$ 16	\$ -	\$ 117	\$ -	\$ -	\$ 117
FCA	748	1,455	1,849	-	354	-	-	354
FCCLA	-	2,904	2,421	(188)	295	-	-	295
FFA	2,556	4,498	5,982	(581)	491	-	-	491
Field trips	-	-	9,310	9,310	-	-	-	-
Florida-Band, Orch, Choir	-	65,944	64,900	(1,044)	-	-	-	-
Football	-	20,628	14,251	(6,377)	-	-	-	-
Football playoffs	-	9,096	8,132	(964)	-	-	-	-
Football summer	-	25,701	18,432	(578)	6,691	-	-	6,691
Foreign Language	71	4,374	2,850	(1,563)	32	-	-	32
French Club	65	-	-	-	65	-	-	65
General athletics	21,208	12,162	39,426	40,496	34,440	-	526	33,914
Girls basketball	-	7,205	4,758	(2,447)	-	-	-	-
Girls basketball summer	1,146	8,526	7,478	(363)	1,831	-	-	1,831
Girls tennis	-	1,310	1,250	-	60	-	-	60
Golf boys	2,318	650	4,057	2,400	1,311	-	-	1,311
Golf girls	500	-	500	500	500	-	-	500

(continued)

SHELBY COUNTY SCHOOL DISTRICT

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND DUE TO STUDENT GROUPS –
MARTHA LAYNE COLLINS HIGH SCHOOL ACTIVITY FUNDS – CONTINUED
Year ended June 30, 2012**

<u>Activity Fund</u>	<u>Cash</u> <u>July 1,</u> <u>2011</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Interfund</u> <u>Transfers</u>	<u>Cash</u> <u>June 30,</u> <u>2012</u>	<u>Accounts</u> <u>Receivable</u> <u>June 30,</u> <u>2012</u>	<u>Accounts</u> <u>Payable</u> <u>June 30,</u> <u>2012</u>	<u>Due to</u> <u>Student</u> <u>Groups</u> <u>June 30,</u> <u>2012</u>
Graduation expenses	\$ -	\$ 3,000	\$ 3,000	\$ -	\$ -	\$ -	\$ -	\$ -
Guidance	1,188	52,427	52,763	(550)	302	-	-	302
Hispanic Achievers	-	642	329	(313)	-	-	-	-
International Club	-	220	-	-	220	-	-	220
Jets Team	120	365	399	-	86	-	-	86
JROTC	109	3,694	4,163	500	140	-	-	140
KY Jr Historical Soc.	50	-	-	-	50	-	-	50
Lacrosse	-	-	100	100	-	-	-	-
Lacrosse-Summer	-	5,847	4,297	(626)	924	-	-	924
Leo Club administrator	-	200	-	-	200	-	-	200
Library	1,187	1,705	1,022	-	1,870	-	-	1,870
NHS	435	540	343	(175)	457	-	-	457
Odyssey	-	6,757	6,385	-	372	-	-	372
Orchestra	164	2,349	2,657	244	100	-	-	100
PLTW	-	11,378	91	(150)	11,137	-	-	11,137
Science Department	210	1,660	978	(464)	428	-	-	428
Shelby Prevention	-	625	140	-	485	-	-	485
Soccer boys	-	4,090	1,706	(2,384)	-	-	-	-
Soccer boys summer	1,017	4,293	5,259	(51)	-	-	-	-

(continued)

SHELBY COUNTY SCHOOL DISTRICT

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND DUE TO STUDENT GROUPS –
MARTHA LAYNE COLLINS HIGH SCHOOL ACTIVITY FUNDS – CONTINUED
Year ended June 30, 2012**

<u>Activity Fund</u>	<u>Cash July 1, 2011</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Interfund Transfers</u>	<u>Cash June 30, 2012</u>	<u>Accounts Receivable June 30, 2012</u>	<u>Accounts Payable June 30, 2012</u>	<u>Due to Student Groups June 30, 2012</u>
Soccer girls	\$ -	\$ 3,484	\$ 2,825	\$ (659)	\$ -	\$ -	\$ -	\$ -
Soccer girls summer	1,421	3,272	3,696	-	997	-	-	997
Softball	-	5,429	5,288	(141)	-	-	-	-
Softball summer	5,452	11,017	11,103	1,757	7,123	-	-	7,123
Spanish NHS	38	995	697	(90)	246	-	-	246
Sports passes	-	900	-	(900)	-	-	-	-
Staff vending	108	2,218	4,121	1,795	-	-	-	-
Student Council	-	54	-	-	54	-	-	54
Student vending	883	4,716	3,883	-	1,716	-	177	1,539
Swim team	1,098	1,035	(131)	-	2,264	-	-	2,264
Textbooks	269	572	18	-	823	-	-	823
Titan Nation	114	919	1,071	38	-	-	-	-
Track summer	-	5,791	5,718	-	73	-	-	73
TSA	171	2,517	2,471	30	247	-	-	247
Volleyball	-	4,586	3,110	(1,476)	-	-	-	-
Volleyball summer	199	7,998	7,531	(239)	427	-	-	427
YMCA	-	10,560	10,503	-	57	-	-	57
Young Republicans	30	-	-	-	30	-	-	30
Youth Service Center	<u>2</u>	<u>3,007</u>	<u>2,486</u>	<u>(320)</u>	<u>203</u>	<u>-</u>	<u>-</u>	<u>203</u>
Totals	<u>\$ 92,757</u>	<u>\$ 585,568</u>	<u>\$ 549,743</u>	<u>\$ -</u>	<u>\$ 128,582</u>	<u>\$ -</u>	<u>\$ 2,219</u>	<u>\$ 126,363</u>

SHELBY COUNTY SCHOOL DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2012**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal Expenditures</u>
Cash expenditures			
<u>U.S. Department of Education</u>			
Kentucky Department of Education:			
Title I	84.010	3100002-11	\$ 663,984
		3100002-10	340,010
		3132	24,441
		3202	<u>6,250</u>
Subtotal			1,034,685
Migrant Education	84.011	3110002-11	140,551
		3110002-10	<u>42,156</u>
Subtotal			182,707
Special Education	84.027	3810002-11	1,199,127
		3810002-10	<u>554,229</u>
Subtotal			1,753,356
Vocational Education Basic	84.048	4621232-11	28,557
		4621132-10	<u>5,809</u>
Subtotal			34,366
Special Education Preschool	84.173	3800002-11	45,336
Improving Teacher Quality	84.367	3230002-11	207,495
		3230002-10	<u>219,598</u>
Subtotal			427,093
English Language Acquisition	84.365	3300002-11	73,049
		3300002-10	<u>14,003</u>
Subtotal			87,052
Rehabilitation Services Vocational Rehabilitation	84.126	3769	26,900

(continued)

SHELBY COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – CONTINUED
Year ended June 30, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
Education Technology State Grants	84.318	3210002-10 3210002-09	\$ 3,531 <u>5,991</u>
Subtotal			<u>9,522</u>
Education for Homeless Children and Youth*	84.387	3219	210
Title I*	84.389	4100002-09	18,090
Special Education Preschool*	84.392	4800002-09	361,318
Education Technology State Grants*	84.386	4210002-09	17,839
Education Jobs Fund*	84.410	EJOB00-10	<u>18,870</u>
Total U.S. Department of Education			4,017,344
<u>U.S. Department of Health and Human Services</u>			
Head Start	93.600	6552	<u>10,335</u>
Total U.S. Department of Health and Human Services			10,335
<u>U.S. Department Energy</u>			
State Energy Program*	81.041	5692	<u>29,748</u>
Total U.S. Department Energy			29,748
<u>U.S. Department of Agriculture</u>			
Kentucky Department of Education: School Breakfast Program	10.553	7760005-12 7760005-11	425,252 <u>94,303</u>
Subtotal			<u>519,555</u>

(continued)

SHELBY COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – CONTINUED
Year ended June 30, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
National School Lunch Program	10.555	7750002-12 7750002-11	\$ 1,146,968 <u>266,198</u>
Subtotal			<u>1,413,166</u>
Summer Food Service Program for Children	10.559	7690024-11 7740023-11	6,793 <u>65,442</u>
Subtotal			<u>72,235</u>
Total U.S. Department of Agriculture			<u>2,004,956</u>
<u>U.S. Department of Defense</u>			
Promoting K-12 Student Achievement	12.556	Direct	<u>116,113</u>
Total U.S. Department of Defense			116,113
Total cash expenditures			6,178,496
Noncash expenditures			
<u>U.S. Department of Agriculture</u>			
Kentucky Department of Education: Food Donation	10.555	Direct	<u>135,000</u>
Total federal expenditures			<u>\$ 6,313,496</u>

* American Recovery and Reinvestment Act (ARRA) funds.

See accompanying notes.

SHELBY COUNTY SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Year ended June 30, 2012

1. Basis of presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Shelby County School District and is presented on the modified 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*.

2. Food donation

Nonmonetary assistance for food donation is reported in the schedule at the fair value of the commodities disbursed.

3. Program clusters

The following programs are considered clusters and are considered in the aggregate for consideration of major program determination:

<u>Cluster Name</u>	<u>CFDA</u>	<u>Total Grant</u>
Special Education	84.027/84.173/84.392	\$ 2,160,010
Child Nutrition	10.555/10.553/10.559	2,139,956
Title I	84.010/84.389	1,052,775
Education Technology State Grants	84.318/84.386	27,361

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

Kentucky State Committee for
School District Audits
Members of the Board of Education
Shelby County School District
Shelbyville, Kentucky

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of Shelby County School District (the District), as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 7, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the provisions of *Office of Management and Budget Circular No. A-133, Audits of States, Local Governments, and Non-Profit Organizations*; and the audit requirements prescribed by the Kentucky State Committee for School Districts Audits in *Appendix I to the Independent Auditor's Contract – General Audit Requirements*, *Appendix II to the Independent Auditor's Contract – State Audit Requirements*, *Appendix III to the Independent Auditor's Contracts – Audit Extension Request*, and *Appendix IV to the Independent Auditor's Contract – Instructions for Submission of the Audit Report*.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

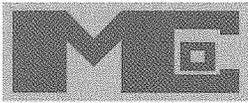
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. In addition, the results of our tests disclosed no instances of material noncompliance of specific state statutes or regulations identified in *Appendix II to the Independent Auditor's Contract – State Audit Requirements*.

We noted certain matters that we reported to the District's management in a separate letter dated November 7, 2012.

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

Mather & Co. CPAs, LLC

Mather & Co. CPAs, LLC
Louisville, Kentucky
November 7, 2012



**MATHER
& COMPANY**

Mather & Co. CPAs, LLC
Suite 200
9100 Shelbyville Rd
Louisville, KY 40222

SOLUTION-DRIVEN CPAs and Business Advisors

**REPORT OF INDEPENDENT AUDITORS
ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT
ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

Kentucky State Committee for
School District Audits
Members of the Board of Education
Shelby County School District
Shelbyville, Kentucky

Compliance

We have audited the Shelby County School District's (the District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2012. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the audit requirements prescribed by the Kentucky State Committee for School District Audits in *Appendix I to the Independent Auditor's Contract – General Audit Requirements*, *Appendix II to the Independent Auditor's Contract – State Audit Requirements*, *Appendix III to the Independent Auditor's Contract – Audit Extension Request*, and *Appendix IV to the Independent Auditor's Contract – Instructions for Submission of the Audit Report*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion, Shelby County School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, and contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District'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 on the effectiveness of the District's internal control over compliance.

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

Our consideration of the 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 management, the Board of Education of Shelby County School District, others within the District, federal awarding agencies and pass-through entities, the Kentucky State Committee for School District Audits, and the Kentucky Department of Education, and is not intended to be, and should not be, used by anyone other than these specified parties.

Mather & Co. CPAs, LLC

Mather & Co. CPAs, LLC
Louisville, Kentucky
November 7, 2012

SHELBY COUNTY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2012

Section I – Summary of Auditor Results

Financial Statements

Type of auditors' report issued		Unqualified		
Internal control over financial reporting:				
Material weakness identified	_____	Yes	<u>✓</u>	No
Significant deficiencies identified that are not considered to be material weaknesses	_____	Yes	<u>✓</u>	None reported
Noncompliance material to financial statement notes	_____	Yes	<u>✓</u>	No

Federal Awards

Internal control over major programs:				
Material weaknesses identified	_____	Yes	<u>✓</u>	No
Significant deficiencies identified that are not considered to be material weaknesses	_____	Yes	<u>✓</u>	None reported
Type of auditors' report issued on compliance for major programs		Unqualified		
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133	_____	Yes	<u>✓</u>	No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.555/10.553/10.559	Child Nutrition

Dollar threshold used to distinguish between Type A and Type B program \$ 300,000

Auditee qualified as low risk ✓ Yes _____ No

(continued)

SHELBY COUNTY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED
Year ended June 30, 2012

Section II – Financial Statement Findings

No matters to report.

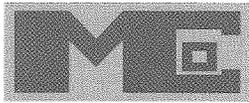
Section III – Federal Award Findings

No matters to report.

SHELBY COUNTY SCHOOL DISTRICT

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year ended June 30, 2012

There were no prior year audit findings.



**MATHER
& COMPANY**

SOLUTION-DRIVEN CPAs and Business Advisors

Mather & Co. CPAs, LLC
Suite 200
9100 Shelbyville Rd
Louisville, KY 40222

Members of the Board of Education
Shelby County School District
Shelbyville, Kentucky

In planning and performing our audit of the basic financial statements of Shelby County School District (the District) as of and for the year ended June 30, 2012, we considered the District's internal control over financial reporting and compliance as a basis for designing auditing procedures for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting or compliance.

However, during our audit we became aware of an immaterial instance of noncompliance that is an opportunity for strengthening internal control. The memorandum that accompanies this letter summarizes our comments and suggestions regarding this matter. This letter does not affect our report dated November 7, 2012 on the financial statements of Shelby County School District.

Respectfully,

Mather & Co. CPAs, LLC

Mather & Co. CPAs, LLC
Louisville, Kentucky
November 7, 2012

SHELBY COUNTY SCHOOL DISTRICT

**MANAGEMENT LETTER COMMENTS
JUNE 30, 2012**

CONTENTS

Elementary, Middle, and High School Activity Funds	68
Other Issues Relating to Internal Control and General Accounting Procedures.....	68

ELEMENTARY, MIDDLE, AND HIGH SCHOOL ACTIVITY FUNDS

Follow-up on Prior Year Findings

There were no prior year findings.

Current Year Findings

Clear Creek Elementary School

Statement of deficiency: During current year receipts testing, it was noted the school did not properly control and use pre-numbered receipts.

Criteria for deficiency: The Redbook Handling Cash Policy #2 states, "Pre-numbered receipts shall be issued any time money is received, and all receipt numbers shall be accounted for."

Cause of deficiency: The bookkeeper manually re-numbered several receipts by crossing out the pre-numbered receipt and assigning different receipt numbers.

Effect of deficiency: This is a violation of Redbook Handling Cash Policy #2.

Recommendation for correction: Pre-numbered receipts must be maintained and reconciled to the monthly general ledger reports in order to account for all cash received by the bookkeeper.

Board response: We agree that the Redbook requirement was not followed in this situation. The bookkeeper misplaced one pre-numbered receipt. This was not discovered until 2 days later, at which time she attempted unsuccessfully to find the receipt. On her copy of the 10 receipts that had been printed during those 2 days, the bookkeeper crossed out the pre-printed receipt number and manually changed the receipt number to match the computer-generated number that had printed on the receipts.

We have taken some actions to avoid a recurrence of this issue. The bookkeeper, with support from the school principal, has begun limiting those in her office at one time. Teachers and others with funds to be deposited can only come in one at a time. The bookkeeper is also focusing on making sure the pre-printed and computer-generated receipt numbers match each time. As management, we will use this opportunity to reinforce the importance of being careful to all school bookkeepers. We will also instruct school bookkeepers to notify management immediately when a discrepancy is found to ensure the situation is handled and documented appropriately.

OTHER ISSUES RELATING TO INTERNAL CONTROL AND GENERAL ACCOUNTING PROCEDURES

Follow-up on Prior Year Comments

There were no prior year findings.

Current Year Findings

There are no current year findings.

STATEMENT OF CERTIFICATION

State Committee for School District Audits
Frankfort, Kentucky

The Shelby County School District certifies that all audit adjustments have been entered into MUNIS and that an Annual Financial Report and Balance Sheet, which are in agreement with the audit report, will be transferred to KDE in conjunction with the audit report.

SUBMITTED, November 6, 2012



Superintendent



Finance Officer