

BOONE COUNTY BOARD OF EDUCATION

June 30, 2013

*FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS'
REPORT INCLUDING SUPPLEMENTARY INFORMATION*

**BOONE COUNTY BOARD OF EDUCATION
TABLE OF CONTENTS**

	PAGE
Independent Auditors' Report	
Management's Discussion and Analysis (MD&A)	1 – 10
Basic Financial Statements	
District-Wide Financial Statements	
Statement of Net Position	11 – 12
Statement of Activities	13
Fund Financial Statements	
Balance Sheet – Governmental Funds	14
Reconciliation of the Balance Sheet – Governmental Funds to the District – Wide Statement of Net Position	15
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the District-Wide Statement of Activities	17
Statement of Net Position – Proprietary Funds	18
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	19
Statement of Cash Flows – Proprietary Funds	20
Statement of Fiduciary Net Position – Fiduciary Funds	21
Notes to the Financial Statements	22 – 40

**BOONE COUNTY BOARD OF EDUCATION
TABLE OF CONTENTS
(Continued)**

	PAGE
Required Supplementary Information	
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	41
Other Supplementary Information	
Balance Sheet – Non-Major Governmental Fund	42
Statement of Revenues, Expenditures and Changes in Fund Balance – Non-Major Governmental Fund	43
Combining Statement of Receipts, Disbursements and Fund Balance – Bond and Interest Redemption Funds	44 – 47
Statements of Receipts, Disbursements and Fund Balance	
Boone County High School Activity Fund	48 – 50
Conner High School Activity Fund	51 – 55
Cooper High School Activity Fund	56 – 59
Larry A. Ryle High School Activity Fund	60 – 64
Other School Activity Funds	65
Board Members and Administrative Personnel	66
Schedule of Insurance	67
Schedule of Expenditures of Federal Awards	68 – 69
Notes to the Schedule of Expenditures of Federal Awards	70
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	71 – 72
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133	73 – 74
Schedule of Findings and Questioned Costs	75
Schedule of Status of Prior Year Findings and Questioned Costs	76
Management Letter Comments	77 – 83
Status of Prior Year Management Letter Comments	84 - 90

INDEPENDENT AUDITORS' REPORT

State Committee for School District Audits and
Members of the Boone County Board of Education
Florence, Kentucky

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Boone County Board of Education (the Board), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the provisions of the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the audit requirements prescribed by the Kentucky State Committee for School District Audits in Appendix I of the Independent Auditor's Contract – General Audit Requirements, Appendix II of the Independent Auditor's Contract – State Audit Requirements, Appendix III of the Independent Auditor's Contract – Audit Extension Request, and Appendix IV of the Independent Auditor's Contract – Instructions for Submission of the Audit Report. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Boone County Board of Education, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 1 – 10 and 41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual non-major fund financial statements, other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, the other supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2013, on our consideration of the Boone County Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Boone County Board of Education's internal control over financial reporting and compliance.

VonLehman & Company Inc.

**BOONE COUNTY BOARD OF EDUCATION
FLORENCE, KENTUCKY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED**

As management of the Boone County Board of Education (the Board), the governing body for the Boone County School District (the District), we offer readers of the Board's financial statements this narrative overview and analysis of the financial activities of the Board for the fiscal year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

FINANCIAL HIGHLIGHTS

The Board's enrollment reached 20,036 students in the 2012-13 fiscal year, an increase of 194 students since the previous school year. Over the last ten years, the District's membership has grown by approximately 41%. These students are housed in 23 schools, including 4 high schools, 5 middle schools and 14 elementary schools. More than half of these schools exceed their student capacity level.

Student growth has slowed in the most recent years. Thereby the aggressive construction pattern from the years before has decelerated. However, the Board commenced construction of classroom additions to the newest high school, and a more recently constructed elementary school on the same campus. These projects were financed with revenue bonds of \$5,975,000. Bonds are issued as the Board modifies its facilities consistent with a long-range facilities plan that is established with community input, and in keeping with the Kentucky Department of Education (KDE) stringent compliance regulations. The Board also issued refunding bonds for a total savings of \$992,088 in future debt payments.

The General Fund recognized \$125.3 million in revenue consisting primarily of local property, occupational license, utilities, motor vehicle taxes and the state program (SEEK) allocation. An additional \$26.4 million representing payments made on the Board's behalf, by the State, for teachers' retirement contribution and employees' health insurance was recognized as revenue. The following shows recent trends in General Fund revenues on a per pupil basis (average daily attendance). Current year's revenues show a 1.3% increase in the amount collected.

2012-2013	\$7,083
2011-2012	\$6,841 plus \$149 in federal stimulus funding
2010-2011	\$6,707 plus \$201 in federal stimulus funding

The Board administered over \$11.3 million in Federal, State and local grants and other programs during the year.

The State's level of support (SEEK) was reduced by 1.8% at the guaranteed base funding level. Per pupil funding for the Board was at \$2,872, based on prior year average daily attendance factored with a current year growth rate. The comparative statewide average was \$4,451. The SEEK allocation to the Board continues to be among the lowest in the State. The formula calculating the allocation becomes punitive for districts experiencing growth, and rewards districts in economic decline. Because property values in the Board did not appreciate, funding through SEEK increased by less than 1%, contrary to the reduction in available funding statewide.

The Board collected \$9.9 million in utility taxes and \$9.8 million in occupational license taxes, indicative of a relatively stable economy in Boone County. These permissive taxes account for 13% of General Fund revenues, providing some relief in the funding gap created by the State's funding formula. Without permissive tax revenues, the Board would face severe funding deficits, further reducing the per pupil revenues to a level lowest in the State.

**BOONE COUNTY BOARD OF EDUCATION
FLORENCE, KENTUCKY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED
(Continued)**

Financial Highlights (Continued)

General Fund expenditures were \$149.7 million. Salaries and related costs total \$146.8 million or 88% of the general operating expenditures. Included in this amount is \$27.3 million in retirement contributions and insurance benefits paid by the State on the Board's behalf.

The Board is celebrating the results of the Kentucky Performance Rating for Educational Progress (K-PREP) released by the Kentucky Department of Education. The results show that Boone County is a *distinguished district*, and in the top 10% of all districts in the Commonwealth.

The success the Board has achieved as one of the top performing large school districts in the State is partially credited to the commitment from the business partnerships in the form of donations and other support to our schools. The Board has also made a more aggressive effort to obtain competitive grants that will allow the Board to achieve and maintain the status of a premier school board.

As of the year ended June 30, 2013, the Boone County Board of Education sustained a stable financial status attributed to conservative spending practices. It is evident the Board has effectively and efficiently managed its resources, and at the same time continues to make progress toward education proficiency.

OVERVIEW OF FINANCIAL STATEMENTS

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

District-Wide Financial Statements

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

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

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

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

The district-wide financial statements can be found on pages 11 through 13 of this report.

**BOONE COUNTY BOARD OF EDUCATION
FLORENCE, KENTUCKY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED
(Continued)**

Fund Financial Statements

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

The basic governmental fund financial statements can be found on pages 14 through 21 of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22 through 40 of this report.

**BOONE COUNTY BOARD OF EDUCATION
FLORENCE, KENTUCKY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED
(Continued)**

District-Wide Financial Analysis

The perspective of the statement of net position is of the Board as a whole. Table 1 provides a summary of the Board's net position for 2012 compared to 2013:

**Table 1
Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2012	2013	2012	2013	2012	2013
Assets						
Current Assets	\$ 42,217,562	\$ 47,662,561	\$ 3,863,612	\$ 4,189,094	\$ 46,081,174	\$ 51,851,655
Noncurrent Assets	289,236,473	282,891,347	648,964	476,384	289,885,437	283,367,731
Total Assets	331,454,035	330,553,908	4,512,576	4,665,478	335,966,611	335,219,386
Deferred Outflows of Resources	965,797	980,839	-	-	965,797	980,839
Total Assets and Deferred Outflows of Resources	332,419,832	331,534,747	4,512,576	4,665,478	336,932,408	336,200,225
Liabilities						
Current Liabilities	22,138,349	26,230,250	20,819	16,146	22,159,168	26,246,396
Noncurrent Liabilities	199,588,604	194,353,244	64,239	74,616	199,652,843	194,427,860
Total Liabilities	221,726,953	220,583,494	85,058	90,762	221,812,011	220,674,256
Net Position						
Investment in Capital Assets						
Net of Related Debt	80,567,088	79,034,520	648,964	476,384	81,216,052	79,510,904
Restricted	18,311,433	21,284,593	-	-	18,311,433	21,284,593
Unrestricted	11,814,358	10,632,140	3,778,554	4,098,332	15,592,912	14,730,472
Total Net Position	\$ 110,692,879	\$ 110,951,253	\$ 4,427,518	\$ 4,574,716	\$ 115,120,397	\$ 115,525,969

Over time, net position may serve as a useful indicator of a government's financial position. In the case of the Board, assets exceeded liabilities by a total of approximately \$115.1 million as of June 30, 2013.

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

**BOONE COUNTY BOARD OF EDUCATION
FLORENCE, KENTUCKY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED
(Continued)**

The Board'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 fixed assets, and the depreciation of capital assets.

Total assets decreased by approximately \$745,000. Current assets increased by approximately \$5.8 million, while noncurrent assets decreased by approximately \$6.5 million. Current liabilities increased by approximately \$4.1 million. Noncurrent liabilities decreased by approximately \$5.2 million.

Net position of the Board's governmental activities increased by approximately \$258,000 and the net position of the Board's business-type activities increased by approximately \$147,000.

**BOONE COUNTY BOARD OF EDUCATION
FLORENCE, KENTUCKY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED
(Continued)**

Table 2 reflects the change in net position for the fiscal year 2012 compared to 2013. It should be noted that on-behalf payments are included in both revenues and expenses.

**Table 2
Change in Net Position**

	For the Year Ended June 30,					
	Governmental Activities		Business-Type Activities		Total	
	2012	2013	2012	2013	2012	2013
Revenues						
Program Revenues						
Charges for Services	\$ 168,314	\$ 212,943	\$ 5,034,048	\$ 4,488,162	\$ 5,202,362	\$ 4,701,105
Operating Grants and Contributions	39,647,425	38,857,821	4,904,301	4,901,962	44,551,726	43,759,783
Capital Grants and Contributions	<u>2,221,810</u>	<u>2,353,772</u>	<u>573,476</u>	<u>585,421</u>	<u>2,795,286</u>	<u>2,939,193</u>
Total Program Revenues	<u>42,037,549</u>	<u>41,424,536</u>	<u>10,511,825</u>	<u>9,975,545</u>	<u>52,549,374</u>	<u>51,400,081</u>
General Revenues						
Property Tax	65,318,144	66,212,910	-	-	65,318,144	66,212,910
Other Taxes	24,062,660	25,978,784	-	-	24,062,660	25,978,784
Grants and Entitlements	49,190,823	49,049,540	-	-	49,190,823	49,049,540
Earnings on Investments	99,895	119,380	4,257	2,290	104,152	121,670
Miscellaneous	<u>1,793,054</u>	<u>1,926,845</u>	<u>(437,135)</u>	<u>(522,605)</u>	<u>1,355,919</u>	<u>1,404,240</u>
Total General Revenues	<u>140,464,576</u>	<u>143,287,459</u>	<u>(432,878)</u>	<u>(520,315)</u>	<u>140,031,698</u>	<u>142,767,144</u>
Total Revenues	<u>182,502,125</u>	<u>184,711,995</u>	<u>10,078,947</u>	<u>9,455,230</u>	<u>192,581,072</u>	<u>194,167,225</u>
Program Expenses						
Instruction	100,653,275	104,862,368	-	-	100,653,275	104,862,368
Supporting Services						
Student and Instructional Staff	14,549,594	14,760,583	-	-	14,549,594	14,760,583
Administration and Business	19,309,066	22,454,786	-	-	19,309,066	22,454,786
Plant Operation and Maintenance	18,150,149	19,844,486	-	-	18,150,149	19,844,486
Student Transportation	12,901,794	13,629,823	-	-	12,901,794	13,629,823
Interest on Noncurrent Debt	8,287,143	7,810,453	-	-	8,287,143	7,810,453
Other	1,913,673	1,091,122	-	-	1,913,673	1,091,122
Adult Education and Day Care	-	-	830,512	391,566	830,512	391,566
Food Service Operation	-	-	8,808,333	8,916,466	8,808,333	8,916,466
Total Expenses	<u>175,764,694</u>	<u>184,453,621</u>	<u>9,638,845</u>	<u>9,308,032</u>	<u>185,403,539</u>	<u>193,761,653</u>
Increase in Net Position	<u>\$ 6,737,431</u>	<u>\$ 258,374</u>	<u>\$ 440,102</u>	<u>\$ 147,198</u>	<u>\$ 7,177,533</u>	<u>\$ 405,572</u>

**BOONE COUNTY BOARD OF EDUCATION
FLORENCE, KENTUCKY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED
(Continued)**

Governmental Activities

The statement of activities reflects the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. Table 3, for governmental activities, indicates the total cost of services and the net cost of services supported by tax revenue and unrestricted State entitlements.

**Table 3
Governmental Activities**

	For the Year Ended June 30,			
	Total Cost of Services		Net Cost of Services	
	2012	2013	2012	2013
Instructional	\$ 100,653,275	\$ 104,862,368	\$ 69,101,185	\$ 74,817,074
Supporting Services				
Student and Instructional Staff	14,549,594	14,760,583	13,132,171	12,632,327
Administration and Business	19,309,066	22,454,786	16,856,395	20,177,091
Plant Operation and Maintenance	18,150,149	19,844,486	17,040,007	18,752,649
Student Transportation	12,901,794	13,629,823	11,419,612	11,896,750
Facilities Acquisition	-	-	(2,221,810)	(2,353,772)
Interest on Noncurrent Debt	8,287,143	7,810,453	6,629,705	6,182,407
Other	1,913,673	1,091,122	833,344	924,559
	<u>\$ 175,764,694</u>	<u>\$ 184,453,621</u>	<u>\$ 132,790,609</u>	<u>\$ 143,029,085</u>
Total Expenses				

Business-Type Activities

The main business-type activity of the Board is the food service operation. The greatest portion of the revenues for this program comes from sales to students and others, totaling approximately \$4.2 million in the fiscal year 2013, and \$4.7 million in the fiscal year 2012. The decline in revenue from the prior year is attributable to a decline in volume, coupled with an increase in the number of free and reduced lunches that students qualified for. Other revenues came from Federal and State contributions, totaling approximately \$4.9 million and \$4.4 million in 2013 and 2012, respectively. Expenses and transfers for the food service operation totaled approximately \$9.0 million and \$9.2 million in 2013 and 2012, respectively.

The Board continues to monitor the food service operation to ensure that it does not require large contributions from the General Fund. Prices for meals and other products sold are increased from time to time to ensure that revenues are sufficient for this operation to be self-supporting.

The Board also has a business-type activity for day care centers. The greatest portion of the revenues for this program comes from program fees, totaling approximately \$304,000 in the fiscal year 2013 and \$387,000 in the fiscal year 2012. Other revenue for this program comes from Federal and State contributions which totaled approximately \$65,000 for 2013 and \$87,000 for 2012. Expenses for this program totaled approximately \$392,000 for 2013 and \$474,000 for 2012.

**BOONE COUNTY BOARD OF EDUCATION
FLORENCE, KENTUCKY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED
(Continued)**

The Board's Funds

The Board's governmental funds are accounted for using the modified accrual basis of accounting. Total governmental funds had revenues (not including other financing sources) of approximately \$184.9 million and expenditures (not including other financing uses) of approximately \$187.6 million.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board's budget is prepared according to Kentucky law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. In Kentucky, the public school fiscal year is July 1 through June 30. Some programs relating to Federal and State grants operate on a different fiscal year, but are nevertheless reflected in the overall budget.

The most significant budgeted fund is the General Fund. The budget to actual comparison for the General Fund is found on page 18 of this report. By law, the budget for the General Fund must have a minimum 2% contingency based on expenses for all funds. The Board adopted a budget with approximately \$8.1 million in contingency which is in excess of this 2% requirement.

Highlights of the General Fund budget comparison included:

- Property taxes collected were just slightly less than those budgeted.
- Other variances in the budgeted revenues are primarily attributed to the following: collection of motor vehicle taxes was greater than the amount budgeted by approximately \$541,000, and occupational license tax exceeded expectations by over \$1,500,000. Omitted property taxes collected also exceeded the amount budgeted by over \$810,000.
- Amounts budgeted from State sources, including SEEK and payments for benefits made on behalf of the District were exceeded by approximately \$26.8 million. The majority of this difference is due to the District not including payments for benefits made on their behalf in the final budgeted number.
- Excluding the amount budgeted for contingency, actual total expenditures (excluding other financing uses) were over budget by approximately \$20.6 million. If the payments for benefits made on behalf of the District were included in the final budgeted number, actual total expenditures (excluding other financing uses) were under budget by approximately \$4.5 million.

On-Behalf Payments and Budget Variances

The Board's financial statements show payments made by the Commonwealth of Kentucky that benefited the students, or the employees of the Board. For the General Fund, these include amounts paid by the State for teacher retirement, health insurance, flexible-spending health benefit contributions, life insurance, and expenses related to the education of the District students at State-operated schools. For the audited financial reports, such on-behalf payments were added to the Board's related revenue and expense line items (see the On-Behalf Payments of the Accompanying Financial Statements for the Year Ended June 30, 2013 note).

**BOONE COUNTY BOARD OF EDUCATION
FLORENCE, KENTUCKY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED
(Continued)**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2013, the Board had a total of approximately \$283.4 million in capital assets, net of accumulated depreciation, including approximately \$282.9 million for governmental activities and approximately \$476,000 for business-type activities. Table 4 reflects the balances at June 30, 2012, compared to June 30, 2013:

**Table 4
Capital Assets at June 30,
(Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	2012	2013	2012	2013	2012	2013
Land	\$ 12,934,451	\$ -	\$ -	\$ -	\$ 12,934,451	\$ -
Land Improvements	3,268,247	-	-	-	3,268,247	-
Construction in Progress	28,537,647	-	-	-	28,537,647	-
Buildings and Building Improvements	227,558,182	-	45,072	-	227,603,254	-
Technology Equipment	4,521,705	-	83,701	-	4,605,406	-
Vehicles	10,703,648	-	-	-	10,703,648	-
General Equipment	1,712,593	-	520,191	-	2,232,784	-
	<u>\$ 289,236,473</u>	<u>\$ -</u>	<u>\$ 648,964</u>	<u>\$ -</u>	<u>\$ 289,885,437</u>	<u>\$ -</u>

Debt

At June 30, 2013, the Board had approximately \$204.4 million in outstanding bonds being paid from the Debt Service Fund, and approximately \$386,000 in capital lease obligations being paid from the General Fund.

Special Item

During the fiscal year, the Board discontinued its adult education program. The result of this was a net loss of \$69,020.

Budgetary Implications

Following is a discussion on various factors affecting the development of the annual budget.

**BOONE COUNTY BOARD OF EDUCATION
FLORENCE, KENTUCKY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED
(Continued)**

Contingency

By law, the budget must have a minimum 2% contingency, although the State Board of Education strongly recommends a 5% contingency. In line with the conservative spending plan, the District adopted an original budget with an approximately \$5.8 million contingency, which exceeds the 2% minimum requirement.

Unfunded Mandates

The Federal Government, and the State Government, will impose certain mandates that require the District to allocate funding over and above the funding provided for the specific purpose.

State Funding (SEEK)

The Boone County Board of Education has operated its schools at a cost significantly below the statewide average. The gap in resources is primarily attributable to the State's SEEK funding formula. In an attempt to equalize funding, the SEEK formula calculates the level of funding necessary to educate a child. The formula then deducts from that amount, the calculated 'local effort', using the assessed property value for the District as the solitary factor of the District's wealth. The remainder becomes the District's allocation.

The calculation of 'local effort'; however, fluctuates with the annual assessment of property. The fluctuation in the annual assessment; however, does not have an extenuating affect on local revenues collected. Therefore, this underlying assumption that property assessment is the single indicator or measure of a district's wealth is faulty. A district whose property values increase significantly, will likely experience little increase in property tax revenues, and a substantial decrease in the State's SEEK funding. Until the calculation of 'local effort' is corrected in the formula, the District will continue to be under funded as long as growth is occurring in the District. Economic indicators have shown that growth in Boone County is expected to continue.

Contacting the Board's Financial Management

This financial report is designed to provide our citizens, taxpayers and creditors with a general overview of the Board's finances, and to reflect the Board's accountability for the funds it receives. Questions or comments regarding this report should be directed to the Superintendent by telephone at (859) 282-2375, the Director of Financial Services by telephone at (859) 282-2938 or by mail to the Central Office, 8330 U.S. Highway 42, Florence, Kentucky 41042.

BOONE COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION
JUNE 30, 2013

	Governmental Activities	Business- Type Activities	Total
Assets			
Current Assets			
Cash and Cash Equivalents	\$ 39,277,945	\$ 4,874,483	\$ 44,152,428
Accounts Receivable	7,146,736	422,563	7,569,299
Inventories for Consumption	-	129,928	129,928
Due (to)/from Other Funds	1,237,880	(1,237,880)	-
Total Current Assets	47,662,561	4,189,094	51,851,655
Noncurrent Assets			
Nondepreciable Capital Assets			
Land	12,934,451	-	12,934,451
Construction in Progress	1,932,476	-	1,932,476
Depreciable Capital Assets			
Land Improvements	9,520,816	-	9,520,816
Buildings and Improvements	343,065,690	63,684	343,129,374
Furniture and Equipment	42,348,447	4,321,427	46,669,874
Less Accumulated Depreciation	(126,910,533)	(3,908,727)	(130,819,260)
Total Noncurrent Assets	282,891,347	476,384	283,367,731
Total Assets	330,553,908	4,665,478	335,219,386
Deferred Outflows of Resources			
Discount on Bonds, Net	953,886	-	953,886
Call Premium, Net	26,953	-	26,953
Total Deferred Outflows of Resources	980,839	-	980,839
Total Assets and Deferred Outflows of Resources	\$ 331,534,747	\$ 4,665,478	\$ 336,200,225

See accompanying notes.

BOONE COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION
JUNE 30, 2013
(Continued)

	Governmental Activities	Business- Type Activities	Total
Liabilities			
Current Liabilities			
Accounts Payable	\$ 2,322,650	\$ 16,146	\$ 2,338,796
Current Portion of Capital Lease Obligations	135,812	-	135,812
Current Portion of Bonds Payable	12,288,660	-	12,288,660
Accrued Payroll and Related Expenses	3,894,287	-	3,894,287
Accrued Interest	2,095,480	-	2,095,480
Unearned Grant Revenues	1,159,079	-	1,159,079
Property Tax Refunds Payable	1,954,981	-	1,954,981
Insurance Settlement Payable	2,029,301	-	2,029,301
Current Portion of Accumulated Sick Leave	350,000	-	350,000
Total Current Liabilities	26,230,250	16,146	26,246,396
Noncurrent Liabilities			
Noncurrent Portion of Capital Lease Obligations	250,447	-	250,447
Noncurrent Portion of Bonds Payable	192,162,747	-	192,162,747
Noncurrent Portion of Accumulated Sick Leave	1,940,050	74,616	2,014,666
Total Noncurrent Liabilities	194,353,244	74,616	194,427,860
Total Liabilities	220,583,494	90,762	220,674,256
Net Position			
Investment in Capital Assets, Net of Related Debt	79,034,520	476,384	79,510,904
Restricted			
Capital Projects	12,713,635	-	12,713,635
Accumulated Sick Leave	1,178,308	-	1,178,308
Encumbrances	290,417	-	290,417
SBDM Carryover	578,854	-	578,854
New School Operations	4,494,078	-	4,494,078
Future Insurance Claims	2,029,301	-	2,029,301
Unrestricted	10,632,140	4,098,332	14,730,472
Total Net Position	110,951,253	4,574,716	115,525,969
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 331,534,747	\$ 4,665,478	\$ 336,200,225

See accompanying notes.

**BOONE COUNTY BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013**

Function/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business - Type Activities	Total
Governmental Activities						
Instructional Support Services	\$ 104,862,368	\$ 212,943	\$ 29,832,351	\$ -	\$ (74,817,074)	\$ (74,817,074)
Student	8,819,834	-	1,333,446	-	(7,486,388)	(7,486,388)
Instructional Staff	5,940,749	-	794,810	-	(5,145,939)	(5,145,939)
District Administration	7,090,125	-	73,992	-	(7,016,133)	(7,016,133)
School Administration	10,857,677	-	1,801,552	-	(9,056,125)	(9,056,125)
Business	4,506,984	-	402,151	-	(4,104,833)	(4,104,833)
Plant Operation and Maintenance	19,844,486	-	1,091,837	-	(18,752,649)	(18,752,649)
Student Transportation	13,629,823	-	1,733,073	-	(11,896,750)	(11,896,750)
Community Service Operations	878,692	-	166,563	-	(712,129)	(712,129)
Facilities Acquisition and Construction	-	-	-	2,353,772	2,353,772	2,353,772
Bond Issuance Costs	129,480	-	-	-	(129,480)	(129,480)
Amortization Expense	82,950	-	-	-	(82,950)	(82,950)
Interest on Long-Term Debt	7,810,453	-	1,628,046	-	(6,182,407)	(6,182,407)
Total Governmental Activities	184,453,621	212,943	38,857,821	2,353,772	(143,029,085)	(143,029,085)
Business-Type Activities						
Food Service Operation	8,916,466	4,184,541	4,836,563	585,421	-	690,059
Day Care Centers	391,566	303,621	65,399	-	(22,546)	(22,546)
Total Business-Type Activities	9,308,032	4,488,162	4,901,962	585,421	667,513	667,513
Total School District	\$ 193,761,653	\$ 4,701,105	\$ 43,759,783	\$ 2,939,193	(143,029,085)	(142,361,572)
General Revenues						
Taxes						
Property					66,212,910	66,212,910
Motor Vehicle					4,804,018	4,804,018
Utilities					9,927,813	9,927,813
Occupational License					9,796,512	9,796,512
Other					1,450,441	1,450,441
Federal and State Aid Not Restricted to Specific Purposes					49,049,540	49,049,540
Earnings on Investments					119,380	121,670
Operating Transfers In (Out)					453,585	-
Miscellaneous					1,473,260	1,473,260
Special Item - Closing of Adult Education Fund					(69,020)	(69,020)
Total General Revenues, Special Items and Transfers					143,287,459	142,767,144
Change in Net Position					258,374	405,572
Net Position July 1, 2012, as Restated					110,692,879	115,120,397
Net Position June 30, 2013					\$ 110,951,253	\$ 115,525,969

See accompanying notes.

**BOONE COUNTY BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013**

	General Fund	Special Revenue Funds	Construction Fund	Building Fund	Other Governmental Fund	Total Governmental Funds
Assets						
Cash and Cash Equivalents	\$ 24,616,699	\$ 109,012	\$ 14,156,843	\$ 292,483	\$ 102,908	\$ 39,277,945
Accounts Receivable						
Taxes	4,990,978	-	-	-	-	4,990,978
Accounts	1,072,258	103,931	-	-	-	1,176,189
Intergovernmental - State	-	5,069	-	-	-	5,069
Intergovernmental - Federal	-	974,500	-	-	-	974,500
Due (to)/from Other Funds	1,237,880	-	-	-	-	1,237,880
Total Assets	\$ 31,917,815	\$ 1,192,512	\$ 14,156,843	\$ 292,483	\$ 102,908	\$ 47,662,561
Liabilities						
Accounts Payable	\$ 450,618	\$ 33,433	\$ 1,838,599	\$ -	\$ -	\$ 2,322,650
Accrued Payroll and Related Expenses	3,894,287	-	-	-	-	3,894,287
Property Tax Refunds Payable	1,954,981	-	-	-	-	1,954,981
Unearned Grant Revenues	-	1,159,079	-	-	-	1,159,079
Current Portion of Accumulated Sick Leave	350,000	-	-	-	-	350,000
Total Liabilities	6,649,886	1,192,512	1,838,599	-	-	9,680,997
Fund Balances						
Restricted						
Capital Projects	-	-	12,318,244	292,483	102,908	12,713,635
Committed						
Accumulated Sick Leave	1,178,308	-	-	-	-	1,178,308
Assigned						
New School Operations	4,494,078	-	-	-	-	4,494,078
Encumbrances	290,417	-	-	-	-	290,417
SBDM Carryover	578,854	-	-	-	-	578,854
Future Insurance Claims	2,029,301	-	-	-	-	2,029,301
Unassigned	16,696,971	-	-	-	-	16,696,971
Total Fund Balances	25,267,929	-	12,318,244	292,483	102,908	37,981,564
Total Liabilities and Fund Balances	\$ 31,917,815	\$ 1,192,512	\$ 14,156,843	\$ 292,483	\$ 102,908	\$ 47,662,561

See accompanying notes.

**BOONE COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO
THE DISTRICT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2013**

Amounts reported for governmental activities in the statement of net position are different because:

Total Governmental Funds Balance		\$ 37,981,564
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Capital assets used in governmental activities are not financial resources and; therefore, are not reported as assets in the governmental funds.

Cost of Capital Assets	\$ 409,801,880		
Accumulated Depreciation	<u>(126,910,533)</u>		282,891,347

Discount on bonds, net are not financial resources and; therefore, are not reported as assets in the governmental funds.		953,886
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Call premium, net is not a financial resource and; therefore, is not reported as an asset in the governmental funds.		26,953
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The insurance settlement payable is not an outflow of current financial resources, as the liability is not considered due as of year end and; therefore, is not reported as a liability in the governmental funds.		(2,029,301)
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Long-term liabilities, including bonds payable, are not due and payable in the current period and; therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year end consist of:

Bonds Payable	204,451,407		
Accrued Interest on Bonds Payable	2,095,480		
Capital Lease Obligations	386,259		
Noncurrent Accumulated Sick Leave	<u>1,940,050</u>		<u>(208,873,196)</u>

Total Net Position - Governmental Activities		\$ <u>110,951,253</u>
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See accompanying notes.

**BOONE COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013**

	General Fund	Special Revenue Funds	Construction Fund	Building Fund	Debt Service Fund	Other Governmental Fund	Total Governmental Funds
Revenues							
Taxes							
Property	\$ 48,684,980	\$ -	\$ -	\$ 17,527,930	\$ -	\$ -	\$ 66,212,910
Motor Vehicle	3,541,077	-	-	1,262,941	-	-	4,804,018
Utilities	9,927,813	-	-	-	-	-	9,927,813
Occupational License	9,796,512	-	-	-	-	-	9,796,512
Other	1,450,441	-	-	-	-	-	1,450,441
Transportation Fees	748,337	-	-	-	-	-	748,337
Earnings on Investments	117,528	-	1,852	-	-	-	119,380
Intergovernmental - State	76,630,297	3,055,296	-	550,012	1,042,771	1,803,760	83,082,136
Intergovernmental - Federal	326,687	6,910,643	-	-	585,275	-	7,822,605
Other Local Revenue	461,156	427,820	-	-	-	-	888,976
Total Revenues	151,684,828	10,393,759	1,852	19,340,883	1,628,046	1,803,760	184,853,128
Expenditures							
Instructional	91,028,903	7,647,863	-	-	-	-	98,676,766
Support Services							
Student	8,453,611	321,984	-	-	-	-	8,775,595
Instructional Staff	4,957,233	847,141	-	-	-	-	5,804,374
District Administration	5,041,545	-	-	-	-	-	5,041,545
School Administration	10,754,485	(2,391)	-	-	-	-	10,752,094
Business	3,697,856	142,539	-	-	-	-	3,840,395
Plant Operation and Maintenance	14,441,866	7,221	-	-	-	-	14,449,087
Student Transportation	11,004,623	1,151,975	-	-	-	-	12,156,598
Community Services	276,265	601,819	-	-	-	-	878,084
Facilities Acquisition and Construction							
Site Improvement	35,935	-	7,679,979	-	-	-	7,715,914
Debt Service							
Principal	14,939	-	-	-	11,933,660	-	11,948,599
Interest	-	-	-	-	7,590,455	-	7,590,455
Total Expenditures	149,707,261	10,718,151	7,679,979	-	19,524,115	-	187,629,506
Excess (Deficit) of Revenues Over Expenditures	1,977,567	(324,392)	(7,678,127)	19,340,883	(17,896,069)	1,803,760	(2,776,378)
Other Financing Sources (Uses)							
Proceeds from Sale of Assets	19,552	-	-	-	-	-	19,552
Proceeds from Issuance of Bonds, Net of Discount	-	-	5,915,310	-	-	-	5,915,310
Proceeds from Issuance of Advance Refunding Bonds, Net of Discount	-	-	-	-	12,131,757	-	12,131,757
Bond Issuance Costs	-	-	(49,800)	-	(79,680)	-	(129,480)
Transfer to Bond Escrow Agent - Advance Refunding Bonds	-	-	-	-	(12,050,038)	-	(12,050,038)
Operating Transfers In	479,193	350,000	4,314,764	-	17,894,030	-	23,037,987
Operating Transfers Out	(466,297)	(25,608)	-	(20,064,417)	-	(2,028,080)	(22,584,402)
Total Other Financing Sources (Uses)	32,448	324,392	10,180,274	(20,064,417)	17,896,069	(2,028,080)	6,340,686
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	2,010,015	-	2,502,147	(723,534)	-	(224,320)	3,564,308
Fund Balance July 1, 2012	23,257,914	-	9,816,097	1,016,017	-	327,228	34,417,256
Fund Balance June 30, 2013	25,267,929	-	12,318,244	292,483	-	102,908	37,981,564

See accompanying notes.

**BOONE COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS TO THE DISTRICT-WIDE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013**

Net Change in Total Fund Balances per Fund Financial Statements \$ 3,564,308

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays to purchase or build capital assets are reported in the governmental funds as expenditures.

However, for governmental activities those costs are shown in the statement of net position, and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which depreciation expense exceeds capital outlays for the period.

Capital Outlays	\$ 6,253,906	
Depreciation Expense	<u>(12,599,033)</u>	(6,345,127)

The difference between the proceeds related to the sale of capital assets, and the net book value of those assets disposed of during the year, is shown as a loss on disposal of capital assets on the statement of activities (included in miscellaneous revenue) while this is not reported in the governmental funds, as the costs of these capital assets were reported as an expenditure at the time of acquisition. 3,260

Proceeds related to the sale of capital assets are reported as income in the governmental funds. They are not considered income in the statement of activities. (19,552)

Discounts and premiums on bonds are reported in the governmental funds as an other financing source/use. However, for governmental activities, those items are shown in the statement of net position and allocated over the term of the bond in the statement of activities. This is the amount by which the current year discount, and premiums on bonds, exceeded the current year amortization expense.

Discount/Premium on Bonds	97,993	
Amortization Expense	<u>(76,481)</u>	21,512

The call premium is reported in the governmental funds as an other financing use. However, for governmental activities, that cost is shown in the statement of net position, and allocated over the term of the bond as amortization expense in the statement of activities. This is the amount of the current amortization expense on the call premium. (6,469)

Repayment of bond and capital lease principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net position, and does not affect the statement of activities. 23,022,404

The proceeds from bonds and capital leases provide current financial resources, and are reported in the fund financial statements, but they are presented as liabilities in the statement of net position. (18,206,596)

In the statement of activities, the insurance refund expenditures are measured by the estimated amount owed at year end. In the governmental funds; however, these expenditures are not reported, as they do not meet the requirements of an outflow of current financial resources. (2,029,301)

In the statement of activities, compensated absences (sick leave) are measured by the amounts earned during the year. In the governmental funds; however, expenditures for these amounts are measured by the amount of financial resources used (essentially, the amounts actually paid). The difference in expenses reported in the statement of activities is as a result of the change in accumulated sick leave. 28,814

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities; however, interest expense is recognized as the interest accrues, regardless of when it is due. The difference in interest expense reported in the statement of activities is as a result of the change in accrued interest on bonds. 225,121

Change in Net Position of Governmental Activities \$ 258,374

See accompanying notes.

**BOONE COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013**

	<u>Food Service Fund</u>	<u>Day Care Fund</u>	<u>Total</u>
Assets			
Current Assets			
Cash and Cash Equivalents	\$ 4,874,483	\$ -	\$ 4,874,483
Accounts Receivable	422,563	-	422,563
Inventories for Consumption	129,928	-	129,928
	<u>5,426,974</u>	<u>-</u>	<u>5,426,974</u>
Total Current Assets			
Noncurrent Assets			
Buildings and Improvements	63,684	-	63,684
Furniture and Equipment	4,321,427	-	4,321,427
Less Accumulated Depreciation	(3,908,727)	-	(3,908,727)
	<u>476,384</u>	<u>-</u>	<u>476,384</u>
Total Noncurrent Assets			
Total Assets	<u>\$ 5,903,358</u>	<u>\$ -</u>	<u>\$ 5,903,358</u>
Liabilities			
Current Liabilities			
Accounts Payable	\$ 16,146	\$ -	\$ 16,146
Due to Other Funds	1,215,334	22,546	1,237,880
	<u>1,231,480</u>	<u>22,546</u>	<u>1,254,026</u>
Total Current Liabilities			
Noncurrent Liabilities			
Accumulated Sick Leave	74,616	-	74,616
	<u>1,306,096</u>	<u>22,546</u>	<u>1,328,642</u>
Total Liabilities			
Net Position			
Invested in Capital Assets, Net of Related Debt	476,384	-	476,384
Unrestricted	4,120,878	(22,546)	4,098,332
	<u>4,597,262</u>	<u>(22,546)</u>	<u>4,574,716</u>
Total Net Position			
Total Liabilities and Net Position	<u>\$ 5,903,358</u>	<u>\$ -</u>	<u>\$ 5,903,358</u>

See accompanying notes.

BOONE COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2013

	<u>Food Service Fund</u>	<u>Adult Education Fund</u>	<u>Day Care Fund</u>	<u>Total</u>
Operating Revenues				
Lunchroom Sales	\$ 4,163,673	\$ -	\$ -	\$ 4,163,673
Other Operating Revenues	<u>20,868</u>	<u>-</u>	<u>303,621</u>	<u>324,489</u>
Total Operating Revenues	<u>4,184,541</u>	<u>-</u>	<u>303,621</u>	<u>4,488,162</u>
Operating Expenses				
Salaries and Wages	2,887,831	-	258,822	3,146,653
Employee Benefits	1,550,000	-	132,744	1,682,744
Contract Services	679,070	-	-	679,070
Materials and Supplies	3,643,124	-	-	3,643,124
Depreciation	155,196	-	-	155,196
Other Operating Expenses	<u>1,245</u>	<u>-</u>	<u>-</u>	<u>1,245</u>
Total Operating Expenses	<u>8,916,466</u>	<u>-</u>	<u>391,566</u>	<u>9,308,032</u>
Operating Loss	<u>(4,731,925)</u>	<u>-</u>	<u>(87,945)</u>	<u>(4,819,870)</u>
Non-Operating Revenues (Expenses)				
Federal Grants and State Grants	4,836,563	-	65,399	4,901,962
Donated Commodities and Other Donations	585,421	-	-	585,421
Transfers Out	(453,585)	-	-	(453,585)
Interest Income	<u>2,290</u>	<u>-</u>	<u>-</u>	<u>2,290</u>
Total Non-Operating Revenues (Expenses)	<u>4,970,689</u>	<u>-</u>	<u>65,399</u>	<u>5,036,088</u>
Special Item				
Loss on Disposal of Activity	<u>-</u>	<u>(69,020)</u>	<u>-</u>	<u>(69,020)</u>
Change in Net Position	238,764	(69,020)	(22,546)	147,198
Net Position July 1, 2012	<u>4,358,498</u>	<u>69,020</u>	<u>-</u>	<u>4,427,518</u>
Net Position June 30, 2013	<u>\$ 4,597,262</u>	<u>\$ -</u>	<u>\$ (22,546)</u>	<u>\$ 4,574,716</u>

See accompanying notes.

**BOONE COUNTY BOARD OF EDUCATION
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2013**

	<u>Food Service Fund</u>	<u>Adult Education Fund</u>	<u>Day Care Fund</u>	<u>Total</u>
Cash Flows From Operating Activities				
Cash Received from				
Lunchroom Sales	\$ 4,163,673	\$ -	\$ -	\$ 4,163,673
Other Activities	20,868	74,351	303,621	398,840
Cash Paid To/For				
Employees	(3,585,312)	-	(326,167)	(3,911,479)
Goods and Services	(3,707,553)	(62,537)	-	(3,770,090)
Cash Transfers	<u>(453,585)</u>	<u>(15,529)</u>	<u>22,546</u>	<u>(446,568)</u>
Net Cash Used by Operating Activities	(3,561,909)	(3,715)	-	(3,565,624)
Cash Flows From Non Capital Financing Activities				
Federal and State Grants	3,585,978	-	-	3,585,978
Cash Flows From Capital and Related Financing Activities				
Acquisition of Depreciable Capital Assets	(36,107)	-	-	(36,107)
Cash Flows From Investing Activities				
Interest on Investments	<u>2,290</u>	<u>-</u>	<u>-</u>	<u>2,290</u>
Net Change in Cash	(9,748)	(3,715)	-	(13,463)
Cash and Cash Equivalents, Beginning of Year	<u>4,884,231</u>	<u>3,715</u>	<u>-</u>	<u>4,887,946</u>
Cash and Cash Equivalents, End of Year	<u>\$ 4,874,483</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,874,483</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities				
Operating Loss	\$ (4,731,925)	\$ -	\$ (87,945)	\$ (4,819,870)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities				
Depreciation	155,196	-	-	155,196
Donated Commodities Received from Federal Government	585,421	-	-	585,421
On-Behalf Payments for Salaries and Benefits Paid Directly by the State	842,142	-	65,399	907,541
Interfund Transfers	(453,585)	(15,529)	-	(469,114)
Change in Assets and Liabilities				
Accounts Receivable	-	74,351	29,667	104,018
Inventories for Consumption	66,060	-	-	66,060
Due to Other Funds	(35,530)	(57,929)	(7,121)	(100,580)
Accounts Payable	(65)	(4,608)	-	(4,673)
Accumulated Sick Leave	<u>10,377</u>	<u>-</u>	<u>-</u>	<u>10,377</u>
Net Cash Used by Operating Activities	<u>\$ (3,561,909)</u>	<u>\$ (3,715)</u>	<u>\$ -</u>	<u>\$ (3,565,624)</u>
Non-Cash Non Capital Financing Activities				
Donated Commodities Received from Federal Government	<u>\$ 585,421</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 585,421</u>

See accompanying notes.

**BOONE COUNTY BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2013**

	Agency Fund
Assets and Resources	
Cash and Cash Equivalents	\$ 2,260,734
Accounts Receivable	7,831
Total Assets and Resources	2,268,565
Liabilities	
Accounts Payable	27,691
Due to Student Groups	
High School Activity Funds	1,008,090
Elementary and Middle School Activity Funds	1,232,784
Total Due to Student Groups	2,240,874
Total Liabilities	2,268,565
Net Position Held in Trust	\$ -

See accompanying notes.

**BOONE COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1 - REPORTING ENTITY

The Boone County Board of Education (the 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 Boone County School District (the District). The Board receives funding from local, State and Federal government sources and must comply with the commitment requirements of these funding source entities. However, the Board is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards. Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to develop policies which may influence operations, and primary accountability for fiscal matters.

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

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

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

Boone County School District Finance Corporation

The Board authorized establishment of the Boone County School District Finance Corporation. It is a non-stock, non-profit, public and charitable corporation pursuant to Section 162.385 of the School Bond Act, Chapter 273 and Section 58.180 of the Kentucky Revised Statutes, to act as an agency of the Board for financing the costs of school building facilities. The Board Members of the Boone County Board of Education also comprise the Corporation's Board of Directors.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of certain significant accounting policies followed in the preparation of these financial statements.

Basis of Presentation

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

The Board has the following funds:

I. Governmental Fund Types

- (A) The General Fund is the primary operating fund of the Board. It accounts for financial resources used for general types of operations. This is a budgeted fund and any unrestricted fund balances are considered as resources available for use. This is a major fund of the Board.
- (B) The Special Revenue Fund accounts for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes. It includes Federal financial programs where unused balances are returned to the grantor at the close of the specified project periods, as well as the State grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally funded grant programs are identified in the schedule of expenditures of federal awards included in this report on pages 68-69. This is a major fund of the Board.
- (C) Capital Project Funds are used to account for financial resources to be used for the acquisition, or construction of major capital facilities and equipment (other than those financed by a Proprietary Fund).
 - 1. The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund receives those funds designated by the State as Capital Outlay Funds, and is restricted for use in financing projects identified in the Board's facility plan.
 - 2. The Facility Support Program of Kentucky (FSPK) accounts for funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and State matching funds, where applicable. Funds may be used for projects identified in the Board's facility plan. This is a major fund of the Board.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. The Construction Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction and/or remodeling. This is a major fund of the Board.

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

II. Proprietary Fund Types (Enterprise Funds)

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

(B) The Adult Education Fund is used to account for amounts received and used for the Kentucky Adult Education Program, which provides academic instruction for eligible adults. During the year ended June 30, 2013, this program was transferred to another entity in the county and the Boone County Board of Education does not have responsibility for running this program.

(C) The Day Care Fund is used to account for amounts received and used by the Board related to day care operations at various schools within the District.

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

III. Fiduciary Fund Type (Agency Fund)

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

Basis of Accounting

The basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. District-wide financial statements are prepared using the accrual basis of accounting. Governmental Funds use the modified accrual basis of accounting. Proprietary and Fiduciary Funds also use the accrual basis of accounting.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

Taxes

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

The Board 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.

In addition, the Board levies an occupational license tax of 0.5% on salaries, wages, commissions and other compensation of residents of the District who work and perform services in the county.

Cash and Cash Equivalents

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

Capital Assets

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The Board maintains a capitalization threshold of \$5,000, with the exception of computer workstations and real property, for which there is no threshold. The Board does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

Description	Estimated Lives
Buildings and Building Improvements	25-50 Years
Land Improvements	20 Years
Technology Equipment	5 Years
Vehicles	5-10 Years
General Equipment	10 Years
Food Service Equipment	10-12 Years
Furniture and Fixtures	7 Years
Other	10 Years

Accumulated Unpaid Sick Leave Benefits

Upon retirement from the school system, an employee will receive from the Board, an amount equal to 30% of the value of accumulated sick leave. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the Board's past experience of making termination payments. The entire compensated absence liability is reported on the district-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 account "accumulated sick leave payable" in the General Fund. The non-current portion of the liability is not reported in the Governmental Fund financial statements.

Inventories

Supplies and materials are charged to expenditures when purchased, except for the inventories in the Proprietary Fund, which are recorded at the lower of cost or market.

Interfund Balances

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

Budgetary Process

Budgetary Basis of Accounting - The Board's budgetary process accounts for certain transactions on a basis of accounting other than accounting principles generally accepted in the United States of America (U.S. GAAP). The major differences between the budgetary basis and the U.S. GAAP basis are:

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Budgetary Process (Continued)**

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

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

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

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

Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the district-wide financial statements, and all payables, accrued liabilities and noncurrent obligations payable from Proprietary Funds are reported on the Proprietary Fund financial statements.

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

Fund Balances

The Board implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions". This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on the Board's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- *Non-spendable fund balance* – amounts that are not in a spendable form (such as inventory), or are required to be maintained intact.
- *Restricted fund balance* – amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government), through constitutional provisions, or by enabling legislation.
- *Committed fund balance* – amounts constrained to specific purposes by the Board itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the Board takes the same highest level of action to remove or change the constraint.
- *Assigned fund balance* – amounts the Board intends to use for a specific purpose; intent can be expressed by the Board, or by an official or body, to which the Board delegates the authority.
- *Unassigned fund balance* – amounts that are available for any purpose; positive amounts are reported only in the General Fund.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balances (Continued)

The Board establishes (and modifies or rescinds) fund balance commitments by passage of resolutions.

Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use, either through the enabling legislation adopted by the Board, or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. It is the Board's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the Proprietary Funds. For the Board, those revenues are primarily charges for meals provided by the various schools and charges for the day care services provided to parents. Expenses are primarily payroll, food costs and supply purchases.

Revenue and Support

The Board reports revenues as restricted support if they are received with stipulations that limit their use. When a restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, restricted net assets are reclassified as unrestricted net assets. If a restriction is fulfilled in the same time period in which the revenue is received, the Board reports the support as unrestricted.

Use of Estimates

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

Encumbrances

Encumbrances are not liabilities and 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 re-appropriated in the next year. Accordingly, no differences exist between actual results, and the applicable budgetary data presented in the accompanying financial statements.

NOTE 3 - CASH AND CASH EQUIVALENTS

The carrying amount of the Board's deposits with financial institutions was \$46,413,162 and the bank balance was \$47,786,022. At various times throughout the year, the Board may have had cash in financial institutions in excess of insured limits. The Federal Deposit Insurance Corporation (FDIC) insures account balances up to \$250,000 for each business depositor. Using these criteria, the Board had \$798,866 of their bank balance that was insured by the FDIC. The remainder that is required to be collateralized, is collateralized with securities held by financial institutions, and pledged to collateralize the Board's deposits. Cash and cash equivalents are funds temporarily invested in securities with a maturity date of 90 days or less.

Cash and cash equivalents at June 30, 2013, consist of the following:

	<u>Bank Balance</u>	<u>Book Balance</u>
Heritage Bank	\$ 694,929	\$ 668,108
First Financial Bank	35,492,448	34,208,814
The Bank of Kentucky	1,476,090	1,414,593
Forcht Bank	48,866	48,858
US Bank - Fiscal Agent	<u>10,073,689</u>	<u>10,072,789</u>
	<u>\$ 47,786,022</u>	<u>\$ 46,413,162</u>

Allocation per financial statements:

Governmental Funds	\$ 39,277,945
Proprietary Funds	4,874,483
Agency Funds	<u>2,260,734</u>
	<u>\$ 46,413,162</u>

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2013 was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance
Governmental Activities				
Land	\$ 12,934,451	\$ -	\$ -	\$ 12,934,451
Construction In Progress	28,537,647	-	26,605,171	1,932,476
 Total Capital Assets Not Being Depreciated	 41,472,098	 -	 26,605,171	 14,866,927
 Depreciable Capital Assets				
Land Improvements	6,255,308	3,265,508	-	9,520,816
Buildings and Building Improvements	314,227,038	28,838,652	-	343,065,690
Technology Equipment	17,433,711	274,172	152,459	17,555,424
Vehicles	21,015,810	-	521,284	20,494,526
General Equipment	3,927,239	378,171	6,913	4,298,497
 Total Depreciable Capital Assets	 362,859,106	 32,756,503	 680,656	 394,934,953
 Total Capital Assets at Historical Cost	 404,331,204	 32,756,503	 27,285,827	 409,801,880
 Less Accumulated Depreciation				
Land Improvements	2,987,060	241,170	-	3,228,230
Buildings and Building Improvements	86,668,857	8,956,081	-	95,624,938
Technology Equipment	12,912,006	1,714,296	256,893	14,369,409
Vehicles	10,312,163	1,446,822	521,285	11,237,700
General Equipment	2,214,645	240,664	5,053	2,450,256
 Total Accumulated Depreciation	 115,094,731	 12,599,033	 783,231	 126,910,533
 Depreciable Capital Assets, Net	 247,764,375	 20,157,470	 (102,575)	 268,024,420
 Governmental Activities Capital Assets, Net				
	\$ 289,236,473	\$ 20,157,470	\$ 26,502,596	\$ 282,891,347
 Business-Type Activities				
Depreciable Capital Assets				
Buildings and Building Improvements	\$ 63,684	\$ -	\$ -	\$ 63,684
General Equipment	3,375,782	38,063	8,771	3,405,074
Vehicles	17,749	-	-	17,749
Technology Equipment	1,019,710	-	121,106	898,604
 Total Capital Assets at Historical Cost	 4,476,925	 38,063	 129,877	 4,385,111
 Less Accumulated Depreciation				
Buildings and Building Improvements	18,612	4,759	-	23,371
General Equipment	2,862,528	142,742	5,707	2,999,563
Vehicles	17,749	-	-	17,749
Technology Equipment	929,072	(59,073)	1,955	868,044
 Total Accumulated Depreciation	 3,827,961	 88,428	 7,662	 3,908,727
 Business-Type Activities Capital Assets, Net				
	\$ 648,964	\$ (50,365)	\$ 122,215	\$ 476,384

NOTE 5 - EFFECT OF DEFERRED AMOUNTS ON NET POSITION

For governmental activities, the unrestricted net position amount of \$10,632,140 includes the effect of deferring the recognition of expenses, as described below.

Deferred Outflows

The deferred outflows of resources are due to discounts and call premiums at the time of issuance of the bonds. The balance of deferred outflows of resources at June 30, 2013 is made up of \$953,886 of bond discounts and bond call premiums of \$26,953. The \$980,839 balance of deferred outflows of resources at June 30, 2013, will be recognized as an expense, and decrease unrestricted net position over the remaining life of the bonds.

NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES

As of June 30, 2013, the following represents interfund receivables and payables:

- The Food Service Fund owed the General Fund \$1,215,334.
- The Day Care Centers Fund owed the General Fund \$22,546.

NOTE 7 - DEBT AND LEASE OBLIGATIONS

The amount shown in the accompanying financial statements as bond obligations represent the Board's future obligations to make bond payments relating to the bonds issued by the Boone County School District Finance Corporation aggregating \$204,451,407.

The following is a summary of the Board's long-term debt transactions for the year ended June 30, 2013.

	Amount of Debt Outstanding July 1, 2012	Additions of New Debt	Repayments	Debt Outstanding June 30, 2013	Amount Expected to be Paid Within One Year
Governmental Activities					
General Obligation Bonds	\$ 209,193,431	\$ 18,145,000	\$ 22,887,024	\$ 204,451,407	\$ 12,288,660
Capital Leases	\$ 443,751	\$ 74,627	\$ 132,119	\$ 386,259	\$ 135,812

NOTE 7 - DEBT AND LEASE OBLIGATIONS (Continued)

The repayment of general obligation bonds includes the following:

Paid by the Board	\$ 11,174,026
Paid by the Kentucky School Facility Construction Commission	759,634
Paid Through Issuance of Advance Refunding Bonds	11,365,000
Deferred Loss on Current Year Issuances of Refunding Bonds, Net of Current Year Amortization	<u>(411,636)</u>
Repayments on General Obligation Bonds	<u>\$ 22,887,024</u>

Bonds

The Board, through the General Fund (including utility taxes, Facility Support Program of Kentucky Fund (FSPK) and the Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund is obligated to make payments in amounts sufficient to satisfy debt service requirements on bonds issued to construct school facilities. The Board has an option to purchase the property at any time by retiring the bonds then outstanding.

The Board has entered into “participation agreements” with the Kentucky School Facility Construction Commission (the Commission). The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs. The table below sets forth the amount to be paid by the Board and the Commission for each year until maturity of all bond issues. The liability for the total bond amount remains with the Board and, as such, the total principal outstanding has been recorded in the financial statements.

NOTE 7 - DEBT AND LEASE OBLIGATIONS (Continued)

The original amount of outstanding issues, the issue dates, interest rates and outstanding balances at June 30, 2013 are summarized below:

Issue Date	Original Amount	Board's Portion	Interest	Outstanding Balance at June 30, 2013
August 1, 2000 B	\$ 16,770,000	\$ 16,770,000	4.80-5.13 %	\$ 1,220,000
January 1, 2004 A	16,225,000	14,099,315	3.00-4.38	620,000
May 1, 2004 B	36,830,000	36,830,000	4.00-5.00	1,415,000
August 1, 2005	15,695,000	15,695,000	3.75-4.25	13,140,000
July 1, 2006	17,065,000	16,060,264	4.00-4.50	14,220,000
December 1, 2006	23,310,000	21,649,619	3.88	21,195,000
March 1, 2007	36,365,000	36,365,000	4.00-4.13	33,745,000
May 1, 2008 R	5,600,000	4,671,714	2.30-3.30	2,643,735 *
February 1, 2009	14,270,000	13,397,723	2.00-4.88	12,510,000
September 1, 2009 R	5,960,000	5,960,000	1.00-2.90	3,304,024 *
June 1, 2010	11,085,000	11,085,000	5.75 ^	9,634,020
June 1, 2010 R	4,105,000	4,105,000	1.00-3.20	3,631,401 *
September 1, 2010 BR	23,810,000	23,810,000	1.50-2.50	21,069,097 *
April 1, 2011	16,590,000	14,128,360	2.00-5.00	15,640,000
December 1, 2011 R	9,985,000	9,570,610	2.00	7,990,230 *
February 1, 2012 R	27,700,000	27,700,000	2.00-2.75	24,418,775 *
September, 1, 2012BR	12,170,000	10,755,803	2.00-2.625	12,110,000
March 1, 2013	5,975,000	4,912,158	2.00-3.25	5,945,125 *
				<u>\$ 204,451,407</u>

* This includes the net value of the deferred loss on refunding.

^ The majority of the interest on this bond will be paid by the federal government through a federal rebate program that is part of the American Recovery and Reinvestment Act.

NOTE 7 - DEBT AND LEASE OBLIGATIONS (Continued)

All issues may be called prior to maturity at dates and redemption premiums specified in each issue. Assuming no bonds are called prior to scheduled maturity, the minimum obligations of the Board, including amounts to be paid by the Commission, at June 30, 2013 for debt service, (principal and interest) are as follows:

Fiscal Year	Board's Portion		KSFCC Portion		Total Principal
	Principal	Interest	Principal	Interest	
2013-14	\$ 11,664,374	\$ 7,023,331	\$ 624,286	\$ 280,970	\$ 12,288,660
2014-15	12,013,925	6,698,879	639,735	265,649	12,653,660
2015-16	12,287,815	6,374,905	659,580	245,805	12,947,395
2016-17	12,487,599	6,037,453	680,315	225,071	13,167,914
2017-18	13,011,548	5,672,186	582,112	203,014	13,593,660
2018-19	13,467,547	5,281,165	601,113	184,011	14,068,660
2019-20	13,862,528	4,877,709	566,132	164,760	14,428,660
2020-21	14,179,512	4,468,507	405,549	148,861	14,585,061
2021-22	13,468,741	4,065,074	419,016	135,396	13,887,757
2022-23	15,050,295	3,667,169	433,365	121,046	15,483,660
2023-24	12,973,784	3,148,658	448,775	105,636	13,422,559
2024-25	12,684,244	2,601,191	309,416	89,295	12,993,660
2025-26	13,206,064	2,081,804	322,596	76,116	13,528,660
2026-27	11,701,245	1,583,324	312,415	62,731	12,013,660
2027-28	3,132,231	503,859	272,769	50,111	3,405,000
2028-29	3,280,239	360,913	284,761	38,120	3,565,000
2029-30	1,927,892	211,076	232,108	25,587	2,160,000
2030-31	2,017,548	123,820	242,452	15,245	2,260,000
2031-32	493,008	31,849	66,992	4,339	560,000
2032-33	505,914	16,442	69,086	2,245	575,000
Various*	2,862,781	-	-	-	2,862,781
	<u>\$ 196,278,834</u>	<u>\$ 64,829,314</u>	<u>\$ 8,172,573</u>	<u>\$ 2,444,008</u>	<u>\$ 204,451,407</u>

* Expected interest income to be earned on qualified school construction bond escrow account.

Details of Advance Refundings

Due to favorable interest rates during fiscal year 2012, \$27,700,000 of Series 2012 School Building Refunding Revenue Bonds were issued to refund \$24,480,000 of the Board's previously issued and outstanding Series 2004B School Building Revenue Bonds. The Series 2004B School Building Revenue Bonds will be called on May 1, 2014 at 100%. The reacquisition price exceeded the net carrying amount of the old debt by \$2,895,654. This amount is being amortized over the remaining life of the refunded debt. As a result of this issuance, \$24,480,000 of the obligation is considered to be defeased and the liability for those bonds has been removed from the Board's financial statements. As a result of the refunding, the Board reduced its aggregate debt service payments to maturity by \$1,826,955, and obtained an economic gain (difference between present value of the debt service payments on the old and new debt) of \$1,519,808.

NOTE 7 - DEBT AND LEASE OBLIGATIONS (Continued)

Details of Advance Refundings (Continued)

Due to favorable interest rates during fiscal year 2013, \$12,110,000 of Series 2012BR School Building Refunding Revenue Bonds were issued to refund \$11,365,000 of the Board's previously issued and outstanding Series 2004A School Building Revenue Bonds. The Series 2004A School Building Revenue Bonds were called on September 1, 2012 at 100%. As a result of this issuance, \$12,110,000 of the obligation is considered to be defeased, and the liability for those bonds has been removed from the Board's financial statements. As a result of the refunding, the Board reduced its aggregate debt service payments to maturity by \$992,093, and obtained an economic gain (difference between present value of the debt service payments on the old and new debt) of \$864,188.

Defeased Debt Outstanding

At June 30, 2013, outstanding School Building revenue bonds (including prior year's refunding) of \$35,845,000 are considered to be defeased. These were considered part of the general long-term debt account group.

Capital Leases

The Board leases various items including band equipment, copiers and technology equipment for various schools under capital leases. These leases expire at various times through June, 2018. The assets and liabilities under capital leases are recorded at the lower of the present value of the minimum lease payments, or the fair value of the asset. The assets are depreciated over the lower of their related lease terms, or their estimated productive lives. Depreciation of assets under capital leases is included in depreciation expense for 2013.

The following is a schedule, by years, of the future minimum lease payments under capital lease together with the present value of the net minimum lease payments as of June 30, 2013.

Years Ending June 30,		
2014	\$	154,691
2015		130,905
2016		79,063
2017		44,310
2018		15,987
Total Minimum Payments		424,956
Less Amount Representing Interest		38,697
Present Value of Minimum Lease Payments		386,259
Less Current Portion		135,812
Noncurrent Portion	\$	250,447

NOTE 8 – ACCUMULATED SICK LEAVE LIABILITY

Changes in the Board's accumulated sick leave liability during fiscal year 2013 were as follows:

	<u>Balance June 30, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2013</u>	<u>Amount Expected to be Paid Within One Year</u>
Governmental Activities Accumulated Sick Leave	\$ 2,318,864	\$ -	\$ 28,814	\$ 2,290,050	\$ 350,000
Business-Type Activities Accumulated Sick Leave	\$ 64,239	\$ 10,377	\$ -	\$ 74,616	\$ -

The accumulated sick leave liability will be liquidated by several Governmental and Proprietary Funds.

NOTE 9 - OPERATING LEASES

The Board leases equipment under operating leases expiring at various times through May, 2018. Expenditures for equipment under operating leases totaled \$187,155 for the year ended June 30, 2013.

The Board also leases real property for its Day Treatment Program over a twenty-year period, expiring in December, 2023. The Board is responsible for all utilities, taxes and insurance under the terms of this lease. Monthly rental payments on this lease are \$3,701 and expenditures during the year ended June 30, 2013 for this lease totaled \$44,408.

Future minimum rental payments under these leases are as follows:

<u>Years Ending June 30,</u>	
2014	\$ 184,357
2015	149,565
2016	86,068
2017	45,024
2018	44,922
Thereafter	<u>244,243</u>
	<u>\$ 754,179</u>

NOTE 10 - RETIREMENT PLANS

The Board's total payroll for the year was \$109,604,878. The payroll for employees covered under the following plans totaled \$107,962,406.

Kentucky Teachers' Retirement System

Certified employees participate in the Kentucky Teachers' Retirement System (KTRS), which is a cost sharing, multiple-employer retirement system created by, and operating under Kentucky law.

The Kentucky Teachers' Retirement System covers all regular certified full-time employees of each school board. The plan provides for retirement, disability and death benefits. KTRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained in writing from the Kentucky Teachers' Retirement System, 479 Versailles Road, Frankfort, Kentucky 40601-3800.

Participating employees contribute 10.355% of creditable compensation. Matching contributions are made by the State. These on-behalf payments are reflected in the Board's financial records and amounted to \$10,789,594 for 2013. The matching contributions are paid by the Federal program for any salaries paid by that program. Such contribution rates are determined by the Board of Trustees of Kentucky Retirement Systems. The Board contributed 14.11% of the employee's compensation paid by Federal programs for the fiscal year ended June 30, 2013. In addition, the Board contributed 1.0% of the employee's compensation to the Retiree Medical Insurance Fund for employees who are not in federally funded positions.

The Board's required contributions for pension obligations to KTRS for the fiscal years ended June 30, 2013, 2012 and 2011 were \$10,231,894 (composed of \$1,144,998 from the Board and \$9,086,896 from the employees), \$9,503,735 and \$8,595,964, respectively; 100% has been contributed for fiscal years 2013, 2012 and 2011.

County Employees Retirement System

Employees who work an average of 100 hours per month participate in the County Employees Retirement System of Kentucky (CERS), which is a cost sharing, multiple-employer public employee's retirement system created by, and operating under Kentucky law.

The County Employees Retirement System covers substantially all regular non-certified full-time employees of each county and school board, and any additional local agencies electing to participate. The plan provides for retirement, disability and death benefits. CERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained in writing from the County Employee Retirement System, 1260 Louisville Road, Perimeter Park West, Frankfort, Kentucky 40601.

Participating employees hired before September 1, 2008 contribute 5.0% of the creditable compensation, while participating employees hired after that day contribute 6% of the creditable compensation. Employer contribution rates are intended to fund the normal cost on a current basis plus 1.0% of unfunded past service costs per annum plus interest at the actuarial assumed rate. Such contribution rates are determined by the District of Trustees of Kentucky Retirement Systems each biennium. The Board contributed 19.55% of the employee's compensation during the fiscal year ended June 30, 2013.

The Board's required contributions for pension obligations to CERS for the fiscal years ended June 30, 2013, 2012 and 2011 were \$6,009,138 (composed of \$4,747,527 from the Board and \$1,261,611 from the employees), \$5,106,835 and \$5,263,513, respectively; 100% has been contributed for fiscal years 2013, 2012 and 2011.

NOTE 11 - CONTINGENCIES

The Board receives funding from Federal, State and local government agencies as well as private contributions. These funds are to be used for designated purposes only. For government agency grants, if the grantor's review indicates that the funds have not been used for the intended purpose, the grantors may request a refund of monies advanced, or refuse to reimburse the Board for its disbursements. The amount of such future refunds and unreimbursed disbursements, if any, is not expected to be significant. Continuation of the Board'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.

NOTE 12 - INSURANCE AND RELATED ACTIVITIES

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

NOTE 13 - RISK MANAGEMENT

The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster. To obtain insurance for workers' compensation, errors and omission and general liability coverage, the Board participates in the Kentucky School Boards Insurance Trust Liability Insurance Fund (the Trust). These public entity risk pools operate as common risk management and insurance programs for all school districts, and other tax supported educational agencies of Kentucky who are members of the Kentucky School Boards Association. The Board pays an annual premium to each fund for coverage. Contributions to the Worker's Compensation Fund are based on premium rates established by each fund in conjunction with the excess insurance carrier, subject to claims experience modifications and a group discount amount.

Dividends may be declared, but are not payable until twenty-four months after the expiration of the self-insurance term. The Trust pays insurance premiums of the participating members established by the insurance carrier. The Trust can terminate coverage if it is unable to obtain acceptable excess general liability coverage, and for any reason, by giving ninety days notice. In the event the Trust terminated coverage, any amount remaining in the Trust (after payment of operational and administrative costs, and claims for which coverage was provided) would be returned to the member on a pro rata basis.

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

The Trust is currently facing some financial distress, and its liabilities exceed its assets. The Trust had proposed assessing participants in the Trust and the Unemployment Fund a total of \$70 million to cover the Trust's unfunded liabilities. Subsequent to year end, the Kentucky Department of Insurance filed a motion to seize control of the Trust and proposed a plan to resolve the unfunded liability through a smaller assessment. The effect of that motion and the ultimate outcome of the proposed assessment is estimated to result in a liability to the Board in the amount of \$2,029,301 and therefore, has been recorded as a current liability in the accompanying government-wide financial statements.

NOTE 14 - PROPERTY TAX REFUNDS PAYABLE AND CHANGE IN ACCOUNTING ESTIMATE

As of June 30, 2013, the Board was assessed property tax refunds payable in the amount of \$1,954,981. These amounts are known as of June 30, 2013, and are therefore, recorded in the current period when known. They are reflected as a current liability in both the government-wide and general fund financial statements.

NOTE 15 - TRANSFER OF FUNDS

The following transfers were made during the year:

From Fund	To Fund	Purpose	Amount
Food Service	General	Indirect Costs	\$ 453,585
General	Special Revenue	Matching - KETS	350,000
Special Revenue	General	Indirect Costs	25,608
General	Construction	Building & Site Improvements	116,297
Capital Outlay	Construction	Building & Site Improvements	2,028,080
Building	Construction	Building & Site Improvements	2,170,387
Building	Debt Service	Debt Payments	17,894,030

NOTE 16 - ON-BEHALF PAYMENTS

As amounts are paid by various State agencies on-behalf of the Board, the amounts are recognized as revenues and expenditures by the Board. On the statement of revenues, expenditures and changes in fund balance, the on-behalf payments are included with State revenue, and are included in the functional expense classifications. On the statement of activities, the on-behalf payments are included in the functional expense classifications, and are included with program operating grants and contributions for the respective functions. A summary of on-behalf payments during 2013 is as follows:

Payments Made by the State for Fringe Benefits
of Board Employees and Technology Expenses -
Included in the Following Functional Expense Classifications:

Instruction	\$ 19,042,047
Supporting Services	
Student	1,333,446
Instructional Staff	794,810
District Administration	73,992
School Administration	1,801,552
Business	402,151
Plant Operation and Maintenance	1,091,837
Community Services	166,563
Student Transportation	1,733,073
Day Care	65,399
Food Service Operation	<u>842,142</u>
Total	<u><u>\$ 27,347,012</u></u>

Payments Made by the KSFCC for its
Participation in the Board's Bonds - Included
in Debt Service Expenditures

\$ 1,042,771

NOTE 17 - EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position; and GASB Statement No. 65, Items Previously Reported as Assets and Liabilities. Application of these standards required restatement of portions of these financial statements as follows:

Net Position, July 1, 2012 as Previously Reported	\$	111,629,415
Expense Bond Issuance Costs Previously Capitalized		<u>(936,536)</u>
Net Position, July 1, 2012 as Restated	\$	<u>110,692,879</u>

NOTE 18 - SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2013, the date of the most recent statement of net position, have been evaluated for possible adjustments to the financial statements, or disclosure is November 27, 2013, which is the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**BOONE COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes				
Property	\$ 47,300,000	\$ 48,700,000	\$ 48,684,980	\$ (15,020)
Motor Vehicle	2,700,000	3,000,000	3,541,077	541,077
Utilities	9,800,000	9,800,000	9,927,813	127,813
Occupational License	7,500,000	8,250,000	9,796,512	1,546,512
Other	640,000	640,000	1,450,441	810,441
Transportation Fees	600,000	600,000	748,337	148,337
Earnings on Investments	100,000	100,000	117,528	17,528
Intergovernmental - State	50,100,135	50,094,028	76,630,297	26,536,269
Intergovernmental - Federal	125,000	125,000	326,687	201,687
Other Local Revenue	247,000	247,000	461,156	214,156
Total Revenues	<u>119,112,135</u>	<u>121,556,028</u>	<u>151,684,828</u>	<u>30,128,800</u>
Expenditures				
Instructional	75,259,443	75,269,805	91,028,903	(15,759,098)
Support Services				
Student	7,155,272	7,437,492	8,453,611	(1,016,119)
Instructional Staff	4,065,931	4,705,330	4,957,233	(251,903)
District Administration	4,501,122	5,184,315	5,041,545	142,770
School Administration	8,632,096	8,751,150	10,754,485	(2,003,335)
Business	3,165,846	3,269,883	3,697,856	(427,973)
Plant Operation and Maintenance	14,805,563	14,629,857	14,441,866	187,991
Student Transportation	11,317,415	9,646,920	11,004,623	(1,357,703)
Community Services	189,159	141,627	276,265	(134,638)
Facilities Acquisition and Construction				
Site Improvement	103,772	103,772	35,935	67,837
Contingency	5,783,625	8,058,877	-	8,058,877
Debt Service	76,226	-	14,939	(14,939)
Total Expenditures	<u>135,055,470</u>	<u>137,199,028</u>	<u>149,707,261</u>	<u>(12,508,233)</u>
(Deficit) Excess of Revenues Over Expenditures	<u>(15,943,335)</u>	<u>(15,643,000)</u>	<u>1,977,567</u>	<u>17,620,567</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Assets	18,000	18,000	19,552	1,552
Operating Transfers In	475,000	475,000	479,193	4,193
Operating Transfers Out	-	(350,000)	(466,297)	(116,297)
Total Other Financing Sources (Uses)	<u>493,000</u>	<u>143,000</u>	<u>32,448</u>	<u>(110,552)</u>
(Deficit) Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>(15,450,335)</u>	<u>(15,500,000)</u>	<u>2,010,015</u>	<u>17,510,015</u>
Fund Balance July 1, 2012	<u>15,450,335</u>	<u>15,500,000</u>	<u>23,257,914</u>	<u>7,757,914</u>
Fund Balance June 30, 2013	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,267,929</u>	<u>\$ 25,267,929</u>

OTHER SUPPLEMENTARY INFORMATION

**BOONE COUNTY BOARD OF EDUCATION
BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUND
JUNE 30, 2013**

	<u>Capital Outlay Fund</u>
Assets	
Cash and Cash Equivalents	\$ <u><u>102,908</u></u>
 Liabilities and Funds Balance	
Liabilities	
Accounts Payable	\$ -
 Funds Balance	
Restricted for Capital Projects	<u>102,908</u>
Total Liabilities and Funds Balance	\$ <u><u>102,908</u></u>

**BOONE COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUND
YEAR ENDED JUNE 30, 2013**

		<u>Capital Outlay Fund</u>
Revenues		
Intergovernmental - State	\$	1,803,760
Other Financing Uses		
Operating Transfers Out		<u>(2,028,080)</u>
Excess of Expenditures and Other Financing Uses Over Revenues and Other Financing Sources		(224,320)
Fund Balance July 1, 2012		<u>327,228</u>
Fund Balance June 30, 2013	\$	<u><u>102,908</u></u>

**BOONE COUNTY BOARD OF EDUCATION
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE
BOND AND INTEREST REDEMPTION FUNDS
YEAR ENDED JUNE 30, 2013**

	<u>ISSUE OF 1997RB</u>	<u>ISSUE OF 2000B</u>	<u>ISSUE OF 2004A</u>	<u>ISSUE OF 2004B</u>	<u>ISSUE OF 2005</u>
Cash Balance July 1, 2012	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts					
Transfers and Miscellaneous Deposits	<u>2,408,750</u>	<u>472,526</u>	<u>12,240,953</u>	<u>1,471,000</u>	<u>979,594</u>
Disbursements					
Bonds Paid	2,350,000	400,000	11,960,000	1,360,000	430,000
Interest Coupons	<u>58,750</u>	<u>72,526</u>	<u>280,953</u>	<u>111,000</u>	<u>549,594</u>
Total Disbursements	<u>2,408,750</u>	<u>472,526</u>	<u>12,240,953</u>	<u>1,471,000</u>	<u>979,594</u>
Excess of Receipts Over Disbursements	-	-	-	-	-
Cash Balance June 30, 2013	-	-	-	-	-
Fund Balance June 30, 2013	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

BOONE COUNTY BOARD OF EDUCATION
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE
BOND AND INTEREST REDEMPTION FUNDS
YEAR ENDED JUNE 30, 2013
(Continued)

	<u>ISSUE OF</u> <u>2006</u>	<u>ISSUE OF</u> <u>2006R</u>	<u>ISSUE OF</u> <u>2007</u>	<u>ISSUE OF</u> <u>2008R</u>	<u>ISSUE OF</u> <u>2009</u>	<u>ISSUE OF</u> <u>2009R</u>
Cash Balance July 1, 2012	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts						
Transfers and Miscellaneous Deposits	<u>1,166,987</u>	<u>1,641,903</u>	<u>1,877,405</u>	<u>718,804</u>	<u>1,001,042</u>	<u>717,740</u>
Disbursements						
Bonds Paid	535,000	805,000	480,000	615,000	460,000	630,000
Interest Coupons	<u>631,987</u>	<u>836,903</u>	<u>1,397,405</u>	<u>103,804</u>	<u>541,042</u>	<u>87,740</u>
Total Disbursements	<u>1,166,987</u>	<u>1,641,903</u>	<u>1,877,405</u>	<u>718,804</u>	<u>1,001,042</u>	<u>717,740</u>
Excess of Receipts Over Disbursements	-	-	-	-	-	-
Cash Balance June 30, 2013	-	-	-	-	-	-
Fund Balance June 30, 2013	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

BOONE COUNTY BOARD OF EDUCATION
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE
BOND AND INTEREST REDEMPTION FUNDS
YEAR ENDED JUNE 30, 2013
(Continued)

	<u>ISSUE OF 2010</u>	<u>ISSUE OF 2010R</u>	<u>ISSUE OF 2010BR</u>	<u>ISSUE OF 2011</u>	<u>ISSUE OF 2011R</u>	<u>ISSUE OF 2012R</u>
Cash Balance July 1, 2012	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts						
Transfers and Miscellaneous Deposits	<u>1,121,048</u>	<u>255,035</u>	<u>1,253,768</u>	<u>1,164,385</u>	<u>1,176,800</u>	<u>1,047,156</u>
Disbursements						
Bonds Paid	483,660	155,000	740,000	480,000	995,000	360,000
Interest Coupons	<u>637,388</u>	<u>100,035</u>	<u>513,768</u>	<u>684,385</u>	<u>181,800</u>	<u>687,156</u>
Total Disbursements	<u>1,121,048</u>	<u>255,035</u>	<u>1,253,768</u>	<u>1,164,385</u>	<u>1,176,800</u>	<u>1,047,156</u>
Excess of Receipts Over Disbursements	-	-	-	-	-	-
Cash Balance June 30, 2013	-	-	-	-	-	-
Fund Balance June 30, 2013	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**BOONE COUNTY BOARD OF EDUCATION
 COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE
 BOND AND INTEREST REDEMPTION FUNDS
 YEAR ENDED JUNE 30, 2013
 (Continued)**

	<u>ISSUE OF 2012BR</u>	<u>ISSUE OF 2013</u>	<u>Total</u>
Cash Balance July 1, 2012	\$ -	\$ -	\$ -
Receipts			
Transfers and Miscellaneous Deposits	<u>174,219</u>	<u>-</u>	<u>30,889,115</u>
Disbursements			
Bonds Paid	60,000	-	23,298,660
Interest Coupons	<u>114,219</u>	<u>-</u>	<u>7,590,455</u>
Total Disbursements	<u>174,219</u>	<u>-</u>	<u>30,889,115</u>
Excess of Receipts Over Disbursements	<u>-</u>	<u>-</u>	<u>-</u>
Cash Balance June 30, 2013	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance June 30, 2013	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

BOONE COUNTY BOARD OF EDUCATION
STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE
BOONE COUNTY HIGH SCHOOL ACTIVITY FUND
YEAR ENDED JUNE 30, 2013

Fund Accounts	Cash Balance July 1, 2012	Receipts	Disbursements	Cash Balance June 30, 2013
Academic Team	\$ 138	\$ 350	-	\$ 488
Administrator	4	-	-	4
Advanced Placement	1,031	17,130	16,164	1,997
Art Department	634	3,425	4,055	3
Athletic Concessions	3,488	16,091	16,489	3,090
Athletic Fees	-	11,563	11,563	-
Athletics	39,569	107,509	116,248	30,830
Band	3,268	38,231	34,963	6,536
Backpack food program	-	518	278	240
Baseball	4,786	19,407	17,663	6,530
Basketball - Boys	38,330	17,712	14,555	41,487
Basketball - Girls	13,954	24,118	26,161	11,911
Bowling Team	6,844	10,375	9,076	8,143
Business Ed Department	409	2,209	1,813	805
Cheerleaders - JV and Varsity	9,000	60,576	66,768	2,808
Choral Music	27	22,253	22,244	36
Citigroup Scholarship	1,420	7,688	7,967	1,141
Class of 1955	55	1,000	1,000	55
Class of 1956	25	-	-	25
Class of 2012	1,421	27,430	22,567	6,284
Copier/Technology	5,481	10,695	12,437	3,739
Cross Country - Boys	1,064	2,045	2,574	535
Cross Country - Girls	1,194	1,623	1,895	922
Dr. Edward P & Mary	7,430	13,067	10,000	10,497
Drink Machine	146	649	694	101
English Department	829	6,132	6,961	-
Family and Consumer Science	3,301	4,518	6,135	1,684
FBLA	200	2,456	2,543	113
FCCLA	139	445	455	129
FCA	-	119	57	62
FEA	57	115	168	4
Fine Arts Department	4	1,110	1,091	23
Football	6,432	60,467	65,900	999
Forensic Nationals	1	543	543	1
Forensic Team	788	22,762	23,515	35
French Club	3	735	664	74

Note: there were no accounts receivable or accounts payable for the Boone County High School Activity Fund at June 30, 2013.

BOONE COUNTY BOARD OF EDUCATION
STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE
BOONE COUNTY HIGH SCHOOL ACTIVITY FUND
YEAR ENDED JUNE 30, 2013
(Continued)

Fund Accounts	Cash Balance July 1, 2012	Receipts	Disbursements	Cash Balance June 30, 2013
Freshman Account	\$ 4,167	\$ 8,649	\$ 5,246	\$ 7,570
General	4,284	10,213	10,671	3,826
General Fees	374	117,396	111,171	6,599
German Club	479	949	1,308	120
German National Honor	24	142	144	22
Golf - Boys	1,755	5,210	4,071	2,894
Golf - Girls	1,807	538	630	1,715
Grace Kelly Girls Club	492	952	1,248	196
Guidance Department	271	749	857	163
Int'l Friends Society	13	-	12	1
Jamie Jetter Art	550	-	-	550
Laura Chaney	1,951	537	1,500	988
Library	431	6,344	6,063	712
Maintenance	519	2,170	2,683	6
Math Department	617	6,736	7,271	82
Men of Boone	8	-	-	8
Meritor Scholarship	1,590	1,800	1,500	1,890
Music Honor Society	447	1,046	827	666
Nancy Lambers Bresser	850	1,200	750	1,300
National Art Honor	656	-	205	451
National French Honor	-	165	100	65
National Honor Society	605	1,731	1,477	859
Newspaper	525	446	435	536
Pep Club	222	-	110	112
Photography	-	1,945	1,922	23
Physical Education Department	1,244	5,201	4,468	1,977
Robotics Team	4	892	888	8
S. Stark Scholarship Fund	37	-	37	-
Science Club	122	39	55	106
Science Department	2,192	27,924	24,833	5,283
Soccer - Girls	4,219	14,991	13,707	5,503
Soccer - Boys	5,728	19,882	17,484	8,126
Social Studies Department	22,456	16,006	38,058	404
Softball	2,256	11,277	11,920	1,613
Spanish Club	85	-	55	30

BOONE COUNTY BOARD OF EDUCATION
STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE
BOONE COUNTY HIGH SCHOOL ACTIVITY FUND
YEAR ENDED JUNE 30, 2013
(Continued)

Fund Accounts	Cash Balance July 1, 2012	Receipts	Disbursements	Cash Balance June 30, 2013
Special Ed Department	\$ 698	\$ 6,527	\$ 6,422	\$ 803
Spiri-Demic Store	2,522	4,395	5,340	1,577
Spotlighters	2,354	10,820	5,607	7,567
Square D	67	-	24	43
Spring Musical	1	1,570	390	1,181
Student Council	490	1,911	2,079	322
Student Drink Machine	91	193	225	59
Student Enrichment	9,000	1,089	6,220	3,869
Swimming	2,003	5,975	6,813	1,165
Tennis - Boys	1,343	530	649	1,224
Tennis - Girls	1,125	758	803	1,080
Testing Committee	258	5,626	3,605	2,279
Textbook Rental Fee	-	25,500	25,500	-
Track - Boys	3,579	12,714	12,633	3,660
Track - Girls	2,307	16,087	15,205	3,189
Volleyball	2,286	14,180	12,840	3,626
Wired for Worship	57	-	-	57
Women of Boone	6	1,053	997	62
World Language	1,250	2,298	1,923	1,625
Wrestling	4,152	7,135	8,118	3,169
Yearbook	15,013	14,671	26,572	3,112
Youth Service Center	416	1,216	797	835
Total	\$ 261,470	\$ 914,444	\$ 939,674	\$ 236,240

**BOONE COUNTY BOARD OF EDUCATION
STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE
CONNER HIGH SCHOOL ACTIVITY FUND
YEAR ENDED JUNE 30, 2013**

Fund Accounts	Cash Balance July 1, 2012	Receipts	Disbursements	Cash Balance June 30, 2013	Accounts Payable	Fund Balance June 30, 2013
Arts & Humanities	\$ 24	\$ -	\$ -	24	\$ -	24
American Sign Language	104	-	-	104	-	104
A+ Certification	1,648	421	-	2,069	-	2,069
Academic Team	3	353	321	35	-	35
AP US History	-	479	478	1	-	1
Art	1,013	11,399	9,984	2,428	-	2,428
Art Club	-	1,084	612	472	-	472
Athletic Fees	12,579	9,058	10,702	10,935	935	10,000
Athletic	9,878	48,900	43,565	15,213	2,490	12,723
Band	509	14,878	14,843	544	-	544
Fees for Band	14,350	110,162	121,593	2,919	-	2,919
Baseball	2,774	13,656	14,065	2,365	585	1,780
33rd District Baseball	200	1,244	933	511	-	511
Basketball/Boys	14,284	18,520	19,292	13,512	-	13,512
Basketball/Girls	15,526	31,187	28,856	17,857	-	17,857
BETA Science Club	81	-	-	81	-	81
Business & Technology/Special	34	396	430	-	-	-
Business	180	-	-	180	-	180
Bus Grant Pathway to Fin Success	-	3,500	1,963	1,537	-	1,537
Career Choices	18	-	-	18	-	18
CD Interest	498	688	-	1,186	-	1,186
Character Counts	1,064	6,129	3,480	3,713	-	3,713
Cheerleaders	8,260	48,396	46,795	9,861	-	9,861
Choirs	12,462	75,272	73,258	14,476	-	14,476

Note: there were no accounts receivable for the Conner High School Activity Fund at June 30, 2013.

**BOONE COUNTY BOARD OF EDUCATION
STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE
CONNER HIGH SCHOOL ACTIVITY FUND
YEAR ENDED JUNE 30, 2013
(Continued)**

Fund Accounts	Cash Balance July 1, 2012	Receipts	Disbursements	Cash Balance June 30, 2013	Accounts Payable	Fund Balance June 30, 2013
CHS Scholarship	\$ 71	\$ 1,974	\$ 1,000	\$ 1,045	\$ -	1,045
Citi	-	8,570	6,055	2,515	-	2,515
Citi Foundation 2009-10	60	-	60	-	-	-
Citi Foundation 2011-12	768	-	768	-	-	-
Citi Reserve Account	4,820	884	3,709	1,995	-	1,995
Clearing	-	21,320	21,320	-	-	-
Community Education	392	-	364	28	-	28
Cougar Green Crew	31	-	31	-	-	-
Cougarettes	965	-	131	834	-	834
Cougars For a Cause	647	1,122	1,500	269	-	269
Credit Recovery Program	2,335	25	2,360	-	-	-
Cross Country	242	4,432	3,974	700	-	700
CTE	-	16,376	15,143	1,233	-	1,233
District Basketball	27	848	875	-	-	-
33rd District Softball	83	1,239	958	364	-	364
Drama	1,734	862	1,171	1,425	-	1,425
Soft Drinks - Faculty Account	2,947	1,097	3,602	442	-	442
Drinks/Snack - Student Account	3,493	4,750	3,192	5,051	-	5,051
Earth Club	1,196	32	93	1,135	-	1,135
English	53	1,599	316	1,336	-	1,336
F.B.L.A	526	1,360	1,475	411	-	411
F.C.C.L.A	160	130	165	125	-	125
F.F.A	1,126	10,637	10,536	1,227	900	327

**BOONE COUNTY BOARD OF EDUCATION
STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE
CONNER HIGH SCHOOL ACTIVITY FUND
YEAR ENDED JUNE 30, 2013
(Continued)**

Fund Accounts	Cash Balance July 1, 2012	Receipts	Disbursements	Cash Balance June 30, 2013	Accounts Payable	Fund Balance June 30, 2013
Family & Consumer Sciences	\$ 1,637	\$ 60	\$ 1,697	-	-	-
Faculty	218	-	49	169	48	121
Fees	32,259	43,191	67,034	8,416	5,839	2,577
Fellowship of Christian Athletes	54	-	25	29	-	29
Football	15,524	70,162	69,385	16,301	-	16,301
Freshman Blue Team	9	400	407	2	-	2
Freshman Red Team	7	500	506	1	-	1
Freshman White Team	14	500	465	49	-	49
Future Educators America	717	1,488	1,474	731	-	731
General	4,827	2,537	4,601	2,763	563	2,200
Golf/Boys	102	670	692	80	-	80
Golf/Girls	634	950	1,068	516	-	516
Greg Millar Athletic Scholarship	-	1,000	1,000	-	-	-
Guidance	6,558	31,485	29,716	8,327	-	8,327
Hispanic Honor Society	86	1,995	1,782	299	122	177
History Club	4	107	111	-	-	-
John Hoffman Scholarship	5,245	-	500	4,745	-	4,745
Invisible Children Fund	375	30	20	385	-	385
Jazz Band	-	650	428	222	-	222
Junior Class	10,684	19,175	19,981	9,878	-	9,878
Latin Club	13	9,260	8,970	303	-	303
Leadership League	647	5,239	5,850	36	-	36
Library	282	298	-	580	-	580

**BOONE COUNTY BOARD OF EDUCATION
STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE
CONNER HIGH SCHOOL ACTIVITY FUND
YEAR ENDED JUNE 30, 2013
(Continued)**

Fund Accounts	Cash		Receipts		Disbursements		Cash		Fund	
	Balance July 1, 2012	68 \$	328 \$	299 \$	Balance June 30, 2013	Accounts Payable	Balance June 30, 2013	Balance June 30, 2013		
Men/Women of Conner	\$	68	328	299	97	-	97	97	-	
Math	17	800	817	817	-	-	-	-	-	
Model United Nations	45	-	-	-	45	-	45	45	-	
National Honor Society	2,386	3,717	3,899	3,899	2,204	-	2,204	2,204	-	
Parking	2,311	3,817	2,004	2,004	4,124	-	4,124	4,124	-	
Pep Club	293	-	293	293	-	-	-	-	-	
Physical Education	75	300	350	350	25	-	25	25	-	
Postage	2,667	586	3,212	3,212	41	-	41	41	-	
STLP	69	-	69	69	-	-	-	-	-	
Scholarships	7,631	8,305	9,600	9,600	6,336	-	6,336	6,336	-	
Science	2,033	15,866	14,347	14,347	3,552	-	3,552	3,552	-	
Senior Class	7,420	17,995	18,713	18,713	6,702	-	6,702	6,702	-	
Soccer/Boys	6,011	11,075	11,884	11,884	5,202	-	5,202	5,202	-	
Soccer/Girls	1,115	19,807	7,378	7,378	13,544	4,394	13,544	9,150	-	
Soccer Girls & Boys	1,986	-	1,986	1,986	-	-	-	-	-	
Social Studies	464	2,578	2,550	2,550	492	-	492	492	-	
Softball	8,141	8,639	12,042	12,042	4,738	400	4,738	4,338	-	
Special Education	(53)	953	900	900	-	-	-	-	-	
Speech & Forensics	82	-	-	-	82	-	82	82	-	
Stock Purchase	7	2	-	-	9	-	9	9	-	
Student Government	2,367	95	439	439	2,023	-	2,023	2,023	-	
Summer School	9,491	3,160	455	455	12,196	-	12,196	12,196	-	
Swimming	12	7,047	4,188	4,188	2,871	-	2,871	2,871	-	

BOONE COUNTY BOARD OF EDUCATION
 STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE
 CONNER HIGH SCHOOL ACTIVITY FUND
 YEAR ENDED JUNE 30, 2013
 (Continued)

Fund Accounts	Cash Balance July 1, 2012	Receipts	Disbursements	Cash Balance June 30, 2013	Accounts Payable	Fund Balance June 30, 2013
The Cougar Crew	\$ 291	\$ 2,108	\$ 1,788	\$ 611	\$ -	\$ 611
Technology Fee	14,521	13,857	19,951	8,427	-	8,427
Tennis/Boys	-	694	587	107	-	107
Tennis/Girls	-	346	333	13	-	13
Textbooks	9,558	58,421	64,979	3,000	-	3,000
Track	5,924	12,828	16,024	2,728	-	2,728
Tri-M	127	428	376	179	-	179
Technology Student Association	173	2,650	2,821	2	-	2
Video Production	3,156	-	74	3,082	-	3,082
Vocational Agriculture	731	-	731	-	-	-
Volleyball	3,115	2,555	5,357	313	-	313
Warfield Scholarship	-	186	-	186	-	186
Winter Guard	-	1,500	1,415	85	-	85
World Language	81	1,974	2,022	33	-	33
Wrestling	8,079	12,117	12,218	7,978	-	7,978
Yearbook	608	19,075	19,465	218	-	218
Total	\$ 298,064	\$ 896,485	\$ 929,295	\$ 265,254	\$ 16,276	\$ 248,978

**BOONE COUNTY BOARD OF EDUCATION
STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE
COOPER HIGH SCHOOL ACTIVITY FUND
YEAR ENDED JUNE 30, 2013**

Fund Accounts	Cash Balance July 1, 2012	Receipts	Disbursements	Cash Balance June 30, 2013	Accounts Receivable	Fund Balance June 30, 2013
Academic Team	\$ -	983	650	333	1,080	1,413
ACT Prep Class	4,167	-	3,644	523	-	523
AG/Floral	708	2,704	731	2,681	-	2,681
Ambassadors	35	-	-	35	-	35
Anime Club	77	-	69	8	-	8
Art	-	6,097	5,552	545	-	545
Athletic Administration	7,716	100,625	106,552	1,789	-	1,789
Athletic Fees	1,568	16,725	17,480	813	-	813
Band	3,094	16,554	12,802	6,846	-	6,846
Baseball	2,407	18,926	19,831	1,502	-	1,502
Basketball Boys	2,884	19,492	17,596	4,780	-	4,780
Basketball Girls	274	2,181	1,615	840	-	840
Bowling Team	6,692	11,121	9,552	8,261	-	8,261
Calculus Musical	-	1,444	1,385	59	-	59
CBI	30	-	-	30	-	30
CCHS Sports Medicine	578	-	-	578	-	578
Cheerleading	6,604	39,492	33,576	12,520	-	12,520
Cheerleading Nation	5,789	66,290	68,591	3,488	-	3,488
Chorus	1,439	11,783	10,828	2,394	-	2,394
Cooper Store	128	15,054	15,098	84	-	84
Credit Recovery	1,204	1,108	2,312	-	-	-
Cross Country Boys	769	4,093	4,398	464	-	464
Cross Country Girls	-	2,095	2,090	5	-	5
CTE-STLP Club	182	300	112	370	-	370

Note: there were no accounts payable for the Cooper High School Activity Fund at June 30, 2013.

**BOONE COUNTY BOARD OF EDUCATION
STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE
COOPER HIGH SCHOOL ACTIVITY FUND
YEAR ENDED JUNE 30, 2013
(Continued)**

Fund Accounts	Cash Balance July 1, 2012	Receipts	Disbursements	Cash Balance June 30, 2013	Accounts Receivable	Fund Balance June 30, 2013
Dance Team	\$ 889	\$ 3,788	\$ 4,360	\$ 317	-	\$ 317
Drama	288	8,337	7,296	1,329	-	1,329
Energy Team	257	368	267	358	-	358
English Department	-	2,455	2,455	-	-	-
Faculty Scholarship	100	-	-	100	-	100
Faculty Spirit Wear	-	1,447	1,447	-	-	-
FBLA	68	2,610	2,266	412	-	412
FCCLA	102	3,590	3,624	68	-	68
FFA	178	21,395	21,113	460	-	460
FFA Greenhouse	662	-	-	662	-	662
FMP	-	2,860	2,610	250	-	250
Football	13,116	74,712	74,381	13,447	-	13,447
French	464	970	1,286	148	-	148
German Club	-	5,937	5,653	284	-	284
Golf Boys	-	214	200	14	-	14
Golf Girls	10	205	-	215	-	215
Guidance	3,064	33,076	33,614	2,526	-	2,526
Health - PE	896	1,970	2,865	1	-	1
Hospitality Fund	197	320	517	-	-	-
Interest	28	-	-	28	-	28
Jag Graphics	-	783	717	66	-	66
Jaquiner	-	1,802	1,706	96	-	96
Math Department	-	3,225	3,225	-	-	-

**BOONE COUNTY BOARD OF EDUCATION
STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE
COOPER HIGH SCHOOL ACTIVITY FUND
YEAR ENDED JUNE 30, 2013
(Continued)**

Fund Accounts	Cash Balance July 1, 2012	Receipts	Disbursements	Cash Balance June 30, 2013	Accounts Receivable	Fund Balance June 30, 2013
Media Center	\$ 265	5,472	3,593	2,144	-	2,144
National Honor Society	644	1,789	1,542	891	-	891
NSF Checks	12	49	50	11	-	11
Office	28	3,030	2,714	344	-	344
Parking Passes	1,032	4,314	2,521	2,825	-	2,825
PE Summer School	-	1,650	-	1,650	-	1,650
RCHS Character Scholarship	3,000	-	1,000	2,000	-	2,000
Science Department	1,652	14,734	16,385	1	-	1
Science Honor Society	609	501	901	209	-	209
Senior Board	1,461	13,216	13,394	1,283	-	1,283
Service Learning	719	-	-	719	-	719
Shanty Town	8	-	-	8	-	8
Soccer Boys	-	2,805	2,560	245	-	245
Soccer Girls	1,765	3,957	3,736	1,986	-	1,986
Social Studies Department	-	2,572	2,572	-	-	-
Softball	4,585	3,318	5,560	2,343	-	2,343
Spanish Club	177	-	28	149	-	149
Spanish Honor Society	40	2,271	2,054	257	-	257
Special Education	-	1,023	1,023	-	-	-
Speech & Drama	-	2,092	2,044	48	-	48
St. Elizabeth Healthcare	907	10,000	10,649	258	-	258
Student Council	897	22,011	20,578	2,330	-	2,330
Student Fees	7,709	24,380	21,008	11,081	-	11,081

BOONE COUNTY BOARD OF EDUCATION
 STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE
 COOPER HIGH SCHOOL ACTIVITY FUND
 YEAR ENDED JUNE 30, 2013
 (Continued)

Fund Accounts	Cash Balance July 1, 2012	Receipts	Disbursements	Cash Balance June 30, 2013	Accounts Receivable	Fund Balance June 30, 2013
Summer CTA	\$ -	2,850	-	2,850	-	2,850
Summer School	5,185	3,420	1,904	6,701	-	6,701
Swimming	1,475	4,847	3,805	2,517	-	2,517
Technology	4,080	11,320	15,400	-	-	-
Tennis Boys	138	1,094	1,042	190	-	190
Tennis Girls	241	-	48	193	-	193
Textbook	-	33,747	33,747	-	-	-
Track Boys	758	4,461	3,865	1,354	-	1,354
Track Girls	413	6,152	6,218	347	-	347
Tri M-Chorus	57	43	100	-	-	-
Turf Account	1,000	-	-	1,000	-	1,000
Vending	912	1,400	865	1,447	-	1,447
Vending Faculty	61	1,412	1,300	173	-	173
Vending Students	1,621	1,946	3,316	251	-	251
Volleyball	1,333	4,094	4,451	976	-	976
World Language	-	2,145	2,145	-	-	-
Wrestling	1,754	7,926	7,331	2,349	-	2,349
Yearbook	11,915	8,192	5,959	14,148	-	14,148
Total	<u>\$ 123,118</u>	<u>\$ 721,364</u>	<u>\$ 709,474</u>	<u>\$ 135,008</u>	<u>\$ 1,080</u>	<u>\$ 136,088</u>

BOONE COUNTY BOARD OF EDUCATION
STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE
LARRY A. RYLE HIGH SCHOOL ACTIVITY FUND
YEAR ENDED JUNE 30, 2013

Fund Accounts	Cash	Receipts	Disbursements	Cash	Accounts	Fund
	Balance July 1, 2012			Balance June 30, 2013	Payable	Balance June 30, 2013
Athletic Administration	\$ 1,003	\$ 50,951	\$ 39,425	\$ 12,529	\$ -	\$ 12,529
Academic team	-	1,885	985	900	-	900
Baseball	8,060	33,104	32,225	8,939	-	8,939
Boys Basketball	7,337	18,789	17,268	8,858	950	7,908
Girls Basketball	24,165	23,526	35,535	12,156	-	12,156
District Basketball	1,726	-	1,726	-	-	-
Athletic Gate Clearing	150	74,459	70,866	3,743	-	3,743
Athletic Concession	1,192	27,874	26,759	2,307	-	2,307
Cross Country	19,694	24,539	23,947	20,286	-	20,286
Athletic Fees	875	17,692	17,772	795	-	795
Football	24	37,718	36,561	1,181	-	1,181
Freshman football	-	1,818	1,818	-	-	-
Football Playoffs	-	65	-	65	-	65
Golf Girls	1,352	4,506	4,670	1,188	-	1,188
Golf Boys Varsity	4,365	8,045	5,780	6,630	-	6,630
Sectional Boys Soccer	119	-	119	-	-	-
Soccer Boys	17,454	30,227	34,546	13,135	-	13,135
Regional Boys Soccer	482	-	482	-	-	-
Soccer Girls	8,102	23,807	26,584	5,325	-	5,325
33rd District Softball	469	-	469	-	-	-
Softball	1,796	14,276	12,878	3,194	-	3,194
Stadium Project	13,242	3,000	-	16,242	-	16,242
Tennis Boys	2,436	6,139	6,042	2,533	-	2,533
Tennis Girls	1,785	2,571	2,301	2,055	-	2,055

Note: there were no accounts receivable for the Larry A. Ryle High School Activity Fund at June 30, 2013.

BOONE COUNTY BOARD OF EDUCATION
STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE
LARRY A. RYLE HIGH SCHOOL ACTIVITY FUND
YEAR ENDED JUNE 30, 2013
(Continued)

Fund Accounts	Cash Balance July 1, 2012	Receipts	Disbursements	Cash Balance June 30, 2013	Accounts Payable	Fund Balance June 30, 2013
Track	\$ 5,752	\$ 19,090	\$ 23,809	\$ 1,033	\$ -	\$ 1,033
Volleyball	2,732	24,746	24,819	2,659	-	2,659
Swim Team	512	12,600	12,856	256	-	256
Wrestling	4,358	26,983	23,700	7,641	-	7,641
Academic Team	1,236	649	985	900	-	900
ACT Summer Program	2,059	-	533	1,526	-	1,526
Annual	9,868	-	-	9,868	-	9,868
Archery Club	967	4,154	5,056	65	-	65
Art Club	411	2,493	2,338	566	-	566
Art Department	15	2,137	2,114	38	-	38
Art Honor Society	27	-	-	27	-	27
Band Music	1,331	2,127	3,458	-	-	-
Boone Union LDG Scholarship	500	500	1,000	-	-	-
Business Education	547	8,945	7,416	2,076	-	2,076
Cheerleading	1,179	35,945	34,129	2,995	-	2,995
Choral Music	-	3,561	2,741	820	-	820
Class 2012	506	-	506	-	-	-
Class 2013	5,880	14,221	19,564	537	-	537
Class 2014	-	32,028	27,469	4,559	-	4,559
Computer Fund	8,518	3,500	12,018	-	-	-
Copier Account	21,491	5,000	12,934	13,557	-	13,557
District Volleyball	-	1,152	1,127	25	-	25
Drama	4,754	23,712	24,120	4,346	-	4,346

BOONE COUNTY BOARD OF EDUCATION
STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE
LARRY A. RYLE HIGH SCHOOL ACTIVITY FUND
YEAR ENDED JUNE 30, 2013
(Continued)

Fund Accounts	Cash Balance July 1, 2012	Receipts	Disbursements	Cash Balance June 30, 2013	Accounts Payable	Fund Balance June 30, 2013
Drama Grant	\$ -	10,000	9,312	688	-	688
Drill Team	1,170	19,897	8,503	12,564	6,736	5,828
Credit Recovery	1,852	4,407	3,870	2,389	-	2,389
English Department	-	18,778	17,259	1,519	-	1,519
English Honor Society	1,085	1,075	1,622	538	-	538
Enviro School Resource	354	-	-	354	-	354
F.B.L.A	3,755	35,174	34,693	4,236	-	4,236
Fellowship Christian Athletes	35	-	-	35	-	35
Flat Fees	940	51,001	50,362	1,579	-	1,579
F.F.A	1,047	23,267	22,173	2,141	24	2,117
F.C.C.L.A	-	3,227	3,009	218	-	218
Foods	109	41,354	40,099	1,364	-	1,364
Foreign Language	2,155	3,110	1,334	3,931	-	3,931
Forensics	1,864	19,489	18,980	2,373	-	2,373
Mock Trial	-	200	200	-	-	-
French Club	76	-	-	76	-	76
French Honor Society	337	900	1,074	163	-	163
Future Educators	210	-	-	210	-	210
General	1,086	34,500	13,386	22,200	-	22,200
German Club	119	1,322	1,348	93	-	93
German Honor Society	236	230	262	204	-	204
Guidance Department	8,244	64,140	63,372	9,012	-	9,012
Homecoming Dance	677	18,780	18,877	580	-	580

BOONE COUNTY BOARD OF EDUCATION
STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE
LARRY A. RYLE HIGH SCHOOL ACTIVITY FUND
YEAR ENDED JUNE 30, 2013
(Continued)

Fund Accounts	Cash Balance July 1, 2012	Receipts	Disbursements	Cash Balance June 30, 2013	Accounts Payable	Fund Balance June 30, 2013
Janitorial Supply	\$ 5,644	\$ 8,163	\$ 8,453	\$ 5,354	\$ -	\$ 5,354
Journalism Club	17	-	-	17	-	17
Library	4,477	4,317	4,702	4,092	-	4,092
Lost Book Fund	21,767	1,905	595	23,077	-	23,077
MH Room	919	310	248	981	-	981
Math Honor Soc	1,186	1,700	1,034	1,852	-	1,852
Math Department	1,290	5,695	6,075	910	-	910
Marching Band	6,205	71,430	60,415	17,220	-	17,220
Men and Women of Ryle	126	-	-	126	-	126
Meritor Scholarship	-	1,800	1,800	-	-	-
MOS	15,019	8,220	7,180	16,059	-	16,059
National Honor Society	3,781	5,465	3,985	5,261	-	5,261
Ocial Smith Award	9,774	-	-	9,774	-	9,774
Odyssey of Mind	-	6,148	6,135	13	-	13
Office Supply	4,976	4,968	4,973	4,971	-	4,971
PCGB Donation	3,309	4,141	-	7,450	-	7,450
Pep Club	203	922	911	214	-	214
Physical Education	713	2,000	1,847	866	-	866
Postage	2	3,553	3,541	14	-	14
Campus Store	3,032	20,704	20,570	3,166	-	3,166
Regional Cross Country	-	7,189	5,626	1,563	-	1,563
Robotic Club	660	4,693	5,073	280	-	280
Science Department	2,926	20,498	20,354	3,070	-	3,070

BOONE COUNTY BOARD OF EDUCATION
STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE
LARRY A. RYLE HIGH SCHOOL ACTIVITY FUND
YEAR ENDED JUNE 30, 2013
(Continued)

Fund Accounts	Cash Balance July 1, 2012	Receipts	Disbursements	Cash Balance June 30, 2013	Accounts Payable	Fund Balance June 30, 2013
Science Honor Society	\$ 276	\$ 1,736	\$ 1,417	\$ 595	\$ -	\$ 595
Social Studies	6,749	5,905	8,176	4,478	-	4,478
Spanish Club	20	-	-	20	-	20
Spanish Honor Society	559	1,224	1,277	506	-	506
Exceptional Students	1,504	2,100	2,304	1,300	-	1,300
Student Scholarship Reward	2,000	15,567	2,500	15,067	-	15,067
Student Vending	-	15,285	14,140	1,145	-	1,145
Student Ambassador Organization	59	-	-	59	-	59
Student Council	727	4,381	4,162	946	-	946
Summer School	11,338	12,910	11,988	12,260	-	12,260
Teacher Vending	-	4,374	4,374	-	-	-
Technology	156	-	-	156	-	156
Technology Club	70	-	-	70	-	70
Teens Helping Kids Club	211	-	-	211	-	211
Tente	441	-	413	28	-	28
Text Book Rental	-	62,491	62,217	274	-	274
Vocational Agriculture Dept	6,373	8,444	6,501	8,316	-	8,316
Bank of KY - Other	711	-	-	711	-	711
Total	\$ 331,042	\$ 1,297,623	\$ 1,234,171	\$ 394,494	\$ 7,710	\$ 386,784

**BOONE COUNTY BOARD OF EDUCATION
STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE
OTHER SCHOOL ACTIVITY FUNDS
YEAR ENDED JUNE 30, 2013**

	Conner Middle School	Gray Middle School	Ockerman Middle School	R.A. Jones Middle School	Camp Ernst Middle School	A.M. Yealey Elementary	Burlington Elementary	Collins Elementary	Longbranch Elementary	North Pointe Elementary
Cash Balance July 1, 2012	\$ 148,777	\$ 29,634	\$ 99,902	\$ 42,427	\$ 134,121	\$ 53,909	\$ 37,177	\$ 27,530	\$ 22,889	\$ 84,381
Receipts	581,902	457,710	277,218	113,322	340,797	142,168	185,057	149,622	171,630	91,136
Disbursements	(528,701)	(362,623)	(289,219)	(116,384)	(333,750)	(139,200)	(181,089)	(148,074)	(156,053)	(88,261)
Cash Balance June 30, 2013	201,978	124,721	87,901	39,365	141,168	56,877	41,145	29,078	38,466	87,256
Accounts Receivable	-	-	-	-	-	-	6,751	-	-	-
Accounts Payable	-	-	-	-	-	-	(3,705)	-	-	-
Fund Balance June 30, 2013	\$ 201,978	\$ 124,721	\$ 87,901	\$ 39,365	\$ 141,168	\$ 56,877	\$ 44,191	\$ 29,078	\$ 38,466	\$ 87,256

	Goodridge Elementary	Kelly Elementary	New Haven Elementary	Ockerman Elementary	Stephens Elementary	Erpenbeck Elementary	Florence Elementary	Shirley Mann Elementary	Thornwilde Elementary	Total
Cash Balance July 1, 2012	\$ 118,889	\$ 14,184	\$ 64,515	\$ 37,456	\$ 15,321	\$ 23,134	\$ 83,369	\$ 27,097	\$ -	\$ 1,064,712
Receipts	151,834	75,206	154,189	248,555	269,314	320,548	243,339	164,274	220,997	4,358,818
Disbursements	(143,220)	(75,371)	(171,825)	(248,624)	(268,432)	(306,322)	(277,850)	(160,526)	(198,268)	(4,193,792)
Cash Balance June 30, 2013	127,503	14,019	46,879	37,387	16,203	37,360	48,858	30,845	22,729	1,229,738
Accounts Receivable	-	-	-	-	-	-	-	-	-	6,751
Accounts Payable	-	-	-	-	-	-	-	-	-	(3,705)
Fund Balance June 30, 2013	\$ 127,503	\$ 14,019	\$ 46,879	\$ 37,387	\$ 16,203	\$ 37,360	\$ 48,858	\$ 30,845	\$ 22,729	\$ 1,232,784

**BOONE COUNTY BOARD OF EDUCATION
BOARD MEMBERS AND ADMINISTRATIVE PERSONNEL
JUNE 30, 2013**

<u>NAME</u>	<u>ADDRESS</u>	<u>TERM EXPIRES</u>
Dr. Maria Brown	8067 Camp Ernst Road Burlington, Kentucky	November 30, 2014
Karen Byrd	115 Berkley Drive Florence, Kentucky	December 31, 2014
Ed Massey	1789 Stahl Road Hebron, Kentucky	December 31, 2016
Bonnie Rickert	9663 Manassas Drive Florence, Kentucky	December 31, 2014
Steve Templeton	976 Oakmont Court Union, Kentucky	December 31, 2016

OTHER OFFICERS OF THE BOARD (AS OF JUNE 30, 2013)

Randy Poe	- Superintendent
Mike Blevins	- Deputy Superintendent / Chief Operating Officer
Karen Cheser	- Deputy Superintendent / Chief Academic Officer
Alissa Ayers	Assistant Superintendent for Learning Support Services
Phil Sheehy	- Director of Human Resources
Linda Schild	- Director of Finance

**BOONE COUNTY BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2013**

Fire and Extended Coverage 90% Coinsurance	Amount of Policy	Insurance Payable to	Expires
Real and Personal Property Building and Contents	\$502,228,561	Boone County Board of Education	July 1, 2013

Other Coverage

School Bus and Auto Fleet Policy	\$500,000 - Underinsured Motorist \$500,000 - Uninsured Motorist \$6,000,000 - Combined Single Limit	Boone County Board of Education	July 1, 2013
Educators' Legal Liability - Board Members, Superintendent, and All School Employees	\$6,000,000 - Occurrence \$6,000,000 - Aggregate		July 1, 2013
Comprehensive General Liability	\$6,000,000 - Occurrence \$6,000,000 - Aggregate \$6,000,000 Umbrella for KISBIT General Liability, Educators' Legal Liability and Fleet		July 1, 2013
Workmen's Compensation	Statutory		July 1, 2013

Fidelity Bonds

Company	Person Covered	Covered	Type	Amount
Ohio Casualty Insurance Co.	Director of Finance	7/1/2012 - 6/30/2013	Bond	\$ 1,200,000

**BOONE COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2013**

Federal Grants/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass- Through Grantors Number	Disbursement
<u>U.S. Department of Agriculture</u>			
<i>Passed-Through State Department of Education</i>			
<u>Child Nutrition Cluster</u>			
National School Lunch Program	10.555	775 000 2-12 \$	596,497
National School Lunch Program	10.555	775 000 2-13	2,675,062
National School Lunch Program - Commodities ^	10.555	775 000 2-13	585,421
National School Breakfast Program	10.553	776 000 5-12	116,938
National School Breakfast Program	10.553	776 000 5-13	<u>507,786</u>
Program Total			<u>4,481,704</u>
Total U.S. Department of Agriculture			<u>4,481,704</u>
<u>U.S. Department of Education</u>			
<i>Passed-Through State Department of Education</i>			
<u>Title I Cluster</u>			
Title I Grants to Local Educational Agencies	84.010	310 000 2-11	124,565
Title I Grants to Local Educational Agencies	84.010	310 000 2-12	585,592
Title I Grants to Local Educational Agencies	84.010	310 000 2-13	1,262,739
MOA Education Recovery Specialist	84.010	2012-2013	<u>108,262</u>
Program Total			<u>2,081,158</u>
Title I Vocational Education Grants to States	84.048	462 083 2-12	3,327
Title I Vocational Education Grants to States	84.048	462 083 2-13	<u>131,754</u>
Program Total			<u>135,081</u>
<u>Special Education Cluster</u>			
Special Education Grants to States	84.027	381 000 2-11	197,519
Special Education Grants to States	84.027	381 000 2-12	445,928
Special Education Grants to States	84.027	381 000 2-13	2,132,355
Special Education Preschool Grants	84.173	380 000 2-11	3,227
Special Education Preschool Grants	84.173	380 000 2-12	26,103
Special Education Preschool Grants	84.173	380 000 2-13	<u>139,788</u>
Program Total			<u>2,944,920</u>

See auditors' report and accompanying notes.

BOONE COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2013
(Continued)

Federal Grants/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass- Through Grantors Number	Disbursement
Twenty-First Century Community Learning Centers	84.287	340 000 2-11	\$ 83,279
Twenty-First Century Community Learning Centers	84.287	340 000 2-12	82,622
Twenty-First Century Community Learning Centers	84.287	340 000 2-13	<u>700</u>
Program Total			<u>166,601</u>
Title III - English Language Acquisition Grant	84.365	330 000 2-11	1,274
Title III - English Language Acquisition Grant	84.365	330 000 2-12	34,818
Title III - English Language Acquisition Grant	84.365	330 000 2-13	<u>131,122</u>
Program Total			<u>167,214</u>
Title II - Improving Teacher Quality Grant	84.367	323 000 2-11	3,504
Title II - Improving Teacher Quality Grant	84.367	323 000 2-12	31,050
Title II - Improving Teacher Quality Grant	84.367	323 000 2-13	<u>386,715</u>
Program Total			<u>421,269</u>
School Improvement Grants	84.377	2011	55,468
School Improvement Grants	84.377	2012	1,400
School Improvement Grants - ARRA	84.388	410 030 2-09	<u>47,130</u>
Program Total			<u>103,998</u>
Education Jobs Fund	84.410	EJOB00	<u>53,082</u>
Funds for the Improvement of Education	84.215	2012	<u>794,275</u>
Race to the Top	84.413A		<u>61,276</u>
Total U.S. Department of Education			<u>6,928,874</u>
Grand Totals			\$ <u><u>11,410,578</u></u>

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

See auditors' report and accompanying notes.

**BOONE COUNTY BOARD OF EDUCATION
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Boone County Board of Education, and is presented on the basis of accounting described in the Summary of Significant Accounting Policies note of the financial statements. The information in this schedule is presented in accordance with the requirements of U.S. OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 - FOOD DISTRIBUTION

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

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

State Committee for School District Audits and
Members of the Boone County Board of Education
Florence, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements prescribed by the Kentucky State Committee for School District Audits in Appendix I of the Independent Auditor's Contract – General Audit Requirements, Appendix II of the Independent Auditor's Contract – State Audit Requirements, Appendix III of the Independent Auditor's Contract – Audit Extension Request, and Appendix IV of the Independent Auditor's Contract – Instructions for Submission of the Audit Report, the financial statements of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of the Boone County Board of Education, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Boone County Board of Education's basic financial statements, and have issued our report thereon dated November 27, 2013.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Boone County Board of Education's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Boone County Board of Education's Response to Findings

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

We also noted other matters that we reported to management of Boone County Board of Education in a separate letter dated November 27, 2013.

Purpose of this Report

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

VonLehman & Company Inc.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133**

State Committee for School District Audits and
Members of the Boone County Board of Education
Florence, Kentucky

Report on Compliance for Each Major Federal Program

We have audited the Boone County Board of Education's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Boone County Board of Education's major federal programs for the year ended June 30, 2013. The Boone County Board of Education's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Boone County Board of Education's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. 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 Boone County Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Boone County Board of Education, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

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

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

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

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

VonLehman & Company Inc.

**BOONE COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

SECTION I - SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS	
Type of Financial Statement Opinion	Unqualified
Were there any material weaknesses reported at the financial statements level (GAGAS)?	None noted
Were there any control deficiencies identified, not considered to be material weaknesses, reported at the financial statement level (GAGAS)?	Yes
Was there any reported material noncompliance at the financial statement level (GAGAS)?	None noted
FEDERAL AWARDS	
Were there any material weaknesses reported for major federal programs?	None noted
Were there any control deficiencies identified, not considered material weaknesses reported for major programs?	None noted
Type of Major Programs Compliance Opinion	Unqualified
Are there any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510?	None noted
Major Programs (list):	Special Education Cluster [CFDA 84.027 and 84.173] School Improvement Grants [CFDA 84.377 and 84.388] English Language Acquisition Grant [CFDA 84.365] Improving Teacher Quality Grant [CFDA 84.367] Twenty-First Century Community Learning Centers [CFDA 84.287]
Dollar Threshold: Type A/B Programs	Type A: > \$342,317 Type B: > all others
Low Risk Auditee?	Yes

SECTION II - FINANCIAL STATEMENT FINDINGS

Finding 2013-1

The Food Service Department does not adhere to a budget. A budget is prepared, but is not reviewed by anyone outside of the Food Service Director. We noted large variances between budgeted and actual expenses that had not been previously explained. The budget is a valuable tool for detecting fluctuations in revenue and expense that may require further investigation by management. We suggest that the Food Service Department be accountable to a budget that is reviewed periodically by appropriate members of management.

MANAGEMENT'S RESPONSE

Management will explore alternative procedures that allow the finance office additional oversight in the budget preparation and review process.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters to be reported.

**BOONE COUTY BOARD OF EDUCATION
SCHEDULE OF STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

PRIOR YEAR - FINANCIAL STATEMENT FINDINGS

None

PRIOR YEAR - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

**BOONE COUNTY BOARD OF EDUCATION
MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

State Committee for School District Audits and
Members of the Boone County Board of Education
Florence, Kentucky

In planning and performing our audit of the financial statements of the Boone County Board of Education (the Board) for the year ended June 30, 2013, we considered the Board's internal controls in order to determine the audit procedures that are appropriate for the purpose of expressing an opinion on the effectiveness of the Board's internal controls.

During the course of our audit, we select samples of activity for our auditing tests. Through these procedures we became aware of a few matters that are opportunities for strengthening internal controls and operating efficiency. The following summarizes our comments and suggestions regarding these matters. We previously reported on the Board's internal controls in our report dated November 27, 2013. This letter does not affect our report dated November 27, 2013 on the financial statements of the Boone County Board of Education.

Our findings are presented as follows:

CURRENT YEAR RECOMMENDATIONS

ITEM 01 - ACTIVITY FUNDS

General Findings for All Schools

- We noted several schools which did not have adequate documentation and approval for fund transfers. The Redbook requires the use of Transfer Form F-SA-10 for fund transfers, which is to be signed by the sponsor and principal. We recommend that the Board and school leadership reiterate to the staff, the procedure for transferring funds between school activity funds.
- We noted several schools in which teachers are not transmitting funds collected to the bookkeeper in a timely manner. It is very important for teachers to submit these amounts daily as, among other reasons, the Redbook requires all amounts collected to be deposited on a daily basis if over \$100. We recommend the Board and school leadership reiterate to the staff the procedure for, and the importance of, transmitting money to the bookkeeper on a daily basis. This recommendation was provided last year as well.
- We noted that several schools did not have adequate documentation as to what expenses were paid using money raised through fundraisers. Schools need to properly document how the receipts obtained through a fundraiser are spent in order to show that the expenses were in line with the approved purpose of the fundraiser. This could be accomplished through setting up a separate account in the software for each fundraiser held so it is clear what funds were received as part of the fundraiser, and what those funds were spent on. Form F-SA-2B in the Redbook is also available to track fundraising details. This recommendation was provided last year as well.

MANAGEMENT'S RESPONSE

- Training was not provided to the schools until the revisions to the Redbook were released late in the school year. A greater effort for monitoring activity at the schools is currently being established in the form of new, or enhanced, processes providing schools with a better level of support in their financial matters.

**BOONE COUNTY BOARD OF EDUCATION
MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2013
(Continued)**

Goodridge Elementary School

- We noted instances in which the outstanding checks on the Activity Fund bank reconciliation were over six months old. We recommend that the bookkeeper follow up on all outstanding checks in a timely fashion.

MANAGEMENT'S RESPONSE

- Outstanding checks will be monitored each month as part of the reconciliation process. If checks remain outstanding, an effort will be made to determine the reason and basis for necessary action.

Larry A. Ryle High School

- It was noted that purchase orders are not always prepared and approved prior to items being purchased. The Redbook requires purchase orders to be prepared and approved by the sponsor and principal before the payment is obligated. We recommend that purchase orders be prepared and approved prior to purchase for all disbursements.

MANAGEMENT'S RESPONSE

- District policies also require prior approval for purchases. In addition to training, a new monitoring process will be considered.

Gray Middle School

- We noted instances in which the multiple receipt forms were not filled out in their entirety and, in some cases, not completed at all. We recommend training be provided as it relates to these forms and that when required, this form is completed.

MANAGEMENT'S RESPONSE

- The principal and staff will be provided the guidance, and necessary training, on Activity Fund accounting standards. Staff receiving funds will be held accountable for the proper completion of the forms.

Yealey Elementary School

- We noted instances where there was not a separate ticket taker, and ticket seller, for events in which there are ticket sales. The Redbook requires the ticket taker, and ticket seller, to be two separate people. We recommend that two separate people be involved in this process. This recommendation was provided last year as well.

MANAGEMENT'S RESPONSE

- The principal and staff will be provided the guidance and necessary training on Activity Fund accounting standards.

**BOONE COUNTY BOARD OF EDUCATION
MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2013
(Continued)**

Charles H. Kelley Elementary School

- We noted instances in which the multiple receipt forms were not filled out in their entirety and, in some cases, not completed. We recommend training be provided as it relates to these forms and, that when required, this form is completed.

MANAGEMENT'S RESPONSE

- The principal and staff will be provided the guidance and necessary training on Activity Fund accounting standards. In addition to training, a new monitoring process will considered.

Conner Middle School

- No specific school findings.

Ockerman Elementary School

- No specific school findings.

Ockerman Middle School

- No specific school findings.

Erpenbeck Elementary School

- We noted instances where there was not a separate ticket taker, and ticket seller, for events in which there are ticket sales. The Redbook requires the ticket taker, and ticket seller, to be two separate people. We recommend that two separate people be involved in this process. This recommendation was provided last year as well.

MANAGEMENT'S RESPONSE

- The principal and staff will be provided the guidance and necessary training on Activity Fund accounting standards.

Stephens Elementary School

- No specific school findings.

Burlington Elementary School

- We noted that purchase orders are not always prepared and approved prior to items being purchased. The Redbook requires purchase orders to be prepared and approved by the sponsor and principal before the payment is obligated. We recommend that purchase orders be prepared and approved prior to purchase for all disbursements.

MANAGEMENT'S RESPONSE

- District policies also require prior approval for purchases. In addition to training, a new monitoring process will considered.

**BOONE COUNTY BOARD OF EDUCATION
MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2013
(Continued)**

Burlington Elementary School (Continued)

- We noted instances in which the multiple receipt forms were not filled out in their entirety and, in some cases, not completed. We recommend training be provided as it relates to these forms and, that when required, this form is completed.

MANAGEMENT'S RESPONSE

- The principal and staff will be provided the guidance and necessary training on Activity Fund accounting standards.

Collins Elementary School

- No specific school findings.

R.A. Jones Middle School

- We noted that deposits are not always made with the bank on a timely basis. The Redbook requires all monies to be deposited on a daily basis, unless if there is less than \$100 on hand to deposit. We recommend that all deposits be made on a daily basis if over \$100. This recommendation was provided last year as well.

MANAGEMENT'S RESPONSE

- Steps have been taken to resolve this matter. Changes in staffing and training will be provided to ensure that deposits will be made in an immediate process.
- We noted instances in which the multiple receipt forms were not filled out in their entirety and, in some cases, not completed. We recommend training be provided as it relates to these forms and, that when required, this form is completed.

MANAGEMENT'S RESPONSE

- Staff receiving funds will be held accountable for the proper completion of the forms.
- We noted funds with negative balances at year end. According to Redbook, no funds should end the year with a negative balance. We recommend the school secretary closely review the funds to ensure there are no funds with a negative ending balance.

MANAGEMENT'S RESPONSE

- A more active process to monitor balances will be in place.

Florence Elementary School

- No specific school findings.

**BOONE COUNTY BOARD OF EDUCATION
MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2013
(Continued)**

Boone County High School

- We noted that purchase orders are not always prepared and approved prior to items being purchased. The Redbook requires purchase orders to be prepared and approved by the sponsor and principal before the payment is obligated. We recommend that purchase orders be prepared and approved prior to purchase for all disbursements. This recommendation was provided last year as well.

MANAGEMENT'S RESPONSE

- District policies also require prior approval for purchases. In addition to training, a new monitoring process will be considered.

Conner High School

- No specific school findings.

New Haven Elementary School

- No specific school findings.

North Pointe Elementary School

- No specific school findings.

Camp Ernst Middle School

- No specific school findings.

Shirley Mann Elementary School

- No specific school findings.

Cooper High School

- No specific school findings.

Longbranch Elementary School

- No specific school findings.

Thornwilde Elementary School

- We noted instances in which ticket sale forms were not completed correctly. According to Redbook, the Requisition and Report of Ticket Sales Form (Form F-SA-1) should be used by the person in charge to record the issuances of tickets. This form should be reconciled and signed with explanation of shortages/overages, and then turned in by the person in charge to the school treasurer. We recommend that staff follow the guideline per Redbook for ticket sales reconciliation.

**BOONE COUNTY BOARD OF EDUCATION
MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2013
(Continued)**

MANAGEMENT'S RESPONSE

- The principal and staff will be provided the guidance and necessary training on Activity Fund accounting standards.

ITEM 02 - OUTSTANDING CHECKS

During our review of the Board's outstanding check listing for its bank account used for payroll, we noted several outstanding checks on the listing that are several years old. We recommend the Board follow up on these old outstanding checks, and take the appropriate action, including researching the possible requirement to report these as unclaimed funds.

MANAGEMENT'S RESPONSE

- Periodically efforts are made to contact the recipients of checks that have remained outstanding for resolution. In the case that contact cannot be made, a determination will be made regarding the requirement to report as unclaimed funds.

ITEM 03 - SCHOOL ACTIVITY FUNDS

During our audit, we inquired of various people involved with the Board as to their knowledge of, or suspicions of fraudulent activity. Of those questioned during the audit, no one noted any material fraudulent activity that they were aware of regarding the school Activity Funds. However, several people did indicate they felt the School Activity Funds were an area that could be potentially vulnerable to fraudulent activity. Furthermore, during our audit procedures at the individual schools, we continued to have various findings, which are detailed in Item 01. Thus, we recommend the Board review the procedures and policies in place at the school Activity Fund level, and assist the school principals and bookkeepers with improving those procedures if necessary.

MANAGEMENT'S RESPONSE

- Management will investigate options that will assist principals and bookkeepers in instituting stronger and more effective controls.

ITEM 04 - FOOD SERVICE DEPARTMENT

Much of the financial activity of the food service department is handled separately from the Board's other financial activity. For instance, purchase orders for food service related expenses are handled outside the finance department. We recommend procedures be implemented so that the finance department has more involvement in the food service financial activity to ensure all financial related policies and procedures are handled consistently throughout the Board. This could include the finance department being involved in the purchase order process, approval of invoices, approval of expense reimbursement forms, etc.

MANAGEMENT'S RESPONSE

- Management will explore alternative procedures that allow the finance office additional oversight in the financial transactions. Procedures concerning oversight of food services' financial activities are currently being modified to allow the finance staff to have a more active role, to assure compliance with district-wide policies and established processes.

**BOONE COUNTY BOARD OF EDUCATION
MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2013
(Continued)**

ITEM 05 - FORMER EMPLOYEE I-9'S

During our testing, we noted that I-9's were not kept on file for two former employees. I-9s should be kept until the later of one year past the employee's termination date, or three years after the date the employee began to work for pay, whichever is later. We recommend that this policy be reviewed with staff to ensure that the Board is in compliance with I-9 rules.

MANAGEMENT'S RESPONSE

- Management feels the procedures in place to ensure I-9's are obtained is adequate. The missing I-9's resulted from isolated incidents that are not indicative of a systematic problem.

ITEM 06 - ORDERS OF TREASURY

During our testing, we noted an instance where the orders of treasury did not contain the required approval signatures. We recommend that a system be devised to double check approval before action is taken on an order of treasury.

MANAGEMENT'S RESPONSE

- Management feels the procedures in place to obtain signatures is adequate. The missing signature resulted is an isolated incident, and not indicative of a systematic problem.

We want to express our appreciation to the Superintendents, the Board staff and the school financial secretaries for their courteous assistance during the audit.

**BOONE COUNTY BOARD OF EDUCATION
STATUS OF PRIOR YEAR MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

The following section is presented for the purposes of providing an update on the status of our management letter points presented as of and for the year ended June 30, 2012. The recommendations and current status of those recommendations are as follows:

ITEM 01 - ACTIVITY FUNDS

General Findings for All Schools

- We noted several schools which do not have a separate ticket taker, and ticket seller, for events in which there are ticket sales. The Redbook requires the ticket taker, and ticket seller, to be two separate people. We recommend there should be two separate people involved in this process. This recommendation was provided last year as well.

Current Status: Not necessary to repeat as a general finding for all schools.

- We noted several schools in which teachers are not transmitting funds collected to the bookkeeper in a timely manner. It is very important for teachers to submit these amounts daily as, among other reasons, the Redbook requires all amounts collected to be deposited on a daily basis if over \$100. We recommend the Board and school leadership reiterate to the staff, the procedure for, and the importance of, transmitting money to the bookkeeper on a daily basis. This recommendation was provided last year as well.

Current Status: Repeated comment for 2013.

- We found that several schools did not have adequate documentation as to what expenses were paid using money raised through fundraisers. Schools need to properly document how the receipts obtained through a fundraiser are spent in order to show the expenses were in line with the approved purpose of the fundraiser. This could be accomplished through setting up a separate account in the software for each fundraiser held, so it is clear what funds were received as part of the fundraiser, and what those funds were spent on. Form F-SA-2B in the Redbook is also available to track fundraising details.

Current Status: Repeated comment for 2013.

Goodridge Elementary School

- We noted instances in which the proper form for a fund transfer was not completed. We recommend that the appropriate form be completed for each transfer.

Current Status: Issue resolved.

- We found that there was not a student fees account being maintained separate from the General Fund. Student fees collected are only to be used for student instructional expenses, thus it is important to record these in a separate account. It is our recommendation that the school maintain a student fee account separate from the General Fund.

Current Status: Issue resolved.

**BOONE COUNTY BOARD OF EDUCATION
STATUS OF PRIOR YEAR MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2013
(Continued)**

Larry A. Ryle High School

- We found that there was a transfer from the Campus Store Fund to the Teacher Vending Fund at year end, due to a negative balance in the Teacher Vending Fund. Campus Store Funds should not be used for Teacher Vending Fund deficits. We recommend that transfers made related to negative fund balances be reviewed carefully before approval.

Current Status: Issue resolved.

- It was noted that purchase orders are not always prepared and approved prior to purchase. The Redbook requires purchase orders to be prepared and approved by the sponsor and principal before the payment is obligated. It is our recommendation that purchase orders be prepared and approved prior to purchase for all disbursements.

Current Status: Repeated comment for 2013.

- We found that approved purchase orders were not always completed when a standard invoice was used for a disbursement. A purchase order should be prepared and approved for all disbursements, even in the case when a standard invoice is involved. We recommend all standard invoices be accompanied by an approved purchase order.

Current Status: Issue resolved.

- It was noted that funds from the student fees account were transferred to accounts that are not for student instructional purposes, such as the General Fund. As student fees are only to be used for student instructional purposes, we recommend that transfers from the Student Fees Fund, to funds that are not for those purposes, be prohibited.

Current Status: Issue resolved.

Gray Middle School

- We found that approved purchase orders were not always completed when a standard invoice was used for a disbursement. A purchase order should be prepared and approved for all disbursements, even in the case when a standard invoice is involved. We recommend all standard invoices be accompanied by an approved purchase order.

Current Status: Issue resolved.

- Instances were noted in which the multiple receipt forms were not filled out in their entirety and, in some cases, not completed. We recommend training be provided as it relates to these forms and, that when required, this form is completed.

Current Status: Repeated comment for 2013.

Yealey Elementary School

- Instances were noted in which fund transfers did not have a documented reason for the transfer between the funds. We recommend that an appropriate reason be included in the documentation for the transfer.

Current Status: Issue resolved.

**BOONE COUNTY BOARD OF EDUCATION
STATUS OF PRIOR YEAR MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2013
(Continued)**

Yealey Elementary School (Continued)

- It was noted that money raised through a fundraiser was not spent on the approved purpose of the fundraiser. We recommend that all money raised as part of a fundraising event be spent on the approved purpose of the fundraiser.

Current Status: Issue resolved.

Charles H. Kelley Elementary School

- Instances were noted in which the multiple receipt forms were not filled out correctly. We recommend training be provided as it relates to these forms.

Current Status: Repeated comment for 2013.

- It was noted during our procedures, that deposits are not always made with the bank on a timely basis. The Redbook requires all monies to be deposited on a daily basis, except if there is less than \$100 on hand to deposit. It is our recommendation that all deposits be made on a daily basis if over \$100.

Current Status: Issue resolved.

- Instances were noted in which fund transfers did not have a documented reason for the transfer between the funds. We recommend that an appropriate reason be included in the documentation for the transfer.

Current Status: Issue resolved.

Ockerman Elementary School

- Instances were noted in which the multiple receipt forms were not dated. These forms should be completed in their entirety, including dating them. We recommend training be provided as it relates to these forms.

Current Status: Issue resolved.

Collins Elementary School

- It was noted that deposits are not always made with the bank on a timely basis. The Redbook requires all monies to be deposited on a daily basis, except if there is less than \$100 on hand to deposit. It is our recommendation that all deposits be made on a daily basis if over \$100. This recommendation was provided last year as well.

Current Status: Issue resolved.

- Instances were noted in which the multiple receipt forms were not filled out completely. We recommend training be provided as it relates to these forms.

Current Status: Issue resolved.

**BOONE COUNTY BOARD OF EDUCATION
STATUS OF PRIOR YEAR MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2013
(Continued)**

R.A. Jones Middle School

- It was noted that deposits are not always made with the bank on a timely basis. The Redbook requires all monies to be deposited on a daily basis, except if there is less than \$100 on hand to deposit. It is our recommendation that all deposits be made on a daily basis if over \$100. This recommendation was provided last year as well.

Current Status: Repeated comment for 2013.

- During our audit, we found that there was a transfer at year end that did not have proper indication of the reason a particular fund was used to transfer money. We recommend all transfers be for allowable purposes, and there be appropriate documentation as to why the funds involved in the transfer were used. This recommendation was provided last year as well.

Current Status: Issue resolved.

- We found that several fund transfers forms were missing the principal's signature approving the transfer. All transfers should be approved by the principal, which includes the principal signing the transfer form. We recommend this be reiterated to the principal and school secretary.

Current Status: Issue resolved.

Boone County High School

- It was noted that purchase orders are not always prepared and approved prior to purchase. The Redbook requires purchase orders to be prepared and approved by the sponsor and principal before the payment is obligated. It is our recommendation that purchase orders be prepared and approved prior to purchase for all disbursements. This recommendation was provided last year as well.

Current Status: Repeated comment for 2013.

Conner High School

- During our audit, it was noted that purchase orders are not always prepared and approved prior to purchase. The Redbook requires purchase orders to be prepared and approved by the sponsor and principal before the payment is obligated. It is our recommendation that purchase orders be prepared and approved prior to purchase for all disbursements. This recommendation was provided last year as well.

Current Status: Issue resolved.

- During our audit, it was noted that the principal did not sign off on the bank statements. We recommend the principal review all bank statements, and sign off on them showing approval.

Current Status: Issue resolved.

- We found that one fund had a negative balance at year end. According to the Redbook, no funds should end the year with a negative balance. We recommend the school secretary closely review the funds to ensure there are no funds with a negative ending balance.

Current Status: Issue resolved.

**BOONE COUNTY BOARD OF EDUCATION
STATUS OF PRIOR YEAR MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2013
(Continued)**

New Haven Elementary School

- We found a transfer that occurred; in which funds from the student fees account were transferred to cover negative fund balances at year end in accounts that were not related to student instructional purposes. It is our recommendation that student fees should only be used for student instructional purposes.

Current Status: Issue resolved.

- During our audit, it was noted that purchase orders are not always prepared and approved prior to purchase. The Redbook requires purchase orders to be prepared and approved by the sponsor and principal before the payment is obligated. It is our recommendation that purchase orders be prepared and approved prior to purchase for all disbursements. This recommendation was provided last year as well.

Current Status: Issue resolved.

Camp Ernst Middle School

- We noted a fund transfer that occurred at year end, in which an amount from one fund was transferred to another fund to clear a negative fund balance. However, there was no relation between these two funds, thus it was not considered an allowable transfer. We recommend all transfers that occur be for allowable transfers, and the reason why a particular fund is used should be documented.

Current Status: Issue resolved.

- Based on the school's accounting records, there were fundraising receipts, and disbursements as well as Student Fee Funds, and transfer activity included in entries indicating that Student Fee Funds were used to purchase items that the Board typically provides to schools. Our recommendation is that the school maintain a clearly segregated accounting for fundraising and student fee activity, and if there are items that fundraisers are held for relating to items that the Board typically would provide the school, these items should be specifically noted in the fundraiser approval form that is sent to the Board before a fundraiser can take place.

Current Status: Issue resolved.

ITEM 02 - OUTSTANDING CHECKS

During our review of the Board's outstanding check listing for its bank account used for payroll, we noted several outstanding checks on the listing that are several years old. We recommend the Board follow up on these old outstanding checks and take the appropriate action, including researching the possible requirement to report these as unclaimed funds.

Current Status: Repeated comment for 2013.

**BOONE COUNTY BOARD OF EDUCATION
STATUS OF PRIOR YEAR MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2013
(Continued)**

ITEM 03 - SCHOOL ACTIVITY FUNDS

We noted the following items related to School Activity Funds:

- During our audit, we inquired of various people involved with the Board as to their knowledge of, or suspicions of, fraudulent activity. Of those questioned during the audit, no one noted any material fraudulent activity that they were aware of regarding the School Activity Funds. However, several people did indicate they felt the School Activity Funds were an area that could be vulnerable to fraudulent activity. Furthermore, during our audit procedures at the individual schools, we continued to have various findings, which are detailed in Item 01. Thus, we recommend the Board review the procedures and policies in place at the School Activity Fund level, and assist the school principals and bookkeepers with improving those procedures if necessary.

Current Status: Repeated comment for 2013.

- Student fees, which are collected by the individual schools, are to be used only for student instructional purposes. For the benefit of the school financial secretaries and principals, we recommend that specific direction be provided to them on what constitutes student instructional purposes so that it is clear throughout the Board, what Student Fee Funds are allowed to be spent on.

Current Status: Issue resolved.

ITEM 04 - FOOD SERVICE DEPARTMENT

We noted the following items related to the food service department:

- Much of the financial activity of the food service department is handled separately from the Board's other financial activity. For instance, purchase orders for food service related expenses are handled outside the finance department. We recommend procedures be implemented so that the finance department has more involvement in the food service financial activity to ensure all financial related policies and procedures are handled consistently throughout the Board. This could include the finance department being involved in the purchase order process, approval of invoices, approval of expense reimbursement forms, etc.

Current Status: Repeated comment for 2013.

- The monthly Form D-2 is used by the food service department to obtain reimbursement for those that qualify for free and reduced meals. During our testing of this form, we noted several discrepancies between the actual numbers of those eligible for free and reduced meals, versus the number reported on the form. These were all small discrepancies and did not have a material effect on the amount of reimbursement the Board received. These discrepancies were due to manual adjustments that were required to be made to the forms due to changes in eligibility status. We recommend there be a procedure put in place so that someone is reviewing the numbers included on the Form D-2 to ensure they are accurate.

Current Status: Issue resolved.

**BOONE COUNTY BOARD OF EDUCATION
STATUS OF PRIOR YEAR MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2013
(Continued)**

ITEM 04 - FOOD SERVICE DEPARTMENT (Continued)

- Actual expenses of the food service department are required to be included on the monthly Form D-2. We noted certain expenses were included in the amount of actual expenses twice in error. This did not have an effect on the amount of reimbursement received by the Board. However, we recommend that the Form D-2 be completed accurately going forward.

Current Status: Issue resolved.

ITEM 05 - FUNDS FOR THE IMPROVEMENT OF EDUCATION GRANT

During our testing of this grant, we noted that a reimbursement request was made for \$373.50 more than the actual expenditures that were incurred related to this grant. The reimbursement requested was rounded up to an even dollar amount, and there was no indication in the grant document that this was allowed. We recommend that reimbursement requests only be made as allowed under the grant agreement.

Current Status: Issue resolved.