

BULLITT COUNTY SCHOOL DISTRICT

BASIC FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION,
AND INDEPENDENT AUDITOR'S REPORTS

Year Ended June 30, 2013

BULLITT COUNTY SCHOOL DISTRICT

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Members of the Board of Education
Bullitt County School District
Shepherdsville, 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 Bullitt County School District as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the accompanying 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.

Auditor's 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; and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Independent Auditor's Contract*, including *Appendix I – Audit Extension Request* and *Appendix II – Instructions for Submission of the Audit Report*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor, considers 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 District as of June 30, 2013, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements, the District adopted GASB No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, GASB 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*, GASB 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AJCPA Pronouncements*, GASB 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions an amendment of GASB Statement No. 53* during the fiscal year.

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 3 through 9 and 38 through 39 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 Bullitt County School District's basic financial statements. The combining financial statements, school schedules and schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining financial statements, school schedules 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 accounting standards generally accepted in the United States of America. In our opinion, the combining financial statements, school schedules and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated October 3, 2013, on our consideration of Bullitt County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bullitt County School District's internal control over financial reporting and compliance.


Certified Public Accountants
Elizabethtown, Kentucky
October 3, 2013

REQUIRED SUPPLEMENTARY INFORMATION

**BULLITT COUNTY SCHOOL DISTRICT – SHEPHERDSVILLE, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

The discussion and analysis of Bullitt County School District’s financial performance provides an overall review of the School District’s financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to review the School District’s financial performance as a whole; readers should also review the financial statements and notes to the financial statements to enhance their understanding of the School District’s financial performance.

FINANCIAL HIGHLIGHTS

- The ending cash balance for the District was \$21.7 million. The most significant cash balances were for the General Fund \$11.6 million and the Construction Fund \$6.2 million. The General Fund had \$11.5 million in cash at June 30, 2012.
- The General Fund had \$89.7 million in revenue, which primarily consisted of the state program (SEEK), state on-behalf payments, property, utilities, and motor vehicle taxes. Excluding inter-fund transfers, there were \$89.5 million in General Fund expenditures.
- Bonds are issued as the District renovates facilities consistent with a long-range facilities plan that is established with community input and in keeping with Kentucky Department of Education (KDE) stringent compliance regulations. The District refinanced the 2004B bond issue. The District’s total bond debt decreased by \$4.5 million.

USING THIS ANNUAL REPORT

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

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

The statement of net position presents information on all of the District’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 District is improving or deteriorating. The statement of activities presents information showing how the District’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 government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, operation and maintenance of plant, student transportation and operation of non-instructional services. Capital assets and related debt are also supported by taxes and intergovernmental revenues.

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

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

The basic governmental fund financial statements can be found on pages 12 - 19 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20 - 37 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$78.4 million at June 30, 2013.

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

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

**Net Position for the periods ending June 30, 2013 and 2012
(Table 1)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Current and Other Assets	\$ 23,202,268	\$ 27,136,657	\$ 1,578,415	\$ 1,600,856	\$ 24,780,683	\$ 28,737,513
Capital Assets	<u>195,057,798</u>	<u>197,997,199</u>	<u>1,932,130</u>	<u>2,075,377</u>	<u>196,989,928</u>	<u>200,072,576</u>
Total Assets	<u>218,260,066</u>	<u>225,133,856</u>	<u>3,510,545</u>	<u>3,676,233</u>	<u>221,770,611</u>	<u>228,810,089</u>
Long-term Debt	133,548,955	141,658,396	-	-	133,548,955	141,658,396
Other Liabilities	<u>9,819,390</u>	<u>9,003,502</u>	<u>862</u>	<u>166</u>	<u>9,820,252</u>	<u>9,003,668</u>
Total Liabilities	<u>143,368,345</u>	<u>150,661,898</u>	<u>862</u>	<u>166</u>	<u>143,369,207</u>	<u>150,662,064</u>
Net Position						
Net investment in capital assets	58,730,595	55,972,461	1,932,130	2,075,377	60,662,725	58,047,838
Restricted	8,673,994	9,277,016	-	-	8,673,994	9,277,016
Unrestricted	<u>7,487,132</u>	<u>9,222,481</u>	<u>1,577,553</u>	<u>1,600,690</u>	<u>9,064,685</u>	<u>10,823,171</u>
Total Net Position	<u>\$ 74,891,721</u>	<u>\$ 74,471,958</u>	<u>\$ 3,509,683</u>	<u>\$ 3,676,067</u>	<u>\$ 78,401,404</u>	<u>\$ 78,148,025</u>

The following are significant current year transactions that have had an impact on the Statement of Net Position.

The District put into service \$12.6 million in capital assets. The District refinanced the 2004B bonds and paid off \$6.2 million in revenue bonds.

Comments on Budget Comparisons

- The District's total governmental revenues for the fiscal year ended June 30, 2013, net of interfund transfers were \$118.6 million.
- General fund budget compared to actual revenue varied slightly from line item to line item with the ending actual balance being \$20 million more than budget or approximately 22%. The variance is primarily explained by unbudgeted on-behalf payments made by the State of Kentucky in the amount of \$16.1 million and additional tax revenue.
- The total cost of all governmental programs and services was \$117.1 million including debt service.
- General fund budget expenditures to actual varied significantly in Instruction and Other expenses. This resulted from the District not budgeting on-behalf payments made by the State of Kentucky and not having to spend budgeted contingency funds.

The following Table 2 presents a summary of changes in net position for the fiscal years ended June 30, 2013 and 2012.

(Table 2)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
REVENUES:						
Program revenues:						
Charges for services	\$ 312,945	\$ 324,207	\$ 2,128,652	\$ 2,145,412	\$ 2,441,597	\$ 2,469,619
Operating grants and contributions	29,244,166	32,502,933	4,046,566	3,986,143	33,290,732	36,489,076
Capital grants	1,125,453	1,457,318	-	-	1,125,453	1,457,318
General revenues:						
Property taxes	30,132,833	28,797,420	-	-	30,132,833	28,797,420
Motor vehicle taxes	2,287,902	2,208,065	-	-	2,287,902	2,208,065
Utility taxes	4,475,331	4,224,074	-	-	4,475,331	4,224,074
Distilled spirits tax	1,432,186	1,417,480	-	-	1,432,186	1,417,480
Unmined minerals tax	4,572	4,864	-	-	4,572	4,864
Investment earnings	424,879	464,159	20,411	20,031	445,290	484,190
State and formula grants	42,498,834	42,889,846	-	-	42,498,834	42,889,846
Miscellaneous	560,538	365,856	-	-	560,538	365,856
Total revenues	112,499,639	114,656,222	6,195,629	6,151,586	118,695,268	120,807,808
EXPENSES						
Program Activities						
Instruction	63,725,066	64,733,281	-	-	63,725,066	64,733,281
Student support	3,338,019	3,278,857	-	-	3,338,019	3,278,857
Instructional staff support	7,058,704	6,112,479	-	-	7,058,704	6,112,479
District administrative support	2,738,048	1,488,393	-	-	2,738,048	1,488,393
School administrative support	6,752,492	6,740,227	-	-	6,752,492	6,740,227
Business support	1,193,402	1,351,219	-	-	1,193,402	1,351,219
Plant operation and maintenance	11,915,703	11,947,905	-	-	11,915,703	11,947,905
Student transportation	7,184,730	7,071,998	-	-	7,184,730	7,071,998
Community service activities	722,765	704,199	-	-	722,765	704,199
Other	43,220	57,681	-	-	43,220	57,681
Interest costs	6,376,210	7,241,503	-	-	6,376,210	7,241,503
Business-type Activities:						
Food service	-	-	6,093,086	6,021,548	6,093,086	6,021,548
Total expenses	111,048,359	110,727,742	6,093,086	6,021,548	117,141,445	116,749,290
Change in net position before transfers and extraordinary item	1,451,280	3,928,480	102,543	130,038	1,553,823	4,058,518
Transfers	268,927	264,827	(268,927)	(264,827)	-	-
Extraordinary item	(1,300,444)	-	-	-	(1,300,444)	-
Change in net position	\$ 419,763	\$ 4,193,307	\$ (166,384)	\$ (134,789)	\$ 253,379	\$ 4,058,518

Governmental Activities

Instruction comprises 57% of governmental program expenses. Support services expenses make up 37% of government expenses. The remaining expense for community services, interest and other items accounts for the remaining 6% of total government expense.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

(Table 3)
Governmental Activities
Total Cost of Services **Net Cost of Services**

	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Instruction	\$ 63,725,066	\$ 64,733,281	\$ 41,333,023	\$ 39,401,428
Support Services	40,181,098	37,991,078	33,738,687	31,197,335
Community services	722,765	704,199	108	130
Other	43,220	57,681	43,220	57,638
Interest costs	6,376,210	7,241,503	5,250,757	5,786,753
Total Expenses	<u>\$ 111,048,359</u>	<u>\$ 110,727,742</u>	<u>\$ 80,365,795</u>	<u>\$ 76,443,284</u>

Business-Type Activities

The business-type activities include the food service operation. This program had total revenues of \$6,195,629 and expenses of \$6,093,086 for fiscal year 2013. Of the revenues, \$2,128,652 was charges for services, \$4,046,566 was from State and Federal grants and \$20,411 was from investment earnings. Business activities receive no support from tax revenues. The School District will continue to monitor the charges and costs of this activity. If it becomes necessary, the School District will increase the charges for this activity.

The School District's Funds

Information about the School District's major funds starts on page 12. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$150.1 million and expenditures and other financing uses of \$150.5 million. Net changes in fund balances for the year were most significant in the General Fund and Construction Fund.

General Fund-Budget Highlights

The School District'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. The most significant budgeted fund is the General Fund. The State Department of Education requires a zero-based budget with any budgeted remaining fund balance shown as a contingency expense in the budget process.

For the General Fund, revenues were budgeted at \$69.8 million with actual amounts of \$89.7 million. Budgeted expenditures of \$80.8 million compare with actual expenditures of \$89.5 million. The most significant fluctuation is for on-behalf payments of \$16.1 million. If on-behalf payments were not included in revenues, revenues would be \$73.6 million, which is \$3.8 million over budget. If on-behalf payments were not included in expenditures, expenditures would be \$73.4 million, which is \$7.4 million under budget.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2013 the School District had \$196.9 million invested in land, buildings and equipment, and \$195.1 million in governmental activities. Table 4 shows fiscal year 2013 and 2012 balances.

(Table 4)
Capital Assets at June 30, 2013 and 2012
(Net of Depreciation)

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Land	\$ 6,582,032	\$ 6,212,348	\$ -	\$ -	\$ 6,582,032	\$ 6,212,348
Buildings and improvements	179,229,009	176,104,956	-	-	179,229,009	176,104,956
Technology	3,217,853	3,407,084	26,819	26,819	3,244,672	3,433,903
Vehicles	3,036,843	3,053,278	-	-	3,036,843	3,053,278
General equipment	1,068,090	1,008,903	2,048,558	2,048,558	3,116,648	3,057,461
Total	193,133,827	189,786,569	2,075,377	2,075,377	195,209,204	191,861,946
Construction in progress	1,923,971	8,210,630	-	-	1,923,971	8,210,630
Total	<u>\$ 195,057,798</u>	<u>\$ 197,997,199</u>	<u>\$ 2,075,377</u>	<u>\$ 2,075,377</u>	<u>\$ 197,133,175</u>	<u>\$ 200,072,576</u>

Table 5 shows changes in capital assets for the years ended June 30, 2013 and 2012.

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Beginning balance	\$ 197,997,199	\$ 200,815,720	\$ 2,075,377	\$ 2,303,536	\$ 200,072,576	\$ 203,119,256
Additions	12,416,456	5,098,880	147,797	43,762	12,564,253	5,142,642
Retirements	(8,245,216)	(778,867)	(14,318)	(1,280)	(8,259,534)	(780,147)
Depreciation	(7,110,641)	(7,138,534)	(276,726)	(270,641)	(7,387,367)	(7,409,175)
Ending balance	<u>\$ 195,057,798</u>	<u>\$ 197,997,199</u>	<u>\$ 1,932,130</u>	<u>\$ 2,075,377</u>	<u>\$ 196,989,928</u>	<u>\$ 200,072,576</u>

Debt

At June 30, 2013, the School District had \$142.1 million in bonds outstanding, of this amount \$577 thousand is to be paid from the KSFCC funding provided by the State of Kentucky. A total of \$6.5 million is due within one year. The District refunded the 2004B series bonds.

District Challenges for the Future

The national and state economy is likely to be the most serious challenge facing this school district over the coming years. Great strides have been made in the instructional program, mostly through reallocation of existing resources. The expansion of the instructional coaching positions has been extremely beneficial to improving instructional performance and student learning. The MAPS testing system continues to provide an instructional intervention program to make academic gains. The expansion of our technological infrastructure using our very robust fiber-optic network is paying great dividends for our instructional program, but requires funds to operate and refine. Bullitt County Public Schools is plagued with comparatively low total revenue per student (163rd of 174 as of FY 12). This lack of resource makes instructional improvement very difficult in light of certain fixed costs (utilities, fuel, maintenance), especially given the fact that the teacher salary schedule ranks very high in compensation as compared to other school districts in Kentucky.

The current state budget did not alleviate our struggles, but made them more acute. The district received reduced funding of \$1,070,147 in flexible focus funds (Extended School Services, Professional Development, Pre-School, Safe Schools, and Textbooks) while costs for those programs continues to increase. The district was also underfunded over \$2.7 million by the SEEK formula through a proration of the transportation allotment. The costs did not go down – just the opposite – but the state support did decline significantly. With the continuation of unfunded mandates being passed to school districts from the state, including Kentucky Teachers' Retirement System and County Employee Retirement System, employer contribution requirements increase and reduced Flex Focus funds, very painful choices at the very time that our efforts to increase student achievement are beginning to come to fruition.

The District is also facing a \$1.3 million assessment from the Kentucky School Boards Insurance Trust.

We are concluding a great number of construction projects. These projects are important to improving the learning environment for our students, and will also have the effect of saving a significant amount of resources through energy conservation efforts. We are in the approval process to construct three college career centers with one at each high schools and a major renovation at Bullitt Central High School. This will deplete our bonding capacity.

Bullitt County Schools' vision is to become the leader in educational excellence in the state. This vision remains, though there are many financial barriers to overcome in order to make that vision a reality.

Future Budgetary Implications

In Kentucky, the public schools fiscal year is July 1 - June 30; other programs, i.e. some federal programs operate on a different fiscal calendar, but are reflected in the District overall budget. By law, the budget must have a minimum 2% contingency. The District adopted a budget for 2013 - 2014 with a 2.58% contingency. Significant Board action that impacts the finances includes pay increases for all employees, additional spending for facility repairs outside of bonded building and renovation projects, and continued funding of Board initiatives.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any question about this report or need additional information contact Denise Smith, Finance Director, 1040 Highway 44 East, Shepherdsville, Kentucky 40165, (502) 869-8000.

BASIC FINANCIAL STATEMENTS

BULLITT COUNTY SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2013

Assets	Governmental Activities	Business- Type Activities	Total
<u>Current Assets</u>			
Cash and cash equivalents	\$ 20,451,363	\$ 1,210,619	\$ 21,661,982
Prepays	130,288		130,288
Inventory		70,065	70,065
Receivables:			
Taxes-current	484,589		484,589
Taxes-delinquent	43,188		43,188
Other receivables	297,850		297,850
Intergovernmental-State	11,833		11,833
Intergovernmental-Indirect Federal	1,033,278	297,731	1,331,009
Intergovernmental-Direct Federal	11,066		11,066
Total Current Assets	22,463,455	1,578,415	24,041,870
<u>Noncurrent Assets</u>			
Deferred charges	738,813		738,813
Capital assets, net of accumulated depreciation	195,057,798	1,932,130	196,989,928
Total Noncurrent Assets	195,796,611	1,932,130	197,728,741
Total Assets	218,260,066	3,510,545	221,770,611
Liabilities			
<u>Current Liabilities</u>			
Accounts payable	959,521	862	960,383
Accrued payroll and related expenses	65,259		65,259
Unearned revenue	802,488		802,488
Bond obligations	6,475,000		6,475,000
Capital lease obligations	50,812		50,812
Compensated absences	65,660		65,660
Interest payable	1,400,650		1,400,650
Total Current Liabilities	9,819,390	862	9,820,252
<u>Noncurrent Liabilities</u>			
Bond obligations	130,394,065		130,394,065
Capital lease obligations	146,139		146,139
Compensated absences	1,708,307		1,708,307
KSBIT	1,300,444		1,300,444
Total Noncurrent Liabilities	133,548,955	-	133,548,955
Total Liabilities	143,368,345	862	143,369,207
<u>Net Position</u>			
Net investment in capital assets	58,730,595	1,932,130	60,662,725
Restricted	8,673,994		8,673,994
Unrestricted	7,487,132	1,577,553	9,064,685
Total Net Position	\$ 74,891,721	\$ 3,509,683	\$ 78,401,404

The notes to the financial statements are an integral part of this statement.

BULLITT COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
Year Ended June 30, 2013

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges For Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction	\$ 63,725,066	\$ 235,776	\$ 22,156,267	\$ -	\$ (41,333,023)	\$ -	\$ (41,333,023)
Support services:							
Student	3,338,019		802,631		(2,535,388)		(2,535,388)
Instruction staff	7,058,704		2,564,872		(4,493,832)		(4,493,832)
District administrative	2,738,048		83,705		(2,654,343)		(2,654,343)
School administrative	6,752,492		1,592,742		(5,159,750)		(5,159,750)
Business	1,193,402		157,491		(1,035,911)		(1,035,911)
Plant operation and maintenance	11,915,703		396,635		(11,519,068)		(11,519,068)
Student transportation	7,184,730	77,169	767,166		(6,340,395)		(6,340,395)
Community service activities	722,765		722,657		(108)		(108)
Other	43,220				(43,220)		(43,220)
Interest on long-term debt	6,376,210			1,125,453	(5,250,757)		(5,250,757)
Total Governmental Activities	111,048,359	312,945	29,244,166	1,125,453	(80,365,795)	-	(80,365,795)
Business-Type Activities:							
Food service	6,093,086	2,128,652	4,046,566			82,132	82,132
Total Business-Type Activities	6,093,086	2,128,652	4,046,566	-	-	82,132	82,132
Total Primary Government	\$ 117,141,445	\$ 2,441,597	\$ 33,290,732	\$ 1,125,453	(80,365,795)	82,132	(80,283,663)
			General Revenues:				
			Taxes:				
			Property taxes		30,132,833		30,132,833
			Motor vehicle taxes		2,287,902		2,287,902
			Utility taxes		4,475,331		4,475,331
			Distilled spirits		1,432,186		1,432,186
			Unmined minerals		4,572		4,572
			Investment earnings		424,879	20,411	445,290
			State and formula grants		42,498,834		42,498,834
			Miscellaneous		560,538		560,538
			Transfers		268,927	(268,927)	-
			<i>Extraordinary item - KSBIT</i>		(1,300,444)		(1,300,444)
			Total general revenues, transfers and extraordinary item		80,785,558	(248,516)	80,537,042
			Change in net position		419,763	(166,384)	253,379
			Net position - beginning		74,471,958	3,676,067	78,148,025
			Net position - ending		<u>\$ 74,891,721</u>	<u>\$ 3,509,683</u>	<u>\$ 78,401,404</u>

The notes to the financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

BULLITT COUNTY SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2013

	General Fund	Special Revenue Fund	FSPK Fund	Construction Fund	Debt Service Fund	Nonmajor Fund - Capital Outlay	Total Governmental Funds
Assets:							
Cash and cash equivalents	\$ 11,645,665	\$ -	\$ 2,720,544	\$ 6,215,489	\$ -	\$ 250,745	\$ 20,832,443
Prepaids	130,288						130,288
Receivables:							
Taxes - current	484,589						484,589
Taxes - delinquent	43,188						43,188
Other receivables	224,863	72,987					297,850
Intergovernmental - State		11,833					11,833
Intergovernmental - Indirect Federal		1,033,278					1,033,278
Intergovernmental - Direct Federal		11,066					11,066
Total Assets	\$ 12,528,593	\$ 1,129,164	\$ 2,720,544	\$ 6,215,489	\$ -	\$ 250,745	\$ 22,844,535
Liabilities and Fund Balances:							
Liabilities							
Accounts payable	\$ 364,093	\$ 82,644	\$ -	\$ 512,784	\$ -	\$ -	\$ 959,521
Cash overdraft		381,080					381,080
Accrued payroll and related expenses	65,259						65,259
Unearned revenue	148,566	653,922					802,488
Total Liabilities	577,918	1,117,646	-	512,784	-	-	2,208,348
Fund Balances							
Nonspendable	130,288						130,288
Restricted			2,720,544	5,702,705		250,745	8,673,994
Committed	891,083						891,083
Assigned	610,077	11,518					621,595
Unassigned	10,319,227						10,319,227
Total Fund Balances	11,950,675	11,518	2,720,544	5,702,705	-	250,745	20,636,187
Total Liabilities and Fund Balances	\$ 12,528,593	\$ 1,129,164	\$ 2,720,544	\$ 6,215,489	\$ -	\$ 250,745	\$ 22,844,535

The notes to the financial statements are an integral part of this statement.

BULLITT COUNTY SCHOOL DISTRICT

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET POSITION**

June 30, 2013

Total fund balance per fund financial statements	\$ 20,636,187
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net position.	195,057,798
Debt issuance charges are reported as expenditures in the governmental funds when first incurred; however, they are included as deferred charges in the statement of net position.	738,813
Certain liabilities are not reported in this fund financial statement because because they are not due and payable, but they are presented in the statement of net position:	
Bonds payable (net of discounts/premiums and deferred amounts on refundings)	(136,869,065)
Capital lease obligations	(196,951)
Interest payable	(1,400,650)
Compensated absences	(1,773,967)
KSBIT	<u>(1,300,444)</u>
Net position for governmental activities	<u>\$ 74,891,721</u>

The notes to the financial statements are an integral part of this statement.

BULLITT COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS

Year Ended June 30, 2013

	General Fund	Special Revenue Fund	FSPK Fund	Construction Fund	Debt Service Fund	Nonmajor Fund - Capital Outlay	Total Governmental Funds
Revenues:							
From local sources:							
Taxes:							
Property	\$ 21,499,646	\$ -	\$ 8,633,187	\$ -	\$ -	\$ -	\$ 30,132,833
Motor vehicle	2,287,902						2,287,902
Utilities	4,475,331						4,475,331
Distilled spirits	1,432,186						1,432,186
Unmined minerals	4,572						4,572
Earnings on investments	337,840	668		61,212	25,159		424,879
Other local revenues	873,483	672,085		57,030			1,602,598
Intergovernmental - State	58,763,278	3,212,104	2,606,530		180,153	1,153,378	65,915,443
Intergovernmental - Indirect Federal	73,514	5,044,235					5,117,749
Intergovernmental - Direct Federal		160,844			945,300		1,106,144
Total Revenues	89,747,752	9,089,936	11,239,717	118,242	1,150,612	1,153,378	112,499,637
Expenditures:							
Instruction	56,852,954	6,541,896					63,394,850
Support services:							
Student	3,246,535	116,282					3,362,817
Instruction staff	5,533,288	1,526,688					7,059,976
District administrative	2,034,377						2,034,377
School administrative	6,352,457	436,753					6,789,210
Business	1,137,837						1,137,837
Plant operation and maintenance	7,269,326	7,398					7,276,724
Student transportation	7,067,816	222,079					7,289,895
Community service activities		722,657					722,657
Other non-instruction	57,960						57,960
Facilities acquisition and construction				1,927,769			1,927,769
Bond issuance costs					131,300		131,300
Debt service:							
Principal					6,245,000		6,245,000
Interest					5,920,326		5,920,326
Total Expenditures	89,552,550	9,573,753	-	1,927,769	12,296,626	-	113,350,698
Excess (Deficit) of Revenues over Expenditures	195,202	(483,817)	11,239,717	(1,809,527)	(11,146,014)	1,153,378	(851,061)
Other Financing Sources (Uses):							
Proceeds from sale of capital assets							-
Bond proceeds from refunding revenue bonds					23,675,000		23,675,000
Bond premium (discount)					207,873		207,873
Payment to refunded bond escrow agent					(23,751,568)		(23,751,568)
Transfers in	268,927			2,424,587	10,990,799		13,684,313
Transfers out	(323,458)		(11,852,098)			(1,239,830)	(13,415,386)
Total Other Financing Sources (Uses)	(54,531)	-	(11,852,098)	2,424,587	11,122,104	(1,239,830)	400,232
Excess (Deficit) of Revenue and Other Financing Sources over Expenditures and Other Financing Uses	140,671	(483,817)	(612,381)	615,060	(23,910)	(86,452)	(450,829)
Fund Balance, July 1, 2012	11,810,004	495,339	3,332,925	5,087,645	23,910	337,197	21,087,020
Fund Balance, June 30, 2013	\$ 11,950,675	\$ 11,522	\$ 2,720,544	\$ 5,702,705	\$ -	\$ 250,745	\$ 20,636,191

The notes to the financial statements are an integral part of this statement.

BULLITT COUNTY SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2013

Net change in total fund balances per fund financial statements	\$ (450,829)
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which depreciation expense exceeds capital outlays for the year.	(2,908,613)
The proceeds for the issuance of bonds provide current financial resources and are reported in this fund financial statement but they are presented as liabilities in the statement of net position.	5
Bond and capital lease payments are recognized as expenditures of current financial resources in the fund financial statement but are reductions of liabilities in the statement of net position.	6,293,809
In the statement of activities, only the gain (loss) on sale of capital assets is reported, whereas in the governmental funds, the proceeds for the sale increased financial resources.	(30,789)
Estimated claims that are not mature are not reported in this fund financial statement, but those that are probable and reasonably estimable This item is recorded as extraordinary item in the statement of activities as it is unusual in nature and infrequent in occurrence.	(1,300,444)
Generally, expenditures recognized in this fund financial statement are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred.	<u>(1,183,376)</u>
Change in net position of governmental activities	<u>\$ 419,763</u>

The notes to the financial statements are an integral part of this statement.

BULLITT COUNTY SCHOOL DISTRICT

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

June 30, 2013

	<u>Food Service Fund</u>
Assets	
<u>Current Assets</u>	
Cash and cash equivalents	\$ 1,210,619
Intergovernmental - Indirect Federal	297,731
Inventory	<u>70,065</u>
Total Current Assets	1,578,415
<u>Noncurrent Assets</u>	
Capital assets, net of accumulated depreciation	<u>1,932,130</u>
Total Noncurrent Assets	<u>1,932,130</u>
Total Assets	<u>3,510,545</u>
Liabilities	
<u>Current Liabilities</u>	
Accounts payable	<u>862</u>
Total Current Liabilities	<u>862</u>
<u>Net Position</u>	
Net investment in capital assets	1,932,130
Unrestricted	<u>1,577,553</u>
Total Net Position	<u>\$ 3,509,683</u>

The notes to the financial statements are an integral part of this statement.

BULLITT COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

PROPRIETARY FUNDS

Year Ended June 30, 2013

	Food Service Fund
Operating Revenues:	
Lunchroom sales	\$ 2,115,674
Other operating revenues	12,978
Total Operating Revenues	2,128,652
Operating Expenses:	
Salaries and wages	3,273,304
Materials and supplies	2,430,523
Depreciation	276,726
Other operating expenses	98,215
Total Operating Expenses	6,078,768
Operating loss	(3,950,116)
Non-Operating Revenues (Expenses):	
Federal grants	3,276,004
Donated commodities	330,921
State on-behalf payments	382,730
State grants	56,911
Loss on disposal of capital assets	(14,318)
Interest income	20,411
Total Non-Operating Revenues (Expenses) before Transfers	4,052,659
Transfers out	(268,927)
Changes in net position	(166,384)
Net Position, July 1, 2012	3,676,067
Net Position June 30, 2013	\$ 3,509,683

The notes to the financial statements are an integral part of this statement.

BULLITT COUNTY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

Year Ended June 30, 2013

	<u>Food Service Fund</u>
Cash Flows from Operating Activities	
Cash received from:	
Lunchroom sales	\$ 2,115,674
Other activities	12,978
Cash paid to/for:	
Employees	2,890,574
Supplies	2,074,980
Other activities	<u>98,215</u>
Net Cash Used by Operating Activities	(2,935,117)
Cash flows from Non-Capital Financing Activities	
Federal grants	3,008,866
State grants	56,911
Transfers out	<u>(268,927)</u>
Net Cash Provided by Non-Capital Financing Activities	2,796,850
Cash Flows from Capital and Related Financing Activities	
Purchase of capital assets	<u>(147,797)</u>
Net Cash Used by Capital and Related Financing Activities	(147,797)
Cash Flows from Investing Activities	
Receipt of interest income	<u>20,411</u>
Net Cash Provided by Investing Activities	<u>20,411</u>
Net decrease in cash and cash equivalents	(265,653)
Balances, beginning of year	<u>1,476,272</u>
Balances, end of year	<u><u>\$ 1,210,619</u></u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (3,950,116)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	276,726
State on-behalf payments	382,730
Donated commodities	330,921
Change in assets and liabilities:	
Inventory	23,926
Accounts payable	<u>696</u>
Net cash used by operating activities	<u><u>\$ (2,935,117)</u></u>
Schedule of non-cash transactions:	
Donated commodities received from federal government	<u>\$ 330,921</u>
State on-behalf payments	<u><u>\$ 382,730</u></u>

The notes to the financial statements are an integral part of this statement.

BULLITT COUNTY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

June 30, 2013

	<u>Agency Fund</u>
Assets	
Cash and cash equivalents	\$ 1,039,669
Receivables	<u>231</u>
Total Assets	<u>1,039,900</u>
Liabilities	
Accounts payable	36,928
Due to student groups	<u>1,002,972</u>
Total Liabilities	<u>1,039,900</u>
Net Position Held in Trust	<u><u>\$ -</u></u>

The notes to the financial statements are an integral part of this statement.

NOTES TO THE BASIC FINANCIAL STATEMENTS

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Bullitt County School District (the "District") have been prepared to conform with Accounting Principles Generally Accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

A. REPORTING ENTITY

The Bullitt County Board of Education ("Board"), a five-member group, is the level of government, which has oversight responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of Bullitt County School District. 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.

For financial reporting purposes, the accompanying financial statements include all of the operations over which the District is financially accountable. The District is financially accountable for organizations that make up its legal entity, as well as legally separate organizations that meet certain criteria. In accordance with GASB 14, "The Financial Reporting Entity," as amended by GASB 39, "Determining Whether Certain Organizations Are Component Units", the criteria for inclusion in the reporting entity involve those cases where the District or its officials appoint a voting majority of an organization's governing body, and is either able to impose its will on the organization or there is a potential for the organization to provide specific financial benefits to or to impose specific financial burdens on the District or the nature and significance of the relationship between the District and the organization is such that exclusion would cause the District's financial statements to be incomplete. Applying this definition, District management has determined that the component unit reportable within the accompanying financial statements is the BULLITT County School District Finance Corporation, (the "Corporation"). 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 Boosters, Parent-Teacher Associations, etc.

Blended Component Unit - Bullitt County School District Finance Corporation – In a prior year, the Board of Education resolved to authorize the establishment of the Bullitt County School District Finance Corporation (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS Section 58.180) (the "Corporation") as an agency for the District for financing the costs of school building facilities. The members of the Board also comprise the Corporation's Board of Directors. Therefore, the financial activities of the Corporation have been blended (reported as if it were part of the District) with those of the District. The Corporation does not publish individual component unit financial statements.

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include the financial activities of the primary government, except for Fiduciary Funds.

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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

Fund Financial Statements

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

The Governmental Funds are accounted for on the "flow of current financial resources" measurement focus. This measurement focus is based on the concept of accountability, which includes measuring interperiod equity whether current year revenues were sufficient to pay for current year services. The Proprietary Funds are accounted for on an "economic resources" measurement focus. Accordingly, the Statement of Revenues, Expenses and Changes in Fund Net Position for the Proprietary Funds reports increases and decreases in total economic net worth. The private purpose trust fund is reported using the economic resources measurement focus.

Governmental Funds

Governmental Funds are those through which most District functions are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities (except those accounted for in the Proprietary Fund and Fiduciary Funds) are accounted for through Governmental Funds. The measurement focus is upon determination of changes in financial resources rather than upon determination of net income.

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

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

- (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. This is a major fund.
- (C) Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment (other than those financed by Proprietary Funds).
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 District'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 District's facility plan. This is a major fund.
 3. The Construction Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction. This is a major fund.
- (D) The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal and interest and related costs; and for the payment of interest on notes payable, as required by Kentucky Law. This is a major fund.

Proprietary Funds

Proprietary Funds are used to account for ongoing organizations and activities, which are operated and financed in a manner similar to those found in the private sector. The measurement focus is upon the determination of net income. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund's principal ongoing operations. Operating expenses include salaries, benefits, supplies and other items. All items not meeting this definition are reported as nonoperating revenues and expenses. The District has one Proprietary Fund. The Food Service Fund is used to account for school food service activities, including the National School Lunch and Breakfast Programs, which are conducted in cooperation with the U.S. Department of Agriculture (USDA). Amounts have been recorded for in-kind contribution of commodities from the USDA and for on-behalf payments for retirement and health insurance paid by the State of Kentucky. This is a major fund.

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Fiduciary Funds

Fiduciary Funds are used to account for assets held by the District on behalf of outside related organizations or on behalf of other funds within the District.

- 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. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

BASIS OF ACCOUNTING

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

Modified Accrual

Under the modified accrual basis, revenues are recognized in the accounting period in which they become susceptible to accrual, i.e., both available and measurable. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Significant revenues susceptible to accrual include ad valorem taxes, reimbursable-type grants and interest on investments. The District considers all revenues (with the exception of the expenditure-driven grants) as available if they are collected within sixty (60) days after year-end. The expenditure driven grants are considered available if received within one year from the balance sheet date. Property tax revenue is recognized when taxes are received, except at year end when revenue is recognized for taxes received by the District within sixty (60) days subsequent to fiscal year end. Expenditures are recognized in the accounting period in which the liability is incurred. However, exceptions include the amount of unmatured principal and interest on general long-term debt, compensated absences, claims and judgments and certain prepaids which are recognized when due/paid.

In applying the susceptible to accrual concept to revenues from Federal and State sources, the legal contractual requirements of the numerous individual programs are used as guidance. Revenue from grants and entitlements is recognized when all eligibility requirements have been satisfied. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before the District will receive any amounts; therefore, revenues are recognized based upon the occurrence of expenditures. In the other type, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed legal and contractual requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met. In all cases, monies received before the revenue recognition criteria have been met are reported as unearned revenue.

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Accrual

Under the accrual basis of accounting, revenues are recognized in the period earned and expenses are recognized in the period incurred.

Revenue Recognition

State Revenue Sources - Revenues from State sources for current operations are primarily from the Support Education Excellence in Kentucky ("SEEK"), administered by the Kentucky Department of Education ("KDE"). The District files reports on average daily attendance ("ADA") student membership with the KDE. The KDE accumulates information from these reports and calculates the allocation of SEEK funds to the District. After review and verification of ADA reports and supporting documentation, the KDE may adjust subsequent fiscal period allocations of SEEK funding. Normally, such adjustments are treated as reductions of revenue in the year the reduction is made, as amounts are not significant.

Property Taxes - On an accrual basis, property tax revenue anticipated to be collected is recognized in the fiscal year for which it is levied. Delinquent taxes collected in subsequent periods are recognized as revenue during the fiscal year in which they are received.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, and then unrestricted resources as they are needed.

C. BUDGETARY POLICIES

Budgetary Process

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

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

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

Once the budget is approved, it can be amended. Amendments are presented to the Board at their regular meetings. All budget appropriations lapse at year-end.

D. ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to reserve a portion of an applicable appropriation, is utilized for budgetary control purposes. Encumbrances are not the equivalent of expenditures, and accordingly, amounts assigned for encumbrances at the governmental fund level indicate that portion of the fund balance segregated for expenditure upon vendor performance.

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

E. CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, cash equivalents are considered to be demand deposits, money market funds, and other investments with an original maturity of 90 days or less.

F. INVENTORIES

Inventories are valued at cost, which approximates market. The food service fund uses the specific identification method and the general fund uses the first-in, first-out method. The District's inventories include various items consisting of school supplies, paper, books, maintenance items, transportation items, commodities, etc. USDA commodities received from the Federal government are recorded at the value established by the Federal government using the average cost method.

G. PREPAID ITEMS

Expenditures for insurance and similar services extending over more than one accounting period are not allocated between or among accounting periods in the governmental funds and are instead accounted for as expenditures in the period of acquisition (Purchase method).

H. CAPITAL ASSETS

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net 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 government-wide statement of net position and in the respective funds. All capital assets greater than \$5,000 are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District does not possess any infrastructure. Improvements are capitalized; the cost of, normal maintenance and repairs that do not add to the value of the asset or materially extend an assets' life are not. 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:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land improvements	20 years
Buildings and improvements	25-50 years
Technology equipment	5 years
Vehicles	5-10 years
General equipment	5-15 years
Food service equipment	5-12 years

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

I. LONG-TERM DEBT

In the fund-level financial statements, governmental funds report the face amount of debt issued, as well as any premiums (discounts) as other financing sources (uses). Debt issuance costs are reported as debt service expenditures. In the government-wide financial statements, long-term debt is reported as liabilities in the statement of net position. Bond premiums/discounts and issuance cost are amortized over the life of the bonds while deferred amounts on advance refundings are amortized over the shorter of the remaining life of the refunded bonds or the life of the new bonds both in a systematic and rational method, which approximates the effective-interest method.

J. COMPENSATED ABSENCES

Compensated absences are payments to employees for accumulated sick leave. These amounts also include the related employer's share of applicable taxes and retirement contributions. District employees may accumulate unused sick leave up to a specified amount depending on their date of hire. Sick leave is payable to employees upon termination or retirement at 30% of the current rate of pay on the date of termination or retirement. The District uses the termination method to calculate the compensated absences amounts. The entire compensated absence liability is reported on the government-wide financial statements. The current portion is the amount estimated to be used in the following year. An expenditure is recognized in the governmental fund as payments come due each period, for example, as a result of employee resignations and retirements. Compensated absences not recorded at the fund level represent a reconciling item between the fund level and government-wide presentations.

K. ACCOUNTING ESTIMATES

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

L. IMPACT OF RECENTLY ISSUED ACCOUNTING PRINCIPLES

Recently Issued And Adopted Accounting Principles

In May 2009, the GASB issued Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. GASB 54 requires the use of new fund balance classifications and clarifies existing governmental fund type definitions. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2010. The District adopted GASB Statement 54 in fiscal year 2011. Required disclosure is reported in Note 9.

In June 2010, the GASB issued Statement 59, *Financial Instruments Omnibus*. GASB 59 updates and improves existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. The requirements of this Statement will improve financial reporting by providing more complete information, by improving consistency of measurements, and by providing clarifications of existing standards. This Statement is effective for financial statements for periods beginning after June 15, 2010. The District adopted GASB Statement 59 in fiscal year 2011. The adoption of GASB 59 did not have any impact on the District's financial statements.

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

In November 2010, the GASB issued Statement 60, *Accounting and Financial Reporting for Service Concession Arrangements*. GASB 60 provides financial reporting guidance for service concession arrangements (SCAs). SCAs are defined as an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. This statement is effective for periods beginning after December 15, 2011 and the District adopted GASB 60 in fiscal year 2013. The District does not have any SCAs and therefore the adoption of GASB 60 does not have any impact on the District's financial statements.

In November 2010, the GASB issued Statement 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*. GASB 61 provides additional criteria for classifying entities as component units to better assess the accountability of elected officials by ensuring that the financial reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. This statement is effective for periods beginning after June 15, 2012 and the District adopted GASB 61 in fiscal year 2013.

In December 2010, the GASB issued Statement 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AJCPA Pronouncements*. GASB 62 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. This statement is effective for periods beginning after December 15, 2011 and the District adopted GASB 62 in fiscal year 2013. The adoption of GASB 62 does not have any impact on the District's financial statements.

In June 2011, the GASB issued Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The statement of net assets is renamed the statement of net position and includes four components: assets, deferred outflows of resources, liabilities and deferred inflows of resources. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011, and the District adopted GASB 63 in fiscal year 2013.

In June 2011, the GASB issued Statement 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions an amendment of GASB Statement No. 53*. GASB 64 provides clarification on whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This statement is effective for periods beginning after June 15, 2011 and the District adopted GASB 64 in fiscal year 2013. The adoption of GASB 64 does not have any impact on the District's current financial statements.

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Recently Issued Accounting Pronouncements

In March 2012, the GASB issued Statement 65, *Items Previously Reported as Assets and Liabilities*. GASB 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This statement is effective for periods beginning after December 15, 2012. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

In March 2012, the GASB issued Statement 66, *Technical Corrections – 2012 – an Amendment of GASB Statements No. 10 and No. 62*. GASB 66 was issued to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement is effective for periods beginning after December 15, 2012. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

In June 2012, the GASB issued Statement 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement 27*. GASB 68 addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts that have the following characteristics:

- Contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

The Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, the Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. This statement is effective for periods beginning after June 15, 2014. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

In January 2013, the GASB issued Statement 69, *Government Combinations and Disposals of Government Operations*. GASB 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. This statement is effective for periods beginning after December 15, 2013. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

In March 2013, the GASB issued Statement 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. GASB 70 requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. This statement is effective for periods beginning after June 15, 2013. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

NOTE 2 – PROPERTY TAXES

Property Tax Revenues – Property taxes are normally 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 usual collection date is the period from November 1 through December 31. Property tax bills paid prior to December 1 receive a two percent discount. Property taxes received after December 31, are considered to be delinquent and the County Attorney can file a lien against the property. The property tax rates assessed for the year ended June 30, 2013, to finance operations were \$.596 per \$100 valuation for real property, \$.596 per \$100 valuation for business personal property and \$.477 per \$100 valuation for motor vehicles. The District levies a utility gross receipts license tax in the amount of 3% of the gross receipts derived from the furnishings, within the county, of telephonic and telegraphic communications services, cablevision services, electric power, water, and natural, artificial and mixed gas.

NOTE 3 – DEPOSITS

Deposits

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy is to have all deposits secured by pledged securities. At June 30, 2013, \$27,001,545 of the District's bank balance of \$27,251,545 was exposed to custodial credit risk. The bank balance not covered by depository insurance was collateralized by securities held by the pledging financial institution.

NOTE 4 – INTERFUND ACTIVITIES

The following transfers were made during the year:

Fund Financial Statements

From Fund	To Fund	Purpose	Amount
General	Debt Service	Debt Service	\$ 323,458
SEEK Capital Outlay	Construction	Construction	61,507
SEEK Capital Outlay	Debt Service	Debt Service	1,178,323
FSPK Fund	Construction	Construction	2,363,080
FSPK Fund	Debt Service	Debt Service	9,489,018
Food Service	General	Indirect Costs	268,927

Government Wide Financial Statements

Food Service	General	Indirect Costs	268,927
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BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

NOTE E – CAPITAL ASSETS

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

Governmental Activities	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
Non-Depreciable Assets:				
Land	\$ 6,212,348	\$ 369,684	\$ -	\$ 6,582,032
Construction in progress	8,210,630	1,927,769	(8,214,428)	1,923,971
Depreciable Assets:				
Buildings and improvements	231,550,073	8,132,473		239,682,546
Technology equipment	11,206,787	1,284,525	(946,515)	11,544,797
Vehicles	9,649,952	543,774		10,193,726
General equipment	1,525,479	158,231	(40,045)	1,643,665
Totals at historical cost	268,355,269	12,416,456	(9,200,988)	271,570,737
Accumulated depreciation:				
Buildings and improvements	55,445,117	5,008,420		60,453,537
Technology equipment	7,799,703	1,446,251	(919,010)	8,326,944
Vehicles	6,596,674	560,209		7,156,883
General equipment	516,576	95,761	(36,762)	575,575
Total accumulated depreciation	70,358,070	7,110,641	(955,772)	76,512,939
Government Activities				
Capital Assets - Net	<u>\$ 197,997,199</u>	<u>\$ 5,305,815</u>	<u>\$ (8,245,216)</u>	<u>\$ 195,057,798</u>

Depreciation was charged to governmental functions as follows:

Instruction	\$ 966,356
Student support	65,525
Instructional staff	3,250
District administration	224,330
School administration	215,686
Business support	55,565
Plant	5,030,268
Transportation	549,553
Community services	108
	<u>\$ 7,110,641</u>

Business-Type Activities	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
Depreciable Assets:				
Technology equipment	\$ 46,170	\$ 670	\$ (1,994)	\$ 44,846
General equipment	3,681,665	147,127	(99,041)	3,729,751
Totals at historical cost	3,727,835	147,797	(101,035)	3,774,597
Accumulated depreciation:				
Technology equipment	19,351	8,477	(1,994)	25,834
General equipment	1,633,107	268,249	(84,723)	1,816,633
Total accumulated depreciation	1,652,458	276,726	(86,717)	1,842,467
Business-type Activities				
Capital Assets - Net	<u>\$ 2,075,377</u>	<u>\$ (128,929)</u>	<u>\$ (14,318)</u>	<u>\$ 1,932,130</u>

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

NOTE 6 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To obtain insurance for workers' compensation, errors and omissions and general liability coverage, the District purchases commercial insurance.

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

NOTE 7 – LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended June 30, 2013, is as follows:

	Balance July 1, 2012	Additions	Reductions	Balance June 30, 2013	Amounts Due Within One Year
Governmental Activities:					
Bonds and Leases Payable:					
Revenue bonds	\$ 146,595,000	\$ 23,675,000	\$ 28,220,000	\$ 142,050,000	\$ 6,475,000
Capital leases	245,760		48,809	196,951	50,812
	146,840,760	23,675,000	28,268,809	142,246,951	6,525,812
Less Premium (Discount)	(1,568,016)	207,873	388,172	(971,971)	-
Less Deferred Amount on Refundings	(2,443,210)	(2,221,779)	456,025	(4,208,964)	-
Total Bonds and Leases Payable	142,829,534	21,661,094	29,113,006	137,066,016	6,525,812
Other Liabilities:					
Compensated absences	1,024,508	942,945	193,486	1,773,967	65,660
Claims	-	128,038	-	128,038	-
Total Other Liabilities	1,024,508	1,070,983	193,486	1,902,005	65,660
Total Governmental Activities Long-Term Liabilities	<u>\$ 143,854,042</u>	<u>\$ 22,732,077</u>	<u>\$ 29,306,492</u>	<u>\$ 138,968,021</u>	<u>\$ 6,591,472</u>

The debt service fund is primarily responsible for paying the bond obligations through funding from the capital outlay and FSPK funds. The general fund is primarily responsible for paying compensated absences.

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2013

NOTE 7 – LONG-TERM LIABILITIES – CONTINUED

Bond Liabilities

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

<u>Issue Date</u>	<u>Proceeds</u>	<u>Rates</u>
January 2003	\$ 2,660,000	1.10% - 3.20%
September 2003	1,670,000	1.50% - 4.60%
June 2004	14,030,000	2.00% - 5.00%
October 2004	36,290,000	2.00% - 4.50%
November 2004	5,595,000	5.00% - 3.625%
December 2006	11,000,000	4.00% - 4.25%
December 2006	1,505,000	3.40% - 3.625%
March 2008	15,090,000	3.00% - 4.75%
May 2008	16,320,000	3.00% - 4.50%
September 2009	48,200,000	1.30% - 6.00%
October 2009	6,530,000	1.00% - 3.40%
July 2010	9,065,000	1.00% - 3.00%
December 2011	2,420,000	1.00% - 2.375%
February 2012	1,135,000	1.00% - 2.375%
March 2012	13,355,000	2.50% - 2.75%
December 2012	23,675,000	2.00% - 2.125%

The District, through the General Fund (including utility taxes 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 by the Bullitt County School District Finance Corporation to construct school facilities. The District has an option to purchase the property under lease at any time by retiring the bonds then outstanding.

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

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2013

NOTE 7 – LONG-TERM LIABILITIES - CONTINUED

On December 1, 2012, the District issued \$23,675,000 in Refunding Revenue Bonds with an average interest rate of 1.90 percent to advance refund \$21,975,000 of outstanding 2004B Series revenue bonds. The refunding was a partial advance refunding. The net proceeds of \$23,751,568 (after \$131,300 in cost of issuance, \$207,873 in bond premium and \$5 in excess cash which was deposited in the bond payment fund) were used to purchase U.S. Government securities. These securities were deposited in an irrevocable trust to call the bonds.

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$2,221,779. This difference, reported in the accompanying government-wide financial statements as a deduction from bonds payable, is being charged to operations through the year 2025 using the effective-interest method.

The District completed the refunding to reduce its total debt service payments over the next 12 years by \$2,318,029 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$2,057,330. The bonds will be called on October 1, 2014. Therefore the \$21,975,000 is considered defeased.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>SFCC Participation</u>	<u>U.S. Government Participation</u>	<u>District's Portion</u>
2014	\$ 6,475,000	\$ 5,629,298	\$ 154,273	\$ 942,448	\$ 11,007,577
2015	6,670,000	5,418,669	141,760	938,991	11,007,918
2016	6,830,000	5,214,433	110,456	934,854	10,999,123
2017	7,005,000	4,996,357	69,456	930,024	11,001,877
2018	7,135,000	4,793,660	17,788	924,572	10,986,300
2019-2023	39,080,000	20,589,522	88,941	4,518,568	55,062,013
2024-2028	47,150,000	12,879,252	88,943	3,722,055	56,218,254
2029-2030	21,705,000	1,310,884	31,093	458,809	22,525,982
	<u>\$ 142,050,000</u>	<u>\$ 60,832,075</u>	<u>\$ 702,710</u>	<u>\$ 13,370,321</u>	<u>\$ 188,809,044</u>

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2013

NOTE 7 – LONG-TERM LIABILITIES – CONTINUED

Capital Lease Liabilities

The following is an analysis of the leased property under capital lease by class:

<u>Classes of Property</u>	
Buses	
Gross amount of assets	\$ 414,732
Accumulated amortization	279,305

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:

Year Ending June 30,	Capital Lease Payable
<hr/>	<hr/>
2014	\$ 58,194
2015	58,356
2016	49,362
2017	49,362
	<hr/>
Total minimum lease payments	215,274
Less: amount representing interest	<u>(18,323)</u>
Present value of net minimum lease payments	<u>\$ 196,951</u>

NOTE 8 – PENSION PLANS

Plan Descriptions

The Bullitt County School District participates in the Teachers' Retirement System of the State of Kentucky, a component unit of the Commonwealth of Kentucky (KTRS) and the County Employees' Retirement System, a component unit of the Commonwealth of Kentucky (CERS), cost-sharing multiple-employer defined benefit plans. KTRS and CERS provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. KTRS is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the Kentucky Revised Statutes (KRS). Under the provisions of KRS Section 61.645, the Board of Trustees of Kentucky Retirement Systems (KERS) administers the CERS. The KTRS and CERS issue a publicly available financial report that includes financial statements and required supplementary information. KTRS' report may be obtained by writing to Kentucky Teachers' Retirement System, 479 Versailles Road, Frankfort, KY 40601-3800 or by calling (502) 573-3266. CERS' report may be obtained by writing to Kentucky Retirement Systems, Perimeter Park West, 1260 Louisville Road, Frankfort, KY 40601-6124 or by calling (502) 564-5656.

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2013

NOTE 8 – PENSION PLANS – CONTINUED

Funding Policy

KTRS plan members are required to contribute 10.855% of their covered salary. CERS plan members are required to contribute 5.0% (6.0% for new hires effective July 1, 2008) of their covered salary. The District is required to contribute to the CERS and the Commonwealth of Kentucky is required to contribute to the KTRS. The contribution rate is actuarially determined. The current rate for KTRS is 14.105% of annual covered payroll. The rate for CERS fiscal year 2013 is 19.55% of annual covered payroll. The contribution requirements of the plan members, the District and Commonwealth of Kentucky are established and may be amended by the Plans' Board of Trustees. The District's contributions to CERS for the years ended June 30, 2013, 2012 and 2011 were \$2,805,647, \$2,788,549 and \$2,464,097, respectively, equal to the required contributions for each year.

For the year ended June 30, 2013, the Commonwealth contributed \$6,331,347 to KTRS for the benefit of the District's participating employees. The District's contributions to the KTRS for the year ended June 30, 2013 were \$433,250.

The amount recognized for revenues and expenditures for on-behalf payments relating to fringe benefits such as pension and health care costs, and other operating costs, for the year ended June 30, 2013 was \$16,101,651 for governmental funds and \$382,730 for proprietary funds.

Medical Insurance Plan

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

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

Funding Policy

In order to fund the post-employment healthcare benefit, active member contributions are matched by the state at .75% of members' gross salaries. Member contributions are 1.75% of salary. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan. Additionally, under the Shared Responsibility Plan, the local school district employers pay 1.0% of members' salary for the 2013 fiscal year.

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2013

NOTE 8 – PENSION PLANS – CONTINUED

Deferred Compensation

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Sections 457, 401(k) and 403(b). The Plans, available to all employees, permits them to defer a portion of their salary until future years. This deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, allows entities with little or no administrative involvement who do not perform the investing function for these plans to omit plan assets and related liabilities from their financial statements. The District, therefore, does not show these assets and liabilities on these financial statements.

NOTE 9 – FUND BALANCES

Nonspendable fund balances are those that cannot be spent on future obligations. At June 30, 2013, the nonspendable fund balances were \$130,288 for prepaids in the General Fund.

Restricted fund balances arise when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. At June 30, 2013, the District had \$250,745 restricted for capital projects in the SEEK Capital Outlay Fund, \$2,720,544 restricted for capital projects in the FSPK Fund and \$5,702,705 restricted for capital projects in the Construction Fund.

Committed fund balances are those amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, which, for the District is the Board of Education. The Board of Education must approve by majority vote the establishment (and modification or rescinding) of a fund balance commitment. The District had commitments recorded in the General Fund of \$4,100 for site based carryforward and \$886,983 for compensated absences at June 30, 2013.

Assigned fund balances are those amounts that are constrained by the government's *intent* to be used for specific purposes, but are neither restricted nor committed. The Board of Education allows program supervisors to complete purchase orders which result in the encumbrance of funds. The amounts assigned related to encumbrances at June 30, 2013, were \$276,073 recorded in the General Fund and \$11,518 recorded in the Special Revenue Fund. Assigned fund balance also includes (a) all remaining amounts (except for negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed and (b) amounts in the general fund that are intended to be used for a specific purpose. Amounts intended to be used for a specific purpose recorded in the General Fund were: \$65,328 for curriculum and \$268,676 for fiber optic repair

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

The District considers unrestricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Also, the District has established the order of assigned, committed and restricted when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2013

NOTE 10 – COMMITMENTS AND CONTINGENCIES

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

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

Under COBRA, employers are mandated to notify terminated employees of available continuing insurance coverage. Failure to comply with this requirement may put the School District at risk for a substantial loss. The District also has outstanding commitments for construction projects.

On January 14, 2013 the District was notified that in order to settle outstanding claims and deficits of the Kentucky School Boards Insurance Trust (KSBIT), a non-profit self-insured pool, an assessment would be made to present and prior insurance trust members. On June 26, 2013, members were notified that the KSBIT board voted on June 24, 2013 to submit a plan for the assessment to the Kentucky Department of Insurance in favor of a novation option, under which a highly rated reinsurer would assume all of the liabilities of KSBIT and its members for claims for a set amount. The option resulted in an estimated liability for the District of \$1,300,444. This estimate is recorded because the payment is probable and reasonably estimable. The estimate is recorded as a noncurrent liability in the Statement of Net Position as it is not expected to be paid by June 30, 2014, and as an extraordinary item in the Statement of Activities because the item is unusual in nature and infrequent in occurrence. The estimate is not recorded in the Statement of Revenues, Expenditures and Changes in Fund Balances because the amount has not been billed and is not mature.

NOTE 11 – DEFICIT OPERATING BALANCES

There are no funds of the District that currently have a deficit fund balance. However, the following funds had operations that resulted in a current year deficit of revenues over expenditures resulting in a corresponding reduction of fund balance/net position:

Special Revenue Fund	\$	483,817
FSPK Fund		612,381
SEEK Capital Outlay Fund		86,452
Debt Service Fund		23,910
Food Service Fund		166,384

NOTE 12 – SUBSEQUENT EVENTS

In October 2013, the District issued \$26.8 million in Revenue Bonds to be used for construction.

REQUIRED SUPPLEMENTARY INFORMATION

BULLITT COUNTY SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL

GENERAL FUND

Year Ended June 30, 2013

	<u>Original</u>	<u>Final</u>	<u>Actual</u>
Revenues:			
From local sources:			
Taxes:			
Property	\$ 19,885,000	\$ 19,810,000	\$ 21,499,646
Motor vehicle	2,100,000	2,100,000	2,287,902
Utilities	4,200,000	4,200,000	4,475,331
Distilled spirits	1,400,000	1,400,000	1,432,186
Unmined minerals			4,572
Earnings on investments	260,000	260,000	337,840
Other local revenues	782,314	406,500	873,483
Intergovernmental - State	41,612,766	41,612,766	58,763,278
Intergovernmental - Indirect Federal	40,000	40,000	73,514
Total Revenues	<u>70,280,080</u>	<u>69,829,266</u>	<u>89,747,752</u>
Expenditures:			
Instruction	46,001,154	46,344,933	56,852,954
Support services:			
Student	2,544,634	2,556,721	3,246,535
Instruction staff	4,669,159	4,732,341	5,533,288
District administrative	2,799,984	2,383,703	2,034,377
School administrative	5,145,485	5,222,116	6,352,457
Business	2,027,565	1,561,000	1,137,837
Plant operation and maintenance	7,466,082	7,427,335	7,269,326
Student transportation	7,064,692	7,381,512	7,067,816
Other non-instruction	2,454,201	3,145,431	57,960
Total Expenditures	<u>80,172,956</u>	<u>80,755,092</u>	<u>89,552,550</u>
Excess (Deficit) of Revenues over Expenditures	(9,892,876)	(10,925,826)	195,202
Other Financing Sources (Uses):			
Transfers in	190,000	190,000	268,927
Transfers out			(323,458)
Total Other Financing Sources (Uses)	<u>190,000</u>	<u>190,000</u>	<u>(54,531)</u>
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	(9,702,876)	(10,735,826)	140,671
Fund Balance, July 1, 2012	<u>9,702,876</u>	<u>10,735,826</u>	<u>11,810,004</u>
Fund Balance, June 30, 2013	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,950,675</u>

Both inflows and outflows are equally different in the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds by the amount of on-behalf payments of \$16,101,651.

BULLITT COUNTY SCHOOL DISTRICT

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL**

SPECIAL REVENUE FUND

Year Ended June 30, 2013

	<u>Original</u>	<u>Final</u>	<u>Actual</u>
Revenues:			
Earnings on investments	\$ -	\$ -	\$ 668
Other local revenues		501,638	672,085
Intergovernmental - State	3,024,644	3,286,747	3,212,104
Intergovernmental - Indirect Federal	5,094,224	5,372,937	5,044,235
Intergovernmental - Direct Federal		160,844	160,844
Total Revenues	<u>8,118,868</u>	<u>9,322,166</u>	<u>9,089,936</u>
Expenditures:			
Instruction	3,937,549	6,834,677	6,541,896
Support services:			
Student	1,757,429	119,654	116,282
Instruction staff	1,241,743	985,627	1,526,688
School administrative		514,888	436,753
Plant operation and maintenance		7,740	7,398
Student transportation	1,182,147	87,380	222,079
Community service activities		720,441	722,657
Total Expenditures	<u>8,118,868</u>	<u>9,270,407</u>	<u>9,573,753</u>
Excess (Deficit) of Revenues over Expenditures	-	51,759	(483,817)
Other Financing Sources (Uses):			
Transfers in			
Transfers out		(51,759)	
Total Other Financing Sources (Uses)	-	(51,759)	-
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	-	-	(483,817)
Fund Balance, July 1, 2012	-	-	495,339
Fund Balance, June 30, 2013	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,522</u>

SUPPLEMENTARY INFORMATION

BULLITT COUNTY SCHOOL DISTRICT

COMBINING STATEMENT OF FIDUCIARY NET POSITION

AGENCY FUNDS

June 30, 2013

	Bernheim Middle School	Brooks Elementary	Bullitt Central High School	Bullitt Co. Day Treatment	Bullitt East High School	Bullitt Lick Middle School	Cedar Grove Elementary
Assets							
Cash and cash equivalents	\$ 46,216	\$ 19,568	\$ 115,973	\$ -	\$ 220,974	\$ 7,805	\$ 103,718
Receivables	-	-	-	-	-	-	-
Total Assets	<u>\$ 46,216</u>	<u>\$ 19,568</u>	<u>\$ 115,973</u>	<u>\$ -</u>	<u>\$ 220,974</u>	<u>\$ 7,805</u>	<u>\$ 103,718</u>
Liabilities							
Accounts payable	\$ -	\$ -	\$ 2,841	\$ -	\$ 1,498	\$ -	\$ -
Due to student groups	46,216	19,568	113,132	-	219,476	7,805	103,718
Total Liabilities	<u>\$ 46,216</u>	<u>\$ 19,568</u>	<u>\$ 115,973</u>	<u>\$ -</u>	<u>\$ 220,974</u>	<u>\$ 7,805</u>	<u>\$ 103,718</u>
	Crossroads Elementary	Eastside Middle School	Freedom Elementary	Hebron Middle School	Lebanon Junction Elementary	Maryville Elementary	Mt. Washington Elementary
Assets							
Cash and cash equivalents	\$ 16,579	\$ 32,939	\$ 47,339	\$ 22,401	\$ 35,180	\$ 21,690	\$ 35,380
Receivables	-	-	-	-	-	-	-
Total Assets	<u>\$ 16,579</u>	<u>\$ 32,939</u>	<u>\$ 47,339</u>	<u>\$ 22,401</u>	<u>\$ 35,180</u>	<u>\$ 21,690</u>	<u>\$ 35,380</u>
Liabilities							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 759
Receivables	16,579	32,939	47,339	22,401	35,180	21,690	34,621
Total Liabilities	<u>\$ 16,579</u>	<u>\$ 32,939</u>	<u>\$ 47,339</u>	<u>\$ 22,401</u>	<u>\$ 35,180</u>	<u>\$ 21,690</u>	<u>\$ 35,380</u>
	Mt. Washington Middle School	Nichols Elementary	North Bullitt High School	Old Mill Elementary	Overdale Elementary	Pleasant Grove Elementary	Shepherdsville Elementary
Assets							
Cash and cash equivalents	\$ 50,589	\$ 11,818	\$ 55,716	\$ 18,274	\$ 21,517	\$ 10,895	\$ 79,856
Receivables	-	-	-	-	-	-	231
Total Assets	<u>\$ 50,589</u>	<u>\$ 11,818</u>	<u>\$ 55,716</u>	<u>\$ 18,274</u>	<u>\$ 21,517</u>	<u>\$ 10,895</u>	<u>\$ 80,087</u>
Liabilities							
Accounts payable	\$ 49	\$ -	\$ 31,662	\$ -	\$ -	\$ -	\$ 119
Due to student groups	50,540	11,818	24,054	18,274	21,517	10,895	79,968
Total Liabilities	<u>\$ 50,589</u>	<u>\$ 11,818</u>	<u>\$ 55,716</u>	<u>\$ 18,274</u>	<u>\$ 21,517</u>	<u>\$ 10,895</u>	<u>\$ 80,087</u>
	Riverview High School	Roby Elementary	Zoneton Middle School	Total Agency Fund			
Assets							
Cash and cash equivalents	\$ -	\$ 25,298	\$ 39,944	\$ 1,039,669			
Receivables	-	-	-	231			
Total Assets	<u>\$ -</u>	<u>\$ 25,298</u>	<u>\$ 39,944</u>	<u>1,039,900</u>			
Liabilities							
Accounts payable	\$ -	\$ -	\$ -	\$ 36,928			
Due to student groups	-	25,298	39,944	1,002,972			
Total Liabilities	<u>\$ -</u>	<u>\$ 25,298</u>	<u>\$ 39,944</u>	<u>\$ 1,039,900</u>			

BULLITT COUNTY SCHOOL DISTRICT

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

YEAR ENDED JUNE 30, 2013

NAME OF ACTIVITY	CASH		DISBURSE- MENTS	CASH		RECEIVABLES June 30, 2013	ACCOUNTS PAYABLE June 30, 2013	DUE TO STUDENT GROUPS June 30, 2013
	BALANCES July 1, 2012	RECEIPTS		BALANCES June 30, 2013				
Bernheim Middle	\$ 37,391	\$ 111,670	\$ 102,845	\$ 46,216	-	-	\$ 46,216	
Brooks Elementary	23,041	56,028	59,501	19,568	-	-	19,568	
Bullitt Central High	135,705	303,247	322,979	115,973	-	2,841	113,132	
Bullitt Co. Day Treatment	13,230	-	13,230	-	-	-	-	
Bullitt East High	228,773	815,854	823,653	220,974	-	1,498	219,476	
Bullitt Lick Middle	7,906	81,334	81,435	7,805	-	-	7,805	
Cedar Grove Elementary	111,654	52,275	60,211	103,718	-	-	103,718	
Crossroads Elementary	13,787	40,157	37,365	16,579	-	-	16,579	
Eastside Middle	20,695	89,180	76,936	32,939	-	-	32,939	
Freedom Elementary	69,079	47,802	69,542	47,339	-	-	47,339	
Hebron Middle	19,240	119,957	116,796	22,401	-	-	22,401	
Lebanon Junction Elementary	28,607	75,322	68,749	35,180	-	-	35,180	
Maryville Elementary	6,814	32,751	17,875	21,690	-	-	21,690	
Mt. Washington Elementary	27,386	65,346	57,352	35,380	-	759	34,621	
Mt. Washington Middle	46,757	95,048	91,216	50,589	-	49	50,540	
Nichols Elementary	12,621	22,830	23,633	11,818	-	-	11,818	
North Bullitt High	94,099	332,607	370,991	55,716	-	31,662	24,054	
Old Mill Elementary	32,620	74,976	89,322	18,274	-	-	18,274	
Overdale Elementary	35,767	57,721	71,971	21,517	-	-	21,517	
Pleasant Grove Elementary	15,273	39,973	44,351	10,895	-	-	10,895	
Shepherdsville Elementary	86,052	79,524	85,720	79,856	231	119	79,968	
Riverview High	20,559	-	20,559	-	-	-	-	
Roby Elementary	16,136	38,952	29,790	25,298	-	-	25,298	
Zoneton Middle	42,949	64,326	67,331	39,944	-	-	39,944	
	<u>\$ 1,146,141</u>	<u>\$ 2,696,880</u>	<u>\$ 2,803,353</u>	<u>\$ 1,039,669</u>	<u>\$ 231</u>	<u>\$ 36,928</u>	<u>\$ 1,002,972</u>	

BULLITT COUNTY SCHOOL DISTRICT

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

BULLITT CENTRAL HIGH SCHOOL

YEAR ENDED JUNE 30, 2013

NAME OF ACTIVITY	CASH	RECEIPTS	DISBURSE- MENTS	CASH	RECEIVABLES	ACCOUNTS PAYABLE	DUE TO
	BALANCES July 1, 2012			BALANCES June 30, 2013			June 30, 2013
Animal Science	\$ 46	\$ 77	\$ 80	\$ 43	\$ -	\$ -	\$ 43
Annual	11,661	11,611	20,529	2,743	-	-	2,743
Archery Club	-	2,539	2,539	-	-	-	-
Art Club	61	-	-	61	-	-	61
Art Class Fees	237	-	-	237	-	-	237
Art Class Fees	1,343	1,162	2,374	131	-	-	131
Athletes-Cokes	8,046	19,551	6,783	20,814	-	-	20,814
Athletics	12,050	33,886	41,985	3,951	-	-	3,951
B.C. Music	2,459	3,603	2,066	3,996	-	-	3,996
Background Checks	-	20	20	-	-	-	-
Band	2,732	-	2,732	-	-	-	-
Baseball	12	5,504	5,506	10	-	-	10
Basketball- Boys	-	10,270	10,269	1	-	-	1
Beta Club	65	2,450	2,401	114	-	-	114
Bowling	29	1,935	1,964	-	-	-	-
Boys Soccer	-	4,910	4,591	319	-	-	319
Business	450	2,163	418	2,195	-	-	2,195
Chemistry Club	106	185	-	291	-	-	291
Chemistry Student Lab Fees	2,232	881	397	2,716	-	-	2,716
Chicago Senior Class Trip	182	19,395	19,444	133	-	-	133
Choir	1,622	-	1,622	-	-	-	-
Cooking	411	-	411	-	-	-	-
Coulter	599	2,343	51	2,891	-	-	2,891
District Tournament Host Sch	-	-	-	-	-	-	-
Drama Club	4,476	2,083	591	5,968	-	-	5,968
Engineering & Tech	1	-	-	1	-	-	1
Environment	24	70	-	94	-	-	94
FACS - Food/Nutrition	297	4,941	4,771	467	-	-	467
FBLA	651	12,590	9,866	3,375	-	-	3,375
FCCLA	334	3,478	3,386	426	-	-	426
FFA	676	10,248	9,569	1,355	-	82	1,273
Fellowship of Christian Athletes	155	-	-	155	-	-	155
Student Field Trip	4,577	5,276	5,621	4,232	-	-	4,232
Nook Non Refundable Deposit	529	-	345	184	-	-	184
Floral Design	368	834	699	503	-	-	503
Football	-	31,063	31,059	4	-	-	4
Freshman Top 99 Students	104	2,021	2,125	-	-	-	-
Girls Basketball	422	11,757	11,671	508	-	-	508
General	2,359	1,656	3,901	114	-	-	114
Girls Soccer	-	3,186	3,185	1	-	-	1
Green House	770	1,605	529	1,846	-	-	1,846
Guidance Office	2,233	18,764	17,828	3,169	-	-	3,169
Homecoming Activities	702	595	602	695	-	-	695
Integrated Chemistry	642	170	-	812	-	-	812
Insurance	24	-	-	24	-	-	24
Journalism	130	-	-	130	-	-	130
Jr Beta Club	522	555	571	506	-	-	506
Junior Class	1,639	16,458	17,448	649	-	-	649
Lab Fees	1,203	4,665	4,726	1,142	-	-	1,142
Kycid-Non Student	-	468	349	119	-	-	119
Kycid-Non Student	-	1,245	654	591	-	-	591
Library	3,637	828	2,035	2,430	-	-	2,430
Math Fees	-	45	-	45	-	-	45
Mechanics	20	-	-	20	-	-	20
Morning Report	54	-	-	54	-	-	54
National Honor Society	541	2,664	1,718	1,487	-	-	1,487
Nonstudent Generated	8,190	-	882	7,308	-	-	7,308
Outdoor	60	-	-	60	-	-	60
Parking Lot	4,538	5,152	7,715	1,975	-	336	1,639
PEP Club	1,226	311	399	1,138	-	-	1,138
Practical Living Class	863	-	-	863	-	-	863
Pride Academy	152	-	150	2	-	-	2
Money for Seniors	-	14,297	14,297	-	-	-	-
Pride Academy	737	465	701	501	-	-	501
Relay for Life	-	-	-	-	-	-	-

BULLITT COUNTY SCHOOL DISTRICT

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

BULLITT CENTRAL HIGH SCHOOL- CONCLUDED

YEAR ENDED JUNE 30, 2013

NAME OF ACTIVITY	CASH		DISBURSE- MENTS	CASH		RECEIVABLES June 30, 2013	ACCOUNTS PAYABLE June 30, 2013	DUE TO STUDENT GROUPS June 30, 2013
	BALANCES July 1, 2012	RECEIPTS		BALANCES June 30, 2013				
ROTC	14,502	2,635	7,114	10,023	-	-	-	10,023
ROTC Scabbard	10,867	6,554	13,316	4,105	-	923	-	3,182
SADD	3,625	1,933	3,235	2,323	-	-	-	2,323
School Pictures	5,455	4,914	7,116	3,253	-	-	-	3,253
Science Club	3,053	495	416	3,132	-	-	-	3,132
Senior English	608	-	-	608	-	-	-	608
Senior Portrait	5,238	11,253	12,385	4,106	-	1,500	-	2,606
Softball	-	5,399	5,396	3	-	-	-	3
Spanish Club	-	226	192	34	-	-	-	34
Special Ed	173	340	110	403	-	-	-	403
Speech	347	-	-	347	-	-	-	347
Sophomore Account	1,000	111	111	1,000	-	-	-	1,000
Student Government	618	1,404	1,571	451	-	-	-	451
Teachers	2,202	854	2,395	661	-	-	-	661
Technology	20	-	-	20	-	-	-	20
Textbooks Lost	798	192	106	884	-	-	-	884
Track	-	10,330	9,918	412	-	-	-	412
Volleyball	-	5,611	5,003	608	-	-	-	608
Wrestling	-	5,413	5,412	1	-	-	-	1
Sub Total	<u>\$ 135,705</u>	<u>\$ 337,639</u>	<u>\$ 357,372</u>	<u>\$ 115,973</u>	<u>\$ -</u>	<u>\$ 2,841</u>	<u>\$ -</u>	<u>\$ 113,132</u>
Interfund Transfers	-	34,392	34,392	-	-	-	-	-
Total	<u>\$ 135,705</u>	<u>\$ 303,247</u>	<u>\$ 322,979</u>	<u>\$ 115,973</u>	<u>\$ -</u>	<u>\$ 2,841</u>	<u>\$ -</u>	<u>\$ 113,132</u>

BULLITT COUNTY SCHOOL DISTRICT

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

BULLITT EAST HIGH SCHOOL

YEAR ENDED JUNE 30, 2013

NAME OF ACTIVITY	CASH	RECEIPTS	DISBURSE- MENTS	CASH	RECEIVABLES	ACCOUNTS PAYABLE	DUE TO
	BALANCES July 1, 2012			BALANCES June 30, 2013			June 30, 2013
Academic Team	\$ 307	\$ 611	\$ 900	\$ 18	\$ -	\$ -	\$ 18
Ambassador Club	-	-	-	-	-	-	-
Annual	4,565	19,179	22,541	1,203	-	-	1,203
Archery	5,628	11,614	13,217	4,025	-	-	4,025
Art Club	110	2,008	2,015	103	-	-	103
Art Class	-	1,981	1,901	80	-	-	80
Art/Humanities	61	940	484	517	-	-	517
Athletics	5,311	26,467	23,167	8,611	-	-	8,611
Attendance	2,028	317	1,768	577	-	-	577
Business & Office	499	5,600	6,054	45	-	-	45
Band	2	10,865	10,284	583	-	-	583
Baseball	17,150	86,941	95,989	8,102	-	225	7,877
Basketball- Boys	17,531	59,793	65,254	12,070	-	161	11,909
Basketball- Girls	16,354	48,899	48,308	16,945	-	-	16,945
Beta Club	2,425	1,060	832	2,653	-	603	2,050
Beta Scholarships	679	4,770	5,268	181	-	-	181
Biology	396	1,928	1,379	945	-	300	645
Bookstore	4,433	4,324	3,710	5,047	-	-	5,047
Bowling	352	952	573	731	-	-	731
Charger Camp	10,293	12,795	10,723	12,365	-	-	12,365
Cheerleaders	18,972	104,950	105,207	18,715	-	-	18,715
Chemistry	57	2,170	2,139	88	-	-	88
Chorus	1,818	7,406	5,564	3,660	-	114	3,546
Coke	1,396	8,406	3,869	5,933	-	-	5,933
Concessions	1,556	1,185	759	1,982	-	-	1,982
Credit Recovery Program	220	-	220	-	-	-	-
Cross Country	1,753	19,660	18,748	2,665	-	-	2,665
Dance	-	5,988	5,912	76	-	-	76
Drama Club	3,039	9,018	8,053	4,004	-	-	4,004
East Regional Music Festival	3,860	2,614	2,411	4,063	-	-	4,063
Engineering Club	269	1,849	2,109	9	-	-	9
English	424	8,370	8,086	708	-	-	708
Environmental Club	557	-	-	557	-	-	557
Field Trips	2,120	3,878	4,963	1,035	-	-	1,035
Faculty Lounge	2,392	793	2,823	362	-	-	362
Family Consumer Science	7	360	262	105	-	95	10
FBLA	3,304	22,313	22,564	3,053	-	-	3,053
FCA	638	1,906	1,865	679	-	-	679
FFA	400	-	-	400	-	-	400
Flex School	460	-	270	190	-	-	190
Football	31,364	74,661	79,133	26,892	-	-	26,892
Football Camp	214	-	214	-	-	-	-
Freshman	526	30,440	29,002	1,964	-	-	1,964
General	2,087	3,683	3,267	2,503	-	-	2,503
Golf- Boys	920	23,086	17,611	6,395	-	-	6,395
Golf- Girls	4,849	16,431	13,534	7,746	-	-	7,746
Guidance	6,385	23,940	23,835	6,490	-	-	6,490
Insurance	-	202	202	-	-	-	-
Journalism	323	3,327	3,175	475	-	-	475
Junior Class	1,662	23,725	24,059	1,328	-	-	1,328
KVHS	25	-	-	25	-	-	25
Leadership	2,332	4,810	4,685	2,457	-	-	2,457
Library	42	1,362	902	502	-	-	502
Math	160	3,295	3,348	107	-	-	107
Media	-	1,988	1,988	-	-	-	-
Mock Trail	-	200	200	-	-	-	-
National Honor Society	10,269	5,652	6,024	9,897	-	-	9,897
Office	615	-	-	615	-	-	615
Parking Permits	3,251	6,815	8,432	1,634	-	-	1,634
Physics	5	260	108	157	-	-	157
Pictures	2,962	6,015	4,464	4,513	-	-	4,513
Rachel Challenge	50	411	-	461	-	-	461
Relay for Life	240	870	1,110	-	-	-	-
Risk Club	124	379	478	25	-	-	25
Robotics	71	1,614	1,685	-	-	-	-
ROTC	615	2,213	1,960	868	-	-	-

BULLITT COUNTY SCHOOL DISTRICT

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

BULLITT EAST HIGH SCHOOL- CONCLUDED

YEAR ENDED JUNE 30, 2013

NAME OF ACTIVITY	CASH		DISBURSE- MENTS	CASH		RECEIVABLES June 30, 2013	ACCOUNTS PAYABLE June 30, 2013	DUE TO STUDENT GROUPS June 30, 2013
	BALANCES July 1, 2012	RECEIPTS		BALANCES June 30, 2013				
RZR Club	690	-	412	278	-	-	-	278
Science	196	2,749	2,945	-	-	-	-	-
Soccer- Boys	4,488	10,997	15,369	116	-	-	-	116
Soccer- Girls	3,962	14,122	12,606	5,478	-	-	-	5,478
Soccer- Camp	994	2,040	1,962	1,072	-	-	-	1,072
Softball	7,543	15,821	21,776	1,588	-	-	-	1,588
Spanish Club	634	332	394	572	-	-	-	572
Speech Club	401	1,039	1,075	365	-	-	-	365
Senior Class	257	9,724	9,540	441	-	-	-	441
Swim Team	82	5,769	4,933	918	-	-	-	918
Textbook Fines	288	-	-	288	-	-	-	288
Technology	-	-	-	-	-	-	-	-
Tennis- Boys	283	1,631	1,910	4	-	-	-	4
Tennis- Girls	900	1,448	1,542	806	-	-	-	806
Track	379	4,810	4,226	963	-	-	-	963
Volleyball	1,863	13,515	13,021	2,357	-	-	-	2,357
Wrestling	5,342	8,647	6,400	7,589	-	-	-	7,589
Zoology	14	970	984	-	-	-	-	-
	<u>228,773</u>	<u>830,903</u>	<u>838,702</u>	<u>220,974</u>	<u>-</u>	<u>1,498</u>	<u>218,608</u>	
Interfund Transfers		<u>15,049</u>	<u>15,049</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
TOTAL	<u>\$ 228,773</u>	<u>\$ 815,854</u>	<u>\$ 823,653</u>	<u>\$ 220,974</u>	<u>\$ -</u>	<u>\$ 1,498</u>	<u>\$ 218,608</u>	

BULLITT COUNTY SCHOOL DISTRICT

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

NORTH BULLITT HIGH SCHOOL

YEAR ENDED JUNE 30, 2013

NAME OF ACTIVITY	CASH		DISBURSEMENTS	CASH		RECEIVABLES	ACCOUNTS PAYABLE	DUE TO STUDENT GROUPS
	BALANCES	RECEIPTS		BALANCES	June 30, 2013			
	July 1, 2012			June 30, 2013	June 30, 2013	June 30, 2013	June 30, 2013	June 30, 2013
Academic Team	\$ 2,452	\$ 1,342	\$ 1,374	\$ 2,420	-	-	-	2,420
Aha Club	-	-	-	-	-	-	-	-
All County Music	-	890	890	-	-	-	-	-
Annual	11,979	2,499	11,771	2,707	-	-	-	2,707
AP Exams	-	7,594	7,594	-	-	-	-	-
Archery	-	6,628	4,266	2,362	-	-	-	2,362
Art Department	3,401	865	2,615	1,651	-	-	-	1,651
ASL	-	75	-	75	-	-	-	75
Athletic Building Fund	-	-	-	-	-	-	-	-
Athletic Program	190	10,490	10,680	-	-	-	-	-
Attendance	-	-	-	-	-	-	-	-
Band	5,144	2,071	5,863	1,352	-	-	-	1,352
Banking	-	-	-	-	-	-	-	-
Baseball	2,318	25,442	27,760	-	-	-	-	-
Basketball- Boys	3,444	27,060	30,504	-	-	-	-	-
Basketball- Girls	2,954	17,233	14,121	6,066	-	900	-	5,166
Beta Club	2,167	1,083	2,017	1,233	-	-	-	1,233
Bowling	674	2,535	3,010	199	-	-	-	199
Boy's Soccer	81	1,473	1,554	-	-	-	-	-
Boys/Girls Track	-	-	-	-	-	-	-	-
Business Department	41	45	18	68	-	-	-	68
Cheerleaders	4,508	10,927	8,491	6,945	-	17,635	-	(10,690)
Choir	-	-	-	-	-	-	-	-
Cooking Camp	-	-	-	-	-	-	-	-
Counselors	3,626	10,196	13,822	-	-	-	-	-
Culture Club	1,157	2,952	3,246	863	-	-	-	863
Dance Team	506	2,786	3,146	146	-	-	-	146
Drama	607	2,098	1,458	1,247	-	-	-	1,247
DECA	-	180	138	42	-	-	-	42
E-School	-	-	-	-	-	-	-	-
Europe Trip	-	-	-	-	-	-	-	-
FBLA	257	2,540	2,339	458	-	-	-	458
FCA	-	-	-	-	-	-	-	-
FCCLA	20	540	446	114	-	-	-	114
FEA	932	68	287	713	-	-	-	713
Field Trip	-	549	549	-	-	-	-	-
Flex School	60	-	60	-	-	-	-	-
FMD	10	-	10	-	-	-	-	-
Family Consumer Science	296	3,426	3,388	334	-	-	-	334
Football	2,132	46,624	48,756	-	-	-	-	-
Forensics	-	-	-	-	-	-	-	-
Freshman Activities	1,284	6,913	8,151	46	-	-	-	46
Girl's Soccer	413	6,237	6,165	485	-	-	-	485
Girls/Boy's Cross Country	-	381	41	340	-	-	-	340
Golf - Boys	472	119	591	-	-	-	-	-
Golf - Girls	553	695	595	653	-	-	-	653
Journalism Club	830	-	830	-	-	-	-	-
JROTC	9,099	35,612	44,711	0	-	-	-	0
Junior Class	1,801	15,695	16,173	1,322	-	-	-	1,322
Language Arts	20	-	20	-	-	-	-	-
Library	394	177	80	491	-	-	-	491
Life Skills	-	-	-	-	-	-	-	-
Lockers-Student	8,147	2,189	3,536	6,800	-	-	-	6,800
Lunch Account	77	-	77	0	-	-	-	0
Math	1,657	108	525	1,240	-	-	-	1,240
NBHS Family	491	368	859	-	-	-	-	-
National Honor Society	-	464	464	-	-	-	-	-
Operational	2,040	(68)	1,972	0	-	-	-	0
Parking - Student	2,991	4,180	4,809	2,362	-	-	-	2,362
Pep Club	389	4,975	3,739	1,625	-	-	-	1,625
Project Graduation	388	712	1,100	-	-	-	-	-
Random Act of Kindness	-	-	-	-	-	-	-	-
Recycling	-	-	-	-	-	-	-	-
Science Club	3,355	540	237	3,658	-	-	-	3,658
Senior Class	-	64,768	64,768	-	-	12,833	-	(12,833)
Softball	4,190	2,782	6,972	-	-	-	-	-

BULLITT COUNTY SCHOOL DISTRICT

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

NORTH BULLITT HIGH SCHOOL- CONCLUDED

YEAR ENDED JUNE 30, 2013

NAME OF ACTIVITY	CASH	DISBURSE-	CASH	RECEIVABLES	ACCOUNTS	DUE TO	
	BALANCES						MENTS
	July 1, 2012	RECEIPTS	June 30, 2013	June 30, 2013	June 30, 2013	GROUPS	
						June 30, 2013	
Spanish Club	294	190	60	424	-	-	424
Special Ed	298	450	424	324	-	-	324
Student Coke/Snack	579	331	599	311	-	-	311
Student Council	187	-	85	102	-	-	102
Swim Team	4	-	4	-	-	-	-
Teacher Fund	739	1,277	1,496	520	-	-	520
Technology	108	-	108	-	-	-	-
Tennis - Girl's	-	83	83	-	-	-	-
Tennis - Boy's	-	26	26	-	-	-	-
Textbooks Lost and Fines	524	13	537	-	-	-	-
Track	2,122	4,757	6,879	-	-	-	-
Volleyball	1,035	7,830	2,849	6,016	-	294	5,722
Winter Sports Club	-	-	-	-	-	-	-
Wrestling	562	10,200	10,762	-	-	-	-
Youth Services	100	-	100	-	-	-	-
Subtotal	\$ 94,099	\$ 362,216	\$ 400,600	\$ 55,715	-	31,662	24,053
Interfund Transfers		29,609	29,609	-	-	-	-
TOTAL	\$ 94,099	\$ 332,607	\$ 370,991	\$ 55,715	\$ -	\$ 31,662	\$ 24,053

BULLITT COUNTY SCHOOL DISTRICT

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

RIVERVIEW HIGH SCHOOL

YEAR ENDED JUNE 30, 2013

<u>NAME OF ACTIVITY</u>	<u>CASH BALANCES July 1, 2012</u>	<u>RECEIPTS</u>	<u>DISBURSE- MENTS</u>	<u>CASH BALANCES June 30, 2013</u>	<u>RECEIVABLES June 30, 2013</u>	<u>ACCOUNTS PAYABLE June 30, 2013</u>	<u>DUE TO STUDENT GROUPS June 30, 2013</u>
GENERAL	\$ 16,892	\$ 2,432	\$ 3,355	\$ 15,969	\$ -	\$ -	\$ 15,969
SUB ACCT-SHOP	4,824	75	309	4,590	-	-	4,590
Subtotal	21,716	2,507	3,664	20,559	-	-	20,559
Interfund Transfers	-	-	-	-	-	-	-
TOTAL	<u>\$ 21,716</u>	<u>\$ 2,507</u>	<u>\$ 3,664</u>	<u>\$ 20,559</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,559</u>

BULLITT COUNTY SCHOOL DISTRICT

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

BULLITT COUNTY DAY TREATMENT

YEAR ENDED JUNE 30, 2013

<u>NAME OF ACTIVITY</u>	<u>CASH BALANCES July 1, 2012</u>	<u>RECEIPTS</u>	<u>DISBURSE- MENTS</u>	<u>CASH BALANCES June 30, 2013</u>	<u>ACCOUNTS RECEIVABLE June 30, 2013</u>	<u>ACCOUNTS PAYABLE June 30, 2013</u>	<u>DUE TO STUDENT GROUPS June 30, 2013</u>
DRINKS	\$ 124	\$ 108	\$ 40	\$ 192	\$ -	\$ -	\$ 192
GENERAL	13,049	132	143	13,038	-	-	13,038
Subtotal	13,173	240	183	13,230	-	-	13,230
Interfund Transfers	-	-	-	-	-	-	-
TOTAL	\$ 13,173	\$ 240	\$ 183	\$ 13,230	\$ -	\$ -	\$ 13,230

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

BULLITT COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2013

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR / PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS THROUGH GRANTOR'S NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Child Nutrition Cluster -			
Cash Assistance			
Passed Through State Department of Education			
National School Lunch Program	10.555	7750002-12	\$ 494,686
		7750002-13	1,973,638
School Breakfast Program	10.553	7760005-12	154,079
		7760005-13	597,868
Summer Food Service Program for Children	10.559	7690024-12	1,861
		7740023-12	17,866
		7740023-13	36,005
Non-Cash Assistance (Commodities)			
National School Lunch Program	10.555	057502-02	330,921
TOTAL CHILD NUTRITION CLUSTER			<u>3,606,924</u>
TOTAL U.S. DEPT. OF AGRICULTURE			<u>3,606,924</u>
<u>U.S. DEPARTMENT OF DEFENSE</u>			
National Guard Civilian Youth Opportunities	12.404	5043	160,844
TOTAL U.S. DEPARTMENT OF DEFENSE			<u>160,844</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Special Education Cluster (IDEA) -			
Passed Through State Department of Education			
Special Education - Grants to States	84.027	3372	988,657
		3372P	12,283
		3373	1,333,579
		3373P	4,552
			<u>2,339,071</u>
Special Education - Preschool Grants	84.173	3431	567
		3432	78,021
		3433	43,591
			<u>122,179</u>
TOTAL SPECIAL EDUCATION CLUSTER (IDEA)			<u>2,461,250</u>
Education Technology State Grants Cluster -			
Passed Through State Department of Education			
Education Technology State Grants	84.318	4250	1,807
		4251	3,439
			<u>5,246</u>
ARRA - Education Technology State Grants, Recovery Act	84.386	4850	62
TOTAL EDUCATION TECHNOLOGY STATE GRANTS CLUSTER			<u>5,308</u>
<u>OTHER U.S. DEPARTMENT OF EDUCATION PROGRAMS</u>			
Passed Through State Department of Education			
Title I Grants to Local Educational Agencies	84.010	3101	4,335
		3101M	1,042
		3101T	380
		3102	184,754
		3102D	7,648
		3102M	69,274
		3102T	16,705
		3103	1,325,460
		3103M	49,293
		3201	72,936
		3202	49,600
			<u>1,781,427</u>

BULLITT COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2013

FEDERAL GRANTOR/PASS-THROUGH GRANTOR / PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS THROUGH GRANTOR'S NUMBER	FEDERAL EXPENDITURES
Title I Program for Neglected and Delinquent Children	84.013	3132T 3133 3133T	2,125 30,398 1,338 <hr/> 33,861
Vocational Education - Basic Grants to States	84.048	3482 3483	7,731 74,261 <hr/> 81,992
Education of Homeless Children and Youth	84.196	3162 3163	3,843 29,093 <hr/> 32,936
Twenty-First Century Community Learning Centers	84.287	5503	<hr/> 29,022
Improving Teacher Quality - State Grants	84.367	4012 4013	136,581 239,312 <hr/> 375,893
ARRA - School Improvement Grants, Recovery Act	84.388A	5600A 5600B 5600C	11,008 123,602 95,195 <hr/> 229,805
Education Jobs Fund	84.410	4411	<hr/> 17,452
Race to the Top	84.413A	4521	<hr/> 1,274
TOTAL U.S. DEPARTMENT OF EDUCATION			<hr/> 5,050,220
TOTAL EXPENDITURES OF FEDERAL AWARDS			<hr/> <u>\$ 8,817,988</u>

BULLITT COUNTY SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2013

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Bullitt County School District under programs of the federal government for the year ended June 30, 2013. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of Bullitt County School District, it is not intended to and does not present the financial position, changes in net assets or cash flows of Bullitt County School District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting for proprietary funds and the modified accrual basis of accounting for governmental funds. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

NOTE C – FOOD DISTRIBUTION

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

NOTE D – SUBRECIPIENTS

There were no subrecipients during the fiscal year.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**BULLITT COUNTY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013**

Section I-Summary of Auditor's Results

Financial Statements

Type of auditor's report issued (unmodified):

Internal control over financial reporting:

- Material weakness(es) identified? _____yes ___X___no

- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____yes ___X___none reported

Noncompliance material to financial statements noted?

_____yes ___X___no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____yes ___X___no

- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____yes ___X___none reported

Type of auditor's report issued on compliance for major programs (unmodified):

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?

_____yes ___X___no

Section I-Summary of Auditor's Results - Continued

Identification of major programs:

CFDA Number	Federal Program or Cluster
----------------	----------------------------

DEPARTMENT OF EDUCATION

Special Education Cluster

84.027	Special Education - Grants to States
84.173	Special Education - Preschool Grants

Other Programs

84.010	Title I Grants to Local Educational Agencies
84.388A	ARRA - School Improvement Grants, Recovery Act

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

Auditee qualified as low-risk auditee? _____yes ___X___no

Section II – Financial Statement Findings

No matters

Section III – Federal Award Findings and Questioned Costs

No matters

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

BULLITT COUNTY SCHOOL DISTRICT

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

June 30, 2013

There were no prior federal audit findings.

**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**

CHRIS R. CARTER, CPA
SCOTT KISSELBAUGH, CPA
BRIAN S. WOOSLEY, CPA



STILES, CARTER & ASSOCIATES, P.S.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Education
Bullitt County School District
Shepherdsville, Kentucky

We have audited, in accordance with the 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 the requirements prescribed by the Kentucky State Committee for School District Audits in Appendices I and II of the *Independent Auditor's Contract*, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Bullitt County School District as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Bullitt County School District's basic financial statements, and have issued our report thereon dated October 3, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Bullitt County School District'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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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. 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.

Compliance and Other Matters

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

We noted certain matters that we reported to management of Bullitt County School District in a separate letter dated October 3, 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 District'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.



Certified Public Accountants
Elizabethtown, Kentucky
October 3, 2013

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

CHRIS R. CARTER, CPA
SCOTT KISSELBAUGH, CPA
BRIAN S. WOOSLEY, CPA



STILES, CARTER & ASSOCIATES, P.S.C.

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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Education
Bullitt County School District
Shepherdsville, Kentucky

Report on Compliance for Each Major Federal Program

We have audited Bullitt County School District'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 Bullitt County School District's major federal programs for the year ended June 30, 2013. Bullitt County School District's major federal programs are identified in the summary of auditor's 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.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Bullitt County School District'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; *OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations* and the requirements prescribed by the Kentucky State Committee for School District Audits in Appendices I and II of the Independent Auditor's Contract. 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 Bullitt County School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of Bullitt County School District 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 Bullitt County School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major 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 Bullitt County School District's internal control over compliance.

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


Certified Public Accountants
Elizabethtown, Kentucky
October 3, 2013

MANAGEMENT LETTER AND COMMENTS

CHRIS R. CARTER, CPA
SCOTT KISSELBAUGH, CPA
BRIAN S. WOOSLEY, CPA



STILES, CARTER & ASSOCIATES, P.S.C.

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Bullitt County School District
Shepherdsville, Kentucky

In planning and performing our audit of the basic financial statements of Bullitt County School District for the year ended June 30, 2013, we considered the District's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiencies. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. Any uncorrected comments from the prior year have been included in the memorandum. A separate report dated October 3, 2013, contains our report on the District's internal control. This letter does not affect our report dated October 3, 2013, on the financial statements of the Bullitt County School District.

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

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

Certified Public Accountants
Elizabethtown, Kentucky
October 3, 2013

BULLITT COUNTY SCHOOL DISTRICT

COMMENTS

June 30, 2013

3RD YEAR UNCORRECTED COMMENTS

NORTH BULLITT HIGH

BOOSTER CLUBS

We noted the following booster clubs did not have an Annual Financial Report, budget or list of officers on file: Athletic Booster Club and Music Booster Club. The Redbook requires all three items to be submitted to the school.

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2013.

FUNDRAISERS

We noted check #10601, dated 1/16/13, written to Roby's County Garden for fruit sold in a Senior Class Fund Fundraiser (Fruit Sales) without completing form F-SA-2A, Fundraiser Approval or F-SA-2B, Fundraiser Worksheet. The Redbook requires that fundraising be monitored using these forms.

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2013.

2ND YEAR UNCORRECTED COMMENTS

BERNHEIM MIDDLE

INVENTORY CONTROL

We noted form that F-SA-5, Inventory Control Worksheet, for Yearbooks, subtotal A, Total Value Beginning Inventory plus deliveries, did not reconcile with subtotal B, Total Value Collections plus Total Value Ending Inventory.

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2013.

BULLITT EAST HIGH

INVENTORY CONTROL

We noted form F-SA-5, Inventory Control Worksheet, that for the Bookstore, subtotal A, Total Value Beginning Inventory plus deliveries, did not reconcile with subtotal B, Total Value Collections plus Total Value Ending Inventory.

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2013.

BULLITT COUNTY SCHOOL DISTRICT

COMMENTS – CONTINUED

June 30, 2013

HEBRON MIDDLE

MISSING INVOICE

We noted the following cash disbursements without F-SA-8, Standard Invoices, or vendor invoices attached: check # 3837, in the amount of \$75.00, dated 9/20/12 for a girls basketball game official, check #3868, in the amount of \$243.78, dated 10/23/12, for a field trip dinner, written to Old Spaghetti Factory and check #3986, in the amount of \$75.00, dated 2/25/13, for Qdoba fundraising cards, written to Qdoba Restaurant. The Redbook requires each disbursement to be documented by a completed purchase order and original vendor or standard invoice.

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2013.

FUNDRAISER APPROVAL

We noted check #3986, in the amount of \$75.00, dated 02/25/2013, written to Qdoba Restaurant, for the Archery Fundraiser (Qdoba cards sale) without F-SA-2A, Fundraiser Approval Form or F-SA-2B, Fundraiser Worksheet being completed. The Redbook requires fundraisers by monitored using F-SA-2B, Fundraiser Worksheet.

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2013.

NORTH BULLITT HIGH

UNDOCUMENTED DEPOSITS

We noted the following deposits without any documentation of the receipts collected: a deposit in the amount of \$2,527.00, dated 3/7/13, for donut sales; a deposit in the amount of \$8,182.00, dated 4/29/13, for senior trip dues and a deposit in the amount of \$1,015.95, dated 5/20/13, for talent show ticket sales. The Redbook requires the use of F-SA-6, Multiple Receipt Forms or pre-numbered receipts be issued when money is received.

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2013.

MISSING INVOICE

We noted check #10987 in the amount of \$282.97, dated 6/6/13, written to the school's principal, for perfect attendance awards reimbursement without a F-SA-8, Standard Invoice, or vendor invoice but instead had attached a screenshot of an online banking screen showing \$301.03 withdrawn by Things Remembered. We also noted check #10827 in the amount of \$23,448.00, dated 3/29/13, written to Graduates On Tour, for the senior class trip, without a F-SA-8, Standard Invoice, or vendor invoice but instead had an attached email from the senior class sponsor to the school's bookkeeper listing the amount to be paid and the name of the vendor. The Redbook requires each disbursement to be documented by a completed purchase order and original vendor or standard invoice.

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2013.

BULLITT COUNTY SCHOOL DISTRICT

COMMENTS – CONTINUED

June 30, 2013

ROBY ELEMENTARY

FUNDRAISER

We noted the School-wide Fundraiser (Hoop It Up Games), held 3/14/13 and 3/22/13, without F-SA-2B, Fundraiser Worksheet. The Redbook requires fundraisers by monitored using F-SA-2B, Fundraiser Worksheet.

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2013.

CURRENT YEAR COMMENTS

BERNHEIM MIDDLE

BOOSTER CLUBS

We noted that the AFR on file for the Cheerleading Booster Club did not have revenues categorized by type, but listed by deposit amounts.

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2013.

TICKET SALES

We noted that the F-SA-1, Requisition and Report of Ticket Sales, for the 03/04/2013 girl's volleyball game did not have a separate ticket seller and ticket taker. The Redbook requires the ticket taking duties be separated from ticket selling duties.

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2013.

BROOKS ELEMENTARY

VOIDED CHECKS

We noted that the Internal Control Questionnaire stated an incorrect procedure to void checks. The bookkeeper's answer was to write "void" across the checks and file. The Redbook requires VOID to be written across the face of the check and the signature portion to be torn off before filing.

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2013.

BULLITT COUNTY SCHOOL DISTRICT

COMMENTS – CONTINUED

June 30, 2013

BROOKS ELEMENTARY – CONTINUED

FUNDRAISERS

We noted that there were receipts for a Relay for Life Fundraiser without a F-SA-2B, Fundraiser Worksheet. The Redbook requires fundraisers be monitored using F-SA-2B, Fundraiser Worksheet.

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2013.

PURCHASE ORDER

We noted check #2342 dated 11/1/2012, in the amount of \$320.00, written to Miller Transportation, from the Fees Fund for a zoo trip, with a purchase order dated 10/08/12, with an invoice date of 9/7/12. The Redbook requires an approved purchased order be completed to initiate a purchase.

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2013.

BULLITT CENTRAL HIGH

FUNDRAISERS

We noted the Volleyball (Kroger gift card) fundraiser with a F-SA-2B, Fundraiser Worksheet, without information recorded for the following fields: Total Items to be Sold, Total Budgeted Sales, Total Unsold Items, Total Unsold Items Detail, Lines 7-11, or Disposition of Unsold Items, but only listed detailed receipts and expenses.

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2013.

INVENTORY CONTROL

We noted form F-SA-5, Inventory Control Worksheet, for Athletic Cokes, with subtotal A, Total Value Beginning Inventory plus deliveries, that did not reconcile with subtotal B, Total Value Collections plus Total Value Ending Inventory.

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2013.

TICKET SALES

We noted the following athletic events with F-SA-1, Requisition and Report of Ticket Sales, with the same initials for ticket taker and ticket seller: a football game dated 8/31/2012 and a baseball game dated 4/18/2013. The Redbook requires the ticket taking duties be separated from ticket selling duties.

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2013.

BULLITT COUNTY SCHOOL DISTRICT

COMMENTS – CONTINUED

June 30, 2013

BULLITT EAST HIGH

BOOSTER CLUBS

We noted the following booster clubs did not have an Annual Financial Report, budget or list of officers on file: Athletic Booster Club and Music Booster Club. The Redbook requires all three items be submitted to the school.

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2013.

SEGREGATION OF DUTIES

We noted the bookkeeper enters the invoices into the accounting system and matches the invoices to the checks. The Redbook requires these duties to be segregated.

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2013.

HEBRON MIDDLE

TICKET SALES

We noted a F-SA-1, Requisition and Report of Ticket Sales, for a boys basketball game held on 12/12/12 with gate receipts of \$294.00. A deposit of \$7,855.97, dated 12/14/12 had a pre-numbered receipt attached for \$284.00 for a boys' basketball game, leaving \$10.00 of gate receipts undocumented.

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2013.

UNAPPROVED PURCHASE

We noted check #3837, dated 09/20/2012, in the amount of \$75.00, written to a girls' basketball game official with a purchase order without the signature of the principal or sponsor. The Redbook requires an approved purchase order to initiate a purchase.

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2013.

MARYVILLE ELEMENTARY

SEGREGATION OF DUTIES

We noted that the bookkeeper enters the invoices into the accounting system and matches the invoices to the checks. The Redbook requires that these duties be segregated.

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2013.

BULLITT COUNTY SCHOOL DISTRICT

COMMENTS – CONTINUED

June 30, 2013

MT. WASHINGTON MIDDLE

INVENTORY CONTROL WORKSHEET

We noted the Extreme Team (t-shirt sales) fundraiser held on 9/07/12-9/21/12 with an incomplete F-SA-5, Inventory Control Worksheet. The beginning inventory and deliveries were both reported as being \$580.00, and the total deliveries were subtracted from the beginning inventory to achieve a total of \$0.00 for Subtotal A.

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2013.

NICHOLS ELEMENTARY

PURCHASE ORDERS

We noted check #1761 dated 10/4/2012 in the amount of \$50.00 written to I Leap from the I LEAP fund for the purchase of a Squire Boom Cane Trap with a purchase order dated 10/4/2012, after the invoice date of 9/4/2012. The Redbook requires an approved purchase order to initiate a purchase.

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2013.

MULTIPLE RECEIPT FORMS

We noted a deposit in the amount of \$57.00, dated 11/7/2012 with a F-SA-6, Multiple Receipt Form, for field trip money listing 15 students paying \$3 each for a total of \$45.00, leaving \$12.00 undocumented.

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2013.

NORTH BULLITT HIGH

NEGATIVE FUND BALANCES

We noted, with the addition of the Senior Class payable to Balfour for \$12,833.20 for caps and gowns, a negative fund balance of \$12,833.30. We also noted, with the addition of the Cheerleaders payables for \$17,635.07 for spirit wear, a negative fund balance of \$6,481.01.

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2013.

BULLITT COUNTY SCHOOL DISTRICT

COMMENTS – CONTINUED

June 30, 2013

NORTH BULLITT HIGH – CONTINUED

INDIVIDUAL/PRINCIPAL'S BUDGETS

We noted form F-SA-3, Principal's Combining Budget, and F-SA-4A, Individual Activity Fund Budgets, were not completed. The Redbook requires the principal to submit budgets to the superintendent by May 15th.

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2013.

MULTIPLE RECEIPT FORM

We noted a deposit of \$4,327.00, dated 1/22/13, with a F-SA-6, Multiple Receipt Form with \$1,400.00 collected for a field trip without student signatures or initials but with student names completed by the school's bookkeeper.

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2013.

PURCHASE ORDERS

We noted check #10863 in the amount of \$447.00, written to Lloyds Florist, from the Athletics, JROTC and NBHS Family accounts for flowers without a sufficient number of F-SA-7, Purchase Orders, with two purchase orders attached, one for \$65.00, dated 2/20/13 for funeral flowers and one for \$175.00, dated 1/16/13 for basketball homecoming flowers, leaving \$207.00 of purchases without approved purchase orders. We also noted check #10827 in the amount of \$23,448.00, written to Graduates on Tour, from the Senior Class Fund for the senior trip without a purchase order. We also noted check #10097 in the amount of \$7,259.85, written to Balfour, from the Annual fund for caps and gowns with a purchase order not signed by the principal. The Redbook requires an approved purchase order to initiate a purchase.

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2013.

INCORRECT FUND

We noted check #10097, in the amount of \$7,259.85, dated 8/9/12, written to Balfour for caps and gowns paid out of the Annual Fund that should have been paid from the Senior Class Fund.

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2013.

SENIOR CLASS FUND

We noted the Senior Class Fund receipted \$25,887 but paid \$51,504 for the senior class trip leaving a \$25,617 variance.

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2013.

BULLITT COUNTY SCHOOL DISTRICT

COMMENTS – CONTINUED

June 30, 2013

NORTH BULLITT HIGH – CONTINUED

INTER-FUND TRANSFERS BALANCE

We noted the F-SA-15A, Annual Financial Report, had line B, Inter-Fund Transfers, with a balance of \$29,608.62 but the Transfers List had a balance of \$47,221.72, leaving a \$17,613.10 variance.

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2013.

UNAPPROVED PURCHASE

We noted the Senior Class payable of \$12,833.30 to Balfour with invoice #1600, in the amount of \$934.10, dated 5/13/13, was for the purchase of 24 faculty gowns and hoods. The Redbook requires items purchased for staff to be made out of staff funds.

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2013.

OLD MILL ELEMENTARY

APPROVED PURCHASE ORDER

We noted check #2742, dated 11/20/2012, in the amount of \$132.00 for the purchase of Domino's Pizza from the General Fundraising fund without a F-SA-7, Purchase Order. The Redbook requires an approved purchase order to initiate a purchase.

MANAGEMENT RESPONSE

Management has discussed the item with school personnel and will implement corrective action by October 31, 2013.