

**KENTUCKY INTERLOCAL SCHOOL
TRANSPORTATION ASSOCIATION -
EQUIPMENT LEASE REVENUE BOND DEBT SERVICE**

FINANCIAL STATEMENTS

Year Ended June 30, 2013

**KENTUCKY INTERLOCAL SCHOOL
TRANSPORTATION ASSOCIATION -
EQUIPMENT LEASE REVENUE BOND DEBT SERVICE**

FINANCIAL STATEMENTS

Year Ended June 30, 2013

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INDEPENDENT AUDITOR'S REPORT

Kentucky Interlocal School Transportation Association Equipment Lease Revenue Bond Debt Service

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund, of the Kentucky Interlocal School Transportation Association Equipment Lease Revenue Bond Debt Service, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise KISTA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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. 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 the 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.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Kentucky Interlocal School Transportation Association Equipment Lease Revenue Bond Debt Service, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

RANKIN, RANKIN, & COMPANY

A handwritten signature in black ink that reads "Rankin, Rankin & Company". The signature is written in a cursive, flowing style.

**Ft. Wright, Kentucky
December 2, 2013**

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the Kentucky Interlocal School Transportation Association's (KISTA) financial performance provides an overview of KISTA's financial activities for the fiscal year ended June 30, 2013. Please read it in conjunction with KISTA's financial statements.

KISTA is a governmental entity formed by agreement between participating school districts in Kentucky, pursuant to the provisions of KRS 65.210 to 65.300. KISTA was formed to act as an issuing agency of bonds and notes in order that certain economies of scale inherent in pooled financings may be realized by participating school districts. The bonds are issued for the purpose of financing the acquisitions of school buses and other educational equipment.

Financial Statements of KISTA

The financial statements offer short and long-term financial information about KISTA's activities and consist of (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. KISTA's government-wide financial statements are prepared on an accrual basis. The fund financial statements are prepared on a modified accrual basis, in accordance with generally accepted accounting principles promulgated by GASB.

Government-Wide Financial Statements

The Statement of Net Assets provides information about KISTA's nature and amounts of investments in resources (assets) and the obligation to KISTA's creditors (liabilities).

The Statement of Activities reports information on all revenues, and expenses in a manner similar to that used by most private-sector companies.

Fund Financial Statements

The Balance Sheet-Governmental Funds consists of two fund types, Insurance Fund and the Debt Service Fund. The Insurance Fund is used to record the payment of administrative expenses and bus damage claims and the Debt Service Fund is used to account for the payment of debt.

Reconciliation of the Balance Sheet-Governmental Funds to the Statement of Net Assets provides a summary and explanation of differences between the fund financial statements and the government-wide statements.

The Statements of Revenues, Expenditures, and Changes in Fund Balance-Governmental Funds reports actual operations.

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance-Governmental Funds to the Statement of Activities provides a summary and explanation of differences between the fund financial statements and the government-wide financial statements.

The notes to the financial statements provide information that is essential to the understanding of the financial statements, such as KISTA's accounting methods and policies.

Financial Analysis

During the 2013 fiscal year, KISTA issued new bonds in the amount of \$17,050,000 and paid bonds of \$13,340,000 leaving \$75,825,000 in outstanding bonds at June 30, 2013. In the 2012 fiscal year, KISTA issued new bonds in the amount of \$13,010,000 and paid bonds of \$13,550,000. The amount and frequency of the bond issue is determined by the number of participants and the number and type of bus required by each participating district.

Budgetary Controls

KISTA does not adopt or prepare a budget.

Contacting KISTA's Management

This section of the annual report has been provided to assist readers in obtaining a general overview of KISTA's financial position and fiscal accountability for the funds it receives and expends. If you have any questions about any information in this report, you are requested to contact Ross, Sinclair & Associates, Inc. at P.O. Box 398, Frankfort, Kentucky 40602.

FINANCIAL STATEMENTS

KENTUCKY INTERLOCAL SCHOOL TRANSPORTATION ASSOCIATION
EQUIPMENT LEASE REVENUE BOND DEBT SERVICE
STATEMENT OF NET POSITION
June 30, 2013

	Governmental Activities
ASSETS	
Current assets	
Cash and cash equivalents	\$ 10,261,652
Leases receivable	75,825,000
	<u>86,086,652</u>
DEFERRED OUTFLOWS OF RESOURCES	
Bond issuance and discount costs, net of amortization	1,041,833
	<u>1,041,833</u>
TOTAL ASSETS	\$ 87,128,485
LIABILITIES	
Current liabilities	
Accounts payable	\$ 1,854,330
Prepaid income	704,747
Accrued liabilities	721,244
Bonds payable-current	14,575,000
	<u>17,855,321</u>
Noncurrent liabilities	
Bonds payable	61,250,000
	<u>61,250,000</u>
TOTAL LIABILITIES	79,105,321
NET POSITION	
Restricted for payment of insurance claims, debt service and bus purchases	8,023,164
	<u>8,023,164</u>
TOTAL NET POSITION	8,023,164
TOTAL LIABILITIES AND NET POSITION	\$ 87,128,485

KENTUCKY INTERLOCAL SCHOOL TRANSPORTATION ASSOCIATION
EQUIPMENT LEASE REVENUE BOND DEBT SERVICE
STATEMENT OF ACTIVITIES
Year Ended June 30, 2013

	Governmental Activities
EXPENSES	
Payments to vendors for leased buses	\$ 17,032,992
Refunds to School Districts of Excess Bond Proceeds	7,334
Interest	2,419,405
Miscellaneous expense	103
Audit	12,600
Amortization of Bond Issuance Costs	202,603
Administrative	64,250
Claims expense	12,703
Insurance	10,625
TOTAL EXPENSES	19,762,615
GENERAL REVENUES	
Lease income	16,014,537
Lease income recognized from change in deferred revenue	3,710,000
Interest income	127
Miscellaneous	126,581
TOTAL GENERAL REVENUES	19,851,245
CHANGE IN NET POSITION	88,630
NET POSITION, BEGINNING OF YEAR	7,934,534
NET POSITION, END OF YEAR	\$ 8,023,164

**KENTUCKY INTERLOCAL SCHOOL TRANSPORTATION ASSOCIATION
EQUIPMENT LEASE REVENUE BOND DEBT SERVICE**

**BALANCE SHEET
GOVERNMENTAL FUNDS**

June 30, 2013

	Insurance Funds	Debt Service Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 4,485,718	\$ 5,775,934	\$ 10,261,652
Leases receivable	-	75,825,000	75,825,000
TOTAL ASSETS	<u>\$ 4,485,718</u>	<u>\$ 81,600,934</u>	<u>\$ 86,086,652</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$ -	\$ 1,854,330	\$ 1,854,330
Prepaid income	-	704,747	704,747
Deferred Inflows of Resources			
Deferred leases receivable	-	75,825,000	75,825,000
Total liabilities and deferred inflows of resources	-	78,384,077	78,384,077
Fund balance			
Restricted for:			
Insurance reserve	4,485,718	-	4,485,718
Acquisitions and debt service	-	3,216,857	3,216,857
Total Fund Balance	4,485,718	3,216,857	7,702,575
TOTAL LIABILITIES FUND BALANCE	<u>\$ 4,485,718</u>	<u>\$ 81,600,934</u>	<u>\$ 86,086,652</u>

Reconciliation of governmental fund balances to net
assets of governmental activities

Total governmental fund balances \$ 7,702,575

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

Costs of bond issuance are not financial
resources and, therefore, are not reported
in the funds, net of accumulated amortization

1,041,833

(721,244)

Accrued interest on bonds

Net position of governmental activities

\$ 8,023,164

**KENTUCKY INTERLOCAL SCHOOL TRANSPORTATION ASSOCIATION
EQUIPMENT LEASE REVENUE BOND DEBT SERVICE
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES**

Year Ended June 30, 2013

	Insurance Funds	Debt Service Funds	Total Governmental Funds
REVENUES			
Lease receipts	\$ -	\$ 16,014,537	\$ 16,014,537
Miscellaneous	125,704	877	126,581
Interest	119	8	127
TOTAL REVENUES	125,823	16,015,422	16,141,245
EXPENDITURES			
Administration			
Audit fees	12,600	-	12,600
Administrative fees	64,250	-	64,250
Insurance	10,625	-	10,625
Claims	12,703	-	12,703
Miscellaneous	98	4	102
Total Administration	100,276	4	100,280
Debt Service			
Principal retirement	-	13,340,000	13,340,000
Interest expense	-	2,263,428	2,263,428
Other bond costs	-	120,000	120,000
Total Debt Service	-	15,723,428	15,723,428
TOTAL EXPENDITURES	100,276	15,723,432	15,823,708
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	25,547	291,990	317,537
OTHER FINANCING SOURCES (USES)			
Transfer In	904,364	493,196	1,397,560
Revenue Bond Proceeds	335,310	16,714,690	17,050,000
Payments to vendors for leased buses	-	(17,032,992)	(17,032,992)
Refunds to School districts of excess bond proceeds	-	(7,334)	(7,334)
Transfer Out	(493,196)	(904,364)	(1,397,560)
Refunds to School districts of Insurance reserve deposits	-	-	-
Bond discount	-	(68,311)	(68,311)
TOTAL OTHER FINANCING SOURCES (USES)	746,478	(805,115)	(58,637)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER FINANCING USES	772,025	(513,125)	258,900
FUND BALANCE, BEGINNING OF YEAR	3,713,693	3,729,982	7,443,675
FUND BALANCE, END OF YEAR	\$ 4,485,718	\$ 3,216,857	\$ 7,702,575

Reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities.

Net change in fund balances. \$ 258,900

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

Costs of bond issuance are capitalized and amortized over the life of the bond	
Costs of bond issuance and bond discount	188,311
Amortization expense	(202,603)
Change in interest expense accrued but not yet paid	(155,977)
Change in net position of governmental activities	\$ 88,631

KENTUCKY INTERLOCAL SCHOOL TRANSPORTATION ASSOCIATION
EQUIPMENT LEASE REVENUE BOND DEBT SERVICE
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE A-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

KISTA is a governmental entity formed by an agreement between participating school districts in Kentucky pursuant to Kentucky Revised Statutes 65.210 to 65.300, also known as the "Interlocal Cooperation Act". KISTA was formed to act as an issuing agency of bonds and notes in order that certain economies of scale inherent in pooled financings may be realized by participating school districts. The bonds are issued for the purpose of financing the acquisition of school buses and other educational equipment.

In evaluating how to define KISTA for financial reporting purposes, management has determined that there are no potential component units. The decision regarding potential component units was made by applying the criteria set forth in GAAP.

Government-wide Financial Statements

In accordance with Government Accounting Standards Board Statement No. 34, KISTA has presented a statement of net assets and statement of activities for KISTA as a whole. These statements include the primary government and its component units, if applicable. Government-wide accounting is designed to provide a more comprehensive view of KISTA's operations and financial position as a single economic entity.

Government-wide statements distinguish between governmental-type and business-type activities. Governmental type activities are those financed through taxes, intergovernmental revenues, and other non-exchange revenues and are usually reported in governmental and internal service funds. KISTA has no business-type activities.

Fund Financial Statements

KISTA uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts.

Funds of KISTA are classified as governmental. This category, in turn, is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

Governmental Funds – Governmental funds account for all or most of KISTA general activities, including the collection of legally restricted monies, administrative expenses, and the acquisition of bus leases. Governmental funds include:

Insurance Funds - The insurance funds are used to account for reserves set aside for the future payment of repairs due to damage or other causes to those buses related to any outstanding bond issues and for the payment of various administrative expenses.

KENTUCKY INTERLOCAL SCHOOL TRANSPORTATION ASSOCIATION
EQUIPMENT LEASE REVENUE BOND DEBT SERVICE
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Debt Service Funds – The debt service funds are used to account for the receipt of lease payments from participating schools and payment of debt. Administrative expenses related directly to debt service funds may also be paid out of these funds. The proceeds from debt issues and payments for acquired buses are also recorded in these funds.

Measurement Focus and Basis of Accounting

The accounting and financial treatment applied to a fund is determined by the type of financial statement presentation.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows in the statement of activities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures for capital assets are reported as current expenses, and such assets are not depreciated.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates.

Deferred Outflows/Inflows of Resources

KISTA reports separate sections of deferred inflows and deferred outflows of resources. These separate financial statement elements represent an acquisition or consumption of net position that applies to future periods. KISTA's unavailable revenue is reported only in the governmental funds balance sheet, from one source – leases receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. KISTA has one item that is reported only in the government-wide statement of net position-deferred charges on debt issuance.

Net Position/Fund Balances

In the statement of net position, the difference between KISTA's assets and liabilities is recorded as net assets. The three components of net assets are as follows:

Restricted Net Position – Net position that is restricted by external sources such as banks or by law are reported separately as restricted net position. When assets are required to be retained in perpetuity, this non-expendable net position is recorded separately from expendable net position.

KENTUCKY INTERLOCAL SCHOOL TRANSPORTATION ASSOCIATION
EQUIPMENT LEASE REVENUE BOND DEBT SERVICE
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

In the combined balance sheet of governmental funds, fund balances are segregated as follows:

Restricted – These resources are segregated because their use is earmarked for a specific use. KISTA has reserved specific funds for debt service.

Interfund Transactions

Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers. In 2013, net transfers of \$1,397,560 occurred between the insurance funds and the debt service funds.

Income Taxes

KISTA has been determined to be exempt from income taxation as provided in the Internal Revenue Code. Therefore, no provision for income taxes has been recorded in these financial statements.

Cash and Cash Equivalents

Cash and cash equivalents include amounts in short-term investments with a maturity date within three months of the date acquired by KISTA.

Budgeting

KISTA is not legally required to adopt a budget.

Bond Discounts/Issuance Costs

In governmental fund types, bond discounts and issuance costs are recognized in the current period.

Date of Subsequent Review

Subsequent events were evaluated through December 2, 2013, which is the date the financial statements were available for review.

**KENTUCKY INTERLOCAL SCHOOL TRANSPORTATION ASSOCIATION
EQUIPMENT LEASE REVENUE BOND DEBT SERVICE
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE B-STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Cash and Investments

KISTA is authorized by state statute to invest in:

1. Obligations of the United States and of its agencies and instrumentalities.
2. Certificates of deposit.
3. Banker's acceptances.
4. Commercial paper.
5. Bonds of other state or local governments.
6. Mutual funds

NOTE C-DEPOSITS AND CASH EQUIVALENTS

Custodial credit risk – deposits – In the case of deposits, this is the risk that in the event of an investment vehicle failure, KISTA's deposits may not be returned to it. KISTA does not have a deposit policy for custodial credit risk. As of June 30, 2013, \$10,261,652 of KISTA's cash balances was exposed to custodial credit risk because it was uninsured and uncollateralized.

As of June 30, 2013, KISTA had the following cash and cash equivalents which were exposed to custodial credit risk because they were uninsured and uncollateralized.

<u>Investment Type</u>	<u>Fair Value</u>
U.S. Treasury Money Market Funds	\$ 2,494,555
Federated Treasury Obligations Fund 59	<u>7,767,097</u>
	<u>\$ 10,261,652</u>

KENTUCKY INTERLOCAL SCHOOL TRANSPORTATION ASSOCIATION
EQUIPMENT LEASE REVENUE BOND DEBT SERVICE
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE D-LEASES RECEIVABLE

KISTA has entered into lease agreements with each of the participating school districts to provide for annual rentals sufficient to amortize that district's pro rata portion of the Bonds issued for the acquisition of school buses or other equipment.

At June 30, 2013, the minimum lease payments for each of the five succeeding fiscal years are as follows:

Year Ended June 30	1st Series 2004	1st Series 2005	1st Series 2006	2nd Series 2006	1st Series 2007	1st Series 2008
2014	1,055,000	1,760,000	1,310,000	1,775,000	245,000	1,155,000
2015	-	1,505,000	1,120,000	1,845,000	255,000	1,195,000
2016	-	-	395,000	1,600,000	220,000	1,240,000
2017	-	-	-	1,545,000	230,000	1,070,000
2018	-	-	-	-	-	1,110,000

Year Ended June 30	2nd Series 2008	1st Series 2009	2nd Series 2009	3rd Series 2009	1st Series 2010	1st Series 2011
2014	170,000	1,325,000	170,000	1,060,000	215,000	920,000
2015	175,000	1,370,000	180,000	1,085,000	220,000	940,000
2016	175,000	1,410,000	185,000	1,110,000	220,000	955,000
2017	155,000	1,455,000	145,000	1,140,000	230,000	980,000
2018	160,000	1,245,000	-	1,175,000	235,000	1,005,000

Year Ended June 30	2nd Series 2011	1st Series 2012	2nd Series 2012	1st Series 2013	Total
2014	85,000	1,465,000	320,000	1,545,000	14,575,000
2015	85,000	1,230,000	280,000	1,570,000	13,055,000
2016	85,000	1,255,000	285,000	1,340,000	10,475,000
2017	85,000	1,280,000	290,000	1,365,000	9,970,000
2018	90,000	1,305,000	295,000	1,390,000	8,010,000

KENTUCKY INTERLOCAL SCHOOL TRANSPORTATION ASSOCIATION
EQUIPMENT LEASE REVENUE BOND DEBT SERVICE
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE E-LONG-TERM DEBT

KISTA has issued the following Equipment Lease Revenue Bonds on behalf of participating school districts to acquire school buses. The bonds are secured by an assignment of the rental payments of each district's equipment lease and a security interest in each school bus. All bond issues are for a ten year period.

Issue	Interest Rates	Amount
First Series 2004	1.00-3.50%	\$ 11,825,000
First Series 2005	3.00-3.625%	\$ 19,020,000
First Series 2006	3.30-4.00%	\$ 12,075,000
Second Series 2006	3.50-3.875%	\$ 16,530,000
First Series 2007	3.625-3.75%	\$ 2,320,000
First Series 2008	3.00-3.75%	\$ 11,435,000
Second Series 2008	2.40-4.00%	\$ 1,680,000
First Series 2009	2.00-3.90%	\$ 13,555,000
Second Series 2009	2.00-3.80%	\$ 1,780,000
Third Series 2009	1.30-3.70%	\$ 11,060,000
First Series 2010	.60-3.40%	\$ 2,235,000
First Series 2011	1.00-4.00%	\$ 9,755,000
Second Series 2011	.70-3.60%	\$ 880,000
First Series 2012	.75-2.70%	\$ 13,010,000
Second Series 2012	0.50-2.65%	\$ 2,955,000
First Series 2013	2.00%	\$ 14,095,000

KENTUCKY INTERLOCAL SCHOOL TRANSPORTATION ASSOCIATION
EQUIPMENT LEASE REVENUE BOND DEBT SERVICE
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Debt service requirements to maturity, including \$8,255,316 of interest, are as follows:

Year Ended June 30	1st Series 2004	1st Series 2005	1st Series 2006	2nd Series 2006	1st Series 2007	1st Series 2008
2014	1,091,925	1,876,156	1,417,485	2,028,400	279,725	1,361,950
2015	-	1,559,556	1,178,360	2,034,056	280,844	1,362,680
2016	-	-	410,800	1,719,869	236,600	1,365,855
2017	-	-	-	1,604,809	238,625	1,151,215
2018	-	-	-	-	-	1,151,625
2019-2023	-	-	-	-	-	-
Total	\$ 1,091,925	\$ 3,435,712	\$ 3,006,645	\$ 7,387,134	\$ 1,035,794	\$ 6,393,325

Year Ended June 30	2nd Series 2008	1st Series 2009	2nd Series 2009	3rd Series 2009	1st Series 2010	1st Series 2011
2014	200,845	1,595,395	192,645	1,286,691	254,938	1,143,445
2015	200,065	1,600,645	197,545	1,287,841	256,390	1,147,345
2016	193,765	1,598,175	196,695	1,284,631	251,990	1,142,605
2017	167,290	1,596,645	150,220	1,282,441	256,710	1,143,730
2018	166,400	1,335,710	-	1,283,241	255,500	1,141,780
2019-2023	-	1,189,655	-	2,115,514	440,545	3,036,425
Total	\$ 928,365	\$ 8,916,225	\$ 737,105	\$ 8,540,359	\$ 1,716,073	\$ 8,755,330

Year Ended June 30	2nd Series 2011	1st Series 2012	2nd Series 2012	1st Series 2013	Total
2014	103,668	1,713,625	369,638	1,822,202	16,738,733
2015	102,392	1,449,325	324,837	1,821,000	14,802,881
2016	100,692	1,449,725	325,638	1,559,600	11,836,640
2017	98,992	1,449,625	326,362	1,557,800	11,024,464
2018	101,655	1,449,025	326,288	1,555,500	8,766,724
2019-2023	273,180	5,361,275	1,206,110	7,288,100	20,910,804
Total	\$ 780,579	\$ 12,872,600	\$ 2,878,873	\$ 15,604,202	\$ 84,080,246

Changes in Long-Term Liabilities

During the year ended June 30, 2013 the following changes occurred in bonds payable.

	June 30, 2012	Additions	Reductions	June 30, 2013	Due Within One Year
Revenue Bonds	\$ 72,115,000	\$ 17,050,000	\$ 13,340,000	\$ 75,825,000	\$ 14,575,000

KENTUCKY INTERLOCAL SCHOOL TRANSPORTATION ASSOCIATION
EQUIPMENT LEASE REVENUE BOND DEBT SERVICE
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE F – RISK MANAGEMENT

The buses purchased by the individual districts are self-insured by the KISTA Insurance Fund to the extent of damage in excess of \$5,000 for collision. Insurance proceeds received by school districts that duplicate these claim payments are paid back to the KISTA Insurance Fund. Claims over the past five years total \$157,839, an average of \$31,568. Claim liability amounts are as follows:

Beginning of fiscal year	\$	-
Claims received during year		38,190
Claims paid during year		<u>(38,190)</u>
Ending of fiscal year	\$	<u><u>-</u></u>

KISTA receives funds for the Insurance Fund from each Bond Issue, 2% of the acquisition costs of the buses. Solely at the discretion of the Board, based on investment income received and claims experience, amounts are refunded to the districts at the maturity of the bond issue and expiration of the lease obligation. In the year ended June 30, 2013, \$-0- was refunded to school districts.

NOTE G – SUBSEQUENT EVENTS

KISTA has several “acquisition accounts” that still have funds not used for bus payments. The financial advisor will be ascertaining which School Districts may be due reimbursement from these funds. The amount of refund is to be determined in the 2013-14 fiscal year.

At the completion of a bond issue, participating Districts may be due a refund of their share of Insurance Reserve deposits. The participants of the 2000 second, 2001 and 2003 bond issues will be due deposit returns and in March, 2014 the 2004 issue will be due deposit returns. The amounts of refund will be determined in the 2013-14 fiscal year.