

**GREENUP COUNTY SCHOOL DISTRICT**

**FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

GREENUP COUNTY SCHOOL DISTRICT  
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The Fyffe Jones Group, AC

2155 Carter Avenue  
P.O. Box 2245  
Ashland, KY 41105-2245  
606-329-8604

806 Chillicothe Street  
Portsmouth, OH 45662  
740-353-0400

1033 Twentieth Street  
P.O. Box 1148  
Huntington, WV 25713-1148  
304-525-8592

## INDEPENDENT AUDITORS' REPORT

Kentucky State Committee for  
School District Audits  
Members of the Board of Education  
Greenup County School District  
Greenup, 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 Greenup County School District as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the "Auditor Responsibilities" Section of the *Kentucky Public School Districts' Audit Contract and Requirements*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

### ***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 Greenup County School District, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 7 and 37 through 38 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 Greenup County School District's basic financial statements.

The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The statements of changes in assets and liabilities – school activity funds are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

These statements and schedule are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these statements and schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling schedules directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, these statements and schedules 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 our reported dated November 11, 2014, on our consideration of the District's internal control over financial reporting and our testing of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*The Fyffe Jones Group, A.C.*

THE FYFFE JONES GROUP, AC

Ashland, Kentucky  
November 11, 2014

GREENUP COUNTY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

As management of the Greenup County School District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with additional information found within the body of this report.

### FINANCIAL HIGHLIGHTS

- The beginning cash balance for the District was \$2,863,166 in the General Fund.
- The General Fund had \$22,422,656 in revenues, which primarily consisted of the state program (SEEK), property taxes, utilities taxes, and motor vehicle taxes. Excluding inter-fund transfers, there was \$21,538,032 in General Fund expenditures. On-behalf payments of \$3,868,915 are included in revenues and expenditures of the General Fund.
- General Fund Tax revenues were realized above budgeted projections. Overall, tax revenues finished at 107% of budgeted projections, or 7% above budget, for a total of \$375,946.

### OVERVIEW OF FINANCIAL STATEMENTS

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

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

The *statement of net position* presents information on all of the Board's assets, deferred outflows of resources, liabilities, and deferred inflow of resources. Net position is reported as assets plus deferred outflows of resources minus liabilities minus deferred inflows of resources. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Board is improving or deteriorating.

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

The government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, operation and maintenance of facilities, student transportation, and operation of non-instructional services. Fixed assets and related debt are also supported by taxes and intergovernmental revenues. The government-wide financial statements can be found on pages 8 and 9 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The state has mandated a uniform system (MUNIS administrative software) and chart of accounts for all Kentucky public school districts. 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 funds. Fiduciary funds are trust funds established by benefactors to aid in student education, welfare and teacher support. The District's only proprietary fund is food service operations. All other activities of the District are included in the governmental funds.

GREENUP COUNTY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

The basic governmental fund financial statements can be found on pages 10 through 17 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 financial statements can be found on pages 18 through 36 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$14,759,308 as of June 30, 2014.

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

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

**Net Position for the periods ending June 30, 2014 and 2013 are as follows:**

	<u>2014</u>	<u>2013</u>
Current Assets	\$ 4,440,144	\$ 4,064,530
Noncurrent Assets	29,831,910	29,819,258
Total Assets	<u>\$ 34,272,054</u>	<u>\$ 33,883,788</u>
Deferred Outflows of Resources	\$ -	\$ -
Current Liabilities	\$ 2,463,502	\$ 2,459,888
Long-Term Liabilities	17,045,013	17,807,652
Total Liabilities	<u>19,508,515</u>	<u>20,267,540</u>
Deferred Inflows of Resources	\$ 4,231	\$ 3,721
Total Net Position	<u>\$ 14,759,308</u>	<u>\$ 13,612,527</u>

- The District's total revenues for the fiscal year ended June 30, 2014, net of inter-fund transfers, were \$31,519,884.

**FUND FINANCIAL ANALYSIS**

**Comments on Budget Comparisons:**

- General Fund budget compared to actual revenue, net of on-behalf payments of \$3,868,915, varied slightly from line item to line item with the ending actual balance being \$842,060 more than budget, or approximately 4.8% due to an increased percentage of tax collections.

The following table presents a summary of the General Fund's revenues and expenses for the fiscal years ending:



GREENUP COUNTY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Revenues:		
Local Revenue Sources	\$ 6,395,252	\$ 6,214,565
Federal and State Revenue Sources	16,022,816	16,025,870
Other Sources	4,588	1,375
Total Revenues	<u>22,422,656</u>	<u>22,241,810</u>
Expenses:		
Instruction	10,363,022	10,034,541
Student Support Services	1,664,178	1,520,539
Instructional Support	1,306,814	1,291,222
District Administration	946,341	1,139,841
School Administration	1,707,742	1,643,517
Business Support	681,200	584,832
Plant Operations	2,739,201	2,784,400
Student Transportation	1,772,336	2,105,059
Community Services	-	-
Other	414,713	415,034
Total Expenses	<u>21,595,547</u>	<u>21,518,985</u>
Excess (Deficiency) of Revenues Over (Under) Expenses	<u>\$ 827,109</u>	<u>\$ 722,825</u>

**General Fund Revenue**

The majority of revenue was derived from local taxes of 26.9%, state funding of 71.3%, and other sources 1.8%.

**Budget Allocation**

Site Based Decision Making Councils expended \$13,377,578, or 61.9% of the General Fund budget. The remaining 38.1% was expended through central support services.

**School Allocation**

Instructional accounts were 77.5% of the school level expenditures.

**Central Office Allocation**

Central support services expenditures were District Administration 4.4%, Student Support Services 7.7%, Transportation 8.2%, Maintenance and Operations 12.7%, Business Functions 3.2% and Other 1.9%.

**FUTURE BUDGETARY IMPLICATIONS**

In Kentucky the public school fiscal year is July 1 - June 30; other programs, i.e. some federal operate on a different fiscal calendar, but are reflected in the District overall budget. By law the budget must have a minimum 2% contingency. The District adopted a budget with \$2,456,096 in contingency (9.5%). The General Fund cash balance for the beginning of the 2014-2015 fiscal year is \$3,771,527. The Board is constantly looking to upgrade facilities in the District as funds become available.

GREENUP COUNTY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

The Kentucky School Boards Insurance Trust (“KSBIT”) notified the District during the year that their self-insurance pools for worker’s compensation and liability insurance were underfunded. As a result, an assessment will be required under a fair methodology to be approved by the Kentucky Department of Insurance, of current and past participating members to fund the deficit and the transfer of liability to a qualified insurer/reinsurer. On June 24, 2013, the KSBIT Board voted to submit a plan to the Kentucky Department of Insurance using the novation option. A novation transfers all existing KSBIT claims and risk to a highly rated reinsurer which will continue to make claims payments. Under the novation method, the District’s liability would be \$735,698. The Franklin Circuit Court reviewed and approved plans submitted by a Rehabilitator for revised assessments. At the July 28, 2014 Board of Education meeting, the District approved payment plans as prescribed by notification from the KSBIT Workers’ Compensation Fund and the KSBIT Property and Liability Fund. The overall KSBIT Assessment was reduced by the Franklin Circuit Court’s approval of the Rehabilitator’s plan. The revised amount of the KSBIT Assessment is \$497,912. The KSBIT Workers’ Compensation Fund Assessment of \$345,169 will be paid over the course of seven years beginning with the year ending June 30, 2015. The KSBIT Property and Liability Fund Assessment of \$152,743 will be paid over the course of three years beginning with the year ending June 30, 2015.

Questions regarding this report should be directed to the Superintendent at (606) 473-9819 or to the Finance Director at (606) 473-9810 or by mail at 45 Musketeer Drive, Greenup, Kentucky 41144.

GREENUP COUNTY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2014

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 3,746,470	\$ (11,476)	\$ 3,734,994
Receivables (net of allowances for uncollectibles):			
Property Taxes	180,925	-	180,925
Intergovernmental - State	471,201	37,855	509,056
Inventories	-	15,169	15,169
Capital Assets, Not Being Depreciated	136,284	-	136,284
Capital Assets, Being Depreciated, Net	29,537,686	157,940	29,695,626
Total Assets	<u>\$ 34,072,566</u>	<u>\$ 199,488</u>	<u>\$ 34,272,054</u>
Deferred Outflows of Resources:			
Deferred Loss on Refunding of Debt	-	-	-
Liabilities:			
Accounts Payable	\$ 180,734	\$ 41,547	\$ 222,281
Payroll Taxes Payable	118,640	-	118,640
Deferred Revenue	221,308	-	221,308
Interest Payable	146,218	-	146,218
Portion Due or Payable Within One Year:			
Debt Obligations	1,453,128	-	1,453,128
Accrued Sick Leave	301,927	-	301,927
Portion Due or Payable After One Year:			
Debt Obligations	15,842,604	-	15,842,604
KSBIT Assessment Payable	497,912	-	497,912
Accrued Sick Leave	704,497	-	704,497
Total Liabilities	<u>\$ 19,466,968</u>	<u>\$ 41,547</u>	<u>\$ 19,508,515</u>
Deferred Inflows of Resources:			
Deferred Gain on Refunding of Debt	4,231	-	4,231
Net Position:			
Invested in Capital Assets, Net of Related Debt	\$ 11,025,380	\$ 157,941	\$ 11,183,321
Assigned - Site Based Carryforward	112,516	-	112,516
Assigned - Capital Expenditures	-	-	-
Assigned - Debt Service	-	-	-
Restricted - Other	170,799	-	170,799
Restricted - Accrued Sick Leave	250,000	-	250,000
Restricted - SFCC Escrow-Prior	-	-	-
Restricted - Future Construction	-	-	-
Unassigned Fund Balance	3,042,672	-	3,042,672
Total Net Position	<u>\$ 14,601,367</u>	<u>\$ 157,941</u>	<u>\$ 14,759,308</u>

See Notes to the Basic Financial Statements.

**GREENUP COUNTY SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Function/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instructional	\$ 14,580,578	\$ -	\$ 3,033,667	\$ -	\$ (11,546,911)	\$ -	\$ (11,546,911)
Support Services:							
Students	1,680,771	-	16,481	-	(1,664,290)	-	(1,664,290)
Instructional Staff	1,411,739	-	104,925	-	(1,306,814)	-	(1,306,814)
District Administration	979,953	-	-	-	(979,953)	-	(979,953)
School Administration	1,711,313	-	-	-	(1,711,313)	-	(1,711,313)
Business and Other Support Services	682,006	-	-	-	(682,006)	-	(682,006)
Operation and Maintenance of Plant	2,829,833	-	31,175	-	(2,798,658)	-	(2,798,658)
Student Transportation	1,986,752	-	-	-	(1,986,752)	-	(1,986,752)
Community Services	269,431	-	269,431	-	-	-	-
Facility Acquisition and Construction:	1,660,284	-	-	-	(1,660,284)	-	(1,660,284)
Debt Service	747,756	-	-	1,234,378	486,622	-	486,622
Total Government Activities	28,540,416	-	3,455,679	1,234,378	(23,850,359)	-	(23,850,359)
Business-Type Activities:							
Food Service	1,832,687	245,596	1,432,206	105,173	-	(49,712)	(49,712)
Total Business-Type Activities	1,832,687	245,596	1,432,206	105,173	-	(49,712)	(49,712)
Total School District	\$ 30,373,103	\$ 245,596	\$ 4,887,885	\$ 1,339,551	(23,850,359)	(49,712)	(23,900,071)
General Revenues							
Taxes					6,445,514	-	6,445,514
Intergovernmental Revenues					15,992,066	-	15,992,066
Investment Earnings					3,825	17,903	21,728
Proceeds From Bonds					785,000	-	785,000
Federal Sources					30,750	-	30,750
Miscellaneous					486,522	12,971	499,493
Interfund Transfer					(16,771)	16,771	-
Operating Transfers - Debt Service					1,267,713	-	1,267,713
Gain on Sale of Assets					4,588	-	4,588
Total General Revenues					\$ 24,999,207	\$ 47,645	\$ 25,046,852
Change in Net Position					1,148,848	(2,067)	1,146,781
Net Position, June 30, 2013					13,452,519	160,008	13,612,527
Net Position, June 30, 2014					\$ 14,601,367	\$ 157,941	\$ 14,759,308

See Notes to the Basic Financial Statements.

GREENUP COUNTY SCHOOL DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2014

	General Fund	Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 3,771,527	\$ (195,856)	\$ 170,799	\$ 3,746,470
Receivables (net of allowances for uncollectibles):				
Property Taxes	180,925	-	-	180,925
Intergovernmental - State	-	471,201	-	471,201
Total Assets	<u>\$ 3,952,452</u>	<u>\$ 275,345</u>	<u>\$ 170,799</u>	<u>\$ 4,398,596</u>
Liabilities:				
Accounts Payable	\$ 126,697	\$ 54,037	\$ -	\$ 180,734
Payroll Taxes Payable	118,640	-	-	118,640
Accrued Sick Leave	301,927	-	-	301,927
Deferred Revenue	-	221,308	-	221,308
Total Liabilities	<u>\$ 547,264</u>	<u>\$ 275,345</u>	<u>\$ -</u>	<u>\$ 822,609</u>
Fund Balances:				
Assigned - Site Based Carryforward	\$ 112,516	\$ -	\$ -	\$ 112,516
Assigned - Capital Expenditures	-	-	-	-
Restricted - Debt Service	-	-	-	-
Restricted - Other	-	-	170,799	170,799
Restricted - SFCC Escrow-Prior	-	-	-	-
Restricted - Accrued Sick Leave	250,000	-	-	250,000
Restricted - Future Construction	-	-	-	-
Unassigned	3,042,672	-	-	3,042,672
Total Fund Balances	<u>\$ 3,405,188</u>	<u>\$ -</u>	<u>\$ 170,799</u>	<u>\$ 3,575,987</u>
Total Liabilities and Fund Balances	<u><u>\$ 3,952,452</u></u>	<u><u>\$ 275,345</u></u>	<u><u>\$ 170,799</u></u>	<u><u>\$ 4,398,596</u></u>

See Notes to the Basic Financial Statements.

GREENUP COUNTY SCHOOL DISTRICT  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2014

Total Governmental Fund Balance	\$ 3,575,987
Amounts Reported for Governmental Activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	29,673,970
Certain other assets and liabilities are not available to pay current period expenditures and therefore are not reported in this fund.	(146,218)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(18,502,372)
Net Position of Governmental Activities	<u>\$ 14,601,367</u>

See Notes to the Basic Financial Statements.

GREENUP COUNTY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	General Fund	Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 6,020,946	\$ -	\$ 424,568	\$ 6,445,514
Interest Income	850	-	2,975	3,825
Intergovernmental - State	15,992,066	636,835	1,234,378	17,863,279
Intergovernment - Federal	30,750	2,762,663	-	2,793,413
Other Local Revenues	373,456	15,437	113,066	501,959
Total Revenues	<u>\$ 22,418,068</u>	<u>\$ 3,414,935</u>	<u>\$ 1,774,987</u>	<u>\$ 27,607,990</u>
<b>Expenditures:</b>				
Instruction	\$ 10,363,022	\$ 3,033,667	\$ -	\$ 13,396,689
Students	1,664,178	16,481	-	1,680,659
Instructional Staff	1,306,814	104,925	-	1,411,739
District Administration	946,341	-	-	946,341
School Administration	1,707,742	-	-	1,707,742
Business and Other Support Services	681,200	-	-	681,200
Operation and Maintenance of Plant	2,739,201	31,176	-	2,770,377
Student Transportation	1,772,336	-	-	1,772,336
Community Services	-	269,430	-	269,430
Facility Acquisition and Construction	-	-	1,660,284	1,660,284
Debt Service	357,198	-	1,590,399	1,947,597
Total Expenditures	<u>\$ 21,538,032</u>	<u>\$ 3,455,679</u>	<u>\$ 3,250,683</u>	<u>\$ 28,244,394</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 880,036</u>	<u>\$ (40,744)</u>	<u>\$ (1,475,696)</u>	<u>\$ (636,404)</u>
<b>Other Financing Sources (Uses):</b>				
Proceeds on Sale of Bonds	\$ -	\$ -	\$ 785,000	\$ 785,000
Gain on Sale of Equipment	4,588	-	-	4,588
Operating Transfers In	-	152,776	1,267,713	1,420,489
Operating Transfers Out-Other Funds	-	(112,032)	-	(112,032)
Operating Transfers Out-Debt Service	(57,515)	-	(1,267,713)	(1,325,228)
Total Other Financing (Uses) Sources	<u>\$ (52,927)</u>	<u>\$ 40,744</u>	<u>\$ 785,000</u>	<u>\$ 772,817</u>
Net Change in Fund Balances	<u>\$ 827,109</u>	<u>\$ -</u>	<u>\$ (690,696)</u>	<u>\$ 136,413</u>
Fund Balances, June 30, 2013	\$ 2,578,079	\$ -	\$ 861,495	\$ 3,439,574
Fund Balances, June 30, 2014	<u>\$ 3,405,188</u>	<u>\$ -</u>	<u>\$ 170,799</u>	<u>\$ 3,575,987</u>

See Notes to the Basic Financial Statements.

GREENUP COUNTY SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Amounts Reported For Governmental Activities in the Statement Of Net Position are Different Because:

Net Changes in Fund Balance - Governmental Funds \$ 136,413

Governmental funds report capital outlays as expenditures because they use current financial resources. However in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital exceeds depreciation expense for the year.

Depreciation expense	(1,350,852)	
Capital outlay	<u>1,360,094</u>	9,242

Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net assets however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net assets.

Principal paid	1,420,952
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Generally, expenditures recognized in the fund financial statements are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred for the following:

Long-term portion of accrued sick leave	42,547
Interest payable	2,175
Bond issue costs, net of amortization	(29,275)
Amortization of deferred charge on refunding	(510)
KSBIT Assessment Payable	237,786

Bond and capital lease proceeds are recognized as revenues of current financial resources in the fund financial statements, but are increases in liabilities in the statement of net assets.

Bond Proceeds	(785,000)
Residual Construction Bond Accounts-Closed	114,518

Change in Net Position of Governmental Activities	\$ 1,148,848
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GREENUP COUNTY SCHOOL DISTRICT  
STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
JUNE 30, 2014

	Food Service Fund
Assets:	
Current Assets:	
Cash and Cash Equivalents	\$ (11,476)
Receivables (net of allowances for uncollectibles):	
Intergovernmental - State	37,855
Inventories	15,169
Total Current Assets	\$ 41,548
Noncurrent Assets:	
Capital Assets, Net of Accumulated Depreciation	157,940
Total Noncurrent Assets	157,940
Total Assets	\$ 199,488
Liabilities:	
Current Liabilities:	
Accounts Payable	\$ 41,547
Total Current Liabilities	41,547
Total Liabilities	\$ 41,547
Net Assets:	
Restricted - Net Position	157,941
Total Net Position	\$ 157,941

See Notes to the Basic Financial Statements.

GREENUP COUNTY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET  
POSITION - PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Food Service Fund</u>
Operating Revenues:	
Lunchroom Sales	\$ 245,596
Other Operating Revenues	12,971
Total Operating Revenues	<u>\$ 258,567</u>
Operating Expenses:	
Salaries and Benefits	\$ 799,848
Contract Services	4,570
Materials and Supplies	980,516
Depreciation	25,275
Other Operating Expenses	51,164
Total Operating Expenses	<u>\$ 1,861,373</u>
Operating Loss	<u>\$ (1,602,806)</u>
Nonoperating Revenues:	
Federal Grants	\$ 1,264,902
State Grants	167,304
Donated Commodities	105,173
Interest Income	17,903
Total Nonoperating Revenues	<u>\$ 1,555,282</u>
Nonoperating Expenses:	
Miscellaneous	28,686
Total Nonoperating Expenses	<u>\$ 28,686</u>
Other Financing Sources (Uses):	
Operating Transfers In	16,771
Total Other Financing Sources (Uses)	<u>16,771</u>
Decrease in Net Assets	<u>\$ (2,067)</u>
Net Position, June 30, 2013	\$ 160,008
Net Position, June 30, 2014	<u>\$ 157,941</u>

See Notes to the Basic Financial Statements.

GREENUP COUNTY SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Food Service Fund</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating loss	\$ (1,602,806)
Adjustments to Reconcile Operating Loss to	
Net Cash Used for Operating Activities:	
Depreciation	25,275
Donated commodities	105,173
Employee benefits paid by KDE	153,500
Change in assets and liabilities:	
Inventory	6,905
Accounts payable	38,168
Accounts receivable	55,152
Other receipts	(28,686)
Net Cash Used for Operating Activities	<u>\$ (1,247,319)</u>
 Cash Flows From Noncapital Financing Activities:	
Government Grants	1,278,705
Interfund Transfer	16,771
Net Cash Provided by Noncapital and Related Financing Activities	<u>\$ 1,295,476</u>
 Cash Flows From Capital and Related Financing Activities:	
Purchases of Capital Assets	28,686
Net Cash Provided by Capital and Related Financing Activities	<u>\$ 28,686</u>
 Cash Flows From Investing Activities:	
Interest Received on Investments	17,903
Net Cash Provided by Investing Activities	<u>\$ 17,903</u>
 Net Increase in Cash and Cash Equivalents	<u>\$ 94,746</u>
 Cash Balance, June 30, 2013	\$ (106,222)
 Cash Balance, June 30, 2014	<u>\$ (11,476)</u>
 Non-Cash Items:	
Employee benefits paid by KDE	\$ 153,500
Donated commodities	\$ 105,173

See Notes to the Basic Financial Statements.

GREENUP COUNTY SCHOOL DISTRICT  
STATEMENT OF NET POSITION - FIDUCIARY FUNDS  
JUNE 30, 2014

	<u>Agency Funds</u>
Assets:	
Cash and Cash Equivalents	<u>\$ 196,820</u>
Total Assets	<u>196,820</u>
Liabilities:	
Due to Students	<u>196,820</u>
Total Liabilities	<u>196,820</u>
Net Position Held in Trust	<u><u>\$ -</u></u>

See Notes to the Basic Financial Statements.

GREENUP COUNTY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**Note 1 – Nature of Activities:**

**A. Reporting Entity**

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

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

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

Based on the foregoing criteria, the financial statements of the following organization are included in the accompanying financial statements. Copies of component unit reports may be obtained from the District's Finance Office at 45 Musketeer Drive, Greenup, Kentucky 41144.

***Greenup County School District Finance Corporation*** - On September 27, 1993, the Greenup County Board of Education resolved to authorize the establishment of the Greenup 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 58.180) as an agency of the Board for financing the costs of school building facilities. The Board Members of the Greenup County Board of Education also comprise the Corporation's Board of Directors.

**B. Basis of Presentation**

The basic financial statements include both government-wide statements and fund financial statements. The government-wide statements focus on the District as a whole, while the fund financial statements focus on major funds. Each presentation provides valuable information that can be analyzed and compared between years and between governments to enhance the usefulness of the information.

***Government-wide Statements*** - Provide information about the primary government (the District). The statements include a statement of net assets and a statement of activities. These statements report the financial activities of the overall government and business-type activities of the District. Governmental activities generally are financed through taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties.

GREENUP COUNTY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**Note 1 – Nature of Activities: (Cont.)**

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 a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

The District has the following funds:

**I. Governmental Fund Types**

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

(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

GREENUP COUNTY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**Note 1 – Nature of Activities: (Cont.)**

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 of the District.

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

i. 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.

ii. The Facility Support Program of Kentucky Fund (FSPK) accounts for funds generated by the building tax levy and also participates in the Kentucky 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.

iii. The Construction Fund includes Capital Projects Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction.

(D) Debt Service Funds are used to account for the accumulation of resources for, and payment of, general long-term debt principal and interest and related costs; and, for the payment of interest on general obligation notes payable, as required by Kentucky law.

**II. Proprietary Fund Type (Enterprise Fund)**

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

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

**III. Fiduciary Fund Type (includes Agency and Trust Funds)**

The Activity 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*.

GREENUP COUNTY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**Note 1 – Nature of Activities: (Cont.)**

**C. 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.

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

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

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

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

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

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable.



GREENUP COUNTY SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**Note 1 – Nature of Activities: (Cont.)**

**D. Encumbrance Accounting**

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end and outstanding encumbrances at year-end are appropriated in the next year. A reservation of fund balance equal to outstanding encumbrances at year-end is provided for at June 30, 2014. Accordingly, no differences exist between actual results and the applicable budgetary data presented in the accompanying combined financial statements related to encumbrance accounting. Encumbrances outstanding at year-end are reported in the appropriate fund balance category (restricted, committed or assigned) since they do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

**E. Capital Assets**

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective fund. All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of five thousand dollars with the exception of computers, digital cameras, and real property for which there is no threshold. The District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

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

**F. Interfund Activity**

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

GREENUP COUNTY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**Note 1 – Nature of Activities: (Cont.)**

**G. Cash and Cash Equivalents**

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

**H. Inventories**

Supplies and materials are charged to expenditures when purchased with the exception of the Proprietary Funds, which records inventory at cost, on the first-in, first-out basis, using the accrual basis of accounting.

**I. Deferred Revenue**

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant and, accordingly, when such funds are received they are recorded as deferred revenue until earned.

Property tax revenues and other governmental fund financial resource increments (i.e., bond issue proceeds) are recognized in the accounting period in which they become susceptible to accrual; that is, when they become both measurable and available to finance expenditures of the fiscal period.

**J. Budget**

The District is required by state law to adopt annual budgets for the general fund, special revenue fund, capital outlay fund and the food service fund. The District's budgetary process accounts for certain transactions on a basis other than Generally Accepted Accounting Principles (GAAP). The major difference between the budgetary basis and the GAAP basis is that on-behalf payments made by the state for the District are not budgeted. See Note 14 for these amounts which were not known by the District at the time the budget was adopted.

**K. Property Taxes**

Property taxes collected are recorded as revenues in the fund for which they were levied. The District's ad valorem property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business property located in the District. The assessed value of property upon which the levy for the 2014 fiscal year was based was \$730,034,732.

The tax rates assessed for the year ended June 30, 2014, to finance general fund operations were \$.804 on real estate and \$.494 on motor vehicles, per \$100 valuation.

Taxes are due on October 1 and become delinquent by February 1 following the October 1 levy date. Current tax collections for the year ended June 30, 2014, were approximately 94% of the tax levy.

GREENUP COUNTY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**Note 1 – Nature of Activities: (Cont.)**

**L. Accrued Liabilities and Long-Term Obligations**

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

**M. Fund Balance Reserves**

The District reserves those portions of fund balances which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion, which is available for appropriation in future periods. Fund balances reserves have been established for accrued sick leave. Unreserved fund balances are composed of designated and undesignated portions. The undesignated portion of the unreserved fund balance represents that portion of fund balance that is available for budgeting in future periods. Designated fund balances represent tentative plans for future use of financial resources.

**N. Fund Equity**

Effective July 1, 2010, the Board adopted GASB Statement No. 54 “Fund Balance Reporting and Governmental Fund Type Definitions,” which establishes new standards of accounting and financial reporting that are intended to improve the clarity and consistency of the fund balance information provided to financial report users. The classifications are based primarily on the extent to which the Board is bound to honor constraints on the specific purposes for which the amounts in those funds can be spent. Fund balances are reported in the following categories:

- I.** Nonspendable fund balances include amounts that cannot be spent because they are in a nonspendable form, such as inventory, or prepaid expense amounts, or they are legally or contractually required to be maintained intact, such as the corpus of a permanent fund.
- II.** Restricted fund balances are restricted due to legal restrictions from creditors, grantors, or laws and regulations of other governments or by legally enforceable enabling legislation or constitutional provisions.
- III.** Committed fund balances are amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the highest level of decision-making authority, which for the county is the five-member School Board. Said specific purposes and amounts are recorded in the official Board minutes of the fiscal year ended June 30, 2014.

GREENUP COUNTY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**Note 1 – Nature of Activities: (Cont.)**

IV. Those committed amounts cannot be used for any other purpose unless the School Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

V. Assigned fund balances are constrained by the intent to use funds for specific purposes, but are neither restricted nor committed. Intent can be expressed by the five-member School Board or by a body or official to which the School Board has delegated the authority to assign amounts to be used for specific purposes. By reporting particular amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund, the Board has assigned those amounts to the purposes of the respective funds.

VI. 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. In other funds, any negative fund balances would be unassigned.

**O. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the propriety funds. For the District, those revenues are primarily charges for meals provided by the various schools. All other revenues are nonoperating. Operating expenses can be tied specifically to the production of the foods and services, such as materials and labor and direct overhead. Other expenses are nonoperating.

**P. Interfund Activity**

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

**Q. Restricted Resources**

Restricted resources should be applied first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. If an expense is incurred for purposes for which committed, assigned and unassigned fund balances are all available, the fund balances should be reduced in the following order: committed, assigned, and then unassigned.

GREENUP COUNTY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**Note 1 – Nature of Activities: (Cont.)**

**R. Deferred Outflow of Resources:**

A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period.

Balances of deferred outflows of resources may be presented in the statement of net position or governmental fund balance sheet as aggregations of different types of deferred amounts. The details of the aggregate amount are as follows:

For the fiscal year ended June 30, 2014, the District did not report deferred outflows of resources.

**S. Deferred Inflow of Resources**

A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period.

Balances of deferred inflows of resources may be presented in the statement of net position or governmental fund balance sheet as aggregations of different types of deferred amounts. The details of the aggregate amount are as follows:

For the fiscal year ended June 30, 2014, the District reported \$4,231 in deferred inflows of resources relating to the deferred gain on the refunding of debt.

GREENUP COUNTY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**Note 2 - Change in Accounting Policy:**

The Board changed its method of accounting for the following items in order to comply with accounting principles generally accepted in the United States of America:

GASB 63 – As of July 1, 2012, the Board implemented GASB Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.” This statement changed the name of the district-wide statement formerly known as the Statement of Net Assets to the Statement of Net Position. It also added new categories of Deferred Outflows of Resources and Deferred Inflows of Resources to the district-wide Statement of Net Position and the governmental fund Balance Sheet.

GASB 65 – As of July 1, 2012, the Board implemented GASB Statement No. 65, “Items Previously Reported as Assets and Liabilities”. Upon implementation, this statement reclassified some items currently reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources.

**Note 3 – Estimates:**

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

**Note 4 – Cash and Cash Equivalents:**

The funds of the District must be deposited and invested under the terms of a contract. The depository bank places approved pledged securities for safekeeping and trust with the District's agent bank in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

At June 30, 2014, the carrying amount of the District's cash and cash equivalents was \$3,734,994 and the bank balances were \$4,639,003. The cash balance was covered by Federal Depository insurance and by a collateral agreement and collateral held by the pledging banks' trust departments in the District's name.

GREENUP COUNTY SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**Note 5 – Capital Assets:**

Capital asset activity for the fiscal year ended June 30, 2014, was as follows:

<u>Governmental Activities</u>	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2014</u>
Land	\$ 136,284	\$ -	\$ -	\$ 136,284
Buildings and Improvements	42,066,479	2,297,325	-	44,363,804
Infrastructure	301,238	77,940	-	379,178
Technology Equipment	3,698,467	93,604	-	3,792,071
Machinery and Equipment	534,837	-	-	534,837
Vehicles	3,405,924	17,150	145,012	3,278,062
Construction in Progress	<u>980,913</u>	<u>-</u>	<u>980,913</u>	<u>-</u>
Total	\$ 51,124,142	\$ 2,486,019	\$ 1,125,925	\$ 52,484,236

Less: Accumulated Depreciation:

Buildings and Improvements	\$ 15,165,773	\$1,031,194	\$ -	\$ 16,196,967
Infrastructure	137,594	17,606	-	155,200
Technology Equipment	3,201,484	189,975	-	3,391,459
Machinery and Equipment	355,723	27,706	-	383,429
Vehicles	<u>2,598,840</u>	<u>229,383</u>	<u>145,012</u>	<u>2,683,211</u>
Total	\$ 21,459,414	\$1,495,864	\$ 145,012	\$ 22,810,266

Governmental Activities Capital Assets – Net	\$ <u>29,664,728</u>	<u>\$ 990,155</u>	<u>\$ 980,913</u>	\$ <u>29,673,970</u>
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<u>Business-Type Activities</u> Food Service Equipment	\$ 862,557	\$ 28,686	\$ -	\$ 891,243
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Less: Accumulated Depreciation:	<u>708,027</u>	<u>25,276</u>	<u>-</u>	<u>733,303</u>
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Business-Type Activities Capital Assets – Net	\$ <u>154,530</u>	<u>\$ 3,410</u>	<u>\$ -</u>	\$ <u>157,940</u>
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Depreciation expense was allocated to governmental functions as follows:

Instruction	\$ 1,183,891
Student support	112
Direct administration	33,612
School administration	3,570
Business support services	806
Plant operation and maintenance	59,457
Student transportation	<u>214,416</u>
Total	\$ <u>1,495,864</u>

GREENUP COUNTY SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**Note 6 – Debt Obligations:**

The amount shown in the accompanying financial statements as debt obligations represents the District's future obligations to make lease payments relating to the bonds issued by the Greenup County School District Financial Corporation and the Kentucky School Construction Commission aggregating \$26,919,050.

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>
1998B	\$ 1,460,000	3.60% to 4.40%
2002	3,395,000	1.35% to 4.00%
2003	3,050,000	1.15% to 4.50%
2007	5,310,000	3.50% to 3.875%
2008	2,355,000	2.40% to 3.50%
2010	1,630,000	1.00% to 4.20%
2010-REF	4,750,000	0.60% to 2.55%
2011-REF	2,325,000	1.10% to 2.50%
2012K	479,050	2.00%
2013E	1,380,000	1.85%
2013	<u>785,000</u>	1.85% to 4.25%
	\$ 26,919,050	

The District, through the General Fund (including utility taxes and the Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund) is obligated to make lease payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Greenup County School District Financial Corporation and the Kentucky School Construction Commission 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 proceeds from certain refunding issues have been placed in escrow accounts to be used to service the related debt.

**KSBIT Payable**

The Kentucky School Boards Insurance Trust (“KSBIT”) notified the District during the year that their self-insurance pools for worker’s compensation and liability insurance were underfunded. As a result, an assessment will be required under a fair methodology to be approved by the Kentucky Department of Insurance, of current and past participating members to fund the deficit and the transfer of liability to a qualified insurer/reinsurer. On June 24, 2013, the KSBIT Board voted to submit a plan to the Kentucky Department of Insurance using the novation option. A novation transfers all existing KSBIT claims and risk to a highly rated reinsurer which will continue to make claims payments. Under the novation method, the District’s liability would be \$735,698. The Franklin Circuit Court reviewed and approved plans submitted by a Rehabilitator for revised assessments. At the July 28, 2014 Board of Education meeting, the District approved payment plans as prescribed by notification from the KSBIT Workers’ Compensation Fund and the KSBIT Property and Liability Fund. The overall KSBIT Assessment was reduced by the Franklin Circuit Court’s approval of the Rehabilitator’s plan. The revised amount of the



GREENUP COUNTY SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**Note 6 – Debt Obligations: (Cont.)**

KSBIT Assessment is \$497,912. The KSBIT Workers' Compensation Fund Assessment of \$345,169 will be paid over the course of 7 years beginning with the year ending June 30, 2015. The KSBIT Property and Liability Fund Assessment of \$152,743 will be paid over the course of 3 years beginning with the year ending June 30, 2015.

The changes in the general long-term debt for the year ended June 30, 2014, were as follows:

	<u>Balance</u> <u>July 1, 2013</u>	<u>New Issues</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2014</u>
General obligation bonds - \$26,919,050 originally issued with interest rates ranging from 0.60% to 4.50%	\$ 16,208,850	\$ 785,000	\$ 1,198,500	\$ 15,795,350
KISTA Loans	1,542,012	185,822	227,452	1,500,382
KSBIT Assessment Payable	735,698	-	237,786	497,912
Accumulated Sick Leave	<u>1,062,706</u>	<u>-</u>	<u>56,282</u>	<u>1,006,424</u>
Total	\$ <u>19,549,266</u>	\$ <u>970,822</u>	\$ <u>1,720,020</u>	\$ <u>18,800,068</u>

The District has entered into "participation agreements" with the School Facility 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 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, 2014, for debt service (principal and interest) are as follows:

Year	<u>Greenup County</u> <u>School District</u>		<u>Kentucky School Facilities</u> <u>Construction Commission</u>		Total Principal
	Principal	Interest	Principal	Interest	
2015	\$ 1,104,799	\$ 404,136	\$ 348,329	\$ 103,709	\$ 1,453,128
2016	1,087,593	378,672	231,606	95,664	1,319,199
2017	1,101,756	349,802	237,796	89,477	1,339,552
2018	1,094,261	320,373	265,768	82,822	1,360,029
2019-2023	5,369,613	1,176,138	1,096,875	306,388	6,466,488
2024-2028	4,005,520	378,065	756,816	144,888	4,762,336
2029-2034	<u>238,236</u>	<u>20,330</u>	<u>356,764</u>	<u>32,202</u>	<u>595,000</u>
Total	\$ <u>14,001,778</u>	\$ <u>3,027,516</u>	\$ <u>3,293,954</u>	\$ <u>855,150</u>	\$ <u>17,295,732</u>

GREENUP COUNTY SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**Note 6 – Debt Obligations: (Cont.)**

On September 10, 2003, the District sold \$500,000 of Qualified Zone Academy Bonds ("QZAB"). QZAB's are financing instruments that are used to finance renovations and repairs to schools, with the federal government providing the interest payment and the school district being responsible for the repayment of principal only. A school district must meet certain eligibility criteria to qualify for a QZAB bond issue. To be eligible, a school district must either be located in an Empowerment Zone or Enterprise Community, or, have at least 35% of the school's students eligible for free or reduced lunches under the Federal National School Lunch Program. Requirements of the QZAB program are as follows: The District must lease the school project through the maturity of September 10, 2019. The District elected to make a prepayment of rentals due in an amount, which when invested, in accordance with the investment agreement, will produce the entire principal amount due on the bonds on or before the maturity date. These QZAB bonds were refunded during the 2012-2013 fiscal year for a savings to the District of \$24,247 which will be amortized through the Deferred Inflows of Resources on the Statement of Net Position.

**Note 7 – Accumulated Unpaid Sick Leave Benefits:**

Upon retirement from the school system, an employee will receive from the District an amount equal to 30% of the value of accumulated sick leave. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the District's past experience of making termination payments. The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, the current portion of unpaid accrued sick leave is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "accrued sick leave" in the general fund. The noncurrent portion of the liability is not reported in the fund financial statements.

**Note 8 – Interfund Transfers:**

Interfund transfers at June 30, 2014, consisted of the following:

<u>Type</u>	<u>From</u>	<u>To</u>	<u>Purpose</u>	<u>Amount</u>
Operating	General	Special Revenue	Technology	\$ 40,744
Debt Service	Capital Projects	Debt Service	Bond Payments	\$ 1,090,113
Operating	General	Proprietary	Deficit	\$ 16,771
Operating	Special Revenue	Special Revenue	Inter-Grant	\$ 112,032

GREENUP COUNTY SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**Note 9 – Capital Lease Payable:**

The following is a schedule by years of the future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of June 30, 2014:

Year ending June 30:	
2015	326,400
2016	283,934
2017	236,706
2018	191,018
Thereafter	<u>224,662</u>
Total minimum lease payments	\$ 1,262,720
Less: Amount representing interest	<u>(101,988)</u>
Present value of net minimum lease payments	\$ 1,160,732

These capital leases are also included in **Note 7 - Debt Obligations.**

**Note 10 – Retirement Plans:**

**Kentucky Teachers Retirement System**

*Plan Descriptions* - The Greenup County School District contributes to the Teachers' Retirement System of Kentucky (KTRS), a cost-sharing, multiple employer deemed benefit pension plan. KTRS administers retirement and disability annuities, and death and survivor benefits to employees of the public school systems and other public educational agencies in Kentucky.

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

*Funding Policy* - Funding for KTRS is provided by eligible employees who contribute 11.355% of their salary through payroll deductions and the Board contributes 1.5%. For federally-funded eligible employees, the employee contributes 11.355% and the Commonwealth of Kentucky contributes through matching contributions at the rate of 14.605% from the federal grant from which the employee is paid.

For the year ended June 30, 2014, the Commonwealth of Kentucky contributed \$1,358,459, the Board paid \$166,494 from federal grant monies to KTRS in matching contributions for federally funded employees, and the Board paid \$154,313 in matching contributions for non-federally-funded eligible employees for a total of \$1,679,266 paid to KTRS, equal to the required contribution for the year.

GREENUP COUNTY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**Note 10 – Retirement Plans: (Cont.)**

County Employee's Retirement System

Substantially all other employees (classified personnel) are covered under the County Employee Retirement System (CERS), a cost sharing, multiple-employer, defined benefit pension plan administered by the Kentucky General Assembly.

Funding for the plan is provided through payroll withholdings of 5.00% for employees who began contributing prior to September 1, 2008, and 6.00% for employees on or after September 1, 2008 and a District contribution of 18.89% of the employee's total compensation subject to contribution. The District's contributions to CERS for the year ending June 30, 2014 were \$726,142 equal to the required contributions for the year.

The CERS issues a publicly available financial report included in the Kentucky Retirement Systems Annual Report that includes financial statements and the required supplementary information for CERS. That report may be obtained by writing to Kentucky Retirement Systems, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky, 40601, or by calling (502) 564-4646 or at their website at [www.kyret.com](http://www.kyret.com).

**Note 11 – 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 the grantors review indicates that the funds have not been used for the intended purpose, the grantors' may request a refund of monies advanced or refuse to reimburse the 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 program 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 certain legal proceedings arising from normal business activities. Administrative officials believe that these actions are without merit or that the ultimate liability, if any, resulting from them will not materially affect the accompanying financial statements.

**Note 12 – 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. During the 2012-2013 fiscal year, to obtain insurance for workers' compensation, errors and omissions, and general liability coverage, the District participated in the Kentucky School Boards Insurance Trust Liability Insurance Fund. These public entity risk pools operate as common risk management and insurance program for all school districts and other tax supported as common risk management and insurance program for all school districts and other tax supported educational agencies of Kentucky who are members of the Kentucky School Boards Association.

GREENUP COUNTY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**Note 12 – Risk Management: (Cont.)**

The District pays an annual premium to each fund for coverage. Contributions to the Workers' Compensation Fund are based on premium rates established by such fund in conjunction with the excess insurance carrier, subject to claims experience modifications and a group discount amount. Dividends may be declared but are not payable until twenty-four (24) months after the expiration of the self-insurance term. The Liability Insurance Fund pays insurance premiums of the participating members established by the insurance carrier. The Trust can terminate coverage if it is unable to obtain acceptable excess general liability coverage and for any reason by giving ninety (90) days notice. In the event the Trust terminated coverage, any amount remaining in the Fund (after payment of operational and administrative costs and claims for which coverage was provided) would be returned to the member on a pro rata basis.

The Kentucky School Boards Insurance Trust (“KSBIT”) notified the District during the year that their self-insurance pools for worker’s compensation and liability insurance were underfunded. As a result, an assessment will be required under a fair methodology to be approved by the Kentucky Department of Insurance, of current and past participating members to fund the deficit and the transfer of liability to a qualified insurer/reinsurer. On June 24, 2013, the KSBIT Board voted to submit a plan to the Kentucky Department of Insurance using the novation option. A novation transfers all existing KSBIT claims and risk to a highly rated reinsurer which will continue to make claims payments. Under the novation method, the District’s liability would be \$735,698. The Franklin Circuit Court reviewed and approved plans submitted by a Rehabilitator for revised assessments. At the July 28, 2014 Board of Education meeting, the District approved payment plans as prescribed by notification from the KSBIT Workers’ Compensation Fund and the KSBIT Property and Liability Fund. The overall KSBIT Assessment was reduced by the Franklin Circuit Court’s approval of the Rehabilitator’s plan. The revised amount of the KSBIT Assessment is \$497,912. The KSBIT Workers’ Compensation Fund Assessment of \$345,169 will be paid over the course of seven years beginning with the year ending June 30, 2015. The KSBIT Property and Liability Fund Assessment of \$152,743 will be paid over the course of 3 years beginning with the year ending June 30, 2015.

For the 2013-2014 fiscal year, the District participated in the bidding process to obtain insurance for workers' compensation, errors and omissions, and general liability coverage. The District was able to obtain such coverage going forward.

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 13 – COBRA:**

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 (contingency).

GREENUP COUNTY SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**Note 14 – On-Behalf Payments:**

For fiscal year 2014, the Commonwealth of Kentucky contributed payments on behalf of the Greenup County School District as follows:

Plan/Description	Amount
Kentucky Teachers Retirement System	\$ 1,358,459
Health & Life Insurance	<u>2,605,265</u>
Total	\$ 3,963,724

These amounts are included the Government-wide Statement of Activities as State Revenue and an expense allocated to the different functions in the same proportion as full-time employees.

**Note 15 – Fund Balance:**

The detailed components of the various fund balance categories as of June 30, 2014, are as follows:

Fund Balance	General Current Expense	Capital Outlay and Building Fund	Construction Fund	Debt Service Fund	Total Governmental Funds
<b>Assigned to:</b>					
Site Based Carryforward	\$ 112,516	\$ -	\$ -	\$ -	\$ 112,516
Capital Expenditures	-	-	-	-	-
Debt Service	-	-	-	-	-
<b>Restricted:</b>					
Other	-	170,799	-	-	170,799
Accrued Sick Leave	250,000	-	-	-	250,000
Future Construction	-	-	-	-	-
SFCC Escrow-Prior	-	-	-	-	-
<b>Unassigned</b>	3,042,672	-	-	-	3,042,672
<b>Total Fund Balance</b>	<b>\$3,405,188</b>	<b>\$170,799</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,575,987</b>

**Note 16 – Encumbrances:**

The District did not have any encumbrances as of June 30, 2014.

**Note 17 – Extraordinary Item:**

As more fully described in **Note 12 - Risk Management**, the Board recognized an extraordinary item during the 2012-2013 relating to self-insurance pools for worker's compensation liabilities, property liabilities, and general liabilities.

GREENUP COUNTY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**Note 18 – Commitments, Contingencies, and Subsequent Events:**

All commitments, contingencies, and subsequent events have been evaluated by management and have been properly disclosed up through the date of this report.

GREENUP COUNTY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES - BUDGET  
AND ACTUAL (NON-GAAP BUDGETARY BASIS) - GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<b>Revenues:</b>				
Taxes	\$ 5,695,000	\$ 5,645,000	\$ 6,020,946	\$ 375,946
Other Local Sources	165,500	165,500	374,306	208,806
State Sources	16,132,370	15,877,681	15,992,066	114,385
Federal Sources	100,000	100,000	30,750	(69,250)
Other Sources	-	-	4,588	4,588
Total Revenues	<u>\$ 22,092,870</u>	<u>\$ 21,788,181</u>	<u>\$ 22,422,656</u>	<u>\$ 634,475</u>
<b>Expenditures:</b>				
Instruction	\$ 10,258,999	\$ 10,142,093	\$ 10,363,022	\$ (220,929)
<b>Support Services:</b>				
Students	1,530,950	1,608,708	1,664,178	(55,470)
Instructional Staff	1,266,718	1,272,828	1,306,814	(33,986)
District Administration	1,415,591	1,406,091	946,341	459,750
School Administration	1,932,757	1,913,317	1,707,742	205,575
Business and Other Support Services	484,517	565,370	681,200	(115,830)
Operation and Maintenance of Plant	2,980,830	2,971,574	2,739,201	232,373
Student Transportation	2,059,115	2,136,613	1,772,336	364,277
Debt Service	325,000	365,000	357,198	7,802
Contingency	1,268,393	1,621,343	-	1,621,343
Other	50,000	50,000	57,515	(7,515)
Total Expenditures	<u>\$ 23,572,870</u>	<u>\$ 24,052,937</u>	<u>\$ 21,595,547</u>	<u>\$ 2,457,390</u>
Net Change In Fund Balance	<u>\$ (1,480,000)</u>	<u>\$ (2,264,756)</u>	<u>\$ 827,109</u>	<u>\$ 3,091,865</u>
Fund Balance, June 30, 2013	\$ 1,480,000	\$ 2,264,756	\$ 2,578,079	\$ 313,323
Fund Balance, June 30, 2014	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,405,188</u>	<u>\$ 3,405,188</u>
Adjustments to Generally Accepted Accounting Principles -				
Intergovernmental State Revenue			\$ 3,868,915	
On-behalf Payments:				
Instruction			(2,241,221)	
Support Services:				
Students			(360,099)	
Instructional Staff			(259,714)	
General Administration			(47,261)	
School Administration			(350,605)	
Business and Other Support Services			(80,792)	
Operation and Maintenance of Plant			(225,260)	
Student Transportation			(245,272)	
Technology			(58,691)	
Fund balance, June 30, 2014 (GAAP basis)			<u>\$ 3,405,188</u>	

See Notes to the Basic Financial Statements.



GREENUP COUNTY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Other Local Sources	\$ 5,000	\$ 5,000	\$ 15,437	\$ 10,437
State Sources	615,983	615,983	636,835	20,852
Federal Sources	2,024,086	2,024,086	2,762,663	738,577
Total Revenues	<u>\$ 2,645,069</u>	<u>\$ 2,645,069</u>	<u>\$ 3,414,935</u>	<u>\$ 769,866</u>
Expenditures:				
Instruction	\$ 2,283,843	\$ 2,283,843	\$ 3,033,667	\$ (749,824)
Support Services				
Students	16,613	16,613	16,481	132
Instructional Staff	94,815	94,815	104,925	(10,110)
Operation and Maintenance of Plant	-	-	31,176	(31,176)
Community Services	299,798	299,798	269,430	30,368
Total Expenditures	<u>\$ 2,695,069</u>	<u>\$ 2,695,069</u>	<u>\$ 3,455,679</u>	<u>\$ (760,610)</u>
(Deficiency) Excess of Revenues (Under) Over Expenditures	<u>\$ (50,000)</u>	<u>\$ (50,000)</u>	<u>\$ (40,744)</u>	<u>\$ 1,530,476</u>
Other Financing Sources (Uses):				
Transfers In	\$ 50,000	\$ 50,000	\$ 152,776	\$ (102,776)
Transfers Out	-	-	(112,032)	112,032
Total Other Financing Sources (Uses)	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 40,744</u>	<u>\$ 9,256</u>
Net Change In Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,539,732</u>
Fund Balance, June 30, 2013	\$ -	\$ -	\$ -	\$ -
Fund Balance, June 30, 2014	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,539,732</u></u>

See Notes to the Basic Financial Statements.

GREENUP COUNTY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2014

	Capital Outlay Fund	Building Fund	Construction Fund	Debt Service Fund	Total Non-Major Governmental Funds
Assets:					
Cash and Cash Equivalents	\$ 4,074	\$ -	\$ 166,725	\$ -	\$ 170,799
Total Assets	<u>\$ 4,074</u>	<u>\$ -</u>	<u>\$ 166,725</u>	<u>\$ -</u>	<u>\$ 170,799</u>
Liabilities:					
Accounts Payable	-	-	-	-	-
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balances:					
Restricted - Other	\$ 4,074	\$ -	\$ 166,725	\$ -	\$ 170,799
Total Fund Balances	<u>\$ 4,074</u>	<u>\$ -</u>	<u>\$ 166,725</u>	<u>\$ -</u>	<u>\$ 170,799</u>
Total Liabilities and Fund Balances	<u>\$ 4,074</u>	<u>\$ -</u>	<u>\$ 166,725</u>	<u>\$ -</u>	<u>\$ 170,799</u>

See Notes to the Basic Financial Statements.

GREENUP COUNTY SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Capital Outlay Fund	Building Fund	Construction Fund	Debt Service Fund	Total Non-Major Governmental Funds
Revenues:					
Taxes	\$ -	\$ 424,568	\$ -	\$ -	\$ 424,568
Earnings on Investments	-	-	2,975	-	2,975
Other Local Revenues	-	-	113,066	-	113,066
Intergovernmental - State	258,294	511,746	-	464,338	1,234,378
Total Revenues	<u>\$ 258,294</u>	<u>\$ 936,314</u>	<u>\$ 116,041</u>	<u>\$ 464,338</u>	<u>\$ 1,774,987</u>
Expenditures:					
Facility Acquisition and Construction	\$ 77,940	\$ -	\$ 1,582,344	\$ -	\$ 1,660,284
Debt Service	-	35,948	-	1,554,451	1,590,399
Total Expenditures	<u>\$ 77,940</u>	<u>\$ 35,948</u>	<u>\$ 1,582,344</u>	<u>\$ 1,554,451</u>	<u>\$ 3,250,683</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures					
	<u>\$ 180,354</u>	<u>\$ 900,366</u>	<u>\$ (1,466,303)</u>	<u>\$ (1,090,113)</u>	<u>\$ (1,475,696)</u>
Other Financing Sources (Uses):					
Proceeds From Sale of Bonds	\$ -	\$ -	\$ 785,000	\$ -	785,000
Operating Transfers In	-	-	177,600	1,090,113	1,267,713
Operating Transfers Out-Debt Service	(189,747)	(1,077,966)	-	-	(1,267,713)
Total Other Financing (Uses) Sources	<u>\$ (189,747)</u>	<u>\$ (1,077,966)</u>	<u>\$ 962,600</u>	<u>\$ 1,090,113</u>	<u>\$ 785,000</u>
Net Change in Fund Balance	<u>\$ (9,393)</u>	<u>\$ (177,600)</u>	<u>\$ (503,703)</u>	<u>\$ -</u>	<u>\$ (690,696)</u>
Fund Balances, June 30, 2013	\$ 13,467	\$ 177,600	\$ 670,428	\$ -	\$ 861,495
Fund Balances, June 30, 2014	<u><u>\$ 4,074</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 166,725</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 170,799</u></u>

See Notes to the Basic Financial Statements.

GREENUP COUNTY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NON-MAJOR CAPITAL PROJECT FUNDS  
 JUNE 30, 2014

	FSPK Fund	SEEK Funds	Construction Funds	Total Non-Major Capital Project Funds
Assets:				
Cash and Cash Equivalents	\$ -	\$ 4,074	\$ 166,725	\$ 170,799
Total Assets	<u>-</u>	<u>4,074</u>	<u>166,725</u>	<u>170,799</u>
Liabilities:				
Accounts Payable	-	-	-	-
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balances:				
Restricted - Other	\$ -	\$ 4,074	\$ 166,725	\$ 170,799
Total Fund Balances	<u>-</u>	<u>4,074</u>	<u>166,725</u>	<u>170,799</u>
Total Liabilities and Fund Balances	<u><u>\$ -</u></u>	<u><u>\$ 4,074</u></u>	<u><u>\$ 166,725</u></u>	<u><u>\$ 170,799</u></u>

See Notes to the Basic Financial Statements.

GREENUP COUNTY SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCES - NON-MAJOR CAPITAL PROJECT FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	FSPK Fund	SEEK Funds	Construction Funds	Total Non-Major Capital Project Funds
Revenues:				
Taxes	\$ 424,568	\$ -	\$ -	\$ 424,568
Earnings on Investments	-	-	2,975	2,975
Intergovernmental - State	511,746	258,294	-	770,040
Other Local Revenues	-	-	113,066	113,066
Total Revenues	<u>\$ 936,314</u>	<u>\$ 258,294</u>	<u>\$ 116,041</u>	<u>\$ 1,310,649</u>
Expenditures:				
Facility Acquisition and Construction	\$ -	\$ 77,940	\$ 1,582,344	\$ 1,660,284
Debt Service	35,948	-	-	35,948
Total Expenditures	<u>\$ 35,948</u>	<u>\$ 77,940</u>	<u>\$ 1,582,344</u>	<u>\$ 1,696,232</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 900,366</u>	<u>\$ 180,354</u>	<u>\$ (1,466,303)</u>	<u>\$ (385,583)</u>
Other Financing Sources (Uses):				
Proceeds From Sale of Bonds	\$ -	\$ -	\$ 785,000	\$ 785,000
Operating Transfers In	-	-	177,600	177,600
Operating Transfers Out - Debt Service	(1,077,966)	(189,747)	-	(1,267,713)
Total Other Financing (Uses) Sources	<u>\$ (1,077,966)</u>	<u>\$ (189,747)</u>	<u>\$ 962,600</u>	<u>\$ (305,113)</u>
Net Change in Fund Balance	<u>\$ (177,600)</u>	<u>\$ (9,393)</u>	<u>\$ (503,703)</u>	<u>\$ (690,696)</u>
Fund Balances, June 30, 2013	\$ 177,600	\$ 13,467	\$ 670,428	\$ 861,495
Fund Balances, June 30, 2014	<u>\$ -</u>	<u>\$ 4,074</u>	<u>\$ 166,725</u>	<u>\$ 170,799</u>

See Notes to the Basic Financial Statements.

GREENUP COUNTY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET- BOND AND INTEREST REDEMPTION  
 JUNE 30, 2014

	1997B Bond Fund	1997 & 1998 Bond Fund	1998B Bond Fund	2002 Bond Fund	2003 Bond Fund	2007 Bond Fund	2008 Bond Fund	2010 Bond Fund	2010R Bond Fund	2011R Bond Fund	2013E Bond Fund	2013 Bond Fund	Total Bond and Interest Redemption
Assets:													
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,531	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,531
Total Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,531</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,531</u>
Liabilities:													
Accounts Payable	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:													
Unreserved	-	-	-	-	-	-	21,531	-	-	-	-	-	21,531
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,531</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,531</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,531</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,531</u>

See Notes to the Basic Financial Statements.

GREENUP COUNTY SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 - BOND AND INTEREST REDEMPTION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	1997B	1997 & 1998	1998B	2002	2003	2007	2008	2010	2010R	2011R	2013E	2013	Total
	Bond	Bond	Bond	Bond	Bond	Bond	Bond	Bond	Bond	Bond	Bond	Bond	Bond and
	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Interest
													Redemption
Revenues:													
Intergovernmental - State	\$ -	\$ -	\$ -	\$163,117	\$ 34,662	\$ 82,615	\$ 44,201	\$ 74,217	\$ 42,044	\$ 17,607	\$ -	\$ 5,875	\$ 464,338
Interest Income	28	1	2	1	-	1	1	-	1	1	249	2,722	3,007
Total Revenues	\$ 28	\$ 1	\$ 2	\$163,118	\$ 34,662	\$ 82,616	\$ 44,202	\$ 74,217	\$ 42,045	\$ 17,608	\$ 249	\$ 8,597	\$ 467,345
Expenditures:													
Debt Service	-	-	-	390,969	106,943	251,000	208,115	117,725	386,256	85,569	55,530	9,634	1,611,741
Total Expenditures	\$ -	\$ -	\$ -	\$390,969	\$106,943	\$251,000	\$208,115	\$117,725	\$386,256	\$ 85,569	\$ 55,530	\$ 9,634	\$ 1,611,741
Deficiency of Revenues	28	1	2	(227,851)	(72,281)	(168,384)	(163,913)	(43,508)	(344,211)	(67,961)	(55,281)	(1,037)	(1,144,396)
Under (Over) Expenditures													
Other Financing Sources:													
Bond Proceeds	-	-	-	-	-	-	-	-	-	-	-	785,000	785,000
Payment to bond escrow agent	-	-	-	-	-	-	-	-	-	-	-	(29,275)	(29,275)
Operating Transfers In	-	-	-	227,852	72,281	168,385	162,154	43,508	344,212	67,962	55,530	3,759	1,145,643
Operating Transfers Out	(99,233)	(2,762)	(6,510)	(444)	(744)	(484)	(119)	(190)	(51)	(11)	(1,332,603)	(758,447)	(2,201,598)
Total Other Financing Sources	\$ (99,233)	\$ (2,762)	\$ (6,510)	\$227,408	\$ 71,537	\$167,901	\$162,035	\$ 43,318	\$344,161	\$ 67,951	\$ (1,277,073)	\$ 1,037	\$ (300,230)
Net Change In Fund Balance	\$ (99,205)	\$ (2,761)	\$ (6,508)	\$ (443)	\$ (744)	\$ (483)	\$ (1,878)	\$ (190)	\$ (50)	\$ (10)	\$ (1,332,354)	\$ -	\$ (1,444,626)
Fund Balance, June 30, 2013	\$ 99,205	\$ 2,761	\$ 6,508	\$ 443	\$ 744	\$ 483	\$ 23,409	\$ 190	\$ 50	\$ 10	\$ 1,332,354	\$ -	\$ 1,466,157
Fund Balance, June 30, 2014	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,531	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,531

See Notes to the Basic Financial Statements.

GREENUP COUNTY SCHOOL DISTRICT  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - SCHOOL ACTIVITY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Cash Balance June 30, 2013	Receipts	Disbursements	Cash Balance June 30, 2014	Transfers	Deposits Held In Custody For Students June 30, 2014
	\$	\$	\$	\$	\$	\$
Greenup County High School	41,762	185,038	173,287	53,513	-	53,513
McKell Middle School	7,357	49,789	45,532	11,614	(626)	10,988
Wurtland Middle School	25,722	51,623	50,518	26,827	-	26,827
Argilite Elementary	9,668	53,113	50,268	12,513	(3)	12,510
Greysbranch Elementary	31,091	59,683	64,342	26,432	(624)	25,808
McKell Elementary	51,425	85,777	89,225	47,977	(3,990)	43,987
Wurtland Elementary	3,053	45,441	30,640	17,854	(62)	17,792
GC Family	68	-	-	68	-	68
Special Education - CBI	292	2,329	1,667	954	-	954
Volleyball - Middle School	3,043	2,224	1,715	3,552	-	3,552
Football - Middle School	1,617	3,275	4,302	590	-	590
Middle School Golf	100	1,204	1,304	-	-	-
Middle School Soccer	228	-	-	228	-	228
21st Century	650	20	667	3	-	3
<b>Total</b>	<b>\$ 176,076</b>	<b>\$ 539,516</b>	<b>\$ 513,467</b>	<b>\$ 202,125</b>	<b>\$ (5,305)</b>	<b>\$ 196,820</b>



GREENUP COUNTY SCHOOL DISTRICT  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
SCHOOL ACTIVITY FUNDS - GREENUP COUNTY HIGH SCHOOL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Cash Balance June 30, 2013	Receipts	Disbursements	Cash Balance June 30, 2014	Accounts Receivable (Payable)	Total
General Account	\$ 481	\$ 1,116	\$ 786	\$ 811	\$ -	\$ 811
Cross Country/Track	929	1,540	1,804	665	-	665
Theatre	569	-	-	569	-	569
General Athletics	7,342	83,833	84,584	6,591	574	7,165
District Games	543	3,477	3,779	241	-	241
Library	80	738	777	41	-	41
CMPS	142	-	-	142	-	142
Beta	-	1,175	943	232	-	232
Drama	1,092	-	-	1,092	-	1,092
Textbooks	1,086	10,601	9,053	2,634	-	2,634
ROTC	2,253	11,009	8,316	4,946	-	4,946
Student Vending	13	177	189	1	-	1
Art	392	255	504	143	-	143
Prom Committee	784	13,081	13,433	432	105	537
Social Studies	-	1,447	738	709	-	709
Advance Placement Tests	250	179	-	429	-	429
Visually Impaired	225	-	-	225	-	225
Pep Club	227	-	-	227	-	227
Student Government	310	-	-	310	-	310
Industrial Tech	2,559	2,047	3,038	1,568	470	2,038
National Honor Society	40	-	-	40	-	40
Spanish Honor Society	949	1,562	1,557	954	-	954
Spanish Honor Society-Hurricar	46	-	-	46	-	46
Yearbook	4,200	15,640	9,995	9,845	-	9,845
Choir	1,106	698	1,372	432	-	432
Food Bank	589	-	-	589	-	589
Staff Payroll Deductions	967	1,781	257	2,491	(937)	1,554
GCHSTE A	-	802	1,096	(294)	1,235	941
Teacher Pop	188	218	58	348	(348)	-
Scholarship	4,680	3,000	2,750	4,930	-	4,930
FCA	239	-	-	239	-	239
Devon Rose Scholarship Fund	1,102	-	500	602	-	602
Tiffany Tedrick Funeral Exp	-	1,461	1,511	(50)	50	-
Family Resource	5	532	335	202	(105)	97
KYA	381	3,783	2,975	1,189	-	1,189
Collier Grants	672	-	572	100	-	100
Dollar General Lit Grant	-	2,000	2,000	-	-	-
Advanced Placement	510	-	-	510	-	510
Success Academy	305	-	-	305	-	305
Science Olympiad	376	-	-	376	-	376
Boys Soccer Boosters	586	12,236	10,698	2,124	(969)	1,155
Girls Golf Boosters	1,366	1,789	2,407	748	-	748
Volleyball Boosters	966	4,838	3,602	2,202	(75)	2,127
Spring Band Trip	63	-	46	17	-	17
Track Boosters	3,149	3,025	3,612	2,562	-	2,562
Tennis Boosters	-	998	-	998	-	998
<b>Total</b>	<b>\$41,762</b>	<b>\$ 185,038</b>	<b>\$ 173,287</b>	<b>\$ 53,513</b>	<b>\$ -</b>	<b>\$ 53,513</b>

GREENUP COUNTY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Federal Grantor/Pass-Through Grantor <u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Program or Award Amount</u>	<u>Expenditures Paid</u>
U.S. Department of Agriculture:				
Cash Assistance				
Farm To School	10.575	2334	42,960	\$ 16,560
Child Nutrition Cluster:				
Passed through State Department of Education				
Cash Assistance:				
National School Snacks	10.555	7760005-14	-	10,196
National School Breakfast Program	10.553	7760005-14	-	337,212
National School Lunch Program	10.555	7750002-14	-	900,528
Summer Food Service for Children	10.559	7740023-13	-	9,910
Summer Food Service for Children	10.559	7740023-14	-	7,056
Non-Cash Assistance:				
National School Lunch Program	10.555	057502-02	-	105,173
Total U.S. Department of Agriculture				1,386,635
U.S. Department of Education:				
Passed through State Department of Education				
Title I Grants to Local Educational Agencies				
Title I Grants to Local Educational Agencies	84.010	3100002-13	813,937	811,080
Title I Grants to Local Educational Agencies	84.010	3100002-12	904,168	6,927
Title I, School Improvement Sec. 1003(g)-ARRA	84.388	4100302-09	137,823	61,723
Total				879,730
Vocational Education Basic Grants to States				
Vocational Education Basic Grants to States	84.048	4621332-13	15,183	1,373
Vocational Education Basic Grants to States	84.048	3710002-13	15,810	13,367
				14,740
Special Education Cluster:				
Special Education Grants to States - IDEA, Part B	84.027	3810002-13	611,397	611,397
Special Education - Pre-School	84.173	3800002-13	27,191	11,611
Total				\$ 623,008

See Notes to the Schedule of Expenditures of Federal Awards.

GREENUP COUNTY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONT.)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Federal Grantor/Pass-Through Grantor <u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Program or Award Amount</u>	<u>Expenditures Paid</u>
Education for Homeless Children and Youth	84.196	3990002-12	67,317	\$ 1,015
Education for Homeless Children and Youth	84.196	3990002-13	61,399	61,399
Gear Up II	84.334	6973	141	141
Race To The Top Fund	84.413	3960002-11	40,513	15,709
Twenty-First Century Community Learning Centers-5503	84.287	3400002-12	75,000	53,758
Twenty-First Century Community Learning Centers - McKell-5503M	84.287	3400002-12	75,000	67,406
Twenty-First Century Community Learning Centers - McKell-5502M	84.287	3400002-11	67,500	7,796
Twenty-First Century Community Learning Centers - AES & GES-5503G	84.287	3400002-12	75,000	40,843
Twenty-First Century Community Learning Centers - Summer -5503S	84.287	3400002-12	15,000	14,027
Twenty-First Century Community Learning Centers - Summer -5504S	84.287	3400002-13	15,000	53
Twenty-First Century Community Learning Centers - Summer -5502J	84.287	3400002-11	3,000	3,000
Improving Teacher Quality State Grants	84.367	3230002-13	199,338	199,338
School Improvement Grant - GCHS	84.377	3100302-11	996,870	79,072
School Improvement Grant - GCHS	84.377	3100302-12	649,368	643,266
Total U.S. Department of Education				<u>1,186,823</u>
U.S. Department of Defense:				
Direct Program:				
Basic, Applied, and Advanced Research in Science and Engineering	12.000	5043	8,793	8,793
Basic, Applied, and Advanced Research in Science and Engineering	12.000	5044	3,310	33,010
Total U.S. Department of Defense				<u>41,803</u>
U.S. Department of Health and Human Services				
Passed Through Kentucky School Board Association				
Medical Assistance Program				
Fiscal Year 2014	93.778	110-4810	30,750	30,750
Total U.S. Department of Health and Human Services				<u>30,750</u>
Total Expenditures of Federal Awards				<u><u>\$4,163,489</u></u>

See Notes to the Schedule of Expenditures of Federal Awards.

GREENUP COUNTY SCHOOL DISTRICT  
NOTES TO THE SCHEDULE OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**Note 1 – Basis of Presentation:**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Greenup County School District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

**Note 2 – Food Distribution:**

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2014, commodities on hand are included on the total inventory of \$15,169.



The Fyffe Jones Group, AC

2155 Carter Avenue  
P.O. Box 2245  
Ashland, KY 41105-2245  
606-329-8604

806 Chillicothe Street  
Portsmouth, OH 45662  
740-353-0400

1033 Twentieth Street  
P.O. Box 1148  
Huntington, WV 25713-1148  
304-525-8592

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Greenup County School District, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Greenup County School District's basic financial statements, and have issued our report thereon dated November 11, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Greenup 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 Greenup County School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Greenup County School 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. 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 the Greenup County School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

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

*The Fyffe Jones Group, A.C.*

THE FYFFE JONES GROUP, AC

Ashland, Kentucky  
November 11, 2014



The Fyffe Jones Group, AC

2155 Carter Avenue  
P.O. Box 2245  
Ashland, KY 41105-2245  
606-329-8604

806 Chillicothe Street  
Portsmouth, OH 45662  
740-353-0400

1033 Twentieth Street  
P.O. Box 1148  
Huntington, WV 25713-1148  
304-525-8592

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

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

**Report on Compliance for Each Major Federal Program**

We have audited the Greenup 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 the Greenup County School District's major federal programs for the year ended June 30, 2014. The Greenup 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.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the Greenup County School District's major federal programs based on our audit of the types of compliance requirements referred to above. 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 "Auditor Responsibilities" Section of the *Kentucky Public School Districts' Audit Contract and Requirements*, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Greenup 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 the Greenup County School District's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the Greenup County School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

### **Report on Internal Control Over Compliance**

Management of the Greenup 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 the Greenup 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 to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Greenup 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 a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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



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

*The Fyffe Jones Group, AC.*

THE FYFFE JONES GROUP, AC

Ashland, Kentucky  
November 11, 2014

GREENUP COUNTY SCHOOL DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**A. Summary of Audit Results:**

*Financial Statements*

Type of auditor’s report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weakness(es)?	None Reported
Noncompliance material to financial statements?	No

*Federal Awards*

Internal control over major programs	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weakness(es)?	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 Circular A-133 Section 510 (a)?	No

The District had the following major federal award programs with CFDA numbers in parentheses for the year ended June 30, 2014:

Child Nutrition Cluster (10.553, 10.555, and 10.559)

Title I - Grants to Local Education Agencies (84.010)

21st Century Community Learning Centers (84.287)

The dollar threshold used for distinguishing between Type A and Type B programs was \$300,000.

The Greenup County School District qualified as a low-risk auditee under OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

**B. Findings Relating to the Financial Statements Required to be Reported in Accordance with Generally Accepted Government Auditing Standards:**

No matters were reported.

**C. Findings and Questioned Costs Related to Federal Awards:**

No matters were reported.

GREENUP COUNTY SCHOOL DISTRICT  
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

No findings reported in the prior year.

GREENUP COUNTY SCHOOL DISTRICT  
CORRECTIVE ACTION PLAN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**Name of Contact Person:**

Sherry Horsley (606) 473-9819

**Corrective Action Planned:**

No corrective action plan is needed in the current year.



The Fyffe Jones Group, AC

2155 Carter Avenue  
P.O. Box 2245  
Ashland, KY 41105-2245  
606-329-8604

806 Chillicothe Street  
Portsmouth, OH 45662  
740-353-0400

1033 Twentieth Street  
P.O. Box 1148  
Huntington, WV 25713-1148  
304-525-8592

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

In planning and performing our audit of the financial statements of Greenup County School District (the "District") as of and for the year ended June 30, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

During our audit we did not become aware of matters that are opportunities for strengthening internal controls and operating efficiency. This letter does not affect our report dated November 11, 2014, on the financial statements of the District.

During our audit we did review the status of prior year comments. The memorandum that accompanies this letter summarizes our prior year comments and the action and resolution regarding these matters.

*The Fyffe Jones Group, AC.*

THE FYFFE JONES GROUP, AC  
Ashland, Kentucky  
November 11, 2014

GREENUP COUNTY SCHOOL DISTRICT  
MANAGEMENT LETTER POINTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**School Activity Funds**

We noted that deposits relating to athletic events at Greenup County High School were not made in a timely manner, as on occasion the gate receipts were not remitted to the Central Office until funds from multiple athletic events had accumulated.

The Kentucky Department of Education *Accounting Procedures for School Activity Funds* states that receipts must be made daily and deposits from receipts must be made, at minimum, weekly.

**Management Response**

We will again be training staff, coaches, and boosters about the Kentucky Department of Education *Accounting Procedures for School Activity Funds* this year. We will discuss the importance of timely deposits.

**Status of Prior Year Management Points**

There were no prior year management points.