

GREENUP COUNTY SCHOOL DISTRICT

FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

GREENUP COUNTY SCHOOL DISTRICT
TABLE OF CONTENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	4
Basic Financial Statements:	
Statement of Net Position	8
Statement of Activities	9
Balance Sheet – Governmental Funds	10
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	11
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds	12
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	13
Statement of Net Assets – Proprietary Funds	14
Statement of Revenues, Expenditures, and Changes in Net Assets – Proprietary Funds	15
Statement of Cash Flows – Proprietary Funds	16
Statement of Net Position – Fiduciary Funds	17
Notes to the Basic Financial Statements	18
Supplemental Information:	
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – (Non-GAAP Budgetary Basis) – General Fund	37
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – (Non-GAAP Budgetary Basis) – Special Revenue Fund	38
Combining Balance Sheet – Non-Major Governmental Funds	39
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds	40

GREENUP COUNTY SCHOOL DISTRICT
TABLE OF CONTENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Combining Balance Sheet – Non-Major Capital Project Funds	41
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Capital Project Funds	42
Combining Balance Sheet – Non-Major Debt Service Funds	43
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Debt Service Funds	44
Statement of Changes in Assets and Liabilities – School Activity Funds	45
Statement of Changes in Assets and Liabilities – School Activity Funds Greenup County High School	46
Schedule of Expenditures of Federal Awards	47
Notes to the Schedule of Expenditures of Federal Awards	49
Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on An Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	50
Independent Auditors’ Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	52
Schedule of Findings and Questioned Costs	55
Schedule of Prior Year Audit Findings	56
Corrective Action Plan	57
Independent Auditors' Transmittal Letter for Management Letter Points	58
Management Letter Points	59



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, 2013, 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, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 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 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, 2013, 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, AC.

THE FYFFE JONES GROUP, AC

Ashland, Kentucky
November 11, 2013

GREENUP COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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, 2013. 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 \$2,112,483 in the General Fund.
- The General Fund had \$22,241,810 in revenues, which primarily consisted of the state program (SEEK), property taxes, utilities taxes, and motor vehicle taxes. Excluding inter-fund transfers, there was \$21,447,890 in General Fund expenditures. On-behalf payments of \$3,667,709 are included in revenues and expenditures of the General Fund.
- General Fund Tax revenues were realized above budgeted projections. Overall, tax revenues finished at 109% of budgeted projections, or 9% above budget, for a total of \$483,430.

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, 2013

The basic governmental fund financial statements can be found on pages 8-17 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 \$13,612,527 as of June 30, 2013.

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, 2013 and 2012 are as follows:

	2013	2012
Current Assets	\$ 4,064,530	\$ 3,192,245
Noncurrent Assets	29,819,258	30,251,087
Total Assets	\$ 33,883,788	\$ 33,443,332
 Deferred Outflows of Resources	 \$ -	 \$ -
Current Liabilities	\$ 2,459,888	\$ 2,345,410
Long-Term Liabilities	17,807,652	17,336,038
Total Liabilities	20,267,540	19,681,448
 Deferred Inflows of Resources	 \$ 3,721	 \$ -
Total Net Position	\$ 13,612,527	\$ 13,761,884

- The District's total revenues for the fiscal year ended June 30, 2013, net of inter-fund transfers, were \$32,116,533.

FUND FINANCIAL ANALYSIS

Comments on Budget Comparisons:

- General Fund budget compared to actual revenue, net of on-behalf payments of \$3,667,709, varied slightly from line item to line item with the ending actual balance being \$686,033 more than budget, or approximately 3.8% 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, 2013

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Revenues:		
Local Revenue Sources	\$ 6,214,565	\$ 6,000,310
Federal and State Revenue Sources	16,025,870	16,420,093
Other Sources	<u>1,375</u>	<u>2,766</u>
Total Revenues	<u>22,241,810</u>	<u>22,423,169</u>
Expenses:		
Instruction	10,034,541	10,189,245
Student Support Services	1,520,539	1,460,033
Instructional Support	1,291,222	1,130,852
District Administration	1,139,841	1,077,980
School Administration	1,643,517	1,839,723
Business Support	584,832	535,976
Plant Operations	2,784,400	3,174,669
Student Transportation	2,105,059	2,217,372
Community Services	-	-
Other	<u>415,034</u>	<u>421,688</u>
Total Expenses	<u>21,518,985</u>	<u>22,047,538</u>
Excess (Deficiency) of Revenues Over (Under) Expenses	<u>\$ 722,825</u>	<u>\$ 375,631</u>

General Fund Revenue

The majority of revenue was derived from local taxes of 27%, state funding of 72%, and other sources 1%.

Budget Allocation

Site Based Decision Making Councils expended \$12,969,280, or 60.3% of the General Fund budget. The remaining 39.7% was expended through central support services.

School Allocation

Instructional accounts were 77.4% of the school level expenditures.

Central Office Allocation

Central support services expenditures were District Administration 5.3%, Student Support Services 7.1%, Transportation 9.8%, Maintenance and Operations 12.9%, Business Functions 2.7% 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 \$1,621,343 in contingency (6.8%). The General Fund cash balance for beginning the fiscal year is \$2,863,166. 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, 2013

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. Members will have the option of making a lump-sum payment of their assessment or to take advantage of bond financing for up to 20 years. This plan is still subject to approval and no payment is estimated for the year ending June 30, 2014. The District has recorded this estimated amount in their long-term obligations since ultimate payment is probable and is included as an extraordinary item on the Statement of Activities.

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

GREENUP COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2013

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 3,607,789	\$ (106,222)	\$ 3,501,567
Receivables (net of allowances for uncollectibles):			
Property Taxes	93,590	-	93,590
Intergovernmental - State	354,293	93,007	447,300
Inventories	-	22,073	22,073
Capital Assets, Not Being Depreciated	136,284	-	136,284
Capital Assets, Being Depreciated, Net	29,528,445	154,529	29,682,974
Total Assets	<u>\$ 33,720,401</u>	<u>\$ 163,387</u>	<u>\$ 33,883,788</u>
Deferred Outflows of Resources:			
Deferred Gain on Refunding of Debt	-	-	-
Liabilities:			
Accounts Payable	\$ 306,716	\$ 3,379	\$ 310,095
Payroll Taxes Payable	34,197	-	34,197
Deferred Revenue	221,089	-	221,089
Interest Payable	148,393	-	148,393
Portion Due or Payable Within One Year:			
Debt Obligations	1,425,952	-	1,425,952
Accrued Sick Leave	320,162	-	320,162
Portion Due or Payable After One Year:			
Debt Obligations	16,324,910	-	16,324,910
KSBIT Assessment Payable	735,698	-	735,698
Accrued Sick Leave	747,044	-	747,044
Total Liabilities	<u>\$ 20,264,161</u>	<u>\$ 3,379</u>	<u>\$ 20,267,540</u>
Deferred Inflows of Resources:			
Deferred Gain on Refunding of Debt	3,721	-	3,721
Net Position:			
Invested in Capital Assets, Net of Related Debt	\$ 10,279,011	\$ 154,529	\$ 10,433,540
Assigned - Site Based Carryforward	70,917	-	70,917
Assigned - Capital Expenditures	3,133	-	3,133
Restricted - Other	13,467	-	13,467
Restricted - Accrued Sick Leave	250,000	-	250,000
Restricted - SFCC Escrow-Prior	177,600	-	177,600
Restricted - Future Construction	667,295	-	667,295
Unassigned Fund Balance	1,991,096	5,479	1,996,575
Total Net Position	<u>\$ 13,452,519</u>	<u>\$ 160,008</u>	<u>\$ 13,612,527</u>

See Notes to the Basic Financial Statements.

**GREENUP COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Function/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instructional Support Services:	\$ 14,833,607	\$ -	\$ 3,606,255	\$ -	\$ (11,227,352)	\$ -	\$ (11,227,352)
Students	1,537,402	-	16,613	-	(1,520,789)	-	(1,520,789)
Instructional Staff	1,373,190	-	81,968	-	(1,291,222)	-	(1,291,222)
District Administration	1,172,927	-	-	-	(1,172,927)	-	(1,172,927)
School Administration	1,646,911	-	-	-	(1,646,911)	-	(1,646,911)
Business and Other Support Services	585,434	-	-	-	(585,434)	-	(585,434)
Operation and Maintenance of Plant	2,804,238	-	-	-	(2,804,238)	-	(2,804,238)
Student Transportation	2,341,780	-	-	-	(2,341,780)	-	(2,341,780)
Community Services	304,075	-	304,075	-	-	-	-
Facility Acquisition and Construction:	1,099,245	-	-	-	(1,099,245)	-	(1,099,245)
Debt Service	1,930,634	-	-	1,233,316	(697,318)	-	(697,318)
Total Government Activities	\$ 29,629,443	\$ -	\$ 4,008,911	\$ 1,233,316	\$ (24,387,216)	\$ -	\$ (24,387,216)
Business-Type Activities:							
Food Service	1,965,993	377,728	1,270,443	102,341	-	(215,481)	(215,481)
Total Business-Type Activities	\$ 1,965,993	\$ 377,728	\$ 1,270,443	\$ 102,341	\$ -	\$ (215,481)	\$ (215,481)
Total School District	\$ 31,595,436	\$ 377,728	\$ 5,279,354	\$ 1,335,657	\$ (24,387,216)	\$ (215,481)	\$ (24,602,697)
General Revenues							
Taxes		\$ 6,295,947	\$ -	\$ -	\$ -	\$ -	\$ 6,295,947
Intergovernmental Revenues		16,011,449	-	-	-	-	16,011,449
Investment Earnings		5,910	1,419	-	-	-	7,329
Proceeds From Bonds		1,380,000	-	-	-	-	1,380,000
Federal Sources		14,421	-	-	-	-	14,421
Miscellaneous		282,367	8,918	-	-	-	291,285
Interfund Transfer		(29,669)	29,669	-	-	-	-
Operating Transfers-Debt Service		1,121,988	-	-	-	-	1,121,988
Gain on Sale of Assets		1,375	-	-	-	-	1,375
Total General Revenues		\$ 25,083,788	\$ 40,006	\$ -	\$ -	\$ -	\$ 25,123,794
Adoption of new accounting policy (Note 2)		\$ 175,610	\$ -	\$ -	\$ -	\$ -	\$ 175,610
Extraordinary Item-KSBIT Assessment (Note 17)		735,698	-	-	-	-	735,698
Change In Net Assets		\$ 136,484	\$ (175,475)	\$ -	\$ -	\$ -	\$ (38,991)
Net Position, June 30, 2012		\$ 13,426,401	\$ 335,483	\$ -	\$ -	\$ -	\$ 13,761,884
Prior Period Adjustment (See Note 18)		(110,366)	-	-	-	-	(110,366)
Net Position, June 30, 2013		\$ 13,452,519	\$ 160,008	\$ -	\$ -	\$ -	\$ 13,612,527

See Notes to the Basic Financial Statements.

GREENUP COUNTY SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2013

	General Fund	Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 2,863,166	\$ (116,872)	\$ 861,495	\$ 3,607,789
Receivables (net of allowances for uncollectibles):				
Property Taxes	93,590	-	-	93,590
Intergovernmental - State	-	354,293	-	354,293
Total Assets	<u>\$ 2,956,756</u>	<u>\$ 237,421</u>	<u>\$ 861,495</u>	<u>\$ 4,055,672</u>
Liabilities:				
Accounts Payable	\$ 24,318	\$ 16,332	\$ 266,066	\$ 306,716
Payroll Taxes Payable	34,197	-	-	34,197
Accrued Sick Leave	320,162	-	-	320,162
Deferred Revenue	-	221,089	-	221,089
Total Liabilities	<u>\$ 378,677</u>	<u>\$ 237,421</u>	<u>\$ 266,066</u>	<u>\$ 882,164</u>
Fund Balances:				
Assigned - Site Based Carryforward	\$ 70,917	\$ -	\$ -	\$ 70,917
Assigned - Capital Expenditures	-	-	3,133	3,133
Restricted - Other	-	-	13,467	13,467
Restricted - SFCC Escrow-Prior	-	-	177,600	177,600
Restricted - Accrued Sick Leave	250,000	-	-	250,000
Restricted - Future Construction	-	-	667,295	667,295
Unassigned	2,257,162	-	(266,066)	1,991,096
Total Fund Balances	<u>\$ 2,578,079</u>	<u>\$ -</u>	<u>\$ 595,429</u>	<u>\$ 3,173,508</u>
Total Liabilities and Fund Balances	<u><u>\$ 2,956,756</u></u>	<u><u>\$ 237,421</u></u>	<u><u>\$ 861,495</u></u>	<u><u>\$ 4,055,672</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, 2013

Total Governmental Fund Balance	\$ 3,173,508
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.	29,664,729
Certain other assets and liabilities are not available to pay current period expenditures and therefore are not reported in this fund.	(148,393)
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.	(19,237,325)
Net Position of Governmental Activities	<u>\$ 13,452,519</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, 2013

	General Fund	Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 5,928,430	\$ -	\$ 367,517	\$ 6,295,947
Interest Income	3,768	-	2,142	5,910
Intergovernmental - State	16,011,449	592,989	1,233,316	17,837,754
Intergovernmental - Federal	14,421	3,367,516	-	3,381,937
Other Local Revenues	282,367	6,980	-	289,347
Total Revenues	<u>\$ 22,240,435</u>	<u>\$ 3,967,485</u>	<u>\$ 1,602,975</u>	<u>\$ 27,810,895</u>
Expenditures:				
Instruction	\$ 10,034,541	\$ 3,606,255	\$ -	\$ 13,640,796
Students	1,520,539	16,613	-	1,537,152
Instructional Staff	1,291,222	81,968	-	1,373,190
District Administration	1,139,841	-	-	1,139,841
School Administration	1,643,517	-	-	1,643,517
Business and Other Support Services	584,832	-	-	584,832
Operation and Maintenance of Plant	2,784,400	-	-	2,784,400
Student Transportation	2,105,059	-	-	2,105,059
Community Services	-	304,075	-	304,075
Facility Acquisition and Construction	-	-	1,099,245	1,099,245
Debt Service	343,939	-	1,583,492	1,927,431
Total Expenditures	<u>\$ 21,447,890</u>	<u>\$ 4,008,911</u>	<u>\$ 2,682,737</u>	<u>\$ 28,139,538</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 792,545</u>	<u>\$ (41,426)</u>	<u>\$ (1,079,762)</u>	<u>\$ (328,643)</u>
Other Financing Sources (Uses):				
Proceeds on Sale of Bonds	\$ -	\$ -	\$ 1,380,000	\$ 1,380,000
Gain on Sale of Equipment	1,375	-	-	1,375
Operating Transfers In	-	41,426	1,180,115	1,221,541
Operating Transfers Out-Other Funds	-	-	(58,127)	(58,127)
Operating Transfers Out-Debt Service	(71,095)	-	(1,063,861)	(1,134,956)
Total Other Financing (Uses) Sources	<u>\$ (69,720)</u>	<u>\$ 41,426</u>	<u>\$ 1,438,127</u>	<u>\$ 1,409,833</u>
Net Change in Fund Balances	<u>\$ 722,825</u>	<u>\$ -</u>	<u>\$ 358,365</u>	<u>\$ 1,081,190</u>
Fund Balances, June 30, 2012	\$ 1,855,254	\$ -	\$ 347,430	\$ 2,202,684
Prior Period Adjustment (See Note 18)	-	-	(110,366)	(110,366)
Fund Balances, June 30, 2013	<u>\$ 2,578,079</u>	<u>\$ -</u>	<u>\$ 595,429</u>	<u>\$ 3,173,508</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, 2013

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

Net Changes in Fund Balance - Governmental Funds		\$ 1,081,190
<p>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.</p>		
Depreciation expense	(1,457,503)	
Capital outlay	<u>1,159,359</u>	(298,144)
<p>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.</p>		
Principal paid		1,868,491
<p>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:</p>		
Long-term portion of accrued sick leave		216,982
Interest payable		12,194
Bond issue costs, net of amortization		(149,481)
KSBIT Assessment Payable		(735,698)
<p>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.</p>		
		(1,859,050)
Change in Net Assets of Governmental Activities		<u><u>\$ 136,484</u></u>

See Notes to the Basic Financial Statements.

GREENUP COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2013

	Food Service Fund
Assets:	
Current Assets:	
Cash and Cash Equivalents	\$ (106,222)
Receivables (net of allowances for uncollectibles):	
Intergovernmental - State	93,007
Inventories	22,073
Total Current Assets	\$ 8,858
Noncurrent Assets:	
Capital Assets, Net of Accumulated Depreciation	154,529
Total Noncurrent Assets	154,529
Total Assets	\$ 163,387
Liabilities:	
Current Liabilities:	
Accounts Payable	\$ 3,379
Total Current Liabilities	3,379
Total Liabilities	\$ 3,379
Net Assets:	
Restricted - Net Assets	160,008
Total Net Assets	\$ 160,008

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, 2013

	<u>Food Service Fund</u>
Operating Revenues:	
Lunchroom Sales	\$ 377,728
Other Operating Revenues	8,917
Total Operating Revenues	<u>\$ 386,645</u>
Operating Expenses:	
Salaries and Benefits	\$ 997,712
Contract Services	2,899
Materials and Supplies	910,006
Depreciation	23,046
Other Operating Expenses	67,450
Total Operating Expenses	<u>\$ 2,001,113</u>
Operating Loss	<u>\$ (1,614,468)</u>
Nonoperating Revenues:	
Federal Grants	\$ 940,480
State Grants	329,963
Donated Commodities	102,341
Interest Income	1,419
Miscellaneous	35,121
Total Nonoperating Revenues	<u>\$ 1,409,324</u>
Other Financing Sources (Uses):	
Operating Transfers In	<u>29,669</u>
Total Other Financing (Uses) Sources	<u>29,669</u>
Decrease in Net Assets	<u>\$ (175,475)</u>
Net Assets, June 30, 2012	\$ 335,483
Net Assets, June 30, 2013	<u><u>\$ 160,008</u></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, 2013

	<u>Food Service Fund</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating loss	\$ (1,614,468)
Adjustments to Reconcile Operating Loss to	
Net Cash Used for Operating Activities:	
Depreciation	23,046
Donated commodities	102,341
Employee benefits paid by KDE	314,485
Change in assets and liabilities:	
Inventory	31,514
Accounts payable	(4,912)
Accounts receivable	(73,860)
Other receipts	(35,121)
Net Cash Used for Operating Activities	<u>\$ (1,256,975)</u>
 Cash Flows From Noncapital Financing Activities:	
Government Grants	955,958
Interfund Transfer	29,669
Net Cash Provided by Noncapital and Related Financing Activities	<u>\$ 985,627</u>
 Cash Flows From Capital and Related Financing Activities:	
Purchases of Capital Assets	35,121
Net Cash Used for Capital and Related Financing Activities	<u>\$ 35,121</u>
 Cash Flows From Investing Activities:	
Interest Received on Investments	1,419
Net Cash Provided by Investing Activities	<u>\$ 1,419</u>
 Net Decrease in Cash and Cash Equivalents	<u>\$ (234,808)</u>
 Cash Balance, June 30, 2012	\$ 128,586
Cash Balance, June 30, 2013	<u>\$ (106,222)</u>
 Non-Cash Items:	
Employee benefits paid by KDE	\$ 314,485
Donated commodities	\$ 102,341

See Notes to the Basic Financial Statements.

GREENUP COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2013

	<u>Agency Funds</u>
Assets:	
Cash and Cash Equivalents	<u>\$ 175,946</u>
Total Assets	<u>175,946</u>
Liabilities:	
Due to Students	<u>175,946</u>
Total Liabilities	<u>175,946</u>
Net Assets 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, 2013

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, Kentucky, 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, 2013

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, 2013

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 required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the District's facility plan.

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, 2013

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, 2013

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 and reappropriated in the next year. A reservation of fund balance equal to outstanding encumbrances at year-end is provided for at June 30, 2013. 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>	<u>Governmental Activities 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, 2013

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 13 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 2013 fiscal year was based was \$734,256,142.

The tax rates assessed for the year ended June 30, 2013, to finance general fund operations were \$.790 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, 2013, were approximately 99% of the tax levy.

GREENUP COUNTY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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, 2012.

GREENUP COUNTY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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, 2013

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, 2013, 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, 2013, the District reported \$3,721 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, 2013

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, 2013, the carrying amount of the District's cash and cash equivalents was \$3,501,566 and the bank balances were \$4,624,150. 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, 2013

Note 5 – Capital Assets:

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

<u>Governmental Activities</u>	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2013</u>
Land	\$ 136,284	\$ -	\$ -	\$ 136,284
Buildings and Improvements	42,066,479	-	-	42,066,479
Infrastructure	301,238	-	-	301,238
Technology Equipment	3,502,822	195,645	-	3,698,467
Machinery and Equipment	534,837	-	-	534,837
Vehicles	3,423,124	12,000	29,200	3,405,924
Construction in Progress	-	<u>980,913</u>	-	<u>980,913</u>
Total	\$ 49,964,784	\$ 1,188,558	\$ 29,200	\$ 51,124,142

Less: Accumulated Depreciation:

Buildings and Improvements	\$ 14,189,725	\$ 976,048	\$ -	\$ 15,165,773
Infrastructure	122,532	15,062	-	137,594
Technology Equipment	2,988,258	213,226	-	3,201,484
Machinery and Equipment	322,678	33,045	-	355,723
Vehicles	<u>2,378,718</u>	<u>249,322</u>	<u>29,200</u>	<u>2,598,840</u>
Total	\$ 20,001,911	\$1,486,703	\$ 29,200	\$ 21,459,414

Governmental Activities Capital Assets – Net	\$ <u>29,962,873</u>	\$ <u>(298,145)</u>	\$ <u>-</u>	\$ <u>29,664,728</u>
---	----------------------	---------------------	-------------	----------------------

<u>Business-Type Activities</u> Food Service Equipment	\$ 827,436	\$ 35,121	\$ -	\$ 862,557
---	------------	-----------	------	------------

Less: Accumulated Depreciation:	<u>684,981</u>	<u>23,046</u>	<u>-</u>	<u>708,027</u>
------------------------------------	----------------	---------------	----------	----------------

Business-Type Activities Capital Assets – Net	\$ <u>142,455</u>	\$ <u>12,075</u>	\$ <u>-</u>	\$ <u>154,530</u>
--	-------------------	------------------	-------------	-------------------

Depreciation expense was allocated to governmental functions as follows:

Instruction	\$ 1,192,811
Student support	250
Direct administration	33,087
School administration	3,395
Business support services	601
Plant operation and maintenance	19,838
Student transportation	<u>236,721</u>
Total	\$ <u>1,486,703</u>

GREENUP COUNTY SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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 \$26,134,050.

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%
2013	<u>1,380,000</u>	1.85%
	\$ 26,134,050	

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. Members will have the option of making a lump-sum payment of their assessment or to take advantage of bond financing for up to 20 years. This plan is still subject to approval and no payment is estimated for the year ending June 30, 2014. The District has recorded this estimated amount in their long-term obligations since ultimate payment is probable and is included as an extraordinary item on the Statement of Activities.

GREENUP COUNTY SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Note 6 – Debt Obligations: (Cont.)

The changes in the general long-term debt for the year ended June 30, 2013, were as follows:

	<u>Balance</u> <u>July 1, 2012</u>	<u>New Issues</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2013</u>
General obligation bonds - \$26,134,050 originally issued with interest rates ranging from 0.60% to 4.50%	\$ 15,965,000	\$ 1,859,050	\$ 1,615,200	\$ 16,208,850
KISTA Loans	1,795,303	-	253,291	1,542,012
KSBIT Assessment Payable	-	735,698	-	735,698
Accumulated Sick Leave	<u>1,377,180</u>	<u>-</u>	<u>309,974</u>	<u>1,062,706</u>
Total	\$ <u>19,137,483</u>	\$ <u>2,594,748</u>	\$ <u>2,178,465</u>	\$ <u>19,549,266</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, 2013, 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	Interest	Principal	Interest	
2014	1,067,115	420,742	358,837	99,625	1,425,952
2015	1,051,770	390,765	331,245	88,866	1,383,015
2016	1,039,476	366,206	214,204	81,140	1,253,680
2017	1,051,876	338,300	220,069	75,278	1,271,945
2018-2022	5,126,995	1,280,271	1,074,275	276,916	6,201,270
2023-2027	4,838,940	515,929	751,060	125,894	5,590,000
2028-2031	<u>367,475</u>	<u>20,905</u>	<u>257,525</u>	<u>19,970</u>	<u>625,000</u>
Total	\$ <u>14,543,647</u>	\$ <u>3,333,118</u>	\$ <u>3,207,215</u>	\$ <u>767,689</u>	\$ <u>17,750,862</u>

GREENUP COUNTY SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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 there under 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, 2013, consisted of the following:

<u>Type</u>	<u>From</u>	<u>To</u>	<u>Purpose</u>	<u>Amount</u>
Operating	General	Special Revenue	Technology	\$ 41,426
Debt Service	Capital Projects	Debt Service	Bond Payments	\$ 1,063,861
Operating	General	Proprietary	Deficit	\$ 29,669

GREENUP COUNTY SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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, 2013:

Year ending June 30:	
2014	293,684
2015	250,638
2016	209,888
2017	166,607
Thereafter	<u>223,438</u>
Total minimum lease payments	\$ 1,144,255
Less: Amount representing interest	<u>(101,922)</u>
Present value of net minimum lease payments	\$ 1,042,333

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 Rd., Frankfort, Kentucky 40601.

Funding Policy - For employees hired prior to June 30, 2008, funding for KTRS is provided by eligible employees who contribute 10.855% of their salary through payroll deductions, the Board contributes 0.5%, and for federally-funded eligible employees by the Commonwealth of Kentucky through matching contributions at the rate of 13.605%. Employees hired after June 30, 2008 contribute 10.855% of their salary through payroll deductions, the Board contributes 1.0%, and for federally-funded eligible employees by the Commonwealth of Kentucky through matching contributions of 14.105% for the year ended June 30, 2013, were \$1,401,845, the Board paid \$185,882 from federal grant monies to KTRS in matching contributions for federally funded employees, and the Board paid \$107,217 in matching contributions for non-federally-funded eligible employees for a total of \$1,694,944 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, 2013

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 19.55% of the employee's total compensation subject to contribution. The District's contributions to CERS for the year ending June 30, 2013 were \$796,258 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.

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, 2013

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. Members will have the option of making a lump-sum payment of their assessment or to take advantage of bond financing for up to 20 years. This plan is still subject to approval and no payment is estimated for the year ending June 30, 2014. The District has recorded this estimated amount in their long-term obligations since ultimate payment is probable and is included as an extraordinary item on the Statement of Activities.

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, 2013

Note 14 – On-Behalf Payments:

For fiscal year 2013, the Commonwealth of Kentucky contributed payments on behalf of the Greenup County School District as follows:

Plan/Description	Amount
Kentucky Teachers Retirement System	\$ 1,401,845
Health & Life Insurance	2,516,307
Vocational	-
Total	\$ 3,918,152

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, 2013, are as follows:

Fund Balance	General Current Expense	Capital Outlay and Building Fund	Construction Fund	Debt Service Fund	Total Governmental Funds
Assigned to:					
Site Based Carryforward	\$ 70,917	\$ -	\$ -	\$ -	\$ 70,917
Capital Expenditures	-	-	3,133	-	3,133
Debt Service	-	-	-	-	-
Restricted:					
Other	-	13,467	-	-	13,467
Accrued Sick Leave	250,000	-	-	-	250,000
Future Construction	-	-	667,295	-	667,295
SFCC Escrow-Prior	-	177,600	-	-	177,600
Unassigned	2,257,162	-	(266,066)	-	1,991,096
Total Fund Balance	\$2,578,079	\$191,067	\$ 404,362	\$ -	\$ 3,173,508

Note 16 – Encumbrances:

The District did not have any encumbrances as of June 30, 2013.

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, 2013

Note 18 – Prior Period Adjustment:

Prior to July 1, 2012, the Debt Service Fund was accounted for by using the amounts as shown in the Combining Statements of the Bond and Interest Redemption Accounts. Beginning, July 1, 2012, the District changed its methods to include the Debt Service Fund accounts within their financial management software as prescribed by the Kentucky Department of Education. As a result of this change, the Debt Service Fund is used solely as a pass-through fund to process debt service payments.

Note 19 – 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, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Taxes	\$ 5,345,000	\$ 5,445,000	\$ 5,928,430	\$ 483,430
Other Local Sources	140,500	140,500	286,135	145,635
State Sources	12,143,364	12,227,568	16,011,449	3,783,881
Federal Sources	50,000	75,000	14,421	(60,579)
Other Sources	-	-	1,375	1,375
Total Revenues	<u>\$ 17,678,864</u>	<u>\$ 17,888,068</u>	<u>\$ 22,241,810</u>	<u>\$ 4,353,742</u>
Expenditures:				
Instruction	\$ 8,417,316	\$ 8,333,620	\$ 10,034,541	\$ (1,700,921)
Support Services:				
Students	1,222,949	1,257,411	1,520,539	(263,128)
Instructional Staff	902,075	1,027,944	1,291,222	(263,278)
District Administration	1,054,027	1,145,503	1,139,841	5,662
School Administration	1,529,136	1,485,630	1,643,517	(157,887)
Business and Other Support Services	404,240	424,240	584,832	(160,592)
Operation and Maintenance of Plant	2,459,257	2,430,412	2,784,400	(353,988)
Student Transportation	1,721,672	1,770,057	2,105,059	(335,002)
Debt Service	350,000	350,000	343,939	6,061
Contingency	1,302,110	1,440,464	-	1,440,464
Other	50,000	75,000	71,095	3,905
Total Expenditures	<u>\$ 19,412,782</u>	<u>\$ 19,740,281</u>	<u>\$ 21,518,985</u>	<u>\$ (1,778,704)</u>
Net Change In Fund Balance	<u>\$ (1,733,918)</u>	<u>\$ (1,852,213)</u>	<u>\$ 722,825</u>	<u>\$ 2,575,038</u>
Fund Balance, June 30, 2012	\$ 1,733,918	\$ 1,852,213	\$ 1,855,254	\$ 3,041
Fund Balance, June 30, 2013	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,578,079</u>	<u>\$ 2,578,079</u>
Adjustments to Generally Accepted Accounting Principles - Intergovernmental State Revenue			\$ 3,667,709	
On-behalf Payments:				
Instruction			(1,711,114)	
Support Services:				
Students			(259,291)	
Instructional Staff			(220,186)	
General Administration			(210,229)	
School Administration			(280,261)	
Business and Other Support Services			(88,808)	
Operation and Maintenance of Plant			(474,811)	
Student Transportation			(358,966)	
Technology			(64,043)	
Fund balance, June 30, 2013 (GAAP basis)			<u>\$ 2,578,079</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, 2013

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Other Local Sources	\$ 5,000	\$ 5,000	\$ 6,980	\$ 1,980
State Sources	316,814	615,983	592,989	(22,994)
Federal Sources	1,765,659	3,170,469	3,367,516	197,047
Total Revenues	<u>\$ 2,087,473</u>	<u>\$ 3,791,452</u>	<u>\$ 3,967,485</u>	<u>\$ 176,033</u>
Expenditures:				
Instruction	\$ 2,042,685	\$ 3,455,226	\$ 3,606,255	\$ (151,029)
Support Services				
Students	18,106	16,613	16,613	-
Instructional Staff	76,682	94,815	81,968	12,847
Community Services	-	299,798	304,075	(4,277)
Total Expenditures	<u>\$ 2,137,473</u>	<u>\$ 3,866,452</u>	<u>\$ 4,008,911</u>	<u>\$ (142,459)</u>
(Deficiency) Excess of Revenues (Under) Over Expenditures	<u>\$ (50,000)</u>	<u>\$ (75,000)</u>	<u>\$ (41,426)</u>	<u>\$ 318,492</u>
Other Financing Sources (Uses):				
Transfers In	\$ 50,000	\$ 75,000	\$ 41,426	\$ 33,574
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>\$ 50,000</u>	<u>\$ 75,000</u>	<u>\$ 41,426</u>	<u>\$ 33,574</u>
Net Change In Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 352,066</u>
Fund Balance, June 30, 2012	\$ -	\$ -	\$ -	\$ -
Fund Balance, June 30, 2013	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 352,066</u></u>

See Notes to the Basic Financial Statements.

GREENUP COUNTY SCHOOL DISTRICT
 COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2013

	Capital Outlay Fund	Building Fund	Construction Fund	Debt Service Fund	Total Non-Major Governmental Funds
Assets:					
Cash and Cash Equivalents	\$ 13,467	\$ 177,600	\$ 670,428	\$ -	\$ 861,495
Total Assets	<u>13,467</u>	<u>177,600</u>	<u>670,428</u>	<u>-</u>	<u>861,495</u>
Liabilities:					
Accounts Payable	-	-	266,066	-	266,066
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 266,066</u>	<u>\$ -</u>	<u>\$ 266,066</u>
Fund Balances:					
Assigned - Capital Expenditures	\$ -	\$ -	\$ 3,133	\$ -	\$ 3,133
Restricted - Other	13,467	-	-	-	13,467
Restricted - SFCC Escrow-Prior	-	177,600	-	-	177,600
Restricted - Future Construction	-	-	667,295	-	667,295
Unassigned	-	-	(266,066)	-	(266,066)
Total Fund Balances	<u>\$ 13,467</u>	<u>\$ 177,600</u>	<u>\$ 404,362</u>	<u>\$ -</u>	<u>\$ 595,429</u>
Total Liabilities and Fund Balances	<u>\$ 13,467</u>	<u>\$ 177,600</u>	<u>\$ 670,428</u>	<u>\$ -</u>	<u>\$ 861,495</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, 2013

	Capital Outlay Fund	Building Fund	Construction Fund	Debt Service Fund	Total Non-Major Governmental Funds
Revenues:					
Taxes	\$ -	\$ 367,517	\$ -	\$ -	\$ 367,517
Earnings on Investments	-	-	2,142	-	2,142
Intergovernmental - State	258,909	512,903	-	461,504	1,233,316
Total Revenues	<u>\$ 258,909</u>	<u>\$ 880,420</u>	<u>\$ 2,142</u>	<u>\$ 461,504</u>	<u>\$ 1,602,975</u>
Expenditures:					
Facility Acquisition and Construction	\$ 118,332	\$ -	\$ 980,913	\$ -	\$ 1,099,245
Debt Service	-	-	-	1,583,492	1,583,492
Total Expenditures	<u>\$ 118,332</u>	<u>\$ -</u>	<u>\$ 980,913</u>	<u>\$ 1,583,492</u>	<u>\$ 2,682,737</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 140,577</u>	<u>\$ 880,420</u>	<u>\$ (978,771)</u>	<u>\$ (1,121,988)</u>	<u>\$ (1,079,762)</u>
Other Financing Sources (Uses):					
Proceeds From Sale of Bonds	\$ -	\$ -	\$ 1,380,000	\$ -	1,380,000
Operating Transfers In	-	58,127	-	1,121,988	1,180,115
Operating Transfers Out-Other Funds	(58,127)	-	-	-	(58,127)
Operating Transfers Out-Debt Service	(183,441)	(880,420)	-	-	(1,063,861)
Total Other Financing (Uses) Sources	<u>\$ (241,568)</u>	<u>\$ (822,293)</u>	<u>\$ 1,380,000</u>	<u>\$ 1,121,988</u>	<u>\$ 1,438,127</u>
Net Change in Fund Balance	<u>\$ (100,991)</u>	<u>\$ 58,127</u>	<u>\$ 401,229</u>	<u>\$ -</u>	<u>\$ 358,365</u>
Fund Balances, June 30, 2012	\$ 114,458	\$ 119,473	\$ 3,133	\$ 110,366	\$ 347,430
Prior Period Adjustment (See Note 18)	-	-	-	(110,366)	(110,366)
Fund Balances, June 30, 2013	<u>\$ 13,467</u>	<u>\$ 177,600</u>	<u>\$ 404,362</u>	<u>\$ -</u>	<u>\$ 595,429</u>

See Notes to the Basic Financial Statements.

GREENUP COUNTY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NON-MAJOR CAPITAL PROJECT FUNDS
 JUNE 30, 2013

	FSPK Fund	SEEK Funds	Construction Funds	Total Non-Major Capital Project Funds
Assets:				
Cash and Cash Equivalents	\$ 177,600	\$ 13,467	\$ 670,428	\$ 861,495
Total Assets	<u>177,600</u>	<u>13,467</u>	<u>670,428</u>	<u>861,495</u>
Liabilities:				
Accounts Payable	-	-	266,066	266,066
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 266,066</u>	<u>\$ 266,066</u>
Fund Balances:				
Restricted - Other	\$ 177,600	\$ 13,467	\$ 401,229	\$ 592,296
Assigned - Capital Expenditures	-	-	3,133	3,133
Total Fund Balances	<u>\$ 177,600</u>	<u>\$ 13,467</u>	<u>\$ 404,362</u>	<u>\$ 595,429</u>
Total Liabilities and Fund Balances	<u><u>\$ 177,600</u></u>	<u><u>\$ 13,467</u></u>	<u><u>\$ 670,428</u></u>	<u><u>\$ 861,495</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, 2013

	FSPK Fund	SEEK Funds	Construction Funds	Total Non-Major Capital Project Funds
Revenues:				
Taxes	\$ 367,517	\$ -	\$ -	\$ 367,517
Earnings on Investments	-	-	2,142	2,142
Intergovernmental - State	512,903	258,909	-	771,812
Total Revenues	<u>\$ 880,420</u>	<u>\$ 258,909</u>	<u>\$ 2,142</u>	<u>\$ 1,141,471</u>
Expenditures:				
Facility Acquisition and Construction	\$ -	\$ 118,332	\$ 980,913	\$ 1,099,245
Total Expenditures	<u>\$ -</u>	<u>\$ 118,332</u>	<u>\$ 980,913</u>	<u>\$ 1,099,245</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 880,420</u>	<u>\$ 140,577</u>	<u>\$ (978,771)</u>	<u>\$ 42,226</u>
Other Financing Sources (Uses):				
Proceeds From Sale of Bonds	\$ -	\$ -	\$ 1,380,000	\$ 1,380,000
Operating Transfers Out-Other Funds	58,127	(58,127)	266,066	266,066
Operating Transfers Out-Debt Service	(880,420)	(183,441)	-	(1,063,861)
Total Other Financing (Uses) Sources	<u>\$ (822,293)</u>	<u>\$ (241,568)</u>	<u>\$ 1,646,066</u>	<u>\$ 582,205</u>
Net Change in Fund Balance	<u>\$ 58,127</u>	<u>\$ (100,991)</u>	<u>\$ 667,295</u>	<u>\$ 624,431</u>
Fund Balances, June 30, 2012	\$ 119,473	\$ 114,458	\$ 3,133	\$ 237,064
Fund Balances, June 30, 2013	<u>\$ 177,600</u>	<u>\$ 13,467</u>	<u>\$ 670,428</u>	<u>\$ 861,495</u>

See Notes to the Basic Financial Statements.

GREENUP COUNTY SCHOOL DISTRICT
 COMBINING BALANCE SHEET- BOND AND INTEREST REDEMPTION
 JUNE 30, 2013

	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	2013 Bond Fund	Total Debt Service Fund
Assets:												
Cash and Cash Equivalents	\$99,205	\$ 2,761	\$ 6,508	\$ 443	\$ 744	\$ 483	\$23,409	\$ 190	\$ 50	\$ 10	\$1,332,354	\$ 1,466,157
Total Assets	<u>99,205</u>	<u>2,761</u>	<u>6,508</u>	<u>443</u>	<u>744</u>	<u>483</u>	<u>23,409</u>	<u>190</u>	<u>50</u>	<u>10</u>	<u>1,332,354</u>	<u>1,466,157</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>
Fund Balances:												
Unreserved	99,205	2,761	6,508	443	744	483	23,409	190	50	10	1,332,354	1,466,157
Total Fund Balances	<u>99,205</u>	<u>2,761</u>	<u>6,508</u>	<u>443</u>	<u>744</u>	<u>483</u>	<u>23,409</u>	<u>190</u>	<u>50</u>	<u>10</u>	<u>1,332,354</u>	<u>1,466,157</u>
Total Liabilities and Fund Balances	<u>\$99,205</u>	<u>\$ 2,761</u>	<u>\$ 6,508</u>	<u>\$ 443</u>	<u>\$ 744</u>	<u>\$ 483</u>	<u>\$23,409</u>	<u>\$ 190</u>	<u>\$ 50</u>	<u>\$ 10</u>	<u>\$1,332,354</u>	<u>\$ 1,466,157</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, 2013

	1997B	1997 & 1998	1998B	2002	2003	2007	2008	2010	2010R	2011R	2013	Total
	Bond	Bond	Bond	Bond	Bond	Bond	Bond	Bond	Bond	Bond	Bond	Debt
	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Service
	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund
Revenues:												
Intergovernmental - State	\$ -	\$ -	\$ -	\$ 166,158	\$ 34,662	\$ 82,614	\$ 44,202	\$ 74,217	\$ 42,043	\$ 17,607	\$ -	\$ 461,503
Interest Income	117	3	8	1	1	1	12	1	2	-	2,154	2,300
Total Revenues	\$ 117	\$ 3	\$ 8	\$ 166,159	\$ 34,663	\$ 82,615	\$ 44,214	\$ 74,218	\$ 42,045	\$ 17,607	\$ 2,154	\$ 463,803
Expenditures:												
Debt Service	-	-	-	394,888	110,775	253,438	187,697	113,610	379,106	85,953	-	1,525,467
Total Expenditures	\$ -	\$ -	\$ -	\$ 394,888	\$ 110,775	\$ 253,438	\$ 187,697	\$ 113,610	\$ 379,106	\$ 85,953	\$ -	\$ 1,525,467
Deficiency of Revenues	117	3	8	(228,729)	(76,112)	(170,823)	(143,483)	(39,392)	(337,061)	(68,346)	2,154	(1,061,664)
Under (Over) Expenditures												
Other Financing Sources:												
Bond Proceeds	-	-	-	-	-	-	-	-	-	-	1,380,000	1,380,000
Payment to bond escrow agent	-	-	-	-	-	-	-	-	-	-	(49,800)	(49,800)
Operating Transfers In	-	-	-	228,730	76,113	170,824	166,786	39,393	337,063	68,346	-	1,087,255
Total Other Financing Sources	\$ -	\$ -	\$ -	\$ 228,730	\$ 76,113	\$ 170,824	\$ 166,786	\$ 39,393	\$ 337,063	\$ 68,346	\$ 1,330,200	\$ 2,417,455
Net Change In Fund Balance	\$ 117	\$ 3	\$ 8	\$ 1	\$ 1	\$ 1	\$ 23,303	\$ 1	\$ 2	\$ -	\$ 1,332,354	\$ 1,355,791
Fund Balance, June 30, 2012	\$ 99,088	\$ 2,758	\$ 6,500	\$ 442	\$ 743	\$ 482	\$ 106	\$ 189	\$ 48	\$ 10	\$ -	\$ 110,366
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

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, 2013

	Cash Balance June 30, 2012	Receipts	Disbursements	Cash Balance June 30, 2013	Transfers	Deposits Held In Custody For Students June 30, 2013
Greenup County High School	\$ 41,426	\$ 183,207	\$ 182,871	\$ 41,762	\$ -	\$ 41,762
McKell Middle School	13,445	56,938	62,756	7,627	-	7,627
Wurtland Middle School	21,414	36,922	32,650	25,686	(270)	25,416
Argilite Elementary	12,300	34,780	37,371	9,709	-	9,709
Greysbranch Elementary	26,631	78,406	73,360	31,677	(41)	31,636
McKell Elementary	43,023	79,436	71,755	50,704	(586)	50,118
Wurtland Elementary	2,297	4,061	3,305	3,053	591	3,644
GC Family	68	-	-	68	-	68
Special Education - CBI	795	2,102	2,605	292	-	292
Volleyball - Middle School	2,097	2,157	1,211	3,043	-	3,043
Football - Middle School	600	5,544	4,797	1,347	270	1,617
Middle School Golf	17	1,146	1,063	100	-	100
Middle School Soccer	578	-	350	228	36	264
21st Century	1,871	1,984	3,205	650	-	650
Total	\$ 166,562	\$ 486,683	\$ 477,299	\$ 175,946	\$ -	\$ 175,946

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, 2013

	Cash Balance June 30, 2012	Receipts	Disbursements	Cash Balance June 30, 2013	Accounts Receivable (Payable)	Total
General Account	\$ 43	\$ 627	\$ 393	\$ 277	204	\$ 481
Cross Country/Track	387	2,706	2,224	869	61	930
Theatre	569	-	-	569	-	569
General Athletics	17,764	79,952	87,873	9,843	(2,501)	7,342
District Games	-	543	-	543	-	543
Library	123	554	597	80	-	80
CMPS	41	890	788	143	-	143
Beta	-	4,267	5,112	(845)	845	-
Drama	1,236	71	215	1,092	-	1,092
Textbooks	535	13,554	10,801	3,288	(2,201)	1,087
ROTC	1,513	11,074	10,334	2,253	-	2,253
Student Vending	428	974	1,437	(35)	48	13
Art	100	880	587	393	-	393
Prom Committee	3,095	4,095	6,946	244	540	784
Social Studies	4	-	-	4	(4)	-
Advanced Placement Tests	-	250	-	250	-	250
Seniors	-	1,590	2,438	(848)	848	-
Visually Impaired	225	-	-	225	-	225
Pep Club	227	-	-	227	-	227
Student Government	463	12	165	310	-	310
En Garde!	200	-	-	200	(200)	-
Industrial Tech	1,437	3,646	2,574	2,509	50	2,559
National Honor Society	-	40	-	40	-	40
Spanish Honor Society	623	965	1,069	519	430	949
Spanish Honor Society - Hurrica	-	571	525	46	-	46
Yearbook	682	14,207	10,689	4,200	-	4,200
Choir	832	1,251	977	1,106	-	1,106
Food Bank	539	50	-	589	-	589
Staff Payroll Deductions	611	811	455	967	-	967
Teacher Pop	100	392	304	188	-	188
Scholarship	2,070	3,250	750	4,570	110	4,680
Rosemary Waller Scholarship	110	-	-	110	(110)	-
Social Studies Honor Society	-	35	35	-	-	-
FCA	239	-	-	239	-	239
Devon Rose Scholarship fund	702	400	-	1,102	-	1,102
Family Resource	14	1,115	1,125	4	-	4
KYA	287	3,260	3,165	382	-	382
Collier Grants	46	1,690	1,065	671	-	671
Advanced Placement	510	-	-	510	-	510
Murphy Grant	-	500	500	-	-	-
Success Academy	305	-	-	305	-	305
Weightlifting Club	-	144	144	-	-	-
Science Olympiad	-	1,125	749	376	-	376
Boys Soccer Boosters	437	100	153	384	202	586
Girls Golf Boosters	1,689	4,591	5,834	446	920	1,366
Volleyball Boosters	1,212	4,160	4,669	703	260	963
Spring Band Trip	-	12,387	12,324	63	-	63
Track Boosters	1,923	4,403	3,177	3,149	-	3,149
Girls Soccer Boosters	105	2,075	2,678	(498)	498	-
Total	\$ 41,426	\$ 183,207	\$ 182,871	\$ 41,762	\$ -	\$ 41,762

GREENUP COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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:				
Child Nutrition Cluster:				
Passed through State Department of Education				
Cash Assistance:				
National School Snacks	10.555	7760005-11	-	\$ 9,806
National School Breakfast Program	10.553	7760005-12	-	236,371
National School Lunch Program	10.555	7750002-12	-	667,981
Summer Food Service for Children	10.559	7740023-12	-	10,386
Summer Food Service for Children	10.559	7740023-13	-	14,689
Non-Cash Assistance:				
National School Lunch Program	10.555	057502-02	-	102,341
Total U.S. Department of Agriculture				<u>1,041,574</u>
U.S. Department of Education:				
Passed through State Department of Education				
Title I Grants to Local Educational Agencies	84.010	3100002-13	904,168	897,241
Title I, School Improvement Sec. 1003(g)-ARRA	84.388A		109,000	55,492
Vocational Education Basic Grants to States	84.048	4620832-12	16,373	8,851
Vocational Education Basic Grants to States	84.048	4620832-13	15,183	13,820
Special Education Cluster:				
Special Education Grants to States - IDEA, Part B	84.027	3810002-13	651,490	651,490
Special Education - Pre-School	84.173	3800002-13	27,583	27,583
Total Special Education Cluster				<u>679,073</u>

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, 2013

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	66,302
Education Jobs Fund	84.410	EDJOB00-10	734,293	5,169
GEAR UP	84.334		3,954	3,954
Race To The Top Fund	84.413A		40,513	21,968
Twenty-First Century Community Learning Centers	84.287	3100202.12	67,500	46
Twenty-First Century Community Learning Centers	84.287	3100202.13	60,000	60,000
Twenty-First Century Community Learning Centers	84.287	3100202.14	75,000	18,609
Twenty-First Century Community Learning Centers - McKell	84.287	3100202.12	75,000	7,850
Twenty-First Century Community Learning Centers - McKell	84.287	3100202.13	67,500	59,704
Twenty-First Century Community Learning Centers - AES & GES	84.287	3100202.13	75,000	75,000
Twenty-First Century Community Learning Centers - AES & GES	84.287	3100202.14	75,000	29,008
Twenty-First Century Community Learning Centers - Summer Learning	84.287	3100202.12	15,000	10,227
Twenty-First Century Community Learning Centers - Summer Learning	84.287	3100202.13	15,000	973
Improving Teacher Quality State Grants	84.367	3230002-12	210,774	16,283
Improving Teacher Quality State Grants	84.367	3230002-13	208,335	208,335
School Improvement Grant - GCHS	84.377	3100302-10	991,870	166,226
School Improvement Grant - GCHS	84.377	3100302-11	996,870	917,798
Total U.S. Department of Education				<u>3,321,929</u>
U.S. Department of Defense:				
Direct Program:				
Basic, Applied, and Advanced Research in Science and Engineering	12.630	5042	0	141
Basic, Applied, and Advanced Research in Science and Engineering	12.630	5043	0	45,728
Total U.S. Department of Defense				<u>45,869</u>
Total Expenditures of Federal Awards				<u><u>\$ 4,409,372</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, 2013

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, 2013, commodities on hand are included on the total inventory of \$22,073.



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, 2013, 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, 2013.

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, 2013



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, 2013. 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, 2013.

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, 2013

GREENUP COUNTY SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

A. Summary of Audit Results:

Financial Statements

Type of auditor's report issued:	Unqualified
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:	Unqualified
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, 2013:

- Child Nutrition Cluster (10.553, 10.555, and 10.559)
- Title II - Improving Teacher Quality (84.367)

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, 2013

No findings reported in the prior year.

GREENUP COUNTY SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Name of Contact Person:

Steve Hall (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, 2013, 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, 2013, 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, 2013

GREENUP COUNTY SCHOOL DISTRICT
MANAGEMENT LETTER POINTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Status of Prior Year Management Points

Recommendations from the prior year have been implemented.