

**REPORT OF THE AUDIT OF THE
GREEN COUNTY
SCHOOL DISTRICT**

**For The Fiscal Year Ended
June 30, 2015**

ROSS & COMPANY, PLLC
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Members of the Board
Green County School District
Greensburg, Kentucky

INDEPENDENT AUDITOR'S REPORT

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 Green County School District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Green County School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Independent Auditor's Contract*, including *Appendix I—Audit Extension Request and Appendix II—Instructions for Submissions of the Audit Report*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, 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, budgetary comparison information, and net pension schedules on pages 4-8, 41-42 and 43-46 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 Green County School District's basic primary government financial statements. The combining and individual non-major fund financial statements, and the statement of receipts, disbursements and fund balance- High School Activity Fund 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 required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organization*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2015 on our consideration of Green County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Green County School District's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in cursive script that reads "Ross and Company".

Ross and Company, PLLC
November 5, 2015

**GREEN COUNTY SCHOOL DISTRICT
GREENSBURG, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2015**

As management of the Green 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, 2015. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

FINANCIAL HIGHLIGHTS

- The beginning fund balance for the District was \$1,196,151, which includes General Fund balance of \$651,815, Building Fund balance of \$345,034, and Food Service Fund balance of \$199,302.
- The Green County School District participated in the Race to the Top Grant, which is a 42 million dollar consortium wide grant that focuses on personalized learning and student achievement.
- The Green County School District replaced the gymnasium bleachers and part of the gym floor at Green County Middle School for a total project cost of \$76,647.
- The Green County School District purchased four new buses through a KISTA lease agreement for a total cost of \$443,569, with payments running through the year 2025.
- The General Fund had \$12,451,932 in revenue, which primarily consisted of the state program (SEEK), property, utilities, and motor vehicle taxes. (Includes \$2,891,581 in on-behalf payments.)

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 District's assets and liabilities, with the difference between the two reported as Net Position. Over time, increases or decreases in Net Position may serve as a useful indicator of whether the financial position of the district is improving or deteriorating.

All changes in Net Position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

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

GREEN COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2015
(Continued)

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The state has a mandated 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 two categories: governmental or proprietary funds. The District's only proprietary fund is food service operations. All other activities of the district are included in the governmental funds.

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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position may serve over time as a useful indicator of a government's financial position. The largest portion of the District's Net Position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment, and construction in progress), less any related debt 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 period ending June 30, 2015

The District implemented GASB 34 in fiscal year 2003 and recorded fixed assets and debt for the first time. The following is a comparison of the District's Net Position for the years ending June 30, 2014 (restated), and 2015.

	<u>2014</u>	<u>2015</u>
Current Assets	\$ 1,549,613	\$ 1,546,453
Noncurrent Assets	19,793,233	19,344,885
Total Assets	<u>21,342,846</u>	<u>20,891,338</u>
Deferred Outflow	629,592	1,307,492
Total Assets & Deferred Outflow	<u>\$ 21,972,438</u>	<u>\$ 22,198,830</u>
Current Liabilities	\$ 1,432,354	\$ 1,820,752
Long-Term Liabilities	17,529,905	16,711,537
Total Liabilities	<u>\$ 18,962,259</u>	<u>\$ 18,532,289</u>
Deferred Inflows	-	\$ 348,968
Total Liabilities & Deferred Inflow	<u>\$ 18,962,259</u>	<u>\$ 18,881,257</u>
Total Net Position	<u>\$ 3,010,179</u>	<u>\$ 3,317,573</u>

GREEN COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2015
(Continued)

Comments on Budget Comparisons

- The District's General Fund total revenue budget for the 2015 fiscal year was \$10,809,092. The District's actual General Fund revenues were \$11,007,965. (On-behalf payments of \$2,891,581 not included in budgeted revenues.)
- The District's General Fund total expenditures budget for the 2015 fiscal year was \$10,809,092. The District's actual General Fund expenditures were \$10,196,145. (On-behalf payments of \$2,891,581 not included in budgeted expenditures.)
- The fund balance at the end of the 2015 fiscal year for the General Fund was \$811,820. This is approximately a 7.51% contingency.

The following table presents a summary of the general fund's receipts and expenses for the fiscal year ended June 30, 2014 and 2015.

	<u>2014</u>	<u>2015</u>
Receipts:		
Local Revenue Sources	2,317,807	\$ 2,442,340
State Revenue Sources	9,566,506	9,990,630
Federal Revenue	172,593	18,962
Transfers/ Other Sources	719,153	795,799
Total Receipts	<u>12,776,059</u>	<u>13,247,731</u>
Expenses:		
Instruction	7,810,007	8,130,604
Student Support Services	347,894	302,579
Instructional Support	484,884	351,043
District Administration	576,977	729,081
School Administration	842,380	931,045
Business Support	577,564	411,934
Plant Operations	1,337,322	1,042,391
Student Transportation	1,252,049	1,153,055
Community Services	737	695
Transfers	23,738	35,299
Total Expenses	<u>13,253,552</u>	<u>13,087,726</u>
Receipts in Excess of Expenses	<u>\$ (477,493)</u>	<u>\$ 160,005</u>

General Fund Receipts

The majority of receipts were derived from state funding 75% with locally generated receipts making up 19% of total receipts.

GREEN COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2015
(Continued)

Grant Information

The following is a list of significant grants and revenue received during the 2015 fiscal year:

State Grants

Extended School Services	\$46,231
Family Resource/Youth Service Centers	\$153,486
Gifted and Talented	\$19,955
Professional Development	\$14,899
KETS (matching)	\$35,299
Safe Schools Grant	\$23,748
Ready to Achieve	\$48,500
KERA Pre-School	\$106,457

Federal Grants

Nutrition	\$733,120
Others	\$1,393,641

Local Grants

WHAS Grant	\$16,489
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The Schedule of Federal expenditures can be found on page 51 of the report.

The Title I grant was allocated to our elementary schools and our middle school. These supplemental funds are used for salaries, supplies, parent involvement activities, travel, and professional development. These funds are used school wide. The primary focus of the Title I program is based on the academic need of each individual school.

The Vocational Funds are allocated between the Vocational Ag. Department and the Home Ec. Department at the Green County High School. These funds were used for equipment, computers, and travel for the teachers.

The IDEA B Basic and IDEA B Preschool funds are generated on the December 1 child count. These funds are used for salaries, supplies, special equipment, professional development, consultant fees, and travel expenses.

The Title II – Quality Teacher Grant is allocated to two of our elementary schools. This grant is used for certified salaries. The grant helps in staff reduction at each of these schools.

The District also receives funds for Adult Education Programs. These funds help adults in our community in preparation for the GED test.

GREEN COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2015
(Continued)

The Drug Free Communities Grant was allocated across the District. These funds are used for salaries, supplies, and various programs to reduce substance abuse among youth, and over time, reduce the abuse among adults.

Questions regarding this report should be directed to **Superintendent Jim Frank or Will Hodges, Director of Finance** at (270) 932-6601 or by mail at PO Box 369, Greensburg, KY 42743.

GREEN COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
DISTRICT WIDE
As of June 30, 2015

ASSETS	Governmental Activities	Business-type Activities	Total
Current Assets			
Cash and cash equivalents	\$ 973,619	\$ 158,289	\$ 1,131,908
Other receivables	399,162	32	399,194
Inventory	-	15,351	15,351
Total current assets	1,372,781	173,672	1,546,453
Non-current Assets			
Land	373,134	-	373,134
Land Improvements	557,593	-	557,593
Buildings and improvements	25,151,711	-	25,151,711
Furniture and equipment	6,175,593	779,183	6,954,776
Less: Accumulated depreciation	(13,110,048)	(582,281)	(13,692,329)
Total non-current assets	19,147,983	196,902	19,344,885
Total assets	20,520,764	370,574	20,891,338
Deferred outflows			
Bond refunding	913,750	-	913,750
Pension outflows	393,742	-	393,742
Total outflows	1,307,492	-	1,307,492
Total assets & deferred outflows	\$ 21,828,256	\$ 370,574	\$ 22,198,830
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 103,107	\$ 2,475	\$ 105,582
Other current liabilities	15,400	-	15,400
Deferred revenue	231,122	-	231,122
Interest payable	372,319	-	372,319
Current portion of long-term obligations	925,000	-	925,000
Current portion of KISTA obligations	43,139	-	43,139
Current portion of sick-leave	128,190	-	128,190
Total current liabilities	1,818,277	2,475	1,820,752
Non-current Liabilities			
Non-current portion of long-term obligation	13,040,000	-	13,040,000
Non-current portion of KISTA obligation	354,836	-	354,836
Non-current portion of accrued sick leave	75,748	-	75,748
Net pension liability (CERS)	3,126,271	-	3,126,271
Non-current portion insurance liability	114,682	-	114,682
Total non-current liabilities	16,711,537	-	16,711,537
Total liabilities	\$ 18,529,814	\$ 2,475	\$ 18,532,289
Deferred inflows			
Pension inflows	348,968	-	348,968
Total inflows	348,968	-	348,968
Total liabilities & inflows	\$ 18,878,782	\$ 2,475	\$ 18,881,257
NET POSITION			
Invested in capital assets, net of related debt	\$ 4,785,008	\$ 196,902	\$ 4,981,910
Restricted for:			
Capital projects	211,332	-	211,332
Other	102,010	15,351	117,361
Unrestricted	(2,148,876)	155,846	(1,993,030)
Total net position	2,949,474	368,099	3,317,573
Total liabilities and net position	\$ 21,828,256	\$ 370,574	\$ 22,198,830

See accompanying notes to financial statements.

GREEN COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
DISTRICT WIDE
For the year ended June 30, 2015

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities
Governmental Activities						
Instruction	\$ 11,059,027	\$ -	\$ 1,673,544	\$ -	\$ (9,385,483)	\$ (9,385,483)
Support services:						
Student	451,047	-	78,661	-	(372,386)	(372,386)
Instruction staff	395,293	-	21,866	-	(373,427)	(373,427)
District administrative	404,008	-	-	-	(404,008)	(404,008)
School administrative	1,063,896	-	23,748	-	(1,040,148)	(1,040,148)
Business	771,757	-	-	-	(771,757)	(771,757)
Plant operation and maintenance	1,204,814	-	48,460	-	(1,156,354)	(1,156,354)
Student transportation	1,168,819	-	15,764	-	(1,153,055)	(1,153,055)
Facilities acquisition and construction	76,648	-	-	-	(76,648)	(76,648)
Community service activities	155,963	-	155,268	-	(695)	(695)
Other	36,581	-	-	-	(36,581)	(36,581)
Interest on long-term debt	706,450	-	-	-	(706,450)	(706,450)
Total governmental activities	<u>17,494,303</u>	<u>-</u>	<u>2,017,311</u>	<u>-</u>	<u>(15,476,992)</u>	<u>(15,476,992)</u>
Business-type Activities						
Food service	1,340,351	249,338	1,071,566	-	(19,447)	(19,447)
Total business-type activities	<u>1,340,351</u>	<u>249,338</u>	<u>1,071,566</u>	<u>-</u>	<u>(19,447)</u>	<u>(19,447)</u>
Total school district	<u>\$ 18,834,654</u>	<u>\$ 249,338</u>	<u>\$ 3,088,877</u>	<u>\$ -</u>	<u>\$ (15,476,992)</u>	<u>\$ (15,496,439)</u>
			General Revenues			
			Property taxes	\$ 1,789,938	\$ -	\$ 1,789,938
			Delinquent property tax	47,007	-	47,007
			Motor vehicle taxes	284,286	-	284,286
			Utility taxes	567,272	-	567,272
			Other taxes	34,995	-	34,995
			Investment earnings	9,214	598	9,812
			State aid formula grants	12,846,139	-	12,846,139
			Miscellaneous	224,385	-	224,385
			Transfers	51,644	(51,644)	-
			Total general revenues	<u>15,854,880</u>	<u>(51,046)</u>	<u>15,803,834</u>
			Change in net position	377,888	(70,493)	307,395
			Net position - beginning	5,691,438	438,592	6,130,030
			Prior Period Adjustment	(3,119,852)	-	(3,119,852)
			Net position - ending	<u>\$ 2,949,474</u>	<u>\$ 368,099</u>	<u>\$ 3,317,573</u>

See accompanying notes to financial statements.

GREEN COUNTY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
As of June 30, 2015

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Building Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 776,436	\$ (14,149)	\$ 211,332	\$ -	\$ 973,619
Other receivables	145,315	253,847	-	-	399,162
Total assets	<u>\$ 921,751</u>	<u>\$ 239,698</u>	<u>\$ 211,332</u>	<u>\$ -</u>	<u>\$ 1,372,781</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 94,531	\$ 8,576	\$ -	\$ -	\$ 103,107
Deferred revenue	-	231,122	-	-	231,122
Other current liabilities	15,400	-	-	-	15,400
Total liabilities	<u>109,931</u>	<u>239,698</u>	<u>-</u>	<u>-</u>	<u>349,629</u>
Fund Balances					
Restricted:					
SFCC Escrow	\$ -	\$ -	\$ 211,332	\$ -	\$ 211,332
Committed:					
Sick Leave Payable	101,970	-	-	-	101,970
Assigned:					
Purchase Obligations	40	-	-	-	40
Unassigned:	709,810	-	-	-	709,810
Total fund balances	<u>811,820</u>	<u>-</u>	<u>211,332</u>	<u>-</u>	<u>1,023,152</u>
Total liabilities and fund balances	<u>\$ 921,751</u>	<u>\$ 239,698</u>	<u>\$ 211,332</u>	<u>\$ -</u>	<u>\$ 1,372,781</u>

See accompanying notes to financial statements.

GREEN COUNTY SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS -
BALANCE SHEET TO THE STATEMENT OF NET POSITION

June 30, 2015

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

Total Fund Balance-Governmental Funds		\$ 1,023,152
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental:		
Cost of capital	\$ 32,258,031	
Accumulated depreciation	(13,110,048)	
Deferred outflow	1,307,492	20,455,475
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:		
Long-term Obligations	(13,965,000)	
KISTA Obligations	(397,975)	
Interest payable	(372,319)	
Insurance claims liability	(114,682)	
Long-term sick leave	(203,938)	
Net pension liability (CERS)	(3,126,271)	
Deferred inflows	(348,968)	(18,529,153)
Total Net Position-Governmental Funds		\$ 2,949,474

See accompanying notes to financial statements.

GREEN COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the year ended June 30, 2015

Revenues	General Fund	Special Revenue	Building Fund	Other Governmental Funds	Total Governmental Funds
From local sources					
Property taxes	\$ 1,398,531	\$ -	\$ 438,414	\$ -	\$ 1,836,945
Motor vehicle taxes	284,286	-	-	-	284,286
Utilities taxes	567,272	-	-	-	567,272
Other taxes	34,995	-	-	-	34,995
Earnings on investments	9,214	-	-	-	9,214
Other local revenues	148,042	18,271	-	-	166,313
State sources					
SEEK	7,050,677	-	663,212	147,080	7,860,969
On Behalf Payments	2,891,581	-	-	775,075	3,666,656
Other	48,372	605,399	-	-	653,771
Federal - indirect	18,962	1,393,641	-	-	1,412,603
Total revenues	<u>12,451,932</u>	<u>2,017,311</u>	<u>1,101,626</u>	<u>922,155</u>	<u>16,493,024</u>
Expenditures					
Instruction	8,130,604	1,708,843	-	-	9,839,447
Support services					
Student	302,579	78,661	-	-	381,240
Instruction staff	351,043	21,866	-	-	372,909
District administration	729,081	-	-	-	729,081
School administration	931,045	23,748	-	-	954,793
Business	411,934	-	-	-	411,934
Plant operation and maintenance	1,042,391	48,460	-	-	1,090,851
Student transportation	1,153,055	15,764	-	-	1,168,819
Facilities acquisition and construction	-	-	76,648	-	76,648
Community service activities	695	155,268	-	-	155,963
Debt service	-	-	-	1,413,023	1,413,023
Total expenditures	<u>13,052,427</u>	<u>2,052,610</u>	<u>76,648</u>	<u>1,413,023</u>	<u>16,594,708</u>
Excess (deficit) of revenues over expenditures	<u>(600,495)</u>	<u>(35,299)</u>	<u>1,024,978</u>	<u>(490,868)</u>	<u>(101,684)</u>
Other Financing Sources (Uses)					
Other financing sources- Not transfers	76,343	-	-	-	76,343
Operating transfers in	719,456	108,367	-	637,948	1,465,771
Operating transfers out	(35,299)	(73,068)	(1,158,680)	(147,080)	(1,414,127)
Total other financing sources (uses)	<u>760,500</u>	<u>35,299</u>	<u>(1,158,680)</u>	<u>490,868</u>	<u>127,987</u>
Excess (deficit) of revenues and other financing sources over expenditures and other financing uses	<u>160,005</u>	<u>-</u>	<u>(133,702)</u>	<u>-</u>	<u>26,303</u>
Net change in fund balances	160,005	-	(133,702)	-	26,303
Fund balance, July 1, 2014	651,815	-	345,034	-	996,849
Fund balance, June 30, 2015	<u>\$ 811,820</u>	<u>\$ -</u>	<u>\$ 211,332</u>	<u>\$ -</u>	<u>\$ 1,023,152</u>

See accompanying notes to financial statements.

GREEN COUNTY PUBLIC SCHOOLS DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES

For the year ended June 30, 2015

Total net change in fund balances- governmental funds	\$	26,303
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Amounts reported for governmental activities in the statement of net position are different because:

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 depreciation expense exceeds capital outlays in the period.		(780,604)
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Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position 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 position. This is the amount by which bond proceeds exceed principal payments.		823,419
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In the statement of activities, certain operating expenses such as compensated absences (sick leave), are measured by the amount earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year special termination benefits paid exceed the amounts earned.		391,490
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Interest on long-term debt in the statement of activities differs from the amount reported in governmental funds because interest is recorded as an expenditure in the fund when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the statement of activities is the net result of accrued interest on bonds.		(153,427)
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Insurance claims expense related to noncurrent portion of accrued insurance claims liability is recognized in the statement of activities, but not in the governmental fund financial statements because it will not be paid with existing financial resources. it will not be paid with existing financial resources.		32,352
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Governmental funds report pension expense in the year paid. However due to measurement date, payments made are reported as deferred outflows in the Statement of Activities. This is the amount by which deferred outflows exceeds pension expense in the period.		38,355
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Change in Net Position - Governmental Funds	\$	377,888
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See accompanying notes to financial statements.

GREEN COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS

As of June 30, 2015

ASSETS	<u>Food Service Fund</u>
Current Assets	
Cash and cash equivalents	\$ 158,289
Other receivables	32
Inventory	<u>15,351</u>
Total current assets	<u>173,672</u>
Noncurrent Assets	
Buildings and improvements	
Furniture and equipment	779,183
Less: Accumulated depreciation	<u>(582,281)</u>
Total noncurrent assets	<u>196,902</u>
Total assets	<u><u>\$ 370,574</u></u>
 LIABILITIES	
Current Liabilities	
Accounts payable	<u>\$ 2,475</u>
Total liabilities	<u>2,475</u>
 NET POSITION	
Invested in capital assets, net of related debt	196,902
Restricted for:	
Inventory	15,351
Net Position	<u>155,846</u>
Total net position	<u>368,099</u>
Total liabilities and net position	<u><u>\$ 370,574</u></u>

See accompanying notes to financial statements.

GREEN COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS

For the year ended June 30, 2015

	Food Service Fund
Operating Revenues	
Service sales	\$ 200,386
Other operating revenue	48,952
Total operating revenues	249,338
Operating Expenses	
Salaries and wages	821,142
Professional and contract services	20,212
Supplies and materials	453,919
Depreciation	42,388
Other operating expenses	2,690
Total operating expenses	1,340,351
Operating income (loss)	(1,091,013)
Non-operating revenues (expenses)	
Federal grants	733,120
State grants	338,446
Interest income	598
Total non-operating revenues (expenses)	1,072,164
Transfers Out	(51,644)
Change in Net Position	(70,493)
Total net position, July 1, 2014	438,592
Total net position, June 30, 2015	\$ 368,099

See accompanying notes to financial statements.

GREEN COUNTY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the year ended June 30, 2015

	Food Service Fund
Cash Flows from Operating Activities	
Cash received from sales	\$ 200,354
Cash received from other activities	48,952
Cash payments to employees for services	(821,142)
Cash payments to suppliers for goods and services	(487,953)
Cash payments for other operating activities	(2,690)
Net cash from operating activities	(1,062,479)
Cash Flows from Capital Financing Activities	
Acquisition of capital assets	-
Net cash from capital financing activities	-
Cash Flows from Noncapital Financing Activities	
Transfers	(51,644)
Non-operating grants received	1,071,566
Net cash from noncapital financing activities	1,019,922
Cash Flows from Investing Activities	
Interest on investments	598
Net cash flows from investing activities	598
Net increase in cash and cash equivalents	(41,959)
Cash and cash equivalents - beginning	200,248
Cash and cash equivalents - ending	158,289
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating income (loss)	(1,091,013)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Depreciation	42,388
Changes in assets and liabilities:	
Receivables	(32)
Inventory	(15,351)
Accounts payable	1,529
Net Cash Provided by Operating Activities	\$ (1,062,479)
Schedule of Non Cash Transactions	
Donated Commodities	\$ 58,174
On Behalf Payments	328,687

See accompanying notes to financial statements.

GREEN COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION - FIDUCIARY FUNDS

June 30, 2015

ASSETS	<u>Student Activity Funds</u>	<u>Trust Agency Fund</u>	<u>Scholarship Fund</u>
Current Assets			
Cash and cash equivalents	\$ 176,469	\$ 57,716	\$ 1,294
Investments	-	-	20,000
Total assets	<u>\$ 176,469</u>	<u>\$ 57,716</u>	<u>\$ 21,294</u>
LIABILITIES			
Current Liabilities			
Due to school groups/ employees	<u>\$ 176,469</u>	<u>\$ 57,717</u>	<u>\$ -</u>
NET POSITION			
Held in Trust	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,294</u>
Total net position and liabilities	<u>\$ 176,469</u>	<u>\$ 57,717</u>	<u>\$ 21,294</u>

See accompanying notes to financial statements.

GREEN COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE- FIDUCIARY FUNDS

For the year ended June 30, 2015

	Student Activity Funds	Trust Agency Fund	Scholarship Fund
Additions			
Interest Income	\$ -	\$ -	\$ 122
Deduction			
Scholarships	-	-	-
Change in revenues over expenses	-	-	122
Net position as of July 1, 2014	-	-	21,172
Net position as of June 30, 2015	\$ -	\$ -	\$ 21,294

See accompanying notes to financial statements.

GREEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Green County School District (District) is the basic level of government, which has financial accountability and control over all activities related to the public school education within the jurisdiction of the Green County School District. The District receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. Board members are elected by the public and have decision-making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and have primary financial accountability for fiscal matters. The District is not included in any other governmental "reporting entity" as defined by GASB pronouncements. In accordance with GASB Standard 14, financial transactions of the following component unit are incorporated in the accompanying financial statements.

Green County School District Finance Corporation – The Green County School District resolved to authorize the establishment of the Green 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 District for financing the costs of school building facilities. The Board Members of the Green County Board of Education also comprise the Corporation's Board of Directors.

Basis of Presentation

District-wide Financial Statements:

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

The District-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the 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 program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting

The accounts of the District are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund balance, revenues and expenditures or expenses as appropriate. The various funds are summarized by type in the financial statements. The District uses the following funds:

Governmental Fund Types:

General Fund - The General Fund is the primary operating fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of grants from local, state and federal revenue sources that are legally restricted to expenditures for specified purposes. Project accounting is employed to maintain integrity for the various sources of funds. Federally funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report.

Construction Fund – The Construction Fund is used to account for all resources including proceeds from bond sales for the authorized acquisition and construction of capital facilities.

Capital Outlay Fund - The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund receives \$100 per the District's adjusted average daily attendance restricted for use in financing projects as identified in the District's facility plan.

Building Fund - 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, as applicable. Funds may be used for projects identified in the District's facility plan.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest and related cost; and for the payment of interest on general obligation notes payable, as required by Kentucky Law.

Proprietary Fund Type

The District utilizes the proprietary fund type to account for the major funds: Food Service. The Food Service Fund is used to account for school food service activities, including the National School Lunch Program and the National School Breakfast Program, which are conducted in cooperation with the U.S. Department of Agriculture (USDA). No amounts have been recorded for in-kind contribution of USDA commodities on the financial statements, except as required by the Single Audit Act as presented on the Schedule of Expenditures of Federal Awards.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fiduciary Fund Type

The School Activity Funds are fiduciary funds used to account for student activity organizations in accordance with the Accounting Procedures for Kentucky School Activity Funds. Financial statements of groups and organizations associated with the school system but not originated within the District (e.g., Band Boosters, Parent-Teacher Associations, etc.) are not included within school activity funds.

The Trust Agency Fund holds retirement monies on behalf of substitute teachers previously covered under the Omnibus Budget Reconciliation Act (OBRA).

The Scholarship Fund accounts for and reports for the Mary Beam Scholarship under which interest income is used to benefit individuals by providing scholarships.

Measurement Focus

The accounting and reporting treatment applied to a fund is determined by its measurement focus. 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 reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds include 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.

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 that are presented in the fund financial statements use the modified accrual basis of accounting. Proprietary and fiduciary funds use the accrual basis of accounting.

Exchange and Non-exchange transactions – There are two types of transactions: exchange and non-exchange. The method of determining revenue recognition (i.e., accrual v. modified accrual) depends upon the type of exchange as well as source of revenue. Exchange transactions occur when each party receives essentially equal value. Non-exchange transactions occur when one party receives value without directly giving equal value in return.

Modified Accrual - Revenue from non-exchange transactions (e.g., grants, entitlements and donations) must be available to be recognized. These sources of revenue are recognized in the fiscal year in which all eligibility requirements have been satisfied. Under the modified accrual basis of accounting, revenues from exchange transactions are recorded when susceptible to accrual, i.e., both measurable and available.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For the District, “available” means within sixty days of June 30. Property tax revenue is recognized in the fiscal year for which the taxes are levied. Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as deferred revenue. Under the modified basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation, are not recognized in governmental funds.

Accrual - Under the accrual basis of accounting, revenues are recorded when an exchange takes place. Expenses are recognized at the time they are incurred.

Encumbrance Accounting

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Kentucky Law, appropriations lapse at fiscal year end. Encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year’s budget.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the proprietary fund type considers highly liquid investments with maturity of three months or less when purchased to be cash equivalents.

Inventories

On the government-wide financial statements inventories are stated at cost and are expensed when used.

On fund financial statements inventories are stated at cost. The cost of inventory items is recorded as expenditures in the governmental fund types when purchased.

The food service fund uses the specific identification method and the general fund uses the first-in, first-out method.

Budget

The District is required by state law to adopt a budget annually. The budgetary process accounts for certain transactions on a basis other than Generally Accepted Accounting Principles (GAAP). Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP). Once the District approves the budget, it can be amended. Budget appropriations lapse at year-end.

Bond issue costs

Bond issue costs are expensed as incurred.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

Deferred loss on bond refunding

Deferred loss on bond refunding represents a loss equal to the principal amount borrowed to refund the principal amount outstanding on a previous bond issue. This amount is recognized as deferred outflows of resources on the accompanying statement of net position. The amount is amortized over the life of the new bond or the life of the refunded bond (whichever is shorter), and included in interest expense on the accompanying statement of activities.

Fund Balances

The School Board has implemented GASB Statement 54 employing new terminology and classifications for fund balance items.

Non-spendable Fund Balance includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable. The District did not have non-spendable fund balance as of June 30, 2015.

Restricted fund balances arise when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. At June 30, 2015, the District had \$211,332 restricted in the Building Fund for SFCC Escrow.

Committed fund balances are those amounts that can only be used for a specific purpose pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority, which, for the District is the Board of Education. The Board of Education must approve by majority vote the establishment (and modification or rescinding) of a fund balance commitment. At June 30, 2015, the District had \$101,970 committed in the General Fund for Sick Leave.

Assigned fund balances are those amounts that are constrained by the government’s *intent* to be used for specific purposes, but are neither restricted nor committed. The Board of Education allows program supervisors to complete purchase orders which result in the encumbrances of funds. Assigned fund balance also include (a) all remaining amounts (except for negative amounts balances) that are reported in governmental funds, other than the general fund, that are not classified as non-spendable and are neither restricted nor committed and (b) amounts in the general fund that are intended to be used for a specific purpose.

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balances (Continued)

Net position represents the difference between assets and deferred outflows of resources, and liabilities. Amounts invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on the asset's use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. When the District incurs an expenditure for which both restricted and unrestricted funds are available, the District considers restricted funds to have been spent first.

Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles, (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County Employees Retirement System Non-Hazardous ("CERS") and Teachers Retirement System of the State of Kentucky ("KTRS") and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the pensions. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 2. SAFEGUARDING CASH AND CASH EQUIVALENTS

The District's cash and cash equivalents consist of amounts deposited in interest bearing accounts. The depository bank deposits for safekeeping and trust with the District's third party agent approved pledged securities 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 dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

At June 30, 2015, the carrying amount of the District's combined deposits (cash and cash equivalents) excluding school activity funds was \$2,250,804 and the combined bank balances totaled \$2,441,654. The bank balances were covered by the combination of FDIC insurance and collateral held by the District's agent in the District's name at June 30, 2015.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the county's deposits may not be returned. The District does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 41.240(4). All deposits meet current guidelines.

NOTE 2. SAFEGUARDING CASH AND CASH EQUIVALENTS (CONTINUED)

The cash deposits held at financial institutions can be categorized according to three levels of risk. These three levels of risk are as follows:

Category 1 Deposits that are insured or collateralized with securities held by the District or by its agent in the District's name.

Category 2 Deposits that are collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.

Category 3 Deposits which are not collateralized or insured.

Based on these three levels of risk, all of the District's cash deposits are classified as Category 2.

Statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. agencies, municipal securities and repurchase agreements. The investment pool and repurchase agreements are considered nonparticipating contracts. The District has a repurchase agreement whereby daily bank deposits sweep to an interest bearing overnight account. Such agreements can be categorized according to three levels of risk. These three levels of risk are:

Category 1 Investments that are insured or collateralized with securities held by the District or by its agent in the District's name.

Category 2 Investments that are collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.

Category 3 Uninsured and unregistered investments held by the counter party, its trust or its agent, but not in the District's name.

The District's investment in repurchase agreements is classified by risk level as Category 2.

NOTE 3. PROPERTY TAXES

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 measurable and available to finance expenditures of the fiscal periods. Property taxes collected are recorded as revenues in the fund for which they were levied. The assessment date of the property taxes is January 1 of each year. The levy is normally set during the September board meeting. Assuming property tax bills are timely mailed, collection date is the period from November 1 through December 31. Collections from the period November 1 through November 30 receive a two percent discount. The due date is the period from December 1 through December 31 in which no discount is allowed. Property taxes received subsequent to December 31 are considered to be delinquent and subject to a lien filed by the County Attorney.

NOTE 4. RETIREMENT PLANS

The District's employees are provided with two pension plans, based on each position's college degree requirement. The County Employees Retirement System covers employees whose position does not require a college degree or teaching certification. The Kentucky Teachers Retirement System covers positions requiring teaching certification or otherwise requiring a college degree.

NOTE 4. RETIREMENT PLANS (CONTINUED)

General information about the County Employees Retirement System Non-Hazardous (“CERS”)

Plan description—Employees whose positions do not require a degree beyond a high school diploma are covered by the CERS, a cost-sharing multiple-employer defined benefit pension plan administered by the Kentucky Retirement System, an agency of the Commonwealth of Kentucky. Under the provisions of the Kentucky Revised Statute (“KRS”) Section 61.645, the Board of Trustees of the Kentucky Retirement System administers CERS and has the authority to establish and amend benefit provisions. The Kentucky Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for CERS. That report may be obtained from <http://kyret.ky.gov/>.

Benefits provided—CERS provides retirement, health insurance, death and disability benefits to Plan employees and beneficiaries. Employees are vested in the plan after five years’ service. For retirement purposes, employees are grouped into three tiers, based on hire date:

Tier 1	Participation date	Before September 1, 2008
	Unreduced retirement	27 years service or 65 years old
	Reduced retirement	At least 5 years service and 55 years old At least 25 years service and any age
Tier 2	Participation date	September 1, 2008 - December 31, 2013
	Unreduced retirement	At least 5 years service and 65 years old Or age 57+ and sum of service years plus age equal 87
	Reduced retirement	At least 10 years service and 60 years old
Tier 3	Participation date	After December 31, 2013
	Unreduced retirement	At least 5 years service and 65 years old Or age 57+ and sum of service years plus age equal 87
	Reduced retirement	Not available

Cost of living adjustments are provided at the discretion of the General Assembly. Retirement is based on a factor of the number of years’ service and hire date multiplied by the average of the highest five years’ earnings. Reduced benefits are based on factors of both of these components. Participating employees become eligible to receive the health insurance benefit after at least 180 months of service. Death benefits are provided for both death after retirement and death prior to retirement. Death benefits after retirement are \$5,000 in lump sum. Five years’ service is required for death benefits prior to retirement and the employee must have suffered a duty-related death. The decedent’s beneficiary will receive the higher of the normal death benefit and \$10,000 plus 25% of the decedent’s monthly final rate of pay and any dependent child will receive 10% of the decedent’s monthly final rate of pay up to 40% for all dependent children. Five years’ service is required for nonservice-related disability benefits.

	<u>Required contributions</u>
Tier 1	5%
Tier 2	5% + 1% for insurance
Tier 3	5% + 1% for insurance

NOTE 4. RETIREMENT PLANS (CONTINUED)

General information about the Teachers' Retirement System of the State of Kentucky ("KTRS")

Plan description—Teaching certified employees of the District and other employees whose positions require at least a college degree are provided pensions through the Teachers' Retirement System of the State of Kentucky (KTRS)—a cost-sharing multiple-employer defined benefit pension plan with a special funding situation established to provide retirement annuity plan coverage for local school districts and other public educational agencies in the Commonwealth. KTRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the KRS. KTRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. KTRS issues a publicly available financial report that can be obtained at http://www.ktrs.ky.gov/05_publications/index.htm.

Benefits provided—For employees who have established an account in a retirement system administered by the Commonwealth prior to July 1, 2008, employees become vested when they complete five (5) years of credited service. To qualify for monthly retirement benefits, payable for life, employees must either:

- 1.) Attain age fifty-five (55) and complete five (5) years of Kentucky service, or
- 2.) Complete 27 years of Kentucky service.

Employees that retire before age 60 with less than 27 years of service receive reduced retirement benefits. Non-university employees with an account established prior to July 1, 2002 receive monthly payments equal to two (2) percent (service prior to July 1, 1983) and two and one-half (2.5) percent (service after July 1, 1983) of their final average salaries for each year of credited service. New employees (including second retirement accounts) after July 1, 2002 will receive monthly benefits equal to 2% of their final average salary for each year of service if, upon retirement, their total service less than ten years. New employees after July 1, 2002 who retire with ten or more years of total service will receive monthly benefits equal to 2.5% of their final average salary for each year of service, including the first ten years. In addition, employees who retire July 1, 2004 and later with more than 30 years of service will have their multiplier increased for all years over 30 from 2.5% to 3.0% to be used in their benefit calculation. Effective July 1, 2008, the System has been amended to change the benefit structure for employees hired on or after that date.

Final average salary is defined as the member's five (5) highest annual salaries for those with less than 27 years of service. Employees at least age 55 with 27 or more years of service may use their three (3) highest annual salaries to compute the final average salary. KTRS also provides disability benefits for vested employees at the rate of sixty (60) percent of the final average salary. A life insurance benefit, payable upon the death of a member, is \$2,000 for active contributing employees and \$5,000 for retired or disabled employees.

Cost of living increases are one and one-half (1.5) percent annually. Additional ad hoc increases and any other benefit amendments must be authorized by the General Assembly.

NOTE 4. RETIREMENT PLANS (CONTINUED)

Contributions—Contribution rates are established by Kentucky Revised Statutes (KRS). Non-university employees are required to contribute 12.105% of their salaries to the System. University employees are required to contribute 9.895% of their salaries. KRS 161.580 allows each university to reduce the contribution of its employees by 2.215%; therefore, university employees contribute 7.68% of their salary to KTRS.

The Commonwealth of Kentucky, as a non-employer contributing entity, pays matching contributions at the rate of 13.105% of salaries for local school district and regional cooperative employees hired before July 1, 2008 and 14.105% for those hired after July 1, 2008. For local school district and regional cooperative employees whose salaries are federally funded, the employer contributes 15.355% of salaries. If an employee leaves covered employment before accumulating five (5) years of credited service, accumulated employee pension contributions plus interest are refunded to the employee upon the member's request.

Medical Insurance Plan

Plan description—In addition to the pension benefits described above, KRS 161.675 requires KTRS to provide post-employment healthcare benefits to eligible employees and dependents. The KTRS Medical Insurance Fund is a cost-sharing multiple employer defined benefit plan. Changes made to the medical plan may be made by the KTRS Board of Trustees, the Kentucky Department of Employee Insurance and the General Assembly.

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

Funding policy—In order to fund the post-retirement healthcare benefit, six percent (6%) of the gross annual payroll of employees before July 1, 2008 is contributed. Three percent (3%) is paid by member contributions and three quarters percent (.75%) from Commonwealth appropriation and two and one quarter percent (2.25%) from the employer. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the District reported a liability for its proportionate share of the net pension liability for CERS. The District did not report a liability for the District's proportionate share of the net pension liability for KTRS because the Commonwealth of Kentucky provides the pension support directly to KTRS on behalf of the District. The amount recognized by the District as its proportionate share of the net pension liability, the related Commonwealth support, and the total portion of the net pension liability that was associated with the District were as follows:

GREEN COUNTY SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015
 (Continued)

NOTE 4. RETIREMENT PLANS (CONTINUED)

District's proportionate share of the CERS net pension liability	\$	3,126,271
Commonwealth's proportionate share of the KTRS net pension liability associated with the District		<u>49,188,611</u>
	<u>\$</u>	<u>52,314,882</u>

The net pension liability for each plan was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The District's proportion of the net pension liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2014, the District's proportion was .096360% percent.

For the year ended June 30, 2015, the District recognized pension expense of \$355,387 related to CERS and \$2,410,432 related to KTRS. The District also recognized revenue of \$2,410,342 for KTRS support provided by the Commonwealth. At June 30, 2014, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ -
Change of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	349,000
Changes in proportion and differences between District contributions and proportionate share of contributions	-	-
District contribution subsequent to the measurement date	<u>393,742</u>	<u>-</u>
Total	<u>\$ 393,742</u>	<u>\$ 349,000</u>

\$393,742 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2016	\$ (69,800)
2017	(69,800)
2018	(69,800)
2019	(69,800)
2020	<u>(69,800)</u>
	<u>\$ (349,000)</u>

NOTE 4. RETIREMENT PLANS (CONTINUED)

Actuarial assumptions—The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.5 percent
Salary increases	4.5 percent, average, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

For CERS, Mortality rates for the period after service retirement are according to the 1983 Group Annuity Mortality Table for all retired employees and beneficiaries as of June 30, 2006 and the 1994 Group Annuity Mortality Table for all other employees. The Group Annuity Mortality Table set forward five years is used for the period after disability retirement.

For KTRS, Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with a setback of 1 year for females. The last experience study was performed in 2011 and the next experience study is scheduled to be conducted in 2016.

For CERS, the long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years. The most recent analysis, performed for the period covering fiscal years 2005 through 2008, is outlined in a report dated August 25, 2009. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

For KTRS, the long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

NOTE 4. RETIREMENT PLANS (CONTINUED)

The target allocation and best estimates of arithmetic real rates of return for each major asset class, as provided by KTRS’s investment consultant, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	45.0%	6.4%
Non U.S. Equity	17.0%	6.5%
Fixed Income	24.0%	1.6%
High Yield Bonds	4.0%	3.1%
Real Estate	4.0%	5.8%
Alternatives	4.0%	6.8%
Cash	2.0%	1.5%
Total	100.00%	

Discount rate—For CERS, the discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan employees and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment return of 7.75%. The long-term investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

For KTRS, the discount rate used to measure the total pension liability was 5.23%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at statutorily required rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan employees until the 2036 plan year. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments through 2035 and a municipal bond index rate of 4.35% was applied to all periods of projected benefit payments after 2035. The Single Equivalent Interest Rate (SEIR) that discounts the entire projected benefit stream to the same amount as the sum of the present values of the two separate benefit payments streams was used to determine the total pension liability.

Sensitivity of CERS proportionate share of net pension liability to changes in the discount rate—The following table presents the net pension liability of the District, calculated using the discount rates selected by each pension system, as well as what the District’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Green County CERS	\$ 4,113,977	\$ 3,126,271	\$ 2,253,629

Pension plan fiduciary net position—Detailed information about the pension plan’s fiduciary net position is available in the separately issued financial reports of both CERS and KTRS.

NOTE 5. LIABILITY FOR COMPENSATED ABSENCES

Certified employees are awarded a maximum of 10 days of sick leave annually, based upon employment contract terms and District policy. Sick leave is accrued without limitation. Upon retirement from the school system, a certified and classified employee receives from the District an amount equal to 30% of the value of accumulated sick leave at the current daily rate of pay. At June 30, 2015, the estimate for those employees over the age of 55 with 5 or more years of service is \$203,938, in which \$128,190 is short term and \$75,748 is long term, both recorded on the District-wide financial statements.

NOTE 6. CAPITAL ASSETS

Capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of Net Position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of Net Position and in the respective funds.

All capital assets 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 \$5,000, excluding technology which has 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 assets life are not.

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

<u>Description</u>	<u>Estimated Life in Years</u>
Buildings and Improvements	40
Land Improvements	20
Technology Equipment	5
Vehicles	5-14
Food Service Equipment	7
Furniture and Fixtures	7
Other	10

GREEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

NOTE 6. CAPITAL ASSETS (CONTINUED)

	<u>June 30, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2015</u>
Governmental Assets				
Cost				
Land	\$ 373,134	\$ -	\$ -	\$ 373,134
Land Improvements	557,593	-	-	557,593
Buildings & Improvements	25,151,711	-	-	25,151,711
Technology Equipment	2,555,425	-	-	2,555,425
Other	557,444	30,240	-	587,684
Vehicles	2,657,840	374,644	-	3,032,484
Totals at historical cost	<u>31,853,147</u>	<u>404,884</u>	<u>-</u>	<u>32,258,031</u>
Less: Accumulated Depreciation				
Land Improvements	506,631	9,264	-	515,895
Buildings & Improvements	6,998,131	520,290	-	7,518,421
Technology Equipment	2,293,170	117,013	-	2,410,183
Other	479,237	19,861	-	499,098
Vehicles	2,022,035	144,416	-	2,166,451
Total accumulated depreciation	<u>12,299,204</u>	<u>810,844</u>	<u>-</u>	<u>13,110,048</u>
NET	<u>\$ 19,553,943</u>	<u>\$ (405,960)</u>	<u>\$ -</u>	<u>\$ 19,147,983</u>
Business Assets				
Cost				
Technology Equipment	\$ 26,868	\$ -	\$ -	\$ 26,868
General Equipment	752,315	-	-	752,315
Totals at historical cost	<u>779,183</u>	<u>-</u>	<u>-</u>	<u>779,183</u>
Less: Accumulated Depreciation				
Technology Equipment	19,852	5,938	-	25,790
General Equipment	520,041	36,450	-	556,491
Total accumulated depreciation	<u>539,893</u>	<u>42,388</u>	<u>-</u>	<u>582,281</u>
NET	<u>\$ 239,290</u>	<u>\$ (42,388)</u>	<u>\$ -</u>	<u>\$ 196,902</u>

GREEN COUNTY SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015
 (Continued)

NOTE 7. GENERAL LONG-TERM DEBT AND LEASE OBLIGATIONS

The District is required to make lease payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Green County School District Finance Corporation to construct school facilities. Current requirements for principal and interest expenditures are accounted for in the Debt Service Fund in accordance with state law.

The maturity date, original amounts of the issue and interest rates are summarized below:

<u>Bond Issue</u>	<u>Original Amount</u>	<u>Maturity Dates</u>	<u>Interest Rates</u>	2014			2015
				<u>Outstanding Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Outstanding Balance</u>
2003	610,000	9/1/2014	2.30-3.0%	\$ 55,000	\$ -	\$ 55,000	\$ -
2004	845,000	3/1/2024	3.75%	495,000	-	40,000	455,000
2007	10,180,000	8/1/2027	4.25-4.50%	8,640,000	-	6,950,000	1,690,000
2010	1,560,000	8/1/2029	3.20-4.25%	1,520,000	-	10,000	1,510,000
2011	4,405,000	4/1/2021	2.00-3.00%	3,400,000		450,000	2,950,000
2015	7,360,000	8/1/2027	2.00%	-	7,360,000	-	7,360,000
TOTAL				\$ 14,110,000	\$ 7,360,000	\$ 7,505,000	\$ 13,965,000

The District has entered into “participation agreements” with the School Facilities Commission. The Kentucky General Assembly created the Commission for the purposes of assisting local school districts in meeting school construction needs. The table on page 36 sets forth the amount to be paid by the District and the Commission for each year until maturity of all bonds issues. The liability for the total bond amount remains with the District and, as such, the total principal outstanding. The District is liable for all issues; however, School Facilities Construction Commission participates by contributing those portions of debt that are appropriated in the State’s biennial budget.

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 amount to be paid by the Commission, at June 30, 2015, for debt service (principal and interest) are shown on the following page.

GREEN COUNTY SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015
 (Continued)

NOTE 7. GENERAL LONG-TERM DEBT AND LEASE OBLIGATIONS (CONTINUED)

**GREEN COUNTY SCHOOLS
 SCHEDULE OF DEBT PAYMENTS
 AS OF JUNE 30, 2015**

YEAR	GREEN COUNTY SCHOOL DISTRICT		SCHOOL FACILITIES CONSTRUCTION		TOTAL
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	
2016	\$ 397,246	\$ 180,943	\$ 527,754	\$ 184,176	\$ 1,290,119
2017	406,422	178,377	538,578	175,030	1,298,407
2018	414,477	167,262	560,523	154,766	1,297,028
2019	431,636	155,834	578,364	133,745	1,299,579
2020	427,812	144,105	602,188	111,880	1,285,985
2021	447,289	131,297	622,711	93,318	1,294,615
2022	444,939	113,515	525,061	78,625	1,162,140
2023	453,184	103,549	536,816	66,828	1,160,377
2024	460,399	93,488	554,601	54,777	1,163,265
2025	473,501	83,233	506,499	42,282	1,105,515
2026	484,434	72,325	515,566	31,490	1,103,815
2027	491,397	60,597	528,603	19,810	1,100,407
2028	502,235	48,082	522,765	7,406	1,080,488
2029	480,897	31,504	14,103	778	527,282
2030	503,653	10,703	11,347	241	525,944
TOTAL	\$ 6,819,521	\$ 1,574,814	\$ 7,145,479	\$ 1,155,152	\$ 16,694,966

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

<u>KISTA Issue</u>	<u>Original Amount</u>	<u>Maturity Dates</u>	<u>Interest Rates</u>	<u>2014</u>			<u>2015</u>
				<u>Outstanding Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Outstanding Balance</u>
2015 Kista	397,975	3/1/2025	1.00-2.625%	\$ -	\$ 397,975	\$ -	\$ 397,975
TOTAL				\$ -	\$ 397,975	\$ -	\$ 397,975

NOTE 7. GENERAL LONG-TERM DEBT AND LEASE OBLIGATIONS (CONTINUED)

The following is a schedule by years of the future minimum lease payments under capital lease together with the present value of the net minimum lease payments as of June 30, 2015:

**GREEN COUNTY SCHOOLS
 SCHEDULE OF CAPITAL LEASE PAYMENTS
 AS OF JUNE 30, 2015**

YEAR	GREEN COUNTY SCHOOL DISTRICT		TOTALS
	PRINCIPAL	INTEREST	
2016	43,139	7,200	50,339
2017	43,291	6,995	50,286
2018	37,975	6,562	44,537
2019	38,582	5,993	44,575
2020	39,342	5,221	44,563
2021	40,101	4,434	44,535
2022	40,861	3,632	44,493
2023	41,772	2,764	44,536
2024	36,000	1,824	37,824
2025	36,912	969	37,881
TOTAL	\$ 397,975	\$ 45,594	\$ 443,569

NOTE 8. OPERATING FUND TRANSFERS

The following transfers were made during the year:

Type	From Fund	To Fund	Purpose	Amount
Matching	General	Special Revenue	KETS Offer of Assistance	\$ 35,299
Operating	School Food Service	General	Indirect Cost Transfer	51,644
Operating	Building Fund	Debt Service	Bond Payments	637,868
Operating	Capital Outlay	General	Capital Funds Request	147,080
Operating	Building Fund	General	General Maintenance Cost	520,812
Operating	Special Revenue	Special Revenue	Reclassifying Projects	73,068
			Total Transfers	\$ 1,465,771

NOTE 9. DEFICIT OPERATING BALANCES

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

Building Fund	(\$133,702)
Food Service	(\$70,493)

NOTE 10. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To obtain insurance for workers' compensation, errors and omissions, and general liability coverage, the District participates 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 educational agencies of Kentucky who are members of the Kentucky School Boards Association. 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 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.

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).

NOTE 11. COMMITMENTS AND CONTINGENCIES

Litigation

The Board of Education is the defendant in a number of lawsuits arising principally in the normal course of operations and from alleged acts committed by individual(s) employed by the district and management. The Board is covered by insurance against this type of liability. At this time, the administration is unable to make an evaluation regarding the likelihood of an unfavorable outcome or any possible financial implication to the Board of Education.

Grant Programs

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2015 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements.

GREEN COUNTY SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015
 (Continued)

NOTE 12. BUDGETARY DISCLOSURE REQUIREMENTS

Budgetary comparisons for the General Fund and Special Revenue Fund are disclosed as required supplementary information. “On behalf” contributions made by the Commonwealth of Kentucky were recorded in the District’s records as revenues and expenditures. The purpose of the policy change was to conform to requirements of the GASB 34 reporting model. The District’s budget appropriations does not include on behalf payments.

NOTE 13. ON-BEHALF PAYMENTS

The District receives on-behalf payments from the State of Kentucky for items including retirement and insurance. The amount received for the fiscal year ended June 30, 2015 was \$3,995,343. These payments were recorded as follows:

General Fund	\$	2,891,581
Debt Service		775,075
Food Service		328,687
Total	\$	<u>3,995,343</u>

NOTE 14. KSBIT ASSESSMENT

As of June 30, 2013, Kentucky School Boards Insurance Trust (KSBIT) was disbanded. On January 14, 2013, school districts in Kentucky were notified that if they had been participating members in KSBIT Workers’ Compensation Self-Insurance Pool or its Property and Liability Self-Insurance Pool, they would be required to pay an assessment to repay their portion of the losses incurred by KSBIT. The total assessment for all participants is expected to be between \$50 million and \$60 million. As of June 30, 2015, Marion County School District’s assessment is valued at \$147,034 of which \$114,682 has been recorded as a long-term liability on the government-wide financial statements and \$32,353 included in accounts payable. However, the District may be given an additional assessment in the future if KSBIT incurs additional losses as a result of ongoing litigation. The District has elected to pay this assessment according to the following schedule:

<u>Year Ending June 30,</u>	<u>KSBIT Assessment Payable</u>
2016	32,353
2017	32,351
2018	20,583
2019	20,582
2020	20,583
2021	<u>20,582</u>
Total	<u>312,734</u>

NOTE 15. CHANGE IN ACCOUNTING PRINCIPLE AND RELATED CHANGES TO CERTAIN BEGINNING BALANCES

Effective July 1, 2014, the District was required to adopt Governmental Accounting Standards Board (GASB) Statement no. 68, "Accounting and Financial Reporting for Pensions" (GASB 68). GASB 68 replaced the requirements of GASB 27, "Accounting for Pensions by State and Local Governmental Employers" and GASB 50, "Pension Disclosures", as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. GASB 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability to more comprehensively and comparably measure the annual costs of pension benefits. Cost-sharing governmental employers, such as the District, are required to report a net pension liability, pension expense and pension-related assets and liabilities based on their proportionate share of the collective amounts for all governments in the plan.

GASB 68 required retrospective application. Since the District only presents one year of financial information, the beginning net pension was adjusted to reflect the retrospective application. The adjustment resulted in a \$3,119,852 reduction in beginning net position on the Statement of Activities and an increase of \$417,591 of deferred outflows of resources – District contributions subsequent to the measurement date .

GREEN COUNTY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE

For the year ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)	Variance % Favorable (Unfavorable)
REVENUES					
From local sources					
Taxes					
Property taxes	\$ 1,350,000	\$ 1,350,000	\$ 1,398,531	\$ 48,531	3.59%
Motor vehicle taxes	276,000	276,000	284,286	8,286	3.00%
Utility taxes	560,000	560,000	567,272	7,272	1.30%
Other taxes	36,000	36,000	34,995	(1,005)	-2.79%
Earnings on investments	8,900	8,900	9,214	314	3.53%
Other local revenues	140,200	140,200	148,042	7,842	5.59%
State Sources					
SEEK	7,153,851	7,028,515	7,050,677	22,162	0.32%
On Behalf	-	-	2,891,581	2,891,581	100.00%
Other	39,350	39,350	48,372	9,022	22.93%
Federal-Indirect	5,000	5,000	18,962	13,962	279.24%
Other	500	500	76,343	75,843	15168.60%
Inter-fund transfers	685,602	712,812	719,456	6,644	0.93%
Beginning Balance	696,715	651,815	651,815	-	0.00%
Less On-Behalf Payments			(2,891,581)	(2,891,581)	
TOTAL REVENUES	<u>10,952,118</u>	<u>10,809,092</u>	<u>11,007,965</u>	<u>198,873</u>	<u>1.84%</u>
EXPENDITURES					
Instructional	6,178,066	6,180,141	8,130,604	(1,950,463)	-31.56%
Student services					
Student	270,593	270,593	302,579	(31,986)	-11.82%
Instructional staff	385,623	384,123	351,043	33,080	8.61%
District administrative	976,056	897,401	729,081	168,320	18.76%
School administrative	690,787	690,787	931,045	(240,258)	-34.78%
Business	299,655	299,655	411,934	(112,279)	-37.47%
Plant operation and maintenance	1,171,075	1,140,075	1,042,391	97,684	8.57%
Student transportation	949,263	915,317	1,153,055	(237,738)	-25.97%
Community Services	-	-	695	(695)	100.00%
Inter-fund transfers	31,000	31,000	35,299	(4,299)	-13.87%
Less On-Behalf Payments	-	-	(2,891,581)	2,891,581	
TOTAL EXPENDITURES	<u>10,952,118</u>	<u>10,809,092</u>	<u>10,196,145</u>	<u>612,947</u>	<u>5.67%</u>
Excess (Deficit) of Revenues					
Over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 811,820</u>	<u>\$ 811,820</u>	<u>7.51%</u>

NOTE: BUDGET INFORMATION IS DERIVED FROM THE DISTRICT'S ANNUAL FINANCIAL REPORT, WHICH MAY VARY FROM THE BASIC FINANCIAL STATEMENTS. THE VARIATIONS ARE PRIMARILY DUE TO PRESENTATION OF OTHER FINANCING SOURCES (USES) OF FUNDS AND TRANSFERS.

GREEN COUNTY SCHOOL DISTRICT
SPECIAL FUND
BUDGETARY COMPARISON SCHEDULE

For the year ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)	Variance % Favorable (Unfavorable)
REVENUES					
From local sources					
Other local revenues	\$ 16,500	\$ 16,500	\$ 18,271	\$ 1,771	10.73%
Intergovernmental - state	558,413	558,507	605,399	46,892	8.40%
Intergovernmental - Federal	1,503,454	1,520,972	1,393,641	(127,331)	-8.37%
Inter-fund transfers	96,812	102,812	108,367	5,555	5.40%
TOTAL REVENUES	<u>2,175,179</u>	<u>2,198,791</u>	<u>2,125,678</u>	<u>(73,113)</u>	<u>-3.33%</u>
EXPENDITURES					
Instructional	1,711,726	1,723,393	1,708,843	14,550	0.84%
Student services:					
Student	73,948	79,782	78,661	1,121	1.41%
Instructional staff	25,213	24,979	21,866	3,113	12.46%
School administrative	23,748	23,748	23,748	-	0.00%
Business	-	-	-	-	100.00%
Plant operation and maintenance	104,688	104,688	48,460	56,228	53.71%
Student transportation	16,886	16,886	15,764	1,122	6.64%
Community services	153,158	153,486	155,268	(1,782)	-1.16%
Inter-fund transfers	65,812	71,812	73,068	(1,256)	-1.75%
TOTAL EXPENDITURES	<u>2,175,179</u>	<u>2,198,774</u>	<u>2,125,678</u>	<u>73,096</u>	<u>3.32%</u>
Excess (Deficit) of Revenues					
Over Expenditures	<u>\$ -</u>	<u>\$ 17</u>	<u>\$ -</u>	<u>\$ (17)</u>	<u>0.00%</u>

NOTE: BUDGET INFORMATION IS DERIVED FROM THE DISTRICT'S ANNUAL FINANCIAL REPORT, WHICH MAY VARY FROM THE BASIC FINANCIAL STATEMENTS. THE VARIATIONS ARE PRIMARILY DUE TO PRESENTATION OF OTHER FINANCING SOURCES (USES) OF FUNDS AND TRANSFERS.

**SCHEDULE OF GREEN COUNTY DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY
Kentucky Teachers Retirement Systems
Last 10 Fiscal Years*
(Dollar amounts in thousands)**

	2014
District's proportion of the net pension liability (asset)	0.000%
District's proportionate share of the net pension liability (asset)	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	49,189
Total	\$ 49,189
District's covered-employee payroll	\$ 7,292
District's proportionate share of the net pension liability (asset as a percentage of its covered-employee payroll)	0.00%
Plan fiduciary net position as a percentage of the total pension liability	45.59%

* The amounts presented for each fiscal year were determined as of June 30.
Schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.

**SCHEDULE OF GREEN COUNTY DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY**

Kentucky Teachers Retirement Systems

Last 10 Fiscal Years*

(Dollar amounts in thousands)

	<u>2014</u>
Contractually required contributions	2,742
Contributions in relation to the	
Contractually required contribution	<u>(2,742)</u>
Contribution deficiency (excess)	<u>\$ -</u>
 District's covered-employee payroll	 \$ 7,292
 Contributions as a percentage of covered- employee payroll	 37.60%

* The amounts presented for each fiscal year were determined as of June 30.
Schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.

**SCHEDULE OF GREEN COUNTY DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY
County Retirement Systems
Last 10 Fiscal Years*
(Dollar amounts in thousands)**

	2014
District's proportion of the net pension liability (asset)	0.096%
District's proportionate share of the net pension liability (asset)	\$ 3,126
State's proportionate share of the net pension liability (asset) associated with the District	-
Total	\$ 3,126
District's covered-employee payroll	\$ 2,752
District's proportionate share of the net pension liability (asset as a percentage of its covered-employee payroll)	113.59%
Plan fiduciary net position as a percentage of the total pension liability	66.80%

* The amounts presented for each fiscal year were determined as of June 30.
Schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.

**SCHEDULE OF GREEN COUNTY DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY
County Retirement Systems
Last 10 Fiscal Years*
(Dollar amounts in thousands)**

	2014
Contractually required contributions	394
Contributions in relation to the Contractually required contribution	(394)
Contribution deficiency (excess)	\$ -
 District's covered-employee payroll	 \$ 2,752
 Contributions as a percentage of covered- employee payroll	 14.32%

* The amounts presented for each fiscal year were determined as of June 30.
Schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.

GREEN COUNTY SCHOOL DISTRICT
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS

As of June 30, 2015

	Capital Outlay Fund	Debt Service Fund	Total Non-Major Funds
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ -
Total assets	\$ -	\$ -	\$ -
LIABILITIES AND FUND BALANCES			
Liabilities	\$ -	\$ -	\$ -
Total liabilities	-	-	-
Fund Balances			
Restricted:			
Future Construction	\$ -	\$ -	\$ -
SFCC Escrow	-	-	-
Total fund balances	\$ -	\$ -	\$ -

GREEN COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS

For the year ended June 30, 2015

Revenues	<u>Capital Outlay Fund</u>	<u>Debt Service Fund</u>	<u>Total Non-major Govt. Funds</u>
State sources			
SEEK	\$ 147,080	\$ -	\$ 147,080
On Behalf	-	775,075	775,075
Total revenues	<u>147,080</u>	<u>775,075</u>	<u>922,155</u>
 Expenditures			
Debt service	-	1,413,023	1,413,023
Total expenditures	<u>-</u>	<u>1,413,023</u>	<u>1,413,023</u>
 Excess (deficit) of revenues over expenditures	<u>147,080</u>	<u>(637,948)</u>	<u>(490,868)</u>
Other Financing Sources (Uses)			
Proceeds from sale of bonds			
Operating transfers in	-	637,948	637,948
Operating transfers out	(147,080)	-	(147,080)
Total other financing sources (uses)	<u>(147,080)</u>	<u>637,948</u>	<u>490,868</u>
 Net change in fund balances	-	-	-
 Fund balance, July 1, 2014	<u>-</u>	<u>-</u>	<u>-</u>
 Fund balance, June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

GREEN COUNTY SCHOOL DISTRICT
GREEN COUNTY HIGH SCHOOL ACTIVITY FUND
ALL FUNDS COMBINED
STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE
For the year ended June 30, 2015

Individual Funds	Cash Balance June 30, 2014	Receipts	Disburse- ments	Cash Balance June 30, 2015
General	\$ 28,232	\$ 5,821	\$ (10,999)	\$ 23,054
AP Reimbursement	-	18,435	(17,589)	846
Annual & Newspaper	7,572	8,979	(13,328)	3,223
Art Club	2,441	189	(598)	2,032
FCA	1,161	285	(406)	1,040
Athletic	238	84,352	(84,350)	240
Baseball Boosters	718	22,039	(19,814)	2,943
Boy's Basketball Boosters	4,681	5,827	(5,146)	5,362
Boy's Golf Boosters	2,453	2,548	(976)	4,025
Cheerleaders Boosters	383	7,302	(7,496)	189
XC/Track Boosters	-	30	-	30
Boy's XC Boosters	6	15,169	(10,884)	4,291
Girl's XC Boosters	57	3,773	(3,784)	46
Track- Boys & Girls	114	8,622	(3,793)	4,943
GCHS Bowling Boosters	524	3,150	(2,818)	856
Girl's Basketball Boosters	2,240	1,866	(3,359)	747
Softball Boosters	572	7,491	(7,111)	952
Girl's Golf Boosters	1,538	4,967	(4,086)	2,419
Girl's Golf Region	-	1,164	(803)	361
Volleyball Boosters	3,830	10,343	(12,909)	1,264
BETA	1,132	3,730	(3,470)	1,392
Concessions	10,000	6,105	(5,942)	10,163
Dance Team	274	-	-	274
Co-Ed-Y Club	505	-	(505)	-
Greenhouse	14,315	20,187	(22,650)	11,852
FCCLA	366	7,181	(6,918)	629
Just Because-FCCLA	1,843	3,110	(3,331)	1,622
FCCLA Region 14	1,643	654	(2,297)	-
History Club	190	495	(370)	315
Family & Consumer Sciences	65	1,383	(1,222)	226
Gifted & Talented	255	-	-	255
GRECC Grant	290	-	(290)	-
Multi Media Publishing	291	-	-	291
Newspaper	399	-	-	399
Senior Class	17	2,480	(1,744)	753
Junior Class	1,174	10,241	(11,076)	339
PEP Club	385	234	(204)	415
Project Graduation	3,542	-	(88)	3,454
Sophomore Class	-	1,421	(1,018)	403
Sci-Fi	1,066	55	-	1,121
Freshman Class	-	801	(801)	-
Student Council	116	29,199	(29,196)	119
STLP	343	85	(405)	23
S.O.S	291	180	(147)	324
Spanish Club	-	207	(207)	-
Science Club	2,084	55	-	2,139
Summer Camp	121	-	-	121
Football Fundraiser	248	450	(467)	231
Band	1	20,058	(19,095)	964
Faculty & Staff	685	1,920	(2,551)	54
Sub Totals	<u>98,401</u>	<u>322,583</u>	<u>(324,243)</u>	<u>96,741</u>
Inter-Fund Transfers	-	(8,555)	8,555	-
Total	<u>\$ 98,401</u>	<u>\$ 314,028</u>	<u>\$ (315,688)</u>	<u>\$ 96,741</u>

GREEN COUNTY SCHOOL DISTRICT
ELEMENTARY AND MIDDLE SCHOOLS ACTIVITY FUNDS
ALL FUNDS COMBINED
STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE
For the year ended June 30, 2015

Schools	Cash Balance June 30, 2014	Receipts	Disburse- ments	Cash Balance June 30, 2015
Green County				
Middle School	\$ 21,697	\$ 94,022	\$ (91,199)	\$ 24,520
Intermediate School	23,960	45,548	(51,462)	18,046
Primary School	35,187	78,316	(76,341)	37,162
Total	<u>\$ 80,844</u>	<u>\$ 217,886</u>	<u>\$ (219,002)</u>	<u>\$ 79,728</u>

GREEN COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2015

<u>Program Title</u>	<u>Munis Number</u>	<u>Federal CFDA #</u>	<u>Federal Expenditures</u>	<u>Total By CFDA #</u>
U. S. DEPARTMENT OF AGRICULTURE		<i>Cluster</i>		
<i>Passed Through Kentucky Department of Education:</i>				
<u>Child Nutrition Cluster</u>				
School Breakfast Program	203X	10.553	\$ 177,254	
National School Lunch Program	205X	10.555	497,692	\$ 674,946 **
<i>Passed Through Kentucky Department of Agriculture:</i>				
Commodity Supplemental Food Program	201X	10.565	58,174.00	58,174
TOTAL U.S. DEPARTMENT OF AGRICULTURE				733,120
U. S. DEPARTMENT OF EDUCATION				
<i>Passed Through Kentucky Department of Education:</i>				
Adult Basic Education	373X	84.002	72,371	72,371
<u>Title I Cluster</u>				
Title I	310X	84.010	575,808	
Title I: Parent Involvement	310XM	84.010	5,834	581,642
Title I: Migrant Education	311X	84.011	51,027	51,027
<u>Special Education Cluster</u>				
IDEA-B Flow Thru to LEA's	337X	84.027	312,360	
IDEA P - Preschool	343X	84.173	5,342	317,702
Perkins	348X	84.048	7,158	
School to Work	379X	84.048	2,302	9,460
Title VI: Rural Education	350X	84.358	33,839	33,839
Title II: Teachers Quality	401X	84.367	94,447	94,447
Race to the Top - District	436X	84.416A	96,615	
Race to the Top	452X	84.413A	7,095	103,710
TOTAL U.S. DEPARTMENT OF EDUCATION				1,264,198
U.S. DEPARTMENT OF DEFENSE				
Drug Free Community Support	500X	16.279	92,942	92,942
TOTAL U.S. DEPARTMENT OF JUSTICE				92,942
U.S. DEPARTMENT OF LABOR				
<i>Under contract with Lake Cumberland Area Development District</i>				
Workforce Investment Act	588X	17.259	36,499	36,499
TOTAL U.S. DEPARTMENT OF LABOR				36,499
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ 2,126,759

*Tested as major program or cluster ***

GREEN COUNTY SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2015

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal activity of Green 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*. Therefore, some amounts presented in this schedule may differ from the amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B – FOOD DISTRIBUTION

Non-monetary assistance is reported in the Schedule at the fair value of the commodities received. Commodities passed through the U.S. Dept. of Agriculture during the year totaled \$58,174.

GREEN COUNTY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 June 30, 2015

Section 1. Summary of Auditor's Findings

Financial statements:

Type of auditor's report issued: unmodified

Internal control over financial reporting Yes No

- Material weaknesses identified? X
- Significant deficiencies identified that are not considered to be material weaknesses? X None reported
- Noncompliance material to financial statements noted? X

Federal Awards:

Internal control over major programs Yes No

- Material weakness identified? X
- Significant deficiencies identified that are not considered to be material weaknesses? X None Reported

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

- Any audit findings disclosed that are required to be reported in accordance with section 510 (a) of Circular A-133? Yes No
X

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>	
10.553, 10.555 10.559	Child Nutrition Cluster	
• Dollar threshold used to distinguish between type A and type B programs		\$300,000
• Auditee qualified as low-risk auditee?	Yes <u> X </u> No <u> </u>	

Section 2. Financial Statement Findings

No matters to report

Section 3. Federal Awards Findings and Questionable Costs

No matters were reported.

GREEN COUNTY SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2015

There were no prior year audit findings

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Members of the Board
Green County School District
Greensburg, Kentucky

INDEPENDENT AUDITOR'S 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

We have audited, in accordance with 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 audit requirements prescribed by the Kentucky State Committee for School District Audits in Appendices I and II of the *Independent Auditor's Contract* the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Green County School District as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Green County School District's basic financial statements, and have issued our report thereon dated November 5, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Green 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 Green County School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Green 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 over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

INDEPENDENT AUDITOR'S 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
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Green 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. In addition, the results of our tests disclosed no instances of material noncompliance of specific state statutes or regulations identified in the Independent Auditor's Contract.

We noted certain matters that we reported to management of Green County School District in a separate letter date November 5, 2015.

Green County School District's Response to Findings

Green County School District's response to the findings identified in our audit are described in the Recommendations and Comments to Management. Green County School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Respectfully Submitted,



Ross and Company, PLLC
November 5, 2015

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Greensburg, Kentucky

**INDEPENDENT REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Report on Compliance for Each Major Federal Program

We have audited the compliance of Green County School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of Green County School District's major federal programs for the year ended June 30, 2015.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Green County School District's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the requirements prescribed by the Kentucky State Committee for School District Audits in Appendices I and II of the Independent Auditor's Contract. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Green 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 Green County School District's each major federal program. However our audit does not provide a legal determination of Green County School District's compliance.

Opinion

In our opinion, Green County School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2015.

INDEPENDENT REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

Report on Internal Control over Compliance

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

Respectfully Submitted,



Ross & Company, PLLC
November 5, 2015

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Green County School District
Greensburg, Kentucky

RECOMMENDATIONS AND COMMENTS TO MANAGEMENT

In planning and performing our audit, we considered Green County School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Green County School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be a material weakness.

Current Year Findings –

2015-01: External Booster Club using District's Federal ID Number

Statement of Condition: External Booster Club has bank accounts with Forcht Bank using the District's Federal ID number.

Criteria for Condition: An external support/booster organization must use external bank accounts and shall obtain its own Federal Employer Identification Number (FEIN) specifically and only for its use. External support/booster organizations shall not use the FEIN of the school or district.

Cause of the Condition: Green Co High School Football Boosters went external in previous years, however did not obtain their own Federal ID number and continued to use the District's Federal ID number.

Effect of the Condition: The school may disassociate with any external support/booster organization that does not comply with the External Support/Booster Organization section in the Redbook. If the school disassociates with the external organization, the external organization shall not use the school name for its activities, conduct any fundraising in the name of the school or athletic group within the school and shall not use the school facilities to conduct such activities.

RECOMMENDATIONS & COMMENTS
TO MANAGEMENT
GREEN COUNTY SCHOOL DISTRICT
JUNE 30, 2015
(Continued)

*Recommendation for
Correction:*

The Football boosters received a Federal ID number on October 5, 2015 after it had been brought to the District's attention by the auditors. The District should continue to monitor all external boosters to ensure the District's Federal ID is not used by other external organizations.

Management's Response: As mentioned, the correction was made on 10/5/15 once the district was notified by the auditors. The district will continue to monitor external clubs and offer training when appropriate to maintain compliance with Redbook. The latest Redbook training took place on 7/23/15.

2015-02 Student Activity Funds Used For Construction and Renovations

Statement of Condition: Green Co Primary School purchased a LED sign for the school grounds and smart boards for the classrooms with Student Activity Funds. Green Co Intermediate School purchased playground equipment with Student Activity Funds.

Criteria for Condition: School activity funds shall not be used to pay for basic routine operating expenses, renovations or maintenance of school facilities or buildings per Accounting Procedures for Kentucky School Activity Funds, "Redbook."

Cause of the Condition: The PTO raised money for the expenditures. The money was receipted into Student Activity Funds, and therefore must follow KDE Redbook guidelines.

Effect of the Condition: Construction and renovations are disallowed expenditures for Student activity funds.

*Recommendation for
Correction:*

District activity funds should not be used for construction or renovations to school property. The school should sweep money to the District for these purchases when prohibited.

Management's Response: The finance officer met with each principal to correct each issue going forward. A district activity fund was set-up for 2015-2016 school year. Redbook training took place for each of the schools on 7/23/15.

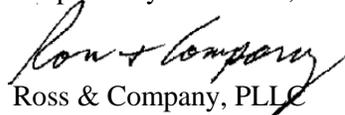
Prior year comments:

2014-01 Receipts (CORRECTED)

If any action occurs after this exit conference date, which affects the significant or material findings, it is the responsibility of management to provide that information to the auditors.

We sincerely appreciate the courtesy extended to our audit staff. Of course, should you have any questions or concerns regarding your audit, please feel free to contact us.

Respectfully Submitted,


Ross & Company, PLLC
November 5, 2015