

GREEN COUNTY SCHOOL DISTRICT
Greensburg, Kentucky

FINANCIAL STATEMENTS
June 30, 2019

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INDEPENDENT AUDITORS' REPORT

To the State Committee for School District Audits and
Members of the Board of Education
Green County School District
Greensburg, Kentucky

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Green County School District as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Green County School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 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 of the Green County School District, as of June 30, 2019, 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 pension and OPEB schedules on pages 3-7 and 48-59 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Green County School District's basic financial statements. The combining and individual nonmajor fund financial statements, the combining student group fiduciary fund financial statements, and the high school fiduciary financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, the combining student group fiduciary fund financial statements, the high school fiduciary financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the combining student group fiduciary fund financial statements, the high school fiduciary financial statements and the schedule of expenditures of federal awards, are 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 13, 2019, on our consideration of the 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Green County School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Green County School District's internal control over financial reporting and compliance.

RFH

RFH, PLLC
Lexington, Kentucky
November 13, 2019

**GREEN COUNTY SCHOOL DISTRICT
GREENSBURG, KY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2019**

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, 2019. 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 cash balance, including activity funds, for the District was \$1,217,244.

The ending cash balance, including activity funds, for the District was \$1,724,377.

The General Fund had \$14,512,132 in revenue, which primarily consisted of the state program (SEEK), property, utilities, and motor vehicle taxes. Excluding inter-fund transfers, there were \$14,970,522 in General Fund expenditures. This includes on-behalf payments.

The Green County School District completed a renovation at the Green County Area Technology Center. This project was enabled through funding awarded through the Work Ready Skills Grant in the amount of \$1,520,000. This grant has been utilized to update the lighting and HVAC systems, and general renovations, as well as, installation of industry-grade training equipment in the classrooms of the Green County Area Technology Center. Momentum Construction was the vendor that was awarded the project.

The Green County School District has committed to updating its fleet with newer, more efficient, and safer school buses to transport students. In line with this goal, the district purchased two buses totaling \$211,508.00. The district received a Kentucky Clean Diesel grant totaling \$52,867.50 to assist with purchasing of the school buses.

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.

District-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.

**GREEN COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2019**

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

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

The district-wide financial statements can be found on pages 8 and 9 of this report.

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

The basic fund financial statements can be found on pages 10-16 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17-47 of this report.

DISTRICT-WIDE FINANCIAL ANALYSIS

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 may serve over time as a useful indicator of a government's financial position. The district's net position improved by \$141,636 during the 2019 fiscal year.

The District's net position reflects \$8.9 million of net investment in capital assets (capital assets less any 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.

**GREEN COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2019**

Net position as of June 30, 2019 and June 30, 2018:

	Governmental Activities	Business-type Activities	Total Primary Government June 30, 2019	Total Primary Government June 30, 2018
Current Assets	\$ 1,936,827	\$ 58,060	\$ 1,994,887	\$ 1,964,994
Noncurrent Assets	<u>22,398,063</u>	<u>54,902</u>	<u>22,452,965</u>	<u>23,012,254</u>
Total Assets	24,334,890	112,962	24,447,852	24,977,248
Deferred outflows of resources	1,657,587	283,161	1,940,748	2,367,946
Defeasance on refunding	<u>307,803</u>	<u>-</u>	<u>307,803</u>	<u>337,677</u>
Total Assets and Deferred outflows	<u>26,300,280</u>	<u>396,123</u>	<u>26,696,403</u>	<u>27,682,871</u>
Current Liabilities	1,902,852	-	1,902,852	2,002,893
Noncurrent Liabilities	<u>23,069,560</u>	<u>1,287,249</u>	<u>24,356,809</u>	<u>26,025,059</u>
Total Liabilities	24,972,412	1,287,249	26,259,661	28,027,952
Deferred inflows of resources	<u>827,376</u>	<u>98,921</u>	<u>926,297</u>	<u>286,110</u>
Total Liabilities and Deferred inflows	<u>25,799,788</u>	<u>1,386,170</u>	<u>27,185,958</u>	<u>28,314,062</u>
Net invested in capital assets	8,890,878	54,902	8,945,780	8,355,555
Restricted	210,641	(1,044,949)	(834,308)	(806,675)
Unrestricted Fund Balance	<u>(8,601,027)</u>	<u>-</u>	<u>(8,601,027)</u>	<u>(8,180,071)</u>
Total Net Position	<u>\$ 500,492</u>	<u>\$ (990,047)</u>	<u>\$ (489,555)</u>	<u>\$ (631,191)</u>

The following table presents a summary of revenue and expense for the fiscal year ended June 30, 2019 and 2018:

	Governmental	Business-type	Total Primary Government 2019	Total Primary Government 2018
Revenues				
Local Revenue Sources	\$ 3,420,045	\$ -	\$ 3,420,045	\$ 3,731,688
State Revenue Sources	14,123,858	109,288	14,233,146	15,699,811
Federal Revenue Sources	1,221,103	1,011,756	2,232,859	1,921,397
Investments	13,429	107	13,536	15,368
Lunchroom sales	-	63,206	63,206	62,477
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	18,778,435	1,184,357	19,962,792	21,430,741
Expenses				
Instruction	11,615,528	-	11,615,528	11,660,619
Student Support Services	384,255	-	384,255	541,405
Instructional Support	458,940	-	458,940	447,892
District Administration	496,656	-	496,656	653,799
School Administration	1,065,174	-	1,065,174	1,006,399
Business Support	452,896	-	452,896	464,864
Plant Operations	2,028,071	-	2,028,071	1,952,407
Student Transportation	1,489,323	-	1,489,323	1,474,793
Community Services	183,630	-	183,630	187,069
Food Service	-	1,281,097	1,281,097	1,302,765
Other	-	-	-	19,346
Interest	<u>365,586</u>	<u>-</u>	<u>365,586</u>	<u>400,045</u>
Total Expenses	18,540,059	1,281,097	19,821,156	20,111,403
Revenue in Excess (Deficit) of Expenses				
Gain (Loss) on sale of assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,044</u>
Change in net position	<u>\$ 238,376</u>	<u>\$ (96,740)</u>	<u>\$ 141,636</u>	<u>\$ 1,340,382</u>

The government's overall financial position and results of operations increased as a result of the year's operations as reflected in the increase in net position for the year.

**GREEN COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2019**

FUND FINANCIAL ANALYSIS

Analysis of balances and transactions of individual funds

Fund	Beginning	Revenues	Expenses	Transfer	Ending
General Fund	\$ 1,199,526	\$ 14,512,132	\$ 14,970,526	\$ 505,649	\$ 1,246,781
Special Revenue	\$ 52,380	\$ 1,880,574	\$ 1,893,992	\$ (38,962)	\$ -
Capital Outlay	\$ -	\$ 145,236	\$ -	\$ (145,236)	\$ -
Building	\$ 15,428	\$ 1,211,266	\$ -	\$ (1,098,408)	\$ 128,286
Construction	\$ 804	\$ 197,996	\$ 198,800	\$ -	\$ -
District Activity	\$ -	\$ 81,041	\$ 81,041	\$ -	\$ -
Debt Service	\$ -	\$ 750,184	\$ 1,527,145	\$ 776,961	\$ -

BUDGETARY IMPLICATIONS

In Kentucky the public school fiscal year is July 1 - June 30; other programs, i.e. some federal operate on a different fiscal calendar, but are reflected in the district overall budget. By law the budget must have a minimum 2% contingency. The district adopted a budget for 2018-2019 with \$973,756.82 in contingency, which is 8.40 percent.

Comments on Budget Comparisons

The original budget was amended to reflect changes in the site based allocations and anticipated revenues. The changes made were based on more accurate data being available after the first couple of months of the fiscal year.

INFRASTRUCTURE

The District has not reported any infrastructure in the current financial statements.

CAPITAL ASSETS AND LONG-TERM DEBT

	Beginning	Additions	Deductions	Ending
Governmental				
Capital Assets	\$ 36,868,886	\$ 2,328,940	\$ 2,054,729	\$ 37,143,097
Accumulated Depreciation	\$ 13,938,522	\$ 904,006	\$ 97,494	\$ 14,745,034
Business-Type				
Capital Assets	\$ 649,034	\$ 8,457	\$ -	\$ 657,491
Accumulated Depreciation	\$ 567,950	\$ 34,639	\$ -	\$ 602,589
Governmental				
Bonds Payable	\$ 14,720,000	\$ -	\$ 1,140,000	\$ 13,580,000
Capital Lease Payable	\$ 273,570	\$ -	\$ 38,582	\$ 234,988
Compensated absence	\$ 198,208	\$ -	\$ 33,498	\$ 164,710
KSBIT	\$ 61,747	\$ -	\$ 20,582	\$ 41,165

**GREEN COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2019**

CURRENT ISSUES

Funding sources remain a concern of the district. Approximately 75% of the district's funding is provided through state resources. With a new state biennium budget to be adopted in April 2020, it remains undetermined if funding levels will be significantly impacted. Additionally, decreases in federal budgets could result in a decrease in federal funding and grant allocations flowing to the district.

Increasing pension liabilities remain a major issue facing districts. The CERS employer-matching rate is scheduled to continue increasing by 12% annually. The CERS rate change creates a significant increase in the district's pension liabilities for 2019-2020. Continued uncertainty regarding proposed changes to KTRS could also affect pension liabilities.

Building Improvements will be a focus of the district over the next three-four years. Passage of SB1, the School Safety and Resiliency Act, will require a number of improvements to buildings across the state in order to strengthen safety features and procedures. Additional state funding is expected to help cover expenses associated with those requirements, but will not be finalized until passage of the April 2020 biennium budget. Additionally, Green County High School is in need of a major renovation or replacement. The district is waiting until passage of the April 2020 biennium budget prior to determining a feasible scope of work.

Contacting the District's Financial Management

Questions regarding this report should be directed to Zachary Leftwich, Chief Financial Officer
PO Box 369, Greensburg, KY 42743.

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives.

GREEN COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2019

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 1,462,391	\$ 38,903	\$ 1,501,294
Accounts receivable	474,436	-	474,436
Inventory	<u>-</u>	<u>19,157</u>	<u>19,157</u>
Total current assets	<u>1,936,827</u>	<u>58,060</u>	<u>1,994,887</u>
Noncurrent assets			
Land	373,134	-	373,134
Capital assets, net of depreciation	<u>22,024,929</u>	<u>54,902</u>	<u>22,079,831</u>
Total noncurrent assets	<u>22,398,063</u>	<u>54,902</u>	<u>22,452,965</u>
Total assets	<u>24,334,890</u>	<u>112,962</u>	<u>24,447,852</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - pension - CERS	996,220	201,819	1,198,039
Deferred outflows - OPEB - CERS	414,059	81,342	495,401
Deferred outflows - OPEB - KTRS	247,308	-	247,308
Defeasance on refunding	<u>307,803</u>	<u>-</u>	<u>307,803</u>
Total deferred outflows of resources	<u>1,965,390</u>	<u>283,161</u>	<u>2,248,551</u>
Total assets and deferred outflows of resources	<u>\$ 26,300,280</u>	<u>\$ 396,123</u>	<u>\$ 26,696,403</u>
LIABILITIES			
Current liabilities			
Accounts payable	\$ 248,274	\$ -	\$ 248,274
Accrued salaries and benefits payable	5,192	-	5,192
Unearned revenues	308,294	-	308,294
Interest payable	111,167	-	111,167
KSBIT assessment - current	20,583	-	20,583
KISTA lease obligations - current	39,342	-	39,342
Bond obligations - current	<u>1,170,000</u>	<u>-</u>	<u>1,170,000</u>
Total current liabilities	<u>1,902,852</u>	<u>-</u>	<u>1,902,852</u>
Noncurrent liabilities			
Compensated absences	164,710	-	164,710
KSBIT assessment - noncurrent	20,582	-	20,582
KISTA lease obligations - noncurrent	195,646	-	195,646
Bond obligations	12,410,000	-	12,410,000
Net pension liability - CERS	4,922,636	1,003,596	5,926,232
Net OPEB liability - CERS	1,443,925	283,653	1,727,578
Net OPEB liability - KTRS	<u>3,912,061</u>	<u>-</u>	<u>3,912,061</u>
Total noncurrent liabilities	<u>23,069,560</u>	<u>1,287,249</u>	<u>24,356,809</u>
Total liabilities	<u>24,972,412</u>	<u>1,287,249</u>	<u>26,259,661</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - pension - CERS	188,337	37,724	226,061
Deferred inflows - OPEB - CERS	301,735	61,197	362,932
Deferred inflows - OPEB - KTRS	<u>337,304</u>	<u>-</u>	<u>337,304</u>
Total deferred inflows of resources	<u>827,376</u>	<u>98,921</u>	<u>926,297</u>
NET POSITION			
Net investment in capital assets	8,890,878	54,902	8,945,780
Restricted for			
Accrued sick leave	82,355	-	82,355
Food service	-	(1,044,949)	(1,044,949)
SFCC	128,286	-	128,286
Unrestricted	<u>(8,601,027)</u>	<u>-</u>	<u>(8,601,027)</u>
Total net position	<u>500,492</u>	<u>(990,047)</u>	<u>(489,555)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 26,300,280</u>	<u>\$ 396,123</u>	<u>\$ 26,696,403</u>

The accompanying notes are an integral part
of the financial statements.

**GREEN COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
for the year ended June 30, 2019**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Primary Government		
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government							
Governmental activities							
Instruction	\$ 11,615,528	\$ 13,995	\$ 1,566,983	\$ 197,996	\$ (9,836,554)	\$ -	\$ (9,836,554)
Support Services:							
Student	384,255	-	5,144	-	(379,111)	-	(379,111)
Instruction staff	458,940	-	5,791	-	(453,149)	-	(453,149)
District administrative	496,656	-	-	-	(496,656)	-	(496,656)
School administrative	1,065,174	-	38,857	-	(1,026,317)	-	(1,026,317)
Business	452,896	-	-	-	(452,896)	-	(452,896)
Plant operation and maintenance	2,028,071	-	24,229	-	(2,003,842)	-	(2,003,842)
Student transportation	1,489,323	-	55,489	-	(1,433,834)	-	(1,433,834)
Community service activities	183,630	-	167,244	-	(16,386)	-	(16,386)
Interest on long-term debt	365,586	-	-	144,419	(221,167)	-	(221,167)
Total governmental activities	<u>18,540,059</u>	<u>13,995</u>	<u>1,863,737</u>	<u>342,415</u>	<u>(16,319,912)</u>	<u>-</u>	<u>(16,319,912)</u>
Business-type activities							
Food service	<u>1,281,097</u>	<u>63,206</u>	<u>1,121,044</u>	<u>-</u>	<u>-</u>	<u>(96,847)</u>	<u>(96,847)</u>
Total school district	<u>\$ 19,821,156</u>	<u>\$ 77,201</u>	<u>\$ 2,984,781</u>	<u>\$ 342,415</u>	<u>(16,319,912)</u>	<u>(96,847)</u>	<u>(16,416,759)</u>

General revenues

Taxes:			
Property taxes	2,141,616	-	2,141,616
Motor vehicle taxes	330,347	-	330,347
Utility taxes	620,073	-	620,073
Other taxes	53,877	-	53,877
State aid-formula grants	13,152,244	-	13,152,244
Investment earnings	13,429	107	13,536
Miscellaneous	<u>246,702</u>	<u>-</u>	<u>246,702</u>
Total general revenues	16,558,288	107	16,558,395
Gain on sale of capital assets	-	-	-
Change in Net Position	238,376	(96,740)	141,636
Net position-beginning	<u>262,116</u>	<u>(893,307)</u>	<u>(631,191)</u>
NET POSITION-ENDING	<u>\$ 500,492</u>	<u>\$ (990,047)</u>	<u>\$ (489,555)</u>

The accompanying notes are an integral part of the financial statements.

**GREEN COUNTY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2019**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 1,186,418	\$ 96,428	\$ 179,545	\$ 1,462,391
Accounts receivable	210,789	169,523	94,124	474,436
Due from other funds	94,097	-	-	94,097
Total assets	<u>\$ 1,491,304</u>	<u>\$ 265,951</u>	<u>\$ 273,669</u>	<u>\$ 2,030,924</u>
LIABILITIES				
Accounts payable	\$ 239,331	\$ 6,972	\$ 1,971	\$ 248,274
Accrued salaries and benefits payable	5,192	-	-	5,192
Unearned revenues	-	258,666	49,628	308,294
Due to other funds	-	313	93,784	94,097
Total liabilities	<u>244,523</u>	<u>265,951</u>	<u>145,383</u>	<u>655,857</u>
FUND BALANCES				
Restricted				
SFCC	-	-	128,286	128,286
Grant programs	-	-	-	-
Committed				
Sick leave payable	82,355	-	-	82,355
Unassigned	1,164,426	-	-	1,164,426
Total fund balances	<u>1,246,781</u>	<u>-</u>	<u>128,286</u>	<u>1,375,067</u>
Total liabilities and fund balances	<u>\$ 1,491,304</u>	<u>\$ 265,951</u>	<u>\$ 273,669</u>	<u>\$ 2,030,924</u>

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

Fund balances reported above	\$ 1,375,067
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	22,398,063
Interest accrued on general long-term debt is not a current expenditure and is not reported in the funds.	(111,167)
Net deferred inflows/outflows related to the long-term net pension and OPEB liabilities are not reported in the funds.	830,211
Long-term liabilities, including bond obligations, KSBIT assessment, net pension liability, net OPEB liabilities, capital leases and compensated absences are not due and payable in the current period and therefore are not reported in the funds.	<u>(23,991,682)</u>
Net position of governmental activities	<u>\$ 500,492</u>

The accompanying notes are an integral part of the financial statements.

GREEN COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
for the year ended June 30, 2019

	<u>General</u>	<u>Special Revenue Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
From local sources				
Property taxes	\$ 1,661,848	\$ -	\$ 479,768	\$ 2,141,616
Motor vehicle taxes	330,347	-	-	330,347
Utility taxes	620,073	-	-	620,073
Other taxes	53,877	-	-	53,877
Earnings on investments	13,429	-	-	13,429
Tuition	13,995	-	-	13,995
Other local revenues	148,818	16,843	81,041	246,702
Intergovernmental - State	11,647,791	664,582	1,824,914	14,137,287
Intergovernmental - Federal	21,954	1,199,149	-	1,221,103
	<u>14,512,132</u>	<u>1,880,574</u>	<u>2,385,723</u>	<u>18,778,429</u>
Total revenues				
EXPENDITURES				
Instruction	9,607,232	1,592,370	79,824	11,279,426
Support services				
Student	371,285	5,229	-	376,514
Instruction staff	449,412	5,886	-	455,298
District administration	493,077	-	-	493,077
School administration	978,908	39,489	-	1,018,397
Business	429,839	-	-	429,839
Plant operation and maintenance	1,237,138	24,627	55,509	1,317,274
Student transportation	1,154,210	56,400	1,217	1,211,827
Community service activities	425	169,991	-	170,416
Capital outlay	228,413	-	143,291	371,704
Debt service	20,583	-	1,527,145	1,547,728
	<u>14,970,522</u>	<u>1,893,992</u>	<u>1,806,986</u>	<u>18,671,500</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	(458,390)	(13,418)	578,737	106,929
OTHER FINANCING SOURCES (USES)				
Operating transfers in	712,245	35,730	631,725	1,379,700
Operating transfers out	(206,600)	(74,692)	(1,098,408)	(1,379,700)
	<u>505,645</u>	<u>(38,962)</u>	<u>(466,683)</u>	<u>-</u>
Total other financing sources and uses				
Net change in fund balances	47,255	(52,380)	112,054	106,929
Fund balances-beginning	1,199,526	52,380	16,232	1,268,138
Fund balances-ending	<u>\$ 1,246,781</u>	<u>\$ -</u>	<u>\$ 128,286</u>	<u>\$ 1,375,067</u>
Reconciliation to government-wide change in net position:				
Net change in fund balances				\$ 106,929
add: capital outlay expenditures capitalized				371,704
add: debt service expenditures				1,547,728
change in long term compensated absences				33,498
less: change in net pension liability				(484,850)
less: change in net OPEB liability				(67,041)
less: depreciation on governmental activities assets				(904,006)
less: interest on long term debt				(365,586)
Change in net position Governmental Activities				<u>\$ 238,376</u>

The accompanying notes are an integral part
of the financial statements.

**GREEN COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2019**

	Food Service Fund
ASSETS	
Current assets	
Cash and cash equivalents	\$ 38,903
Inventory	19,157
Total current assets	58,060
Noncurrent assets	
Capital assets, net of depreciation	54,902
Total assets	112,962
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows - pension - CERS	201,819
Deferred outflows - OPEB - CERS	81,342
Total deferred outflows of resources	283,161
Total assets and deferred outflows of resources	\$ 396,123
LIABILITIES	
Current liabilities	
Accounts payable	\$ -
Total current liabilities	-
Noncurrent liabilities	
Net pension liability - CERS	1,003,596
Net OPEB liability - CERS	283,653
Total noncurrent liabilities	1,287,249
Total liabilities	1,287,249
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows - pension - CERS	37,724
Deferred inflows - OPEB - CERS	61,197
Total deferred inflows of resources	98,921
NET POSITION	
Net investment in capital assets	54,902
Restricted net position	(1,044,949)
Total net position	(990,047)
Total liabilities, deferred inflows of resources and net position	\$ 396,123

The accompanying notes are an integral part
of the financial statements.

**GREEN COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
for the year ended June 30, 2019**

	Food Service Fund
Operating revenues	
Lunchroom sales	\$ 63,206
Total operating revenues	63,206
Operating expenses	
Salaries and wages	722,368
Contract services	16,959
Materials and supplies	505,831
Other expenses	1,300
Depreciation	34,639
Total operating expenses	1,281,097
Operating (loss)	(1,217,891)
Nonoperating revenues	
Federal grants	935,544
Commodities received	76,212
State grants	9,298
State on-behalf payments	99,990
Interest income	107
Total nonoperating revenue	1,121,151
Change in net position	(96,740)
Net position-beginning	(893,307)
NET POSITION-ENDING	\$ (990,047)

The accompanying notes are an integral part
of the financial statements.

**GREEN COUNTY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
for the year ended June 30, 2019**

	Food Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 63,632
Cash paid to employees, including benefits	(511,714)
Cash paid to suppliers	<u>(447,858)</u>
Net cash (used) by operating activities	<u>(895,940)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Cash received from government funding	<u>944,842</u>
Net cash provided by noncapital financing activities	<u>944,842</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	<u>(8,457)</u>
Net cash (used) by capital and related financing activities	<u>(8,457)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	<u>107</u>
Net cash provided by investing activities	<u>107</u>
Net increase (decrease) in cash and cash equivalents	40,552
Cash and cash equivalents-beginning of the year	<u>(1,649)</u>
CASH AND CASH EQUIVALENTS-END OF THE YEAR	<u>\$ 38,903</u>
Reconciliation of operating (loss) to net cash (used) by operating activities:	
Operating (loss)	\$ (1,217,891)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:	
Depreciation expense	34,639
Net change in net pension liability	99,369
Net change in net OPEB liability	11,295
State on-behalf payments	99,990
Donated commodities	76,212
Change in assets and liabilities:	
Decrease in inventory	496
Decrease in accounts receivable	426
(Decrease) in accounts payable	<u>(476)</u>
Net cash (used) by operating activities	<u>\$ (895,940)</u>
Schedule of non-cash activities	
Donated commodities received from federal government	<u>\$ 76,212</u>
On-behalf payments received from the state government	<u>\$ 99,990</u>

The accompanying notes are an integral part
of the financial statements.

**GREEN COUNTY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2019**

	School Activity Funds	Trust Fund	Scholarship Fund
ASSETS			
Cash and cash equivalents	\$ 149,680	\$ 53,138	\$ 265
Investments - certificates of deposit	<u>-</u>	<u>-</u>	<u>20,000</u>
Total assets	<u>\$ 149,680</u>	<u>\$ 53,138</u>	<u>\$ 20,265</u>
LIABILITIES			
Due to student groups	<u>\$ 149,680</u>	<u>\$ -</u>	<u>\$ -</u>
Total liabilities	<u>149,680</u>	<u>-</u>	<u>-</u>
NET POSITION			
Held in trust	<u>-</u>	<u>53,138</u>	<u>20,265</u>
Total liabilities and net position	<u>\$ 149,680</u>	<u>\$ 53,138</u>	<u>\$ 20,265</u>

The accompanying notes are an integral part
of the financial statements.

**GREEN COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - FIDUCIARY FUNDS
For the year ended June 30, 2019**

	<u>Trust Fund</u>	<u>Scholarship Fund</u>
Additions		
Interest income	\$ -	\$ 122
Total additions	<u>-</u>	<u>122</u>
Deductions		
Business support services	3,157	-
Community services	<u>-</u>	<u>60</u>
Total deductions	<u>3,157</u>	<u>60</u>
Change in net position	(3,157)	62
Fund balance-beginning	<u>56,295</u>	<u>20,203</u>
Fund balance-ending	<u>\$ 53,138</u>	<u>\$ 20,265</u>

The accompanying notes are an integral part
of the financial statements.

**GREEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

Based on the foregoing criteria, the financial statements of the following organization is included in the accompanying financial statements:

Green County School District Finance Corporation (the Corporation)

The Green County Board of Education has established 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 Section 58.180) as an agency of the Board 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.

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

**GREEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation, continued

District-wide Financial Statements, continued

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 function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements

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

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

The District has the following funds:

Governmental Fund Types:

General Fund – The primary operating fund of the District. It accounts for and reports all financial resources not accounted for and reported in another fund. This is a budgeted fund and any unrestricted fund balances are considered as resources available for use. This is a major fund of the District.

Special revenue funds –The District has the following special revenue funds:

Special Revenue Fund – This major fund accounts for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. It includes federal financial programs where unused balances are returned to the grantor at the close of specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally-funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report.

District Activity Fund – This is a non-major fund of the District and accounts for district activity funds that are legally restricted to expenditure for specified purposes imposed by external parties, enabling legislation, or by board action.

**GREEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation, continued

Capital Project Funds – Capital Project Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital project funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund receives those funds designated by the state as Capital Outlay Funds and is restricted for use in financing projects identified in the District's facility plan. This is a nonmajor fund for the District.

The Facility Support Program of Kentucky (FSPK) Fund accounts for funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the District's facility plan. This is a nonmajor fund for the District.

The Construction Fund accounts for funds received and used for major capital projects. This is a non-major fund for the District.

Debt Service Fund – The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest on long-term debt. Debt service funds are used to report resources if legally mandated. Financial resources that are being accumulated for principal and interest maturing in future years are reported in debt service funds. This is a nonmajor fund for the District.

Proprietary Funds (Enterprise Fund):

The Food Service Fund is used to account for school food service activities, including the National School Lunch Program, which is conducted in cooperation with the U.S. Department of Agriculture (USDA). This is a major fund for the District.

Fiduciary Fund Type:

The School Activity Funds are agency funds which account for activities of student groups and other types of activities requiring clearing accounts. These funds are accounted for in accordance with the Uniform Program of Accounting for School Activity Funds.

The Trust Fund is a private-purpose trust fund which holds retirement monies on behalf of substitute teachers previously covered under the Omnibus Budget Reconciliation Act (OBRA).

The Scholarship Fund is a private-purpose trust fund which accounts for and reports for the Mary Beam Scholarship under which interest income is used to benefit individuals by providing scholarships.

C. Basis of Accounting

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

**GREEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting, continued

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

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

Unearned Revenue – Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met, are recorded as unearned revenue.

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the statement of revenues, expenses, and changes in net position as an expense with a like amount reported as donated commodities revenue. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation, are not recognized in governmental funds.

D. Cash and Cash Equivalents

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

E. Investments

Investments are valued at cost. The entire balance of investments held by the district, for the Scholarship Fund, is a certificate of deposit with a local financial institution.

F. Prepaid Assets

Payments made that will benefit periods beyond June 30, 2019 are recorded as prepaid items using the consumption method. Prepaid assets are only recorded if material to the financial statements.

G. Inventories

In the district-wide financial statements, inventories are stated at cost and are expensed when used. In the financial statements, inventories are stated at cost. The cost of inventory items is recorded as an expenditure 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.

**GREEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Taxes

Property Tax Revenues

Property taxes are levied each September on the assessed value listed as of the prior January 1, for all real and personal property in the county. The billings are considered due upon receipt by the taxpayer; however, the actual date is based on a period ending 30 days after the tax bill mailing. Property taxes collected are recorded as revenues in the fiscal year for which they were levied.

The property tax rates assessed for the year ended June 30, 2019 to finance operations were \$.522 per \$100 valuation for real property, \$.522 per \$100 valuation for business personal property and \$.539 per \$100 valuation for motor vehicles.

Utility Tax Revenues

The District levies a utility gross receipts license tax in the amount of 3% of the gross receipts derived from the furnishings, within the District, of telephonic and telegraphic communications services, cablevision services, electric power, water, and natural, artificial and mixed gas.

I. Fund Balance Classification Policies and Procedures

The Board intends that accounting practices follow state and federal laws and regulations and generally accepted accounting policies.

Nonspendable Fund Balance – Amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact will be classified as nonspendable fund balance.

Restricted Fund Balance – Fund balance will be reported as restricted when constraints placed on the use of resources are either; (a) externally imposed by creditors, grantors, contributors, or laws or regulations or other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Education will be reported as committed fund balance.

Assigned Fund Balance – Amounts that have been assigned for a specific purpose by formal resolution of the Board of Education will be reported as assigned fund balance for a specific purpose.

Unassigned Fund Balance – The residual classification for the General Fund or the negative fund balance of any other governmental fund.

When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classification could be used, the funds will first be spent from restricted, then committed, then assigned, and then finally unassigned.

**GREEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “due to/from other funds”. These amounts are eliminated in the governmental and business-type activities columns of the statements of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances, and net to zero in the government-wide total column.

K. Capital Assets

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

All capital assets 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 does not possess any infrastructure. Improvements are capitalized; the cost of, normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not capitalized.

All reported capital assets other than land are depreciated. 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 Lives</u>
Buildings and improvements	40 years
Land improvements	20 years
Technology equipment	5 years
Vehicles	5-14 years
Food service equipment	7 years
Furniture and fixtures	7 years
Other	7 years

L. Accumulated Unpaid Sick Leave Benefits

Upon retirement from the school system, an employee will receive from the District an amount equal to 30% of the value of accumulated sick leave.

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the School District’s past experience of making termination payments.

The entire compensated absence liability is reported on the government-wide financial statements.

**GREEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Accumulated Unpaid Sick Leave Benefits, continued

For governmental fund financial statements, the current portion of unpaid accrued sick leave is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "accumulated sick leave payable" in the General Fund. The noncurrent portion of the liability is not reported.

M. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the district-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

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

N. 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 (CERS) and Teachers' Retirement System of the State of Kentucky (TRS) and additions to/deductions from CERS's and TRS's fiduciary net position have been determined on the same basis as they are reported by CERS and TRS. For this purpose, benefit payments, including refunds of employee contributions are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

O. Postemployment Benefits Other Than Pensions (OPEB)

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

**GREEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets 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 their 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.

Q. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, those revenues are primarily charges for meals provided by the various schools. All other revenues are considered to be non-operating.

R. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of fixed assets, or from grants or outside contributions of resources restricted to capital acquisition and construction.

S. Interfund Activity

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

T. Budgetary Process

Once the budget is approved, it can be amended. Amendments are presented to the Board at their regular meetings.

Each budget is prepared and controlled by the finance officer at the revenue and expenditure function/object level. All budget appropriations lapse at year-end.

**GREEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. Uses of Estimates

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

V. Management's Review of Subsequent Events

The District has evaluated and considered the need to recognize or disclose subsequent events through November 13, 2019, which represents the date that these financial statements were available to be issued. Subsequent events past this date, as they pertain to the fiscal year ended June 30, 2019, have not been evaluated by the District.

2. PROPERTY TAX CALENDAR

Property taxes for fiscal year 2019 were levied on the assessed valuation of property located in the School District as of January 1, 2018 lien. The due date and collection periods for all taxes exclusive of vehicle taxes are as follows:

Description	Date per KRS 134.015
Due date for payment of taxes	Upon receipt
Face value amount payment date	December 31
Delinquent date, 5% penalty	January 1
Delinquent date, 10% penalty	February 1

Vehicle taxes are collected by the County Clerk and are due and collected in the birth month of the vehicle's licensee.

3. CASH AND INVESTMENTS

Interest rate risk – In accordance with the District's investment policy, interest rate risk is limited by investing in public funds with the highest rate of return with the maximum security of principal. Investments are undertaken in a manner that seeks to ensure preservation of the capital in its portfolio.

Credit risk – The District's investment policy limits the types of authorized investment instruments to obligations of the United States, its agencies, and instrumentalities. In addition, certificates of deposit or bonds of a bank or the Commonwealth of Kentucky, securities issued by a state or local government or shares of mutual funds are acceptable investments.

Concentration of credit risk – The District may invest, at any one time, funds in any one of the above listed categories with no limitation of the total amount of funds invested on behalf of the District.

Custodial credit risk – For deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned. The District maintains deposits with financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). As allowed by law, the depository bank should pledge securities along with FDIC insurance at least equal to the amount on deposit at all times.

**GREEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

3. CASH AND INVESTMENTS (CONTINUED)

At year end, the bank balances of the District's total cash and investments was \$2,862,811. Of the total cash balance, \$250,000 was covered by Federal Depository insurance and the remainder was covered by collateral agreements and collateral held by the pledging banks' trust department in the District's name. The balance pledged at June 30, 2019 was \$3,546,292.

Cash and investments at June 30, 2019 consisted of the following:

	<u>Bank Balance</u>	<u>Book Balance</u>
General checking account		
General Fund		\$ 1,186,418
Special Revenue Fund		96,428
District Activity Fund		51,259
SEEK Capital Outlay Fund		-
FSPK Building Fund		128,286
Construction Fund		-
Food Service Fund		38,903
Trust Fund		53,138
Scholarship Fund		<u>265</u>
Total general checking account	\$ 2,679,583	1,554,697
Fiduciary Fund – School Activity Funds	163,228	149,680
Fiduciary Fund – Scholarship Fund Investment	<u>20,000</u>	<u>20,000</u>
Total	<u>\$ 2,862,811</u>	<u>\$ 1,724,377</u>

Cash and investments by fund type are as follows:

Governmental funds	\$ 1,462,391
Proprietary funds	38,903
Fiduciary funds	<u>223,083</u>
Total	<u>\$ 1,724,377</u>

4. ACCOUNTS RECEIVABLE

There was no allowance for uncollectible accounts at June 30, 2019. Receivables at year end for the District's major individual funds and nonmajor funds in the aggregate are as follows:

	General	Special Revenue	Construction	Other Governmental	Total
Governmental activities:					
Taxes	\$ 139,221	\$ -	\$ -	\$ -	\$ 139,221
Intergovernmental	-	169,523	93,759	-	263,282
Other	<u>71,568</u>	<u>-</u>	<u>-</u>	<u>365</u>	<u>71,933</u>
Total	<u>\$ 210,789</u>	<u>\$ 169,523</u>	<u>\$ 93,759</u>	<u>\$ 365</u>	<u>\$ 474,436</u>

**GREEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2019, was as follows:

<u>Governmental activities</u>	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2019</u>
Capital assets not being depreciated:				
Land	\$ 373,134	\$ -	\$ -	\$ 373,134
Construction in progress	<u>1,873,400</u>	<u>83,835</u>	<u>(1,957,235)</u>	<u>-</u>
Total	<u>2,246,534</u>	<u>83,835</u>	<u>(1,957,235)</u>	<u>373,134</u>
Capital assets being depreciated:				
Land improvements	880,593	-	-	880,593
Buildings and improvements	28,865,759	1,957,235	-	30,822,994
Technology equipment	1,634,989	7,055	-	1,642,044
Vehicles	2,772,174	221,358	(97,494)	2,896,038
General equipment	<u>468,837</u>	<u>59,457</u>	<u>-</u>	<u>528,294</u>
Total	<u>34,622,352</u>	<u>2,245,105</u>	<u>(97,494)</u>	<u>36,769,963</u>
Total capital assets	<u>36,868,886</u>	<u>2,328,940</u>	<u>(2,054,729)</u>	<u>37,143,097</u>
Less: accumulated depreciation				
Land improvements	536,803	15,136	-	551,939
Buildings and improvements	9,215,915	725,436	-	9,941,351
Technology equipment	1,610,319	10,145	-	1,620,464
Vehicles	2,145,342	139,849	(97,494)	2,187,697
General equipment	<u>430,143</u>	<u>13,440</u>	<u>-</u>	<u>443,583</u>
Total accumulated depreciation	<u>13,938,522</u>	<u>904,006</u>	<u>(97,494)</u>	<u>14,745,034</u>
Governmental activities capital assets, net	<u>\$ 22,930,364</u>	<u>\$ 1,424,934</u>	<u>\$ (1,957,235)</u>	<u>\$ 22,398,063</u>
	<u>Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u>
<u>Business-type Activities</u>	<u>July 1, 2018</u>			<u>June 30, 2019</u>
Capital assets being depreciated:				
Technology equipment	\$ 34,717	\$ -	\$ -	\$ 34,717
Machinery and equipment	<u>614,317</u>	<u>8,457</u>	<u>-</u>	<u>622,774</u>
Total capital assets	<u>649,034</u>	<u>8,457</u>	<u>-</u>	<u>657,491</u>
Less: accumulated depreciation				
Technology equipment	29,650	2,708	-	32,358
Machinery and equipment	<u>538,300</u>	<u>31,931</u>	<u>-</u>	<u>570,231</u>
Total accumulated depreciation	<u>567,950</u>	<u>34,639</u>	<u>-</u>	<u>602,589</u>
Business-type activities capital assets, net	<u>\$ 81,084</u>	<u>\$ (26,182)</u>	<u>\$ -</u>	<u>\$ 54,902</u>
Depreciation expense was charged to functions of the governmental activities as follows:				
Instruction		\$ 195,802		
Support Services:				
Instructional staff		157		
District administration		1,294		
Plant operations and maintenance		575,020		
Student transportation		<u>131,733</u>		
Total		<u>\$ 904,006</u>		

**GREEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

6. LONG TERM DEBT

Compensated Absences

Upon retirement from the school system, an employee will receive from the District an amount equal to 30% of the value of accumulated sick leave. At June 30, 2019, this amount totaled \$164,710 of which \$82,355 is restricted in the current year fund balance of the General Fund.

KSBIT

During a prior fiscal year, the District was notified that the Kentucky School Board Insurance Trust (KSBIT) would be dissolving as the self-insurance provider for school districts in Kentucky. On June 4, 2014, the Franklin Circuit Court issued an order informing the former members of the Kentucky School Board Insurance Trust Workers' Compensation Fund that they would be assessed a portion of the fund's unfunded liability. The court approved assessment requires the District to pay a total of \$164,660. The District agreed to pay 25% of the assessment in August 2014 and the remaining balance in equal payments over the next six fiscal years beginning in August 2015. A breakdown of the future payments is shown below.

June 30,	
2020	\$ 20,583
2021	<u>20,582</u>
Total payments	<u>\$ 41,165</u>

KISTA Lease

The School District participates in the Kentucky Inter-Local School Transportation Association (KISTA) equipment lease revenue bonds program for the purpose of acquiring replacement buses.

The issue date, balance at June 30, 2019 and interest rates are summarized below:

	<u>Balance</u>	<u>Interest Rates</u>
2015 KISTA	\$ <u>234,988</u>	1.00 %-2.625%

At June 30, 2019 the future minimum lease payments under the KISTA lease are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	<u>36,912</u>	<u>969</u>	<u>37,881</u>
	<u>\$ 234,988</u>	<u>\$ 18,884</u>	<u>\$ 253,832</u>

**GREEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

6. LONG TERM DEBT (CONTINUED)

Bond Obligations

The amount shown in the accompanying financial statements as bond obligations represents the following bonds:

Issue	June 30, 2019 Balance	Rates
2004	\$ 270,000	3.75%
2007	365,000	4.25-4.50%
2009	10,000	3.20-4.25%
2011	1,035,000	2.00-3.00%
2015	6,970,000	2.00%
2016	1,605,000	2.00%
2016	2,940,000	2.49%
2017	<u>385,000</u>	3.63%
Total	<u>\$ 13,580,000</u>	

The debt service fund is primarily responsible for paying the bond obligations through funding from the SEEK Capital Outlay and FSPK funds.

The District, through the General Fund (including utility taxes and the Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund) is obligated to make payments in amounts sufficient to satisfy debt service requirements on bonds issued to construct school facilities. The District has an option to purchase the property under lease at any time by retiring the bonds then outstanding.

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

The bonds may be called prior to maturity and redemption premiums are specified in each issue. Assuming no bonds are called prior to scheduled maturity, the minimum obligations of the District, including amounts to be paid by the Commission, at June 30, 2019 for debt service (principal and interest) are as follows:

Fiscal Year	Green County		SFCC Participation		Total
	Principal	Interest	Principal	Interest	
2020	\$ 539,856	\$ 184,237	\$ 630,144	\$ 122,000	\$ 1,476,237
2021	563,871	169,155	651,129	102,976	1,487,131
2022	566,157	149,499	553,843	87,919	1,357,418
2023	574,038	138,060	565,962	75,759	1,353,819
2024	585,891	126,385	584,109	63,346	1,359,731
2025-2029	3,169,728	436,211	2,240,272	139,411	5,985,622
2030-2034	1,392,868	163,554	177,132	24,841	1,758,395
2035-2038	<u>681,178</u>	<u>32,074</u>	<u>103,822</u>	<u>4,141</u>	<u>821,215</u>
	<u>\$ 8,073,587</u>	<u>\$ 1,399,175</u>	<u>\$ 5,506,413</u>	<u>\$ 620,393</u>	<u>\$ 15,599,568</u>

**GREEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

6. LONG TERM DEBT (CONTINUED)

The following is a summary of changes in long-term debt of the District for the year ended June 30, 2019:

	July 1, 2018	Additions	Retirements	June 30, 2019
<u>Governmental activities</u>				
Bonds	\$ 14,720,000	\$ -	\$ 1,140,000	\$ 13,580,000
KISTA lease	273,570	-	38,582	234,988
Compensated absence	198,208	-	33,498	164,710
Net pension liability – CERS	4,828,403	94,233	-	4,922,636
Net OPEB liability - CERS	1,667,016	-	223,091	1,443,925
Net OPEB liability - KTRS	4,161,623	-	249,562	3,912,061
KSBIT	<u>61,747</u>	<u>-</u>	<u>20,582</u>	<u>41,165</u>
Total governmental activities	<u>25,910,567</u>	<u>94,233</u>	<u>1,705,315</u>	<u>24,299,485</u>
<u>Business-type activities</u>				
Net pension liability – CERS	984,283	19,313	-	1,003,596
Net OPEB liability - CERS	<u>329,374</u>	<u>-</u>	<u>45,721</u>	<u>283,653</u>
Total business-type activities	<u>1,313,657</u>	<u>19,313</u>	<u>45,721</u>	<u>1,287,249</u>
Total district-wide	<u>\$ 27,224,224</u>	<u>\$ 113,546</u>	<u>\$ 1,751,036</u>	<u>\$ 25,586,734</u>

7. RETIREMENT PLANS

The School District is a participating employer of the County Employees' Retirement System (CERS) and the Kentucky Teachers' Retirement System (KTRS). KTRS requires that members of KTRS occupy a position requiring either a four (4) year college degree or certification by the Kentucky Department of Education (KDE). Job classifications that permit experience to substitute for either of these requirements do not participate in KTRS. CERS covers employees whose position does not require a college degree or teaching certificate.

KTRS

Plan description – Teaching-certified employees of the Kentucky School District are provided pensions through the Teachers' Retirement System of the State of Kentucky (TRS)—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 state. TRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the Kentucky Revised Statutes (KRS). TRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. TRS issues a publicly available financial report that can be obtained at <https://trs.ky.gov/financial-reports-information>.

**GREEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

7. RETIREMENT PLANS (CONTINUED)

KTRS, continued

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

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

Non-university members 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. Non-university members who became members on or 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 is less than ten years. New members 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, members 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.

Final average salary is defined as the member's five (5) highest annual salaries for those with less than 27 years of service. Members 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. For all members, the annual allowance is reduced by 5% per year from the earlier of age 60 or the date the member would have completed 27 years of service. The minimum annual service allowance for all members is \$440 multiplied by credited service.

Benefits provided - For members who have established an account in a retirement system by the Commonwealth on or after July 1, 2008:

- 1.) Attain age sixty (60) and complete five (5) years of Kentucky service, or
- 2.) Complete 27 years of Kentucky service, or
- 3.) Attain age fifty-five (55) and complete ten (10) years of Kentucky service.

The annual retirement allowance for non-university members is equal to: (a) one and seven tenths percent (1.7%) of final average salary for each year of credited service if their service is 10 years or less; (b) two percent (2.0%) of final average salary for each year of credited service if their service is greater than 10 years but no more than 20 years; (c) two and three tenths percent (2.3%) of final average salary for each year of credited service if their service is greater than 20 years but no more than 26 years; (d) two and one half percent (2.5%) of final average salary for each year of credited service if their service is greater than 26 years but no more than 30 years; (e) three percent (3.0%) of final average salary for years credited service greater than 30 years.

The final average salary is the member's five (5) highest annual salaries except members at least age fifty-five (55) with twenty-seven (27) or more years of service may use their three (3) highest annual salaries. For all members, the annual allowance is reduced by 6% per year from earlier of age 60 or the date the member would have completed 27 years of service.

**GREEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

7. RETIREMENT PLANS (CONTINUED)

KTRS, continued

Other benefits - TRS also provides disability benefits for vested members 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 members and \$5,000 for retired or disabled members, and TRS also provides post-employment healthcare benefits to eligible members and dependents.

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.

Contributions – Contribution rates are established by Kentucky Revised Statutes (KRS). Non-university members are required to contribute 12.855% of their salaries to the System.

The Commonwealth of Kentucky, as a non-employer contributing entity, pays matching contributions of the amount 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 members whose salaries are federally funded, the employer contributes 16.105% 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.

CERS

The District is a participating employer of the County Employees' Retirement System (CERS). Under the provisions of Kentucky Revised Statute 61.645, the Board of Trustees of Kentucky Retirement Systems administers the CERS. The plan issues publicly available financial statements which may be downloaded from the Kentucky Retirement Systems website.

Plan Description – CERS is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all regular full-time members employed in positions of each participating county, city, and school board, and any additional eligible local agencies electing to participate in the System. The plan provides for retirement, disability, and death benefits to plan members. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances. Cost-of-living adjustments (COLA) are provided at the discretion of state legislature.

Contributions – For the year ended June 30, 2019, plan members were required to contribute 5.00% of wages for non-hazardous job classifications. Employees hired after September 1, 2008 are required to contribute an additional 1% to cover the cost of medical insurance that is provided through CERS. Participating employers were required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 78.545(33), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last proceeding the July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contributions rates are necessary to satisfy requirements determined in accordance with actuarial basis adopted by the Board. For the year ended June 30, 2019, participating employers contributed 21.48% of each employee's wages, for non-hazardous job classifications. The contributions are allocated to both the pension and insurance trusts. The insurance trust is more fully described in Note 8. Plan members contributed 16.22% to the pension trust for non-hazardous job classifications. The contribution rates are equal to the actuarially determined rate set by the Board. Administrative costs of Kentucky Retirement System are financed through employer contributions and investment earnings.

**GREEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

7. RETIREMENT PLANS (CONTINUED)

CERS, continued

Plan members who began participating on, or after, January 1, 2014, are required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own account. Plan members contribute 5.00% of wages to their own account and 1% to the health insurance fund. The employer contribution rate is set annually by the Board based on an actuarial valuation. The employer contributes a set percentage of each member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. For non-hazardous members, their account is credited with a 4% employer pay credit. The employer pay credit represents a portion of the employer contribution.

The District contributed \$500,285 for the year ended June 30, 2019, or 100% of the required contribution. The contribution was allocated \$377,776 to the CERS pension fund and \$122,509 to the CERS insurance fund.

Benefits – 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 or 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 to 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 to 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.

**GREEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

7. RETIREMENT PLANS (CONTINUED)

CERS and KTRS:

Pension Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources - At June 30, 2019, the District reported a liability of \$5,926,232 for its proportionate share of the net pension liability for CERS. The net pension liability was measured as of June 30, 2018, 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 was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2018, the District's proportion was .099 percent. The District's proportion at June 30, 2017 was .099 percent as well.

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 Commonwealth of Kentucky recognized \$28,546,945 as its proportionate share of the net pension liability for KTRS. The net pension liability was measured as of June 30, 2018, 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 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, 2018, the State's proportion was .2180 percent.

For the year ended June 30, 2019, the District recognized pension expense of \$961,810 related to CERS and \$2,068,440 related to KTRS. The District also recognized revenue of \$2,068,440 for KTRS support provided by the Commonwealth of Kentucky. At June 30, 2019, 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
Differences between expected and actual results	\$ 193,297	\$ 86,748
Changes of assumptions	579,165	-
Net difference between projected and actual earnings on Plan investments	-	71,059
Changes in proportion and differences between District contributions and proportionate share of contributions	47,801	68,254
District contributions subsequent to the measurement date	<u>377,776</u>	<u>-</u>
Total	<u>\$ 1,198,039</u>	<u>\$ 226,061</u>

The \$377,776 of deferred outflows of resources resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources at June 30, 2019 will be recognized in pension expense as follows:

Year ending June 30,

2020	\$	484,176
2021	\$	223,395
2022	\$	(81,560)
2023	\$	(31,809)

**GREEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

7. RETIREMENT PLANS (CONTINUED)

Actuarial Assumptions – The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

CERS:

Inflation	2.30%
Salary increases	3.05%, average, including inflation
Investment rate of return	6.25%, net of Plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females). For disabled members, the RP- 2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2008 - June 30, 2013.

KTRS:

Valuation date	6/30/17
Actuarial cost method	Entry age
Investment rate of return	7.50%, net of plan investment expense, including inflation
Projected salary increases	3.50 – 7.30%
Inflation rate	3.00%
Municipal Bond Index Rate	3.89%
Single Equivalent Interest Rate	7.50%

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 BB to 2025, set forward two years for males and one year for females. The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2010 – June 30, 2015.

Target Allocations

CERS

The long-term expected rate of return was determined by using a building-block method in which best estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage.

**GREEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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7. RETIREMENT PLANS (CONTINUED)

The target allocation and best estimates of arithmetic nominal real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	17.50%	
US Large Cap	5.00%	4.50%
US Mid Cap	6.00%	4.50%
US Small Cap	6.50%	5.50%
Non US Equity	17.50%	
International Developed	12.50%	6.50%
Emerging Markets	5.00%	7.25%
Global Bonds	4.00%	3.00%
Credit Fixed	24.00%	
Global IG Credit	2.00%	3.75%
High Yield	7.00%	5.50%
EMD	5.00%	6.00%
Illiquid Private	10.00%	8.50%
Private Equity	10.00%	6.50%
Real Estate	5.00%	9.00%
Absolute Return	10.00%	5.00%
Real Return	10.00%	7.00%
Cash	2.00%	1.50%
Total	100.00%	6.09%

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.

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

Asset Class	Target Allocation	Long-term Nominal Real Rate of Return
U.S. Equity	40%	4.20%
International Equity	22%	5.20%
Fixed Income	15%	1.20%
Additional Categories	8%	3.30%
Real Estate	6%	3.80%
Private Equity	7%	6.30%
Cash	2%	0.90%
Total	100%	

**GREEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

7. RETIREMENT PLANS (CONTINUED)

Discount Rate

CERS

The discount rate used to measure the total pension liability was 6.25 percent. The projection of cash flows used to determine the discount rate assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 25-year amortization period of the unfunded actuarial accrued liability. The actuarial determined contribution rate is adjusted to reflect the phase in of anticipated gains on actuarial value of assets over the first four years of the projection period. The discount rate does not use a municipal bond rate.

KTRS

For 2018, the discount rate used to measure the total pension liability was 7.50 percent. 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 the Actuarially Determined Contribution rates, adjusted by 95%, for all fiscal years in the future. 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 members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the District's proportionate share of the net pension liability calculated using the current discount rate, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25 percent) or 1-percentage-point higher (7.25 percent) than the current rate:

	<u>CERS Discount rate</u>	<u>CERS District's proportionate share of net pension liability</u>
1% decrease	5.25%	\$ 7,460,522
Current discount rate	6.25%	\$ 5,926,232
1% increase	7.25%	\$ 4,640,774

8. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - CERS

Plan Description – As more fully described in Note 7, the District participates in the County Employees' Retirement System (CERS). CERS is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all regular full-time members employed in positions of each participating county, city, and school board, and any additional eligible local agencies electing to participate in the System. In addition to retirement benefits, the plan provides for health insurance benefits to plan members (other postemployment benefits or OPEB). OPEB benefits may be extended to beneficiaries of plan members under certain circumstances.

Contributions – As more fully described in Note 7, plan members contribute to CERS for non-hazardous job classifications. For the year ending June 30, 2019, the employer's contribution was 5.26% to the insurance trust for non-hazardous job classifications. Employees hired after September 1, 2008 were required to contribute an additional 1% to cover the cost of medical insurance that is provided through CERS. Participating employers were required to contribute at an actuarially determined rate.

**GREEN COUNTY SCHOOL DISTRICT
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8. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) – CERS (CONTINUED)

Per Kentucky Revised Statute Section 78.545(33), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last proceeding the July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial basis adopted by the Board. The contribution rates are equal to the actuarially determined rate set by the Board. Administrative costs of Kentucky Retirement System are financed through employer contributions and investment earnings.

For the year ended June 30, 2019, the District contributed \$122,509, or 100% of the required contribution for non-hazardous job classifications.

Benefits – CERS provides health insurance benefits to Plan employees and beneficiaries.

For retirement purposes, employees are grouped into three tiers based on hire date:

Tier 1	Participation date Insurance eligibility Benefit	Before July 1, 2003 10 years of service credit required Set percentage of single coverage health insurance based on service credit accrued at retirement
Tier 1	Participation date Insurance eligibility Benefit	Before September 1, 2008 but after July 1, 2003 10 years of service credit required Set dollar amount based on service credit accrued, increased annually
Tier 2	Participation date Insurance eligibility Benefit	After September 1, 2008 and before December 31, 2013 15 years of service credit required Set dollar amount based on service credit accrued, increased annually
Tier 3	Participation date Insurance eligibility Benefit	After December 31, 2013 15 years of service credit required Set dollar amount based on service credit accrued, increased annually

OPEB Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources – At June 30, 2019, the District reported a liability for its proportionate share of the net OPEB liability of \$1,727,578.

The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating entities, actuarially determined. The District's proportionate share at June 30, 2018 was .097%. This represented an increase of .002% over the District's proportion at June 30, 2017.

**GREEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

8. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) – CERS (CONTINUED)

For the year ended June 30, 2019, the District recognized OPEB expense of \$212,944. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual results	\$ -	\$ 201,326
Changes of assumptions	345,023	3,991
Net difference between projected and actual earnings on Plan investments	-	118,996
Changes in proportion and differences between District contributions and proportionate share of contributions	-	38,619
District contributions subsequent to the measurement date	150,378	-
 Total	\$ 495,401	\$ 362,932

The \$150,378 of deferred outflows of resources resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. This includes an adjustment of \$27,869 related to the implicit subsidy, which is required to be recognized as a deferred outflow of resources. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ending June 30,

2020	\$ (1,306)
2021	\$ (1,306)
2022	\$ (1,306)
2023	\$ 21,805
2024	\$ (22,449)
2025	\$ (13,347)

Actuarial Assumptions – The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Non-hazardous

Inflation	2.30%
Salary increases	3.05%, average, including inflation
Investment rate of return	6.25%, net of Plan investment expense, including inflation
Healthcare trend	

Pre – 65: Initial trend starting at 7.00% at January 1, 2020, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years.

Post – 65: Initial trend starting at 5.00% at January 1, 2020, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 10 years.

**GREEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

8. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) – CERS (CONTINUED)

Mortality rates were based on the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females). For disabled members, the RP- 2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2008 - June 30, 2013. The total OPEB liability, net OPEB liability, and sensitivity information as of June 30, 2018 was based on an actuarial valuation date of June 30, 2017. The total OPEB liability was rolled-forward from the valuation date (June 30, 2017) to the plan's fiscal year ending June 30, 2018.

The long-term expected rate of return was determined by using a building-block method in which best estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the following table:

The target allocation and best estimates of arithmetic nominal real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	17.50%	
US Large Cap	5.00%	4.50%
US Mid Cap	6.00%	4.50%
US Small Cap	6.50%	5.50%
Non US Equity	17.50%	
International Developed	12.50%	6.50%
Emerging Markets	5.00%	7.25%
Global Bonds	4.00%	3.00%
Credit Fixed	24.00%	
Global IG Credit	2.00%	3.75%
High Yield	7.00%	5.50%
EMD	5.00%	6.00%
Illiquid Private	10.00%	8.50%
Private Equity	10.00%	6.50%
Real Estate	5.00%	9.00%
Absolute Return	10.00%	5.00%
Real Return	10.00%	7.00%
Cash	2.00%	1.50%
Total	100.00%	6.09%

Discount Rate – The discount rate used to measure the total OPEB liability was 5.85 percent for non-hazardous classifications. The projection of cash flows used to determine the discount rate assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 25-year amortization period of the unfunded actuarial accrued liability. The discount rate determination used an expected rate of return of 6.25%, and a municipal bond rate of 3.62%, as reported in Fidelity Index's "20 –Year Municipal GO AA Index" as of June 30, 2018. However, the cost associated with the implicit employer subsidy was not included in the calculation of the System's actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the System's trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

**GREEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

8. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) – CERS (CONTINUED)

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate – The following presents the District's proportionate share of the net OPEB liability calculated using the discount rate as well as what the District's proportionate share of the net OPEB 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:

	Discount rate		District's proportionate share of net OPEB liability
1% decrease	4.85%	\$	2,243,846
Current discount rate	5.85%	\$	1,727,578
1% increase	6.85%	\$	1,287,811

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate – The following presents the District's proportionate share of the net OPEB liability calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

		District's proportionate share of net OPEB liability
1% decrease	\$	1,286,199
Current trend rate	\$	1,727,578
1% increase	\$	2,247,836

OPEB plan fiduciary net position – Detailed information about the OPEB plan's fiduciary net position is available in the separately issued financial report.

9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) – KTRS

Plan description – Teaching-certified employees of the Kentucky School District are provided OPEBs through the Teachers' Retirement System of the State of Kentucky (TRS)—a cost-sharing multiple-employer defined benefit OPEB plan with a special funding situation established to provide retirement annuity plan coverage for local school districts and other public educational agencies in the state. TRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the Kentucky Revised Statutes (KRS). TRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. TRS issues a publicly available financial report that can be obtained at <https://trs.ky.gov/financial-reports-information>.

The District reports a liability, deferred outflows of resources and deferred inflows of resources, and expense as a result of its statutory requirement to contribute to the TRS Medical Insurance and Life Insurance Plans. The following information is about the TRS plans:

Medical Insurance Plan

Plan description – In addition to the OPEB benefits described above, Kentucky Revised Statute 161.675 requires TRS to provide post-employment healthcare benefits to eligible members and dependents. The TRS Medical Insurance benefit is a cost-sharing multiple employer defined benefit plan with a special funding situation. Changes made to the medical plan may be made by the TRS Board of Trustees, the Kentucky Department of Employee Insurance and the General Assembly.

**GREEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) – KTRS (CONTINUED)

Medical Insurance Plan, continued

Benefits provided – To be eligible for medical benefits, the member must have retired either for service or disability. The TRS Medical Insurance Fund offers coverage to members under the age of 65 through the Kentucky Employees Health Plan administered by the Kentucky Department of Employee Insurance. TRS retired members are given a supplement to be used for payment of their health insurance premium. The amount of the member’s supplement is based on a contribution supplement table approved by the TRS Board of Trustees. The retired member pays premiums in excess of the monthly supplement. Once retired members and eligible spouses attain age 65 and are Medicare eligible, coverage is obtained through the TRS Medicare Eligible Health Plan.

Contributions – In order to fund the post-retirement healthcare benefit, seven and one-half percent (7.50%) of the gross annual payroll of members is contributed. Three percent (3.00%) is paid by member contributions and three quarters percent (.75%) from state appropriation and three percent (3.00%) from the employer. The state contributes the net cost of health insurance premiums for members who retired on or after July 1, 2010, who are in the non-Medicare eligible group. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At June 30, 2019, the District reported a liability of \$3,912,061 for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the District’s long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the District’s proportion was .113 percent.

The amount recognized by the District as its proportionate share of the OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District’s proportionate share of the net OPEB liability	\$ 3,912,061
State’s proportionate share of the net OPEB liability associated with the District	<u>3,371,379</u>
Total	<u>\$ 7,283,440</u>

For the year ended June 30, 2019, the District recognized OPEB expense of \$181,000 and revenue of \$173,083 for support provided by the State. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual results	\$ -	\$ 200,378
Changes of assumptions	53,780	-
Net difference between projected and actual earnings on Plan investments	-	15,926
Changes in proportion and differences between District contributions and proportionate share of contributions	-	121,000
District contributions subsequent to the measurement date	<u>193,528</u>	-
Total	<u>\$ 247,308</u>	<u>\$ 337,304</u>

**GREEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) – KTRS (CONTINUED)

Of the total amount reported as deferred outflows of resources related to OPEB, \$193,528 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year ending June 30,

2020	\$	(55,000)
2021	\$	(55,000)
2022	\$	(55,000)
2023	\$	(48,000)
2024	\$	(49,000)
2025	\$	(21,524)

Actuarial assumptions – The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	8.00%, net of OPEB plan investment expense, including inflation.
Projected salary increases	3.50 – 7.20%, including inflation
Inflation rate	3.00%
Real Wage Growth	0.50%
Wage Inflation	3.50%
Healthcare cost trend rates	
Under 65	7.75% for FY 2018 decreasing to an ultimate rate of 5.00% by FY 2024
Ages 65 and Older	5.75% for FY 2018 decreasing to an ultimate rate of 5.00% by FY 2021
Medicare Part B Premiums	0.00% for FY 2018 with an ultimate rate of 5.00% by 2030
Municipal Bond Index Rate	3.89%
Discount Rate	8.00%
Single Equivalent Interest Rate	8.00%, net of OPEB plan investment expense, including inflation.

Mortality rates were based on the RP-2000 Combined Mortality Table projected to 2025 with projection scale BB, and set forward two years for males and one year for females is used for the period after service retirement and for dependent beneficiaries. The RP-2000 Disabled Mortality Table set forward two years for males and seven years for females is used for the period after disability retirement. The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the June 30, 2017 valuation were based on the results of the most recent actuarial experience studies for the System, which covered the five-year period ending June 30, 2015. The remaining actuarial assumptions used in the June 30, 2017 valuation of the MIF were based on a review of recent plan experience done concurrently with the June 30, 2017 valuation. The health care cost trend rate assumption was updated for the June 30, 2017 valuation and was shown as an assumption change in the TOL roll forward while the change in initial per capita claims costs were included with experience in the TOL roll forward.

**GREEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) – KTRS (CONTINUED)

The long-term expected rate of return on OPEB 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class, as provided by TRS's investment consultant, are summarized in the following table:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	58.0%	4.6%
Fixed Income	9.0%	1.2%
Real Estate	5.5%	3.8%
Private Equity	6.5%	6.3%
Other Additional Categories	20.0%	3.3%
Cash	1.0%	.9%
Total	100%	

Discount rate - The discount rate used to measure the total OPEB liability was 8.00%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 74.

The following table presents the District's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 8.00%, as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
District's net OPEB liability	\$ 3,243,909	\$ 3,912,061	\$ 4,736,389

Sensitivity of the District's proportionate share of the collective net OPEB liability to changes in the healthcare cost trend rates – The following presents the District's proportionate share of the collective net OPEB liability, as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using healthcare cost trend rates that were 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend Rate	1% Increase
District's net OPEB liability	\$ 4,587,000	\$ 3,912,061	\$ 3,349,000

OPEB plan fiduciary net position – Detailed information about the OPEB plan's fiduciary net position is available in the separately issued TRS financial report.

**GREEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) – KTRS (CONTINUED)

Life Insurance Plan

Plan description – Life Insurance Plan – TRS administers the life insurance plan as provided by Kentucky Revised Statute 161.655 to eligible active and retired members. The TRS Life Insurance benefit is a cost-sharing multiple employer defined benefit plan with a special funding situation. Changes made to the life insurance plan may be made by the TRS Board of Trustees and the General Assembly.

Benefits provided – TRS provides a life insurance benefit of five thousand dollars payable for members who retire based on service or disability. TRS provides a life insurance benefit of two thousand dollars payable for its active contributing members. The life insurance benefit is payable upon the death of the member to the member’s estate or to a party designated by the member.

Contributions – In order to fund the post-retirement life insurance benefit, three hundredths of one percent (.03%) of the gross annual payroll of members is contributed by the state.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At June 30, 2019, the District did not report a liability for its proportionate share of the collective net OPEB liability for life insurance benefits because the State of Kentucky provides the OPEB support directly to TRS on behalf of the District. The amount recognized by the District as its proportionate share of the OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District’s proportionate share of the net OPEB liability	\$ -
State’s proportionate share of the net OPEB liability associated with the District	<u>58,000</u>
Total	<u>\$ 58,000</u>

For the year ended June 30, 2019, the District recognized revenue of \$2,008 for support provided by the State.

Actuarial assumptions – The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	7.50%, net of OPEB plan investment expense, including inflation.
Projected salary increases	4.000 – 8.10%, including inflation
Inflation rate	3.50%
Real Wage Growth	0.50%
Wage Inflation	4.00%
Municipal Bond Index Rate	3.89%
Discount Rate	7.50%
Single Equivalent Interest Rate	7.50%, net of OPEB plan investment expense, including inflation.

Mortality rates were based on the RP-2000 Combined Mortality Table projected to 2025 with projection scale BB, and set forward two years for males and one year for females is used for the period after service retirement and for dependent beneficiaries. The RP-2000 Disabled Mortality Table set forward two years for males and seven years for females is used for the period after disability retirement. The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the June 30, 2017 valuation were based on the results of the most recent actuarial experience studies for the System, which covered the five-year period ending June 30, 2015.

**GREEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) – KTRS (CONTINUED)

The long-term expected rate of return on OPEB 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.

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity	40.0%	4.2%
International Equity	23.0%	5.2%
Fixed Income	18.0%	1.2%
Real Estate	6.0%	3.8%
Private Equity	5.0%	6.3%
Additional Categories	6.0%	3.3%
Cash	<u>2.0%</u>	.9%
Total	100%	

Discount rate - The discount rate used to measure the total OPEB liability for life insurance was 7.50%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 74.

OPEB plan fiduciary net position – Detailed information about the OPEB plan's fiduciary net position is available in the separately issued TRS financial report.

10. CONTINGENCIES

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

11. RISK MANAGEMENT

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

The District purchased 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.

**GREEN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

12. COBRA

Under COBRA, employers are mandated to notify terminated employees of available continuing insurance coverage. Failure to comply with this requirement may put the school district at risk for a substantial loss. The District notifies the Department of Employee Insurance (DEI) when an employee is no longer employed. DEI sends the employee the COBRA requirements.

13. TRANSFER OF FUNDS

The following transfers were made during the year.

<u>Type</u>	<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
Operating	1	2	KETS Matching	\$ 30,501
Debt Service	1	400	Debt Payments	176,099
Operating	2	1	Excess Program	39,162
Indirect cost	2	1	Indirect cost	3,087
Debt service	2	400	Debt payments	27,219
Operating	310	1	Capital Funds	145,236
Operating	320	1	Capital Funds	524,764
Debt Service	320	400	Debt Payments	573,644

14. ON-BEHALF PAYMENTS

The financial statements include payments made by the Commonwealth of Kentucky for insurance, flexible spending, vocational and retirement benefits. The following amounts are included in each of the functions.

Health insurance	\$ 2,088,140
Life Insurance	3,256
Administrative fees	26,868
Health reimbursement account	78,929
Federal reimbursement	(92,144)
Kentucky Teachers' Retirement - pension	2,068,440
Kentucky Teachers' Retirement – medical insurance	173,083
Kentucky Teachers' Retirement – life insurance	2,008
Technology on-behalf payments	83,778
SFCC	<u>750,184</u>
Total on-behalf payments	<u>\$ 5,182,542</u>

Supplementary Information

**GREEN COUNTY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
for the year ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
From local sources				
Property taxes	\$ 1,600,875	\$ 1,650,935	\$ 1,661,848	\$ 10,913
Motor vehicle taxes	320,000	325,628	330,347	4,719
Utility taxes	543,350	614,815	620,073	5,258
Other taxes	35,072	35,000	53,877	18,877
Earnings on investments	12,400	11,500	13,429	1,929
Tuition	2,500	1,500	13,995	12,495
Other local revenues	163,600	195,685	148,818	(46,867)
State sources	7,141,735	7,321,240	11,647,791	4,326,551
Federal sources	15,000	16,000	21,954	5,954
	<u>9,834,532</u>	<u>10,172,303</u>	<u>14,512,132</u>	<u>4,339,829</u>
TOTAL REVENUES [NOTE 1]				
EXPENDITURES				
Instruction	5,946,108	5,973,878	9,607,232	(3,633,354)
Support services				
Student	349,938	348,338	371,285	(22,947)
Instructional staff	461,831	446,169	449,412	(3,243)
District administration [Note 3]	1,246,623	1,481,734	493,077	988,657
School administration	775,728	775,727	978,908	(203,181)
Business	304,955	282,655	429,839	(147,184)
Plant operation and maintenance	1,122,485	1,064,125	1,237,138	(173,013)
Student transportation	976,334	1,146,933	1,154,210	(7,277)
Community service	-	-	425	(425)
Capital outlay [Note 2]	-	-	228,413	(228,413)
Debt service	89,073	44,537	20,583	23,954
	<u>11,273,075</u>	<u>11,564,096</u>	<u>14,970,522</u>	<u>(3,406,426)</u>
TOTAL EXPENDITURES [NOTE 1]				
Excess (Deficit) of Revenues Over Expenditures	<u>(1,438,543)</u>	<u>(1,391,793)</u>	<u>(458,390)</u>	<u>(933,403)</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	342,797	342,797	712,245	369,448
Operating Transfers Out	<u>(178,760)</u>	<u>(178,759)</u>	<u>(206,600)</u>	<u>(27,841)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>164,037</u>	<u>164,038</u>	<u>505,645</u>	<u>341,607</u>
NET CHANGE IN FUND BALANCE	(1,274,506)	(1,227,755)	47,255	1,275,010
Fund balance-beginning	<u>1,274,506</u>	<u>1,227,755</u>	<u>1,199,526</u>	<u>(28,229)</u>
Fund balance-ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,246,781</u>	<u>\$ 1,246,781</u>

Note 1: The District does not include on-behalf payments received from the Commonwealth of Kentucky in its budget. On-behalf payments recorded in revenue and expenditures for fiscal year 2019 totaled \$4,332,369.

Note 2: Capital outlay expenditures were budgeted with their respective function.

Note 3: The District included \$973,757 of contingency within the district administration budgeted function.

**GREEN COUNTY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - SPECIAL REVENUE FUND
for the year ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local sources	\$ 16,500	\$ 15,613	\$ 16,843	\$ 1,230
State sources	632,899	764,084	664,582	(99,502)
Federal sources	<u>1,165,609</u>	<u>1,240,348</u>	<u>1,199,149</u>	<u>(41,199)</u>
TOTAL REVENUES	<u>1,815,008</u>	<u>2,020,045</u>	<u>1,880,574</u>	<u>(139,471)</u>
EXPENDITURES				
Instruction	1,464,277	1,668,728	1,592,370	76,358
Support services				-
Student	69,906	74,029	5,229	68,800
Instructional staff	17,169	17,722	5,886	11,836
School administration	33,712	39,489	39,489	-
Plant operations & maintenance	92,450	54,387	24,627	29,760
Student transportation	27,608	-	56,400	(56,400)
Community services operations	<u>140,886</u>	<u>169,473</u>	<u>169,991</u>	<u>(518)</u>
TOTAL EXPENDITURES	<u>1,846,008</u>	<u>2,023,828</u>	<u>1,893,992</u>	<u>129,836</u>
Excess (Deficit) of Revenues Over Expenditures	(31,000)	(3,783)	(13,418)	(9,635)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	31,000	31,000	35,730	4,730
Operating transfers out	<u>-</u>	<u>(27,217)</u>	<u>(74,692)</u>	<u>(47,475)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>31,000</u>	<u>3,783</u>	<u>(38,962)</u>	<u>(42,745)</u>
NET CHANGE IN FUND BALANCE	-	-	(52,380)	(52,380)
Fund balance-beginning	<u>-</u>	<u>-</u>	<u>52,380</u>	<u>52,380</u>
Fund balance-ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**GREEN COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY SCHEDULE OF
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
COUNTY EMPLOYEES' RETIREMENT SYSTEM
Last Six Fiscal Years**

	2014	2015	2016	2017	2018	2019
District's proportion of the net pension liability	0.096%	0.096%	0.095%	0.097%	0.099%	0.099%
District's proportionate share of the net pension liability (asset)	\$ 3,642,608	\$ 3,126,271	\$ 4,105,717	\$ 4,786,834	\$ 5,182,686	\$ 5,926,232
District's covered employee payroll	\$ 2,752,000	\$ 2,692,947	\$ 2,751,499	\$ 2,318,017	\$ 2,411,274	\$ 2,413,003
District's share of the net pension liability (asset) as a percentage of its covered employee payroll	132.36%	116.09%	149.22%	206.51%	214.94%	245.60%
Plan fiduciary net position as a percentage of the total pension liability	61.22%	66.80%	59.97%	55.50%	53.32%	53.54%

Notes:

There were no changes in benefit terms, size or composition of the population covered by the benefit terms, or the assumptions used in the current fiscal year.

The measurement date of the net pension liability is one year preceding the fiscal year of the District.

The District's covered payroll reported above is payroll for the corresponding measurement date of the net pension liability and differs from the District's fiscal year payroll, reported on the Schedule of Contributions.

The above schedule will present 10 years of historical data, once available.

**GREEN COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY SCHEDULE OF
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
KENTUCKY TEACHERS' RETIREMENT SYSTEM
Last Four Fiscal Years**

	2016	2017	2018	2019
District's proportion of the net pension liability	0.0000%	0.0000%	0.0000%	0.0000%
District's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset)	<u>51,227,708</u>	<u>65,292,294</u>	<u>59,598,406</u>	<u>28,546,945</u>
Total	<u>\$ 51,227,708</u>	<u>\$ 65,292,294</u>	<u>\$ 59,598,406</u>	<u>\$ 28,546,945</u>
District's covered employee payroll	\$ 7,292,271	\$ 7,361,773	\$ 7,442,386	\$ 7,376,668
District's share of the net pension liability (asset) as a percentage of its covered employee payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	42.49%	35.22%	39.83%	59.28%

Notes:

Changes of benefit terms – None.

Changes of assumptions – The discount rate used to measure the total net pension liability was increased from 4.49% to 7.50% in the current year.

The District's covered payroll reported above is payroll for the corresponding measurement date of the net pension liability and differs from the District's fiscal year payroll, reported on the Schedule of Contributions.

The above schedule will present 10 years of historical data, once available.

**GREEN COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY SCHEDULE OF
PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
COUNTY EMPLOYEES' RETIREMENT SYSTEM
Last Three Fiscal Years**

	2017	2018	2019
District's proportion of the net OPEB liability	0.097%	0.099%	0.099%
District's proportionate share of the net OPEB liability (asset)	\$ 1,565,909	\$ 1,996,390	\$ 1,727,578
District's covered employee payroll	\$ 2,318,017	\$ 2,411,274	\$ 2,413,003
District's share of the net OPEB liability (asset) as a percentage of its covered employee payroll	67.55%	82.79%	71.59%
Plan fiduciary net position as a percentage of the total OPEB liability	unavailable	52.39%	57.62%

Notes:

There were no changes in benefit terms, size or composition of the population covered by the benefit terms, or the assumptions used in the current fiscal year.

The measurement date of the net OPEB liability is one year preceding the fiscal year of the District.

The District's covered payroll reported above is payroll for the corresponding measurement date of the net OPEB liability and differs from the District's fiscal year payroll, reported on the Schedule of Contributions.

**GREEN COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY SCHEDULE OF
PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - MEDICAL INSURANCE PLAN
KENTUCKY TEACHERS' RETIREMENT SYSTEM
Last Three Fiscal Years**

	2017	2018	2019
District's proportion of the collective net OPEB liability	0.117%	0.117%	0.113%
District's proportionate share of the collective net OPEB liability (asset)	\$ 4,121,000	\$ 4,161,623	\$ 3,912,061
State's proportionate share of the collective net OPEB liability (asset) associated with the District	<u>3,365,000</u>	<u>3,399,445</u>	<u>3,371,379</u>
Total	<u>\$ 7,486,000</u>	<u>\$ 7,561,068</u>	<u>\$ 7,283,440</u>
District's covered employee payroll	\$ 6,608,372	\$ 6,664,930	\$ 6,698,382
District's proportionate share of the collective net OPEB liability (asset) as a percentage of its covered employee payroll	62.36%	62.44%	58.40%
Plan fiduciary net position as a percentage of the total OPEB liability	unavailable	21.20%	25.50%

Notes:

Changes of benefit terms – With the passage of House Bill 471, the eligibility for non-single subsidies (NSS) for the KEHP-participating members who retired prior to July 1, 2010 is restored, but the state will only finance, via its KEHP “Shared Responsibility” contributions, the costs of the NSS related to those KEHP-participating members who retired on or after July 1, 2010.

Changes of assumptions – Updated health care trend rates were implemented.

The District's covered payroll reported above is payroll for the corresponding measurement date of the net OPEB liability and differs from the District's fiscal year payroll, reported on the Schedule of Contributions.

The above schedule will present 10 years of historical data, once available.

**GREEN COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY SCHEDULE OF
PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - LIFE INSURANCE PLAN
KENTUCKY TEACHERS' RETIREMENT SYSTEM
Last Three Fiscal Years**

	2017	2018	2019
District's proportion of the collective net OPEB liability	0.0000%	0.0000%	0.0000%
District's proportionate share of the collective net OPEB liability (asset)	\$ -	\$ -	\$ -
State's proportionate share of the collective net OPEB liability (asset) associated with the District	<u>32,000</u>	<u>46,000</u>	<u>58,000</u>
Total	<u>\$ 32,000</u>	<u>\$ 46,000</u>	<u>\$ 58,000</u>
District's covered employee payroll	\$ 7,361,773	\$ 7,442,386	\$ 7,376,668
District's proportionate share of the collective net OPEB liability (asset) as a percentage of its covered employee payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	unavailable	80.00%	74.97%

Notes:

Changes of benefit terms – None.

Changes of assumptions – None.

The District's covered payroll reported above is payroll for the corresponding measurement date of the net OPEB liability and differs from the District's fiscal year payroll, reported on the Schedule of Contributions.

The above schedule will present 10 years of historical data, once available.

**GREEN COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY
SCHEDULE OF PENSION CONTRIBUTIONS
COUNTY EMPLOYEES' RETIREMENT SYSTEM
Last Six Fiscal Years**

	2014	2015	2016	2017	2018	2019
Contractually required employer contribution	\$ 303,429	\$ 284,109	\$ 288,863	\$ 337,855	\$ 349,402	\$ 377,776
Contributions relative to contractually required employer contribution	<u>303,429</u>	<u>284,109</u>	<u>288,863</u>	<u>337,855</u>	<u>349,402</u>	<u>377,776</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 2,692,947	\$ 2,751,499	\$ 2,318,017	\$ 2,411,274	\$ 2,413,003	\$ 2,312,726
Employer contributions as a percentage of covered-employee payroll	11.27%	10.33%	12.46%	14.01%	14.48%	16.33%

Notes:

There were no changes in benefit terms, size or composition of the population covered by the benefit terms, or the assumptions used in the current fiscal year.

Contractually required employer contributions exclude the portion of contributions paid to CERS but allocated to the insurance fund of the CERS. The above contributions only include those contributions allocated directly to the CERS pension fund.

The District's covered payroll reported above is payroll for the District's corresponding fiscal year and differs from the covered payroll reported on the Schedule of Proportionate Share of the Net Pension Liability.

The above schedule will present 10 years of historical data, once available.

**GREEN COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY
SCHEDULE OF PENSION CONTRIBUTIONS
KENTUCKY TEACHERS' RETIREMENT SYSTEM
Last Five Fiscal Years**

	2015	2016	2017	2018	2019
Contractually required employer contribution	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions relative to contractually required employer contribution	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 7,292,271	\$ 7,361,773	\$ 7,442,386	\$ 7,376,668	\$ 7,194,157
Employer contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%

Notes:

The required employer contributions and percent of those contributions actually made are presented in the schedule.

The District's covered payroll reported above is payroll for the District's corresponding fiscal year and differs from the covered payroll reported on the Schedule of Proportionate Share of the Net Pension Liability.

The above schedule will present 10 years of historical data, once available.

**GREEN COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY
SCHEDULE OF OPEB CONTRIBUTIONS
COUNTY EMPLOYEES' RETIREMENT SYSTEM
Last Six Fiscal Years**

	2014	2015	2016	2017	2018	2019
Contractually required employer contribution	\$ 113,731	\$ 109,633	\$ 107,917	\$ 114,556	\$ 113,411	\$ 122,509
Contributions relative to contractually required employer contribution	<u>113,731</u>	<u>109,633</u>	<u>107,917</u>	<u>114,556</u>	<u>113,411</u>	<u>122,509</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 2,692,947	\$ 2,751,499	\$ 2,318,017	\$ 2,411,274	\$ 2,413,003	\$ 2,312,726
Employer contributions as a percentage of covered-employee payroll	4.22%	3.98%	4.66%	4.75%	4.70%	5.30%

Notes:

There were no changes in benefit terms, size or composition of the population covered by the benefit terms, or the assumptions used in the current fiscal year.

Contractually required employer contributions exclude the portion of contributions paid to CERS but allocated to the pension fund of the CERS. The above contributions only include those contributions allocated directly to the CERS OPEB fund.

The District's covered payroll reported above is payroll for the District's corresponding fiscal year and differs from the covered payroll reported on the Schedule of Proportionate Share of the Net OPEB Liability.

The above schedule will present 10 years of historical data, once available.

**GREEN COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY
SCHEDULE OF OPEB CONTRIBUTIONS - MEDICAL INSURANCE PLAN
KENTUCKY TEACHERS' RETIREMENT SYSTEM
Last Four Fiscal Years**

	2016	2017	2018	2019
Contractually required employer contribution	\$ 198,251	\$ 199,948	\$ 200,986	\$ 193,528
Contributions relative to contractually required employer contribution	<u>198,251</u>	<u>199,948</u>	<u>200,986</u>	<u>193,528</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 6,608,372	\$ 6,664,930	\$ 6,698,382	\$ 6,450,905
Employer contributions as a percentage of covered-employee payroll	3.00%	3.00%	3.00%	3.00%

Notes:

Changes of benefit terms – With the passage of House Bill 471, the eligibility for non-single subsidies (NSS) for the KEHP-participating members who retired prior to July 1, 2010 is restored, but the state will only finance, via its KEHP “Shared Responsibility” contributions, the costs of the NSS related to those KEHP-participating members who retired on or after July 1, 2010.

The District's covered payroll reported above is payroll for the District's corresponding fiscal year and differs from the covered payroll reported on the Schedule of Proportionate Share of the Net OPEB Liability - medical insurance plan.

The above schedule will present 10 years of historical data, once available.

**GREEN COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY
SCHEDULE OF OPEB CONTRIBUTIONS - LIFE INSURANCE PLAN
KENTUCKY TEACHERS' RETIREMENT SYSTEM
Last Four Fiscal Years**

	2016	2017	2018	2019
Contractually required employer contribution	\$ -	\$ -	\$ -	\$ -
Contributions relative to contractually required employer contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 7,361,773	\$ 7,442,386	\$ 7,376,668	\$ 7,194,157
Employer contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%

Notes:

Changes of benefit terms – None.

The District's covered payroll reported above is payroll for the District's corresponding fiscal year and differs from the covered payroll reported on the Schedule of Proportionate Share of the Net OPEB Liability - life insurance plan.

The above schedule will present 10 years of historical data, once available.

**GREEN COUNTY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
for the year ended June 30, 2019**

	SEEK Capital Outlay Fund	FSPK Building Fund	Construction Fund	Debt Service Fund	District Activity Fund	Total
ASSETS						
Cash and cash equivalents	\$ -	\$ 128,286	\$ -	\$ -	\$ 51,259	\$ 179,545
Accounts receivable	-	-	<u>93,759</u>	-	<u>365</u>	<u>94,124</u>
Total assets	<u>\$ -</u>	<u>\$ 128,286</u>	<u>\$ 93,759</u>	<u>\$ -</u>	<u>\$ 51,624</u>	<u>\$ 273,669</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 1,971	\$ 1,971
Due to other funds	-	-	93,759	-	25	93,784
Unearned revenue	-	-	-	-	<u>49,628</u>	<u>49,628</u>
Total liabilities	-	-	<u>93,759</u>	-	<u>51,624</u>	<u>145,383</u>
FUND BALANCE						
Restricted - SFCC	-	<u>128,286</u>	-	-	-	<u>128,286</u>
Total fund balance	-	<u>128,286</u>	-	-	-	<u>128,286</u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ 128,286</u>	<u>\$ 93,759</u>	<u>\$ -</u>	<u>\$ 51,624</u>	<u>\$ 273,669</u>

**GREEN COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
for the year ended June 30, 2019**

	SEEK Capital Outlay Fund	FSPK Building Fund	Construction Fund	Debt Service Fund	District Activity Fund	Total
REVENUES						
From local sources						
Property taxes	\$ -	\$ 479,768	\$ -	\$ -	\$ -	\$ 479,768
Other local sources	-	-	-	-	81,041	81,041
Intergovernmental - State	<u>145,236</u>	<u>731,498</u>	<u>197,996</u>	<u>750,184</u>	<u>-</u>	<u>1,824,914</u>
Total revenues	<u>145,236</u>	<u>1,211,266</u>	<u>197,996</u>	<u>750,184</u>	<u>81,041</u>	<u>2,385,723</u>
EXPENDITURES						
Instruction	-	-	-	-	79,824	79,824
Plant operation and maintenance	-	-	55,509	-	-	55,509
Student transportation	-	-	-	-	1,217	1,217
Capital outlay	-	-	143,291	-	-	143,291
Debt service	-	-	-	<u>1,527,145</u>	<u>-</u>	<u>1,527,145</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>198,800</u>	<u>1,527,145</u>	<u>81,041</u>	<u>1,806,986</u>
Excess (deficit) revenues over expenditures	<u>145,236</u>	<u>1,211,266</u>	<u>(804)</u>	<u>(776,961)</u>	<u>-</u>	<u>578,737</u>
OTHER FINANCING SOURCES (USES)						
Operating transfers in	(145,236)	-	-	776,961	-	631,725
Operating transfers out	<u>-</u>	<u>(1,098,408)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,098,408)</u>
Total other financing sources (uses)	<u>(145,236)</u>	<u>(1,098,408)</u>	<u>-</u>	<u>776,961</u>	<u>-</u>	<u>(466,683)</u>
Excess (deficit) revenues and other financing sources over expenditures and other financing uses	-	112,858	(804)	-	-	112,054
Fund Balance, July 1, 2018	<u>-</u>	<u>15,428</u>	<u>804</u>	<u>-</u>	<u>-</u>	<u>16,232</u>
Fund Balance, June 30, 2019	<u>\$ -</u>	<u>\$ 128,286</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 128,286</u>

**GREEN COUNTY SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 SCHOOL ACTIVITY FUNDS
 for the year ended June 30, 2019**

	Green County High School	Green County Middle School	Green County Intermediate School	Green County Primary School	Total
ASSETS					
Cash and cash equivalents	\$ 93,991	\$ 24,721	\$ 13,824	\$ 17,144	\$ 149,680
Total assets	<u>\$ 93,991</u>	<u>\$ 24,721</u>	<u>\$ 13,824</u>	<u>\$ 17,144</u>	<u>\$ 149,680</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to student groups	<u>93,991</u>	<u>24,721</u>	<u>13,824</u>	<u>17,144</u>	<u>149,680</u>
Total liabilities	<u>\$ 93,991</u>	<u>\$ 24,721</u>	<u>\$ 13,824</u>	<u>\$ 17,144</u>	<u>\$ 149,680</u>

**GREEN COUNTY SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY RECEIPTS, DISBURSEMENTS AND DUE TO STUDENT GROUPS
 SCHOOL ACTIVITY FUNDS
 for the year ended June 30, 2019**

	Cash Balances			Cash Balances	Accounts	Accounts	Fund Balances
	July 01, 2018	Receipts	Disbursements	June 30, 2019	Receivable	Payable	June 30, 2019
					June 30, 2019	June 30, 2019	
Green County High School	\$ 65,418	\$ 371,512	\$ (342,939)	\$ 93,991	\$ -	\$ -	\$ 93,991
Green County Middle School	25,745	126,147	(127,171)	24,721	-	-	24,721
Green County Intermediate School	16,473	82,909	(85,558)	13,824	-	-	13,824
Green County Primary School	<u>14,025</u>	<u>98,609</u>	<u>(95,490)</u>	<u>17,144</u>	<u>-</u>	<u>-</u>	<u>17,144</u>
TOTAL ACTIVITY FUNDS	<u>\$ 121,661</u>	<u>\$ 679,177</u>	<u>\$ (651,158)</u>	<u>\$ 149,680</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 149,680</u>

**GREEN COUNTY SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS AND DUE TO STUDENT GROUPS
GREEN COUNTY HIGH SCHOOL
for the year ended June 30, 2019**

	Cash Balances			Cash Balances	Accounts	Accounts	Fund Balances
	Beginning	Receipts	Disbursements	Year End	Receivable	Payable	Year End
					Year End	Year End	Year End
General	\$ 4,533	\$ 9,399	\$ (5,859)	\$ 8,073	\$ -	\$ -	\$ 8,073
Yearbook	1,590	8,060	(8,057)	1,593	-	-	1,593
Art Club	1,559	110	(383)	1,286	-	-	1,286
FCA	282	170	(306)	146	-	-	146
Archery Boosters	934	2,830	(2,617)	1,147	-	-	1,147
Athletic	-	81,454	(78,262)	3,192	-	-	3,192
Baseball Boosters	695	18,076	(15,411)	3,360	-	-	3,360
Boy's Basketball Boosters	6,941	13,468	(10,525)	9,884	-	-	9,884
Boy's Golf Boosters	2,222	1,660	(1,847)	2,035	-	-	2,035
Cheerleaders Boosters	1,738	17,174	(15,643)	3,269	-	-	3,269
Boy's XC Boosters	9,533	3,577	(6,451)	6,659	-	-	6,659
Girl's XC Boosters	918	3,816	(4,115)	619	-	-	619
Track- Boys and Girls	6,738	12,933	(13,421)	6,250	-	-	6,250
Football Boosters	2,772	42,034	(36,764)	8,042	-	-	8,042
Bowling Boosters	306	3,986	(3,306)	986	-	-	986
Girl's Basketball Boosters	374	5,975	(5,636)	713	-	-	713
Softball Boosters	2,887	7,865	(5,869)	4,883	-	-	4,883
Girl's Golf Boosters	1,343	6,201	(7,062)	482	-	-	482
Girl's Golf Region	996	-	(996)	-	-	-	-
Staff fundraiser	-	1,007	(930)	77	-	-	77
Volleyball Boosters	4,587	16,718	(17,935)	3,370	-	-	3,370
BETA	419	4,593	(3,800)	1,212	-	-	1,212
Biology	117	-	-	117	-	-	117
Concessions	244	5,099	(5,121)	222	-	-	222
Subtotal	<u>\$ 51,728</u>	<u>\$ 266,205</u>	<u>\$ (250,316)</u>	<u>\$ 67,617</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,617</u>

**GREEN COUNTY SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS AND DUE TO STUDENT GROUPS (CONTINUED)
GREEN COUNTY HIGH SCHOOL
for the year ended June 30, 2019**

	Cash Balances Beginning	Receipts	Disbursements	Cash Balances Year End	Accounts Receivable Year End	Accounts Payable Year End	Fund Balances Year End
Greenhouse	\$ 5,342	\$ 32,078	\$ (30,312)	\$ 7,108	\$ -	\$ -	\$ 7,108
FCCLA	1	287	(208)	80	-	-	80
FCCLA Earnings	142	542	(364)	320	-	-	320
History Club	410	750	(1,032)	128	-	-	128
Family and Consumer Sciences	114	-	(63)	51	-	-	51
Gifted and Talented	255	-	-	255	-	-	255
Multi Media Publishing	57	90	-	147	-	-	147
Senior Class	-	19,445	(16,397)	3,048	-	-	3,048
Junior Class	3,747	10,739	(9,647)	4,839	-	-	4,839
PEP Club	415	145	(140)	420	-	-	420
Rotary Interact Club	508	340	(64)	784	-	-	784
Sophomore Class	137	320	(313)	144	-	-	144
Freshman Class	47	440	(410)	77	-	-	77
Student Council	-	16,983	(16,992)	(9)	-	-	(9)
STLP	65	68	-	133	-	-	133
S.O.S	-	882	(361)	521	-	-	521
Spanish Club	106	715	(761)	60	-	-	60
Science Club	1,232	245	(484)	993	-	-	993
Opioid Abuse Awareness	-	5,000	(822)	4,178	-	-	4,178
Band	52	10,303	(8,251)	2,104	-	-	2,104
Band Camp Fees	142	4,080	(3,801)	421	-	-	421
Faculty and Staff	918	1,855	(2,201)	572	-	-	572
Total	\$ 65,418	\$ 371,512	\$ (342,939)	\$ 93,991	\$ -	\$ -	\$ 93,991



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

To the State Committee for School District Audits and
Members of the Board of Education
Green County School District
Greensburg, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Green County School District, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Green County School District's basic financial statements, and have issued our report thereon dated November 13, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the Green County School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

We noted certain matters that we reported to management of the Green County School District, in a separate letter dated November 13, 2019.

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.

RFH

RFH, PLLC
Lexington, Kentucky
November 13, 2019



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

To the State Committee for School District Audits and
Members of the Board of Education
Green County School District
Greensburg, Kentucky

Report on Compliance for Each Major Federal Program

We have audited the Green County School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Green County School District's major federal programs for the year ended June 30, 2019. Green County School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the 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; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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 each major federal program. However, our audit does not provide a legal determination of the Green County School District's compliance.

Opinion on Each Major Federal Program

In our opinion, the Green County School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of the 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 the Green County School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 a 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

RFH

RFH, PLLC
Lexington, Kentucky
November 13, 2019

**GREEN COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
for the year ended June 30, 2019**

GRANTOR/PROGRAM TITLE	Federal CFDA Number	Pass Through Grantor's Number	Expenditures
U.S. Department of Agriculture (USDA)			
Passed through Kentucky Department of Education			
Child Nutrition Cluster			
National School Lunch Program	10.555	7750002	\$ 674,049
National School Breakfast Program	10.553	7760005	261,495
Commodities (Note 2)	10.555	Note 6	<u>76,212</u>
Total U.S. Department of Agriculture			<u>\$ 1,011,756</u>
U.S. Department of Education			
Passed through Kentucky Department of Education			
Improving School's Act of 1994			
Title I, Part A Cluster	84.010	3100002	<u>\$ 655,385</u>
Title I, Migrant Education	84.011	Note 6	<u>680</u>
Special Education Cluster (IDEA)			
Special Education - Grants to States (IDEA, Part B)	84.027	3810002	320,471
Special Education - Preschool Grants (IDEA, Preschool)	84.173	3800002	<u>5,886</u>
Total Special Education Cluster (IDEA)			<u>326,357</u>
Vocational Education	84.048	3710002	<u>7,895</u>
Rural Education	84.358	3140002	<u>29,800</u>
Improving Teacher Quality State Grants	84.367	3230002	<u>82,432</u>
Community Based Work Transition Program	84.126A	Note 6	<u>61,345</u>
Title IV, Part A	84.424	3420002	<u>35,255</u>
Total U.S. Department of Education			<u>\$ 1,199,149</u>
Total expenditures of federal awards			<u>\$ 2,210,905</u>

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in, or used, in the preparation of, the basic financial statements may differ from those numbers.

Note 2 - Nonmonetary assistance is reported in the schedule at the fair market value of the commodities disbursed.

Note 3 - The District did not pass through any funds to subrecipients.

Note 4 - Indirect Cost Rates

The District did not elect to use the 10 percent de minimis cost rate as allowed under the Uniform Guidance.

Note 5 - Passthrough entity numbers are presented when available.

Note 6 - Pass through grantor's number not available.

**GREEN COUNTY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
for the year ended June 30, 2019**

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified __Yes XNo

Significant deficiencies identified that are not
considered to be material weaknesses __Yes XNone reported

Non-compliance material to financial statements noted __Yes XNo

Federal Awards:

Internal control over major programs:

Material weaknesses identified __Yes XNo

Significant deficiencies identified that are not
considered to be material weaknesses __Yes XNone reported

Type of auditors' report issued on compliance for major programs:

Unmodified for all major programs.

Any audit findings disclosed that are required to be reported in
accordance with Section 2 CFR 200.516(a)? __Yes XNo

Major Programs:

CFDA Number	Name of Federal Program or Cluster
10.553 and 10.555	Child Nutrition Cluster

Dollar threshold used to distinguish between type A
and type B programs: \$ 750,000

Auditee qualified as a low-risk auditee? XYes __No

II. FINDINGS RELATED TO FINANCIAL STATEMENTS

NONE

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

NONE

IV. PRIOR AUDIT FINDINGS

NONE



Members of the Board of Education
Green County School District
Greensburg, Kentucky

In planning and performing our audit of the financial statements of the Green County School District for the year ended June 30, 2019, we considered the District's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated November 13, 2019 on the financial statements of the Green County School District. We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various District personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Respectfully,

RFH

RFH, PLLC
November 13, 2019

**Green County School District
Management Letter Comments
June 30, 2019**

DISTRICT

Current Year Findings

None.

Status of Prior Year Comments

No prior year findings.

**Green County School District
Management Letter Comments
June 30, 2019**

SCHOOL ACTIVITY FUNDS

GREEN COUNTY HIGH SCHOOL

2019-01: Purchase Orders

Condition:

Testing disclosed four instances of purchases being approved after being obligated. Purchase orders should be completed prior to all purchases.

Response:

Principal, school bookkeeper, and district finance officer have reviewed the findings. It was determined that all expenditures were routine in nature and had verbal approval prior to being encumbered, although this was not documented on a purchase order prior to being obligated in accordance with existing board policy.

All persons with the capability of completing purchase orders and requesting expenditure of funds were reminded of proper procedure at the beginning of the school year. Proper procedure is also documented in the faculty/staff handbook and the coaches' handbook. A Redbook review will also continue to take place annually.

Status of Prior Year Comments

Condition 2019-01 is a repeat finding from the prior year. All other findings from the prior year were not repeated.

GREEN COUNTY MIDDLE SCHOOL

2019-01: Purchase Orders

Condition:

Testing disclosed an instance of a purchase being approved after being obligated. Purchase orders should be completed prior to all purchases.

Response:

Principal, school bookkeeper, and district finance officer have reviewed the finding. It was determined that the \$20.94 expenditure for cookies was routine in nature and had verbal approval prior to being encumbered, although this was not documented on a purchase order prior to being obligated in accordance with existing board policy.

All persons with the capability of completing purchase orders and requesting expenditure of funds were reminded of proper procedure at the beginning of the school year. Proper procedure is also documented in the faculty/staff handbook and the coaches' handbook. A Redbook review will also continue to take place annually.

Status of Prior Year Comments

Condition 2019-01 is a new finding in the current year. All findings from the prior year were not repeated.

**Green County School District
Management Letter Comments
June 30, 2019**

GREEN COUNTY INTERMEDIATE SCHOOL

Status of Prior Year Comments

There were no prior year conditions repeated in the current year. There were no reportable findings in the current year.

GREEN COUNTY PRIMARY SCHOOL

2019-01: Operating Expenditures

Condition:

Operating costs should not be made out of school activity funds. Testing disclosed three instances of payments made for operational costs.

Response:

Two of the three items listed were for library supplies (\$37.86 for MMM tape and \$12.94 for library bedtime stories). The items were purchased for the library utilizing book fair dollars that could have been swept to the school's district activity account to allow the purchases in accordance with Redbook. A procedural change has been implemented that will require all book fair revenue to be transferred to the school's district activity account.

The third item listed was for the purchase of replacement CPR pads for the school nurse.

Bookkeeper and principals are aware of existing requirements that all operational expenditures be obligated from district funds. Classifying expenditures as operational or routine can be ambiguous. District finance officer will be visiting with each bookkeeper and principals across the district to review all 2018-2019 purchases to help recognize opportunities for classifying and identifying expenditures that might be operational in nature.

Status of Prior Year Comments

There were no prior year conditions repeated in the current year.