FINAL DRAFT

WARREN COUNTY SCHOOL DISTRICT

BASIC FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION,
AND INDEPENDENT AUDITOR'S REPORTS

Year Ended June 30, 2021

FINAL DRAFT

WARREN COUNTY SCHOOL DISTRICT

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HCA
Heartland CPAs and Advisors PLLC

INDEPENDENT AUDITOR'S REPORT

Kentucky State Committee for School District Audits
Members of the Board of Education
Warren County School District
Bowling Green, 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 Warren County School District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the accompanying table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; 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*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of 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 on 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 District as of June 30, 2021, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 1 to the financial statements, during the year ended June 30, 2021, the District adopted Governmental Accounting Standards Board Statement 84, *Fiduciary Activities,* Statement 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period,* Statement 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61,* Statement 92, *Omnibus 2020 and* Statement 93, *Replacement of Interbank Offered Rates.* Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 to 11, budgetary comparison information on pages 60 to 61, schedule of proportionate share of the net pension and OPEB liabilities on pages 62 to 66 and schedule of contributions on pages 67 to 71 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 Warren County School District’s basic financial statements. The combining financial statements, school schedules 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* (CFR) 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 financial statements, school schedules 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 accounting standards generally accepted in the United States of America. In our opinion, the combining financial statements, school schedules and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 9, 2021, on our consideration of Warren County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the 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 Warren County School District's internal control over financial reporting and compliance.

Heartland CPAs and Advisors, PLLC
Elizabethtown, Kentucky
December 9, 2021

FINAL DRAFT

MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis of Warren County Board of Education's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ending June 30, 2021. The intent of this discussion and analysis is to review the District's financial performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the District's financial performance.

The Management's Discussion and Analysis ("MD&A") is an element of the reporting model adopted by the Governmental Accounting Standards Board ("GASB") in their Statement No. 34 Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Government issued in June 1999.

Financial Highlights

- In total, net position increased by $9,039,991. The Net Position of governmental activities decreased by $2,189,841, while the net position of business-type activity increased by $11,229,832. Total assets increased by $31,897,585 and total liabilities increased by $24,060,587. The increase in total liabilities is primarily attributed to bond issues relating to building a new Rich Pond Elementary. Whereas, the increase in Total Assets is predominately related to converting the WCHS Phase II Renovation and the Guaranteed Energy Savings projects to capitalized asset.

- General revenues accounted for $101,115,128 or 78% of all governmental revenues. Program specific revenues in the form of operating grants, grants and contributions accounted for $21,850,592 or 17% of total governmental revenues of $129,576,217.

- Governmental Activities: Total assets increased by $20,059,196. "Capital Assets" increased by $12,404,644. "Current and Other Assets" increased by $7,654,552 in 2021.

- The District had $123,555,720 in expenses relating to governmental activities; of which $28,461,089, in expenses, were offset by program specific charges for services, grants, and contributions. General revenues (primarily local taxes and the State SEEK allocation), were adequate to provide these programs.

Using this Annual Financial Report (AFR)

This annual report consists of three parts – *management's discussion and analysis* (this part), *the basic financial statements*, and *the required supplementary information*. These statements are organized in a manner so that the reader can understand the District as a financial whole. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The **Statement of Net Position and Statement of Activities** provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's major funds with all other non-major funds presented in total in one column. The major funds for the District are the general fund, special revenue fund, FSPK fund and the constructilon fund.

Reporting on the District as a Whole

One of the most important questions to ask is "how did the District perform financially during the fiscal year 2021?" The **Statement of Net Position** and the **Statement of Activities**, which appear first in the District's financial statements, report information on the District as a whole and is formatted in such a way that will assist a reader in answering this question. These statements include all assets and liabilities using the accrual basis of accounting and economic resources measurement focus, which is similar to the accounting used by most private-sector companies.

These two statements report the District's net position and the changes therein. This change in net position is important because it tells the reader whether, for the District as a whole, the financial position of the District has improved or diminished. However, the District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the District's property tax base, current property tax laws in Kentucky restricting revenue growth *(4% maximum growth in revenue)*, required educational programs and other factors.

In the **Statement of Net Position** and the **Statements of Activities**, the District is divided into two distinct categories:

- **Government Activities** - Most of the District's basic services are included here, such as instructional services (as it relates to elementary, middle and high school educational programs), support services (guidance, attendance, health services, special needs services, etc.), debt service payments, extracurricular activities (sports, band, etc.), operation and maintenance of plant, pupil transportation and other activities.

- **Business-type Activities -** These services are provided on a charge for goods or services basis to recover all of the expenses of the goods provided. The District's business-type activities are the food service and day care operations.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major funds begins on page 12. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's major funds.

Governmental Funds - Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending in future periods. These funds are reported using the accrual method of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or difference) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the financial statements.

Proprietary Funds - Proprietary funds use the same basis of accounting as business-type activities; therefore, the statements for the proprietary fund will essentially match.

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 statements.

(Table 1)
Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Current and Other Assets	$54,154,251	$ 46,499,699	$ 8,757,511	$ 5,923,431	$62,911,762	$ 52,423,130
Capital Assets	321,116,117	308,711,473	22,272,102	13,267,793	343,388,219	321,979,266
Total Assets	375,270,368	355,211,172	31,029,613	19,191,224	406,299,981	374,402,396
Deferred Outflows	26,667,245	22,116,026	2,914,561	2,566,207	29,581,806	24,682,233
Long-term Debt	291,613,547	268,943,867	10,633,139	9,343,864	302,246,686	278,287,731
Other Liabilities	20,205,133	19,451,067	136,167	788,601	20,341,300	20,239,668
Total Liabilities	311,818,680	288,394,934	10,769,306	10,132,465	322,587,986	298,527,399
Deferred Inflows	15,497,662	6,721,425	630,391	943,653	16,128,053	7,665,078
Net Position						
Net investment in capital assets	117,136,730	120,067,800	22,272,102	13,267,793	139,408,832	133,335,593
Restricted	20,467,609	17,422,199			20,467,609	17,422,199
Unrestricted	(62,983,068)	(61,509,827)	272,375	(1,953,148)	(62,710,693)	(63,462,975)
Total Net Position	$74,621,271	$ 75,980,172	$ 22,544,477	$11,314,645	$97,165,748	$ 87,294,817

(Table 2)
Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
REVENUES:						
Program revenues:						
Charges for services	$ 924,658	$ 61,126	$ 296,615	$ 1,752,996	$ 1,221,273	$ 1,814,122
Operating grants and contributions	21,850,592	16,087,780	14,021,099	11,439,899	35,871,691	27,527,679
Capital grants	5,685,839	4,895,623	-	-	5,685,839	4,895,623
General revenues:						
Property taxes	44,501,622	41,162,869	-	-	44,501,622	41,162,869
Motor vehicle taxes	5,138,884	4,441,439	-	-	5,138,884	4,441,439
Utility taxes	6,220,444	6,068,609	-	-	6,220,444	6,068,609
Occupational taxes	9,870,822	9,932,579	-	-	9,870,822	9,932,579
Other taxes	1,125,776	1,164,332	-	-	1,125,776	1,164,332
Investment earnings	926,892	992,117	93,950	84,270	1,020,842	1,076,387
State and formula grants	32,069,100	39,963,741	-	-	32,069,100	39,963,741
Gain on disposal of capital assets	572	-	-	22	572	22
Miscellaneous	1,261,016	4,738,469	-	-	1,261,016	4,738,469
Total revenues	129,576,217	129,508,684	14,411,664	13,277,187	143,987,881	142,785,871
EXPENSES						
Program Activities						
Instruction	57,705,550	57,219,968	-	-	57,705,550	57,219,968
Student support	10,936,013	10,894,127	-	-	10,936,013	10,894,127
Instructional staff support	3,942,974	4,060,600	-	-	3,942,974	4,060,600
District administrative support	3,160,883	2,516,345	-	-	3,160,883	2,516,345
School administrative support	9,703,682	9,534,737	-	-	9,703,682	9,534,737
Business support	4,366,142	4,308,250	-	-	4,366,142	4,308,250
Plant operation and maintenance	14,671,700	14,643,774	-	-	14,671,700	14,643,774
Student transportation	10,442,814	10,701,804	-	-	10,442,814	10,701,804
Community service activities	1,842,460	1,732,615	-	-	1,842,460	1,732,615
Other	757,634	502,290	-	-	757,634	502,290
Interest costs	6,025,868	5,575,679	-	-	6,025,868	5,575,679
Business-type Activities:						
Food service	-	-	11,247,813	12,763,320	11,247,813	12,763,320
Daycare	-	-	144,357	126,927	144,357	126,927
Total expenses	123,555,720	121,690,189	11,392,170	12,890,247	134,947,890	134,580,436
Change in net position before transfers	6,020,497	7,818,495	3,019,494	386,940	9,039,991	8,205,435
Transfers	(8,210,338)	157,491	8,210,338	(157,491)	-	-
Change in net position	$ (2,189,841)	$ 7,975,986	$ 11,229,832	$ 229,449	$ 9,039,991	$ 8,205,435

Governmental Activities

Governmental program expenses are broken down as follows: Instruction 47%, Support Services 46%, and Other 7%.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting the program service costs. Table 3 shows, for government activities, the total cost of services and the net cost of services. In other words, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements. The total cost of services includes $39,671,477 that relates to the 2021 State On-Behalf Payments.

(Table 3)
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2021	2020	2021	2020
Instruction	$ 57,705,550	$ 57,219,968	$ 37,014,155	$ 43,087,253
Support Services	57,224,208	56,659,637	56,598,760	56,058,862
Community services	1,842,460	1,732,615	388,603	317,199
Facilities acquistion	-	-	(4,992,241)	(4,154,037)
Other	757,634	502,290	753,084	502,290
Interest costs	6,025,868	5,575,679	5,332,270	4,834,093
Total Expenses	$ 123,555,720	$ 121,690,189	$ 95,094,631	$ 100,645,660

Business-Type Activities

The business-type activities are food service and daycare. These programs had revenues of $14,411,664 and expenses of $11,392,170 for the fiscal year 2021. Of the revenues, $296,615 related to charges for services, $14,021,099 was from State and Federal grants, $93,950 were from investment earnings, and there were no capital contributions by the District. Business activities receive no support from tax revenues. The District will continue to monitor the charges and costs of these activities. If it becomes necessary, the District will increase the charges for these activities.

The District's Funds

Information about the District's major funds starts on page 12. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of $260,606,822 and expenditures and other financing uses of $253,953,326. The net change in total fund balances was $6,653,496 from the fiscal year 2020 to 2021.

General Fund-Budget Highlights

The District's budget is prepared according to Kentucky law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. The State Department of Education requires a zero-based budget with any budgeted remaining fund balance shown as a contingency expense in the budget process.

A variance comparison is presented between the final budgeted amounts and the actual (GAAP Basis) amounts. Revenues for the General Fund were budgeted at $136,338,950 with actual amounts totaling $137,084,342. Budgeted expenditures were $143,662,075 (not including a contingency budget of $14,000,000) compared to actual expenditures of $134,076,960. Budgeted "Other Financing Sources and Uses" reflected a net financing use of $463,246 compared to an actual net financing source of $1,431,644. In total, an expected decrease in the General Fund balance of $21,786,371 was budgeted compared to an actual net increase of $4,439,026.

Capital Assets and Debt Administration

Capital Assets

At the end of the fiscal year 2021, the District had $343,388,219 invested in capital assets (see Table 4 below), $321,116,117 is in governmental activities. Table 4 shows the fiscal year 2021 balances compared to 2020.

(Table 4)
Capital Assets
(Net of Depreciation)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Land and land improvements	$ 25,852,320	$ 26,125,423	$ -	$ -	$ 25,852,320	$ 26,125,423
Construction in progress	42,543,926	61,775,360	-	-	42,543,926	61,775,360
Buildings and improvements	238,934,422	207,847,079	20,808,185	11,695,551	259,742,607	219,542,630
Technology	888,860	1,204,167	-	8,673	888,860	1,212,840
Vehicles	4,803,399	4,219,028	-	-	4,803,399	4,219,028
General equipment	8,093,190	7,540,416	1,463,917	1,563,569	9,557,107	9,103,985
Total	$ 321,116,117	$ 308,711,473	$ 22,272,102	$ 13,267,793	$ 343,388,219	$ 321,979,266

Debt

At June 30, 2021, the District had $202,189,000 in bonds outstanding, of this amount $6,611,629 are to be paid from the KSFCC funding provided by the State of Kentucky. A total of $11,578,000 is due within one year. At June 30, 2020, the District had $188,298,000 in bonds outstanding, of this amount $7,100,892 were to be paid from KSFCC funding.

District Challenges for the Future

The Warren County Public School system (District) is the fourth largest district within the State serving upwards of 18,000 students. The District has grown from a Pre-K through 12th grade student membership of 14,858 in 2015 to 17,656 in 2021. This equates to an 18.83% growth in the last six years. The District has prepared for this increase in enrollment by building new schools and by renovating and expanding existing schools. The District remains in good financial condition, however, there are challenges that the District will encounter: increase the level of achievement of our students, Pension Reform, English Learner (EL) population, COVID-19 Pandemic, State Tax Reform, and adequate funding.

The most essential challenge, as the result of the global pandemic, is to rebound and resume our student achievement progress. The most recent release of test scores indicated the detrimental effects of the pandemic on Warren County Schools as our traditional performance was not as strong in various areas. The school district implemented innovative processes to address student learning during the pandemic and will continue to do so until losses are recouped. The District has ten "Leader In Me" Lighthouse Schools and fifteen preschool programs have earned the maximum Five Star Rating on the Kentucky All STARS Evaluation. Achievement Gaps continue to exist in many of our schools, and have been exacerbated by the pandemic, but these challenges and opportunities keep us focused on providing a differentiated approach to teaching that serves the individual needs of our students. Prioritizing standards in reading, math and science; utilizing common curriculum, providing academic-rich learning environments for our English Learner's and students with disabilities; differentiating instruction for all students; providing good customer service to improve our school climates; analyzing student data using various data points; utilizing interactive, 21st Century technology in our classrooms, and engaging

students in learning that is rigorous and relevant to life are all efforts that we have in place to increase student achievement.

It is important for every educator in the District to feel that the students we serve can learn at a high level according to their ability. Teachers must strive to recognize the impact they have on each student that enters their classroom, not only educationally but also emotionally and socially. With the resources available to all educators in Warren County, the ability to meet the needs of all students is not impossible. Providing teachers with updated curriculum maps, content guides, district common assessments, and prioritized standards is a process that is revisited routinely throughout our District. We have no choice but to move the students to a higher level in order to ensure their ability to function and thrive in a global, 21st Century marketplace. What the information does not tell us is the level of motivation for learning. It will also not inform us as to the amount of parental/family involvement in the educational process. We will also be unable to discern what happens in the life of a student outside the walls of our educational institutions. This information can be very helpful in serving needs that can affect learning. The WCPS system encourages the building of relationships by all to help remove as many barriers to learning as we possibly can. By providing a team approach to educating our students, we are able to help the students be prepared and willing to learn in our classrooms.

The population of students identified as English Learners (ELs) in the District continues to grow. Currently, there are 2783 students receiving EL services within the district which represents 16.4% of the overall student population in the District. These students are eligible for English language development programs (also known as EL or ESL programs) offered by the District. We are also required to monitor students who exit from English language development programs for four (4) full academic years, and there are currently 871 students who fall within this category. Finally, there are approximately 721 students in the District who were formerly served in English language development programs and are now fully exited. These students also need continuing support to ensure that they become "college and career ready" and successfully transition after graduation. When we consider the EL students who are currently eligible for English language development programs, those who have just exited and are being monitored and those who are completely out of English language development programs, there are approximately 4375 students being supported in one way or another by administrators and teachers. This is 25.8% of our total enrollment, and 1 in 4 Warren County students are currently in EL programs or were in EL programs at one time.

The EL students in the District are a very diverse group, as they come from more than 75 countries and speak 89 languages and dialects. Currently, approximately 642 students are refugees, and many are considered "students with interrupted formal education" (SIFEs) because conditions in their former countries and refugee camps made it difficult to provide consistent educational opportunities.

The EL students in the District face very significant language and content challenges. ELs in the U.S. are often doing double the work of their English-speaking class peers because ELs are learning content at the same time they are learning the language of instruction. Our administrators and teachers also face many challenges, one of which being the requirement to meet federal and state accountability targets established under the Every Student Succeeds Act (ESSA). Investments in staffing allow the District to leverage the training and experiences of staff as we rise to meet the language and academic content challenges of a large EL student population. However, maintaining and recruiting qualified, well-trained staff remains a challenge. Meeting the language and content needs of EL students is also the responsibility of general education teachers, and these individuals are generally not well prepared in pre-service programs to address these challenges. Thus, professional development becomes critical to providing teachers with the knowledge and skills required. In fact, ensuring that ongoing professional development opportunities and appropriate instructional resources are being provided is absolutely critical to meeting the challenges expressed above. While the size of the District and the EL student population creates some funding streams, we continually face financial challenges in a climate of budgetary constraints and reduced federal and state support.

The most recent COVID pandemic has created hurdles for all mankind. As it relates to WCPS, we have been able to return to having normal in-school learning and extracurricular activities. We recognize the increased need for additional resources to be allocated to not only the mental health issues this event has created for our

students and staff but too the potential negative impact it is having on maximizing growth in student learning. The District is well-positioned with support and education professionals to lead this charge as collaboration has been ongoing since March 2020.

The final challenge as it relates to funding: Local, State and Federal. The District's predominate local revenue source is the real estate tax rate. In fiscal year 2021, the District's real estate tax rate ranked as the 153rd lowest in the State. The Kentucky revised statute caps the amount of new revenue generated from real estate tax increases 4% a year. The failure of the legislature to adequately fund education has resulted in the Warren County School District and districts across the Commonwealth to make significant cuts to their budgets and to personnel, compelling school boards to increase property taxes in order that districts might continue to operate and serve the students, who are the future of the Commonwealth. Fortunately, Warren County has experienced positive annual growth in property assessment and thereby property tax revenue. However, the SEEK formula has a negative effect on districts that incur significant growth in assessment.

With careful planning, gains in efficiencies, and monitoring of District finances, Warren County Public School's goal is to continue to provide a quality education for our students and a secure financial future for the District.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional information contact Christopher C. McIntyre CPA, Treasurer at Warren County Board of Education, 303 Lovers Lane, P.O. Box 51810, Bowling Green, KY 42102-6810 or email at chris.mcintyre@warren.kyschools.us

FINAL DRAFT

BASIC FINANCIAL STATEMENTS

WARREN COUNTY SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2021

FINAL DRAFT

Assets	Governmental Activities	Business-Type Activities	Total
Current Assets			
Cash, cash equivalents and investments	$ 45,915,654	$ 7,202,456	$ 53,118,110
Inventory	371,059	328,761	699,820
Receivables:			
Taxes-current	1,539,429		1,539,429
Taxes-delinquent	85,007		85,007
Other receivables	784,929	409	785,338
Food Accounts		19,689	19,689
Intergovernmental-State	134,188		134,188
Intergovernmental-Indirect Federal	4,875,869	1,204,961	6,080,830
Intergovernmental-Direct Federal	13,794		13,794
Prepaids	434,322	1,235	435,557
Total Current Assets	54,154,251	8,757,511	62,911,762
Noncurrent Assets			
Non-depreciable capital assets	53,403,361		53,403,361
Depreciable capital assets, net of accumulated depreciation	267,712,756	22,272,102	289,984,858
Total Noncurrent Assets	321,116,117	22,272,102	343,388,219
Total Assets	375,270,368	31,029,613	406,299,981
Deferred Outflows of Resources			
CERS Pension	10,037,119	1,682,056	11,719,175
CERS OPEB	7,354,569	1,232,505	8,587,074
TRS OPEB MIF	7,071,240		7,071,240
Deferred amount on debt refundings	2,204,317		2,204,317
Total Deferred Outflows of Resources	26,667,245	2,914,561	29,581,806
Liabilities			
Current Liabilities			
Accounts payable	2,470,607	42,829	2,513,436
Accrued payroll and related expenses	2,847,913		2,847,913
Unearned revenue	1,099,201	93,338	1,192,539
Bond obligations	11,578,000		11,578,000
Compensated absences	915,323		915,323
Interest payable	1,294,089		1,294,089
Total Current Liabilities	20,205,133	136,167	20,341,300
Noncurrent Liabilities			
Bond obligations	194,605,704		194,605,704
Net pension liability - CERS	48,260,458	8,087,663	56,348,121
Net OPEB liability - CERS	15,189,282	2,545,476	17,734,758
Net OPEB liability - TRS MIF	27,188,000		27,188,000
Compensated absences	6,370,103		6,370,103
Total Noncurrent Liabilities	291,613,547	10,633,139	302,246,686
Total Liabilities	311,818,680	10,769,306	322,587,986
Deferred Inflows of Resources			
CERS Pension	884,277	148,189	1,032,466
CERS OPEB	2,877,385	482,202	3,359,587
TRS OPEB MIF	11,736,000		11,736,000
Total Deferred Inflows of Resources	15,497,662	630,391	16,128,053
Net Position			
Net investment in capital assets	117,136,730	22,272,102	139,408,832
Restricted	20,467,609		20,467,609
Unrestricted	(62,983,068)	272,375	(62,710,693)
Total Net Position	$ 74,621,271	$ 22,544,477	$ 97,165,748

The notes to the financial statements are an integral part of this statement.

FINAL DRAFT

WARREN COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

FUNCTIONS/PROGRAMS	Expenses	Program Revenues: Charges For Services	Program Revenues: Operating Grants & Contributions	Program Revenues: Capital Grants & Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities	Net (Expenses) Revenues and Changes in Net Position: Business-Type Activities	Total
Governmental Activities:							
Instruction	$ 57,705,550	$ 915,538	$ 19,775,857	$ -	$ (37,014,155)	$ -	$ (37,014,155)
Support services:							
Student	10,936,013		216,522		(10,719,491)		(10,719,491)
Instruction staff	3,942,974				(3,942,974)		(3,942,974)
District administrative	3,160,883				(3,160,883)		(3,160,883)
School administrative	9,703,682				(9,703,682)		(9,703,682)
Business	4,366,142		51,182		(4,314,960)		(4,314,960)
Plant operation and maintenance	14,671,700	9,120	194,323		(14,468,257)		(14,468,257)
Student transportation	10,442,814		154,301		(10,288,513)		(10,288,513)
Community service activities	1,842,460		1,453,857		(388,603)		(388,603)
Facilities acquisition and construction				4,992,241	4,992,241		4,992,241
Other	757,634		4,550		(753,084)		(753,084)
Interest on long-term debt	6,025,868			693,598	(5,332,270)		(5,332,270)
Total Governmental Activities	123,555,720	924,658	21,850,592	5,685,839	(95,094,631)	-	(95,094,631)
Business-Type Activities:							
Food service	11,247,813	177,132	13,995,573			2,924,892	2,924,892
Daycare	144,357	119,483	25,526			652	652
Total Business-Type Activities	11,392,170	296,615	14,021,099	-	-	2,925,544	2,925,544
Total Primary Government	$ 134,947,890	$ 1,221,273	$ 35,871,691	$ 5,685,839	(95,094,631)	2,925,544	(92,169,087)
			General Revenues:				
			Taxes:				
			Property taxes		44,501,622		44,501,622
			Motor vehicle taxes		5,138,884		5,138,884
			Utility taxes		6,220,444		6,220,444
			Occupational taxes		9,870,822		9,870,822
			Other		1,125,776		1,125,776
			Investment earnings		926,892	93,950	1,020,842
			Gain on disposal of capital assets		572		572
			State and formula grants		32,069,100		32,069,100
			Miscellaneous		1,261,016		1,261,016
			Transfers		(8,210,338)	8,210,338	-
			Total general revenues and transfers		92,904,790	8,304,288	101,209,078
			Change in net position		(2,189,841)	11,229,832	9,039,991
			Net position - beginning		75,980,172	11,314,645	87,294,817
			Restatement		830,940		830,940
			Net position - beginning, as restated		76,811,112	11,314,645	88,125,757
			Net position - ending		$ 74,621,271	$ 22,544,477	$ 97,165,748

The notes to the financial statements are an integral part of this statement.

FINAL DRAFT

FUND FINANCIAL STATEMENTS

WARREN COUNTY SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2021

FINAL DRAFT

	General Fund	Special Revenue Fund	FSPK Fund	Other Construction Fund	Other Governmental Funds	Total Governmental Funds
Assets:						
Cash, cash equivalents and investments	$ 25,641,202	$ -	$ -	$ 18,935,203	$ 1,339,249	$ 45,915,654
Due from other funds	1,550,782					1,550,782
Receivables:						
Taxes - current	1,539,429					1,539,429
Taxes - delinquent	85,007					85,007
Other receivables	737,783			47,146		784,929
Intergovernmental - State		134,188				134,188
Intergovernmental - Indirect Federal		4,875,869				4,875,869
Intergovernmental - Direct Federal		13,794				13,794
Inventory	371,059					371,059
Prepaids	347,929	86,393				434,322
Total Assets	$ 30,273,191	$ 5,110,244	$ -	$ 18,982,349	$ 1,339,249	$ 55,705,033
Liabilities and Fund Balances:						
Liabilities						
Accounts payable	$ 156,357	$ 268,521	$ -	$ 2,045,055	$ 674	$ 2,470,607
Due to other funds		1,550,782				1,550,782
Accrued payroll and related payable	2,847,913					2,847,913
Compensated absences	9,180					9,180
Unearned revenue		1,099,201				1,099,201
Total Liabilities	3,013,450	2,918,504	-	2,045,055	674	7,977,683
Fund Balances						
Nonspendable	718,988					718,988
Restricted		2,191,740		16,937,294	1,338,575	20,467,609
Committed	906,143					906,143
Assigned	1,094,838					1,094,838
Unassigned	24,539,772					24,539,772
Total Fund Balances	27,259,741	2,191,740	-	16,937,294	1,338,575	47,727,350
Total Liabilities and Fund Balances	$ 30,273,191	$ 5,110,244	$ -	$ 18,982,349	$ 1,339,249	$ 55,705,033

The notes to the financial statements are an integral part of this statement.

WARREN COUNTY SCHOOL DISTRICT

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

June 30, 2021

Total fund balance per fund financial statements	$ 47,727,350
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net position.	321,116,117
Governmental funds record debt refundings as other financing uses when the issues are refunded. Unamortized losses on refundings are reported on the statement of net position as deferred outflows of resources.	2,204,317
Governmental funds do not record deferred outflows of resources for pensions and OPEB but those are reported on the statement of net position as deferred outflows of resources.	24,462,928
Governmental funds do not record deferred inflows of resources for pensions and OPEB but those are reported on the statement of net position as deferred inflows of resources.	(15,497,662)
Certain liabilities are not reported in this fund financial statement because they are not due and payable, but they are presented in the statement of net position:	
Bonds payable (net of discounts/premiums)	(206,183,704)
Interest payable	(1,294,089)
Compensated absences	(7,276,246)
Net pension liability - CERS	(48,260,458)
Net OPEB liability - CERS	(15,189,282)
Net OPEB liability - TRS MIF	(27,188,000)
Net position for governmental activities	$ 74,621,271

The notes to the financial statements are an integral part of this statement.

WARREN COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS

FINAL DRAFT

Year Ended June 30, 2021

	General Fund	Special Revenue Fund	FSPK Fund	Construction Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
From local sources:						
Taxes:						
Property	$ 28,753,555	$ -	$ 15,748,067	$ -	$ -	$ 44,501,622
Motor vehicle	5,138,884					5,138,884
Utilities	6,220,444					6,220,444
Occupational	9,870,822					9,870,822
Other	1,125,776					1,125,776
Tuition and fees	49,925					49,925
Earnings on investments	509,506	41,281		368,121	7,984	926,892
Other local revenues	472,216	222,300		58,933	1,174,224	1,927,673
Intergovernmental - State	84,638,184	6,384,189	3,505,882		2,179,957	96,708,212
Intergovernmental - Indirect Federal	305,030	14,657,328				14,962,358
Intergovernmental - Direct Federal		221,813				221,813
Total Revenues	137,084,342	21,526,911	19,253,949	427,054	3,362,165	181,654,421
Expenditures:						
Instruction	82,526,716	18,714,246			1,115,779	102,356,741
Support services:						
Student	10,349,436	216,522				10,565,958
Instruction staff	3,846,864				48,865	3,895,729
District administrative	2,405,744					2,405,744
School administrative	9,167,477					9,167,477
Business	4,055,426	51,182				4,106,608
Plant operation and maintenance	12,394,250	194,323			668	12,589,241
Student transportation	9,180,230	154,301			545	9,335,076
Community service activities	150,817	1,453,857				1,604,674
Other non-instruction		4,550				4,550
Facilities acquisition and construction				29,408,154		29,408,154
Bond issuance costs					753,084	753,084
Debt service:						
Principal					11,259,000	11,259,000
Interest					6,118,342	6,118,342
Total Expenditures	134,076,960	20,788,981	-	29,408,154	19,296,283	203,570,378
Excess (Deficit) of Revenues over Expenditures	3,007,382	737,930	19,253,949	(28,981,100)	(15,934,118)	(21,915,957)
Other Financing Sources (Uses):						
Proceeds from sale of capital assets	9,658					9,658
Insurance proceeds	490,308					490,308
Bond proceeds from revenue bonds					25,150,000	25,150,000
Bond premium					1,538,199	1,538,199
Transfers in	2,592,664	312,135	941,204	31,168,379	16,749,854	51,764,236
Transfers out	(1,660,986)	(813,312)	(20,280,793)	(140,273)	(27,487,584)	(50,382,948)
Total Other Financing Sources (Uses)	1,431,644	(501,177)	(19,339,589)	31,028,106	15,950,469	28,569,453
Net Change in Fund Balances	4,439,026	236,753	(85,640)	2,047,006	16,351	6,653,496
Fund Balance, July 1, 2020	22,820,715	1,954,987	85,640	14,890,288	491,284	40,242,914
Restatement					830,940	830,940
Fund Balance, July 1, 2020, as restated	22,820,715	1,954,987	85,640	14,890,288	1,322,224	41,073,854
Fund Balance, June 30, 2021	$ 27,259,741	$ 2,191,740	$ -	$ 16,937,294	$ 1,338,575	$ 47,727,350

The notes to the financial statements are an integral part of this statement.

WARREN COUNTY SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2021

Net change in total fund balances per fund financial statements	$ 6,653,496
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which capital outlays exceeds depreciation expense for the year.	12,413,730
The proceeds for the issuance of bonds provide current financial resources and are reported in this fund financial statement but they are presented as liabilities in the statement of net position.	(26,688,199)
Bond payments are recognized as expenditures of current financial resources in the fund financial statement but are reductions of liabilities in the statement of net position.	11,259,000
In the statement of activities, only the gain (loss) on sale of capital assets is reported, whereas in the governmental funds, the proceeds for the sale increased financial resources.	(9,086)
The difference between actuarial pension and OPEB contributions and actual contributions made are recorded as adjustments in the statement of activities.	(5,188,132)
Generally, expenditures recognized in this fund financial statement are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred.	(630,650)
Change in net position of governmental activities	$ (2,189,841)

The notes to the financial statements are an integral part of this statement.

FINAL DRAFT

WARREN COUNTY SCHOOL DISTRICT

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

June 30, 2021

	Food Service Fund	Daycare Fund	Total
Assets			
Current Assets			
Cash and cash equivalents	$ 7,196,903	$ 5,553	$ 7,202,456
Receivables:			
Accounts	19,689	409	20,098
Intergovernmental - Indirect Federal	1,204,961		1,204,961
Prepaids	1,235		1,235
Inventory	328,761		328,761
Total Current Assets	8,751,549	5,962	8,757,511
Noncurrent Assets			
Depreciable capital assets, net of accumulated depreciation	22,259,831	12,271	22,272,102
Total Noncurrent Assets	22,259,831	12,271	22,272,102
Total Assets	31,011,380	18,233	31,029,613
Deferred Outflows of Resources			
CERS Pension	1,645,718	36,338	1,682,056
CERS OPEB	1,205,878	26,627	1,232,505
Total Deferred Outflows of Resources	2,851,596	62,965	2,914,561
Liabilities			
Current Liabilities			
Accounts payable	42,701	128	42,829
Unearned revenue	93,338		93,338
Total Current Liabilities	136,039	128	136,167
Noncurrent Liabilities			
Net pension liability - CERS	7,912,940	174,723	8,087,663
Net OPEB liability - CERS	2,490,484	54,992	2,545,476
Total Noncurrent Liabilities	10,403,424	229,715	10,633,139
Total Liabilities	10,539,463	229,843	10,769,306
Deferred Inflows of Resources			
CERS Pension	144,988	3,201	148,189
CERS OPEB	471,785	10,417	482,202
Total Deferred Inflows of Resources	616,773	13,618	630,391
Net Position			
Net investment in capital assets	22,259,831	12,271	22,272,102
Unrestricted	446,909	(174,534)	272,375
Total Net Position	$ 22,706,740	$ (162,263)	$ 22,544,477

The notes to the financial statements are an integral part of this statement.

WARREN COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

PROPRIETARY FUNDS

Year Ended June 30, 2021

	Food Service Fund	Daycare Fund	Total
Operating Revenues:			
Lunchroom sales	$ 152,812	$ -	$ 152,812
Tuition and fees		119,483	119,483
Other operating revenues	24,320		24,320
Total Operating Revenues	177,132	119,483	296,615
Operating Expenses:			
Salaries and wages	5,613,203	138,542	5,751,745
Materials and supplies	4,667,310	3,153	4,670,463
Depreciation	671,020	2,337	673,357
Other operating expenses	294,830	325	295,155
Total Operating Expenses	11,246,363	144,357	11,390,720
Operating income (loss)	(11,069,231)	(24,874)	(11,094,105)
Non-Operating Revenues (Expenses):			
Federal grants	12,278,849		12,278,849
Donated commodities	670,366		670,366
State on-behalf payments	952,301	25,526	977,827
State grants	94,057		94,057
Loss on disposal of capital assets	(1,450)		(1,450)
Interest income	93,950		93,950
Total Non-Operating Revenues (Expenses) before Transfers and Capital Contributions	14,088,073	25,526	14,113,599
Capital contributions	9,591,626		9,591,626
Transfers out	(1,381,288)		(1,381,288)
Change in net position	11,229,180	652	11,229,832
Net Position, July 1, 2020	11,477,560	(162,915)	11,314,645
Net Position June 30, 2021	$ 22,706,740	$ (162,263)	$ 22,544,477

The notes to the financial statements are an integral part of this statement.

FINAL DRAFT

WARREN COUNTY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

Year Ended June 30, 2021

	Food Service Fund	Daycare Fund	Total
Cash Flows from Operating Activities			
Cash received from:			
Lunchroom sales	$ 151,343	$ -	$ 151,343
Other activities	24,320		24,320
Tuition and fees		119,075	119,075
Cash paid to/for:			
Employees	(4,021,105)	(125,154)	(4,146,259)
Supplies	(4,121,856)	(3,093)	(4,124,949)
Other activities	(294,830)	(325)	(295,155)
Net Cash Used by Operating Activities	(8,262,128)	(9,497)	(8,271,625)
Cash flows from Non-Capital Financing Activities			
Federal grants	11,357,364		11,357,364
State grants	94,057		94,057
Transfers out	(1,381,288)		(1,381,288)
Net Cash Provided by Non-Capital Financing Activities	10,070,133	-	10,070,133
Cash Flows from Capital and Related Financing Activities			
Sale of capital assets	30		30
Purchase of capital assets	(88,756)		(88,756)
Net Cash Used by Capital and Related Financing Activities	(88,726)	-	(88,726)
Cash Flows from Investing Activities			
Receipt of interest income	93,950		93,950
Net Cash Provided by Investing Activities	93,950	-	93,950
Net increase in cash and cash equivalents	1,813,229	(9,497)	1,803,732
Balances, beginning of year	5,383,674	15,050	5,398,724
Balances, end of year	$ 7,196,903	$ 5,553	$ 7,202,456
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating loss	$ (11,069,230)	$ (24,874)	$ (11,094,104)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation	671,020	2,337	673,357
State on-behalf payments	952,301	25,526	977,827
Donated commodities	670,366		670,366
GASB 68 pension expense	547,449	(8,372)	539,077
GASB 75 OPEB expense	92,348	(3,766)	88,582
Change in assets and liabilities:			
Accounts receivable	10,722	(409)	10,313
Inventory	(117,941)		(117,941)
Unearned revenue	(12,191)		(12,191)
Accounts payable	(6,971)	60	(6,911)
Net cash used by operating activities	$ (8,262,127)	$ (9,498)	$ (8,271,625)
Schedule of non-cash transactions:			
Donated commodities received from federal government	$ 670,366	$ -	$ 670,366
State on-behalf payments	$ 952,301	$ 25,526	$ 977,827
CERS pension	$ 547,449	$ (8,372)	$ 539,077
CERS OPEB	$ 92,348	$ (3,766)	$ 88,582

The notes to the financial statements are an integral part of this statement.

FINAL DRAFT

WARREN COUNTY SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

June 30, 2021

	Custodial Fund - Scholarship
Assets	
Cash, cash equivalents and investments	$ 396,977
Total Assets	$ 396,977
Net Position	
Restricted for Scholarships	$ 396,977
Total Net Position	$ 396,977

The notes to the financial statements are an integral part of this statement.

FINAL DRAFT

WARREN COUNTY SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUNDS

Year Ended June 30, 2021

	Custodial Fund - Scholarship
Additions	
Net interest and investment gains (losses)	$ 77,725
	77,725
Deductions	
Scholarships paid	(16,215)
Change in net position	61,510
Net Position, July 1, 2020	335,467
Net Position, June 30, 2021	$ 396,977

The notes to the financial statements are an integral part of this statement.

FINAL DRAFT

NOTES TO THE BASIC FINANCIAL STATEMENTS

WARREN COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Warren County School District (the "District") have been prepared to conform with Accounting Principles Generally Accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

A. REPORTING ENTITY

The Warren 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 Warren County School District. 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.

For financial reporting purposes, the accompanying financial statements include all of the operations over which the District is financially accountable. The District is financially accountable for organizations that make up its legal entity, as well as legally separate organizations that meet certain criteria. In accordance with GASB 14, "The Financial Reporting Entity," as amended by GASB 39, "Determining Whether Certain Organizations Are Component Units", the criteria for inclusion in the reporting entity involve those cases where the District or its officials appoint a voting majority of an organization's governing body, and is either able to impose its will on the organization or there is a potential for the organization to provide specific financial benefits to or to impose specific financial burdens on the District or the nature and significance of the relationship between the District and the organization is such that exclusion would cause the District's financial statements to be incomplete. Applying this definition, District management has determined that the component unit reportable within the accompanying financial statements is the Warren County School District Finance Corporation, (the "Corporation"). The financial statements presented herein do not include funds of groups and organizations, which although associated with the school system, have not originated within the Board itself such as Boosters, Parent-Teacher Associations, etc.

Blended Component Unit – Warren County School District Finance Corporation – In a prior year, the Board of Education resolved to authorize the establishment of the Warren 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) (the "Corporation") as an agency for the District for financing the costs of school building facilities. The members of the Board also comprise the Corporation’s Board of Directors. Therefore, the financial activities of the Corporation have been blended (reported as if it were part of the District) with those of the District. The Corporation does not publish individual component unit financial statements.

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

Government-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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

The government-wide statement of net position presents the financial condition of the governmental and business-type activities of the District at year-end. The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements

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

The Governmental Funds are accounted for on the "flow of current financial resources" measurement focus. This measurement focus is based on the concept of accountability, which includes measuring interperiod equity whether current year revenues were sufficient to pay for current year services. The Proprietary Funds are accounted for on an "economic resources" measurement focus. Accordingly, the Statement of Revenues, Expenses and Changes in Fund Net Position for the Proprietary Funds reports increases and decreases in total economic net worth. The private purpose trust fund is reported using the economic resources measurement focus.

Governmental Funds

Governmental Funds are those through which most District functions are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities (except those accounted for in the Proprietary Fund and Fiduciary Funds) are accounted for through Governmental Funds. The measurement focus is upon determination of changes in financial resources rather than upon determination of net income.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

(C) The District Activity Fund is a Special Revenue Fund type and is used to account for funds received at the school level.

(D) The School Activity Fund is a Special Revenue Fund type and accounts for activities of student groups and other types of activities requiring clearing accounts. These funds are accounted for in accordance with the Uniform Program of Accounting for School Activity Funds.

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

1. 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.
2. The Facility Support Program of Kentucky (FSPK) accounts for funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the District's facility plan. This is a major fund.
3. The Construction Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction. This is a major fund.

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

Proprietary Funds

Proprietary Funds are used to account for ongoing organizations and activities, which are operated and financed in a manner similar to those found in the private sector. The measurement focus is upon the determination of net income. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund's principal ongoing operations. Operating expenses include salaries, benefits, supplies and other items. All items not meeting this definition are reported as nonoperating revenues and expenses. The District has two Proprietary Funds.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

(A) The Food Service Fund is used to account for school food service activities, including the National School Lunch and Breakfast Programs, which are conducted in cooperation with the U.S. Department of Agriculture (USDA). Amounts have been recorded for in-kind contribution of commodities from the USDA and for on-behalf payments for retirement and health insurance paid by the State of Kentucky. This is a major fund.

(B) The Daycare Fund accounts for the daycare operations of the District. Amounts have been recorded for on-behalf payments for retirement and health insurance paid by the State of Kentucky.

Fiduciary Funds - Fiduciary Funds are used to account for assets held by the District on behalf of outside related organizations or on behalf of other funds within the District.

The Custodial Fund – Scholarship is used to report trust arrangements under which principal and income benefit individuals, private organizations or other governments for which the District acts as an agent.

BASIS OF ACCOUNTING

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

Modified Accrual

Under the modified accrual basis, revenues are recognized in the accounting period in which they become susceptible to accrual, i.e., both available and measurable. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Significant revenues susceptible to accrual include ad valorem taxes, reimbursable-type grants and interest on investments. The District considers all revenues (with the exception of the expenditure-driven grants) as available if they are collected within sixty (60) days after year-end. The expenditure driven grants are considered available if received within one year from the balance sheet date. Property tax revenue is recognized when taxes are received, except at year end when revenue is recognized for taxes received by the District within sixty (60) days subsequent to fiscal year end. Expenditures are recognized in the accounting period in which the liability is incurred. However, exceptions include the amount of unmatured principal and interest on general long-term debt, compensated absences, claims and judgments and certain prepaids which are recognized when due/paid.

In applying the susceptible to accrual concept to revenues from Federal and State sources, the legal contractual requirements of the numerous individual programs are used as guidance. Revenue from grants and entitlements is recognized when all eligibility requirements have been satisfied. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before the District will receive any amounts; therefore, revenues are recognized based upon the occurrence of expenditures. In the other type, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed legal and contractual requirements. These resources are reflected as revenues at the time of receipt or earlier if the

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

susceptible to accrual criteria are met. In all cases, monies received before the revenue recognition criteria have been met are reported as unearned revenue.

Accrual

Under the accrual basis of accounting, revenues are recognized in the period earned and expenses are recognized in the period incurred.

Revenue Recognition

State Revenue Sources - Revenues from State sources for current operations are primarily from the Support Education Excellence in Kentucky ("SEEK"), administered by the Kentucky Department of Education ("KDE"). The District files reports on average daily attendance ("ADA") student membership with the KDE. The KDE accumulates information from these reports and calculates the allocation of SEEK funds to the District. After review and verification of ADA reports and supporting documentation, the KDE may adjust subsequent fiscal period allocations of SEEK funding. Normally, such adjustments are treated as reductions of revenue in the year the reduction is made, as amounts are not significant.

Property Taxes - On an accrual basis, property tax revenue anticipated to be collected is recognized in the fiscal year for which it is levied. Delinquent taxes collected in subsequent periods are recognized as revenue during the fiscal year in which they are received.

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

C. BUDGETARY POLICIES

Budgetary Process

Budgetary Basis of Accounting: The District’s budgetary process accounts for certain transactions on a basis other than Generally Accepted Accounting Principles (GAAP). The major differences between the budgetary basis and the GAAP basis are:

Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

Once the budget is approved, it can be amended. Amendments are presented to the Board at their regular meetings. All budget appropriations lapse at year-end.

D. ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to reserve a portion of an applicable appropriation, is utilized for budgetary control purposes. Encumbrances are not the equivalent of expenditures, and accordingly, amounts assigned for encumbrances at the governmental fund level indicate that portion of the fund balance segregated for expenditure upon vendor performance.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

E. CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, cash equivalents are considered to be demand deposits, money market funds, and other investments with an original maturity of 90 days or less.

F. INVENTORIES

Inventories are valued at cost, which approximates market. The food service fund uses the specific identification method and the general fund uses the first-in, first-out method. The District's inventories include various items consisting of school supplies, paper, books, maintenance items, transportation items, commodities, etc. USDA commodities received from the Federal government are recorded at the value established by the Federal government using the average cost method.

G. PREPAID ITEMS

Expenditures for insurance and similar services extending over more than one accounting period are allocated between or among accounting periods in the governmental funds.

H. 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 greater than $5,000 (except for land improvements, buildings and building improvements for which $20,000 is the threshold) are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital 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 assets' life are not. All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives for both general capital assets and proprietary fund assets:

Description	Governmental Activities Estimated Lives
Land improvements	20 years
Buildings and improvements	25-50 years
Technology equipment	5 years
Vehicles	5-10 years
General equipment	5-15 years
Food service equipment	5-12 years

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

I. LONG-TERM DEBT

In the fund-level financial statements, governmental funds report the face amount of debt issued, as well as any premiums (discounts) as other financing sources (uses). Debt issuance costs are reported as debt service expenditures. In the government-wide financial statements, long-term debt is reported as liabilities in the statement of net position. Bond premiums/discounts are amortized over the life of the bonds and shown as an offset of bonds payable while deferred amounts on advance refundings are amortized over the shorter of the remaining life of the refunded bonds or the life of the new bonds both in a systematic and rational method, which approximates the effective-interest method and shown as deferred outflows of resources.

J. COMPENSATED ABSENCES

Compensated absences are payments to employees for vacation and accumulated sick leave. District employees may accumulate unused sick leave up to a specified amount depending on their date of hire. Sick leave is payable to employees upon termination or retirement at 30% of the current rate of pay on the date of termination or retirement. The District uses the termination method to calculate the compensated absences amounts. The entire compensated absence liability is reported on the government-wide financial statements. The current portion is the amount estimated to be used in the following year. An expenditure is recognized in the governmental fund as payments come due each period, for example, as a result of employee resignations and retirements. Compensated absences not recorded at the fund level represent a reconciling item between the fund level and government-wide presentations.

K. ACCOUNTING ESTIMATES

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

L. PENSION AND OPEB PLANS

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

M. NET POSITION

Net Position – Net position is divided into three components:

1. Net investment in capital assets – consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
2. Restricted net position – consist of net position that is restricted by the District's creditors (for example, through debt covenants), by grantors (federal, state and local) and by other contributors.
3. Unrestricted – all other net position is reported in this category.

N. IMPACT OF RECENTLY ISSUED ACCOUNTING PRINCIPLES

Recently Issued And Adopted Accounting Principles

In January 2017, the GASB issued Statement 84, *Fiduciary Activities*. This statement was effective for periods beginning after December 15, 2019, but was delayed by one year with the issuance of GASB 95. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements. The district now reports school activity funds as a Special Revenue Fund.

In June 2018, the GASB issued Statement 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. This statement is effective for periods beginning after December 15, 2019, but was delayed by one year with the issuance of GASB 95. There was no effect on the financial statements from adopting this standard.

In August 2018, the GASB issued Statement 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*. This statement is effective for periods beginning after December 15, 2019, but was delayed by one year with the issuance of GASB 95. There was no effect on the financial statements from adopting this standard.

In January 2020, the GASB Issued Statement 92, *Omnibus 2020*. This statement is effective for periods beginning after June 15, 2020, but was delayed by one year with the issuance of GASB 95 There was no effect on the financial statements from adopting this standard.

In March 2020, the GASB issued Statement 93, *Replacement of Interbank Offered Rates.* This statement is effective, except for paragraphs 11b, 13, and 14 for reporting periods beginning after June 15, 2020. The requirement in paragraph 11b is effective for reporting periods ending after December 31, 2021. The requirements in paragraphs 13 and 14 are effective for fiscal years periods beginning after June 15, 2021. These dates were delayed by one year with the issuance of GASB 95. There was no effect on the financial statements from adopting this standard.

Recently Issued Accounting Pronouncements

In June 2017, the GASB issued Statement 87, *Leases*. This statement is effective for periods beginning after December 15, 2019, but was delayed by eighteen months with the issuance of GASB 95. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

In May 2019, the GASB issued Statement 91, *Conduit Debt Obligations*. This statement is effective for periods beginning after December 15, 2020, but was delayed by one year with the issuance of GASB 95. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

In March 2020, the GASB issued Statement 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements.* This statement is effective for periods beginning after June 15, 2022. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

In May 2020, the GASB issued Statement 95, *Postponement of the Effective Dates of Certain Authoritative Guidance.* This statement was effective upon issuance. For the postponement dates, see individual standard descriptions.

In June 2020, the GASB issued Statement 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32.* The requirements in (1) paragraph 4 of the Statement as it applies to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans and (2) paragraph 5 of the Statement are effective immediately. The requirements in paragraphs 6–9 of the Statement are effective for fiscal years beginning after June 15, 2021. All other requirements of the Statement are effective for reporting periods beginning after June 15, 2021. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

NOTE 2 – PROPERTY TAXES

Property Tax Revenues – Property taxes are normally 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. All taxes collected are initially deposited into the General Fund and then transferred to the appropriate fund. The usual collection date is the period from November 1 through December 31. Property tax bills paid prior to December 1 receive a two percent discount. Property taxes received after December 31, are considered to be delinquent and the County Attorney can file a lien against the property.

The property tax rates assessed for the year ended June 30, 2021, to finance operations were $.461 per $100 valuation for real property, $.461 per $100 valuation for business personal property and $.545 per $100 valuation for motor vehicles. The District levies a utility gross receipts license tax in the amount of 3% of the gross receipts derived from the furnishings, within the county, of telephonic and telegraphic communications services, cablevision services, electric power, water, and natural, artificial and mixed gas. The District also levies an occupational license tax of 0.5%.

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS

Deposits

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy is to have all deposits secured by pledged securities. At June 30, 2021, $55,643,708 of the District's bank balance of $55,896,964 was exposed to custodial credit risk. The bank balance not covered by depository insurance was collateralized by securities held by the pledging financial institution.

Investments

As of June 30, 2021, the District had the following investments and maturities:

	FAIR VALUE	AVERAGE CREDIT QUALITY/RATINGS (1)	LESS THAN 1
Money Market Mutual Funds	$ 334,378	AAAm	$ 334,378

(1) Ratings are provided where applicable to indicate associated *Credit Risk*. Ratings are from Moody's Investors Service.

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Generally, the District's investing activities are under the custody of the District Finance Director. Investing policies comply with State Statutes. Kentucky Revised Statute 66.480 defines the following items as permissible investments:

- Obligations of the United States and of its agencies and instrumentalities;
- Obligations of any corporation of the United States Government;
- Obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or a United States government agency;
- Uncollateralized certificates of deposit issued by any bank or savings and loan institution rated in one (1) of the three (3) highest categories by a nationally recognized rating agency;
- Certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation or similar entity or which are collateralized, to the extent uninsured, by any obligations, including surety bonds, permitted by KRS 41.240(4);
- Bankers' acceptances for banks rated in one (1) of the three (3) highest categories by a nationally recognized rating agency;
- Commercial paper rated in the highest category by a nationally recognized rating agency;
- Bonds or certificates of indebtedness of this state and of its agencies and instrumentalities;
- Securities issued by a state or local government, or any instrumentality of agency thereof, in the United States, and rated in one (1) of the three (3) highest categories by a nationally recognized rating agency; and
- Shares of mutual funds, each of which shall have the following characteristics:
    1. The mutual fund shall be an open-end diversified investment company registered under the Federal Investment Company Act of 1940, as amended;
    2. The management company of the investment company shall have been in operation for at least five (5) years; and
    3. All of the securities in the mutual fund shall be eligible investments pursuant to this section.

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS – CONTINUED

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. **Custodial Credit Risk** is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. No investments are reported at amortized cost. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District's investment is a level 1 input.

NOTE 4 – INTERFUND ACTIVITIES

The following transfers were made during the year:

Fund Financial Statements

Fund Financial Statements

From Fund	To Fund	Purpose	Amount
General	Special Revenue	Grants	$ 312,135
General	Construction	Construction	473,756
General	FSPK	Debt Service	875,094
Special Revenue	FSPK	Debt Service	66,110
Special Revenue	Construction	Construction	448,357
Special Revenue	General	Indirect Costs	298,845
Nonmajor Governmental	Construction	Construction	140,805
Nonmajor Governmental	General	CFT	1,345,554
FSPK	General	BFT	200,000
FSPK	Nonmajor Governmental	Debt Service	16,683,744
FSPK	Construction	Construction	3,397,048
Construction	General	Construction	140,273
Nonmajor Governmental	Nonmajor Governmental	Debt Service	66,110
Nonmajor Governmental	Construction	Construction	25,935,115
Food Service	General	Indirect Costs	607,990
Food Service	Construction	Construction	773,298

Government-Wide Financial Statements

From Fund	To Fund	Purpose	Amount
Construction	Food Service	Capital Assets	$ 9,591,626
Food Service	General	Indirect Costs	607,990
Food Service	Construction	Construction	773,298

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021 was as follows:

Governmental Activities	July 1, 2020	Additions	Deductions	June 30, 2021
Capital Assets Not Being Depreciated:				
Land	$ 10,484,988	$ 374,447	$ -	$ 10,859,435
Construction in progress	61,775,360	29,408,154	(48,639,588)	42,543,926
Total Capital Assets Not Being Depreciated	72,260,348	29,782,601	(48,639,588)	53,403,361
Capital Assets Being Depreciated:				
Land improvements	24,670,824	457,084		25,127,908
Buildings and improvements	297,752,119	38,154,727		335,906,846
Technology equipment	11,439,680	45,850	(1,214,442)	10,271,088
Vehicles	19,526,515	1,484,252	(249,825)	20,760,942
General equipment	17,025,732	1,554,859	(141,957)	18,438,634
Total Capital Assets Being Depreciated at Historical Cost	370,414,870	41,696,772	(1,606,224)	410,505,418
Accumulated depreciation:				
Land improvements	9,030,389	1,104,634		10,135,023
Buildings and improvements	89,905,040	7,067,384		96,972,424
Technology equipment	10,235,513	360,836	(1,214,121)	9,382,228
Vehicles	15,307,487	899,881	(249,825)	15,957,543
General equipment	9,485,316	993,320	(133,192)	10,345,444
Total accumulated depreciation	133,963,745	10,426,055	(1,597,138)	142,792,662
Total Other Capital Assets, net	236,451,125	31,270,717	(9,086)	267,712,756
Governmental Activities Capital Assets - Net	$ 308,711,473	$ 61,053,318	$ (48,648,674)	$ 321,116,117

Depreciation was charged to governmental functions as follows:

Function	Amount
Instruction	$ 7,410,928
Student support	2,653
Instructional staff	2,133
District administration	33,300
School administration	4,830
Business support	14,998
Plant	2,126,376
Transportation	830,276
Community services	561
	$ 10,426,055

NOTE 5 - CAPITAL ASSETS – CONTINUED

Business-Type Activities	July 1, 2020	Additions	Deductions	June 30, 2021
Buildings and improvements	$ 17,160,727	$ 9,478,861	$ -	$ 26,639,588
Technology equipment	198,257		(7,234)	191,023
General equipment	5,334,783	200,285	(125,010)	5,410,058
Totals at historical cost	22,693,767	9,679,146	(132,244)	32,240,669
Accumulated depreciation:				
Buildings and improvements	5,465,176	366,227		5,831,403
Technology equipment	189,584	8,673	(7,234)	191,023
General equipment	3,771,214	298,457	(123,530)	3,946,141
Total accumulated depreciation	9,425,974	673,357	(130,764)	9,968,567
Business-Type Activities Capital Assets - Net	$ 13,267,793	$ 9,005,789	$ (1,480)	$ 22,272,102

NOTE 6 – 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 commercial insurance. The District purchases unemployment insurance through the Kentucky School Boards Insurance Trust Unemployment Compensation Fund; however, risk has not been transferred to such fund. In addition, the District continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 7 – LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended June 30, 2021, is as follows:

Description	July 1, 2020	Additions	Reductions	June 30, 2021	Due Within 1 Year
Governmental Activities:					
Bonds Payable:					
Revenue bonds	$ 188,298,000	$ 25,150,000	$ (11,259,000)	$ 202,189,000	$ 11,578,000
Premiums/discounts	2,873,163	1,538,199	(416,658)	3,994,704	
Total Bonds Payable	191,171,163	26,688,199	(11,675,658)	206,183,704	11,578,000
Other Liabilities:					
Compensated absences	6,553,122	1,154,288	(421,984)	7,285,426	915,323
Total Other Liabilities	6,553,122	1,154,288	(421,984)	7,285,426	915,323
Total Governmental Activities Long-Term Liabilities	$ 197,724,285	$ 27,842,487	$ (12,097,642)	$ 213,469,130	$ 12,493,323

NOTE 7 – LONG-TERM LIABILITIES – CONTINUED

The debt service fund is primarily responsible for paying the bond obligations through funding from the general, capital outlay and FSPK funds. The general fund is primarily responsible for paying compensated absences.

Bond Liabilities

The original amount of each issue, the issue date, interest rates and amount outstanding at June 30, 2021 are summarized below:

Issue Date	Original Proceeds	Rates	Amount Outstanding
2009QZAB	$ 6,096,000	2.09%	$ 2,179,000
2011R	5,870,000	1.50% - 2.63%	565,000
2012	4,265,000	1.10% - 2.50%	3,385,000
2012R2	5,080,000	0.40% - 1.75%	1,090,000
2014R	6,390,000	2.00% - 3.00%	2,515,000
2014R2	27,080,000	2.00% - 4.00%	17,175,000
2015	18,465,000	2.00% - 3.50%	15,710,000
2015R	6,235,000	2.00% - 3.00%	3,250,000
2015R2	12,935,000	2.00% - 3.125%	8,465,000
2016	14,395,000	2.00% - 3.25%	12,355,000
2016R	35,855,000	0.50% - 3.00%	25,170,000
2017	21,280,000	2.00% - 3.25%	20,060,000
2018E	28,570,000	3.00% - 3.65%	27,135,000
2019	15,165,000	3.00% - 5.00%	14,960,000
2019B	23,030,000	2.125% - 4.00%	23,025,000
2020	25,150,000	2.00% - 5.00%	25,150,000
			$ 202,189,000

On November 18, 2020, the District issued $25,150,000 in School Building Revenue Bonds at an average interest rate of 3.45 percent. The net proceeds of $25,935,115 (after $753,084 in bond issuance costs and $1,538,199 in premium) were deposited in the Debt Service Fund and then transferred to the Construction Fund.

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 by the Warren County School District Finance Corporation 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 has “participation agreements” with the Kentucky School Facilities 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, 2021, for debt service (principal and interest) are as follows:

NOTE 7 – LONG-TERM LIABILITIES – CONTINUED

Year	Principal	Interest	SFCC Portion	District's Portion
2022	$ 11,578,000	$ 6,174,592	$ 693,595	$ 17,058,997
2023	11,761,000	5,832,830	659,254	16,934,576
2024	12,141,000	5,477,047	659,253	16,958,794
2025	12,550,000	5,096,352	659,253	16,987,099
2026	12,954,000	4,693,358	659,252	16,988,106
2027-2031	62,200,000	16,746,008	2,710,542	76,235,466
2032-2036	57,145,000	7,937,266	1,495,520	63,586,746
2037-2041	21,860,000	1,102,391	586,153	22,376,238
	$ 202,189,000	$ 53,059,844	$ 8,122,822	$ 247,126,022

NOTE 8 – PENSION PLANS

Plan Descriptions

The Warren County School District participates in the Teachers' Retirement System of the State of Kentucky (TRS), a component unit of the Commonwealth of Kentucky which includes certified employees and the County Employees' Retirement System (CERS), a component unit of the Commonwealth of Kentucky which includes all other employees, both of which are cost-sharing multiple-employer defined benefit plans. TRS, which qualifies as a special funding situation under GASB 68, and CERS provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. TRS is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the Kentucky Revised Statutes (KRS). Under the provisions of KRS Section 61.645, the Board of Trustees of Kentucky Retirement Systems (KERS) administers the CERS. The TRS and CERS issue a publicly available financial reports that include financial statements and required supplementary information. TRS' report may be obtained at www.trs.ky.gov. CERS' report may be obtained at www.kyret.ky.gov.

TRS

Benefits Provided

For Members Before 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 twenty-seven (27) years of Kentucky service.

NOTE 8 – PENSION PLANS – CONTINUED

Participants that retire before age 60 with less than 27 years of service receive reduced retirement benefits. Non-university members with an account established prior to July 1, 2002 receive monthly payments equal to two (2) percent (service prior to July 1, 1983) and two and one-half (2.5) percent (service after July 1, 1983) of their final average salaries for each year of credited service. New members (including second retirement accounts) after July 1, 2002 will receive monthly benefits equal to 2% of their final average salary for each year of service if, upon retirement, their total service less than ten years. New 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. Effective July 1, 2008, the System has been amended to change the benefit structure for members hired on or after that date.

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 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. The System also provides disability benefits for vested members at the rate of sixty percent (60%) of the final average salary. Cost of living increases are one and one-half percent (1.5%) annually. Additional ad hoc increases and any other benefit amendments must be authorized by the General Assembly.

For Members On or After 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 sixty (60) and complete five (5) years of Kentucky service, or
2.) Complete twenty-seven (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 of credited service greater than 30 years.

NOTE 8 – PENSION PLANS – CONTINUED

The annual retirement allowance for university members is equal to: (a) one and one-half percent (1.5%) of final average salary for each year of credited service if their service is 10 years or less; (b) one and seven tenths percent (1.7%) 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) one and eighty five hundredths percent (1.85%) of final average salary for each year of credited service if their service is greater than 20 years but less than 27 years; (d) two percent (2.0%) of final average salary for each year of credited service if their service is greater than or equal to 27 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 the earlier of age 60 or the date the member would have completed 27 years of service.

Contributions

Contribution rates are established by Kentucky Revised Statutes. The State contributes 100 percent of school districts' contractually required contributions, which are actuarially determined. Employees are required to contribute 12.855 percent of their annual salary. The school districts' contractually required contribution rate for the year ended June 30, 2021, was 13.105 percent of salaries for members in the plan before July 1, 2008 and 14.105 percent of salaries for members who started their account after June 30, 2008. The District made no contributions to the pension plan for the year ended June 30, 2021. 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.

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

At June 30, 2021, the District reported no net pension liability because it did not have a proportionate share of the net pension liability. There was no amount recognized by the District as its proportionate share of the net pension liability. The related State share of the net pension liability was $286,728,865.

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. 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 school districts and the State, actuarially determined. At June 30, 2020, the District's proportion was 2.0231 percent.

For the year ended June 30, 2021, the District recognized pension expense of negative $31,815,053 and revenue of negative $31,815,053 ($20,754,031 in the governmental funds and negative $52,569,084 in government-wide activities) for support provided by the State. At June 30, 2021, the District reported no deferred outflows of resources and no deferred inflows of resources related to TRS.

NOTE 8 – PENSION PLANS – CONTINUED

Actuarial Assumptions

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00 percent
Salary increases	3.50 – 7.30 percent, including inflation
Investment rate of return	7.50 percent, net of pension plan investment expense, including inflation

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, 2019 valuation were based on the results of an actuarial experience study prepared for the period July 1, 2010 – June 30, 2015, submitted to and adopted by the Board on November 19, 2016.

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.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	40%	4.6%
International Equity	22%	5.6%
Fixed Income	15%	0.0%
Other	7%	2.5%
Real Estate	7%	4.3%
Private Equity	7%	7.7%
Cash	2%	-0.5%
	100%	

NOTE 8 – PENSION PLANS – CONTINUED

Discount Rate

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 was performed in accordance with GASB 67. It was assumed that Plan member contributions will be made at the current contribution rates and that Employer contributions will be made at the Actuarially Determined Contribution rates 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 Net Pension Liability To Changes In The Discount Rate

The District has no proportional share of the net pension liability. The following presents the sensitivity of the System's net pension liability calculated using the discount rate of 7.50 percent, as well as what the System's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
System's net pension liability (in thousands)	$ 18,868,453	$ 14,835,040	$ 11,439,108

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position, which has been determined on the same basis as that used by the plan, is available in the separately issued TRS financial report. The financial statements are prepared on the accrual basis of accounting. Member contributions and employer matching contributions are recognized in the fiscal year due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

CERS

Benefits Provided

The system provides for retirement, disability, and death benefits to system members. Retirement benefits may be extended to beneficiaries of members under certain circumstances. Prior to July 1, 2009, cost-of-living adjustments (COLA) were provided annually equal to the percentage increase in the annual average of the consumer price index for all urban consumers for the most recent calendar year, not to exceed 5% in any plan year. Effective July 1, 2009, and on July 1 of each year thereafter through June 30, 2014, the COLA is limited to 1.5% provided the recipient has been receiving a benefit for at least 12 months prior to the effective date of the COLA. If the recipient has been receiving a benefit for less than 12 months prior to the effective date of the COLA, the increase shall be reduced on a pro-rata basis for each month the recipient has not been receiving benefits in the 12 months preceding the effective date of the COLA. The Kentucky General Assembly reserves the right to suspend or reduce the COLA if, in its judgment, the welfare of the Commonwealth so demands. No COLA has been granted since July 1, 2011.

NOTE 8 – PENSION PLANS – CONTINUED

The Board of Trustees adopted new actuarial assumptions since June 30, 2018. These assumptions are documented in the report titled "Kentucky Retirement Systems 2018 Actuarial Experience Study for the Period Ending June 30, 2018". The Total Pension liability as of June 30, 2020, was determined using these updated assumptions.

Senate Bill 249 passed during the 2020 legislative session and changed the funding period for the amortization of the unfunded liability to 30 years as of June 30, 2019. Gains and losses incurring in future years will be amortized over separate 20-year amortization bases. This change does not impact the calculation of the Total Pension Liability and only impacts the calculation of the contribution rates that would be payable starting July 1, 2020. There were no other material plan provision changes.

Contributions

For the fiscal year ended June 30, 2021, plan members who began participating prior to September 1, 2008, were required to contribute 5% of their annual creditable compensation. 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 preceding 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 bases adopted by the Board. The school districts' contractually required contribution rate for the year ended June 30, 2021, was 19.30 percent of annual creditable compensation. Contributions to the pension plan from the District were $3,776,953.

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

At June 30, 2021, the District reported a liability of $56,348,121 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, 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 school districts, actuarially determined. At June 30, 2020, the District's proportion was 0.734664 percent, which was an increase of .029093 percent from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense of $9,804,985. At June 30, 2021, the District reported its proportionate share of the CERS deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTE 8 – PENSION PLANS – CONTINUED

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 1,405,144	$ -
Changes in actuarial assumptions	2,200,299	
Difference between projected and actual investment earnings	2,442,502	1,032,466
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,894,277	
Contributions paid to CERS subsequent to the measurement date	3,776,953	
	$ 11,719,175	$ 1,032,466

The amount reported as deferred outflows for District contributions subsequent to the measurement date of $3,776,953 will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Pension Expense Amount
2022	$ 3,323,033
2023	2,250,513
2024	769,908
2025	566,302
	$ 6,909,756

Actuarial Assumptions

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30 percent
Salary increases	3.30 percent to 10.30%, varies by service, including inflation
Investment rate of return	6.25 percent, net of pension plan investment expense, including inflation

The mortality table used for active members is a Pub-2010 General Mortality Table projected with the ultimate rates from, the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. The mortality table used for the disabled members was PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

NOTE 8 – PENSION PLANS – CONTINUED

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2013 – June 30, 2018 and adopted by the Board on April 18, 2019.

The long-term expected return on plan assets 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.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	18.75%	4.50%
Non-U.S. Equity	18.75%	5.25%
Private Equity	10.00%	6.65%
Specialty Credit/High Yield	15.00%	3.90%
Core Bonds	13.50%	-0.25%
Cash	1.00%	-0.75%
Real Estate	5.00%	5.30%
Opportunistic	3.00%	2.25%
Real Return	15.00%	3.95%
	100%	

Discount Rate

The projection of cash flows used to determine the discount rate of 6.25% for CERS Non-hazardous and CERS Hazardous assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in Statute as last amended by House Bill 362 (passed in 2018). The discount rate determination does not use a municipal bond rate. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the Comprehensive Annual Financial Report (CAFR).

NOTE 8 – PENSION PLANS – CONTINUED

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 discount rate of 6.25 percent, 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:

Description	1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
District's proportionate share of the net pension liability	$ 69,489,494	$ 56,348,121	$ 45,466,564

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position, which has been determined on the same basis as that used by the plan, is available in the separately issued CERS financial report. The financial statements are prepared on the accrual basis of accounting. Member contributions and employer matching contributions are recognized in the fiscal year due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS

Plan Descriptions

The Warren County School District participates in the Teachers' Retirement System of the State of Kentucky (TRS), a component unit of the Commonwealth of Kentucky which includes certified employees and the County Employees' Retirement System (CERS), a component unit of the Commonwealth of Kentucky which includes all other employees, both of which are cost-sharing multiple-employer defined benefit plans. TRS, which qualifies as a special funding situation for the Life Insurance Fund under GASB 75, and CERS provide other post-employment benefits to plan members and beneficiaries. TRS is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the Kentucky Revised Statutes (KRS). Under the provisions of KRS Section 61.645, the Board of Trustees of Kentucky Retirement Systems (KERS) administers the CERS. The TRS and CERS issue a publicly available financial reports that include financial statements and required supplementary information. TRS' report may be obtained at www.trs.ky.gov. CERS' report may be obtained at www.kyret.ky.gov.

TRS

General Information about the OPEB Plan

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 www.trs.ky.gov.

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

The state 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 Fund

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.

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, 2021, the District reported a liability of $27,188,000 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, 2020, 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, 2020, the District's proportion was 1.940239 percent, which was an increase of .0027119 percent from its proportion measured as of June 30, 2019.

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

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	$	27,188,000
State proportionate share of the net OPEB liability associated with the District		21,779,000
Total	$	60,153,000

For the year ended June 30, 2021, the District recognized OPEB expense of $436,000 and revenue of $1,524,027 for support provided by the Commonwealth. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions	$ 1,648,000	
Difference between projected and actual economic experience		11,590,000
Difference between projected and actual investment earnings	885,000	
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,570,000	146,000
Contributions paid to TRS subsequent to the measurement date	1,968,240	
	$ 7,071,240	$ 11,736,000

Of the total amount reported as deferred outflows of resources related to OPEB, $1,968,240 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, 2022. 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	OPEB Expense Amount
2022	$ (1,337,000)
2023	(1,269,000)
2024	(1,282,000)
2025	(1,171,000)
2026	(1,094,000)
Thereafter	(480,000)
	$ (6,633,000)

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

Actuarial assumptions – The total OPEB liability in the June 30, 2019 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	7.25% for FY 2020 decreasing to an ultimate rate of 5.00% by FY 2029
Ages 65 and Older	5.25% for FY 2020 decreasing to an ultimate rate of 5.00% by FY 2022
Medicare Part B Premiums	6.49% for FY 2020 with an ultimate rate of 5.00% by 2031
Municipal Bond Index Rate	3.50%
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 remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends) used in the June 30, 2019 valuation of the Health Trust were based on a review of recent plan experience done concurrently with the June 30, 2019 valuation. The health care cost trend assumption was updated for the June 30, 2019 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.

The long-term expected rate of return on OPEB 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 OPEB 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%	5.4%
Fixed Income	9.0%	0.0%
Real Estate	6.5%	4.3%
Private Equity	8.5%	7.7%
Other	17.0%	2.5%
Cash (LIBOR)	1.0%	-0.5%
	100.0%	

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

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 assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity Of The District's Proportionate Share Of The Net OPEB Liability To Changes In The Discount Rate

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:

Description	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
District's proportionate share of the net OPEB liability	$ 32,679,000	$ 27,188,000	$ 22,329,000

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.

Description	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	$ 21,430,000	$ 27,188,000	$ 33,947,000

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

Life Insurance Fund

Plan description – Life Insurance Fund – TRS administers the life insurance fund 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.

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

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 Commonwealth.

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

At June 30, 2021, 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 was $0 and the Commonwealth's total portion of the net OPEB liability that was associated with the District was $659,000.

For the year ended June 30, 2021, the District recognized OPEB expense of $31,709 and revenue of $31,709 for support provided by the Commonwealth. At June 30, 2021, the District reported no deferred outflows of resources and deferred inflows of resources related to the OPEB.

Actuarial assumptions – The total OPEB liability in the June 30, 2019 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	3.50 – 7.20%, including inflation
Inflation rate	3.00%
Real Wage Growth	0.50%
Wage Inflation	3.50%
Municipal Bond Index Rate	2.19%
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 remaining actuarial assumptions (e.g. initial per capita costs, rate of plan participation, rates of plan election, etc.) used in the June 30, 2019 valuation were based on a review of recent plan experience done concurrently with the June 30, 2015 valuation.

The long-term expected rate of return on OPEB 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 OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

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%	4.6%
International Equity	23.0%	5.6%
Fixed Income	18.0%	0.0%
Real Estate	6.0%	4.3%
Private Equity	5.0%	7.7%
Other	6.0%	2.3%
Cash (LIBOR)	2.0%	-0.5%
	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 assumed that the employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity Of The Net OPEB Liability To Changes In The Discount Rate

The District has no proportional share of the net OPEB liability. The following presents the sensitivity of the System's net pension liability calculated using the discount rate of 7.50 percent, as well as what the System's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

Description	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
System's net OPEB liability (in thousands)	$ 50,234	$ 34,712	$ 21,943

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

CERS

Plan description – The Kentucky Retirement Systems' Insurance Fund (Insurance Fund) was established to provide hospital and medical insurance for eligible members receiving benefits from CERS. The eligible non-Medicare retirees are covered by the Department of Employee Insurance (DEI) plans. KRS submits the premium payments to DEI. The Board contracts with Humana to provide health care benefits to the eligible Medicare retirees through a Medicare Advantage Plan. The Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance.

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

Senate Bill 249 passed during the 2020 legislative session and changed the funding period for the amortization of the unfunded liability to 30 years as of June 30, 2019. Gains and losses incurring in future years will be amortized over separate 20-year amortization bases. This change does not impact the calculation of the Total Pension Liability and only impacts the calculation of the contribution rates that would be payable starting July 1, 2020. There were no other material plan provision changes.

Benefits provided – For members participating prior to July 1, 2003, KRS pays a percentage of the monthly premium for single coverage based upon the service credit accrued at retirement. Members participating on or after July 1, 2003, and before September 1, 2008, are required to earn at least 10 years of service credit in order to be eligible for insurance benefits at retirement. Members participating on or after September 1, 2008 are required to earn at least 15 years of service credit in order to be eligible for insurance benefits at retirement. The monthly health insurance contribution will be $10 for each year of earned service increased by the CPI prior to July 1, 2009, and by 1.5% annually from July 1, 2009.

Contributions – For the fiscal year ended June 30, 2021, plan members who began participating prior to September 1, 2008, were required to contribute 0% of their annual creditable compensation. Those members who began participating on, or after, September 1, 2008 and before January 1, 2014 were required to contribute 1% of their annual creditable compensation. Those members who began participating on, or after, January 1, 2014 were required to contribute 1% of their annual creditable compensation but their contribution is not credited to their account and is not refundable. 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 preceding 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 bases adopted by the Board. The school districts' contractually required contribution rate for the year ended June 30, 2021, was 4.76 percent of annual creditable compensation. Contributions to the OPEB plan from the District were $931,518.

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

At June 30, 2021, the District reported a liability of $17,734,758 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. 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 school districts, actuarially determined. At June 30, 2020, the District's proportion was 0.734451 percent, which was an increase of .02905 percent from its proportion measured as of June 30, 2019.

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

For the year ended June 30, 2021, the District recognized OPEB expense of $2,564,448. At June 30, 2021, the District reported its proportionate share of the CERS deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 2,963,106	$ 2,965,420
Changes in actuarial assumptions	3,084,800	18,759
Difference between projected and actual investment earnings	951,340	361,878
Changes in proportion and differences between employer contributions and proportionate share of contributions	656,309	13,531
Contributions paid to CERS subsequent to the measurement date	931,518	
	$ 8,587,073	$ 3,359,588

Of the total amount reported as deferred outflows of resources related to OPEB, $931,518 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, 2022. 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	OPEB Expense Amount
2022	$ 1,134,709
2023	1,309,156
2024	974,632
2025	908,906
2026	(31,436)
	$ 4,295,967

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

Actuarial assumptions – The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	6.25%, net of OPEB plan investment expense, including inflation.
Projected salary increases	3.30% to 10.30%, varies by service
Inflation rate	2.30%
Real Wage Growth	2.00%
Healthcare Trend Rate:	
Pre-65	Initial trend starting at 6.40% at January 1, 2022, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years.
Post-65	Initial trend starting at 2.90% at January 1, 2022, and increasing to 6.30% in 2023, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years.
Municipal Bond Index Rate	3.13%
Discount Rate	5.34%

The mortality table used for active members is a Pub-2010 General Mortality Table projected with the ultimate rates from, the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. The mortality table used for the disabled members was PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2013 – June 30, 2018 and adopted by the Board on April 18, 2019.

The long-term expected rate of return was determined by using a building block method in which best estimate ranges of expected future real rates 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.

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	18.75%	4.50%
Non-U.S. Equity	18.75%	5.25%
Private Equity	10.00%	6.65%
Specialty Credit/High Yield	15.00%	3.90%
Core Bonds	13.50%	-0.25%
Cash	1.00%	-0.75%
Real Estate	5.00%	5.30%
Opportunistic	3.00%	2.25%
Real Return	15.00%	3.95%
	100%	

Discount Rate

The projection of cash flows used to determine the discount rate of 5.34% assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 26 years (closed) 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 2.45%, as reported in Fidelity Index's "20 –Year Municipal GO AA Index" as of June 30, 2020. 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. The target asset allocation and best estimates of arithmetic nominal rates of return for each major asset class are summarized in the CAFR.

Sensitivity Of The District's Proportionate Share Of The Net OPEB Liability To Changes In The Discount Rate

The following table presents the District's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 5.34%, 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 (4.34%) or 1-percentage-point higher (6.34%) than the current rate:

Description	1% Decrease (4.34%)	Current Discount Rate (5.34%)	1% Increase (6.34%)
District's proportionate share of the net OPEB liability	$ 22,783,958	$ 17,734,758	$ 13,587,683

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

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.

Description	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	$ 13,731,136	$ 17,734,758	$ 22,593,249

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

DEFERRED COMPENSATION

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Sections 457, 401(k) and 403(b). The Plans, available to all employees, permits them to defer a portion of their salary until future years. This deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, allows entities with little or no administrative involvement who do not perform the investing function for these plans to omit plan assets and related liabilities from their financial statements. The District, therefore, does not show these assets and liabilities on these financial statements.

NOTE 10 – FUND BALANCES

Nonspendable fund balances are those that cannot be spent on future obligations. At June 30, 2021, the General Fund had $347,929 for prepaid items and $371,059 for inventory.

Restricted fund balances arise when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. At June 30, 2020, the District had, $2,191,740 restricted for grants in the Special Revenue Fund, $16,937,294 restricted for capital projects in the Construction Fund, $502,650 restricted for school activities in the District Activity Fund, $834,872 restricted for school activities in the Student Activity Fund and $1,053 restricted for debt service in the Debt Service Fund.

Committed fund balances are those amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, which, for the District is the Board of Education. The Board of Education must approve by majority vote the establishment (and modification or rescinding) of a fund balance commitment. The District had $906,143 for compensated absences in the General Fund.

NOTE 10 – FUND BALANCES – CONTINUED

Assigned fund balances are those amounts that are constrained by the government's *intent* to be used for specific purposes, but are neither restricted nor committed. The Board of Education allows program supervisors to complete purchase orders which result in the encumbrance of funds. Assigned for purchase orders in the General Fund at June 30, 2021 were $1,094,838. Assigned fund balance also includes (a) all remaining amounts (except for negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed and (b) amounts in the general fund that are intended to be used for a specific purpose. The District had no other assigned fund balance at June 30, 2021.

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

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

NOTE 11 – COMMITMENTS AND 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.

The District is subject to various other legal actions in various stages of litigation, the outcome of which is not determinable at this time. Management of the District and its legal counsel do not anticipate that there will be any material effect on the basic financial statements as a result of the cases presently in progress.

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 has ongoing construction commitments at June 30, 2021.

NOTE 12 – DEFICIT OPERATING BALANCES

The Daycare Fund had deficit net position at June 30, 2021 in the amount of $162,263. The deficit net position is a result of the recording of the net pension and net OPEB liabilities for CERS.

The following funds had operations that resulted in a current year deficit of revenues over expenditures resulting in a corresponding reduction of fund balance/net position:

Fund	Amount
FSPK Fund	$ 85,640

NOTE 13 – ON-BEHALF PAYMENTS

The District receives on-behalf payments from the Commonwealth of Kentucky for items including pension, OPEB, technology, health care costs, operating costs and debt service. The amounts received and funds where these items were recorded for the fiscal year ended June 30, 2021 were as follows:

Description	Amount
Health	$ 16,362,746
Life	25,431
Admin	206,598
HRA	802,987
TRS Pension	20,754,031
TRS OPEB	1,555,736
Technology	198,248
Debt Service	693,598
Less: Federal Reimbursement	(927,898)
Total on-behalf	$ 39,671,477
Recorded as follows:	
General Fund	$ 38,000,052
Food Service Fund	952,301
Daycare Fund	25,526
Debt Service Fund	693,598
	$ 39,671,477

NOTE 14 – RESTATEMENT

The District adopted GASB 84 during the fiscal year which resulted in the School Activity fiduciary fund being reclassified to a Special Revenue fund (School Activity Fund). The restatement increased fund balance by $830,940.

FINAL DRAFT

REQUIRED SUPPLEMENTARY INFORMATION

WARREN COUNTY SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL

FINAL DRAFT

GENERAL FUND

Year Ended June 30, 2021

	Original	Final	Actual
Revenues:			
From local sources:			
Taxes:			
Property	$ 26,836,106	$ 27,643,963	$ 28,753,555
Motor vehicle	4,147,165	4,563,533	5,138,884
Utilities	4,030,000	5,800,000	6,220,444
Occupational	6,282,294	9,137,972	9,870,822
Other	1,183,036	1,164,737	1,125,776
Tuition and fees	21,000	24,000	49,925
Earnings on investments	300,000	521,125	509,506
Other local revenues	281,500	180,650	472,216
Intergovernmental - State	80,817,648	87,152,970	84,638,184
Intergovernmental - Indirect Federal	130,000	150,000	305,030
Total Revenues	124,028,749	136,338,950	137,084,342
Expenditures:			
Instruction	84,670,275	86,894,272	82,526,716
Support services:			
Student	10,443,904	10,689,267	10,349,436
Instruction staff	3,778,763	4,025,353	3,846,864
District administrative	2,620,429	2,490,064	2,405,744
School administrative	9,712,967	10,074,702	9,167,477
Business	4,121,727	4,385,868	4,055,426
Plant operation and maintenance	12,891,031	13,869,081	12,394,250
Student transportation	8,995,297	10,396,084	9,180,230
Community service activities	121,301	137,384	150,817
Facilities acquisition and construction		700,000	
Other non-instruction	9,839,996	14,000,000	
Total Expenditures	147,195,690	157,662,075	134,076,960
Excess (Deficit) of Revenues over Expenditures	(23,166,941)	(21,323,125)	3,007,382
Other Financing Sources (Uses):			
Proceeds from sale of capital assets	5,000	2,000	9,658
Insurance proceeds			490,308
Transfers in	662,239	709,848	2,592,664
Transfers out	(1,175,094)	(1,175,094)	(1,660,986)
Total Other Financing Sources (Uses)	(507,855)	(463,246)	1,431,644
Net Change in Fund Balance	(23,674,796)	(21,786,371)	4,439,026
Fund Balance, July 1, 2020	23,674,796	21,786,371	22,820,715
Fund Balance, June 30, 2021	$ -	$ -	$ 27,259,741

WARREN COUNTY SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL

FINAL DRAFT

SPECIAL REVENUE FUND

Year Ended June 30, 2021

	Original	Final	Actual
Revenues:			
Earnings on investments	$ -	$ 4,170	$ 41,281
Other local revenues	155,000	193,584	222,300
Intergovernmental - State	4,939,824	9,200,599	6,384,189
Intergovernmental - Indirect Federal	9,111,663	61,173,050	14,657,328
Intergovernmental - Direct Federal			221,813
Total Revenues	14,206,487	70,571,403	21,526,911
Expenditures:			
Instruction	12,967,990	68,842,219	18,714,246
Support services:			
Student		43,095	216,522
Business			51,182
Plant operation and maintenance		671,837	194,323
Student transportation	72,641	50,683	154,301
Community service activities	1,399,932	1,429,109	1,453,857
Other non-instruction		42,350	4,550
Total Expenditures	14,440,563	71,079,293	20,788,981
Excess (Deficit) of Revenues over Expenditures	(234,076)	(507,890)	737,930
Other Financing Sources (Uses):			
Transfers in	300,000	300,000	312,135
Transfers out	(65,924)	(66,110)	(813,312)
Total Other Financing Sources (Uses)	234,076	233,890	(501,177)
Net Change in Fund Balance	-	(274,000)	236,753
Fund Balance, July 1, 2020		274,000	1,954,987
Fund Balance, June 30, 2021	$ -	$ -	$ 2,191,740

WARREN COUNTY SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE CERS NET PENSION LIABILITY

June 30, 2021

Last 10 Years *

	2021	2020	2019
Proportion of the net pension liability	0.734664%	0.705571%	0.687531%
Proportionate share of the net pension liability	$ 56,348,121	$ 49,623,123	$ 41,872,733
Covered payroll	$ 19,094,451	$ 18,229,329	$ 17,397,251
Proportionate share of the net pension liability as percentage of covered payroll	295.1%	272.2%	240.7%
Plan fiduciary net position as a percentage of the total pension liability	47.81%	50.45%	53.54%

	2018	2017	2016	2015
Proportion of the net pension liability	0.671800%	0.676100%	0.662300%	0.659800%
Proportionate share of the net pension liability	$ 39,321,056	$ 33,286,339	$ 28,477,069	$ 21,406,024
Covered payroll	$ 18,321,766	$ 17,785,235	$ 16,639,872	$ 16,223,095
Proportionate share of the net pension liability as percentage of covered payroll	214.6%	187.2%	171.1%	131.9%
Plan fiduciary net position as a percentage of the total pension liability	53.30%	55.50%	59.97%	66.80%

* Fiscal year 2015 was the first year of implementation, therefore, only seven years are shown.

FINAL DRAFT

WARREN COUNTY SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE CERS NET OPEB LIABILITY

June 30, 2021

Last 10 Years *

	2021	2020
Proportion of the net OPEB liability	0.734451%	0.705401%
Proportionate share of the net OPEB liability	$ 17,734,758	$ 11,864,527
Covered payroll	$ 19,094,451	$ 18,229,329
Proportionate share of the net OPEB liability as percentage of covered payroll	92.88%	65.08%
Plan fiduciary net position as a percentage of the total OPEB liability	51.67%	60.44%

	2019	2018
Proportion of the net OPEB liability	0.687531%	0.671800%
Proportionate share of the net OPEB liability	$ 12,206,621	$ 13,507,975
Covered payroll	$ 17,397,251	$ 18,321,766
Proportionate share of the net OPEB liability as percentage of covered payroll	70.16%	73.73%
Plan fiduciary net position as a percentage of the total OPEB liability	57.62%	52.39%

* Fiscal year 2018 was the first year of implementation, therefore, only four years are shown.

WARREN COUNTY SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE TRS NET PENSION LIABILITY

June 30, 2021

Last 10 Years *

	2021	2020	2019
Proportion of the net pension liability	2.023100%	1.996300%	1.906800%
Proportionate share of the net pension liability	$ 286,728,865	$ 272,368,707	$ 249,682,225
Covered payroll	$ 63,090,738	$ 61,174,707	$ 58,277,591
Proportionate share of the net pension liability as percentage of covered payroll	454.5%	445.2%	428.4%
Plan fiduciary net position as a percentage of the total pension liability	58.30%	58.80%	59.30%

	2018	2017	2016	2015
Proportion of the net pension liability	1.880600%	1.853100%	1.790700%	1.678200%
Proportionate share of the net pension liability	$ 507,432,630	$ 546,664,730	$ 416,700,596	$ 344,848,397
Covered payroll	$ 56,208,579	$ 55,562,888	$ 52,800,486	$ 51,203,951
Proportionate share of the net pension liability as percentage of covered payroll	902.8%	983.9%	789.2%	673.5%
Plan fiduciary net position as a percentage of the total pension liability	39.80%	35.20%	42.50%	45.59%

* Fiscal year 2015 was the first year of implementation, therefore, only seven years are shown.

WARREN COUNTY SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE TRS NET OPEB LIABILITY - MEDICAL INSURANCE FUND

June 30, 2021

Last 10 Years *

	2021	2020
Proportion of the net OPEB liability	1.940239%	1.913120%
District's proportionate share of the net OPEB liability	$ 27,188,000	$ 30,977,000
State proportionate share of the net OPEB liability associated with the District	21,779,000	25,016,000
Total	$ 60,153,000	$ 60,153,000
Covered payroll	$ 63,090,738	$ 61,174,707
District's proportionate share of the net OPEB liability as percentage of covered payroll	43.09%	50.64%
Plan fiduciary net position as a percentage of the total OPEB liability	39.10%	32.60%

	2019	2018
Proportion of the net OPEB liability	1.824235%	1.794010%
District's proportionate share of the net OPEB liability	$ 33,997,000	$ 35,209,000
State proportionate share of the net OPEB liability associated with the District	29,299,000	28,761,000
Total	$ 60,153,000	$ 61,559,000
Covered payroll	$ 58,277,591	$ 56,208,579
District's proportionate share of the net OPEB liability as percentage of covered payroll	58.34%	62.64%
Plan fiduciary net position as a percentage of the total OPEB liability	25.50%	21.20%

* Fiscal year 2018 was the first year of implementation, therefore, only four years are shown.

FINAL DRAFT

WARREN COUNTY SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE TRS NET OPEB LIABILITY - LIFE INSURANCE FUND

June 30, 2021

Last 10 Years *

	2021	2020
Proportion of the net OPEB liability	1.897222%	1.870369%
District's proportionate share of the net OPEB liability	$ -	$ -
State proportionate share of the net OPEB liability associated with the District	659,000	581,000
Total	$ 659,000	$ 581,000
Covered payroll	$ 63,090,738	$ 61,174,707
District's proportionate share of the net OPEB liability as percentage of covered payroll	0.0%	0.0%
Plan fiduciary net position as a percentage of the total OPEB liability	71.60%	73.40%

	2019	2018
Proportion of the net OPEB liability	1.782679%	1.753210%
District's proportionate share of the net OPEB liability	$ -	$ -
State proportionate share of the net OPEB liability associated with the District	503,000	385,000
Total	$ 503,000	$ 385,000
Covered payroll	$ 58,277,591	$ 56,208,579
District's proportionate share of the net OPEB liability as percentage of covered payroll	0.0%	0.0%
Plan fiduciary net position as a percentage of the total OPEB liability	75.00%	80.00%

* Fiscal year 2018 was the first year of implementation, therefore, only four years are shown.

FINAL DRAFT

WARREN COUNTY SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS TO CERS PENSION

June 30, 2021

Last 10 Years *

	2021	2020	2019
Contractually required contribution (actuarially determined)	$ 3,776,953	$ 3,685,229	$ 2,956,797
Contribution in relation to the actuarially determined contributions	3,776,953	3,685,229	2,956,797
Contribution deficiency (excess)	$ -	$ -	$ -
Covered payroll	$ 19,569,704	$ 19,094,451	$ 18,229,329
Contributions as a percentage of covered payroll	19.30%	19.30%	16.22%

	2018	2017	2016	2015
Contractually require contribution (actuarially determined)	$ 2,519,122	$ 2,555,866	$ 2,208,926	$ 2,121,584
Contribution in relation to the actuarially determined contributions	2,519,122	2,555,866	2,208,926	2,121,584
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 17,397,251	$ 18,321,766	$ 17,785,235	$ 16,639,872
Contributions as a percentage of covered payroll	14.48%	13.95%	12.42%	12.75%

* Fiscal year 2015 was the first year of implementation, therefore, only six years are shown.

FINAL DRAFT

WARREN COUNTY SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS TO TRS PENSION

June 30, 2021

Last 10 Years *

	2021	2020	2019
Contractually required contribution (actuarially determined)	$ -	$ -	$ -
Contribution in relation to the actuarially determined contributions	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -
Covered payroll	$ 65,608,008	$ 63,090,738	$ 61,174,707
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%

	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	$ -	$ -	$ -	$ -
Contribution in relation to the actuarially determined contributions	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 58,277,591	$ 56,208,579	$ 55,262,888	$ 52,800,486
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

* Fiscal year 2015 was the first year of implementation, therefore, only seven years are shown.

FINAL DRAFT

WARREN COUNTY SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS TO CERS OPEB

June 30, 2021

Last 10 Years *

	2021	2020
Contractually required contribution (actuarially determined)	$ 931,518	$ 908,896
Contribution in relation to the actuarially determined contributions	931,518	908,896
Contribution deficiency (excess)	$ -	$ -
Covered payroll	$ 19,569,704	$ 19,094,451
Contributions as a percentage of covered payroll	4.76%	4.76%

	2019	2018
Contractually required contribution (actuarially determined)	$ 958,863	$ 817,671
Contribution in relation to the actuarially determined contributions	958,863	817,671
Contribution deficiency (excess)	$ -	$ -
Covered payroll	$ 18,229,329	$ 17,397,251
Contributions as a percentage of covered payroll	5.26%	4.70%

* Fiscal year 2018 was the first year of implementation, therefore, only four years are shown.

FINAL DRAFT

WARREN COUNTY SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS TO TRS MEDICAL INSURANCE FUND

June 30, 2021

Last 10 Years *

	2021	2020
Contractually required contribution (actuarially determined)	$ 1,968,240	$ 1,892,722
Contribution in relation to the actuarially determined contributions	1,968,240	1,892,722
Contribution deficiency (excess)	$ -	$ -
Covered payroll	$ 65,608,008	$ 63,090,738
Contributions as a percentage of covered payroll	3.00%	3.00%

	2019	2018
Contractually required contribution (actuarially determined)	$ 1,835,241	$ 1,748,328
Contribution in relation to the actuarially determined contributions	1,835,241	1,748,328
Contribution deficiency (excess)	$ -	$ -
Covered payroll	$ 61,174,707	$ 58,277,591
Contributions as a percentage of covered payroll	3.00%	3.00%

* Fiscal year 2018 was the first year of implementation, therefore, only four years are shown.

FINAL DRAFT

WARREN COUNTY SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS TO TRS - LIFE INSURANCE FUND

June 30, 2021

Last 10 Years *

	2021	2020
Contractually required contribution (actuarially determined)	$ -	$ -
Contribution in relation to the actuarially determined contributions	-	-
Contribution deficiency (excess)	$ -	$ -
Covered payroll	$ 65,608,008	$ 63,090,738
Contributions as a percentage of covered payroll	0.00%	0.00%

	2019	2018
Contractually required contribution (actuarially determined)	$ -	$ -
Contribution in relation to the actuarially determined contributions	-	-
Contribution deficiency (excess)	$ -	$ -
Covered payroll	$ 61,174,707	$ 58,277,591
Contributions as a percentage of covered payroll	0.00%	0.00%

* Fiscal year 2018 was the first year of implementation, therefore, only four years are shown.

WARREN COUNTY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2021

CERS PENSION

Changes of benefit terms. There were no changes in benefit terms for 2015 through 2021.

Changes of assumptions (as of June 30 of the year measurement date):

2014 – The assumed investment rate of return was decreased from 7.75% to 7.50%. The assumed rate of inflation was reduced from 3.50% to 3.25%. The assumed rate of wage inflation was reduced from 1.00% to 0.75%. Payroll growth assumption was reduced from 4.50% to 4.00%. The mortality table used for active members is 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. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted. The assumed rates of Retirement, Withdrawal and Disability were updated to more accurately reflect experience.

2015 and 2016 – No changes.

2017 – The assumed investment return was changed from 7.50% to 6.25%. The price inflation assumption was changed from 3.25% to 2.30%, which also resulted in a 0.95% decrease in the salary increase assumption at all years of service. The payroll growth assumption (applicable for the amortization unfunded actuarial accrued liabilities) was changed from 4.00% to 2.00%.

2018 – No changes.

2019 – Salary rates were increased from 3.05% average to 3.30 percent to 10.30%, varies by service. Annual rates of retirement, disability, withdrawal and mortality were updated based on the 2018 experience study and the percent of disabilities assumed to occur in the line of duty was updated from 0% to 2% for non-hazardous members.

2020 – No changes.

CERS OPEB

Changes of benefit terms. There were no changes in benefit terms for 2018 to 2020.

Changes of assumptions (as of June 30 of the year measurement date):

2017 – The assumed investment return was changed from 7.50% to 6.25%. The price inflation assumption was changed from 3.25% to 2.30%, which also resulted in a 0.95% decrease in the salary increase assumption at all years of service. The payroll growth assumption (applicable for the amortization of unfunded actuarial accrued liabilities) was changed from 4.00% to 2.00%. For the Non-Hazardous Plan, the single discount rate changed from 6.89% to 5.84%.

2018 – No changes

2019 – The discount rate was changed from 5.85% to 5.68%. Annual salary increases and annual rates of retirement, disability, withdrawal and mortality were updated based on the 2018 experience study and the percent of disabilities assumed to occur in the line of duty was updated from 0% to 2% for non-hazardous members.

2020 – The discount rate was changed from 5.68 to 5.34%.

WARREN COUNTY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2021

TRS PENSION

Changes of benefit terms. There were no changes in benefit terms for 2015 through 2021.

Changes of assumptions (as of June 30 of the year measurement date):

2014 – In the 2011 valuation and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Tables rather than the 1994 Group Annuity Mortality Table, which was used prior to 2011. In the 2011 valuation, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience. In the 2011 valuation, the Board adopted an interest smoothing methodology to calculate liabilities for purposes of determining the actuarially determined contributions. Beginning with the 2014 valuation, the interest smoothing methodology is no longer used. In 2014, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 5.16% to 5.23%.

2015 – The calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 5.23% to 4.88%. In the 2016 valuation, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience.

2016 – The Assumed Salary Scale, Price Inflation, and Wage Inflation were adjusted to reflect a decrease. In addition, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 4.88% to 4.20%.

2017 – The calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 4.20% to 4.49%.

2018 – The calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 4.49% to 7.50%.

2019 and 2020 – No changes

TRS OPEB

Changes of benefit terms.

2018 – MIF – 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.

LIF – No changes

2019, 2020 and 2021 – No changes for MIF or LIF

Changes of assumptions (as of June 30 of the year measurement date):

2017 – No changes for MIF or LIF

2018 – MIF updated the health care trend rates. No changes for the LIF

2019 – No changes for MIF or LIF

2020 – MIF updated the health care trend rates. No changes for the LIF

SUPPLEMENTARY INFORMATION

WARREN COUNTY SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

June 30, 2021

	District Activity Fund	Student Activity Fund	SEEK Capital Outlay Fund	Debt Service Fund	Total Nonmajor Governmental Funds
Assets:					
Cash, cash equivalents and investments	503,324	834,872	-	1,053	1,339,249
Total Assets	$ 503,324	$ 834,872	$ -	$ 1,053	$ 1,339,249
Liabilities and Fund Balances:					
Liabilities					
Accounts payable	$ 674	$ -	$ -	$ -	$ 674
Total Liabilities	674	-	-	-	674
Fund Balances					
Restricted	502,650	834,872		1,053	1,338,575
Total Fund Balances	502,650	834,872	-	1,053	1,338,575
Total Liabilities and Fund Balances	$ 503,324	$ 834,872	$ -	$ 1,053	$ 1,339,249

WARREN COUNTY SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS

FINAL DRAFT

Year Ended June 30, 2021

	District Activity Fund	Student Activity Fund	SEEK Capital Outlay Fund	Debt Service Fund	Total Nonmajor Governmental Funds
Revenues					
From local sources:					
Other local revenue	$ 308,611	$ 865,613			$ 1,174,224
Earnings on investments	7,984				7,984
Intergovernmental - State			1,486,359	693,598	2,179,957
Total Revenues	316,595	865,613	1,486,359	693,598	3,362,165
Expenditures					
Instruction	254,766	861,013			1,115,779
Support services:					
Instruction staff	48,865				48,865
Plant operation and maintenance		668			668
Student transportation	545				545
Bond issue costs				753,084	753,084
Debt service:					
Principal				11,259,000	11,259,000
Interest				6,118,342	6,118,342
Total Expenditures	304,176	861,681	-	18,130,426	19,296,283
Excess (Deficit) of Revenues over Expenditures	12,419	3,932	1,486,359	(17,436,828)	(15,934,118)
Other Financing Sources (Uses)					
Bond proceeds from revenue bonds				25,150,000	25,150,000
Bond premium				1,538,199	1,538,199
Transfers in				16,749,854	16,749,854
Transfers out			(1,486,359)	(26,001,225)	(27,487,584)
Total Other Financing Sources (Uses)	-	-	(1,486,359)	17,436,828	15,950,469
Net Change in Fund Balances	12,419	3,932	-	-	16,351
Fund Balance, July 1, 2020	490,231	-	-	1,053	491,284
Restatement		830,940			830,940
Fund Balance, July 1, 2020, as restated	490,231	830,940	-	1,053	1,322,224
Fund balance, June 30, 2021	$ 502,650	$ 834,872	$ -	$ 1,053	$ 1,338,575

WARREN COUNTY SCHOOL DISTRICT

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

AGENCY FUNDS

YEAR ENDED JUNE 30, 2021

FINAL DRAFT

SCHOOL	CASH BALANCES July 1, 2020	RECEIPTS	DISBURSE-MENTS	CASH BALANCES June 30, 2021	RECEIVABLES June 30, 2021	ACCOUNTS PAYABLE June 30, 2021	DUE TO STUDENT GROUPS June 30, 2021
Alvaton Elementary	$ 49,173	$ 332	$ 41,375	$ 8,130	$ -	$ -	$ 8,130
Briarwood Elementary	7,985	18,918	15,828	11,075	-	-	11,075
Bristow Elementary	5,019	1,318	1,175	5,162	-	-	5,162
Cumberland Trace Elementary	1,104	1,263	875	1,492	-	-	1,492
Jennings Creek Elementary	3,715	520	950	3,285	-	-	3,285
Jody Richards Elementary	2,769	468	-	3,237	-	-	3,237
Lost River Elementary	5,972	310	717	5,565	-	-	5,565
North Warren Elementary	3,605	1,370	1,722	3,253	-	-	3,253
Oakland Elementary	2,372	497	418	2,451	-	-	2,451
Plano Elementary	1,173	225	-	1,398	-	-	1,398
Rich Pond Elementary	9,953	2,711	3,390	9,274	-	-	9,274
Richardsville Elementary	19,909	2,106	1,790	20,225	-	-	20,225
Rockfield Elementary	2,506	39	-	2,545	-	-	2,545
Warren Elementary	8,549	31,620	26,609	13,560	-	-	13,560
William H. Natcher Elementary	1,348	3,515	3,297	1,566	-	-	1,566
Drakes Creek Middle	71,000	74,638	80,226	65,412	-	-	65,412
Henry F. Moss Middle	12,579	18,920	16,497	15,002	-	-	15,002
South Warren Middle	50,729	27,340	24,027	54,042	-	-	54,042
Warren East Middle	14,495	20,661	10,459	24,697	-	-	24,697
Greenwood High	155,305	215,239	170,003	200,541	-	-	200,541
South Warren High	228,949	167,844	191,645	205,148	-	-	205,148
Warren Central High	97,139	106,142	111,015	92,266	-	-	92,266
Warren East High	70,596	167,626	155,196	83,026	-	-	83,026
GEO International High	4,996	1,991	4,467	2,520	-	-	2,520
	$ 830,940	$ 865,613	$ 861,681	$ 834,872	$ -	$ -	$ 834,872

WARREN COUNTY SCHOOL DISTRICT

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

GREENWOOD HIGH SCHOOL

YEAR ENDED JUNE 30, 2021

FINAL DRAFT

NAME OF ACTIVITY	CASH BALANCES July 1, 2020	RECEIPTS	DISBURSE-MENTS	CASH BALANCES June 30, 2021	ACCOUNTS RECEIVABLES June 30, 2021	ACCOUNTS PAYABLE June 30, 2021	DUE TO STUDENT GROUPS June 30, 2021
General Fund	$ 2,809	$ 3,452	$ 2,719	$ 3,542	$ -	$ -	$ 3,542
Interest Income	-	2,829	2,829	-	-	-	-
AP Test	1	7,044	6,747	298	-	-	298
Co-op	272	-	272	-	-	-	-
Readiness	392	2,477	2,350	519	-	-	519
Faculty Vending	1,938	493	612	1,819	-	-	1,819
Musical	14,363	20,422	16,743	18,042	-	-	18,042
PBIS	1,630	-	683	947	-	-	947
Prom	10,374	11,222	4,406	17,190	-	-	17,190
Student Council	14,686	-	4,194	10,492	-	-	10,492
Student Vending	586	239	-	825	-	-	825
Yearbooks	2,408	455	67	2,796	-	-	2,796
GHS Gator Action Club	1,342	-	-	1,342	-	-	1,342
Archery	-	-	-	-	-	-	-
Art Club	1,646	-	-	1,646	-	-	1,646
Band Club	22	4,609	4,630	1	-	-	1
BETA Club	196	664	664	196	-	-	196
Chess Club	484	-	-	484	-	-	484
Choir Club	8,169	878	981	8,066	-	-	8,066
Drama Club	1,296	-	-	1,296	-	-	1,296
Fashion Club	400	-	-	400	-	-	400
FBLA Club	9,220	2,108	3,274	8,054	-	-	8,054
FCA Club	321	460	402	379	-	-	379
FCCLA Club	2,979	2,165	1,734	3,410	-	-	3,410
FEA Club	116	-	-	116	-	-	116
FFA Club	6,081	46,221	39,941	12,361	-	-	12,361
Friends Club	1,141	-	-	1,141	-	-	1,141
GAPP Club	62	-	-	62	-	-	62
Gay-Straight Alliance	260	1,131	-	1,391	-	-	1,391
GHS Forensics Club	1,131	-	1,131	-	-	-	-
HOSA Club	907	-	-	907	-	-	907
International Club	514	-	85	429	-	-	429
Key Club	720	-	-	720	-	-	720
Literature Club	70	-	-	70	-	-	70
NHS Club	1,155	3,185	3,518	822	-	-	822
OAR Club	2,936	1,031	184	3,783	-	-	3,783
Orchestra	790	120	238	672	-	-	672
GHS Outdoors Club	3,283	-	-	3,283	-	-	3,283
SADD Club	1,306	-	-	1,306	-	-	1,306
S.C.E.C. Club	84	-	-	84	-	-	84
Science Club	191	280	368	103	-	-	103
Spanish Club	832	-	-	832	-	-	832
STLP Club	1,316	140	263	1,193	-	-	1,193
Student Ambassadors	3,603	-	-	3,603	-	-	3,603
YELP Club	273	-	-	273	-	-	273
Gate/Official	17,818	67,933	32,144	53,607	-	-	53,607
Athletic Special	3,420	14,458	16,248	1,630	-	-	1,630
Baseball	1,100	-	1,093	7	-	-	7
Basketball - Boys	1,500	-	-	1,500	-	-	1,500
Basketball District Tourn	-	-	-	-	-	-	-
Basketball - Girls	1,500	-	1,456	44	-	-	44
Bass Fishing	2,390	-	-	2,390			2,390
Bowling - Boys	150	-	75	75	-	-	75
Bowling - Girls	150	-	75	75	-	-	75
Cheerleading	500	-	-	500	-	-	500
Cross Country - Boys	500	-	500	-	-	-	-
Cross Country - Girls	500	-	500	-	-	-	-
Football	7,636	2,364	9,844	156	-	-	156
Region 3 Boys	-	1,500	1,500	-	-	-	-
Golf - Boys	500	-	307	193	-	-	193
Golf - Girls	500	-	-	500	-	-	500
Hall of Fame	-	-	-	-	-	-	-
Lacrosse	-	1,310	1,310	-	-	-	-
Soccer - Boys	1,100	1,417	2,088	429	-	-	429
Soccer - Girls	1,100	-	1,081	19	-	-	19
District/Region Tourn	692	12,445	3,978	9,159	-	-	9,159
Softball	115	985	966	134	-	-	134
Swimming - Boys	250	-	-	250	-	-	250
Swimming - Girls	250	-	-	250	-	-	250
Tennis - Boys	350	67	417	-	-	-	-
Tennis - Girls	350	-	350	-	-	-	-
Track - Boys	400	1,500	1,211	689	-	-	689
Track - Girls	400	251	651	-	-	-	-

WARREN COUNTY SCHOOL DISTRICT

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

GREENWOOD HIGH SCHOOL - CONTINUED

YEAR ENDED JUNE 30, 2021

FINAL DRAFT

NAME OF ACTIVITY	CASH BALANCES July 1, 2020	RECEIPTS	DISBURSE-MENTS	CASH BALANCES June 30, 2021	RECEIVABLES June 30, 2021	ACCOUNTS PAYABLE June 30, 2021	DUE TO STUDENT GROUPS June 30, 2021
Volleyball	1,100	60	900	260	-	-	260
Guidance Dept.	131	105	14	222	-	-	222
JROTC Dept	1,056	9,555	5,093	5,518	-	-	5,518
Math Dept	550	-	-	550	-	-	550
Physical Ed. Dept	3,976	-	242	3,734	-	-	3,734
Photography Dept	64	-	-	64	-	-	64
Science Dept	312	2,555	1,272	1,595	-	-	1,595
Social Studies Dept	255	-	-	255	-	-	255
Voc. Ag. Dept	98	-	-	98	-	-	98
FRYSC Donations	2,287	-	544	1,743	-	-	1,743
Sub Total	155,305	228,130	182,894	200,541	-	-	200,541
Interfund Transfers	-	12,891	12,891	-	-	-	-
TOTAL	$ 155,305	$ 215,239	$ 170,003	$ 200,541	$ -	$ -	$ 200,541

WARREN COUNTY SCHOOL DISTRICT

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

SOUTH WARREN HIGH SCHOOL

YEAR ENDED JUNE 30, 2021

FINAL DRAFT

NAME OF ACTIVITY	CASH BALANCES July 1, 2020	RECEIPTS	DISBURSE-MENTS	CASH BALANCES June 30, 2021	RECEIVABLES June 30, 2021	ACCOUNTS PAYABLE June 30, 2021	DUE TO STUDENT GROUPS June 30, 2021
General Fund	$ 14,610	$ 3,760	$ 240	$ 18,130	$ -	$ -	$ 18,130
Interest Income	-	3,472	3,472	-	-	-	-
DAF Athletics	-	4,186	4,186	-	-	-	-
Dance	1,395	-	30	1,365	-	-	1,365
Environmental Club	838	-	-	838	-	-	838
Faculty Vending	1,145	554	717	982	-	-	982
Musical	60,019	20,762	24,726	56,055	-	-	56,055
Prom	5,070	7,165	5,076	7,159	-	-	7,159
Business Trips	181	-	-	181	-	-	181
Science Trips	1,314	-	-	1,314	-	-	1,314
Senior Trips	522	-	-	522	-	-	522
Student Ambassador	530	-	-	530	-	-	530
Student Council	8,101	1,476	5,632	3,945	-	-	3,945
Student Vending	5,732	563	60	6,235	-	-	6,235
Trainer	225	-	225	-	-	-	-
Academic Team Club	3,648	60	1,100	2,608	-	-	2,608
Art Club	2,993	75	236	2,832	-	-	2,832
BETA Club	1,100	23,651	23,854	897	-	-	897
Book Club	163	-	-	163	-	-	163
Chess Club	119	-	-	119	-	-	119
Choir Club	7,016	2,736	1,580	8,172	-	-	8,172
Drama Club	-	-	-	-	-	-	-
Dungeons & Dragons Club	128	-	-	128	-	-	128
E-Sports	200	475	512	163	-	-	163
Equality Club	65	-	-	65	-	-	65
Fashion Club	3,406	2,756	3,132	3,030	-	-	3,030
FBLA Club	133	2,000	1,355	778	-	-	778
FCA Club	814	-	100	714	-	-	714
FCCLA Club	48	1,400	510	938	-	-	938
FFA Club	6,999	7,706	7,548	7,157	-	-	7,157
History Club	6,831	-	-	6,831	-	-	6,831
KEY Club	688	425	663	450	-	-	450
Kentucky Youth Assembly	827	-	-	827	-	-	827
Boys Lacrosse Club	1,031	-	887	144	-	-	144
National Art Honor Society	117	-	-	117	-	-	117
Orchestra	810	-	45	765	-	-	765
SCEC Club	2,201	-	36	2,165	-	-	2,165
Science Club	2,669	-	-	2,669	-	-	2,669
Spanish Club	3,907	-	330	3,577	-	-	3,577
Spartan Stations	951	715	626	1,040	-	-	1,040
Spear-It	691	-	-	691	-	-	691
STLP Club	1,174	-	-	1,174	-	-	1,174
TARS Club	439	-	-	439	-	-	439
Ukulele Club	70	-	-	70	-	-	70
Athletic Special	3,680	8,594	3,853	8,421	-	-	8,421
Baseball	965	6,495	4,050	3,410	-	-	3,410
Bass Fishing	318	-	317	1	-	-	1
Basketball - Boys	10,196	9,331	19,511	16	-	-	16
Basketball - Girls	4,932	3,609	7,380	1,161	-	-	1,161
Bowling - Boys	782	-	580	202	-	-	202
Bowling - Girls	838	-	512	326	-	-	326
Cheerleading	2382	-	800	1,582	-	-	1,582
Cross Country	2,250	-	2,247	3	-	-	3
Football	23,338	23,620	37,243	9,715	-	-	9,715
Fourth Region AD	-			-	-	-	-
Golf - Boys	1,200	100	1,300	-	-	-	-
Golf - Girls	226	2,030	1,979	277	-	-	277
Girls Lacrosse	1,399	-	535	864	-	-	864
Regionals	-	-	-	-	-	-	-
Region 3 Girls Golf	-	-	-	-	-	-	-
Soccer - Boys	816	4,016	4,801	31	-	-	31
Soccer - Girls	819	6,230	6,109	940	-	-	940
Softball	3,239	6,452	3,826	5,865	-	-	5,865
Swimming	1,298	-	101	1,197	-	-	1,197
Tennis - Boys	878	-	878	-	-	-	-
Tennis - Girls	827	-	827	-	-	-	-
Track	2,476	-	2,428	48	-	-	48
Volleyball	2,509	6,251	5,710	3,050	-	-	3,050
District Wrestling	-	1,725	1,120	605	-	-	605
Family Consumer Science	486	675	166	995	-	-	995

WARREN COUNTY SCHOOL DISTRICT

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

SOUTH WARREN HIGH SCHOOL - CONTINUED

YEAR ENDED JUNE 30, 2021

FINAL DRAFT

NAME OF ACTIVITY	CASH BALANCES July 1, 2020	RECEIPTS	DISBURSE-MENTS	CASH BALANCES June 30, 2021	RECEIVABLES June 30, 2021	ACCOUNTS PAYABLE June 30, 2021	DUE TO STUDENT GROUPS June 30, 2021
GAT Dept.	1,773	324	788	1,309	-	-	1,309
Guidance Dept.	764	-	-	764	-	-	764
The Spartan Spoon	207	350	255	302	-	-	302
Voc. Ag. Dept.	11,431	15,509	8,855	18,085	-	-	18,085
Sub Total	228,949	179,248	203,049	205,148	-	-	205,148
Interfund Transfers	-	11,404	11,404	-	-	-	-
TOTAL	$ 228,949	$ 167,844	$ 191,645	$ 205,148	$ -	$ -	$ 205,148

WARREN COUNTY SCHOOL DISTRICT

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

WARREN CENTRAL HIGH SCHOOL

YEAR ENDED JUNE 30, 2021

FINAL DRAFT

NAME OF ACTIVITY	CASH BALANCES July 1, 2020	RECEIPTS	DISBURSE-MENTS	CASH BALANCES June 30, 2021	ACCOUNTS RECEIVABLES June 30, 2021	ACCOUNTS PAYABLE June 30, 2021	DUE TO STUDENT GROUPS June 30, 2021
General Fund	$ 2,748	$ 8,011	$ -	$ 10,759	$ -	$ -	$ 10,759
Change Fund	-	3,000	3,000	-	-	-	-
Interest Income	-	1,517	1,517	-	-	-	-
AP Test	1,859	-	1,859	-	-	-	-
Faculty Vending	484	699	434	749	-	-	749
FMD Class	-	785	21	764	-	-	764
PBIS	517	-	-	517	-	-	517
Prom	8,355	4,530	4,927	7,958	-	-	7,958
Dragon's Den (council)	4,176	-	60	4,116	-	-	4,116
Student Vending	-			-	-	-	-
Academic Team Club	94	-	44	50	-	-	50
Band Club	3,460	4,366	7,601	225	-	-	225
BETA Club	2,891	600	826	2,665	-	-	2,665
Biology Club	161	-	-	161	-	-	161
Chemistry Club	538	-	-	538	-	-	538
Chess Club	47	-	-	47	-	-	47
Dance	146	70	-	216	-	-	216
Drama Club	205	-	-	205	-	-	205
Educators Rising Club	86	-	-	86	-	-	86
Energy Club	5,961	-	-	5,961	-	-	5,961
FBLA Club	552	95	100	547	-	-	547
FCA Club	188	-	-	188	-	-	188
FCCLA Club	1,086	1,177	1,685	578	-	-	578
FFA Club	8,460	3,291	3,751	8,000	-	-	8,000
Focus	298	-	-	298	-	-	298
Physics Un-Club	385	-	-	385	-	-	385
SCEC Club	132	-	-	132	-	-	132
Spanish Club	837	-	-	837	-	-	837
STLP Club	1,049	-	-	1,049	-	-	1,049
Strings	18	650	350	318	-	-	318
Writer's Ink Club	283	-	-	283	-	-	283
Young Republicans	654	-	-	654	-	-	654
Athletics Hall of Fame	810	-	-	810	-	-	810
Athletics Special	917	4,313	4,776	454	-	-	454
Baseball	8,615	11,413	11,478	8,550	-	-	8,550
Basketball - Boys	13,877	7,810	16,022	5,665	-	-	5,665
Basketball - Girls	5,290	10,514	14,513	1,291	-	-	1,291
Bowling - Boys	38	115	153	-	-	-	-
Bowling - Girls	116	106	162	60	-	-	60
Cheerleading	1,703	5,999	7,259	443	-	-	443
E-SPORTS	182	1	160	23	-	-	23
Football	35	10,287	9,631	691	-	-	691
Soccer - Boys	3,921	4,063	1,460	6,524	-	-	6,524
Soccer - Girls	1,633	7,711	3,923	5,421	-	-	5,421
Softball	-	1,526	1,526	-	-	-	-
Tennis - Boys	-	-	-	-	-	-	-
Tennis - Girls	668	-	50	618	-	-	618
Track	1,172	101	1,131	142	-	-	142
Cross Country	-	972	140	832	-	-	832
Volleyball	2,443	7,843	8,509	1,777	-	-	1,777
Art Club	180	-	-	180	-	-	180
Global Learning Acad	-	-		-	-	-	-
JROTC Dept.	9,568	600	712	9,456	-	-	9,456
Music Dept.	252	5,178	4,436	994	-	-	994
Student Ambassadors	49	-	-	49	-	-	49
Habitat for Humanity	-			-	-	-	-
Sub Total	97,139	107,343	112,216	92,266	-	-	92,266
Interfund Transfers	-	1,201	1,201	-	-	-	-
TOTAL	$ 97,139	$ 106,142	$ 111,015	$ 92,266	$ -	$ -	$ 92,266

WARREN COUNTY SCHOOL DISTRICT

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

WARREN EAST HIGH SCHOOL

YEAR ENDED JUNE 30, 2021

FINAL DRAFT

NAME OF ACTIVITY	CASH BALANCES July 1, 2020	RECEIPTS	DISBURSE-MENTS	CASH BALANCES June 30, 2021	ACCOUNTS RECEIVABLES June 30, 2021	ACCOUNTS PAYABLE June 30, 2021	DUE TO STUDENT GROUPS June 30, 2021
General Fund	$ 8,651	$ 6,454	$ 5,971	$ 9,134	$ -	$ -	$ 9,134
Interest Income	-			-	-	-	-
AP Test	215	250	465	-	-	-	-
Faculty Vending	2	492	492	2	-	-	2
Field Trips	110	-	110	-	-	-	-
Musical	6,509	2,795	787	8,517	-	-	8,517
PBIS	3,581	1,416	2,291	2,706	-	-	2,706
JAG	260	-	-	260	-	-	260
Student Government	893	-	893	-	-	-	-
Change fund account	-	2,800	2,800	-	-	-	-
Academic Team Club	458	-	68	390	-	-	390
Archery Club	-	-	-	-	-	-	-
Art Club	249	-	249	-	-	-	-
Band Club	74	192	-	266	-	-	266
BETA Club	451	907	896	462	-	-	462
CEC Club	515	-	181	334	-	-	334
Choir Club	315	470	430	355	-	-	355
Environmental Club	434	-	-	434	-	-	434
Ag Shop Club	-	2,165	1,648	517	-	-	517
FBLA Club	2,807	-	40	2,767	-	-	2,767
FCA Club	386	-	-	386	-	-	386
FCCLA Club	528	1,486	1,217	797	-	-	797
FFA Club	4,776	38,274	34,502	8,548	-	-	8,548
Greenhouse	7,562	9,778	8,770	8,570	-	-	8,570
HOSA	-	525	-	525	-	-	525
Math Club	221	-	-	221	-	-	221
NHS Club	742	170	482	430	-	-	430
PEP Club	334	-	-	334	-	-	334
PRIDE Club	135	-	-	135	-	-	135
STLP	-	-	-	-	-	-	-
Science Club	1,446	-	149	1,297	-	-	1,297
Y Club	(1)	391	390	-	-	-	-
4th Region AD Association	3,266	-	1759	1,507	-	-	1,507
Athletics Special	2,920	5,857	2,685	6,092	-	-	6,092
Regional Tournament	-	41,118	41,116	2	-	-	2
Baseball	-	5,812	3,955	1,857	-	-	1,857
Basketball - Boys	1,091	4,419	4,000	1,510	-	-	1,510
Basketball - Girls	4,202	4,779	7,308	1,673	-	-	1,673
Bass Fishing	-	-		-	-	-	-
Bowling - Boys	3,435	3,107	5,006	1,536	-	-	1,536
Cheerleading	1,018	-	466	552	-	-	552
Cross Country	-	-	-	-	-	-	-
Football	2,124	15,370	14,701	2,793	-	-	2,793
Golf	-	150	135	15	-	-	15
Soccer - Boys	26	770	665	131	-	-	131
Soccer - Girls	821	795	571	1,045	-	-	1,045
Softball	1,429	4,605	2,940	3,094	-	-	3,094
Tennis	213	-	-	213	-	-	213
Track	-	300	300	-	-	-	-
Volleyball	1,754	2,198	1,754	2,198	-	-	2,198
Class of 2020	5,581	-	5,581	-	-	-	-
Class of 2021	466	-	330	136	-	-	136
Class of 2022	-	14,714	5,931	8,783			
GAT Dept.	88	-	-	88	-	-	88
JROTC Dept.	509	6,636	4,731	2,414	-	-	2,414
Sub Total	70,596	179,195	166,765	83,026	-	-	74,243
Interfund Transfers	-	11,569	11,569	-	-	-	-
TOTAL	$ 70,596	$ 167,626	$ 155,196	$ 83,026	$ -	$ -	$ 74,243

WARREN COUNTY SCHOOL DISTRICT

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

GEO INTERNATIONAL HIGH SCHOOL

YEAR ENDED JUNE 30, 2021

FINAL DRAFT

NAME OF ACTIVITY	CASH BALANCES July 1, 2020	RECEIPTS	DISBURSE-MENTS	CASH BALANCES June 30, 2021	RECEIVABLES June 30, 2021	ACCOUNTS PAYABLE June 30, 2021	DUE TO STUDENT GROUPS June 30, 2021
General Fund	$ 2,995	$ 32	$ 2,300	$ 727	$ -	$ -	$ 727
Due to Student Body	2	-	-	2	-	-	2
Interest Income	9	67	67	9	-	-	9
Field Trips	-	-	-	-	-	-	-
Yearbooks	234	-	-	234	-	-	234
Prom	-	1,959	1,959	-	-	-	-
Archery	75	-	-	75	-	-	75
BETA Club	-	-	-	-	-	-	-
Soccer	1,234	-	-	1,234	-	-	1,234
Volleyball	447	-	208	239	-	-	239
Sub Total	4,996	2,058	4,534	2,520	-	-	2,520
Interfund Transfers	-	67	67	-	-	-	-
TOTAL	$ 4,996	$ 1,991	$ 4,467	$ 2,520	$ -	$ -	$ 2,520

FINAL DRAFT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

WARREN COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

FINAL DRAFT

FEDERAL GRANTOR/PASS-THROUGH GRANTOR / PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS THROUGH ENTITY IDENTIFYING NUMBER	PROVIDED TO SUBRECIPIENTS	TOTAL FEDERAL EXPENDITURES
U.S. DEPARTMENT OF AGRICULTURE				
Child Nutrition Cluster -				
Passed Through State Department of Education:				
National School Lunch	10.555	7750002-20		$ 359,182
School Breakfast Program	10.553	7760005-20		197,440
Summer Food Service Program for Children	10.559	7690024-20		162,433
		7690024-21		841,109
		7740023-20		1,298,278
		7740023-21		6,494,258
Non-Cash Assistance (Commodities)				
National School Lunch Program	10.555	057502-02		670,365
TOTAL CHILD NUTRITION CLUSTER				10,023,065
Passed Through State Department of Education				
State Administrative	10.560	7700001-20		23,010
TOTAL U.S. DEPT. OF AGRICULTURE				10,046,075
U.S. DEPARTMENT OF DEFENSE				
Jr. ROTC	12.000	Direct -17		1,810
		Direct -21		220,004
				221,814
TOTAL U.S. DEPT. OF DEFENSE				221,814
U.S. DEPARTMENT OF TREASURY				
Passed Through State Department of Education:				
COVID-19 - Coronavirus Relief Fund	21.019	CARES		2,990,373
TOTAL U.S. DEPT. OF TREASURY				2,990,373
U.S. DEPARTMENT OF EDUCATION				
Special Education Cluster -				
Passed Through State Department of Education:				
Special Education - Grants to States	84.027	3810002-16		47
		3810002-19		1,421,181
		3810002-20		1,112,374
				2,533,602
Special Education - Preschool Grants	84.173	3800002-18		37,811
		3800002-19		68,220
				106,031
TOTAL SPECIAL EDUCATION CLUSTER				2,639,633
OTHER U.S. DEPARTMENT OF EDUCATION PROGRAMS				
Passed Through Kentucky Council on Postsecondary Education				
Adult Education - Basic Grants to States	84.002	KCPSE-20		669
				669
Passed Through State Department of Education				
Title I Grants to Local Educational Agencies	84.010	3100002-18		9,106
		3100002-19		1,138,248
		3100002-20		3,001,328
		3100102-19		8,944
		3100102-20		43,409
				4,201,035
Migrant Education - State Grant Program	84.011	3110002-19		53,641
		3110002-20		358,485
				412,126
Title I State Agency Program for Neglected and Delinquent Children	84.013	DC-19		4,284
		DC-20		7,680
				11,964

The accompanying notes are an integral part of this schedule.

WARREN COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONCLUDED
YEAR ENDED JUNE 30, 2021

FINAL DRAFT

FEDERAL GRANTOR/PASS-THROUGH GRANTOR / PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS THROUGH ENTITY IDENTIFYING NUMBER	PROVIDED TO SUBRECIPIENTS	TOTAL FEDERAL EXPENDITURES
Career and Technical Education - Basic Grants to States	84.048	3710002-18		3,454
		3710002-19		17,257
		3710002-20		170,060
				190,771
English Language Acquisition State Grants	84.365	3300002-19		126,927
		3300002-20		220,477
				347,404
Supporting Effective Instruction - State Grants	84.367	3230002-18		16,425
		3230002-19		265,273
		3230002-20		170,801
				452,499
Striving Readers	84.371C	3220000-19		243,849
Student Support and Academic Enrichment	84.424	3420002-18		3,010
		3420002-19		278,511
		3420002-20		44,258
				325,779
Covid-19 Elementary and Secondary Relief Fund	84.425D	4000002-20		1,702,478
		GEER-20		555,339
		ESSER-21		11,473
				2,269,290
TOTAL U.S. DEPARTMENT OF EDUCATION				11,095,019
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed Through State Department of Education:				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	2400002-19		(7,513)
		2400002-20		313,042
		2400002-21		102,408
				407,937
Every Student Succeeds Act/Preschool Development Block Grant	93.434	PDG-19		6,535
Covid-19 Child Care and Development Block Grant	93.575	CCBG-20		4,550
Refugee and Entrant Assistance - Discretionary Grants	93.576	REA-19		69,057
		REA-20		78,906
				147,963
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				566,985
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ -	$ 24,920,266

The accompanying notes are an integral part of this schedule.

WARREN COUNTY SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2021

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Warren County School District under programs of the federal government for the year ended June 30, 2021. The information in this schedule is presented in accordance with the 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). Because the schedule presents only a selected portion of the operations of Warren County School District, it is not intended to and does not present the financial position, changes in net position or cash flows of Warren County School District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting for proprietary funds and the modified accrual basis of accounting for governmental funds. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

NOTE C – FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair value of the commodities received.

NOTE D – INDIRECT COST RATE

The District has elected to not use the 10 percent de minimum indirect cost rate allowed under the Uniform Guidance.

FINAL DRAFT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

WARREN COUNTY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued (unmodified):

Internal control over financial reporting:

- Material weakness(es) identified? _____yes ___X__no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____yes ___X__none reported

Noncompliance material to financial statements noted? _____yes ___X__no

Federal Awards:

Internal control over major programs:

- Material weakness(es) identified? _____yes ___X__no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____yes ___X__none reported

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

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

Identification of major programs:

CFDA Number	Federal Program or Cluster
	DEPARTMENT OF TREASURY
21.019	COVID-19 - Coronavirus Relief Fund
	DEPARTMENT OF AGRICULTURE
10.553/10.555/10.559	Child Nutrition Cluster
	DEPARTMENT OF EDUCATION
84.425	COVID-19 Elementary and Secondary School Emergency Relief Fund

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

Auditee qualified as low-risk auditee? __X___yes _____no

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

FINAL DRAFT

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

FINAL DRAFT

WARREN COUNTY SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

June 30, 2021

There were no prior year findings.

FINAL DRAFT

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

FINAL DRAFT



HCA

Heartland CPAs and Advisors PLLC

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

Kentucky State Committee for School District Audits
Members of the Board of Education
Warren County School District
Bowling Green, Kentucky

We have audited, in accordance with the 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 requirements prescribed by the Kentucky State Committee for School District Audits the *Independent Auditor's Contract*, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Warren County School District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Warren County School District's basic financial statements, and have issued our report thereon dated December 9, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Warren County School District's internal control over financial reporting (internal control) as a basis for designing 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 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 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 Warren County School District's financial statements are free of 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. In addition, the results of our tests disclosed no instances of material noncompliance of specific state statutes or regulations identified in the *Independent Auditor's Contract.*

We noted certain matters that we reported to management of Warren County School District in a separate letter dated December 9, 2021.

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 District'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.

Heartland CPAs and Advisors, PLLC
Elizabethtown, Kentucky
December 9, 2021

FINAL DRAFT

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

FINAL DRAFT



HCA

Heartland CPAs and Advisors PLLC

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

Kentucky State Committee for School District Audits
Members of the Board of Education
Warren County School District
Bowling Green, Kentucky

Report on Compliance for Each Major Federal Program

We have audited Warren 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 Warren County School District's major federal programs for the year ended June 30, 2021. Warren County School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Warren 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; 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) and the requirements prescribed by the Kentucky State Committee for School District Audits in Appendices I and II of the Independent Auditor's Contract. Those standards and 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 Warren 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 Warren County School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Warren County School District complied, in all material respects, with the 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, 2021.

Report on Internal Control Over Compliance

Management of Warren 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 Warren 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 in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major 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 Warren County School District's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or 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.

Heartland CPAs and Advisors, PLLC
Elizabethtown, Kentucky
December 9, 2021

FINAL DRAFT

MANAGEMENT LETTER AND COMMENTS

FINAL DRAFT



HCA
Heartland CPAs and Advisors PLLC

Kentucky State Committee for School District Audits
Members of the Board of Education of
Warren County School District
Bowling Green, Kentucky

In planning and performing our audit of the basic financial statements of Warren County School District for the year ended June 30, 2021, we considered the District's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiencies. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. Any uncorrected comments from the prior year have been included in the memorandum. A separate report dated December 9, 2021, contains our report on the District's internal control. This letter does not affect our report dated December 9, 2021, on the financial statements of the Warren 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 their implementation is currently being reviewed. 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.

This report is intended solely for the information and use of management, the members of the Warren County Board of Education, others within the District, the Kentucky Department of Education, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Heartland CPAs and Advisors, PLLC
Elizabethtown, Kentucky
December 9, 2021

WARREN COUNTY SCHOOL DISTRICT

COMMENTS

June 30, 2021

UNCORRECTED PRIOR YEAR COMMENTS - NONE

CURRENT YEAR COMMENTS

ALVATON ELEMENTARY SCHOOL

EXTERNAL SUPPORT/BOOSTER CLUBS
We noted that the PTO did not have an annual External Support/Booster Organization Budget Worksheet (F-SA-4B) on file for the 2020-2021 fiscal year. Redbook requires that all booster clubs submit an annual External Support/Booster Organization Budget Worksheet to the principal within the first thirty days of the school year or within thirty days of the first transaction of the group.

MANAGEMENT RESPONSE
WCPS hosts two annual bookkeepers' updates where this topic has been discussed. This non-compliance error has been reviewed with the bookkeeper and will be monitored moving forward.

CUMBERLAND TRACE ELEMENTARY SCHOOL

FUNDRAISERS
We noted that none of the Fundraiser Approval Forms (F-SA-2A) had an activity fund listed. Therefore, we are unable to determine if these fundraisers were deposited into the correct account.

MANAGEMENT RESPONSE
WCPS hosts two annual bookkeepers' updates where this topic has been discussed. This non-compliance error has been reviewed with the bookkeeper and will be monitored moving forward.

GREENWOOD HIGH SCHOOL

IMPROPER FORM
We noted that the deposit made on 04/14/2020, in the amount of $1,182.00 included two Multiple Receipt Forms (F-SA-6) reporting a total of $1,182.00 in proceeds from greenhouse sales to be deposited into the VOAG Activity Fund. Redbook states that proceeds from this type of activity should be reported on Sales From Concessions/Bookstore/School Store/Pencil Machine Form (Form F-SA-17).

MANAGEMENT RESPONSE
WCPS hosts two annual bookkeepers' updates where this topic has been discussed. This non-compliance error has been reviewed with the bookkeeper and will be monitored moving forward.

IMPROPER FORM
We noted that the following documentation was on file for the greenhouse sale fundraiser that was held by the VOAG Activity Fund: a Fundraiser & Crowdfunding Approval (F-SA-2A), a Fundraiser Summary (F-SA-2B), and Multiple Receipt Forms (F-SA-17). Redbook states that greenhouse fundraisers should have a Monthly Inventory Control Worksheet (F-SA-5) to recap the flow of inventory on a monthly basis.

MANAGEMENT RESPONSE
WCPS hosts two annual bookkeepers' updates where this topic has been discussed. This non-compliance error has been reviewed with the bookkeeper and will be monitored moving forward.

WARREN CENTRAL HIGH SCHOOL

INVENTORY CONTROL WORKSHEET

We noted that the Inventory Control Worksheet (F-SA-5) that was on file for the Greenhouse Sales Fundraiser summarized all the inventory activity for the entire 2020-2021 fiscal year. Redbook requires inventory control worksheets to be completed on a monthly basis to document the flow of inventory.

MANAGEMENT RESPONSE

WCPS hosts two annual bookkeepers' updates where this topic has been discussed. This non-compliance error has been reviewed with the bookkeeper and will be