WARREN COUNTY SCHOOL DISTRICT
FINANCIAL STATEMENTS
TABLE OF CONTENTS
June 30, 2018

Independent Auditors' Report 1

Management's Discussion and Analysis (Unaudited) 4

District-Wide Financial Statements

Statement of Net Position 12

Statement of Activities 13

Fund Financial Statements

Balance Sheet – Governmental Funds 15

Reconciliation of the Governmental Funds – Balance Sheet to the District-Wide Statement of Net Position 16

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds 17

Reconciliation of the Governmental Funds – Statement of Revenues, Expenditures and Changes in Fund Balances to the District-Wide Statement of Activities 19

Statement of Net Position – Proprietary Funds 20

Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds 21

Statement of Cash Flows – Proprietary Funds 22

Statement of Fiduciary Net Position – Fiduciary Funds 23

Statement of Changes in Fiduciary Net Position – Fiduciary Funds 24

Notes to Financial Statements 25

Required Supplementary Information

Budgetary Comparison Schedule for the General Fund 54

Budgetary Comparison Schedule for the Special Revenue Fund 55

Schedule of the District's Proportionate Share of the Net Pension Liability – County Employees Retirement System 56

Schedule of the District's Proportionate Share of the Net Pension Liability – Kentucky Teachers Retirement System 57

WARREN COUNTY SCHOOL DISTRICT
FINANCIAL STATEMENTS
TABLE OF CONTENTS
June 30, 2018

Schedule of District Contributions – County Employees Retirement System 58

Schedule of District Contributions – Kentucky Teachers Retirement System 59

Schedule of the District's Proportionate Share of the Net OPEB Liability – County Employees Retirement System Non-Hazardous 60

Schedule of District Contributions - OPEB – County Employees Retirement System Non-Hazardous 61

Schedule of the District's Proportionate Share of the Collective Net OPEB Liability – Kentucky Teachers Retirement System – Medical Insurance 62

Schedule of District Contributions – OPEB – Kentucky Teachers Retirement System 63

Other Supplementary Information

Combining Balance Sheet - Governmental Fund – Capital Project Funds 64

Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Fund – Capital Project Funds 65

Combining Balance Sheet Governmental Fund – Capital Project Funds – Construction Funds 66

Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Fund – Capital Project Funds – Construction Funds 67

Combining Statement of Receipts, Disbursements and Due to Students School Activity Funds (Agency Funds) 68

Greenwood High School Activity Funds – Schedule of Receipts, Disbursements and Due to Students 69

South Warren High School Activity Funds – Schedule of Receipts, Disbursements and Due to Students .. 71

Warren Central High School Activity Funds – Schedule of Receipts, Disbursements and Due to Students . 73

Warren East High School Activity Funds – Schedule of Receipts, Disbursements and Due to Students 74

GEO International High School Activity Funds – Schedule of Receipts, Disbursements and Due to Students 76

Schedule of Expenditures of Federal Awards 77

Notes to Schedule of Expenditures and Federal Awards 78

WARREN COUNTY SCHOOL DISTRICT
FINANCIAL STATEMENTS
TABLE OF CONTENTS
June 30, 2018

Reports Required by the Single Audit Act

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* 79

Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance 81

Schedule of Findings and Questioned Costs 83

Schedule of Prior Audit Findings 85

Strothman and Company
Certified Public Accountants and Advisors
1600 Waterfront Plaza
325 West Main Street
Louisville, KY 40202
502 585 1600

Strothman+Co

Independent Auditors' Report

Members of the Board
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 (the "District") as of and for the year ended June 30, 2018, and the related notes to 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Kentucky Public School Districts' Audit Contract and Requirements* prescribed by the Kentucky State Committee for School District Audits. 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District'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, 2018, and the respective changes in financial position and cash flows of its proprietary funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Change in Accounting Principle – Adoption of GASB Accounting Standard

As discussed in Note Q to the financial statements, the District adopted Government Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Report for Postemployment Benefits Other Than Pension*, effective as of July 1, 2017. The implementation of this accounting standard resulted in a restatement of prior year net position. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (Unaudited) on pages 4 through 11, the budgetary comparison information on pages 54 through 55 and the pension and other post-employment benefit liability and contributions information on pages 56 through 63 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 inquires 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 to provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for the purpose of additional analysis as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance)*, and is also not a required part of the basic financial statements.

The other supplementary information and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in

the United States of America. In our opinion, the other supplementary information and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2018 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Louisville, Kentucky
February 12, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

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, 2018. 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 $1,040,539. The Net Position of governmental activities increased by $1,581,474, while the net position of business-type activity decreased by $540,875. Total assets increased by $51,701,444 and total liabilities increased by $58,050,236. The increase in total liabilities is primarily attributed to bond issues relating to Jennings Creek Elementary and the Guaranteed Energy Savings Contract project. Whereas the increase in Total Assets is predominately related to the cash from bond sales along with converting the Warren East High School Phase II construction-in-progress to a capitalized asset.

- General revenues accounted for $113,239,319 or 71% of all governmental revenues. Program specific revenues in the form of operating grants, grants and contributions accounted for $46,098,816 or 29% of total governmental revenues of $159,338,135.

- Governmental Activities: Total assets increased by $51,354,694. "Capital Assets" increased by $27,182,125. "Current and Other Assets" increased by $24,459,621 in 2018.

- The District had $158,278,200 in expenses relating to governmental activities; of which $46,098,816, 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, and the capital projects fund.

Reporting on the District as a Whole

One of the most important questions to ask is "how did the District perform financially during fiscal year 2018?" 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 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	
	2018	2017	2018	2017	2018	2017
Assets						
Current and Other Assets	$ 58,956,663	$ 34,784,094	$ 4,050,619	$ 3,571,722	$ 63,007,282	$ 38,355,816
Capital Assets	265,098,250	237,916,125	11,555,701	11,974,900	276,653,951	249,891,025
Total Assets	324,054,913	272,700,219	15,606,320	15,546,622	339,661,233	288,246,841
Deferred Outflows of Resources	16,830,524	6,931,460	2,658,466	1,233,667	19,488,990	8,165,127
Liabilities						
Long-Term Liabilities	170,398,655	171,674,467	5,985,577	6,755,672	176,384,232	178,430,139
Other Liabilities	101,935,397	44,104,684	2,334,364	68,934	104,269,761	44,173,618
Total Liabilities	272,334,052	215,779,151	8,319,941	6,824,606	280,653,993	222,603,757
Deferred Inflows of Resources	4,157,629	758,918	726,891	196,854	4,884,520	955,772
Net Position						
Invested in Capital Assets, Net of Debt	89,310,047	101,396,374	11,555,701	11,974,900	100,865,748	113,371,274
Restricted	26,354,436	6,553,186			26,354,436	6,553,186
Unrestricted	(51,270,727)	(44,855,950)	(2,337,747)	(2,216,071)	(53,608,474)	(47,072,021)
Total Net Position	$ 64,393,756	$ 63,093,610	$ 9,217,954	$ 9,758,829	$ 73,611,710	$ 72,852,439

(Table 2)
Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Program Revenues:						
Charges for Services	$ 72,489	$ 103,616	$ 2,076,158	$ 1,967,780	$ 2,148,647	$ 2,071,396
Operating Grants and Contributions	44,230,171	34,425,282	8,185,965	7,496,816	52,416,136	41,922,098
Capital Grants/Contributions	1,796,156	1,796,156			1,796,156	1,796,156
General Revenues:						
Taxes	55,760,129	52,695,962			55,760,129	52,695,962
State Aid-Formula Grants	55,795,270	53,209,137	291,951	84,050	56,087,221	53,293,187
Investment Earnings	464,317	211,419	43,996	16,888	508,313	228,307
Miscellaneous	1,219,603	4,577,890			1,219,603	4,577,890
Transfer from Proprietary Funds	521,477	505,946	(521,477)	(505,946)		
Total Revenue and Transfers	159,859,612	147,525,408	10,076,593	9,059,588	169,936,205	156,584,996
Program Expenses						
Instruction	95,603,289	82,383,096			95,603,289	82,383,096
Support Services:						
Student	6,455,603	5,896,727			6,455,603	5,896,727
Instructional Staff	2,421,622	2,356,258			2,421,622	2,356,258
District Administration	1,456,000	1,301,189			1,456,000	1,301,189
School Administration	6,191,476	5,504,664			6,191,476	5,504,664
Business	2,528,509	2,473,818			2,528,509	2,473,818
Plant Operations/Maintenance	11,481,450	11,268,373			11,481,450	11,268,373
Student Transportation	7,241,403	5,973,363			7,241,403	5,973,363
Community Services	781,679	754,427			781,679	754,427
Other	19,379,786	14,155,249			19,379,786	14,155,249
Day Care			189,614	195,136	189,614	195,136
Interest on Long-Term Debt	4,737,381	4,488,567			4,737,381	4,488,567
Food Service			10,427,854	9,468,675	10,427,854	9,468,675
Total Expenses and Transfers	158,278,198	136,555,731	10,617,468	9,663,811	168,895,666	146,219,542
Increase (Decrease) in Net Position	$ 1,581,414	$ 10,969,677	$ (540,875)	$ (604,223)	$ 1,040,539	$ 10,365,454

Governmental Activities

Governmental program expenses are broken down as follows: Instruction 60%, Support Services 24%, and 16% Other.

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 $35,073,346 that relates to the 2018 State On-Behalf Payments.

(Table 3)
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2018	2017	2018	2017
Instruction	$ 95,603,289	$ 82,383,096	$ 60,312,552	$ 54,750,925
Support Services	38,557,742	35,528,819	28,568,049	27,327,760
Other	19,379,787	14,155,249	19,379,786	14,155,249
P&I on Long-Term Debt	4,737,380	4,488,567	3,918,995	3,996,743
Total Expenses	$ 158,278,198	$ 136,555,731	$ 112,179,382	$ 100,230,677

Business-Type Activities

The business-type activities are food service and daycare. These programs had revenues of $10,385,311 and expenses of $10,383,022 for the fiscal year 2018. Of the revenues, $2,076,158 related to charges for services, $8,265,157 was from State and Federal grants, $43,996 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 15. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of $209,736,277 and expenditures and other financing uses of $190,167,607. The net change in total fund balances was 19,586,148 from the fiscal year 2017 to 2018.

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 $112,649,024 with actual amounts totaling $128,078,026. Budgeted expenditures were $123,056,090 (not including a contingency budget of $13,192,792) compared to actual expenditures of $128,026,523. Budgeted "Other Financing Sources and Uses" reflected a net financing source of $231,299 compared to an actual net financing use of $2,356,511. In total, an expected decrease in the General Fund balance of $23,368,559 was budgeted compared to an actual net decrease of $2,305,008.

Capital Assets and Debt Administration

Capital Assets

At the end of the fiscal year 2018, the District had $276,653,951 invested in capital assets (see Table 4 below), $265,098,250 is in governmental activities. Table 4 shows the fiscal year 2018 balances compared to 2017.

(Table 4)
Capital Assets at June 30 (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	$ 9,052,809	$ 9,052,809			$ 9,052,809	$ 9,052,809
Land Improvements	14,105,898	11,669,341			14,105,898	11,669,341
Buildings and Improvements	201,045,440	190,815,606	$ 10,359,618	$ 10,669,381	211,405,058	201,484,987
Technology	853,816	1,081,397	39,588	54,745	893,404	1,136,142
Vehicles	1,942,943	2,285,561			1,942,943	2,285,561
Equipment	5,949,327	5,532,243	1,156,495	1,250,774	7,105,822	6,783,017
Construction in Progress	32,148,017	17,479,168			32,148,017	17,479,168
Total	$ 265,098,250	$ 237,916,125	$ 11,555,701	$ 11,974,900	$ 276,653,951	$ 249,891,025

Debt

At June 30, 2018 the District had $175,805,521 in bonds outstanding, of this amount $7,665,141 is to be paid from the KSFCC funding provided by the State of Kentucky. A total of $11,267,000 is due within one year. At June 30, 1899, the District had $136,519,751 in bonds outstanding, of this amount $4,046,023 was 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 16,000 students. The District has grown from a Pre-K through 12th grade student membership of 10,923 in 2003 to 15,894 in 2018. This equates to a 45.51% growth in only fifteen 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, State Tax Reform and adequate funding.

The most essential challenge is to continue to increase student achievement. On the most recent release of test scores, Warren County Schools continued to demonstrate a strong performance with growth in many areas. In addition, the District has seven "Leader In Me" Lighthouse Schools and fourteen 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, 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; 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. 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 has grown approximately in excess of 300% in the last decade, with ELs numbering 650 in 2007 and just over 2,250 at the present time. The EL student population currently represents 14% 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 780 students who fall within this category. Finally, there are approximately 500 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 3,500 students being supported in one way or another by District administrators and teachers. This is 22% of our total enrollment, and 1 in 5 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 30 countries and speak 60 languages and dialects. Approximately 40% of our current ELs 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). The District has responded to these challenges in several ways, including dramatically increasing the numbers of certified teachers with an English as a Second Language (ESL) endorsement. Investments in staffing allow the District to leverage the training and experiences of these staff as we rise to meet the language and academic content challenges of a large EL student population. However, maintaining and recruiting qualified, the 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 create some funding streams, we continually face financial challenges in a climate of budgetary constraints and reduced federal and state support.

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 2018, the District's real estate tax rate ranked as the 151st 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 Schools' 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 Chris C. McIntyre CPA, Treasurer at Warren County Board of Education, 303 Lovers Lane, P.O. Box 51810, Bowling Green, Kentucky 42102-6810 or email at chris.mcintyre@warren.kyschools.us

DISTRICT-WIDE FINANCIAL STATEMENTS

WARREN COUNTY SCHOOL DISTRICT
DISTRICT-WIDE STATEMENT OF NET POSITION
June 30, 2018

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and Cash Equivalents	$ 55,582,340	$ 3,856,724	$ 59,439,064
Accounts and Grants Receivable			
from Outside Sources, net			
Taxes	1,087,774		1,087,774
Other	212,523	66,697	279,220
Grants	1,267,381		1,267,381
Inventory	331,005	127,198	458,203
Prepaid Expenses	475,640		475,640
Nondepreciated Capital Assets	41,200,826		41,200,826
Depreciable Capital Assets	344,418,173	19,845,387	364,263,560
Less: Accumulated Depreciation	(120,520,749)	(8,289,686)	(128,810,435)
Total Assets	324,054,913	15,606,320	339,661,233
Deferred Outflows of Resources			
Pension Related Outflows	11,084,097	2,082,264	13,166,361
OPEB Related Outflows	5,289,343	576,202	5,865,545
Deferred Savings from Refunding Bonds	1,761,604		1,761,604
Less: Accumulated Amortization	(1,304,520)		(1,304,520)
Total Deferred Outflows of Resources	16,830,524	2,658,466	19,488,990
Liabilities			
Accounts Payable	6,567,353	21,336	6,588,689
Accrued Liabilities	1,057,810		1,057,810
Unearned Grant Revenue	1,461,288	68,362	1,529,650
Accrued Interest	1,172,638		1,172,638
Long-Term Obligations			
Due Within One Year			
Bond Obligations	11,267,000		11,267,000
Compensated Absences	601,520		601,520
Due Beyond One Year			
Bond Obligations	164,521,203		164,521,203
Compensated Absences	5,877,452		5,877,452
Net Pension Liability	33,335,479	5,985,577	39,321,056
Net OPEB Liability	46,472,309	2,244,666	48,716,975
Total Liabilities	272,334,052	8,319,941	280,653,993
Deferred Inflows of Resources			
Pension Related Inflows	3,106,128	618,310	3,724,438
OPEB Related Inflows	1,051,501	108,581	1,160,082
	4,157,629	726,891	4,884,520
Net Position			
Net Investment in Capital Assets	89,310,047	11,555,701	100,865,748
Restricted for			
Capital Projects	23,461,815		23,461,815
Purchase Obligations	533,308		533,308
SBDM	756,081		756,081
Technology Purposes	1,584,402		1,584,402
Debt service	18,830		18,830
Unrestricted (Deficit)	(51,270,727)	(2,337,747)	(53,608,474)
Net Position	$ 64,393,756	$ 9,217,954	$ 73,611,710

See Accompanying Notes to Financial Statements

WARREN COUNTY SCHOOL DISTRICT
DISTRICT-WIDE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue: Governmental Activities	Net (Expense) Revenue: Business-type Activities	Net (Expense) Revenue: Total
Governmental Activities							
Instruction	$ 95,603,289	$ 37,259	$ 33,811,802	$ 1,441,675	$ (60,312,553)		$ (60,312,553)
Support Services							
Student	6,455,603		2,743,265		(3,712,338)		(3,712,338)
Instructional Staff	2,421,623		1,141,604		(1,280,019)		(1,280,019)
District Administration	1,456,000		149,206		(1,306,794)		(1,306,794)
School Administration	6,191,476		2,533,202		(3,658,274)		(3,658,274)
Business	2,528,509		773,951		(1,754,558)		(1,754,558)
Plant Operations & Maintenance	11,481,450	35,230	187,852	354,481	(10,903,887)		(10,903,887)
Student Transportation	7,241,403		949,898		(6,291,505)		(6,291,505)
Community Services	781,679		1,121,006		339,327		339,327
Other	19,379,786				(19,379,786)		(19,379,786)
Interest on Long-term Debt	4,737,380		818,385		(3,918,995)		(3,918,995)
Total Governmental Activities	158,278,200	72,489	44,230,171	1,796,156	(112,179,382)		(112,179,382)
Business-type Activities							
Food Services	10,427,854	1,936,049	8,157,047			$ (334,758)	(334,758)
Day Care	189,614	140,109	28,918			(20,587)	(20,587)
Total Business-type Activities	10,617,468	2,076,158	8,185,965			(355,345)	(355,345)
Total School District	$ 168,895,668	$ 2,148,647	$ 52,416,136	$ 1,796,156	(112,179,382)	(355,345)	(112,534,727)

Continued

WARREN COUNTY SCHOOL DISTRICT
DISTRICT-WIDE STATEMENT OF ACTIVITIES - Continued
For the Year Ended June 30, 2018

	Expenses	Program Revenues: Charges for Services	Program Revenues: Program-Specific Operating Grants and Contributions	Program Revenues: Program-Specific Capital Grants and Contributions	Net (Expense) Revenue: Governmental Activities	Net (Expense) Revenue: Business-type Activities	Net (Expense) Revenue: Total
General Revenues							
Taxes							
Property					35,006,544		35,006,544
Motor Vehicle					3,899,710		3,899,710
Utilities					6,213,946		6,213,946
Occupational					9,586,069		9,586,069
Other					1,053,860		1,053,860
State Aid					55,795,270	291,951	56,087,221
Investment Earnings					464,317	43,996	508,313
Other					1,219,603		1,219,603
Total General Revenues					113,239,319	335,947	113,575,266
Transfers					521,477	(521,477)	
Total General Revenues and Transfers					113,760,796	(185,530)	113,575,266
Change in Net Position					1,581,414	(540,875)	1,040,539
Net Position - Beginning of Year, as Previously Reported					102,870,777	11,312,337	114,183,114
Adjustment for Prior Period: Implementation of GASB 75					(39,777,167)	(1,553,508)	(41,330,675)
Reclassification of Fiduciary Fund					(281,268)		(281,268)
Net Position - Beginning of Year, as Restated					62,812,342	9,758,829	72,571,171
Net Position - End of Year					$ 64,393,756	$ 9,217,954	$ 73,611,710

See Accompanying Notes to Financial Statements

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

WARREN COUNTY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

	Major Funds					
	General Fund	Special Revenue Fund	Capital Project Funds	Debt Service Fund	Nonmajor Fund District Activity Fund	Total Governmental Funds
Assets						
Cash and Cash Equivalents	$ 25,576,260	$ 1,810,175	$ 27,633,822	$ 18,830	$ 543,253	$ 55,582,340
Accounts and Grants Receivable from Outside Sources, net						
Taxes	1,087,774					1,087,774
Other	78,299		129,889		4,335	212,523
Grants		1,267,381				1,267,381
Inventory	331,005					331,005
Prepaid Expenses	205,711	18,051	251,878			475,640
Total Assets	$ 27,279,049	$ 3,095,607	$ 28,015,589	$ 18,830	$ 547,588	$ 58,956,663
Liabilities and Fund Balances						
Liabilities						
Accounts Payable	$ 679,494	$ 49,917	$ 5,823,662		$ 14,280	$ 6,567,353
Accrued Liabilities	1,099,652					1,099,652
Unearned Grant Revenue		1,461,288				1,461,288
Total Liabilities	1,779,146	1,511,205	5,823,662		14,280	9,128,293
Fund Balances						
Nonspendable						
Inventories	331,005					331,005
Restricted						
Capital Projects			22,191,927			22,191,927
Grants		1,584,402				1,584,402
Purchase Obligations					533,308	533,308
Debt Service				$ 18,830		18,830
Committed						
Capital Projects	1,269,890					1,269,890
SBDM Carryforward	756,081					756,081
Sick Leave Payable	564,527					564,527
Assigned						
Encumbrances	2,805,115					2,805,115
Unassigned	19,773,285					19,773,285
Total Fund Balances	25,499,903	1,584,402	22,191,927	18,830	533,308	49,828,370
Total Liabilities and Fund Balances	$ 27,279,049	$ 3,095,607	$ 28,015,589	$ 18,830	$ 547,588	$ 58,956,663

See Accompanying Notes to Financial Statements

WARREN COUNTY SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE DISTRICT-WIDE STATEMENT OF NET POSITION
June 30, 2018

Total Fund Balances - Governmental Funds	$	49,828,370
Amounts reported for governmental activities in the District-wide Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in Governmental Funds Balance Sheet. The cost of the assets is $385,618,999 and the accumulated depreciation is $120,520,749.		265,098,249
Deferred outflows from pension and OPEB plans are not financial resources and therefore are not reported as assets in the Governmental Funds Balance Sheet.		16,415,283
Deferred savings from refunding bonds are not financial resources and therefore are not reported as assets in the Governmental Funds Balance Sheet.		457,084
Deferred inflows from pension and OPEB plans are not financial uses and therefore are not reported as liabilities in the Governmental Funds Balance Sheet.		(4,157,629)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the Governmental Funds Balance Sheet. Long-term liabilities at year-end consist of:		
Bonds Payable		(175,788,203)
Accrued Interest		(1,172,638)
Net Pension Liability		(33,335,479)
Net OPEB Liability		(46,472,309)
Compensated Absences		(6,478,972)
Total District-wide Net Position - Governmental Activities	$	64,393,756

See Accompanying Notes to Financial Statement

WARREN COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2018

	Major Funds					
	General Fund	Special Revenue Fund	Capital Project Funds	Debt Service Fund	Nonmajor Fund District Activity Fund	Total Governmental Funds
Revenues						
From Local Sources						
Taxes						
Property	$ 22,148,883		$ 12,857,661			$ 35,006,544
Motor Vehicle	3,899,710					3,899,710
Utilities	6,213,946					6,213,946
Occupational License	9,586,069					9,586,069
Other	1,053,860					1,053,860
Tuition and Fees	37,259					37,259
Earnings on Investments	456,266	$ 19,771	165,202		$ 8,051	649,290
Other Local Revenues	358,336	119,947				478,283
Intermediate Sources					708,217	708,217
Intergovernmental - State	84,213,348	5,457,740	3,888,603	$ 523,295		94,082,986
Intergovernmental - Federal	110,349	7,303,803	129,888			7,544,040
Total Revenues	128,078,026	12,901,261	17,041,354	523,295	716,268	159,260,204
Expenditures						
Instruction	76,540,411	11,472,104			549,397	88,561,912
Support Services						
Student	9,071,991	81,674				9,153,665
Instructional Staff	3,262,850	119,726			99,305	3,481,881
District Administration	2,108,916					2,108,916
School Administration	8,711,064					8,711,064
Business	3,602,911	55,849				3,658,760
Plant Operations and Maintenance	15,380,206					15,380,206
Student Transportation	9,290,869	123,592			43,960	9,458,421
Community Services	57,305	1,121,006				1,178,311
Debt Service						
Principal				10,179,000		10,179,000
Interest and Other Charges				4,044,681		4,044,681
Bond Issuance Cost				949,214		949,214
Site Improvement			3,984			3,984
Building Improvement			85,154			85,154
Facilities Acquisition and Construction			33,099,421			33,099,421
Total Expenditures	128,026,523	12,973,951	33,188,559	15,172,895	692,662	190,054,590

Continued

WARREN COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2018

	Major Funds					
	General Fund	Special Revenue Fund	Capital Project Funds	Debt Service Fund	Nonmajor Fund District Activity Fund	Total Governmental Funds
Revenues in Excess of (Less Than) Expenditures	51,503	(72,690)	(16,147,205)	(14,649,600)	23,606	(30,794,386)
Other Financing Sources (Uses)						
Proceeds from Issuance of Bonds				49,850,000		49,850,000
Proceeds from Insurance Claims	99,883					99,883
Discount on Bonds Sold				(113,317)		(113,317)
Proceeds from Sale of Equipment	4,713					4,713
Propriety Fund Transfers	521,477					521,477
Transfers In	962,670	288,742	54,517,640	13,774,044		69,543,096
Transfers Out	(3,945,254)	(73,658)	(16,663,057)	(48,861,127)		(69,543,096)
Total Other Financing Sources (Uses)	(2,356,511)	215,084	37,854,583	14,667,378		50,380,534
Net Change in Fund Balances	(2,305,008)	142,394	21,707,378	17,778	23,606	19,586,148
Fund Balances, Beginning of Year, as Previously Reported	27,804,911	1,442,008	484,549	1,052	790,970	30,523,490
Prior Period Adjustment to Reclassify a Fiduciary Fund					(281,268)	(281,268)
Fund Balances, Beginning of Year, as Restated	27,804,911	1,442,008	484,549	1,052	509,702	30,242,222
Fund Balances, End of Year	$ 25,499,903	$ 1,584,402	$ 22,191,927	$ 18,830	$ 533,308	$ 49,828,370

See Accompanying Notes to Financial Statements

WARREN COUNTY SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE DISTRICT-WIDE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

Total Net Change in Fund Balances - Governmental Funds	$	19,586,148
Amounts reported for governmental activities in the District-wide Statement of Activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the District-wide Statement of Activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeds depreciation expense in the fiscal year.		27,208,790
Gains and losses are not presented in governmental funds because they do not provide or use current financial resources. However, they are presented on the District-wide Statement of Activities. The difference between the cost and accumulated depreciation of assets sold net to this amount for the fiscal year.		(26,665)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the District-wide Statement of Net Position.		10,179,000
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the District-wide Statement of Net Position. Repayment of bond principal in a refunding is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the District-wide Statement of Net Position. This is the amount by which the proceeds of current year debt issuances exceeded repayment of bond principal related to a bond		(50,227,655)
Expenditures reported in the fund financial statements are recognized when the current financial resource is used. However, expenses in the District-wide Statement of Activities are recognized when they are incurred.		(5,138,204)
Total Change in District-wide Net Position of Governmental Activities	$	1,581,414

See Accompanying Notes to Financial Statements

PROPRIETARY FUNDS FINANCIAL STATEMENTS

WARREN COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2018

	Enterprise Funds		
	Food Services	**Day Care**	**Total**
Assets			
Current Assets			
Cash and Cash Equivalents	$ 3,856,724		$ 3,856,724
Accounts and Grants Receivable	66,697		66,697
Inventories for Consumption	127,198		127,198
Total Current Assets	4,050,619		4,050,619
Non-Current Assets			
Capital Assets - Net of Accumulated Depreciation	11,536,417	$ 19,284	11,555,701
Deferred Outflows of Resources			
Pension Related Outflows	2,009,306	72,958	2,082,264
OPEB Related Outflows	556,646	19,556	576,202
	2,565,952	92,514	2,658,466
Total Assets and Deferred Outflows of Resources	$ 18,152,988	$ 111,798	$ 18,264,786
Liabilities and Net Position			
Current Liabilities			
Accounts Payable	$ 14,894	$ 6,442	$ 21,336
Unearned Revenue	68,362		68,362
Net Pension Liability	5,782,122	203,455	5,985,577
Net OPEB Liability	2,061,606	183,060	2,244,666
Total Current Liabilities	7,926,984	392,957	8,319,941
Deferred Inflows of Resources			
Pension Related Inflows	585,789	32,521	618,310
OPEB Related Inflows	104,897	3,684	108,581
Total Deferred Inflows of Resources	690,686	36,205	726,891
Net Position			
Net Investment in Capital Assets	11,536,417	19,284	11,555,701
Unrestricted (deficit)	(2,001,099)	(336,648)	(2,337,747)
Total Net Position	9,535,318	(317,364)	9,217,954
Total Liabilities and Net Position	$ 18,152,988	$ 111,798	$ 18,264,786

See Accompanying Notes to Financial Statements

WARREN COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2018

	Enterprise Funds		
	Food Services	**Day Care**	**Total**
Operating Revenues			
Lunchroom Sales	$ 1,925,907		$ 1,925,907
Tuition and Fees		$ 140,109	140,109
Other Operating Revenue	10,142		10,142
Total Operating Revenues	1,936,049	140,109	2,076,158
Operating Expenses			
Salaries and Wages	5,090,229	176,419	5,266,648
Contract Services	407,072	499	407,571
Materials and Supplies	4,842,432	12,371	4,854,803
Other Operating Expenses	1,792	325	2,117
Depreciation Expense	605,575		605,575
Total Operating Expenses	10,947,100	189,614	11,136,714
Operating Loss	(9,011,051)	(49,505)	(9,060,556)
Non-Operating Revenues (Expenses)			
Federal Grants	7,653,149		7,653,149
State Grants	933,479	28,918	962,397
Donated Commodities	383,847		383,847
Interest Income	43,996		43,996
Loss on Disposal of Assets	(2,231)		(2,231)
Total Non-Operating Revenues (Expenses)	9,012,240	28,918	9,041,158
Transfers			
Governmental Funds Transfers	(521,477)		(521,477)
Change in Net Position	(520,288)	(20,587)	(540,875)
Total Net Position, Beginning of Year, as Previously Reported	11,554,520	(242,183)	11,312,337
Adjustment for Prior Period Implementation of GASB No. 75	(1,498,914)	(54,594)	(1,553,508)
Total Net Position, Beginning of Year, as Restated	10,055,606	(296,777)	9,758,829
Total Net Position, End of Year, as Restated	$ 9,535,318	$ (317,364)	$ 9,217,954

See Accompanying Notes to Financial Statements

WARREN COUNTY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2018

	Enterprise Funds		
	Food Services	**Day Care**	**Total**
Cash Flows from Operating Activities			
Cash Received from User Charges	$ 1,941,662	$ 140,109	$ 2,081,771
Cash Received from Other Operating Revenues	10,142		10,142
Cash Payments to Employees for Services	(3,661,552)	(120,600)	(3,782,152)
Cash Payments for Contract Services	(407,072)	(499)	(407,571)
Cash Payments to Suppliers for Goods and Services	(4,462,353)	(12,371)	(4,474,724)
Cash Payments for Other Operating Expenses	(1,792)	(325)	(2,117)
Net Provided by (Cash Used) In Operating Activities	(6,580,965)	6,314	(6,574,651)
Cash Flows from Noncapital Financing Activities			
Grants Received	7,739,573		7,739,573
Cash Flows from Capital and Related Financing Activities			
Acquisition of Capital Assets	(190,945)		(190,945)
Transfers to Governmental Funds	(521,477)		(521,477)
Net Cash Used in Capital and Related Financing Activities	(712,422)		(712,422)
Cash Flows from Investing Activities			
Interest on Investments	43,996		43,996
Net Increase in Cash and Cash Equivalents	490,182	6,314	496,496
Cash and Cash Equivalents, Beginning of Year	3,366,542	(6,314)	3,360,228
Cash and Cash Equivalents, End of Year	$ 3,856,724	$ -	$ 3,856,724
Reconciliation of Operating Loss to Net Cash Used In Operating Activities			
Operating Loss	$ (9,011,051)	$ (49,505)	$ (9,060,556)
Adjustments to Reconcile Operating Loss to Net Cash Provided By (Used In) Operating Activities:			
Depreciation	605,575		605,575
Commodities Used	383,847		383,847
On-Behalf Payments Received	847,056	24,023	871,079
Changes in Assets and Liabilities:			-
Receivables	17,222		17,222
Inventories	377		377
Deferred Outflow, Pension Related	(819,753)	(28,844)	(848,597)
Deferred Outflow, OPEB Related	(504,390)	(19,556)	(523,946)
Accounts Payable	(4,146)	6,442	2,296
Unearned Revenue	(1,467)		(1,467)
Net Pension Liability	883,302	(79,954)	803,348
Net OPEB Liability	510,436	135,698	646,134
Deferred Inflow, OPEB Related	104,897	3,684	108,581
Deferred Inflow, Pension Related	407,130	14,326	421,456
Net Cash Provided By (Used In) Operating Activities	$ (6,580,965)	$ 6,314	$ (6,574,651)

Noncash Activities:
The Food Service Fund received $383,847 of donated commodities from the federal government.

See Accompanying Notes to Financial Statements

FIDUCIARY FUNDS FINANCIAL STATEMENTS

WARREN COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
June 30, 2018

	Private Purpose Trust Fund	Agency Funds
Assets		
Cash and Cash Equivalents	$ 339,517	$ 560,726
Accounts Receivable		1,961
Total Assets	$ 339,517	$ 562,687
Liabilities		
Accounts Payable		$ 12,892
Due to Student Groups		549,795
Total Liabilities		562,687
Net Position		
Held in Trust for Other Purposes	$ 339,517	
Total Liabilities and Net Position	$ 339,517	$ 562,687

See Accompanying Notes to Financial Statements

WARREN COUNTY SCHOOL DISTRICT
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
For the Year Ended June 30, 2018

	Private Purpose Trust Funds
Additions	
Earnings on Investments	$ 22,315
Deductions	16,065
Change in Net Position	6,250
Net Position, July 1, 2017, as Previously Reported	51,999
Prior Period Adjustment to Reclassify a Fiduciary Fund	281,268
Net Position, June 30, 2017, as Restated	333,267
Net Position, June 30, 2018	$ 339,517

See Accompanying Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS

NOTE A – REPORTING ENTITY

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

The District, for financial purposes, includes all of the funds and account groups relevant to the operation of the Warren County School District. The financial statements presented herein do not include funds of groups and organizations, which although associated with the school system, have not originated within the District itself such as Athletic Boosters, Band Boosters, Parent-Teacher Associations, etc. The District is not involved in budgeting or managing these organizations, is not responsible for any debt of the organizations, and has no influence over the operation of these organizations.

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

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

Warren County School District Finance Corporation – The Warren County, Kentucky, Board of Education has established the Warren County School District Finance Corporation (the "Corporation") (a non-profit, non-stock, public corporation organized under the School Bond Act and KRS 273 and KRS 58.180) as an agency of the District for financing the costs of school building facilities. The Board Members of the Warren County Board of Education also comprise the Corporation's Board of Directors.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- **BASIS OF ACCOUNTING**

The District's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

- **BASIS OF PRESENTATION**

District-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the District as a whole. They include all funds of the District except for the fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The District-Wide Financial Statements are prepared using the economic measurement focus. This is the same approach used in the preparation of the Proprietary Fund Financial Statements but differs from the manner in which Governmental Fund Financial Statements are prepared. Governmental Fund Financial Statements therefore include a reconciliation with brief explanations to better identify the relationship between the District-Wide Financial Statements and the statements for governmental funds.

The District-Wide Financial Statement of Activities presents a comparison between direct expense 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 therefore clearly identifiable to a particular function. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program and charges paid by the recipient of the goods or services offered by the function or program. Revenues 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 or program is self-financing or draws from the general revenues of the District. The District allocates certain indirect costs to be included in the function or program expenses reported for individual governmental activities in the District-Wide Statement of Activities.

In the District-Wide Statement of Net Position and Statement of Activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements, each of which is considered to be a separate set of self-balancing accounts which constitute its assets, liabilities, fund equity, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

a) Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and

b) Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

c) Funds may be reported as a major fund if the District considers them significant to the users of the financial statements.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a current financial resources measurement focus. The financial statements for governmental funds are a Balance Sheet, which generally includes only current assets and current liabilities, and a Statement of Revenues, Expenditures and Changes in Fund Balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

All proprietary fund types are accounted for on an economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The Statement of Cash Flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used.

The fiduciary funds are reported using the economic resources measurement focus. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

In the fund financial statements, governmental funds and agency funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities.

The funds of the financial reporting entity are described below:

I. Governmental Funds

Major Funds

A. The General Fund is the primary operating fund of the District and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds. This is a budgeted fund and any unrestricted fund balances are considered to be resources available for use. Reservations have been placed on the fund balance for outstanding encumbrances, allocation to the schools' site based decision making councils, and accrued sick leave.

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 assistance programs where unused balances are returned to the grantor at the close of specified project periods, as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report. The Kentucky Department of Education has deemed this fund always be classified as a major fund.

C. Capital Project Fund is classified as a major fund and is used to account for financial resources restricted for the acquisition or construction of major capital facilities and equipment (other than those financed by Proprietary Funds). The District's Capital Project Fund includes:

1. The Support Education Excellence in Kentucky ("SEEK") Capital Outlay Fund – This 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") Fund – This fund accounts for funds generated by the building tax levy and also participates 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.

3. The Construction Fund – This fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction.

D. The Debt Service Fund accounts for the accumulation of financial resources for the payment of principal, interest, and related costs on the general long-term debt of the District, including the payment of interest on general obligation notes payable, as required by Kentucky law.

II. Proprietary Funds

Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods and services. The District's enterprise funds are the School Food Service Fund and the Day Care Fund operated out of Greenwood High School and are major funds. The School Food Service Fund is used to account for the financial transactions related to the food service operations of the District.

III. Fiduciary Funds

Agency Funds

Agency funds account for assets held by the District in a purely custodial capacity. Since agency funds are custodial in nature (i.e. assets equal liabilities), they do not involve the measurement of results of operations.

The School Activity Fund accounts for activities of student groups and other types of activities requiring clearing accounts. These funds are accounted for in accordance with the Kentucky Department of Education Publication *Uniform Program of Accounting for School Activity Funds*.

Private-Purpose Trust Funds

The Private-Purpose Trust Funds can only be used to purchase textbooks for needy students for the award of scholarships and other student support purposes.

- **CASH AND CASH EQUIVALENTS**

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

- **ACCOUNTS RECEIVABLE**

Receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include federal and state funding and taxes. Amounts on the District-Wide Statement of Net Position and the Governmental Funds Balance Sheet are net of allowance for doubtful accounts.

- **INVENTORIES**

On the District-Wide Statement of Net Position inventories are stated at the lower of cost or market and are expensed when used. The Food Service Fund inventories use the specific identification method and the General Fund inventories use the first-in, first-out method. The Food Service Fund's inventories consist of food and supplies valued at cost, and U. S. Government commodities whose value is determined by the U. S. Department of Agriculture.

In the Governmental Funds Balance Sheet, inventories in the General Fund are equally offset by a reserve which indicates they do not constitute "available spendable resources" even though they are a component of total assets.

▪ CAPITAL ASSETS

District-Wide Financial Statements

In the District-Wide Financial Statements, capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. The District maintains a capitalization threshold as follows, with the exception of land, computers and technology equipment for which there is no threshold:

Land Improvements	$20,000
Buildings	20,000
Portable Buildings	20,000
Building Improvements	20,000
Technology Equipment	5,000
School Buses	5,000
Other Vehicles	5,000
Rolling Stock	5,000
Food Service Equipment	5,000
Furniture and Fixtures	5,000
Audio-Visual Equipment	5,000
Other General Equipment	5,000
Musical Instruments	5,000
Software	5,000

The cost of normal maintenance and repairs that do not add value or materially extend an asset's life are expensed. The District has elected not to capitalize interest on debt used to finance building construction/renovations.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the District-Wide Statement of Activities, with accumulated depreciation reflected in the District-Wide Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	50 years
Building Improvements	25 years
Technology Improvements	5 years
School Buses	10 years
Vehicles	5 years
Food Service Equipment	12 years
Audio-Visual Equipment	15 years
Other General Equipment	10 years

Fund Financial Statements

In the fund financial statements, capital assets used in Governmental Fund operations are accounted for as expenditures of the General Fund. Capital assets used in Proprietary Fund operations are accounted for the same as in the District-Wide Financial Statements.

▪ LONG-TERM DEBT

District-Wide Financial Statements

All long-term debt to be repaid from governmental resources is reported as liabilities in the District-Wide Statement of Net Position. The long-term debt consists primarily of bond obligations and compensated absences.

Fund Financial Statements

Long-term debt is not reported as liabilities in the Governmental Funds Balance Sheet. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as expenditures. There are no long-term debt obligations recorded in the Proprietary Funds as these funds are not responsible for paying the debt.

- **COMPENSATED ABSENCE**

The entire compensated absence liability is reported on the District-Wide Statement of Net Position. The District's policies regarding sick leave permit employees to accumulate earned but unused sick leave. The current portion of this debt is estimated based on employees who have twenty-seven years of service or more as of June 30, 2018 and is calculated at 30% of their total accumulated sick leave.

In the Governmental Funds Balance Sheet, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. The noncurrent portion of the liability is not reported in the Governmental Funds Balance Sheet.

- **EQUITY CLASSIFICATIONS**

District-Wide Financial Statements

Equity is classified as net position and displayed in three components:

- Invested in Capital Assets, Net of Related Debt – Consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted Net Position – Consists of net assets with constraints placed on the use either by 1) external groups such as creditors, grantors, or laws or regulations, or 2) law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

Fund Financial Statements

Under the GASB Statement 54, fund balance is separated into five categories, as follows:

Nonspendable – Permanently nonspendable by decree of the donor, such as an endowment, or items which may not be used for another purpose, such as amounts used to prepay future expenses or already-purchased inventory on hand.

Restricted – Legally restricted under federal or state law, bond authority, or grantor contract.

Committed – Commitments passed by the Board.

Assigned – Funds assigned to management priority including issued encumbrances.

Unassigned – Funds available for future operations.

It is the District's practice to liquidate funds when conditions have been met releasing these funds from legal, contractual, Board, or managerial obligations, using restricted funds first, followed by committed funds, assigned funds, then unassigned funds.

- **ENCUMBRANCE ACCOUNTING**

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end and outstanding encumbrances at year-end are reappropriated in the next year. Accordingly, no differences exist between actual results and the applicable budgetary data presented in the accompanying Required Supplementary Information. Encumbrances are considered a managerial assignment of fund balance at June 30, 2018 in the Governmental Funds Balance Sheet.

- **REVENUES – EXCHANGE AND NON-EXCHANGE TRANSACTIONS**

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

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, occupational taxes, grants, entitlements and donations.

In addition, the District levies an occupational license tax of 0.5% on salaries, wages, commissions, and other compensation to residents of the Warren County School District for services performed or rendered within Warren County and on the net profits of all resident businesses, professions, or occupations from activities conducted within the Warren County School District. Occupational tax revenues are not susceptible to accrual because generally they are not measurable until received in cash.

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

- **UNEARNED REVENUE**

Unearned revenue arises when assets are recognized before a revenue recognition criterion has been satisfied. Grants received before the eligibility requirements are met are recorded as unearned grant revenue.

In order to present the Special Revenue Fund on the accrual basis of accounting, and because the awards are not yet available as assets, cash awards received in advance for the 2018-2019 school year have been classified as unearned grant revenues. Likewise, all awards requested as a result of 2017-2018 expenditures have been classified as receivables. Revenues of the Special Revenue Fund are considered earned when reimbursable expenditures are made or obligations are incurred, and of an equal amount.

- **OPERATING AND NONOPERATING REVENUES**

Operating revenues are those revenues that are generated directly from the primary activity of the Proprietary Funds. Those revenues are primarily charges for meals provided by the various schools and for childcare services provided. Nonoperating revenues of the Proprietary Funds included grants, donations, and interest income.

- **DONATED COMMODITIES**

The fair value of donated commodities received during the year is reported in the Proprietary Fund Statement of Revenues, Expenses, and Changes in Net Position as an expense and as donated commodities revenue (nonoperating revenue).

- **PROPERTY TAXES**

Property taxes are levied each September on the assessed value listed as of the prior January 1, for all real and personal property in Warren County. The tax rate is generally agreed to by the Board in the following September and contingent upon state approval. The billings are considered due upon receipt by the taxpayer; however, the actual due date is based on a period ending 30 days after the tax bill mailing. Property taxes 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 property tax rates assessed for the year ended June 30, 2018 were $0.449 per $100 valuation for real property and $0.449 per $100 valuation for business personal property. Motor vehicle tax was $0.545 for $100 valuation of motor vehicles.

The following is the District's property tax calendar:

Date	Event
January 1, year of levy	Assessment date
October 1, year of levy	Taxes levied
October 31, year of levy	2% discount allowed
December 31, year of levy	Gross amount due
January 1, following year	Delinquent date, 5% penalty added
February 1, following year	21% penalty added

The District levies a 3.0% utility tax on all businesses and households within Warren County.

- **ESTIMATES**

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

- **BUDGETARY PRINCIPLES**

The District's budgetary process accounts for certain transactions on a basis other than 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 the obligation is incurred (GAAP).

- **INTERFUND RECEIVABLES AND PAYABLES**

Each fund is a separate fiscal and accounting entity, and thus interfund transactions are recorded in each fund affected by a transaction. Interfund receivables and payables for the District arise generally from two types of transactions: 1) all funds are initially received into the General Fund, thus a payable and receivable are established in the appropriate funds; and 2) payments are from the General Fund checking account, which may not have the

legal liability for the expenditure, thus a payable from the fund having the legal liability is established at such time. Typically, interfund receivables and liabilities are resolved monthly, and all of these balances should be resolved within a year. All interfund receivables and payables have been eliminated on the District-wide Statement of Net Position.

- **ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS**

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

Payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, capital leases, compensated absences and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year-end are considered to have been made with current financial resources. School building revenue bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

- **PENSIONS**

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

- **RECLASSIFICATIONS AND PRIOR PERIOD ADJUSTMENTS**

Certain reclassifications and immaterial prior period adjustments have been made to the net position (deficit)/fund balances of several funds in the 2017 financial statements to conform to the 2018 financial statement presentation.

NOTE C – CASH AND CASH EQUIVALENTS

The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to Kentucky Revised Statutes ("KRS") 160.570 and 702 Kentucky Administrative Regulations ("KAR") 3:090. The depository bank deposits for safekeeping with the District's third party agent approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

At June 30, 2018, the carrying amount of the District's total cash and cash equivalents was $60,294,631. Of the total cash balance, $250,000 was covered by Federal depository insurance, with the remainder covered by a collateral agreement and collateral held by the pledging banks' trust departments in the District's name. (Government Funds $55,869,392, Proprietary Funds $3,856,724, Private-Purpose Trust $7,789, and Agency Funds $560,726)

KRS authorize the District to invest in direct obligations of the United States government; obligations backed by the full faith and credit of the United States government; certificates of deposit or other interest bearing accounts issued by any bank or savings and loan institution provided that such investment is insured by the FDIC or guaranteed by the pledge of direct United States government obligations; bonds issued by the Commonwealth of Kentucky or one of its agencies and instrumentalities; securities issued by any state or local government of the United States rated in one of the three highest categories by a nationally recognized rating agency; certain mutual funds; commercial

paper rated in the highest category by a nationally recognized rating agency; or bankers' acceptances for banks rated in one of the three highest categories by a nationally recognized rating agency.

Due to the nature of the accounts and certain limitations imposed on the use of funds, each bank account within the following funds is considered to be restricted: SEEK Capital Outlay Fund, FSPK Fund, Technology Fund (accounted for within the Special Revenue Fund), Special Revenue Fund, Debt Service Fund, Bond Proceeds Fund, School Construction Fund, School Food Service Fund, and School Activity Funds.

NOTE D – RECEIVABLES

The District recognizes revenues as receivable when they are measurable and receipt is certain. Concentration of credit risk with respect to the receivables from federal and state governments is limited due to the historical stability of those institutions. While the District receives revenues from many different sources throughout the year, the accounts and grants receivable may be grouped into the following categories:

	Governmental Activities/ Governmental Funds	Business-Type Activities/ Proprietary Funds	Total
Accounts and Grants Receivable:			
Taxes Receivable	$ 1,087,774		$ 1,087,774
Other Receivables	212,523	$ 75,634	288,157
Grants Receivable	1,267,381		1,267,381
Gross Receivables	2,567,678	75,634	2,643,312
Less: Allowance for Doubtful Accounts		8,937	8,937
Net Receivables	$ 2,567,678	$ 66,697	$ 2,634,375

Federal and state grants to be used or expended as specified by the grantor are recognized as revenue and recorded as receivables when qualifying expenditures are incurred.

NOTE E – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018, was as follows:

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental Activities				
Capital assets that are not depreciated:				
Land	$ 9,052,809			$ 9,052,809
Construction in Progress	17,479,168	$ 14,668,849		32,148,017
Total Nondepreciable Historical Cost	26,531,977	14,668,849		41,200,826
Capital assets that are depreciated:				
Land Improvement	17,678,078	3,338,068		21,016,146
Buildings and Improvements	261,153,350	16,248,810		277,402,160
Technology Equipment	15,346,868	276,993	$ 443,683	15,180,178
Vehicles	15,745,584	322,632	55,586	16,012,630
Other Machinery & Equipment	13,624,708	1,322,897	140,546	14,807,059
Total Depreciable Historical Cost	323,548,588	21,509,400	639,815	344,418,173

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Less accumulated depreciation for:				
Land improvements	6,008,737	901,511		6,910,248
Buildings and Improvements	70,337,744	6,018,976		76,356,720
Technology Equipment	14,265,471	503,823	442,932	14,326,362
Vehicles	13,460,023	665,250	55,586	14,069,687
Other Machinery & Equipment	8,092,465	879,899	114,632	8,857,732
Total Accumulated Depreciation	112,164,440	8,969,459	613,150	120,520,749
Total Depreciable Historical Cost, Net	211,384,148	12,539,941	26,665	223,897,424
Governmental Activities, Capital Assets, Net	$ 237,916,125	$ 27,208,790	$ 26,665	$ 265,098,250
Business-Type Activities:				
Capital assets that are depreciated:				
Buildings and Improvements	$ 15,127,596			$ 15,127,596
Technology Equipment	218,832		$ 1,445	217,387
Other Machinery & Equipment	4,407,826	$ 190,945	98,367	4,500,404
Total Depreciable Historical Cost	19,754,254	190,945	99,812	19,845,387
Less accumulated depreciation for:				
Buildings and Improvements	4,458,217	309,761		4,767,978
Technology Equipment	164,087	15,157	1,445	177,799
Other Machinery & Equipment	3,157,051	282,994	96,136	3,343,909
Total Accumulated Depreciation	7,779,355	607,912	97,581	8,289,686
Total Depreciable Historical Cost, Net	11,974,899	(416,967)	2,231	11,555,701
Business-Type Activities, Capital Assets, Net	$ 11,974,899	$ (416,967)	$ 2,231	$ 11,555,701

Depreciation expense was charged to functions/programs governmental activities as follows:

Instruction	$ 7,033,400
Support Services:	
Student	4,783
Instructional Staff	31,941
District Administration	8,312
School Administration	2,102
Business	16,443
Facilities Operations and Maintenance	1,244,979
Student Transportation	624,991
Community Service	2,507
Total Depreciation Expense	$ 8,969,458

NOTE F – SCHOOL BUILDING REVENUE BONDS

The amount shown in the accompanying District-Wide Financial Statements as bond obligations represents the District's future obligations to make lease payments relating to school building revenue bonds issued by the Corporation on behalf of the District for purposes of school facility construction. These amounts are not reflected on the governmental fund financial statements.

The General Fund, SEEK Capital Outlay Fund, and the FSPK Building Fund are obligated to make lease payments. The lease agreements provide, among other things, for lease payments sufficient to satisfy debt service requirements on bonds issued by the Corporation to construct school facilities. The District has the option to purchase the property under lease at any time by retiring the bonds then outstanding. Upon completion of such payments, the leased premises will become the property of the District. The District must generally make sinking fund payments by the fifteenth day of the month prior to scheduled bond and interest payment dates. The District is also obligated to maintain adequate property insurance on the school facilities, and the school facilities have been pledged as security to the holders of the bonds.

In connection with the school building revenue bonds issued after May 1, 1996, the District entered into "participation agreements" with the Kentucky School Facilities Construction Commission (the "Commission"). The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs. The Commission will remit a stated amount of bond principal and interest payments annually, subject to biennial approval by the Kentucky General Assembly. Should approval not be received in future periods, the District remains obligated for the full amount of the bond principal and interest payments. Therefore, the liability for the total bond amount remains with the District and, as such, the total principal outstanding has been recorded in the District-Wide Financial Statements.

The District has issued one Build America Bond Series on April 1, 2008 (Series XXXVIII) which requires the US Treasury to subsidize the District for 35% of the interest cost relating to the outstanding debt.

Following is a schedule of obligations existing at June 30, 2018:

Issue Date	Series	Interest Rate	Maturity Date	Amount Outstanding
August 1, 2005	XXXIV	3.00%-4.00%	December 1, 2019	$ 3,020,000
December 30, 2009	MMIX	2.09%-2.09%	December 15, 2025	3,381,000
July 1, 2010	MMX	2.00%-3.125%	February 1, 2019	580,000
November 1, 2011	MMXI	1.50%-2.63%	April 1, 2022	2,025,000
October 1, 2012	MMXII	1.10%-2.50%	October 1, 2032	3,850,000
November 1, 2012	MMXII	0.40%-1.75%	June 1, 2023	2,645,000
March 1, 2014	MMXIV	2.00%-3.00%	December 1, 2024	4,220,000
March 1, 2014	MMXIV	2.00%-4.00%	June 29, 2029	22,020,000
April 1, 2015	MMXV	2.00%-3.50%	April 1, 2035	17,205,000
April 1, 2015	MMXV	2.00%-3.00%	February 1, 2026	5,000,000
April 1, 2015	MMXV	2.00%-3.125%	August 1, 2030	10,645,000
February 1, 2016	MMXVI	.050%-3.00%	April 1, 2028	34,780,000
April 1, 2016	MMXVI	2.00%-3.250%	April 1, 2036	13,680,000
October 1, 2017	MMXVII	2.00%-3.250%	October 1, 2037	21,280,000
May 1, 2018	MMXVIII	3.00%-3.650%	March 1, 2038	28,570,000
				172,901,000
Unamortized Deferred Premiums and Discounts (Net)				2,887,203
			Total School Building Revenue Bonds	$ 175,788,203

Following are aggregate obligations existing at June 30, 2018:

Year Ending June 30,	Principal	Interest	Total Repayments	Less: Commission Participation	Net Repayments
2019	$ 11,267,000	$ 4,859,846	$ 16,126,846	$ 741,705	$ 15,385,141
2020	11,356,000	4,819,910	16,175,910	709,349	15,466,561
2021	11,224,000	4,577,564	15,801,564	659,278	15,142,286
2022	11,433,000	4,307,717	15,740,717	659,275	15,081,442
2023	11,316,000	3,976,730	15,292,730	624,935	14,667,795
2024-2028	56,785,000	14,708,975	71,493,975	3,061,139	68,432,836
2029-2033	33,530,000	7,217,338	40,747,338	1,882,174	38,865,163
2034-2038	25,990,000	2,336,861	28,326,862	1,277,551	27,049,311
	$ 172,901,000	$ 46,804,940	$ 219,705,941	$ 9,615,407	$ 210,090,534

Long-term liability activity for the year ended June 30, 2018 was as follows:

Governmental Activities	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018	Amounts Due Within One Year
Bonds Payable					
General Obligation Debt	$ 133,230,000	$ 49,850,000	$ 10,179,000	$ 172,901,000	$ 11,267,000
Deferred Discounts and Premiums, Net	3,289,751	(76,209)	326,339	2,887,203	
Total Bonds Payable	136,519,751	49,773,791	10,505,339	175,788,203	11,267,000
Other Liabilities					
Compensated Absences	6,313,350	670,582	504,960	6,478,972	601,520
Total Other Liabilities	6,313,350	670,582	504,960	6,478,972	601,520
Total Long-Term Obligations	$ 142,833,101	$ 50,444,373	$ 11,010,299	$ 182,267,175	$ 11,868,520

NOTE G – ACCUMULATED UNPAID SICK LEAVE BENEFITS

Accrued sick leave, which has no maximum accumulation, is payable upon retirement at 30% of the value of accumulated sick leave. In accordance with GAAP, the District has recorded approximately $6.5 million in accrued sick leave as a liability in the District-Wide Statement of Net Position since the majority of these liabilities are not expected to be liquidated with expendable available financial resources. Of the $6.5 million, $601,520 is reflected as a current liability on the District-Wide Statement of Net Position, as this amount is for those employees with twenty-seven or more years of experience. Additionally, the Governmental Fund Balance Sheet reflects the current portion of accrued sick leave of $36,993. This is the amount anticipated to be funded with current year's economic financial resources.

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

NOTE H – RETIREMENT PLANS

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

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

Plan description

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

Benefits provided

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

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

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

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

Plan description

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

Benefits provided

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

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

Employees that retire before age 60 with less than 27 years of service receive reduced retirement benefits. Non-university employees with an account established prior to July 1, 2002 receive monthly payments equal to 2% (service prior to July 1, 1983) and 2.5% (service after July 1, 1983) of their final average salaries for each year of credited service. New employees (including second retirement accounts) after July 1, 2002 will receive monthly benefits equal to 2% of their final average salary for each year of service if, upon retirement, their total service less than ten years. New employees after July 1, 2002 who retire with ten or more years of total service will receive monthly benefits equal to 2.5% of their final average salary for each year of service, including the first ten years. In addition, employees who retire July 1, 2004 and later with more than 30 years of service will have their multiplier increased for all years over 30 from 2.5% to 3.0% to be used in their benefit calculation. Employees hired on or after July1, 2008, will receive monthly benefits equal to the average of their top three salary years multiplied by a sliding scale rate from 1.7% up to 2.5% based on years of service up to 30 years. Beyond 30 years of service, the rate increases to 3.0%.

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

Cost of living increases are 1.5% annually. Additional ad hoc increases and any other benefit amendments must be authorized by the General Assembly.

Contributions

Contribution rates are established by KRS. Employees are required to contribute 12.855% of their salaries to the System. The Commonwealth of Kentucky, as a non-employer contributing entity, pays matching contributions or at the rate of 13.105% of salaries for local school district employees hired before July 1, 2008 and 14.105% for those hired after July 1, 2008. For local school district employees whose salaries are federally funded, the employer contributes 15.355% of salaries. If an employee leaves covered employment before accumulating five (5) years of credited service, accumulated employee pension contributions plus interest are refunded to the employee upon the employee's request.

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

At June 30, 2018, the District reported a liability of for its proportionate share of the net pension liability for CERS. The District did not report a liability for the District's proportionate share of the net pension liability for KTRS because the Commonwealth of Kentucky provides the pension support directly to KTRS on behalf of the District. The amount recognized by the District as its proportionate share of the net pension liability, the related Commonwealth support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the CERS net pension liability	$ 39,321,056
Commonwealth's proportionate share of the KTRS net pension liability associated with the District	507,432,630
	$ 546,753,686

The net pension liability for each plan was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The District's proportion of the net pension liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2018, the District's proportion was 0.6718% percent.

For the year ended June 30, 2018, the District recognized pension expense of $6,838,707 related to CERS and $36,121,423 related to KTRS, of which $18,028,781 was recognized on the fund financial statements as it represented amounts paid on the District's behalf during the year. The District also recognized revenue of $36,121,423 for KTRS support provided by the State.

At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 48,771	$ 998,137
Changes of assumptions	7,255,800	
Net difference between projected and actual earnings on plan investments	3,114,180	2,627,824
Changes in proportionate share of contributions	228,488	98,477
Pension contributions subsequent to the measurement date	2,519,122	
Total	$ 13,166,361	$ 3,724,438

$2,519,122 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as an increase in the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows or resources related to pensions will be recognized in pension expense as follows:

For the Year Ending June 30:	
2019	$ 3,132,017
2020	2,996,309
2021	1,299,378
2022	(504,903)

Actuarial assumptions

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

	CERS	KTRS
Inflation	3.25%	3.50%
Projected salary increases	4.00%	3.50-7.3%
Investment rate of return, net of investment expense and inflation	7.50%	7.50%

For CERS, 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). 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.

For KTRS, Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale BB to 2025, set forward two years for males and one year for females.

For CERS, the long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years. The most recent analysis, performed for the period covering fiscal years 2005 through 2013, is outlined in a report dated August 30, 2014. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	42%	4.4%
Non U.S. Equity	20%	5.3%
Fixed Income	16%	1.5%
Additional Categories	9%	3.6%
Real Estate	5%	4.4%
Private Equities	6%	6.7%
Cash	2%	0.8%
Total	100.0%	

Discount rate

For CERS, the discount rate used to measure the total pension liability was 6.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment return of 7.50%. The long-term investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

For KTRS, the discount rate used to measure the total pension liability was 4.49%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Employer contributions will be made at statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members until the 2036 plan year. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments through 2035 and a municipal bond index rate of 4.35% was applied to all periods of projected benefit payments after 2035. The Single Equivalent Interest Rate ("SEIR") that discounts the entire projected benefit stream to the same amount as the sum of the present values of the two separate benefit payments streams was used to determine the total pension liability.

Sensitivity of CERS proportionate share of net pension liability to changes in the discount rate

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

	1% Decrease	Current Discount Rate	1% Increase
CERS	5.25%	6.25%	7.25%
District's proportionate share of net pension liability	$ 30,729,195	$ 39,321,056	$ 49,592,351

Pension plan fiduciary net position

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

NOTE I – OTHER POST-EMPLOYMENT BENEFITS ("OPEB")

General Information about the OPEB Plans

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

The 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 KTRS Medical Insurance and Life Insurance Plans.

CERS provides health insurance, disability insurance and death benefits to Plan employees and beneficiaries. Pension benefits are grouped into three tiers based on participation date with benefits adjusted based on tier. OPEB are not adjusted by tier other than the determination of retirement eligibility.

Medical Insurance Plans

Plan description

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

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

Contributions – In order to fund the post-retirement healthcare benefit, six and three quarters percent (6.75%) of the gross annual payroll of employees before July 1, 2008 is contributed. Three percent (3%) is paid by member contributions and three quarters percent (.75%) from state appropriation and three percent (3%) from the employer. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

The CERS Non-hazardous Insurance Fund is a cost-sharing multiple-employer defined benefit Other Postemployment Benefits (OPEB) plans for members that cover all regular full-time members employed in non-hazardous duty positions of any state department, board, agency, county, city, school board, and any additional eligible local agencies electing to participate. The plans provide for health insurance benefits to plan members. OPEB may be extended to beneficiaries of plan members under certain circumstances.

CERS employer contributions are split between the pension fund (approximately 75%) and the OPEB (approximately 25%). Employee contributions are 5% of their salary. Employees of tiers 2 and 3 contribute an additional 1% of their salary before retirement to fund OPEB.

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

At June 30, 2018, the Warren County School District reported a liability of $35,209,000 for KTRS and $13,501,975 for CERS 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, 2017, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the District's proportion was 0.987426 percent for KTRS and .671775 percent for CERS.

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 for KTRS were as follows:

District's proportionate share of the KTRS net OPEB liability	$ 35,209,000
Commonwealth's proportionate share of the KTRS net OPEB liability associated with the District	28,761,000
	$ 63,970,000

For the year ended June 30, 2018, the District recognized OPEB expense of $2,291,000 for KTRS and $1,538,941 for CERS and revenue of $1,872,000 for KTRS for support provided by the State.

At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources for KTRS:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change of assumptions	$ 2,109,277	
Differences between projected and actual earnings on OPEB plan investments		$ 453,000
Total	$ 2,109,277	$ 453,000

At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources for CERS:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change of assumptions	$ 2,938,597	
Contributions after measurement date	817,671	
Difference between expected and actual experience		$ 37,509
Difference between projected and actual earnings on OPEB plan investments		638,238
Change in proportionate share		31,335
Total	$ 3,756,268	$ 707,082

Since there were no deferred outflows of resources related to OPEBs during FY2018, other amounts reported as deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year Ending June 30:	KTRS	CERS
2019	$ 331,255	$ 383,954
2020	331,255	383,954
2021	331,255	383,954
2022	331,255	383,954
2023	331,255	543,513
Thereafter	-	152,184

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

		CERS	KTRS
Investment Rate of Return		7.50%	8.00%, net of OPEB Plan Investment Expense, including inflation
Project Salary Increases		4.00%	4.00%
Inflation Rate		3.25%	3.00%
Real Wage Growth			0.50%
Wage Inflation			3.50%
Actuarial cost method		Entry age normal	
Mortality		RP-2000 Combined Mortality Table, projected to 2013 with Scale BB (set back 1 year for females)	
Healthcare cost trend rates:			
Under 65		Initial trend starting at 7.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 5 years	7.75% for FY2018 decreasing to an ultimate rate of 5.00% by FY2024
Ages 65 and Older		Initial trend starting at 5.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of two years	5.75% for FY2018 decreasing to an ultimate rate of 5.00% by FY2021
Medicare Part B Premiums			0.00% for FY2018 with an ultimate rate of 5.00% by FY2030
Municipal Bond Index Rate		3.56%	3.56%
Municipal Bond Index		Fidelity 20-Year Municipal GO AA Index	
Discount Rate		5.84%	8.00%
Single Equivalent Interest Rate			8.00%, net of OPEB plan investment expense, including inflation

KTRS 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, rate of plan participation, rates of plan election, etc.) used in the June 30, 2017 valuation were based on a review of recent plan experience done concurrently with the June 30, 2017 valuation.

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

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 KTRS's investment consultant, are summarized in the following table:

Asset Class	Target Allocation
Domestic and International Equities	64.0%
Fixed Income	15.3%
Additional Categories	7.2%
Alternative Investments	6.5%
Real Estate	5.8%
Cash Equivalents	1.2%
Total	100.0%

* Modeled as 50% High Yield and 50% Bank Loans

Discount rate--For CERS, the discount rate used to measure the total OPEB liability was 5.84%. The projection of cash flows used to determine the discount rate assumed that contributions from plan employees and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment return of 6.25%. The long-term investment rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

	1% Decrease	Current Discount Rate	1% Increase
CERS	4.84%	5.84%	6.84%
District's proportionate share of net OPEB liability	$ 10,443,172	$ 13,507,975	$ 17,184,332
KTRS	7.00%	8.00%	9.00%
District's proportionate share of net OPEB liability	$ 30,387,508	$ 35,209,000	$ 41,001,395

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

	1% Decrease	Current Discount Rate	1% Increase
CERS net OPEB liability	$ 10,359,011	$ 13,507,975	$ 17,594,544
KTRS net OPEB liability	$ 29,487,056	$ 35,209,000	$ 42,274,467

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

KTRS Life Insurance Plan

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

Benefit provided—The KTRS Life Insurance Plan provides a life insurance benefit of $5,000 payable for members who retire based on service or disability. Active members may receive a $2,000 lump sum payable. The benefit is payable 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 payroll of members is contributed by the state.

At June 30, 2018, 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 KTRS on behalf of the District. The amount recognized by the District as its proportionate share of the OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

Commonwealth's proportionate share of the KTRS net OPEB liability associated with the District	$ 385,000
District's proportionate share of the KTRS net OPEB liability	-
	$ 385,000

For the year ended June 30, 2018, the District recognized revenue of $57,000 for support provided by the State. At June 30, 2018, the District did not have any deferred outflows of resources or deferred inflows of resources related to the collective net OPEB liability for life insurance benefits.

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

Project 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		3.56%
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, 2017 valuation were based on a review of recent plan experience done concurrently with the June 30, 2017 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.

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

Asset Class	Target Allocation		
U.S. Large Cap Equity	38.4%	Domestic and International Equiti	64.0%
U.S. Small Cap Equity	2.6%	Fixed Income	15.3%
Developed Int'l Equity	15.8%	Additional Categories	7.2%
Emerging Markets Equity	4.2%	Alternative Investments	6.5%
Fixed Income - Inv Grade	16.0%	Real Estate	5.8%
Real Estate	6.0%	Cash Equivalents	1.2%
Private Equity	7.0%		
High Yield	2.0%	Total	100.0%
Other Additional Categories**	7%*		
Cash	1.0%	50.0%	
Total	100.0%		

* As the LIF Investment policy is to change, the above table reflects the pension allocation and returns that achieve the targeted 7.5% long-term rate of return.
** Modeled as 50% High Yield and 50% Bank Loans.

Discount rate - The discount rate used to measure the state's 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.

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

NOTE J – ON-BEHALF PAYMENTS

The Commonwealth of Kentucky pays certain expenses on behalf of the District. In the financial statements, these payments are recorded as an expense and other state revenue. These expenses include the following the year ended June 30, 2018:

Health Insurance	$	14,814,714
KTRS Employer Match		18,028,781
Health Reimbursement Account		776,217
State Administration Fees		196,534
Life Insurance		23,763
Federal Reimbursement of Health Benefits		(859,927)
Technology		171,147
School Facilities Construction Commission Debt Service		523,295
	$	33,674,524

NOTE K – COMMITMENTS

On June 30, 2018, the District had outstanding commitments for construction of approximately $35,000,000.

NOTE L – CONTINGENCIES

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

In addition, the District operates in a heavily regulated environment. The operations of the District are subject to the administrative directives, rules and regulations of federal and state regulatory agencies, including, but not limited to, the U.S. Department of Education and the Kentucky Department of Education. Such administrative directives, rules and regulations are subject to change by an act of Congress or the Kentucky Legislature or an administrative change mandated by the Kentucky Department of Education. Such changes may occur with little or inadequate funding to pay for the related cost, including the additional administrative burden to comply with a change.

NOTE M – INSURANCE AND RISK MANAGEMENT

The District is exposed to various forms of loss of assets associated with the risks of fire, personal liability, theft, vehicular accidents, errors and omissions, fiduciary responsibility, etc. Each of these risk areas is covered through the purchase of commercial insurance. The District has purchased certain policies which are retrospectively rated including workers' compensation insurance. Premiums for these policies are based upon the District's experience to date.

The District is also exposed to various risks of loss related to torts, errors and omissions, injuries to employees, and natural disasters. To obtain insurance for workers' compensation, errors and omissions, and general liability coverage, the District contracts with an insurance broker to obtain proper coverage.

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 N – LITIGATION

The District is subject to various 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 financial statements as a result of the litigation presently in progress.

NOTE O – TRANSFER OF FUNDS

Although each fund is its own distinct reporting entity, periodically, funds have cause to transfer their revenues to other funds. The most common reasons necessitating interfund transfers are for debt service payments and grant matching funds. Debt service payments may be paid from revenues in the Capital Outlay Fund, Building Fund, or Construction Fund, but the expenditures are recorded in the Debt Service Fund with transfers recorded to keep the funds in balance.

At times, the Board receives grants which require an amount of matching funds. Usually, General Fund supplies this match offset by operating transfers to the Special Revenue Fund.

Interfund transfers are eliminated in the governmental and business-type activities columns of the District-Wide Statement of Net Position. As reflected on the governmental fund financial statements, the following transfers were made during the year:

From Fund	To Fund	Purpose	Amount
General Fund	Special Revenue	KETS District Payments	$ 288,742
General Fund	Construction	Capital Funds Request	3,573,477
SEEK Fund	Debt Service	Debt Service	95,102
SEEK Fund	General Fund	Capital Funds Request	888,857
FSPK Fund	Construction	Capital Funds Request	2,000,000
FSPK Fund	Debt Service	Debt Service	13,605,283
Construction	Debt Service	Debt Service	73,658
Construction	General Fund	Refund for construction project	1,256
Debt Service	Construction	Construction costs	48,787,469
Food Service	General Fund	Indirect Cost	521,477
Special Revenue	SEEK Fund	Debt Service	73,658
			$ 69,908,979

NOTE P – COBRA

Under COBRA, employers are mandated to notify terminated employees of available continuing insurance coverage. Failure to comply with this requirement may put the District at risk for a substantial loss contingency.

NOTE Q – ADOPTION OF ACCOUNTING PRINCIPLE AND CHANGES TO BEINNING BALANCES

Effective for the fiscal period beginning after June 15, 2017, the District was required to adopt Governmental Accounting Standards Board (GASB) Statement no. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). GASB 75 replaced the requirements of Statements no. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* and no. 57 "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans." GASB 75 requires governments providing postemployment benefits such as insurances or death benefits to recognize their long-term obligation for these benefits as a liability to more comprehensively and comparably measure the full annual costs of employment with included benefits. Cost-sharing governmental employers, such as the District, are required to report a net postemployment benefits liability, postemployment benefits expense, and benefits related assets and liabilities based on their proportionate share of the collective amounts for all governments in the plan.

GASB 75 required retrospective application. Since the District only presents one year of financial information, the beginning net postemployment benefits liability was adjusted to reflect the retrospective application. The adjustment resulted in a $39,777,167 reduction in beginning net position for governmental activities on the Statement of Activities. On the Statement of Revenues, Expenditures and Changes in Net Position – Proprietary Funds, the adjustment resulted in a reduction of $1,551,170 to the beginning net position for the School Food Services and a reduction of $24,025 for the nonmajor enterprise funds. This changed reduced beginning net position $1,575,195 for the business-type activities on the Statement of Activities.

Statement No. 81, *Irrevocable Split-Interest Agreements*, establishes accounting and financial reporting standards for irrevocable split-interest agreements created through trusts, or other legally enforceable agreements. This primarily affects colleges. This Statement was adopted during the current year and did not have an impact on the financial statements.

Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contributions requirements. Items 1 and 3 were effective for reporting periods beginning after June 15, 2016 and were adopted in a prior period. Item 2 was adopted during the current year and did not have a significant impact on the financial statements.

Statement No. 86, *Certain Debt Extinguishment Issues*, this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement is applicable to advanced refundings using only existing resources. The Statement was adopted during the current year and did not have an impact on the financial statements.

NOTE R – RECENT ACCOUNTING PRONOUNCEMENTS

The GASB has issued several reporting standards that will become effective for fiscal 2018 and later years' financial statements.

- Statement No. 83, *Certain Asset Retirement Obligations*, addresses accounting and financial reporting for certain asset retirement obligations ("ARO"s).
- Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments.
- Statement No. 85, *Omnibus 2017*, addresses practice issue that have been identified during implementation and application of certain GASB statements.
- Statement No. 87, *Leases*, the objective of which is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments.
- Statement No. 88, *Certain Disclosures Related to Debt*, including Direct Borrowings and Direct Placements, the objective of this Statement is to improve the information that is disclosed in the notes to the financial statements relating to debt.
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, this Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. Thus, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

The District is currently evaluating the impact that will result from adopting these GASB standards and is therefore unable to disclose the impact that adopting these standards will have on the District's financial position and the results of its operations when the standards are adopted.

NOTE S – SUBSEQUENT EVENTS

In preparing these financial statements, management of the District has evaluated events and transactions for potential recognition or disclosure through February 12, 2019, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

WARREN COUNTY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
For the Year Ended June 30, 2018

	Budgeted Amounts			Variances-Favorable (Unfavorable)
	Original	Final	Actual	Final to Actual
Revenues				
Local and Intermediate Sources	$ 41,245,162	$ 41,245,162	$ 43,754,329	$ 2,509,167
State Programs	71,253,862	71,253,862	84,213,348	12,959,486
Federal Programs	150,000	150,000	110,349	(39,651)
Total Revenues	112,649,024	112,649,024	128,078,026	15,429,002
Expenditures				
Instruction	71,413,594	71,413,594	76,540,411	(5,126,817)
Support Services				
Student	8,356,263	8,356,263	9,071,991	(715,728)
Instructional Staff	3,201,476	3,201,476	3,262,850	(61,374)
District Administration	2,069,696	2,069,696	2,108,916	(39,220)
School Administration	8,295,637	8,295,637	8,711,064	(415,427)
Business	3,524,288	3,524,288	3,602,911	(78,623)
Plant Operations and Maintenance	17,122,865	17,122,865	15,380,206	1,742,659
Student Transportation	9,072,271	9,072,271	9,290,869	(218,598)
Community Services			57,305	(57,305)
Contingency	13,192,792	13,192,792		13,192,792
Total Expenditures	136,248,882	136,248,882	128,026,523	8,222,359
Revenues in Excess of (Less Than) Expenditures	(23,599,858)	(23,599,858)	51,503	23,651,361
Other Financing Sources (Uses)				
Proceeds from Sale of Fixed Assets	15,000	15,000	4,713	(10,287)
Proceeds from Insurance Claims			99,883	99,883
Transfers from Proprietary Funds	502,299	502,299	521,477	19,178
Operating Transfers	(286,000)	(286,000)	(2,982,584)	(2,696,584)
Total Other Financing Sources (Uses)	231,299	231,299	(2,356,511)	(2,587,810)
Revenues and Other Financing Sources in Excess of (Less Than) Expenditures and Other Financing Uses	(23,368,559)	(23,368,559)	(2,305,008)	21,063,551
Fund Balance-July 1, 2017	23,368,562	23,368,562	27,804,911	4,436,349
Fund Balance-June 30, 2018	$ 3	$ 3	$ 25,499,903	$ 25,499,900

See Independent Auditors' Report

WARREN COUNTY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE FOR THE SPECIAL REVENUE FUND
For the Year Ended June 30, 2018

	Budgeted Amounts			Variances-Favorable (Unfavorable)
	Original	Final	Actual	Final to Actual
Revenues				
Local and Intermediate Sources	$ 500	$ 144,932	$ 139,718	$ (5,214)
State Programs	4,701,027	6,122,662	5,457,740	(664,922)
Federal Programs	6,792,800	8,009,885	7,303,803	(706,082)
Total Revenues	11,494,327	14,277,479	12,901,261	(1,376,218)
Expenditures				
Instruction	10,529,763	13,843,392	11,472,104	2,371,288
Support Services				
Student			81,674	(81,674)
Instructional Staff	200,762	107,780	119,726	(11,946)
Business			55,849	(55,849)
Student Transportation	18,785	128,400	123,592	4,808
Community Service	1,061,128	1,078,250	1,121,006	(42,756)
Total Expenditures	11,810,438	15,157,822	12,973,951	2,183,871
Revenues in Excess of (Less Than) Expenditures	(316,111)	(880,343)	(72,690)	807,653
Other Financing Sources				
Operating transfers	316,111	880,343	215,084	(665,259)
Revenues and Other Financing Sources in Excess of (Less Than) Expenditures			142,394	142,394
Fund Balance-July 1, 2017			1,442,008	1,442,008
Fund Balance-June 30, 2018	$	$	$ 1,584,402	$ 1,584,402

See Independent Auditors' Report

WARREN COUNTY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY --
COUNTY EMPLOYEES RETIREMENT SYSTEM
For The Years Ended June 30

	2018	2017	2016	2015
District's portion of the net pension liability	0.6718%	0.6761%	0.6623%	0.6598%
District's proportionate share of the net pension liability	$ 39,321,056	$ 33,286,339	$ 28,477,069	$ 21,406,024
District's covered-employee payroll	$ 25,616,918	$ 23,943,743	$ 22,712,430	$ 20,934,976
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	153.50%	139.02%	125.38%	102.25%
Plan fiduciary net position as a percentage of the total pension liability	53.00%	55.50%	59.97%	66.80%

**Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

See Independent Auditors' Report

WARREN COUNTY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY --
KENTUCKY TEACHERS RETIREMENT SYSTEM
For The Years Ended June 30

	2018	2017	2016	2015
District's portion of the net pension liability	0.0000%	0.0000%	0.0000%	0.0000%
District's proportionate share of the net pension liability				
Commonwealth's proportionate share of the net pension liability associated with the District	1.8806%	1.8531%	1.7907%	1.6782%
Commonwealth's proportionate share of the net pension liability associated with the District	$ 507,432,630	$ 546,664,730	$ 416,700,596	$ 344,848,397
Total	$ 507,432,630	$ 546,664,730	$ 416,700,596	$ 344,848,397
District's covered-employee payroll	$ 60,282,755	$ 58,115,759	$ 56,973,556	$ 54,229,865
District's proportionate share of the net pension liability				
Commonwealth's proportionate share of the net pension liability as a percentage of the District's covered-employee payroll	841.75%	940.65%	731.39%	635.90%
Plan fiduciary net position as a percentage of the total pension liability	39.83%	35.22%	78.53%	45.59%

**Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

See Independent Auditors' Report

WARREN COUNTY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT CONTRIBUTIONS --
COUNTY EMPLOYEES RETIREMENT SYSTEM
For the Years Ended June 30

	2018	2017	2016	2015
Contractually required contribution	$ 3,336,793	$ 1,920,708	$ 1,977,491	$ 2,859,305
Contributions in relation to the contractually required contribution	(3,336,793)	(1,920,708)	(1,977,491)	(2,859,305)
	$	$	$	$
District's covered-employee payroll	$ 25,616,918	$ 23,943,743	$ 22,712,430	$ 20,934,976
Contributions as a percentage of covered-employee payroll	13.0257%	8.0218%	8.7066%	13.6580%

**Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

See Independent Auditors' Report

WARREN COUNTY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT CONTRIBUTIONS --
KENTUCKY TEACHERS RETIREMENT SYSTEM
For the Years Ended June 30

	2018	2017	2016	2015
Contractually required contribution	$ 0.00	$ 0.00	$ 0.00	$ 0.00
Contributions in relation to the contractually required contribution	-	-	-	-
	$	$	$	$
District's covered-employee payroll	$ 60,282,755	$ 58,115,759	$ 56,973,556	$ 54,229,865
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%

**Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

See Independent Auditors' Report

WARREN COUNTY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE COLLECTIVE NET OPEB LIABILITY --
COUNTY EMPLOYEES RETIREMENT SYSTEM NON-HAZARDOUS
For the Years Ended June 30

	2018	2017
District's Proportion (Percentage) of Net OPEB Liability	0.672%	N/A
District's Proportion (Amount) of Net OPEB Liability	$ 13,507,975	$ 9,734,519
District's Covered-Employer payroll	$ 25,616,918	$ 23,943,743
District's Proportionate Share (Amount) of the Net Pension Liability As a Percentage of District's Covered-Employer Payroll	52.73%	40.66%
Total Pension Plan's Fiduciary Net Position as a Percentage of Total Pension Liability	52.40%	52.40%

**Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

See Independent Auditors' Report

WARREN COUNTY SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS -- OPEB
COUNTY EMPLOYEES RETIREMENT SYSTEM NON-HAZARDOUS
For the Years Ended June 30

	2018	2017
Actuarially determined contribution	$ 817,671	$ 858,381
Contributions in relation to the actuarially determined contribution	817,671	858,381
Contribution deficiency (excess)	$	$
Covered-employee payroll	$ 25,616,918	$ 23,943,743
Contributions as a percentage covered- employee payroll	3.1919%	3.5850%

** Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

See Independent Auditors' Report

WARREN COUNTY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY --
KENTUCKY TEACHERS RETIREMENT SYSTEM - MEDICAL INSURANCE
For the Years Ended June 30

		2018
District's proportion of the net OPEB liability		0.987%
District's proportionate share of the net OPEB liability		$ 35,209,000
Commonwealth's proportion of the net OPEB liability associated with the District		0.807%
Commonwealth's proportionate share of the net OPEB liability associated with the District		28,761,000
	Total	$ 63,970,000
District's covered-employee payroll		$ 60,282,755
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll		58.4064%
Plan fiduciary net position as a percentage of the total OPEB liability		

**Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

See Independent Auditors' Report

WARREN COUNTY SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS -- OPEB
KENTUCKY TEACHERS RETIREMENT SYSTEM
For the Years Ended June 30

	2018
Actuarially determined contribution	$ 1,691,739
Contributions in relation to the actuarially determined contribution	1,691,739
Contribution deficiency (excess)	$
Covered-employee payroll	$ 60,282,755
Contributions as a percentage covered- employee payroll	2.8063%

** Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

See Independent Auditors' Report

OTHER SUPPLEMENTARY INFORMATION

COMBINING FUND FINANCIAL STATEMENTS

WARREN COUNTY SCHOOL DISTRICT
COMBINING BALANCE SHEET
GOVERNMENTAL FUND-CAPITAL PROJECT FUNDS
June 30, 2018

	FSPK Fund	SEEK Fund	Construction Funds	Total Capital Project Funds
Assets				
Cash and Cash Equivalents		$ 596,412	$ 27,037,410	$ 27,633,822
Accounts Receivable			129,888	129,888
Prepaid Expenditures			251,878	251,878
Total Assets		$ 596,412	$ 27,419,176	$ 28,015,588
Liabilities and Fund Balances				
Liabilities				
Accounts Payable			$ 5,823,662	$ 5,823,662
Fund Balances				
Restricted				
Capital Projects and Purchase Obligations		$ 596,412	21,595,515	22,191,927
Total Fund Balances		596,412	21,595,515	22,191,927
Total Liabilities and Fund Balances	$	$ 596,412	$ 27,419,177	$ 28,015,589

See Independent Auditors' Report

WARREN COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND-CAPITAL PROJECT FUNDS
For the Year Ended June 30, 2018

	FSPK Fund	SEEK Fund	Construction Funds	Total Capital Project Funds
Revenues				
From Local Sources				
Taxes - Property	$ 12,857,661			$ 12,857,661
Tuition and Fees				
Earnings on Investments			$ 165,202	165,202
Intergovernmental-State	2,476,830	$ 1,411,773		3,888,603
Intergovernmental-Indirect Federal				
Intergovernmental-Federal			129,888	129,888
Total Revenues	15,334,491	1,411,773	295,090	17,041,354
Expenditures				
Site Improvement			3,984	3,984
Building Improvement			85,154	85,154
Facilities Acquisitions and Construction			33,099,421	33,099,421
Total Expenditures			33,188,559	33,188,559
Revenues in Excess of (Less Than) Expenditures	15,334,491	1,411,773	(32,893,469)	(16,147,205)
Other Financing Sources (Uses)				
Operating Transfers In		73,658	54,443,982	54,517,640
Operating Transfers Out	(15,605,283)	(983,960)	(73,814)	(16,663,057)
Total Other Financing Sources (Uses)	(15,605,283)	(910,302)	54,370,168	37,854,583
Net Changes in Fund Balances	(270,792)	501,471	21,476,699	21,707,378
Fund Balances July 1, 2017	270,792	94,941	118,816	484,549
Fund Balances June 30, 2018	$	$ 596,412	$ 21,595,515	$ 22,191,927

See Independent Auditors' Report

WARREN COUNTY SCHOOL DISTRICT
COMBINING BALANCE SHEET
GOVERNMENTAL FUND-CAPITAL PROJECT FUNDS
CONSTRUCTION FUNDS
June 30, 2018

	GHS Athletics Construction	Cumberland Trace Construction	Warren Central Construction	Warren East Construction	Middle School Construction	Warren Elementary Construction	South Warren Construction	Jennings Creek Construction	Guaranteed Energy Savings Construction	Richardsville Elementary Construction	ATC Renovation Construction	WCHS Phase II Construction	GHS Gymnasium Construction	Rockfield Roof Construction	New Elementary Land	Total Construction Funds
Assets																
Cash and Cash Equivalents	$ 331,740	$ 52,615	$ 117,800	$ 264	$ 6,790	$ 70,152	$ 35,597	$ 5,506,955	$ 19,655,654	$ 485,276	$ 56,670	$ (21,288)	$ (251,878)	$ 1,360,000	$ (1,256)	$ 27,405,091
Accounts Receivable									129,888							129,888
Prepaid Expense													251,878			251,878
Total Assets	$ 331,740	$ 52,615	$ 117,800	$ 264	$ 6,790	$ 70,152	$ 35,597	$ 5,506,955	$ 19,785,542	$ 485,276	$ 56,670	$ (21,288)	$	$ 1,360,000	$ (1,256)	$ 27,786,857
Liabilities and Fund Balances																
Liabilities																
Accounts Payable	$ 288,260	$ 20,000						$ 962,537	$ 4,488,998			$ 63,865				$ 5,823,660
Fund Balances																
Restricted																
Capital Projects Purchase Obligations	43,480	32,615	$ 117,800	$ 264	$ 6,790	$ 70,152	$ 35,597	4,544,418	15,296,544	$ 485,276	$ 56,670	(85,153)		$ 1,360,000	$ (1,256)	$ 21,963,197
Total Fund Balances	43,480	32,615	117,800	264	6,790	70,152	35,597	4,544,418	15,296,544	485,276	56,670	(85,153)		1,360,000	(1,256)	21,963,197
Total Liabilities and Fund Balances	$ 331,740	$ 52,615	$ 117,800	$ 264	$ 6,790	$ 70,152	$ 35,597	$ 5,506,955	$ 19,785,542	$ 485,276	$ 56,670	$ (21,288)	$	$ 1,360,000	$ (1,256)	$ 27,786,857

See Independent Auditors' Report

WARREN COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND-CAPITAL PROJECT FUNDS
CONSTRUCTION FUNDS
For the Year Ended June 30, 2018

	GHS Athletics Construction	NWES Athletics Construction	Cumberland Trace Construction	Warren Central Construction	Warren East Construction	Warren Elementary Construction	Middle School Construction	South Warren Construction	Jennings Creek Construction	Guaranteed Energy Savings Construction	Richardsville Elementary Construction	ATC Renovation Construction	WCHS Phase II Construction	Delafield Roof Construction	Rockfield Roof Construction	New Elementary Land	Total Construction Fund
Revenues																	
Earnings on Investments	$ 2,425		$ 830	$ 1,602	$ 2,312	$ 983	$ 95	$ 498	$ 96,900	$ 58,682	$ 785	$ 91					$ 165,203
Intergovernmental-Indirect Federal										129,888							129,888
Total Revenues	2,425		830	1,602	2,312	983	95	498	96,900	188,570	785	91					295,091
Expenditures																	
Site Improvement									3,984								3,984
Building Improvement									85,154								85,154
Facilities Acquisition & Construction	985,778		6,592		790,343				15,524,791	14,841,111	34,911	3,984	$ 85,153	$ 448,600			32,721,263
Total Expenditures	985,778		6,592		790,343				15,613,929	14,841,111	34,911	3,984	85,153	448,600			32,810,401
Revenues In Excess of (Less Than) Expenditures	(983,353)		(5,762)	1,602	(788,031)	983	95	498	(15,517,029)	(14,652,541)	(34,126)	(3,893)	(85,153)	(448,600)			(32,515,310)
Other Financing Sources																	
Operating Transfers In	472,883	$ 115,171		3,422	593,438				20,838,383	29,949,085	519,402	60,563		448,600	$ 1,360,000		54,360,947
Operating Transfers Out																$ (1,256)	(1,256)
Total Other Financing Sources	472,883	115,171		3,422	593,438				20,838,383	29,949,085	519,402	60,563		448,600	1,360,000	(1,256)	54,359,691
Net Changes in Fund Balances	(510,470)	115,171	(5,762)	5,024	(194,593)	983	95	498	5,321,354	15,296,544	485,276	56,670	(85,153)	-	1,360,000	(1,256)	21,844,381
Fund Balances July 1, 2017	553,950	(115,171)	38,377	112,776	194,857	69,169	6,695	35,099	(776,936)								118,816
Fund Balances June 30, 2018	$ 43,480	$ -	$ 32,615	$ 117,800	$ 264	$ 70,152	$ 6,790	$ 35,597	$ 4,544,418	$ 15,296,544	$ 485,276	$ 56,670	$ (85,153)	$ -	$ 1,360,000	$ (1,256)	$ 21,963,197

See Independent Auditors' Report

AGENCY FUND FINANCIAL INFORMATION

WARREN COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND DUE TO STUDENTS
SCHOOL ACTIVITY FUNDS (AGENCY FUNDS)
For the Year Ended June 30, 2018

	Cash Balance 7/1/2017	Total Receipts	Total Disburse-ments	Cash Balance 6/30/2018	Accounts Receivable 6/30/2018	Accounts Payable 6/30/2018	Due To Students & Others 6/30/2018
High Schools							
Greenwood	$ 113,076	$ 358,028	$ 334,989	$ 136,115	$ 295		$ 136,410
South Warren	110,721	487,312	443,064	154,969	125	$ 1,528	153,566
Warren Central	41,153	201,753	197,428	45,478	1,115	1,694	44,899
Warren East	78,361	247,697	261,893	64,165			64,165
GEO International	1,431	4,599	3,896	2,134			2,134
Middle Schools							
Drakes Creek	31,140	117,512	111,562	37,090	30	6,147	30,973
Henry F. Moss	6,257	61,792	63,019	5,030			5,030
South Warren	36,981	69,457	70,059	36,379			36,379
Warren East	21,240	30,368	34,925	16,683		2,663	14,020
Elementary Schools							
Alvaton	1,974	69,533	65,616	5,891			5,891
Briarwood	5,071	36,497	38,161	3,407			3,407
Bristow	4,241	2,886	2,696	4,431	260	265	4,426
Cumberland Trace	1	619	391	229			229
Jody Richards	2,125	8,089	9,073	1,141	30		1,171
Lost River	11,735	8,170	13,913	5,992	74		6,066
North Warren	4,859	6,033	7,642	3,250			3,250
Oakland	2,677	5,438	5,455	2,660			2,660
Plano	548	7,169	7,248	469	32		501
Rich Pond	13,316	12,200	15,359	10,157			10,157
Richardsville	10,067	25,708	21,623	14,152		595	13,557
Rockfield	298	35	5	328			328
Warren Elem.	6,678	11,622	8,462	9,838			9,838
William H. Natcher	897	696	855	738			738
Total	$ 504,847	$ 1,773,213	$ 1,717,334	$ 560,726	$ 1,961	$ 12,892	$ 549,795

See Independent Auditors' Report

WARREN COUNTY SCHOOL DISTRICT
GREENWOOD HIGH SCHOOL ACTIVITY FUNDS
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND DUE TO STUDENTS
For the Year Ended June 30, 2018

	Cash Balance 7/1/2017	Receipts	Disburse-ments	Transfers	Cash Balance 6/30/2018	Accounts Receivable 6/30/2018	Accounts Payable 6/30/2018	Due To Students & Others 6/30/2018
General Fund	$ 617		$ 869	$ 400	$ 148			$ 148
Due to Student Body	47				47			47
Interest Income		$ 1,751	69	(325)	1,357			1,357
AP Test	2				2			2
Co-op	448				448			448
Faculty Vending	481	2,963	3,133		311	$ 110		421
Musical	8,431	27,306	25,789		9,948			9,948
PBIS	92	(44)			48			48
Prom	7,748	10,144	7,199	125	10,818			10,818
Student Council	9,124	9,496	12,235	(213)	6,172			6,172
Student Vending	210	1,905	1,936		179	35		214
Yearbooks	41	5,623	2,549	60	3,175			3,175
Action Team Club	1,431	426	670		1,187			1,187
Archery	479				479			479
Art Club	313	2,760	2,082	85	1,076			1,076
Band Club	240				240			240
BETA Club	288	163	284		167			167
Chess Club	92				92			92
Choir Club	3,563	24,885	18,616		9,832			9,832
Drama Club	4,940	1,743	1,044		5,639			5,639
FBLA Club	4,231	15,945	14,838	566	5,904			5,904
FCA Club	413	731	888		256			256
FCCLA Club	2,226	3,598	3,936		1,888			1,888
FEA Club	216	150	250		116			116
FFA Club	4,959	68,625	67,360	100	6,324			6,324
Friends Club	1,437		60	(400)	977			977
GAPP Club	636		575		61			61
Gay-Straight Alliance		610	557		53			53
HOSA Club	467	561	300		728			728
International Club	257	1,699	1,664	213	505			505
Key Club		368			368			368
NHS Club	831	4,339	3,546		1,624			1,624
OAR Club	1,600	16,257	17,028	50	879			879
Orchestra	492	4,027	3,366		1,153			1,153
GHS Outdoors Club	1,145	5,438	5,443		1,140			1,140
SADD Club	1,107	460	852		715			715
S.C.E.C. Club	84				84			84
Science Club	221	1,861	1,763	(119)	200			200
Spanish Club	1,073	1,494	1,377		1,190			1,190
STLP Club	677	1,085	1,168		594			594
YELP Club	273				273			273
Athletic Special	3,537	11,133	9,642	(600)	4,428			4,428
Baseball	726	5,969	5,617	60	1,138			1,138
Basketball -Boys	8,670	16,227	12,236	(3,679)	8,982			8,982
Basketball District Tournament		18,239	16,080		2,159			2,159
Basketball - Girls	4,450	8,817	5,654		7,613			7,613
Bowling - Boys			760	760				
Bowling - Girls			760	760				
Bowling Regional Tournament		3,829	2,891		938			938
Cheerleading			916	916				
Cross Country - Boys			966	1,075	109			109
Cross Country - Girls	214		966	861	109			109
Football	13,243	32,538	30,731		15,050			15,050
Football Playoffs	839				839			839
Region 3 Boys Golf		3,470	3,785	2,478	2,163			2,163
Golf - Boys	2,479	110	1,278	(1,311)				
Golf - Girls		110	1,278	1,168				
Hall of Fame	682				682			682
Soccer - Boys	1,124	5,897	6,695		326			326
Soccer - Girls	4,635	6,274	5,300	(2,335)	3,274			3,274
Girls District Soccer	1,002				1,002			1,002

Continued

WARREN COUNTY SCHOOL DISTRICT
GREENWOOD HIGH SCHOOL ACTIVITY FUNDS
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND DUE TO STUDENTS
For the Year Ended June 30, 2018

	Cash Balance 7/1/2017	Receipts	Disburse-ments	Transfers	Cash Balance 6/30/2018	Accounts Receivable 6/30/2018	Accounts Payable 6/30/2018	Due To Students & Others 6/30/2018
Softball	866	3,430	2,285		2,011			2,011
Swimming - Boys			239	425	186			186
Swimming - Girls			239	425	186			186
Tennis - Boys	(678)		632	1,310				
Track - Boys	679	100	1,425	646				
Track - Girls	618		1,491	873				
Volleyball	5,289	5,337	4,036	(4,454)	2,136			2,136
Guidance Dept.	15				15			15
JROTC Dept	2,517	16,131	14,422	(60)	4,166	150		4,316
Math Dept	550				550			550
Newspaper Dept			325	325				
Photography Dept	161				161			161
Science Dept		400			400			400
Social Studies Dept	163	2,384	2,215		332			332
Voc. Ag. Dept			(98)		98			98
Donations	363	1,264	777	(185)	665			665
Total	$ 113,076	$ 358,028	$ 334,989	$	$ 136,115	$ 295	$	$ 136,410

See Independent Auditors' Report

WARREN COUNTY SCHOOL DISTRICT
SOUTH WARREN HIGH SCHOOL ACTIVITY FUNDS
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND DUE TO STUDENTS
For the Year Ended June 30, 2018

	Cash Balance 7/1/2017	Receipts	Disburse-ments	Transfers	Cash Balance 6/30/2018	Accounts Receivable 6/30/2018	Accounts Payable 6/30/2018	Due To Students & Others 6/30/2018
General Fund	$ 3,285	$ 1,617	$ 784	$ 1,613	$ 5,731			$ 5,731
Interest Income		2,171		(2,171)				
Aviation	693			(693)				
Dance Team		1,250	250		1,000			1,000
Faculty Vending	1,034	441	613		862	$ 25		887
Musical	27,665	59,079	49,545	(155)	37,044			37,044
PBIS	48			(48)				
Prom	5,528	13,179	11,916	(1,583)	5,208			5,208
Science Trips	81	11,145	11,127		99			99
Student Ambassador		603	63		540			540
Student Council	1,899	8,417	5,205	(1,925)	3,186			3,186
Student Vending	2,829	8,047	8,734	963	3,105	100		3,205
Academic Team Club	1,835	2,867	2,129	(474)	2,099			2,099
Art Club	2,006	777	834	(28)	1,921			1,921
BETA Club	843	17,633	16,275	(923)	1,278			1,278
Book Club	14	100			114			114
Chess Club		155			155			155
Choir Club	1,739	12,774	12,080	130	2,563			2,563
Club 14:23	66			(66)				
Diversity Club	30			(15)	15			15
Drama Club	474	156	185	(200)	245			245
Equality Club	142	1,725	1,242	(480)	145			145
Fashion Club	4,877	2,273	9,003	7,283	5,430			5,430
FBLA Club	1,811	6,496	7,724	(350)	233			233
FCA Club	10	1,035		(500)	545			545
FCCLA Club	1,345	4,108	3,199	(1,440)	814			814
FFA Club	4,614	24,279	22,711	(100)	6,082			6,082
History Club	1,134	100,730	95,611		6,253			6,253
KEY Club	85	280	322	(31)	12			12
Kentucky Youth Assembly C	10	3,878	3,705	90	273			273
Lacrosse		60			60			60
National Art Honor Society		197	170		27			27
NHS Club	279	701	525	(100)	355			355
Orchestra	568	1,060	955		673			673
SCEC Club	1,957	1,170	1,449	(66)	1,612			1,612
Science Club	1,920	1,145	396	289	2,958			2,958
Spanish Club	1,033	2,839	1,282	(480)	2,110			2,110
Spartan Stations		395			395			395
Spear-It	124	2,167	323	(1,556)	412			412
Speech Club	243	20		(263)				
STLP Club	766	1,848	1,436	121	1,299			1,299
TARS Club	458	320	300	(50)	428			428
Athletic Special	1,228	18,666	6,686	(4,552)	8,656			8,656
Baseball	139	9,771	6,727	(44)	3,139			3,139
Basketball - Boys	2,130	8,117	7,448	145	2,944			2,944
Basketball - Girls	5,088	7,176	10,307	(280)	1,677			1,677
Bowling - Boys	300	2,646	2,358	106	694			694
Bowling - Girls	1,130	2,595	2,958	36	803			803
Cheerleading	576	13,774	13,751	(48)	551			551
Cross Country	2,150		2,081	2,188	2,257			2,257
Football	6,699	43,523	28,805	(1,211)	20,206		$ 1,304	18,902
Fourth Region AD	1,656	1,200	677	75	2,254			2,254

Continued

WARREN COUNTY SCHOOL DISTRICT
SOUTH WARREN HIGH SCHOOL ACTIVITY FUNDS
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND DUE TO STUDENTS
For the Year Ended June 30, 2018

	Cash Balance 7/1/2017	Receipts	Disburse-ments	Transfers	Cash Balance 6/30/2018	Accounts Receivable 6/30/2018	Accounts Payable 6/30/2018	Due To Students & Others 6/30/2018
Golf - Boys	1,200		197	206	1,209			1,209
Golf - Girls	1,200		197	209	1,212			1,212
Regionals	9	37,114	37,071		52			52
Soccer - Boys	1,010	1,664	2,381	(94)	199			199
Soccer - Girls	961	6,263	7,132	(38)	54			54
Softball	2,512	3,408	3,796	(19)	2,105			2,105
Swimming	1,000		644	869	1,225		224	1,001
Tennis - Boys	400		381	381	400			400
Tennis - Girls	400		381	381	400			400
Track	2,000	68	1,809	1,755	2,014			2,014
Volleyball	3,373	5,703	7,243	(34)	1,799			1,799
Family Consumer Science	178	1,040	649	(240)	329			329
Food Science	255	192	489	173	131			131
GAT Dept	426	1,861	1,644	(11)	632			632
Guidance Dept.	979	400	1,828	1,533	1,084			1,084
The Spartan Spoon	446	2,146	3,818	2,297	1,071			1,071
Voc. Ag. Dept	1,831	22,848	21,513	(575)	2,591			2,591
Total	$ 110,721	$ 487,312	$ 443,064	$	$ 154,969	$ 125	$ 1,528	$ 153,566

See Independent Auditors' Report

WARREN COUNTY SCHOOL DISTRICT
WARREN CENTRAL HIGH SCHOOL ACTIVITY FUNDS
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND DUE TO STUDENTS
For the Year Ended June 30, 2018

	Cash Balance 7/1/2017	Receipts	Disburse-ments	Transfers	Cash Balance 6/30/2018	Accounts Receivable 6/30/2018	Accounts Payable 6/30/2018	Due To Students & Others 6/30/2018
General Fund	$ 567	$ 4,572	$ 10,679	$ 6,277	$ 737	$ 1,055	$ 250	$ 1,542
Interest Income		737		(737)				
AP Test	636	3,074	3,526		184			184
Faculty Vending	263	2,138	1,924		477		400	77
Field Trips	1				1			1
KYCID	400				400			400
PBIS		880	763		117			117
Prom	3,075	6,020	3,976		5,119			5,119
Student Council	116				116		624	(508)
Academic Team Club	200	354	460		94			94
Band Club	519	1,195	1,502		212			212
BETA Club	3,426	7,026	7,965		2,487			2,487
Biology Club	161				161			161
Bosnian Amer. Club	200		625	425				
Chemistry Club	909	117	524		502			502
Chess Club	44				44			44
Drama Club	495	75		(425)	145			145
FBLA Club	134	1,524	1,653		5			5
FCA Club	338	998	832		504			504
FCCLA Club	1,884	3,427	4,111		1,200			1,200
FFA Club	3,496	16,910	16,966	(155)	3,285		360	2,925
Physics Un-Club	741	276	290		727			727
SCEC Club	255	95	159		191			191
Spanish Club	305	358	385		278			278
STLP Club	899	150			1,049			1,049
Strings	2	227	94		135			135
Writer's Ink Club	483				483			483
Young Republicans	417	5,115	5,348		184			184
Athletics Hall of Fame	351	949	975		325			325
Athletic Special		26,535	20,026	(6,082)	427	60		487
Baseball	886	3,377	7,884	4,152	531			531
Basketball - Boys	6,389	29,380	26,165	(5,540)	4,064			4,064
Basketball - Girls	1,983	8,985	10,245		723		30	693
Bowling - Boys	136		10		126		30	96
Bowling - Girls	166		30		136			136
Cheerleading	579	3,213	2,067		1,725			1,725
Cross Country	236		946	710				
Football	4,356	19,325	17,544		6,137			6,137
Soccer - Boys	1,628	5,177	4,670		2,135			2,135
Soccer - Girls	505	9,270	7,761		2,014			2,014
Softball	1	2,212	3,433	1,220				
Tennis - Boys	1	100	100		1			1
Tennis - Girls	1	100	100		1			1
Track		3,400	2,825		575			575
Volleyball		2,472	1,980		492			492
Art Dept.	214	498	605		107			107
Global Learning Acad	171				171			171
JROTC Dept.	2,847	31,492	28,280	155	6,214			6,214
Music Dept.	564				564			564
Habitat for Humanity Chapter	173				173			173
Total	$ 41,153	$ 201,753	$ 197,428	$	$ 45,478	$ 1,115	$ 1,694	$ 44,899

See Independent Auditors' Report

WARREN COUNTY SCHOOL DISTRICT
WARREN EAST HIGH SCHOOL ACTIVITY FUNDS
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND DUE TO STUDENTS
For the Year Ended June 30, 2018

	Cash Balance 7/1/2017	Receipts	Disburse-ments	Transfers	Cash Balance 6/30/2018	Accounts Receivable 6/30/2018	Accounts Payable 6/30/2018	Due To Students & Others 6/30/2018
General Fund	$ 15,536	$ 1,974	$ 5,458	$ 559	$ 12,611			$ 12,611
Due to Student Body	449				449			449
Interest Income		1,027		(71)	956			956
AP Test	90	250	125		215			215
Faculty Vending	1,454	1,121	1,646		929			929
Field Trips	110				110			110
Musical	6,819	7,936	6,840		7,915			7,915
PBIS	539	5,758	6,641	3,785	3,441			3,441
Student Rewards	3,785			(3,785)				
Student Government	894				894			894
Yearbooks	29				29			29
Academic Team Club	701	244	231		714			714
Archery Club	583		408	(60)	115			115
Art Club	797	320	1,148	60	29			29
Band Club	60	67	67	(60)				
BETA Club	907	6,832	6,623	(120)	996			996
CEC Club	58	270	162		166			166
Choir Club	1,866	1,010	2,190		686			686
Conservation Club	324				324			324
Warren East Conservation Club	222		208		14			14
FBLA Club	1,391	3,695	3,577		1,509			1,509
FCA Club	334	265	282		317			317
FCCLA Club	1,067	30	30		1,067			1,067
FFA Club	4,100	41,261	42,502		2,859			2,859
KEY Club			(156)	(156)				
Math Club	961				961			961
NHS Club	385	597	700		282			282
PEP Club	588	1,015	719		884			884
PRIDE Club	297		114		183			183
Raider Graffiti	157				157			157
Science Club	878	405	426		857			857
Y Club	977	10,262	10,489	120	870			870
Athletic Special	5,165	7,586	14,830	3,881	1,802			1,802
Baseball	4,353	3,573	7,158		768			768
Tournament		34,803	31,474	(3,329)				
Basketball - Boys	961	10,258	10,819	(400)				
Basketball - Girls	2,823	8,314	9,388	(400)	1,349			1,349
Bass Fishing	114	100	100		114			114
Bowling - Boys	279	3,455	3,934	364	164			164
Cheerleading	1,077	1,163	2,275	1,020	985			985
Cross Country	1	569		(570)				
Football	2,940	27,152	25,233	(1,514)	3,345			3,345
Golf	41	48		(89)				
Soccer - Boys	471	3,990	4,091	946	1,316			1,316

Continued

WARREN COUNTY SCHOOL DISTRICT
WARREN EAST HIGH SCHOOL ACTIVITY FUNDS
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND DUE TO STUDENTS
For the Year Ended June 30, 2018

	Cash Balance 7/1/2017	Receipts	Disburse-ments	Transfers	Cash Balance 6/30/2018	Accounts Receivable 6/30/2018	Accounts Payable 6/30/2018	Due To Students & Others 6/30/2018
Soccer - Girls	1,969	4,953	5,018	906	2,810			2,810
Softball	1,510	6,909	9,032	631	18			18
Softball - 4th Reg Tourn		10,215	9,494	(721)				
Tennis	553			(30)	523			523
Track		370	150	(220)				
Volleyball	1,557	3,159	3,664	(50)	1,002			1,002
Class of 2016	269			(269)				
Class of 2017	7,920		101	(7,819)				
Class of 2018		1,410	1,881	471				
Class of 2019		6,353	7,780	7,617	6,190			6,190
GAT Dept.		583	576		7			7
JROTC Dept.		28,343	24,413	(697)	3,233			3,233
Library Dept.		52	52					
Total	$ 78,361	$ 247,697	$ 261,893	$	$ 64,165	$	$	$ 64,165

See Independent Auditors' Report

WARREN COUNTY SCHOOL DISTRICT
GEO INTERNATIONAL HIGH SCHOOL ACTIVITY FUNDS
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND DUE TO STUDENTS
For the Year Ended June 30, 2018

	Cash Balance 7/1/2017	Total Receipts	Total Disburse-ments	Cash Balance 6/30/2018	A/R 6/30/2018	A/P 6/30/2018	Due To Students & Others 6/30/2018
General Fund		$ 300		$ 300			$ 300
Due to Student Body	$ 2			2			2
Interest Income		30		30			30
Yearbooks	681	797	$ 1,331	146			146
BETA Club	523		35	488			488
Soccer	225	3,473	2,529	1,169			1,169
Total	$ 1,431	$ 4,599	$ 3,896	$ 2,134			$ 2,134

See Independent Auditors' Report

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

WARREN COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2018

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Federal Expenditures
US Department of Agriculture:				
Pass-through programs from:				
KY Dept of Education:				
Child Nutrition Cluster:				
National School Lunch Program	10.555	'505-02-Z, 57506-02-Z, 57506-08-Z		$ 5,394,933
School Breakfast Program	10.553	57605-05-Z, 57606-02-Z		2,186,244
Summer Food Service Program for Children	10.559	57405-23-Z, 56905-24-Z		71,972
Total Child Nutrition Cluster				7,653,149
US Department of Agriculture:				
Pass-through programs from:				
KY Dept of Agriculture:				
Commodity Supplemental Food Program	10.565	N/A		383,847
Total US Department of Agriculture				8,036,996
Department of Education				
Pass-through programs from:				
KY Dept of Education:				
Adult Education - Basic Grants to States	84.002	Grant# 371D		15,259
Special Education - Grants to States (IDEA, Part B)	84.027A	3104-02-Z, 58105-02-Z, 58106-02-Z		2,384,071
Special Education - Preschool Grants (IDEA Preschool)	84.173A	58705-02-Z, 58706-02-Z		71,795
Total Special Education (IDEA) Cluster				2,455,866
Title I Grants to Local Educational Agencies (LEAs)	84.010A	35104-09-Z,35105-09-Z,35106-09-Z		3,577,050
Title I-Delinquent Children in LEA Operated Institutes	84.010A	Grant #314C		504
Title I-Delinquent Children in LEA Operated Institutes	84.010A	Grant #314D		35,879
Title I-Part C Migrant	84.011A	Grant #311B		3,480
Title I-Part C Migrant	84.011A	Grant #311C		66,294
Title I-Part C Migrant	84.011A	Grant #311D		57,122
Total Title I Grants to Local Educational Agencies (LEAs)				3,740,329
Title I-Neglected & Delinquent Children	84.013	Grant #313C		1,787
Title I-Neglected & Delinquent Children	84.013	Grant #313D		8,581
Total Title I-Neglected & Delinquent Children				10,368
Total Career and Technical Education - Basic Grants to States (Perkins IV)				164,314
Title III - English Language Acquisition Grants - Immigrant	84.365A	52005-02-Z, 52006-02-Z		19,026
Title III - English Language Acquisition Grants	84.365A	52005-02-Z, 52006-02-Z		232,366
Total Title III - English Language Acquisition Grants				251,392
Title II - Improving Teacher Quality State Grants	84.367A	005-02-Z, 71006-02-Z, 71004-03-Z		329,084
Early Care and Education Childcare Provider Quality Improvement	84.412A	475DE		45,000
Total Department of Education				7,011,613
Department of Health and Human Services				
Pass-through programs from:				
Catholic Charities of Louisville				
Refugee Children Impact and Support	93.566	90ZE0175/01		43,681
Refugee Children Impact and Support	93.566	90ZE0175/01		50,050
Total Department of Health and Human Services				93,731
Corporation for National and Community Service:				
US Department of Defense:				
ROTC Language and Culture Training Grants	12.357	Grant# 504D		198,458
Total Expenditures of Federal Awards			$	$ 15,340,798

See Notes to Schedule of Expenditures of Federal Awards and the Independent Auditors' Report

Notes to Schedule of Expenditures of Federal Awards

Warren County School District

June 30, 2018

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 (the "District") under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulation Part 20, *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 the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

Note B--Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note C--Indirect Cost Rate

The District has elected not to use the 10% de minimis indirect costs rate as allowed under the Uniform Guidance.

REPORTS REQUIRED BY THE SINGLE AUDIT ACT

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

Strothman and Company
Certified Public Accountants and Advisors
1600 Waterfront Plaza
325 West Main Street
Louisville, KY 40202
502 585 1600



Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with *Government Auditing Standards*

Members of the Board
Warren County District
Bowling Green, Kentucky

Reports on Financial Statements

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the *Kentucky Public Schools Districts' Audit Contract and Requirements* prescribed by the Kentucky State Committee for School Districts Audits, the 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 (the "District") as of and for the year ended June 30, 2018, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 12, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

In addition, the results of our tests disclosed no material instances of noncompliance with specific statutes or regulations identified in the *Kentucky Public School District's Audit Contract and Requirements* prescribed by the Kentucky State Committee for School District Audits.

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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Stoltzfus and Company PSC

Louisville, Kentucky
February 12, 2019

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

Strothman and Company
Certified Public Accountants and Advisors
1600 Waterfront Plaza
325 West Main Street
Louisville, KY 40202
502 585 1600



Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

Members of the Board
Warren County School District
Bowling Green, Kentucky

Report on Compliance for Each Major Federal Program

We have audited Warren County School District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2018. The District's major federal programs are identified in the Summary of Audit Results Section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

Stockton and Company PSC
Louisville, Kentucky
November 14, 2018

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Schedule of Findings and Questioned Costs

Warren County School District

Year Ended June 30, 2018

Section I – Summary of Audit Results

1. The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the Warren County School District (the "District").

2. No material weaknesses or significant deficiencies related to the audit of the financial statements were reported.

3. No instances of noncompliance material to the financial statements of the District were disclosed during the audit.

4. No material weaknesses or significant deficiencies relating to the audit of the major federal award program are reported.

5. The auditors' report on compliance for the major federal program of the District expresses an unmodified opinion.

6. The audit did not disclose any findings that are required to be reported in accordance with 2 CFR Section 200.516(a) of the Uniform Guidance.

7. The program tested as a major program is as follows:

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal Expenditures
US Department of Agriculture		
Passed through Kentucky Department of Education		
Child Nutrition Cluster:		
National School Lunch Program	10.555	$ 5,394,933
School Breakfast Program	10.553	2,186,244
Summer Food Service Program for Children	10.559	71,972
Total Child Nutrition Cluster		$ 7,653,149

8. The threshold used for distinguishing Types A programs was $750,000.

9. The District qualified to be audited as a low-risk auditee.

Continued

Warren County School District

Year Ended June 30, 2018

Section II--Findings – Financial Statement Audit

There are no findings related to the financial statements.

Section III--Findings and Questioned Costs – Major Federal Programs Audit

There are no findings or questioned costs related to the major federal programs.

SCHEDULE OF PRIOR AUDIT FINDINGS

Schedule of Prior Audit Findings

Warren County School District

Year Ended June 30, 2018

Section II--Findings – Financial Statement Audit

There were no findings related to the financial statements.

Section III--Findings and Questioned Costs – Major Federal Programs Audit

There were no findings or questioned costs related to the major federal programs.