Financial Statements, Supplementary Information and Reports Required by the Single Audit Act

2017

Warren County School District

June 30, 2017



WARREN COUNTY SCHOOL DISTRICT
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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, 2017, 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, 2017, 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

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 47 through 48 and the pension liability and contributions information on pages 49 through 52 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 10, 2017 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.

Stoltzfus and Company PSC

Louisville, Kentucky
November 10, 2017

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, 2017. 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 $10,363,702. The Net Position of governmental activities increased by $10,969,677, while the net position of business-type activity decreased by $605,975. While total assets increased by $1,246,232 due primarily to an increase in Construction In Progress. However, total liabilities decreased by $5,613,236 primarily as a result of decreased bond obligations and net pension liability.

- General revenues accounted for $110,680,908 or 75% of all governmental revenues. Program specific revenues in the form of operating grants and contributions accounted for $36,221,438 or 25% of total governmental revenues of $147,005,962.

- Governmental Activities: Total assets increased by $1,631,997. "Capital Assets" increased by $2,889,132. This was attributable to the increase in construction in progress. "Current and Other Assets" decreased by $1,257,135 in 2017.

- The District had $136,542,731 in expenses relating to governmental activities; of which $36,325,054, 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 2017?" 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	
	2017	2016	2017	2016	2017	2016
Assets						
Current and Other Assets	$ 34,784,094	$ 36,041,229	$ 3,571,722	$ 3,520,215	$ 38,355,816	$ 39,561,444
Capital Assets	237,916,125	235,026,993	11,974,900	12,412,172	249,891,025	247,439,165
Total Assets	272,700,219	271,068,222	15,546,622	15,932,387	288,246,841	287,000,609
Deferred Outflows of Resources	6,931,460	4,486,157	1,233,667	652,622	8,165,127	5,138,779
Liabilities						
Long-Term Liabilities	131,897,300	142,157,409	5,182,229	4,293,126	137,079,529	146,450,535
Other Liabilities	44,104,684	40,347,420	88,869	88,363	44,193,553	40,435,783
Total Liabilities	176,001,984	182,504,829	5,271,098	4,381,489	181,273,082	186,886,318
Deferred Inflows of Resources	758,918	1,148,450	196,854	285,208	955,772	1,433,658
Net Position						
Invested in Capital Assets, Net of Debt	101,396,374	88,259,643	11,974,900	12,412,172	113,371,274	100,671,815
Restricted	6,553,186	13,238,078	(662,563)	(493,860)	5,890,623	12,744,218
Unrestricted	(5,078,783)	(9,596,621)			(5,078,783)	(9,596,621)
Total Net Position	$ 102,870,777	$ 91,901,100	$ 11,312,337	$ 11,918,312	$ 114,183,114	$ 103,819,412

(Table 2)
Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Program Revenues:						
Charges for Services	$ 103,616	$ 130,534	$ 1,967,780	$ 2,333,313	$ 2,071,396	$ 2,463,847
Operating Grants and Contributions	34,425,282	34,089,094	7,496,816	6,976,779	41,922,098	41,065,873
General Revenues:						
Taxes	52,695,962	50,007,276			52,695,962	50,007,276
State Aid-Formula Grants	53,209,137	51,549,381	84,050	83,114	53,293,187	51,632,495
Investment Earnings	211,419	116,702	16,888	12,137	228,307	128,839
Miscellaneous	4,577,890	1,429,976			4,577,890	1,429,976
Transfer from Proprietary Funds	505,946	682,164	(505,946)	(682,164)		
Total Revenue and Transfers	147,525,408	138,005,127	9,059,588	8,723,179	156,584,996	146,728,306
Program Expenses						
Instruction	82,383,096	80,450,811			82,383,096	80,450,811
Support Services:						
Student	5,896,727	7,953,283			5,896,727	7,953,283
Instructional Staff	2,356,258	3,267,844			2,356,258	3,267,844
District Administration	1,301,189	1,708,185			1,301,189	1,708,185
School Administration	5,504,664	7,610,641			5,504,664	7,610,641
Business	2,473,818	3,137,920			2,473,818	3,137,920
Plant Operations/Maintenance	11,268,373	11,998,906			11,268,373	11,998,906
Student Transportation	5,973,363	7,811,257			5,973,363	7,811,257
Community Services	754,427	1,023,833			754,427	1,023,833
Other	14,155,249	7,851,825			14,155,249	7,851,825
Day Care			195,136	169,724	195,136	169,724
Interest on Long-Term Debt	4,488,567	6,827,557			4,488,567	6,827,557
Food Service			9,468,675	9,839,337	9,468,675	9,839,337
Total Expenses and Transfers	136,555,731	139,642,062	9,663,811	10,009,061	146,219,542	149,651,123
Increase (Decrease) in Net Position	$ 10,969,677	$ (1,636,935)	$ (604,223)	(1,285,882)	$ 10,365,454	$ (2,922,817)

Governmental Activities

Governmental program expenses are broken down as follows: Instruction 60%, Support Services 26%, and 14% 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 $24,128,993 that relates to the 2017 State On-Behalf Payments.

(Table 3)
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2017	2016	2017	2016
Instruction	$ 82,383,096	$ 80,450,811	$ 54,750,925	$ 54,415,551
Support Services	35,528,819	44,511,869	27,327,760	36,848,269
Other	14,155,249	7,859,284	14,155,249	7,859,284
P&I on Long-Term Debt	4,488,567	6,820,098	3,996,743	6,299,330
Total Expenses	$ 136,555,731	$ 139,642,062	$ 100,230,677	$ 105,422,434

Business-Type Activities

The business-type activities are food service and day care. These programs had revenues of $9,565,534 and expenses of $9,663,811 for fiscal year 2017. Of the revenues, $1,967,780 related to charges for services, $7,580,866 was from State and Federal grants, $16,888 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 $147,582,610 and expenditures and other financing uses of $148,363,511. The net change in total fund balances was ($780,901) from fiscal year 2016 to 2017.

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 $113,017,834 with actual amounts totaling $113,431,848. Budgeted expenditures were $117,463,672 (not including a contingency budget of $13,308,037) compared to actual expenditures of $112,281,741. Budgeted "Other Financing Sources and Uses" reflected a net financing source of $418,497 compared to an actual net financing source of $4,845,465. In total, an expected decrease in the General Fund balance of $17,335,378 was budgeted compared to an actual net increase of $5,995,572.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2017 the District had $249,891,025 invested in capital assets (see Table 4 below), $237,916,125 being in governmental activities. Table 4 shows fiscal year 2017 balances compared to 2016.

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

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	$ 9,052,809	$ 8,495,692			$ 9,052,809	$ 8,495,692
Land Improvements	11,669,341	11,651,309			11,669,341	11,651,309
Buildings and Improvements	190,815,606	181,271,518	$ 10,669,380	$ 10,979,141	201,484,986	192,250,659
Technology	1,081,397	1,831,018	54,745	76,225	1,136,142	1,907,243
Vehicles	2,285,561	2,899,807			2,285,561	2,899,807
Equipment	5,532,243	5,410,816	1,250,775	1,356,806	6,783,018	6,767,622
Construction in Progress	17,479,168	23,466,833			17,479,168	23,466,833
Total	$ 237,916,125	$ 235,026,993	$ 11,974,900	$ 12,412,172	$ 249,891,025	$ 247,439,165

Debt

At June 30, 2017 the District had $136,519,751 in bonds outstanding, of this amount $4,046,023 is to be paid from the KSFCC funding provided by the State of Kentucky. A total of $10,179,000 is due within one year. At June 30, 2016, the District had $146,767,350 in bonds outstanding, of this amount $4,400,504 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 K-12 student membership of 10,923 in 2003 to 15,724 in 2017. This equates to a 43.95% growth in only fourteen 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 recently, all fourteen preschool programs received 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 315% in the last decade, with ELs numbering 650 in 2007 and just over 2050 at the present time. The EL student population currently represents 12% 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 two full academic years, and there are currently 383 students who fall within this category. Finally, there are approximately 600 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 just over 3000 students being supported in one way or another by District administrators and teachers, approximately 20% of our total enrollment. Thus, nearly 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 59 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, well-trained staff remains a challenge. Meeting the language and content needs of EL students is also the responsibility of general education teachers, yet 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 on-going 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 2017, the District's real estate tax rate ranked as the 154th lowest in the State. The Kentucky revised statue 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, the 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, 2017

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and Cash Equivalents	$ 28,526,868	$ 3,360,228	$ 31,887,096
Accounts and Grants Receivable			
from Outside Sources, net			
Taxes	1,427,966		1,427,966
Other	2,717,392	83,919	2,801,311
Grants	1,105,897		1,105,897
Inventory	298,375	127,575	425,950
Prepaid Expenses	707,596		707,596
Nondepreciated Capital Assets	26,531,977		26,531,977
Depreciable Capital Assets	323,548,588	19,754,255	343,302,843
Less: Accumulated Depreciation	(112,164,440)	(7,779,355)	(119,943,795)
Total Assets	272,700,219	15,546,622	288,246,841
Deferred Outflows of Resources			
Pension Related Outflows	6,358,004	1,233,667	7,591,671
Deferred Savings from Refunding Bonds	1,761,604		1,761,604
Less: Accumulated Amortization	(1,188,148)		(1,188,148)
Total Deferred Outflows of Resources	6,931,460	1,233,667	8,165,127
Liabilities			
Accounts Payable	1,982,524	19,040	2,001,564
Accrued Liabilities	1,090,837		1,090,837
Unearned Grant Revenue	1,162,809	69,829	1,232,638
Accrued Interest	828,608		828,608
Long-Term Obligations			
Due Within One Year			
Bond Obligations	10,179,000		10,179,000
Compensated Absences	756,796		756,796
Due Beyond One Year			
Bond Obligations	126,340,751		126,340,751
Compensated Absences	5,556,549		5,556,549
Net Pension Liability	28,104,110	5,182,229	33,286,339
Total Liabilities	176,001,984	5,271,098	181,273,082
Deferred Inflows of Resources			
Differences Between Projected and Actual			
Earnings on Plan Investments	758,918	196,854	955,772
Net Position			
Net Investment in Capital Assets	101,396,374	11,974,900	113,371,274
Restricted for			
Capital Projects	3,862,549		3,862,549
Purchase Obligations	509,702		509,702
SBDM	737,875		737,875
Technology Purposes	1,442,008		1,442,008
Debt service	1,052		1,052
Unrestricted (Deficit)	(5,078,783)	(662,563)	(5,741,346)
Net Position	$ 102,870,777	$ 11,312,337	$ 114,183,114

See Accompanying Notes to Financial Statements

WARREN COUNTY SCHOOL DISTRICT
DISTRICT-WIDE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2017

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	$ 82,383,096	$ 62,576	$ 26,127,920	$ 1,441,675	$ (54,750,925)		$ (54,750,925)
Support Services							
Student	5,896,727		2,023,968		(3,872,759)		(3,872,759)
Instructional Staff	2,356,258		961,754		(1,394,504)		(1,394,504)
District Administration	1,301,189		88,972		(1,212,217)		(1,212,217)
School Administration	5,504,664		1,799,095		(3,705,569)		(3,705,569)
Business	2,473,818		796,001		(1,677,817)		(1,677,817)
Plant Operations & Maintenance	11,268,373	41,040	151,873	354,481	(10,720,979)		(10,720,979)
Student Transportation	5,973,363		940,219		(5,033,144)		(5,033,144)
Community Services	754,427		1,043,656		289,229		289,229
Other	14,155,249				(14,155,249)		(14,155,249)
Interest on Long-term Debt	4,488,567		491,824		(3,996,743)		(3,996,743)
Total Governmental Activities	136,555,731	103,616	34,425,282	1,796,156	(100,230,677)		(100,230,677)
Business-type Activities							
Food Services	9,468,675	1,837,001	7,475,458			$ (156,216)	(156,216)
Day Care	195,136	130,779	21,358			(42,999)	(42,999)
Total Business-type Activities	9,663,811	1,967,780	7,496,816			(199,215)	(199,215)
Total School District	$ 146,219,542	$ 2,071,396	$ 41,922,098	$ 1,796,156	(100,230,677)	(199,215)	(100,429,892)

Continued

WARREN COUNTY SCHOOL DISTRICT
DISTRICT-WIDE STATEMENT OF ACTIVITIES - Continued
For the Year Ended June 30, 2017

	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					32,749,782		32,749,782
Motor Vehicle					3,796,100		3,796,100
Utilities					6,140,831		6,140,831
Occupational					9,155,260		9,155,260
Other					853,989		853,989
State Aid					53,209,137	84,050	53,293,187
Investment Earnings					211,419	16,888	228,307
Other					4,577,890		4,577,890
Total General Revenues					110,694,408	100,938	110,795,346
Transfers					505,946	(505,946)	
Total General Revenues and Transfers					111,200,354	(405,008)	110,795,346
Change in Net Position					10,969,677	(604,223)	10,365,454
Net Position - Beginning of Year					91,901,100	11,916,560	103,817,660
Net Position - End of Year					$ 102,870,777	$ 11,312,337	$ 114,183,114

See Accompanying Notes to Financial Statements

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

WARREN COUNTY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2017

	Major Funds					
	General Fund	Special Revenue Fund	Capital Project Funds	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and Cash Equivalents	$ 24,728,503	$ 1,572,354	$ 1,432,270	$ 1,052	$ 792,689	$ 28,526,868
Accounts and Grants Receivable from						
Outside Sources, net						
Taxes	1,427,966					1,427,966
Other	2,699,927		17,026		439	2,717,392
Grants		1,105,897				1,105,897
Inventory	298,375					298,375
Prepaid Expenses	668,750	38,105			741	707,596
Total Assets	$ 29,823,521	$ 2,716,356	$ 1,449,296	$ 1,052	$ 793,869	$ 34,784,094
Liabilities and Fund Balances						
Liabilities						
Accounts Payable	$ 903,339	$ 111,539	$ 964,747		$ 2,899	$ 1,982,524
Accrued Liabilities	1,115,269					1,115,269
Unearned Grant Revenue		1,162,809				1,162,809
Total Liabilities	2,018,608	1,274,348	964,747		2,899	4,260,602
Fund Balances						
Nonspendable						
Prepaids	668,750					668,750
Inventories	298,375					298,375
Permanent Fund Principal					281,268	281,268
Restricted						
Capital Projects			484,549			484,549
Grants		1,442,008				1,442,008
Purchase Obligations					509,702	509,702
Debt Service				$ 1,052		1,052
Committed						
Capital Projects	3,378,000					3,378,000
SBDM Carryforward	737,875					737,875
Sick Leave Payable	732,364					732,364
Assigned						
Encumbrances	1,858,860					1,858,860
Unassigned	20,130,689					20,130,689
Total Fund Balances	27,804,913	1,442,008	484,549	1,052	790,970	30,523,492
Total Liabilities and Fund Balances	$ 29,823,521	$ 2,716,356	$ 1,449,296	$ 1,052	$ 793,869	$ 34,784,094

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, 2017

Total Fund Balances - Governmental Funds	$	30,523,492
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 $350,080,565 and the accumulated depreciation is $112,164,440.		237,916,125
Deferred outflows from pension contributions after measurement date are not financial resources and therefore are not reported as assets in the Governmental Funds Balance Sheet.		6,358,004
Deferred savings from refunding bonds are not financial resources and therefore are not reported as assets in the Governmental Funds Balance Sheet.		573,456
Deferred inflows from differences between projected and actual pension earnings are not financial uses and therefore are not reported as liabilities in the Governmental Funds Balance Sheet.		(758,918)
Long-term liabilities, including bonds payable, are not due and payable in		
Bonds Payable		(136,519,751)
Accrued Interest		(828,608)
Net Pension Liability		(28,104,110)
Compensated Absences		(6,288,913)
Total District-wide Net Position - Governmental Activities	$	102,870,777

See Accompanying Notes to Financial Statements

WARREN COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2017

	Major Funds					
	General Fund	Special Revenue Fund	Capital Project Funds	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
From Local Sources						
Taxes						
Property	$ 20,419,420		$ 12,330,362			$ 32,749,782
Motor Vehicle	3,796,100					3,796,100
Utilities	6,140,831					6,140,831
Occupational License	9,155,260					9,155,260
Other	853,989					853,989
Tuition and Fees	62,576					62,576
Earnings on Investments	178,949	$ 8,780	14,904		$ 32,470	235,103
Other Local Revenues	426,021	107,838		$ 2,552		536,411
Intermediate Sources					689,184	689,184
Intergovernmental - State	72,265,366	5,974,990	3,971,187	476,920		82,688,463
Intergovernmental - Federal	133,336	6,610,590				6,743,926
Total Revenues	113,431,848	12,702,198	16,316,453	479,472	721,654	143,651,625
Expenditures						
Instruction	66,983,686	11,137,872			520,618	78,642,176
Support Services						
Student	8,108,759	88,985				8,197,744
Instructional Staff	2,891,530	246,325			107,756	3,245,611
District Administration	1,808,629					1,808,629
School Administration	7,655,322	5,777				7,661,099
Business	3,342,939	52,023			16,724	3,411,686
Plant Operations and Maintenance	14,093,393					14,093,393
Student Transportation	7,395,623	148,840			15,741	7,560,204
Community Services	1,860	1,043,656				1,045,516
Debt Service						
Principal				9,936,000		9,936,000
Interest and Other Charges				4,036,752		4,036,752

Continued

WARREN COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2017

	Major Funds					
	General Fund	Special Revenue Fund	Capital Project Funds	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Facilities Acquisition and Construction			8,724,701			8,724,701
Total Expenditures	112,281,741	12,723,478	8,724,701	13,972,752	660,839	148,363,511
Revenues in Excess of (Less Than) Expenditures	1,150,107	(21,280)	7,591,752	(13,493,280)	60,815	(4,711,886)
Other Financing Sources (Uses)						
Proceeds from Insurance Claims	3,381,302					3,381,302
Proceeds from Sale of Equipment	43,737					43,737
Propriety Fund Transfers	505,946					505,946
Transfers In	1,706,071	282,142	1,680,810	13,566,523		17,235,546
Transfers Out	(791,591)	(72,632)	(16,298,691)	(72,632)		(17,235,546)
Total Other Financing Sources (Uses)	4,845,465	209,510	(14,617,881)	13,493,891		3,930,985
Net Change in Fund Balances	5,995,572	188,230	(7,026,129)	611	60,815	(780,901)
Fund Balances, Beginning of Year	21,809,341	1,253,778	7,510,678	441	730,155	31,304,393
Fund Balances, End of Year	$ 27,804,913	$ 1,442,008	$ 484,549	$ 1,052	$ 790,970	$ 30,523,492

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, 2017

Total Net Change in Fund Balances - Governmental Funds	$	(780,901)
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 those 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.		3,503,451
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.		(57,202)
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.		9,936,000
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		(377,655)
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.		(1,254,016)
Total Change in District-wide Net Position of Governmental Activities	$	10,969,677

See Accompanying Notes to Financial Statements

PROPRIETARY FUNDS FINANCIAL STATEMENTS

WARREN COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2017

	Enterprise Funds		
	Food Services	**Day Care**	**Total**
Assets			
Current Assets			
Cash and Cash Equivalents	$ 3,366,542	$ (6,314)	$ 3,360,228
Accounts and Grants Receivable	83,919		83,919
Inventories for Consumption	127,575		127,575
Total Current Assets	3,578,036	(6,314)	3,571,722
Non-Current Assets			
Capital Assets - Net of Accumulated Depreciation	11,953,279	21,621	11,974,900
Deferred Outflows of Resources			
Deferred Pension Contribution After Measurement Date	1,189,553	44,114	1,233,667
Total Assets and Deferred Outflows of Resources	$ 16,720,868	$ 59,421	$ 16,780,289
Liabilities and Net Position			
Current Liabilities			
Accounts Payable	$ 19,040		$ 19,040
Unearned Revenue	69,829		69,829
Net Pension Liability	4,898,820	$ 283,409	5,182,229
Total Current Liabilities	4,987,689	283,409	5,271,098
Deferred Inflows of Resources			
Differences Between Projected and Actual Earnings on Plan Investments	178,659	18,195	196,854
Net Position			
Net Investment in Capital Assets	11,953,279	21,621	11,974,900
Unrestricted (deficit)	(398,759)	(263,804)	(662,563)
Total Net Position	11,554,520	(242,183)	11,312,337
Total Liabilities and Net Position	$ 16,720,868	$ 59,421	$ 16,780,289

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, 2017

	Enterprise Funds		
	Food Services	**Day Care**	**Total**
Operating Revenues			
Lunchroom Sales	$ 1,831,899		$ 1,831,899
Tuition and Fees		$ 130,779	130,779
Other Operating Revenue	5,102		5,102
Total Operating Revenues	1,837,001	130,779	1,967,780
Operating Expenses			
Salaries and Wages	4,351,542	149,207	4,500,749
Contract Services	392,677	3,999	396,676
Materials and Supplies	4,627,771	18,556	4,646,327
Other Operating Expenses	858	23,374	24,232
Depreciation Expense	599,046		599,046
Total Operating Expenses	9,971,894	195,136	10,167,030
Operating Loss	(8,134,893)	(64,357)	(8,199,250)
Non-Operating Revenues (Expenses)			
Federal Grants	6,987,230		6,987,230
State Grants	687,348	21,358	708,706
Donated Commodities	390,876		390,876
Interest Income	16,888		16,888
Loss on Disposal of Assets	(2,727)		(2,727)
Total Non-Operating Revenues (Expenses)	8,079,615	21,358	8,100,973
Transfers			
Governmental Funds Transfers	(505,946)		(505,946)
Change in Net Position	(561,224)	(42,999)	(604,223)
Total Net Position, Beginning of Year	12,115,744	(199,184)	11,916,560
Total Net Position, End of Year	$ 11,554,520	$ (242,183)	$ 11,312,337

See Accompanying Notes to Financial Statements

WARREN COUNTY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2017

	Enterprise Funds		
	Food Services	**Day Care**	**Total**
Cash Flows from Operating Activities			
Cash Received from User Charges	$ 1,858,758	$ 130,779	$ 1,989,537
Cash Received from Other Operating Revenues	5,102		5,102
Cash Payments to Employees for Services	(3,536,372)	(120,017)	(3,656,389)
Cash Payments for Contract Services	(392,677)	(3,999)	(396,676)
Cash Payments to Suppliers for Goods and Services	(4,198,075)	(18,651)	(4,216,726)
Cash Payments for Other Operating Expenses	(858)	(23,278)	(24,136)
Cash Payments for Day Care Operations		(95)	(95)
Net Cash Used In Operating Activities	(6,264,122)	(35,261)	(6,299,383)
Cash Flows from Noncapital Financing Activities			
Grants Received	7,071,280		7,071,280
Cash Flows from Capital and Related Financing Activities			
Acquisition of Capital Assets	(166,254)		(166,254)
Transfers from Governmental Funds	(505,946)		(505,946)
Net Cash Used in Capital and Related Financing Activities	(672,200)		(672,200)
Cash Flows from Investing Activities			
Interest on Investments	16,888		16,888
Net Increase (Decrease) in Cash and Cash Equivalents	151,846	(35,261)	116,585
Cash and Cash Equivalents, Beginning of Year	3,214,696	28,947	3,243,643
Cash and Cash Equivalents, End of Year	$ 3,366,542	$ (6,314)	$ 3,360,228
Reconciliation of Operating Loss to Net Cash Used In Operating Activities			
Operating Loss	$ (8,134,893)	$ (64,357)	$ (8,199,250)
Adjustments to Reconcile Operating Loss to Net Cash Used In Operating Activities:			
Depreciation	599,046		599,046
Commodities Used	390,876		390,876
On-Behalf Payments Received	603,298	21,359	624,657
Changes in Assets and Liabilities:			
Receivables	28,687		28,687
Inventories	36,391		36,391
Deferred Outflow	(560,327)	(20,718)	(581,045)
Accounts Payable	2,429	(95)	2,334
Unearned Revenue	(1,828)		(1,828)
Net Pension Liability	857,401	31,702	889,103
Deferred Inflow	(85,202)	(3,152)	(88,354)
Net Cash Used In Operating Activities	$ (6,264,122)	$ (35,261)	$ (6,299,383)

Noncash Activities:
The Food Service Fund received $390,876 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, 2017

	Private Purpose Trust Fund	Agency Funds
Assets		
Cash and Cash Equivalents	$ 7,694	$ 504,847
Certificates of Deposit	44,305	
Accounts Receivable		70
Total Assets	$ 51,999	$ 504,917
Liabilities		
Accounts Payable		$ 16,148
Due to Student Groups		488,769
Total Liabilities		504,917
Net Position		
Held in Trust for Other Purposes	$ 51,999	
Total Liabilities and Net Position	$ 51,999	$ 504,917

See Accompanying Notes to Financial Statements

WARREN COUNTY SCHOOL DISTRICT
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
For the Year Ended June 30, 2017

	Private Purpose Trust Funds
Additions	
Earnings on Investments	$ 117
Total Deductions	
Change in Net Position	117
Net Position, July 1, 2016	51,882
Net Position, June 30, 2017	$ 51,999

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.

Nonmajor Funds

A. The Permanent Fund accounts for assets held by the District pursuant to a trust agreement. The principal portion of this fund must remain intact, but the earnings may be used to achieve the objectives of the fund.

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 and for the award of scholarships.

- **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, 2017 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, 2017 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 2017-2018 school year have been classified as unearned grant revenues. Likewise, all awards requested as a result of 2016-2017 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, 2017 were $0.44 per $100 valuation for real property and $0.44 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 2016 financial statements to conform to the 2017 financial statement presentation.

NOTE C – CASH AND CASH EQUIVELANTS

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, 2017, the carrying amount of the District's total cash and cash equivalents was $35,061,445. 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 $30,950,717, Proprietary Funds $3,598,187, Private-Purpose Trust $7,694, and Agency Funds $504,847)

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	$ 1,469,966		$ 1,469,966
Other Receivables	2,717,392	$ 94,945	2,812,337
Grants Receivable	1,105,897		1,105,897
Gross Receivables	5,293,255	94,945	5,388,200
Less: Allowance for Doubtful Accounts	42,000	11,026	53,026
Net Receivables	$ 5,251,255	$ 83,919	$ 5,335,174

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, 2017, was as follows:

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental Activities				
Capital assets that are not depreciated:				
Land	$ 8,495,692	$ 557,117		$ 9,052,809
Construction in Progress	23,466,833	8,691,046	$ 14,678,711	17,479,168
Total Nondepreciable Historical Cost	31,962,525	9,248,163	14,678,711	26,531,977
Capital assets that are depreciated:				
Land Improvement	16,851,095	826,983		17,678,078
Buildings and Improvements	246,303,725	14,849,625		261,153,350
Technology Equipment	15,950,641		$ 603,773	15,346,868
Vehicles	16,467,720	136,949	859,085	15,745,584
Other Machinery & Equipment	12,773,393	1,033,273	181,958	13,624,708
Total Depreciable Historical Cost	308,346,574	16,846,830	1,644,816	323,548,588

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Less accumulated depreciation for:				
Land improvements	5,199,786	808,951		6,008,737
Buildings and Improvements	65,032,207	5,305,537		70,337,744
Technology Equipment	14,119,623	740,117	594,269	14,265,471
Vehicles	13,567,913	746,033	853,923	13,460,023
Other Machinery & Equipment	7,362,577	869,310	139,422	8,092,465
Total Accumulated Depreciation	105,282,106	8,469,948	1,587,614	112,164,440
Total Depreciable Historical Cost, Net	203,064,468	8,376,882	57,202	211,384,148
Governmental Activities, Capital Assets, Net	$ 235,026,993	$ 17,625,045	$ 14,735,913	$ 237,916,125
Business-Type Activities:				
Capital assets that are depreciated:				
Buildings and Improvements	$ 15,127,597			$ 15,127,597
Technology Equipment	224,594		$ 5,762	218,832
Other Machinery & Equipment	4,355,478	$ 166,254	113,906	4,407,826
Total Depreciable Historical Cost	19,707,669	166,254	119,668	19,754,255
Less accumulated depreciation for:				
Buildings and Improvements	4,148,456	309,761		4,458,217
Technology Equipment	148,369	19,229	3,511	164,087
Other Machinery & Equipment	2,998,672	271,809	113,430	3,157,051
Total Accumulated Depreciation	7,295,497	600,799	116,941	7,779,355
Total Depreciable Historical Cost, Net	12,412,172	(434,545)	2,727	11,974,900
Business-Type Activities, Capital Assets, Net	$ 12,412,172	$ (434,545)	$ 2,727	$ 11,974,900

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

Instruction	$ 6,579,712
Support Services:	
Student	5,534
Instructional Staff	32,431
District Administration	1,706
School Administration	2,114
Business	17,728
Facilities Operations and Maintenance	1,116,770
Student Transportation	710,399
Community Service	3,554
Total Depreciation Expense	$ 8,469,948

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

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, 2017:

Issue Date	Series	Interest Rate	Maturity Date	Amount Outstanding
August 1, 2005	XXXIV	3.00%-4.00%	December 1, 2019	$ 3,860,000
April 1, 2008	XXXVIII	3.250%-4.375%	April 1, 2028	2,800,000
December 30, 2009	MMIX	2.09%-2.09%	December 15, 2025	3,765,000
July 1, 2010	MMX	2.00%-3.125%	February 1, 2019	1,140,000
November 1, 2011	MMXI	1.50%-2.63%	April 1, 2022	2,670,000
October 1, 2012	MMXII	1.10%-2.50%	October 1, 2032	3,990,000
November 1, 2012	MMXII	0.40%-1.75%	June 1, 2023	3,145,000
March 1, 2014	MMXIV	2.00%-3.00%	December 1, 2024	4,765,000
March 1, 2014	MMXIV	2.00%-4.00%	June 29, 2029	23,435,000
April 1, 2015	MMXV	2.00%-3.50%	April 1, 2035	17,625,000
April 1, 2015	MMXV	2.00%-3.00%	February 1, 2026	5,565,000
April 1, 2015	MMXV	2.00%-3.125%	August 1, 2030	11,335,000
February 1, 2016	MMXVI	.050%-3.00%	April 1, 2028	35,100,000
April 1, 2016	MMXVI	2.00%-3.250%	April 1, 2036	14,035,000
				133,230,000
Unamortized Deferred Premiums and Discounts (Net)				3,289,751
			Total School Building Revenue Bonds	$ 136,519,751

Following are aggregate obligations existing at June 30, 2017:

Year Ending June 30,	Principal	Interest	Total Repayments	Less: Commission Participation	Net Repayments
2018	$ 10,179,000	$ 3,785,554	$ 13,964,554	$ 476,921	$ 13,487,633
2019	10,462,000	3,502,545	13,964,545	476,920	13,487,625
2020	10,621,000	3,308,641	13,929,641	444,564	13,485,077
2021	10,109,000	3,085,595	13,194,595	394,492	12,800,103
2022	10,168,000	2,845,548	13,013,548	394,490	12,619,058
2023-2027	48,416,000	9,703,707	58,119,707	1,768,980	56,350,727
2028-2032	24,355,000	3,152,691	27,507,691	886,634	26,621,057
2033-2036	8,920,000	650,200	9,570,200		9,570,200
	$ 133,230,000	$ 30,034,481	$ 163,264,481	$ 4,843,001	$ 158,421,480

Long term liability activity for the year ended June 30, 2017 was as follows:

Governmental Activities	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017	Amounts Due Within One Year
Bonds Payable					
General Obligation Debt	$ 143,166,000		$ 9,936,000	$ 133,230,000	$ 10,179,000
Deferred Discounts and Premiums (Net)	3,601,350		311,599	3,289,751	
Total Bonds Payable	146,767,350		10,247,599	136,519,751	10,179,000
Other Liabilities					
Compensated Absences	6,015,652	$ 738,562	440,869	6,313,345	756,796
Total Other Liabilities	6,015,652	738,562	440,869	6,313,345	756,796
Total Long-Term Obligations	$ 152,783,002	$ 738,562	$ 10,688,468	$ 142,833,096	$ 10,935,796

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 $6.3 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 $6.3 million, $756,796 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 $24,432. 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, 2017, 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	$ 33,286,339
Commonwealth's proportionate share of the KTRS net pension liability associated with the District	546,664,730
	$ 579,951,069

The net pension liability for each plan was measured as of June 30, 2016, 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, 2016, the District's proportion was 0.6761% percent.

For the year ended June 30, 2017, the District recognized pension expense of $4,809,270 related to CERS and $16,898,273 related to KTRS, of which $8,994,888 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 $16,898,273 for KTRS support provided by the State.

At June 30, 2017, 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	$ 205,223	$ 955,772
Changes of assumptions	2,490,209	
Net difference between projected and actual earnings on plan investments	2,656,569	
Changes in proportionate share of contributions	318,961	
Pension contributions subsequent to the measurement date	1,920,709	
Total	$ 7,591,671	$ 955,772

$1,920,709 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, 2017. 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 Ended June 30:	
2018	$ 2,245,385
2019	1,791,983
2020	1,007,743
2021	625,851

Actuarial assumptions

The total pension liability in the June 30, 2016 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%	4.0-8.1%
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 AA to 2020 with a setback of 1 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 2008, is outlined in a report dated August 25, 2009. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to changes 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	45%	6.40%
Non U.S. Equity	17%	6.40%
Fixed Income	24%	1.60%
High Yield Bonds	4%	3.10%
Real Estate	4%	5.80%
Alternatives	4%	6.80%
Cash	2%	1.50%
Total	100.0%	

Discount rate

For CERS, the discount rate used to measure the total pension liability was 7.50%. 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 4.2%. 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 and KTRS 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	6.50%	7.50%	8.50%
District's proportionate share of net pension liability	$ 28,848,160	$ 33,286,339	$37,724,518
KTRS	3.20%	4.20%	5.20%
District's proportionate share of net pension liability	$0	$0	$0

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.

Medical Insurance Plan

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.

Funding policy

In order to fund the post-retirement healthcare benefit, 6% of the gross annual payroll of members before July 1, 2008 is contributed. 3% is paid by member contributions and .75% from state appropriation and 2.25% from the employer. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

NOTE I – 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, 2017:

Health Insurance	$	14,434,745
KTRS Employer Match		8,994,888
Health Reimbursement Account		753,550
State Administration Fees		185,587
Life Insurance		23,343
Federal Reimbursement of Health Benefits		(924,131)
Technology		184,090
School Facilities Construction Commission Debt Service		476,920
	$	24,128,992

NOTE J – POST-EMPLOYMENT HEALTH CARE BENEFITS

Retired District employees receive some health care benefits depending on their length of service. In accordance with Kentucky Revised Statutes, these benefits are provided and advanced-funded on an actuarially determined basis through the CERS and KTRS plans.

NOTE K – COMMITMENTS

On June 30, 2017, the District had outstanding commitments for construction of approximately $16,000,000.

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	$ 282,142
General Fund	Construction	Capital Funds Request	447,500
SEEK Fund	General Fund	Capital Funds Request	281,852
SEEK Fund	Construction	Capital Funds Request	1,098,727
FSPK Fund	Debt Service	Debt Service	13,493,891
Food Service	General Fund	Indirect Cost	505,946
Special Revenue	Debt Service	Maintenance Pmts on state operated facility	72,632
Debt Service	FSPK Fund	18CC ATC Bond Pmts.	72,632
General Fund	Construction	To cover negative cash balance in Construction projects	61,951
FSPK Fund	Construction	Capital Funds Request	1,424,219
			$ 17,741,492

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 – RECENT ACCOUNTING PRONOUNCEMENTS

In June 2015, the GASB issued Statement No. 75, *Accounting and Reporting for Postemployment Other Than Pensions*. The provisions of this statement are effective for fiscal years beginning after June 15, 2017. This statement establishes new accounting and financial reporting requirements for OPEB plans. The scope of this statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

In March 2016, the GASB issued Statement No. 82 *Pension Issue – an Amendment of GASB Statements No. 67, No. 68, and No. 73*. The requirements of this statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. This statement addresses certain issues regarding (1) the presentation of the 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) contribution requirements.

The District is currently evaluating the impact that will result from adopting GASB No. 75 and GASB No. 82 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.

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 oblations ("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. 86. Certain Debt Extinguishment Issues, the objective of which is to improve consistency in accounting and financial reporting for in substance defeasance of debt.
- 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.

NOTE R – SUBSEQUENT EVENTS

In preparing these financial statements, management of the District has evaluated events and transactions for potential recognition or disclosure through November 10, 2017, the date the financial statements were available to be issued. On October 4, 2017, the District issued $21,820,000 of 2017 School Building Revenue Bonds. This bond issue is intended to fund major school construction and renovation projects.

REQUIRED SUPPLEMENTARY INFORMATION

WARREN COUNTY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
For the Year Ended June 30, 2017

	Budgeted Amounts			Variances-Favorable (Unfavorable) Final to Actual
	Original	Final	Actual	
Revenues				
Local and Intermediate Sources	$ 39,478,812	$ 40,126,090	$ 41,033,146	$ 907,056
State Programs	72,679,744	72,679,744	72,265,366	(414,378)
Federal Programs	212,000	212,000	133,336	(78,664)
Total Revenues	112,370,556	113,017,834	113,431,848	414,014
Expenditures				
Instruction	70,349,094	70,177,273	66,983,686	3,193,587
Support Services				
Student	8,174,468	7,955,534	8,108,759	(153,225)
Instructional Staff	3,103,271	3,110,846	2,891,530	219,316
District Administration	1,954,738	1,954,738	1,808,629	146,109
School Administration	7,980,819	7,686,863	7,655,322	31,541
Business	3,258,586	3,258,586	3,342,939	(84,353)
Plant Operations and Maintenance	15,065,182	15,065,182	14,093,393	971,789
Student Transportation	7,694,650	7,694,650	7,395,623	299,027
Community Services			1,860	(1,860)
New Building Construction	560,000	560,000		560,000
Contingency	12,596,932	13,308,037		13,308,037
Total Expenditures	130,737,740	130,771,709	112,281,741	18,489,968
Revenues in Excess of (Less Than) Expenditures	(18,367,184)	(17,753,875)	1,150,107	18,903,982
Other Financing Sources (Uses)				
Proceeds from Sale of Fixed Assets	15,000	15,000	43,737	28,737
Proceeds from Insurance Claims			3,381,302	3,381,302
Transfers from Proprietary Funds	499,299	499,299	505,946	6,647
Operating Transfers	(129,771)	(95,802)	914,480	1,010,282
Total Other Financing Sources	384,528	418,497	4,845,465	4,426,968
Revenues and Other Financing Sources in Excess of (Less Than) Expenditures and Other Financing Sources	(17,982,656)	(17,335,378)	5,995,572	23,330,950
Fund Balance-July 1, 2016	17,335,378	17,335,378	21,809,341	4,473,963
Fund Balance-June 30, 2017	$ (647,278)	$ -	$ 27,804,913	$ 27,804,913

See Independent Auditors' Report

WARREN COUNTY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE FOR THE SPECIAL REVENUE FUND
For the Year Ended June 30, 2017

	Budgeted Amounts			Variances-Favorable (Unfavorable)
	Original	Final	Actual	Final to Actual
Revenues				
Local and Intermediate Sources	$ 500	$ 37,627	$ 116,618	$ 78,991
State Programs	4,701,027	4,909,308	5,974,990	1,065,682
Federal Programs	6,792,800	6,933,635	6,610,590	(323,045)
Total Revenues	11,494,327	11,880,570	12,702,198	821,628
Expenditures				
Instruction	10,529,763	10,513,932	11,137,872	(623,940)
Support Services				
Student			88,985	(88,985)
Instructional Staff	200,762	204,821	246,325	(41,504)
School Administration			5,777	(5,777)
Business			52,023	(52,023)
Plant Operations and Maintenance				
Student Transportation	18,785	18,785	148,840	(130,055)
Community Service	1,061,128	1,070,399	1,043,656	26,743
Total Expenditures	11,810,438	11,807,937	12,723,478	(915,541)
Revenues in Excess of (Less Than) Expenditures	(316,111)	72,633	(21,280)	(93,913)
Other Financing Sources				
Operating transfers	316,111	(72,633)	209,510	282,143
Revenues and Other Financing Sources in Excess of (Less Than) Expenditures			188,230	188,230
Fund Balance-July 1, 2016			1,253,778	1,253,778
Fund Balance-June 30, 2017	$ -	$	$ 1,442,008	$ 1,442,008

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

	2017	2016	2015
District's portion of the net pension liability	0.6761%	0.6623%	0.6598%
District's proportionate share of the net pension liability	$ 33,286,339	$ 28,477,069	$ 21,406,024
District's covered-employee payroll	$ 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	139.02%	125.38%	102.25%
Plan fiduciary net position as a percentage of the total pension liability	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

	2017	2016	2015
District's portion of the net pension liability	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	1.8531%	1.7907%	1.6782%
Commonwealth's proportionate share of the net pension liability associated with the District	$ 546,664,730	$416,700,596	$344,848,397
Total	$ 546,664,730	$416,700,596	$344,848,397
District's covered-employee payroll	$ 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	940.65%	731.39%	635.90%
Plan fiduciary net position as a percentage of the total pension liability	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

	2017	2016	2015
Contractually required contribution	$ 1,920,708	$ 1,977,491	$ 2,859,305
Contributions in relation to the contractually required contribution	(1,920,708)	(1,977,491)	(2,859,305)
	$	$	$
District's covered-employee payroll	$ 23,943,743	$ 22,712,430	$ 20,934,976
Contributions as a percentage of covered-employee payroll	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

	2017	2016	2015
Contractually required contribution	$ 0.0066	$ 0.0066	$ 0.0066
Contributions in relation to the contractually required contribution	0.0066	0.0066	0.0066
	$ 0.0066	$ 0.0066	$ 0.0066
District's covered-employee payroll	$ 58,115,759	$ 56,973,556	$ 54,229,865
Contributions as a percentage of covered-employee payroll	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

OTHER SUPPLEMENTARY INFORMATION

COMBINING NONMAJOR FUND FINANCIAL STATEMENTS

WARREN COUNTY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2017

	Permanent Fund	District Activity	Total Nonmajor Governmental Funds
Assets			
Cash and Cash Equivalents	$ 281,268	$ 511,421	$ 792,689
Accounts Receivable		439	439
Prepaid Expenses		741	741
Total Assets	$ 281,268	$ 512,601	$ 793,869
Liabilities and Fund Balances			
Liabilities			
Accounts Payable		$ 2,899	$ 2,899
Fund Balances			
Nonspendable			
Permanent Fund Principal	$ 281,268		281,268
Restricted			
Purchase Obligations		509,702	509,702
Total Fund Balances	281,268	509,702	790,970
Total Liabilities and Fund Balances	$ 281,268	$ 512,601	$ 793,869

See Independent Auditors' Report

WARREN COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2017

	Permanent Fund	District Activity	Total Nonmajor Governmental Funds
Revenues			
Earnings on Investments	$ 29,243	$ 3,227	$ 32,470
Other		689,184	689,184
Total Revenues	29,243	692,411	721,654
Expenditures			
Instruction		520,618	520,618
Support Services			
Instructional Staff		107,756	107,756
Business	16,724		16,724
Student Transportation		15,741	15,741
Total Expenditures	16,724	644,115	660,839
Revenues in Excess of Expenditures	12,519	48,296	60,815
Net Changes in Fund Balances	12,519	48,296	60,815
Fund Balances July 1, 2016	268,749	461,406	730,155
Fund Balances June 30, 2017	$ 281,268	$ 509,702	$ 790,970

See Independent Auditors' Report

WARREN COUNTY SCHOOL DISTRICT
COMBINING BALANCE SHEET
GOVERNMENTAL FUND-CAPITAL PROJECT FUNDS
June 30, 2017

	FSPK Fund	SEEK Fund	Construction Fund	Total Capital Project Funds
Assets				
Cash and Cash Equivalents	$ 270,792	$ 94,941	$ 1,066,537	$ 1,432,270
Accounts Receivable			17,026	17,026
Total Assets	$ 270,792	$ 94,941	$ 1,083,563	$ 1,449,296
Liabilities and Fund Balances				
Liabilities				
Accounts Payable			$ 964,747	$ 964,747
Total Liabilities			964,747	964,747
Fund Balances				
Restricted				
Capital Projects and Purchase Obligations	$ 270,792	$ 94,941	118,816	484,549
Total Fund Balances	270,792	94,941	118,816	484,549
Total Liabilities and Fund Balances	$ 270,792	$ 94,941	$ 1,083,563	$ 1,449,296

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, 2017

	FSPK Fund	SEEK Fund	Construction Fund	Total Capital Project Funds
Revenues				
From Local Sources				
Taxes - Property	$ 12,330,362			$ 12,330,362
Earnings on Investments			$ 14,904	14,904
Intergovernmental-State	2,590,608	$ 1,380,579		3,971,187
Total Revenues	14,920,970	1,380,579	14,904	16,316,453
Expenditures				
Facilities Acquisitions and Construction			8,724,701	8,724,701
Total Expenditures			8,724,701	8,724,701
Revenues in Excess of (Less Than) Expenditures	14,920,970	1,380,579	(8,709,797)	7,591,752
Other Financing Sources (Uses)				
Operating Transfers In	72,632		1,608,178	1,680,810
Operating Transfers Out	(14,918,112)	(1,380,579)		(16,298,691)
Total Other Financing Sources (Uses)	(14,845,480)	(1,380,579)	1,608,178	(14,617,881)
Net Changes in Fund Balances	75,490		(7,101,619)	(7,026,129)
Fund Balances July 1, 2016	195,302	94,941	7,220,435	7,510,678
Fund Balances June 30, 2017	$ 270,792	$ 94,941	$ 118,816	$ 484,549

See Independent Auditors' Report

WARREN COUNTY SCHOOL DISTRICT
COMBINING BALANCE SHEET
GOVERNMENTAL FUND-CAPITAL PROJECT FUNDS
CONSTRUCTION FUNDS
June 30, 2017

	GHS Athletics Construction	NWES Athletics Construction	Cumberland Trace Construction	Warren Central Construction	Warren East Construction	Middle School Construction	Warren Elementary Construction	South Warren Construction	Jennings Creek Construction	Total Construction Funds
Assets										
Cash and Cash Equivalents	$ 553,950		$ 58,377	$ 112,776	$ 230,471	$ 6,695	$ 69,169	$ 35,099		$ 1,066,537
Accounts Receivable					17,026					17,026
Total Assets	$ 553,950		$ 58,377	$ 112,776	$ 247,497	$ 6,695	$ 69,169	$ 35,099		$ 1,083,563
Liabilities and Fund Balances										
Liabilities										
Accounts Payable		$ 115,171	$ 20,000		$ 52,640				$ 776,936	$ 964,747
Total Liabilities		115,171	20,000		52,640				776,936	964,747
Fund Balances										
Restricted										
Capital Projects Purchase Obligations	$ 553,950	(115,171)	38,377	$ 112,776	194,857	$ 6,695	$ 69,169	$ 35,099	(776,936)	$ 118,816
Total Fund Balances	553,950	(115,171)	38,377	112,776	194,857	6,695	69,169	35,099	(776,936)	118,816
Total Liabilities and Fund Balances	$ 553,950		$ 58,377	$ 112,776	$ 247,497	$ 6,695	$ 69,169	$ 35,099		$ 1,083,563

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, 2017

	GHS Athletics Construction	NWES Athletics Construction	Cumberland Trace Construction	Warren Central Construction	Warren East Construction	Lost River Construction	Briarwood Addition Construction	Warren Elementary Construction	South Warren Construction	Jennings Creek Construction	Middle School Construction	New Elementary Construction	Total Construction Fund
Revenues													
Earnings on Investments	$ 892		$ 384	$ 100	$ 11,166	$ 847	$ 1,240		$ 231		$ 44		$ 14,904
Expenditures													
Facilities Acquisition & Construction	$ 22,234	$ 93,071	(6,460)	249,929	6,910,171			$ 81,588	7,518	$ 776,936	37,246	$ 552,468	8,724,701
Total Expenditures	22,234	93,071	(6,460)	249,929	6,910,171			81,588	7,518	776,936	37,246	552,468	8,724,701
Revenues In Excess of (Less Than) Expenditures	(21,342)	(93,071)	6,844	(249,829)	(6,899,005)	847	1,240	(81,588)	(7,287)	(776,936)	(37,202)	(552,468)	(8,709,797)
Other Financing Sources													
Operating Transfers	576,642	(22,100)	44,950	510,774	26,153	(128,927)	(188,631)	150,757	42,386		43,706	552,468	1,608,178
Total Other Financing Sources	576,642	(22,100)	44,950	510,774	26,153	(128,927)	(188,631)	150,757	42,386		43,706	552,468	1,608,178
Net Changes in Fund Balances	555,300	(115,171)	51,794	260,945	(6,872,852)	(128,080)	(187,391)	69,169	35,099	(776,936)	6,504		(7,101,619)
Fund Balances July 1, 2016	(1,350)		(13,417)	$ (148,169)	7,067,709	128,080	187,391				191		7,220,435
Fund Balances June 30, 2017	$ 553,950	$ (115,171)	$ 38,377	$ 112,776	$ 194,857			$ 69,169	$ 35,099	$ (776,936)	$ 6,695		$ 118,816

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, 2017

	Cash Balance 7/1/2016	Total Receipts	Total Disburse-ments	Cash Balance 6/30/2017	Accounts Receivable 6/30/2017	Accounts Payable 6/30/2017	Due To Students & Others 6/30/2017
High Schools							
Greenwood	$ 104,813	$ 359,625	$ 351,362	$ 113,076		$ 3,615	$ 109,461
South Warren	97,249	422,323	408,851	110,721			110,721
Warren Central	68,629	150,407	177,883	41,153		6,764	34,389
Warren East	77,224	252,547	251,410	78,361		887	77,474
GEO International	1,431			1,431		288	1,143
Middle Schools							
Drakes Creek	37,091	114,558	120,509	31,140	$ 20	3,470	27,690
Henry F. Moss	6,476	40,951	41,170	6,257			6,257
South Warren	34,874	56,950	54,843	36,981		37	36,944
Warren East	14,348	29,748	22,856	21,240		1,087	20,153
Elementary Schools							
Alvaton	559	50,856	49,441	1,974			1,974
Briarwood	5,473	31,403	31,805	5,071			5,071
Bristow	4,489	6,043	6,291	4,241			4,241
Cumberland Trace	383	1,871	2,253	1			1
Jody Richards	1,451	6,353	5,679	2,125	50		2,175
Lost River	5,831	16,758	10,854	11,735			11,735
North Warren	4,180	4,992	4,313	4,859			4,859
Oakland	8,207	7,434	12,964	2,677			2,677
Plano	202	12,589	12,243	548			548
Rich Pond	6,926	16,254	9,864	13,316			13,316
Richardsville	8,710	52,041	50,684	10,067			10,067
Rockfield	298			298			298
Warren Elem.	2,355	16,466	12,143	6,678			6,678
William H. Natcher	897			897			897
Total	$ 492,096	$ 1,650,169	$ 1,637,418	$ 504,847	$ 70	$ 16,148	$ 488,769

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, 2017

	Cash Balance 7/1/2016	Receipts	Disburse-ments	Transfers	Cash Balance 6/30/2017	Accounts Receivable 6/30/2017	Accounts Payable 6/30/2017	Due To Students & Others 6/30/2017
General Fund	$ 1,421	$ 238	$ 237	$ (805)	$ 617			$ 617
Due to Student Body		47			47			47
Interest Income		617		(617)				
Cash on Hand			5,000	5,000				
AP Test	2				2			2
Co-op	415			33	448			448
Faculty Vending	49	3,368	2,717	(219)	481			481
Field Trips		125	325	200				
Musical	7,651	29,075	28,295		8,431			8,431
PBIS	795	331	1,034		92			92
Prom	8,436	10,371	11,134	75	7,748		$ 1,033	6,715
Student Council	3,610	8,095	2,581		9,124		2,282	6,842
Student Vending	1,615	2,091	3,351	(145)	210			210
Yearbooks	41				41			41
Academic Team Club	20	150	180	10				
Action Team Club	885	1,967	1,371	(50)	1,431			1,431
Archery	774	840	1,135		479			479
Art Club	1,752	5,092	7,006	475	313			313
Band Club	240				240			240
BETA Club	288				288			288
Chess Club	92				92			92
Choir Club	2,749	17,474	16,660		3,563			3,563
Design Club	33			(33)				
Drama Club	3,352	1,846	258	21	4,961			4,961
FBLA Club	3,023	13,618	12,431		4,210			4,210
FCA Club	158	1,230	975		413			413
FCCLA Club	2,944	5,614	6,332		2,226			2,226
FEA Club	395	220	199	(200)	216			216
FFA Club	8,205	60,524	63,870	100	4,959			4,959
Friends Club	1,370		65	132	1,437			1,437
GAPP Club	670		34		636			636
HOSA Club	358	1,474	1,365		467			467
International Club	395	1,440	1,578		257			257
NHS Club	513	3,880	3,487	(75)	831			831
OAR Club	1,712	15,150	15,062	(200)	1,600			1,600
Orchestra	77	2,505	2,090		492			492
GHS Outdoors Club		5,999	6,054	1,200	1,145			1,145
SADD Club	970	840	703		1,107			1,107
S.C.E.C. Club	223	209	216	(132)	84			84
Science Club	187	1,526	1,446	(46)	221			221
Spanish Club	625	6,081	5,633		1,073			1,073
STLP Club	719	1,125	1,167		677			677
YELP Club	273				273			273
Athletic Special	1,336	14,197	11,996		3,537			3,537
Baseball	651	8,967	8,892		726			726
Basketball - Boys	8,848	14,431	12,524	(2,085)	8,670			8,670
Basketball - Girls	1,365	9,757	6,672		4,450			4,450
Bowling - Boys			955	955				
Bowling - Girls			1,078	1,078				
Cheerleading			1,686	1,686				
Cross Country - Girls	82	50		82	214			214
Football	20,879	45,536	44,382	(8,790)	13,243			13,243
Football Playoffs		5,188	2,429	(1,920)	839			839
Golf - Boys		2,519	1,000	960	2,479			2,479
Golf - Girls		40	1,000	960				
Hall of Fame	891	100	309		682			682
Soccer - Boys	2,933	4,816	6,625		1,124			1,124
Soccer - Girls	4,181	5,206	4,752		4,635		300	4,335
Girls District Soccer		4,975	3,973		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, 2017

	Cash Balance 7/1/2016	Receipts	Disburse-ments	Transfers	Cash Balance 6/30/2017	Accounts Receivable 6/30/2017	Accounts Payable 6/30/2017	Due To Students & Others 6/30/2017
Softball		8,964	8,098		866			866
Swimming - Boys			543	543				
Swimming - Girls			543	543				
Tennis - Boys		225	1,903	1,000	(678)			(678)
Track - Boys	829	1,053	1,203		679			679
Track - Girls	768	1,053	1,203		618			618
Volleyball	527	11,600	6,838		5,289			5,289
English Dept	176	1,072	1,071	(177)				
Guidance Dept		1,970	2,074	119	15			15
JROTC Dept	2,781	13,915	14,179		2,517			2,517
Math Dept	330	220			550			550
Newspaper Dept			322	322				
Photography Dept	172	164	175		161			161
Social Studies Dept	163				163			163
Special Educ Dept		70	80	10				
Donations	864	375	866	(10)	363			363
Total	$ 104,813	$ 359,625	$ 351,362	$	$ 113,076	$	$ 3,615	$109,461

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, 2017

	Cash Balance 7/1/2016	Receipts	Disburse-ments	Transfers	Cash Balance 6/30/2017	Accounts Receivable 6/30/2017	Accounts Payable 6/30/2017	Due To Students & Others 6/30/2017
General Fund	$ 2,675	$ 2,378	$ 1,127	$ (641)	$ 3,285			$ 3,285
Due to Student Body	415			(415)				
Interest Income		727		(727)				
Aviation	693				693			693
Faculty Vending	615	789	370		1,034			1,034
Musical	19,711	58,403	49,999	(450)	27,665			27,665
PBIS	48				48			48
Prom	5,541	11,832	11,845		5,528			5,528
Science Trips	499	13,525	13,743	(200)	81			81
Student Council	731	11,211	7,243	(2,800)	1,899			1,899
Student Vending	1,686	7,493	7,791	1,441	2,829			2,829
Academic Team Club	889	5,647	6,896	2,195	1,835			1,835
Art Club	1,987	105	86		2,006			2,006
BETA Club	4,702	13,272	15,431	(1,700)	843			843
Book Club	100	170		(256)	14			14
Choir Club	3,437	10,673	12,271	(100)	1,739			1,739
Club 14:23	21	45			66			66
Diversity Club		30			30			30
Drama Club	114	1,120	760		474			474
Equality Club	190	461	509		142			142
Fashion Club	4,147	5,846	13,613	8,497	4,877			4,877
FBLA Club	108	9,304	7,601		1,811			1,811
FCA Club	246	300		(536)	10			10
FFCLA Club	49	5,385	3,520	(569)	1,345			1,345
FFA Club	2,034	25,626	22,115	(931)	4,614			4,614
History Club	1,064	72,900	72,830		1,134			1,134
KEY Club		449	364		85			85
Kentucky Youth Assembly		2,250	2,240		10			10
NHS Club	146	2,315	1,182	(1,000)	279			279
Orchestra	541	319	292		568			568
SCEC Club	3,169	275	323	(1,164)	1,957			1,957
Science Club	1,320	600			1,920			1,920
Spanish Club		2,363	1,330		1,033			1,033
Spear-It	185	2,981	2,478	(564)	124			124
Speech Club	157	270	184		243			243
STLP Club	389	665		(288)	766			766
TARS Club		775	317		458			458
Athletic Special	1,000	10,070	7,658	(2,184)	1,228			1,228
Baseball	1,782	3,945	5,588		139			139
Basketball - Boys	2,049	6,906	5,679	(1,146)	2,130			2,130
Basketball - Girls	7,422	7,420	9,535	(219)	5,088			5,088
Bowling - Boys	488	2,985	3,242	69	300			300
Bowling - Girls	1,450	1,002	1,122	(200)	1,130			1,130
Cheerleading		1,396	820		576			576
Cross Country	2,250		2,026	1,926	2,150			2,150
Football	3,902	23,175	18,734	(1,644)	6,699			6,699
Fourth Region AD	1,882	1,200	1,501	75	1,656			1,656
Golf - Boys		1,700	1,700	1,200	1,200			1,200
Golf - Girls		1,700	1,700	1,200	1,200			1,200

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, 2017

	Cash Balance 7/1/2016	Receipts	Disburse-ments	Transfers	Cash Balance 6/30/2017	Accounts Receivable 6/30/2017	Accounts Payable 6/30/2017	Due To Students & Others 6/30/2017
Regionals		45,230	45,221		9			9
Soccer - Boys	742	4,388	4,023	(97)	1,010			1,010
Soccer - Girls	2,563	915	2,458	(59)	961			961
Softball	2,090	4,620	4,151	(47)	2,512			2,512
Swimming	1,200		850	650	1,000			1,000
Tennis - Boys	420		420	400	400			400
Tennis - Girls	418		418	400	400			400
Track	2,000		404	404	2,000			2,000
Track - Girls				(70)	(70)			(70)
Volleyball	1,938	4,149	2,644		3,443			3,443
Family Consumer Science	201	1,118	853	(288)	178			178
Food Science		5,249	4,930	(64)	255			255
GAT Dept	1,480	2,520	992	(2,582)	426			426
Guidance Dept.	543	10	1,800	2,226	979			979
The Spartan Spoon	1,413	1,559	2,861	335	446			446
Voc. Ag. Dept	2,407	20,562	21,061	(77)	1,831			1,831
Total	$ 97,249	$ 422,323	$ 408,851	$	$ 110,721	$	$	$110,721

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, 2017

	Cash Balance 7/1/2016	Receipts	Disburse-ments	Transfers	Cash Balance 6/30/2017	Accounts Receivable 6/30/2017	Accounts Payable 6/30/2017	Due To Students & Others 6/30/2017
General Fund	$ 2,085	$ 3,873	$ 7,851	$ 2,460	$ 567			$ 567
Interest Income		367		(367)				
AP Test		4,443	3,807		636			636
Europe Trip	2,069		1,637	(432)				
Faculty Vending	557	828	1,795	673	263			263
Field Trips		242	241		1			1
Fall Formal	450		366	(84)				
KYCID	400				400			400
Prom	5,914	4,723	8,012	450	3,075			3,075
Student Council	116				116			116
Academic Team Club	200				200			200
Band Club	40	1,472	1,350	357	519			519
BETA Club	2,811	4,986	4,371		3,426			3,426
Biology Club	161				161			161
Bosnian Amer. Club	940		89	(651)	200			200
Chemistry Club	689	220			909			909
Chess Club	68	75	99		44			44
Drama Club		895	400		495			495
FBLA Club	1,001	1,134	2,001		134			134
FCA Club		1,298	960		338			338
FCCLA Club		3,688	2,128	324	1,884			1,884
FFA Club	4,589	14,660	15,753		3,496		$ 55	3,441
Physics Un-Club	242	500	1		741			741
SCEC Club	255				255			255
Spanish Club	635	294	624		305			305
STLP Club	1,191	175	467		899			899
Strings		562	560		2			2
Writer's Ink Club	719		35	(201)	483			483
Young Republicans		4,904	4,571	84	417			417
Athletics Hall of Fame	662	495	806		351			351
Athletic Special		2,232	2,865	633				
Baseball	11,684	3,937	10,583	(4,152)	886			886
Basketball - Boys	10,319	19,842	23,521	(251)	6,389			6,389
Basketball - Girls	2,473	17,162	17,652		1,983			1,983
Bowling - Boys	685	140	689		136			136
Bowling - Girls	1,020	70	924		166			166
Cheerleading	764	895	1,080		579			579
Cross Country	297		61		236			236
Football	6,706	19,221	18,649	(2,922)	4,356		287	4,069
Soccer - Boys	1,421	6,422	6,215		1,628			1,628
Soccer - Girls	233	8,203	7,931		505			505
Softball	678	5,298	10,127	4,152	1			1
Tennis - Boys	190		189		1			1
Tennis - Girls	218		217		1			1
Track			170	170				
Volleyball	305	2,716	3,102	81				
Art Dept.	821	250	857		214			214
Family Consumer Science		420	96	(324)				
Global Learning Acad	171				171			171
JROTC Dept.	3,754	13,765	14,672		2,847		6,422	(3,575)
Music Dept.	923		359		564			564
Habitat for Humanity Chapter	173				173			173
Total	$ 68,629	$ 150,407	$ 177,883	$	$ 41,153	$	$ 6,764	$ 34,389

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, 2017

	Cash Balance 7/1/2016	Receipts	Disburse-ments	Transfers	Cash Balance 6/30/2017	Accounts Receivable 6/30/2017	Accounts Payable 6/30/2017	Due To Students & Others 6/30/2017
General Fund	$ 11,134	$ 4,567	$ 5,908	$ 5,743	$ 15,536			$ 15,536
Due to Student Body	378				378			378
Interest Income		449		(378)	71			71
AP Test	90				90			90
Faculty Vending	2,528	2,362	3,436		1,454			1,454
Field Trips	110				110			110
Flower Fund	115	185	171	(129)				
Musical	9,708	14,221	17,110		6,819			6,819
PBIS		897	1,343	985	539			539
Smart Cards	184			(184)				
Student Government	30	52	183	995	894			894
Student Rewards	1,329	942	1,023	2,537	3,785			3,785
Yearbooks	29				29			29
Academic Team Club	666	745	710		701			701
Afro American Club	162			(162)				
Art Club	939	4,228	4,370		797			797
Archery Club	1,128	1,924	1,854	(615)	583			583
Band Club	343		343	60	60			60
BETA Club	1,542	3,947	4,582		907			907
CEC Club	26	203	155	(16)	58			58
Choir Club	2,063	5,581	5,778		1,866			1,866
Conservation Club		796	472		324			324
FBLA Club	658	4,863	4,130		1,391			1,391
FCA Club	316	770	752		334			334
FCCLA Club	144	5,712	4,789		1,067			1,067
FEA Club	2,079			(2,079)				
FFA Club	2,959	48,180	47,885	846	4,100			4,100
International Club	3,963			(3,963)				
KEY Club	10			(10)				
Kentucky Youth Assembly	1,465	1,160	108	(2,517)				
Math Club	1,105		144		961			961
NHS Club	535	620	770		385			385
PEP Club	194	1,020	626		588			588
PRIDE Club	354	295	352		297			297
Raider Graffiti	157				157			157
Science Club	1,086	465	673		878			878
TSA Club	1			(1)				
Y Club		5,782	7,322	2,517	977			977
Athletic Camps	216			(216)				
Athletic Special	2,240	8,609	14,507	8,823	5,165		$ 443	4,722
Baseball		11,908	6,937	(618)	4,353		222	4,131
Tournament	280	45,803	43,492	(2,591)				
Basketball - Boys	67	9,415	7,751	(770)	961			961
Basketball - Girls	4,002	7,803	8,078	(904)	2,823			2,823
Bass Fishing	114				114			114
Bowling - Boys	833	826	1,380		279			279
Cheerleading	1,863	960	2,416	670	1,077			1,077
Cross Country		500	500	1	1			1
Drill Team	191			(191)				
Football	832	20,452	15,547	(2,797)	2,940			2,940
Golf		250		(209)	41			41
Soccer - Boys	1,303	2,715	3,457	(90)	471			471
Soccer - Girls	1,831	3,096	3,348	390	1,969			1,969

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, 2017

	Cash Balance 7/1/2016	Receipts	Disburse-ments	Transfers	Cash Balance 6/30/2017	Accounts Receivable 6/30/2017	Accounts Payable 6/30/2017	Due To Students & Others 6/30/2017
Softball		5,197	2,915	(772)	1,510		222	1,288
Tennis	623			(70)	553			553
Track		100		(100)				
Volleyball	696	2,958	2,097		1,557			1,557
Class Officers	995			(995)				
Class of 2016		920	651		269			269
Class of 2017	8,543	5,464	5,986	(101)	7,920			7,920
Class of 2018		1,407	1,508	101				
JROTC Dept.	797	12,147	13,277	333				
Science Dept.	1			(1)				
Renaissance-Donations	4,045	2,051	2,574	(3,522)				
Warren East Conservation Club	222				222			222
Total	$ 77,224	$252,547	$251,410	$	$ 78,361	$	$ 887	$ 77,474

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, 2017

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	57505-02-Z, 57506-02-Z, 57506-08-Z		$ 5,046,984
School Breakfast Program	10.553	57605-05-Z, 57606-02-Z		1,875,151
Summer Food Service Program for Children	10.559	57405-23-Z, 56905-24-Z		45,276
Summer Food Service Program for Children	10.559	57405-23-Z, 56905-24-Z		19,819
Total Child Nutrition Cluster				6,987,230
US Department of Agriculture:				
Direct to District				
Commodity Supplemental Food Program	10.565			390,876
Total US Department of Agriculture				7,378,106
Department of Education				
Pass-through programs from:				
KY Dept of Education:				
Adult Education - Basic Grants to States	84.002	Grant# 371B		14,173
Adult Education - Basic Grants to States	84.002	Grant# 371C		36,266
Total Adult Education - Basic Grants to States				50,439
Special Education - Grants to States (IDEA, Part B)	84.027	58104-02-Z, 58105-02-Z, 58106-02-Z		1,896,425
Special Education - Grants to States (IDEA, Part B)	84.027	58104-02-Z, 58105-02-Z, 58106-02-Z		537,176
Special Education - Grants to States (IDEA, Part B)	84.027	58104-02-Z, 58105-02-Z, 58106-02-Z		73,531
Special Education - Preschool Grants (IDEA Preschool)	84.173	58705-02-Z, 58706-02-Z		10,978
Special Education - Preschool Grants (IDEA Preschool)	84.173	58705-02-Z, 58706-02-Z		9,408
Special Education - Preschool Grants (IDEA Preschool)	84.173	58705-02-Z, 58706-02-Z		63,917
Total Special Education (IDEA) Cluster				2,591,435
Title I Grants to Local Educational Agencies (LEAs)	84.010	35104-09-Z,35105-09-Z,35106-09-Z		54,329
Title I Grants to Local Educational Agencies (LEAs)	84.010	35104-09-Z,35105-09-Z,35106-09-Z		1,260,003
Title I Grants to Local Educational Agencies (LEAs)	84.010	35104-09-Z,35105-09-Z,35106-09-Z		1,843,895
Title I-Delinquent Children in LEA Operated Institutes	84.010	Grant #314B		478
Title I-Delinquent Children in LEA Operated Institutes	84.010	Grant #314C		27,224
Title I-Part C Migrant	84.011	Grant #311B		34,656
Title I-Part C Migrant	84.011	Grant #311C		55,505
Total Title I Grants to Local Educational Agencies (LEAs)				3,276,090
Title I-Neglected & Delinquent Children	83.013	Grant #313C		13,613
Title I-Neglected & Delinquent Children	84.013	Grant #313A		939
Total Title I-Neglected & Delinquent Children				14,552
Career and Technical Education - Basic Grants to States (Perkins IV)	83.048	46206-10-Z, 46205-32-Z, 46206-32-Z		109,262
Career and Technical Education - Basic Grants to States (Perkins IV)	84.048	46206-10-Z, 46205-32-Z, 46206-32-Z		5,860
Total Career and Technical Education - Basic Grants to States (Perkins IV)				115,122
Title III - English Language Acquisition Grants	84.365	52005-02-Z, 52006-02-Z		91,303
Title III - English Language Acquisition Grants - Immigrant	84.365	52005-02-Z, 52006-02-Z		179,955
Total Title III - English Language Acquisition Grants				271,258
Title II - Improving Teacher Quality State Grants	84.367	71005-02-Z, 71006-02-Z, 71004-03-Z		13,611
Title II - Improving Teacher Quality State Grants	84.367	71005-02-Z, 71006-02-Z, 71004-03-Z		9,186
Title II - Improving Teacher Quality State Grants	84.367	71005-02-Z, 71006-02-Z, 71004-03-Z		15,980
Total Title II - Improving Teacher Quality State Grants				38,777
Total Department of Education				6,357,673

Continued

WARREN COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2017

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Federal Expenditures
Department of Health and Human Services				
Pass-through programs from:				
Refugee Children Impact and Support	93.576	90ZE0175/01		42,599
Refugee Children Impact and Support	93.576	90ZE0175/01		30,721
Total Department of Health and Human Services				73,320
Corporation for National and Community Service:				
US Department of Defense:				
ROTC Language and Culture Training Grants	12.357	Grant# 504A		179,597
Total Corporation for National and Community Service				179,597
Total Expenditures of Federal Awards				$ 13,988,696

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, 2017

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, 2017. 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, 2017, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 10, 2017.

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.

Stuart and Company PSC

Louisville, Kentucky
November 10, 2017

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 (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, 2017. 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, 2017.

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.



Louisville, Kentucky
November 10, 2017

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Schedule of Findings and Questioned Costs

Warren County School District

Year Ended June 30, 2017

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/Program Title	CFDA Number
US Department of Education:	
Passed Through Kentucky Department of Education:	
Title I Grants to Local Educational Agencies (LEAs)	84.010

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

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, 2017

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.