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

2016

Warren County School District

June 30, 2016



Strothman+Co

WARREN COUNTY SCHOOL DISTRICT
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Independent Auditors' Report

Strothman+Co

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, 2016, 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, 2016, 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 11, 2016 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.

Stuart and Company PSC
Louisville, Kentucky
November 11, 2016

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, 2016. 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 decreased by $2,922,817. The Net Position of governmental activities decreased by $1,636,935, while the net position of business-type activity decreased by $1,285,882. While total assets increased by $10,138,935 due primarily to an increase in Construction In Progress. However, total liabilities increased by $15,561,611 primarily as a result of increased bond obligations and net pension liability.

- General revenues accounted for $103,103,335 or 75% of all governmental revenues. Program specific revenues in the form of operating grants and contributions accounted for $34,219,628 or 25% of total governmental revenues of $137,322,963.

- Governmental Activities: Total assets increased by $10,659,932. "Capital Assets" increased by $10,513,548. This was attributable to the increase in construction in progress. "Current and Other Assets" increased by $146,384 in 2016.

- The District had $139,642,062 in expenses relating to governmental activities; of which $34,219,628, 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 2016?" 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	
	2016	2015	2016	2015	2016	2015
Assets						
Current and Other Assets	$ 36,041,229	$ 35,894,845	$ 3,520,215	$ 3,530,022	$ 39,561,444	$ 39,424,867
Capital Assets	235,026,993	224,513,445	12,412,172	12,923,362	247,439,165	237,436,807
Total Assets	271,068,222	260,408,290	15,932,387	16,453,384	287,000,609	276,861,674
Deferred Outflows of Resources	4,486,157	3,184,902	652,622	409,360	5,138,779	3,594,262
Liabilities						
Long-Term Liabilities	142,157,409	134,105,148	4,293,126	3,210,900	146,450,535	137,316,048
Other Liabilities	40,347,420	33,919,359	88,363	89,300	40,435,783	34,008,659
Total Liabilities	182,504,829	168,024,507	4,381,489	3,300,200	186,886,318	171,324,707
Deferred Inflows of Resources	1,148,450	2,030,650	285,208	358,350	1,433,658	2,389,000
Net Position						
Invested in Capital Assets, Net of Debt	88,259,643	85,948,527	12,412,172	12,923,362	100,671,815	98,871,889
Restricted	12,770,293	16,154,880	(493,860)	280,832	12,276,433	16,435,712
Unrestricted	(9,128,836)	(8,565,372)			(9,128,836)	(8,565,372)
Total Net Position	$ 91,901,100	$ 93,538,035	$ 11,918,312	$ 13,204,194	$ 103,819,412	$ 106,742,229

(Table 2)
Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Program Revenues:						
Charges for Services	$ 130,534	$ 74,270	$ 2,333,313	$ 2,460,356	$ 2,463,847	$ 2,534,626
Operating Grants/Contribution	34,089,094	33,206,684	6,976,779	6,541,578	41,065,873	39,748,262
General Revenues:						
Taxes	50,007,276	48,104,329			50,007,276	48,104,329
State Aid-Formula Grants	51,549,381	50,648,681	83,114	83,990	51,632,495	50,732,671
Investment Earnings	116,702	88,282	12,137	10,483	128,839	98,765
Miscellaneous	1,429,976	1,998,573			1,429,976	1,998,573
Transfer from Proprietary Funds	682,164	211,778			682,164	211,778
Total Revenue and Transfers	138,005,127	134,332,597	9,405,343	9,096,407	147,410,470	143,429,004
Program Expenses						
Instruction	80,450,811	78,188,237			80,450,811	78,188,237
Support Services:						
Student	7,953,283	6,898,407			7,953,283	6,898,407
Instructional Staff	3,267,844	2,993,015			3,267,844	2,993,015
District Administration	1,708,185	2,036,671			1,708,185	2,036,671
School Administration	7,610,641	6,415,744			7,610,641	6,415,744
Business	3,137,920	2,811,198			3,137,920	2,811,198
Plant Operations/Maintenance	11,998,906	11,130,720			11,998,906	11,130,720
Student Transportation	7,811,257	7,455,360			7,811,257	7,455,360
Community Services	1,023,833	883,084			1,023,833	883,084
Other	7,851,825	759,818			7,851,825	759,818
Day Care			169,724	146,978	169,724	146,978
Interest on Long-Term Debt	6,827,557	4,794,483			6,827,557	4,794,483
Bond Issuance Costs						
Food Service			10,521,501	8,808,727	10,521,501	8,808,727
Total Expenses and Transfers	139,642,062	124,366,737	10,691,225	8,955,705	150,333,287	133,322,442
Increase (Decrease) in Net Position	$ (1,636,935)	$ 9,965,860	$ (1,285,882)	$ 140,702	$ (2,922,817)	$ 10,106,562

Governmental Activities

Governmental program expenses are broken down as follows: Instruction 58%, Support Services 32%, and 10% 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 $23,568,109 that relates to the 2016 State On-Behalf Payments.

(Table 3)
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2016	2015	2016	2015
Instruction	$ 80,450,811	$ 78,188,237	$ 54,415,551	$ 52,969,494
Support Services	44,511,869	40,624,199	36,848,269	33,452,190
Other	7,859,284	759,818	7,859,284	759,818
P&I on Long-Term Debt	6,820,098	4,794,483	6,299,330	3,904,281
Total Expenses	$ 139,642,062	$ 124,366,737	$ 105,422,434	$ 91,085,783

Business-Type Activities

The business-type activities are food service and day care. These programs had revenues of $9,405,343 and expenses of $10,691,225 for fiscal year 2016. Of the revenues, $2,333,313 related to charges for services, $7,059,893 was from State and Federal grants, $12,137 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 $189,709,740 and expenditures and other financing uses of $190,117,044. The net change in total fund balances was $274,860 from fiscal year 2015 to 2016.

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 $107,075,203 with actual amounts totaling $109,644,179. Budgeted expenditures were $108,416,843 (not including a contingency budget of $12,997,117) compared to actual expenditures of $106,975,879. Budgeted "Other Financing Sources and Uses" reflected a net financing source of $479,326 compared to an actual net financing use of $214,763. In total, an expected decrease in the General Fund balance of $13,859,431 was budgeted compared to an actual net increase of $2,453,538.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2016 the District had $247,439,165 invested in capital assets (see Table 4 below), $235,026,993 being in governmental activities. Table 4 shows fiscal year 2016 balances compared to 2015.

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

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	$ 8,495,692	$ 8,495,692			$ 8,495,692	$ 8,495,692
Land Improvements	11,651,309	12,452,552			11,651,309	12,452,552
Buildings and Improvements	181,271,518	180,686,691	$ 10,979,141	$ 11,288,901	192,250,659	191,975,592
Technology	1,831,018	2,272,649	76,225	22,141	1,907,243	2,294,790
Vehicles	2,899,807	3,730,104			2,899,807	3,730,104
Equipment	5,410,816	5,909,110	1,356,806	1,612,320	6,767,622	7,521,430
Construction in Progress	23,466,833	10,966,647			23,466,833	10,966,647
Total	$ 235,026,993	$ 224,513,445	$ 12,412,172	$ 12,923,362	$ 247,439,165	$ 237,436,807

Debt

At June 30, 2016 the District had $146,767,350 in bonds outstanding, of this amount $4,400,504 are to be paid from the KSFCC funding provided by the State of Kentucky. A total of $9,936,000 is due within one year. At June 30, 2015, the District had $138,564,918 in bonds outstanding, of this amount $4,735,108 were to be paid from KSFCC funding.

District Challenges for the Future

The Warren County Public School system (District) is the fourth largest district within the State serving approximately 15,000 students. The District has grown from a K-12 student membership of 10,923 in 2003 to 15,148 in 2016. This equates to a 38.68% growth in only thirteen 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, Senate Bill 1, English Learner (EL) population, 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 had eleven distinguished schools and four proficient schools. In addition, the District has five "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 up-dated curriculum maps, content guides, 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 270% since 2005, with ELs numbering 632 in 04-05 academic year and just over 1700 at the present time. The EL student population currently represents 11% 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 540 students who fall within this category. Finally, there are approximately 680 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 under 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 No Child Left Behind (NCLB) Act. 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 2016, the District's real estate tax rate ranked as the 152nd 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 McIntyre, Treasurer at Warren County Board of Education, 303 Lovers Lane, P.O. Box 51810, Bowling Green, KY 42102-6810 or email at chris.mcintyre@warren.kyschools.us

DISTRICT-WIDE FINANCIAL STATEMENTS

WARREN COUNTY SCHOOL DISTRICT
DISTRICT-WIDE STATEMENT OF NET POSITION
June 30, 2016

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and Cash Equivalents	$ 32,020,550	$ 3,243,643	$ 35,264,193
Accounts and Grants Receivable			
from Outside Sources, net			
Taxes	1,457,597		1,457,597
Other	642,411	112,606	755,017
Grants	944,537		944,537
Inventory	292,358	163,966	456,324
Prepaid Expenses	683,776		683,776
Nondepreciated Capital Assets	31,962,525		31,962,525
Depreciable Capital Assets	308,346,574	19,707,669	328,054,243
Less: Accumulated Depreciation	(105,282,106)	(7,295,497)	(112,577,603)
Total Assets	271,068,222	15,932,387	287,000,609
Deferred Outflows of Resources			
Pension related outflows	3,796,100	652,622	4,448,722
Deferred savings from refunding bonds	1,763,605		1,763,605
Less: Accumulated Amortization	(1,073,548)		(1,073,548)
Total Deferred Outflows of Resources	4,486,157	652,622	5,138,779
Liabilities			
Accounts Payable	1,989,797	16,706	2,006,503
Accrued Liabilities	1,026,542		1,026,542
Unearned Grant Revenue	1,641,394	71,657	1,713,051
Accrued Interest	880,151		880,151
Long-Term Obligations			
Due Within One Year			
Bond Obligations	9,936,000		9,936,000
Compensated Absences	689,593		689,593
Due Beyond One Year			
Bond Obligations	136,831,350		136,831,350
Compensated Absences	5,326,059		5,326,059
Net pension liability	24,183,943	4,293,126	28,477,069
Total Liabilities	182,504,829	4,381,489	186,886,318
Deferred Inflows of Resources			
Differences between projected and actual			
earnings on plan investments	1,148,450	285,208	1,433,658
Net Position			
Net investment in Capital Assets	88,259,643	12,412,172	100,671,815
Restricted for			
Capital Projects	10,771,379		10,771,379
Purchase Obligations	920,966		920,966
SBDM	655,396		655,396
Technology Purposes	889,896		889,896
Day Care		(220,806)	(220,806)
Unrestricted (Deficit)	(9,596,621)	(273,054)	(9,869,675)
Net Position	$ 91,901,100	$ 11,918,312	$ 103,819,412

See Accompanying Notes to Financial Statements

WARREN COUNTY SCHOOL DISTRICT
DISTRICT-WIDE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue: Governmental Activities	Net (Expense) Revenue: Business-type Activities	Net (Expense) Revenue: Total
Governmental Activities						
Instruction	$ 80,450,811	$ 64,684	$ 25,970,576	$ (54,415,551)		$ (54,415,551)
Support Services						
Student	7,953,283		1,882,509	(6,070,774)		(6,070,774)
Instructional Staff	3,267,844		829,632	(2,438,212)		(2,438,212)
District Administration	1,708,185		87,593	(1,620,592)		(1,620,592)
School Administration	7,610,641		1,742,357	(5,868,284)		(5,868,284)
Business	3,137,920		647,348	(2,490,572)		(2,490,572)
Plant Operations & Maintenance	11,998,906	65,850	554,438	(11,378,618)		(11,378,618)
Student Transportation	7,811,257		862,057	(6,949,200)		(6,949,200)
Community Services	1,023,833		991,816	(32,017)		(32,017)
Other	7,859,284			(7,859,284)		(7,859,284)
Interest on Long-term Debt	6,820,098		520,768	(6,299,330)		(6,299,330)
Total Governmental Activities	139,642,062	130,534	34,089,094	(105,422,434)		(105,422,434)
Business-type Activities						
Food Services	10,521,501	2,194,893	7,166,281		$ (1,160,327)	(1,160,327)
Day Care	169,724	138,420	(189,502)		(220,806)	(220,806)
Total Business-type Activities	10,691,225	2,333,313	6,976,779		(1,381,133)	(1,381,133)
Total School District	$ 150,333,287	$ 2,463,847	$ 41,065,873	(105,422,434)	(1,381,133)	(106,803,567)

Continued

WARREN COUNTY SCHOOL DISTRICT
DISTRICT-WIDE STATEMENT OF ACTIVITIES - Continued
For the Year Ended June 30, 2016

		Program Revenues		Net (Expense) Revenue		
	Expenses	Charges for Services	Program-Specific Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
General Revenues						
Taxes						
Property				30,880,934		30,880,934
Motor Vehicle				3,540,552		3,540,552
Utilities				5,956,402		5,956,402
Occupational				8,832,859		8,832,859
Other				796,529		796,529
State Aid				51,549,381	83,114	51,632,495
Investment Earnings				116,702	12,137	128,839
Other				1,429,976		1,429,976
Total General Revenues				103,103,335	95,251	103,198,586
From Proprietary Funds				682,164		682,164
Total General Revenues and Transfers				103,785,499	95,251	103,880,750
Change in Net Position				(1,636,935)	(1,285,882)	(2,922,817)
Net Position - Beginning of Year				93,538,035	13,204,194	106,742,229
Net Position - End of Year				$ 91,901,100	$ 11,918,312	$ 103,819,412

See Accompanying Notes to Financial Statements

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

WARREN COUNTY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2016

	Major Funds					
	General Fund	Special Revenue Fund	Capital Project Funds	Debt Service Fund	Nonmajor Funds Governmental Funds	Total Governmental Funds
Assets						
Cash and Cash Equivalents	$ 20,460,550	$ 2,080,132	$ 8,736,932	$ 441	$ 742,495	$ 32,020,550
Accounts and Grants Receivable from						
Outside Sources, net						
Taxes	1,457,597					1,457,597
Other	642,411					642,411
Grants		944,537				944,537
Inventory	292,358					292,358
Prepaid Expenses	683,776					683,776
Total Assets	$ 23,536,692	$ 3,024,669	$ 8,736,932	$ 441	$ 742,495	$ 36,041,229
Liabilities and Fund Balances						
Liabilities						
Accounts Payable	$ 628,085	$ 129,497	$ 1,226,254		$ 5,961	$ 1,989,797
Accrued Liabilities	1,099,267					1,099,267
Unearned Grant Revenue		1,641,394				1,641,394
Total Liabilities	1,727,352	1,770,891	1,226,254		5,961	4,730,458
Fund Balances						
Nonspendable						
Prepaids	683,776					683,776
Inventories	292,358					292,358
Permanent Fund Principal					268,749	268,749
Restricted						
Capital Projects			7,421,379			7,421,379
Technology Purposes		889,896				889,896
Purchase Obligations		363,882	89,299		467,785	920,966
Debt Service				$ 441		441
Committed						
Capital Projects	3,350,000					3,350,000
SBDM Carryforward	655,396					655,396
Sick Leave Payable	628,721					628,721
Assigned						
Encumbrances	1,475,554					1,475,554
Unassigned	14,723,535					14,723,535
Total Fund Balances	21,809,340	1,253,778	7,510,678	441	736,534	31,310,771
Total Liabilities and Fund Balances	$ 23,536,692	$ 3,024,669	$ 8,736,932	$ 441	$ 742,495	$ 36,041,229

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, 2016

Total Fund Balances - Governmental Funds		$ 31,310,771
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 $340,309,099 and the accumulated depreciation is $105,282,106.		235,026,993
Deferred savings from refunding bonds are not financial resources and therefore are not reported as assets in the Governmental Funds Balance Sheet.		690,057
Deferred inflows from differences between projected and actual pension earnings are not financial usees and therefore are not reported as liabilities in the Governmental Funds Balance Sheet.		(1,148,450)
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.		3,796,100
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the Governmental Funds Balance Sheet. Long-term liabilities at year-end consist of:		
	Bonds Payable	(146,767,350)
	Accrued Interest	(880,151)
	Net Pension Liability	(24,183,943)
	Compensated Absences	(5,942,927)
Total District-wide Net Position - Governmental Activities		$ 91,901,100

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, 2016

	Major Funds					
	General Fund	Special Revenue Fund	Capital Project Funds	Debt Service Fund	Nonmajor Funds Governmental Funds	Total Governmental Funds
Revenues						
From Local Sources						
Taxes						
Property	$ 19,215,497		$ 11,665,437			$ 30,880,934
Motor Vehicle	3,540,552					3,540,552
Utilities	5,956,402					5,956,402
Occupational License	8,832,859					8,832,859
Other	796,529					796,529
Tuition and Fees	64,684					64,684
Earnings on Investments	112,070	$ 4,320	23,371		$ 4,632	144,393
Other Local Revenues	457,955	106,453				564,408
Intermediate Sources					730,467	730,467
Intergovernmental - State	70,456,933	4,522,304	3,577,727	$ 497,397		79,054,361
Intergovernmental - Federal	210,698	6,449,970				6,660,668
Total Revenues	109,644,179	11,083,047	15,266,535	497,397	735,099	137,226,257
Expenditures						
Instruction	66,138,572	9,787,276			560,629	76,486,477
Support Services						
Student	7,635,109	91,686				7,726,795
Instructional Staff	2,895,436	127,587			114,633	3,137,656
District Administration	1,657,483					1,657,483
School Administration	7,388,796					7,388,796
Business	2,976,046	60,260			3,708	3,040,014
Plant Operations and Maintenance	11,623,913	61,461				11,685,374
Student Transportation	6,660,524	104,004			14,196	6,778,724
Community Services		991,816				991,816
Principal				9,862,997		9,862,997
Interest and Other Charges				6,673,986		6,673,986
Bond Issuance Cost				893,868		893,868

Continued

WARREN COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2016

	Major Funds					
	General Fund	Special Revenue Fund	Capital Project Funds	Debt Service Fund	Nonmajor Funds Governmental Funds	Total Governmental Funds
Facilities Acquisition and Construction			19,465,602			19,465,602
Total Expenditures	106,975,879	11,224,090	19,465,602	17,430,851	693,166	155,789,588
Revenues in Excess of (Less Than) Expenditures	2,668,300	(141,043)	(4,199,067)	(16,933,454)	41,933	(18,563,331)
Other Financing Sources (Uses)						
Proceeds from Issuance of Bonds				50,250,001		50,250,001
Refunded School Building Revenue Bonds				(34,320,000)		(34,320,000)
Premium on Bonds Sold				2,111,956		2,111,956
Discount on Bonds Sold				(7,456)		(7,456)
Proceeds from Sale of Equipment	121,526					121,526
Propriety Fund Transfers	682,164					682,164
Transfers In	1,488,347	571,427	17,148,232	12,800,551		32,008,557
Transfers Out	(2,506,799)	(260,097)	(15,047,862)	(14,181,400)	(12,399)	(32,008,557)
Total Other Financing Sources (Uses)	(214,762)	311,330	2,100,370	16,653,652	(12,399)	18,838,191
Net Change in Fund Balances	2,453,538	170,287	(2,098,697)	(279,802)	29,534	274,860
Fund Balances - July 1, 2015	19,355,803	1,083,491	9,609,375	280,243	707,000	31,035,912
Fund Balances - June 30, 2016	$ 21,809,341	$ 1,253,778	$ 7,510,678	$ 441	$ 736,534	$ 31,310,772

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, 2016

Total Net Change in Fund Balances - Governmental Funds	$	274,860
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.		10,538,368
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.		(24,820)
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.		9,862,997
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		(18,179,619)
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.		(4,108,721)
Total Change in District-wide Net Position of Governmental Activities	$	(1,636,935)

See Accompanying Notes to Financial Statements

PROPRIETARY FUNDS FINANCIAL STATEMENTS

WARREN COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2016

	Enterprise Funds		
	Food Services	**Day Care**	**Total**
Assets			
Current Assets			
Cash and Cash Equivalents	$ 3,214,696	$ 28,947	$ 3,243,643
Accounts and Grants Receivable	112,606		112,606
Inventories for Consumption	163,966		163,966
Total Current Assets	3,491,268	28,947	3,520,215
Non-Current Assets			
Capital Assets - Net of Accumulated Depreciation	12,412,172		12,412,172
Deferred Outflows of Resources			
Deferred pension contribution after measurement date	629,226	23,396	652,622
Total Assets and Deferred Outflows of Resources	$ 16,532,666	$ 52,343	$ 16,585,009
Liabilities and Net Position			
Current Liabilities			
Accounts Payable	$ 16,611	$ 95	$ 16,706
Unearned Revenue	71,657		71,657
Net Pension Liability	4,041,419	251,707	4,293,126
Total Current Liabilities	4,129,687	251,802	4,381,489
Deferred Inflows of Resources			
Differences between projected and actual earnings on plan investments	263,861	21,347	285,208
Net Position			
Net Investment in Capital Assets	12,412,172		12,412,172
Restricted for Day Care		(220,806)	(220,806)
Unrestricted (deficit)	(273,054)		(273,054)
Total Net Position	12,139,118	(220,806)	11,918,312
Total Liabilities and Net Position	$ 16,532,666	$ 52,343	$ 16,585,009

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, 2016

	Enterprise Funds		
	Food Services	**Day Care**	**Total**
Operating Revenues			
Lunchroom Sales	$ 2,181,062		$ 2,181,062
Tuition and Fees		$ 138,420	138,420
Other Operating Revenue	13,831		13,831
Total Operating Revenues	2,194,893	138,420	2,333,313
Operating Expenses			
Salaries and Wages	4,715,812	155,532	4,871,344
Contract Services	404,180		404,180
Materials and Supplies	4,815,987	13,403	4,829,390
Other Operating Expenses	62	789	851
Depreciation Expense	585,149		585,149
Total Operating Expenses	10,521,190	169,724	10,690,914
Operating Loss	(8,326,297)	(31,304)	(8,357,601)
Non-Operating Revenues (Expenses)			
Federal Grants	6,570,464		6,570,464
State Grants	649,033	19,000	668,033
Donated Commodities	503,560		503,560
Interest Income	12,137		12,137
Loss on Disposal of Assets	(311)		(311)
Governmental Funds Transfers	(473,662)	(208,502)	(682,164)
Total Non-Operating Revenues (Expenses)	7,261,221	(189,502)	7,071,719
Change in Net Position	(1,065,076)	(220,806)	(1,285,882)
Total Net Position - July 1, 2015	13,204,194		13,204,194
Total Net Position - June 30, 2016	$ 12,139,118	$ (220,806)	$ 11,918,312

See Accompanying Notes to Financial Statements

WARREN COUNTY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2016

	Enterprise Funds		
	Food Services	**Day Care**	**Total**
Cash Flows from Operating Activities			
Cash Received from User Charges	$ 2,158,545	$ 138,420	$ 2,296,965
Cash Received from Other Operating Revenues	13,831		13,831
Cash Payments to Employees for Services	(3,410,199)	(110,404)	(3,520,603)
Cash Payments for Contract Services	(404,180)		(404,180)
Cash Payments to Suppliers for Goods and Services	(4,331,032)	(13,308)	(4,344,340)
Cash Payments for Other Operating Expenses	(62)	207,618	207,556
Cash Payments for Day Care Operations		608	608
Net Cash Provided By (Used In) Operating Activities	(5,973,097)	222,934	(5,750,163)
Cash Flows from Noncapital Financing Activities			
Grants Received	6,653,065		6,653,065
Cash Flows from Capital and Related Financing Activities			
Acquisition of Capital Assets	(74,270)		(74,270)
Transfers from Governmental Funds	(473,662)	(208,502)	(682,164)
Net Cash Used in Capital and Related Financing Activities	(547,932)	(208,502)	(756,434)
Cash Flows from Investing Activities			
Interest on Investments	12,137		12,137
Net Increase in Cash and Cash Equivalents	144,173	14,432	158,605
Cash and Cash Equivalents - July 1, 2015	3,070,523	14,515	3,085,038
Cash and Cash Equivalents - June 30, 2016	$ 3,214,696	$ 28,947	$ 3,243,643
Reconciliation of Operating Loss to Net Cash Provided By (Used In) Operating Activities			
Operating Loss	$ (8,326,297)	$ (31,304)	$ (8,357,601)
Adjustments to Reconcile Operating Loss to Net Cash Provided By (Used In) Operating Activities:			
Depreciation	585,151		585,151
Commodities Used	503,560		503,560
On-Behalf Payments Received	566,432	19,000	585,432
Changes in Assets and Liabilities:			
Receivables	(24,112)	208,502	184,390
Inventories	(15,978)		(15,978)
Deferred Outflow	(234,799)	(8,463)	(243,262)
Accounts Payable	(2,627)	95	(2,532)
Unearned Revenue	1,595		1,595
Net Pension Liability	1,044,577	37,647	1,082,224
Deferred Inflow	(70,599)	(2,543)	(73,142)
Net Cash Provided By (Used In) Operating Activities	$ (5,973,097)	$ 222,934	$ (5,750,163)

Noncash Activities:

The Food Service Fund received $503,560 of donated commodities from the federal government.

The Proprietary Funds recognized revenues and expenses for on-behalf payments relating to fringe benefits in the amount of $585,432 provided by state government.

See Accompanying Notes to Financial Statements

FIDUCIARY FUNDS FINANCIAL STATEMENTS

WARREN COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
June 30, 2016

	Private Purpose Trust Fund	Agency Funds
Assets		
Cash and Cash Equivalents	$ 7,655	$ 490,976
Investments	44,227	
Accounts Receivable		320
Total Assets	$ 51,882	$ 491,296
Liabilities		
Accounts Payable		$ 3,903
Due to Student Groups		487,393
Total Liabilities		491,296
Net Position		
Held in Trust for Other Purposes	$ 51,882	
Total Liabilities and Net Position	$ 51,882	$ 491,296

See Accompanying Notes to Financial Statements

WARREN COUNTY SCHOOL DISTRICT
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
For the Year Ended June 30, 2016

	Private Purpose Trust Funds
Additions	
Earnings on Investments	$ 103
Change in Net Position	103
Net Position, July 1, 2015	51,779
Net Position, June 30, 2016	$ 51,882

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
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 District's policies regarding sick leave permit employees to accumulate earned but unused sick leave.

The entire compensated absence liability is reported on the District-Wide Statement of Net Position. The current portion of this debt is estimated based on employees who have twenty-seven years of service or more as of June 30, 2016 and is calculated at thirty percent 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. No liability is accrued in the Proprietary Fund.

- **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, 2016 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 and entitlements 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 2016-2017 school year have been classified as unearned grant revenues. Likewise, all awards requested as a result of 2015-2016 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, 2016 were $0.435 per $100 valuation for real property and $0.435 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.

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, 2016, the carrying amount of the District's total cash and cash equivalents was $35,382,701. 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 $32,139,058, Proprietary Funds $3,243,643, Private-Purpose Trust $7,655, and Agency Funds $494,376)

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:			
Other Receivables	$ 642,411	$ 128,127	$ 770,538
Taxes Receivable	1,500,435		1,500,435
Grants Receivable	944,537		944,537
Gross Receivables	3,087,383	128,127	3,215,510
Less: Allowance for Doubtful Accounts	42,838	15,521	58,359
Net Receivables	$ 3,044,545	$ 112,606	$ 3,157,151

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, 2016, was as follows:

Governmental Activities	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Capital assets that are not depreciated:				
Land	$ 8,495,692			$ 8,495,692
Construction in Progress	10,966,647	$ 12,500,186		23,466,833
Total Nondepreciable Historical Cost	19,462,339	12,500,186		31,962,525
Capital assets that are depreciated:				
Land Improvement	16,851,095			16,851,095
Buildings and Improvements	240,604,598	5,699,127		246,303,725
Technology Equipment	15,860,306	590,723	$ 500,388	15,950,641
Vehicles	17,344,499	119,537	996,316	16,467,720
Other Machinery & Equipment	12,448,545	401,010	76,162	12,773,393
Total Depreciable Historical Cost	303,109,043	6,810,397	1,572,866	308,346,574

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Less accumulated depreciation for:				
Land improvements	4,398,543	801,243		5,199,786
Buildings and Improvements	59,917,907	5,114,300		65,032,207
Technology Equipment	13,587,657	1,029,140	497,174	14,119,623
Vehicles	13,614,395	949,834	996,316	13,567,913
Other Machinery & Equipment	6,539,435	877,698	54,556	7,362,577
Total Accumulated Depreciation	98,057,937	8,772,215	1,548,046	105,282,106
Total Depreciable Historical Cost, Net	205,051,106	(1,961,818)	24,820	203,064,468
Governmental Activities, Capital Assets, Net	$ 224,513,445	$ 10,538,368	$ 24,820	$ 235,026,993
Business-Type Activities:				
Capital assets that are depreciated:				
Buildings and Improvements	$ 15,127,597			$ 15,127,597
Technology Equipment	161,201	$ 68,996	$ 5,603	224,594
Other Machinery & Equipment	4,384,986	5,274	34,782	4,355,478
Total Depreciable Historical Cost	19,673,784	74,270	40,385	19,707,669
Less accumulated depreciation for:				
Buildings and Improvements	3,838,696	309,760		4,148,456
Technology Equipment	139,060	14,601	5,292	148,369
Other Machinery & Equipment	2,772,666	260,788	34,782	2,998,672
Total Accumulated Depreciation	6,750,422	585,149	40,074	7,295,497
Total Depreciable Historical Cost, Net	12,923,362	(510,879)	311	12,412,172
Business-Type Activities, Capital Assets, Net	$ 12,923,362	$ (510,879)	$ 311	$ 12,412,172

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

Instruction	$ 6,650,131
Support Services:	
Student	6,178
Instructional Staff	41,851
District Administration	1,623
School Administration	1,978
Business	23,957
Facilities Operations and Maintenance	1,128,170
Student Transportation	913,283
Community Service	5,044
Total Depreciation Expense	$ 8,772,215

NOTE F – SCHOOL BUILDING REVENUE BONDS

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

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

also obligated to maintain adequate property insurance on the school facilities, and the school facilities have been pledged as security to the holders of the bonds.

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

The District has issued one Build America Bond Series which requires the US Treasury to subsidize the District for 35% of the interest cost relating to the outstanding debt. The 2008 Series Build America Bonds have interest rates that range from 3.25% to 4.375%. $34,320,000 of these bonds was refunded.

On February 1, 2016, the District issued $35,855,000 in School Building Revenue Bonds with interest rates that range from .05% to 3% to refund $34,320,000 of outstanding 2008 Series Bonds with an average interest rate of 2.3%. The advanced refunding was scheduled for February 24, 2016. Until that time, the funds to refund the bonds are being held in escrow and are considered defeased. The refunding reduced total debt service payments over the next 13 years by $195,600, with a net present value savings of 6.59%. This results in an economic gain (the difference between the present values of the old and the new debt service payments) of $2,543,680. The refunding of the Series 2008 Bonds resulted in a deferred loss on refunding of $237,000, to be amortized over the life of the new bonds.

On April 1, 2016, the District issued $14,395,000 in School Building Revenue Bonds with interest rates that range from 2% to 3.25% to fund major school construction and renovation projects.

Following is a schedule of obligations existing at June 30, 2016:

Issue Date	Series	Interest Rate	Maturity Date	Amount Outstanding
August 1, 2005	XXXIV	3.00%-4.00%	December 1, 2019	$ 4,660,000
April 1, 2008	XXXVIII	3.250%-4.375%	April 1, 2028	5,505,000
December 30, 2009	MMIX	2.09%	December 15, 2025	4,141,000
July 1, 2010	MMX	2.00%-3.125%	February 1, 2019	1,685,000
November 1, 2011	MMXI	1.50%-2.63%	April 1, 2022	3,305,000
October 1, 2012	MMXII	1.10%-2.50%	October 1, 2032	4,130,000
November 1, 2012	MMXII	0.40%-1.75%	June 1, 2023	3,640,000
March 1, 2014	MMXIV	2.00%-3.00%	December 1, 2014	5,300,000
March 1, 2014	MMXIV	2.00%-4.00%	June 29, 2029	24,815,000
April 1, 2015	MMXV	2.00%-3.50%	April 1, 2035	18,045,000
April 1, 2015	MMXV	2.00%-3.00%	February 1, 2026	6,130,000
April 1, 2015	MMXV	2.00%-3.125%	August 1, 2030	12,000,000
February 1, 2016	MMXVI	.050%-3.00%	April 1, 2028	35,415,000
April 1, 2016	MMXVI	2.00%-3.250%	April 1, 2036	14,395,000
				143,166,000
Unamortized Deferred Premiums and Discounts (Net)				3,601,350
			Total School Building Revenue Bonds	$ 146,767,350

Following are aggregate obligations existing at June 30, 2016:

Year Ending June 30,	Principal	Interest	Total Repayments	Less: Commission Participation	Net Repayments
2017	$ 9,936,000	$ 4,036,752	$ 13,972,752	$ 476,920	$ 13,495,832
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
2022-2026	49,559,000	11,232,559	60,791,559	1,835,085	58,956,474
2027-2031	30,730,000	4,103,011	34,833,011	1,215,019	33,617,992
2032-2036	11,570,000	1,016,576	12,586,576		12,586,576
	$ 143,166,000	$ 34,071,233	$ 177,237,233	$ 5,319,921	$ 171,917,312

Long term liability activity for the year ended June 30, 2016 was as follows:

Governmental Activities	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016	Amounts Due Within One Year
Bonds Payable					
General Obligation Debt	$ 137,099,000	$ 50,250,000	$ 44,183,000	$ 143,166,000	$ 9,936,000
Deferred Discounts and Premiums (Net)	1,465,918	2,104,500	(30,932)	3,601,350	
Total Bonds Payable	138,564,918	52,354,500	44,152,068	146,767,350	9,936,000
Other Liabilities					
Compensated Absences	5,520,490	682,490	187,328	6,015,652	698,593
Total Other Liabilities	5,520,490	682,490	187,328	6,015,652	698,593
Total Long-Term Obligations	$ 144,085,408	$ 53,036,990	$ 44,339,396	$ 152,783,002	$ 10,634,593

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 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 million, $698,593 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 $72,725. 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.

Required contributions to the employee are based on the tier:

	Required Contribution
Tier 1	5%
Tier 2	5% + 1% for insurance
Tier 3	5% + 1% for insurance

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 Ketnucky 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 http://www.ktrs.ky.gov/05_publications/index.htm.

Benefits provided

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

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

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

Final average salary is defined as the 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 sixty (60) percent 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 one and one-half (1.5) percent annually. Additional ad hoc increases and any other benefit amendments must be authorized by the General Assembly.

Contributions

Contribution rates are established by KRS. Non-university employees are required to contribute 12.105% of their salaries to the System.

The Commonwealth of Kentucky, as a non-employer contributing entity, pays matching contributions of the amount 13.105% of salaries for local school district 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, 2016, the District reported a liability of for its proportionate share of the net pension liability for CERS. KTRS did not report a liability for the District's proportionate share of the net pension liability 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	$ 28,477,069
Commonwealth's proportionate share of the KTRS net pension liability associated with the District	344,848,397
	$ 373,325,466

The net pension liability for each plan was measured as of June 30, 2015, 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, 2015, the District's proportion was 0.6623% percent.

For the year ended June 30, 2016, the District recognized pension expense of $4,525,856 related to CERS and $16,898,273 related to KTRS, of which $8,617,933 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, 2016, 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	$ 169,040	
Changes of assumptions	2,051,143	
Net difference between projected and actual earnings on plan investments	204,219	$ 1,433,658
Changes in proportionate share of contributions	46,829	
Pension contributions subsequent to the measurement date	1,977,491	
Total	$ 4,448,722	$ 1,433,658

$1,977,491 reported as deferred outflows of resources will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows or resources related to pensions will be recognized in pension expense as follows:

For the Year Ended June 30:	
2017	$ 889,744
2018	889,744
2019	889,744
2020	889,744
2021	889,744

Actuarial assumptions

The total pension liability in the June 30, 2015 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%	4.0-8.2%
Investment rate of return, net of investment expense and inflation	7.50%	7.50%

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

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

For CERS, the long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years. The most recent analysis, performed for the period covering fiscal years 2005 through 2008, is outlined in a report dated August 25, 2009. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to 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	45.0%	6.4%
Non U.S. Equity	17.0%	6.5%
Fixed Income	24.0%	1.6%
High Yield Bonds	4.0%	3.1%
Real Estate	4.0%	5.8%
Alternatives	4.0%	6.8%
Cash	2.0%	1.5%
Total	100.0%	

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 7.75%. The long-term investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

For KTRS, the discount rate used to measure the total pension liability was 4.88%. 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	$ 24,680,126	$ 28,477,069	$32,274,012
KTRS	3.88%	4.88%	5.88%
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, six percent 6% of the gross annual payroll of members before July 1, 2008 is contributed. Three percent (3%) is paid by member contributions and three quarters percent (.75%) from state appropriation and two and one quarter percent (2.25%) from the employer. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

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, 2016:

Health Insurance	$	14,192,068
KTRS Employer Match		8,617,933
Health Reimbursement Account		738,161
State Administration Fees		170,996
Life Insurance		23,346
Federal Reimbursement of Health Benefits		(849,629)
Technology		177,323
School Facilities Construction Commission Debt Service		497,397
	$	23,567,595

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, 2016, the District had outstanding commitments for construction of $7,612,905.

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	Technology Match	$ 316,111
General Fund	Construction	Capital Funds Request	491,967
FSPK Fund	General Fund	Capital Funds Request	138,982
SEEK Fund	General Fund	Capital Funds Request	1,336,964
FSPK Fund	Debt Service	Debt Service	12,702,975
FSPK Fund	Debt Service	Investment cash balance	92,797
Food Service	General Fund	Indirect Cost	473,662
Debt Service	Construction	Bond Proceeds	14,181,400
Special Revenue	Special Revenue	Flex focus grant funds to grant #15FA & 15FB	615,948
Day Care Fund	General Fund	To reverse GASB 68 transfer from FY15	208,502
General Fund	Construction	To cover negative cash balance in Construction projects	1,698,721
FSPK Fund	Construction	Transfer building funds to construction project	776,144
			$ 33,034,173

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 February 2015, the GASB issued Statement No. 72, *Fair Value and Measurement and Application*. This statement establishes standards for valuation techniques to measure fair value. This statement establishes a hierarchy of inputs to valuation techniques used to measure fair value. This statement requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. This statement was adopted during the current year and did not have a significant impact on the financial statements.

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 when the statement is adopted.

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 11, 2016, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

WARREN COUNTY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
For the Year Ended June 30, 2016

	Budgeted Amounts			Variances-Favorable (Unfavorable) Final to Actual
	Original	Final	Actual	
Revenues				
Local and Intermediate Sources	$ 34,004,701	37,805,839	$ 38,976,548	$ 1,170,709
State Programs	44,861,956	69,019,363	70,456,933	1,437,570
Federal Programs	175,000	250,000	210,698	(39,302)
Total Revenues	79,041,657	107,075,202	109,644,179	2,568,977
Expenditures				
Instruction	48,228,100	65,406,774	66,138,572	(731,798)
Support Services				
Student	3,966,283	6,745,876	7,635,109	(889,233)
Instructional Staff	1,926,649	2,784,208	2,895,436	(111,228)
District Administration	1,748,213	2,152,168	1,657,483	494,685
School Administration	4,779,243	6,925,561	7,388,796	(463,235)
Business	1,973,012	2,922,366	2,976,046	(53,680)
Plant Operations and Maintenance	10,617,096	13,613,743	11,623,913	1,989,830
Student Transportation	8,835,735	7,866,147	6,660,524	1,205,623
Contingency	8,085,428	12,997,117		12,997,117
Total Expenditures	90,159,759	121,413,960	106,975,879	14,438,081
Revenues in Excess of (Less Than) Expenditures	(11,118,102)	(14,338,758)	2,668,300	17,007,058
Other Financing Sources (Uses)				
Proceeds from Sale of Fixed Assets	25,000	15,000	121,526	106,526
Transfers from Proprietary Funds	410,526	464,326	682,164	217,838
Operating Transfers	(212,518)		(1,018,452)	(1,018,452)
Total Other Financing Sources (Uses)	223,008	479,326	(214,762)	(694,088)
Revenues and Other Financing Sources in Excess of (Less Than) Expenditures and Other Financing Uses	(10,895,094)	(13,859,432)	2,453,538	16,312,970
Fund Balance-July 1, 2015	10,895,094	22,934,788	19,355,803	(3,578,985)
Fund Balance-June 30, 2016	$	$ 9,075,356	$ 21,809,341	$ 12,733,985

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WARREN COUNTY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE FOR THE SPECIAL REVENUE FUND
For the Year Ended June 30, 2016

	Budgeted Amounts			Variances-Favorable (Unfavorable)
	Original	Final	Actual	Final to Actual
Revenues				
Local and Intermediate Sources	$ 130,098	$ 70,252	$ 110,773	$ 40,521
State Programs	3,372,354	5,173,781	4,522,304	(651,477)
Federal Programs	6,839,761	6,868,122	6,449,970	(418,152)
Total Revenues	10,342,213	12,112,155	11,083,047	(1,029,108)
Expenditures				
Instruction	9,435,500	10,769,657	9,787,276	982,381
Support Services				
Student			91,686	(91,686)
Instructional Staff	55,411	200,730	127,587	73,143
School Administration	46,264	33,936		33,936
Business		8,869	60,260	(51,391)
Plant Operations and Maintenance	(116)		61,461	(61,461)
Student Transportation	184,024	114,326	104,004	10,322
Community Service	992,254	984,637	991,816	(7,179)
Total Expenditures	10,713,337	12,112,155	11,224,090	888,065
Revenues Less Than Expenditures	(371,124)		(141,043)	(141,043)
Other Financing Sources				
Operating transfers	224,658		311,330	311,330
Revenues and Other Financing Sources in Excess of (Less Than) Expenditures	(146,466)		170,287	170,287
Fund Balance-July 1, 2015			1,083,491	1,083,491
Fund Balance-June 30, 2016	$ (146,466)	$	$ 1,253,778	$ 1,253,778

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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

	2016	2015
District's portion of the net pension liability	0.6623%	0.6598%
District's proportionate share of the net pension liability	$ 28,477,069	$ 21,406,024
District's covered-employee payroll	$ 20,934,976	20,934,976
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	136.03%	102.25%
Plan fiduciary net position as a percentage of the total pension liability	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

	2016	2015
District's portion of the net pension liability	0.0000%	0.0000%
District's proportionate share of the net pension liability	0	0
Commonwealth's proportionate share of the net pension liability associated with the District	1.7907%	1.6782%
Commonwealth's proportionate share of the net pension liability associated with the District	$ 416,700,596	$344,848,397
Total	$ 416,700,596	$344,848,397
District's covered-employee payroll	$ 56,973,556	$ 54,229,865
District's proportionate share of the net pension liability	0	0
Commonwealth's proportionate share of the net pension liability as a percentage of the District's covered-employee payroll	731.39%	635.90%
Plan fiduciary net position as a percentage of the total pension liability	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

	2016	2015
Contractually required contribution	$ 1,977,491	$ 2,859,305
Contributions in relation to the contractually required contribution	(1,977,491)	(2,859,305)
	$ 0	$ 0
District's covered-employee payroll	$ 22,712,430	$ 20,934,976
Contributions as a percentage of covered-employee payroll	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

	2016	2015
Contractually required contribution	$ 0	$ 0
Contributions in relation to the contractually required contribution	0	0
	$ 0	$ 0
District's covered-employee payroll	$ 56,973,556	$ 54,229,865
Contributions as a percentage of covered-employee payroll	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, 2016

	Permanent Fund	District Activity	Total Nonmajor Governmental Funds
Assets			
Cash and Cash Equivalents	$ 268,749	$ 473,746	$ 742,495
Total Assets	$ 268,749	$ 473,746	$ 742,495
Liabilities and Fund Balances			
Liabilities			
Accounts Payable		$ 5,961	$ 5,961
Fund Balances			
Nonspendable			
Permanent Fund Principal	$ 268,749		268,749
Restricted			
Purchase Obligations		467,785	467,785
Total Fund Balances	268,749	467,785	736,534
Total Liabilities and Fund Balances	$ 268,749	$ 473,746	$ 742,495

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, 2016

	Permanent Fund	District Activity	Total Nonmajor Governmental Funds
Revenues			
Earnings on Investments	$ 2,600	$ 2,032	$ 4,632
Other		730,467	730,467
Total Revenues	2,600	732,499	735,099
Expenditures			
Instruction		560,629	560,629
Support Services			
Instructional Staff		114,633	114,633
Business	3,708		3,708
Student Transportation		14,196	14,196
Total Expenditures	3,708	689,458	693,166
Revenues in Excess of (Less Than) Expenditures	(1,108)	43,041	41,933
Other Financing Sources (Uses)			
Transfers Out	(12,399)		(12,399)
Net Changes in Fund Balances	(13,507)	43,041	29,534
Fund Balances July 1, 2015	282,256	424,744	707,000
Fund Balances June 30, 2016	$ 268,749	$ 467,785	736,534

See Independent Auditors' Report

WARREN COUNTY SCHOOL DISTRICT
COMBINING BALANCE SHEET
GOVERNMENTAL FUND-CAPITAL PROJECT FUNDS
June 30, 2016

	FSPK Fund	SEEK Fund	Construction Fund	Total Capital Project Funds
Assets				
Cash and Cash Equivalents	$ 195,302	$ 94,941	$ 8,446,689	$ 8,736,932
Total Assets	$ 195,302	$ 94,941	$ 8,446,689	$ 8,736,932
Liabilities and Fund Balances				
Liabilities				
Accounts Payable			$ 1,226,254	$ 1,226,254
Total Liabilities			1,226,254	1,226,254
Fund Balances				
Restricted				
Capital Projects and Purchase Obligations	$ 287,658	$ 94,941	7,220,435	7,603,034
Unassigned				
Unreserved	(92,356)			(92,356)
Total Fund Balances	195,302	94,941	7,220,435	7,510,678
Total Liabilities and Fund Balances	$ 195,302	$ 94,941	$ 8,446,689	$ 8,736,932

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, 2016

	FSPK Fund	SEEK Fund	Construction Fund	Total Capital Project Funds
Revenues				
From Local Sources				
Taxes - Property	$ 11,665,437			$ 11,665,437
Earnings on Investments			$ 23,371	23,371
Intergovernmental-State	2,240,763	$ 1,336,964		3,577,727
Total Revenues	13,906,200	1,336,964	23,371	15,266,535
Expenditures				
Facilities Acquisitions and Construction			19,465,601	19,465,601
Total Expenditures			19,465,601	19,465,601
Revenues in Excess of (Less Than) Expenditures	13,906,200	1,336,964	(19,442,230)	(4,199,066)
Other Financing Sources (Uses)				
Operating Transfers In			17,148,231	17,148,231
Operating Transfers Out	(13,710,898)	(1,336,964)		(15,047,862)
Total Other Financing Sources (Uses)	(13,710,898)	(1,336,964)	17,148,231	2,100,369
Net Changes in Fund Balances	195,302		(2,293,999)	(2,098,697)
Fund Balances July 1, 2015		94,941	9,514,434	9,609,375
Fund Balances June 30, 2016	$ 195,302	$ 94,941	$ 7,220,435	$ 7,510,678

See Independent Auditors' Report

WARREN COUNTY SCHOOL DISTRICT
COMBINING BALANCE SHEET
GOVERNMENTAL FUND-CAPITAL PROJECT FUNDS
CONSTRUCTION FUNDS
June 30, 2016

	GHS Athletics Construction	Cumberland Trace Construction	Warren Central Construction	Warren East Construction	Lost River Construction	Middle School Construction	Briarwood Addition Construction	Total Construction Funds
Assets								
Cash and Cash Equivalents		$ 6,583	$ 351,409	$ 7,773,035	$ 128,080	$ 191	$ 187,391	$ 8,446,689
Total Assets		$ 6,583	$ 351,409	$ 7,773,035	$ 128,080	$ 191	$ 187,391	$ 8,446,689
Liabilities and Fund Balances								
Liabilities								
Accounts Payable	$ 1,350	$ 20,000	$ 499,578	$ 705,326				$ 1,226,254
Total Liabilities	1,350	20,000	499,578	705,326				1,226,254
Fund Balances								
Restricted								
Capital Projects Purchase Obligations	(1,350)	(13,417)	(148,169)	7,067,709	$ 128,080	$ 191	$ 187,391	7,220,435
Total Fund Balances	(1,350)	(13,417)	(148,169)	7,067,709	128,080	191	187,391	7,220,435
Total Liabilities and Fund Balances		$ 6,583	$ 351,409	$ 7,773,035	$ 128,080	$ 191	$ 187,391	$ 8,446,689

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, 2016

	New Elementary Construction	NWES Field Construction	Cumberland Trace Construction	Warren Central Construction	Warren East Construction	GHS Athletics Construction	Lost River Construction	Middle School Construction	Briarwood Addition Construction	Total Construction Fund
Revenues										
Earnings on Investments			$ 318	$ 10,250	$ 11,128		$ 806	$ 27	$ 842	$ 23,371
Expenditures										
Facilities Acquisition & Construction	$ 4,650	$ 22,100	163,779	8,679,620	9,456,498	$ 10,999	138,928	949,928	39,099	19,465,601
Total Expenditures	4,650	22,100	163,779	8,679,620	9,456,498	10,999	138,928	949,928	39,099	19,465,601
Revenues Less Than Expenditures	(4,650)	(22,100)	(163,461)	(8,669,370)	(9,445,370)	(10,999)	(138,122)	(949,901)	(38,257)	(19,442,230)
Other Financing Sources										
Operating Transfers In		1,300	112,284	488,219	15,628,799	8,947		908,683		17,148,232
Total Other Financing Sources		1,300	112,284	488,219	15,628,799	8,947		908,683		17,148,232
Net Changes in Fund Balances			(51,177)	(8,181,151)	6,183,429	(2,052)	(138,122)	(41,218)	(38,257)	(2,293,998)
Fund Balances July 1, 2015			37,760	$ 8,032,982	910,433		266,202	41,409	225,648	9,514,434
Fund Balances June 30, 2016			$ (13,417)	$ (148,169)	$ 7,093,862	$ (2,052)	$ 128,080	$ 191	$ 187,391	$ 7,220,436

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, 2016

	Cash Balance 7/1/2015	Total Receipts	Total Disburse-ments	Cash Balance 6/30/2016	Accounts Receivable 6/30/2016	Accounts Payable 6/30/2016	Due To Students & Others 6/30/2016
High Schools							
Greenwood	$ 114,720	$ 291,266	$ 301,173	$ 104,813			$ 104,813
South Warren	81,570	434,136	415,057	97,249			97,249
Warren Central	90,055	165,477	186,903	68,629		$ 2,220	66,409
Warren East	98,599	249,598	270,973	77,224	$ 200	1,664	75,760
Middle Schools							
Drakes Creek	29,438	105,071	97,418	37,091			37,091
Henry F. Moss	7,549	43,063	44,136	6,476			6,476
South Warren	28,390	67,091	60,607	34,874			34,874
Warren East	39,757	27,290	52,699	14,348			14,348
Elementary Schools							
Alvaton	150	494	85	559			559
Briarwood	6,485	24,579	25,591	5,473			5,473
Bristow	1,031	7,259	3,801	4,489			4,489
Cumberland Trace	487	598	702	383			383
Jody Richards	805	3,571	2,925	1,451	120		1,571
Lost River	7,731	8,189	10,089	5,831			5,831
North Warren	3,992	12,755	12,567	4,180			4,180
Oakland	9,521	1,623	2,938	8,206		19	8,187
Plano	219	2,217	2,234	202			202
Rich Pond	4,493	10,388	7,955	6,926			6,926
Richardsville	9,300	28,750	29,340	8,710			8,710
Rockfield	5,191	8	4,878	321			321
Warren Elem.	1,102	4,985	3,733	2,354			2,354
William H. Natcher	1,099	907	819	1,187			1,187
Total	$ 541,684	$ 1,489,315	$ 1,536,623	$ 490,976	$ 320	$ 3,903	$ 487,393

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, 2016

	Cash Balance 7/1/2015	Receipts	Disburse-ments	Transfers	Cash Balance 6/30/2016	Accounts Receivable 6/30/2016	Accounts Payable 6/30/2016	Due To Students & Others 6/30/2016
General Fund	$ 1,344	$ 1,355	$ 1,650	$ 372	$ 1,421			$ 1,421
Interest Income	47	453	47	(453)				
AP Test	604		602		2			2
Co-op	415				415			415
Faculty Vending	523	2,783	3,257		49			49
Musical	5,865	29,676	26,532	(1,358)	7,651			7,651
PBIS	642	321	168		795			795
Prom	8,466	7,998	8,028		8,436			8,436
Student Council	3,567	9,881	9,738	(100)	3,610			3,610
Student Vending	1,378	4,010	3,773		1,615			1,615
Yearbooks	41				41			41
Academic Team Club		100	80		20			20
Anthology Club		1,514	629		885			885
Archery	854		80		774			774
Art Club	1,191	3,510	3,179	230	1,752			1,752
Band Club	2	238			240			240
BETA Club	448	4,498	4,658		288			288
Chess Club	92				92			92
Choir Club	4,734	10,279	13,583	1,319	2,749			2,749
Design Club	33				33			33
Drama Club	2,186	2,219	961	(92)	3,352			3,352
FBLA Club	1,832	13,282	12,091		3,023			3,023
FCA Club	393	1,077	1,312		158			158
FCCLA Club	1,519	9,737	8,312		2,944			2,944
FEA Club	537	134	276		395			395
FFA Club	3,646	50,071	47,046	1,534	8,205			8,205
Friends Club	142	1,298	70		1,370			1,370
GAPP Club	733		63		670			670
HOSA Club	278	1,122	1,042		358			358
International Club	672	2,694	2,971		395			395
NHS Club		5,334	4,821		513			513
OAR Club	940	12,289	11,517		1,712			1,712
Orchestra	292		215		77			77
SADD Club	487	1,573	1,090		970			970
S.C.E.C. Club	308	499	584		223			223

Continued

WARREN COUNTY SCHOOL DISTRICT
GREENWOOD HIGH SCHOOL ACTIVITY FUNDS
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND DUE TO STUDENTS
For the Year Ended June 30, 2016

	Cash Balance 7/1/2015	Receipts	Disburse-ments	Transfers	Cash Balance 6/30/2016	Accounts Receivable 6/30/2016	Accounts Payable 6/30/2016	Due To Students & Others 6/30/2016
Science Club	530	1,267	1,610		187			187
Spanish Club	413	4,034	3,822		625			625
STLP Club	515	625	421		719			719
YELP Club	273				273			273
Athletic Special	166	1,030	1,830	1,970	1,336			1,336
Baseball		6,123	5,750	278	651			651
Tournament	3,472	190	2,265	(1,397)				
Basketball -Boys	16,387	9,270	9,466	(7,343)	8,848			8,848
Basketball - Girls	6,786	7,963	11,884	(1,500)	1,365			1,365
Bowling - Boys			1,259	1,259				
Bowling - Girls			1,259	1,259				
Cheerleading		2,250	2,726	476				
Cross Country - Boys	876		1,454	578				
Cross Country - Girls	1,002		920		82			82
Football	21,131	28,830	27,405	(1,677)	20,879			20,879
Football Playoffs		5,719	10,684	4,965				
Golf - Boys			1,000	1,000				
Golf - Girls			990	990				
Hall of Fame	29			862	891			891
Soccer - Boys	3,306	4,674	4,047	(1,000)	2,933			2,933
Soccer - Girls	5,867	5,644	6,330	(1,000)	4,181			4,181
Girls District Soccer	696	306	75	(927)				
Softball		3,261	4,188	927				
Swimming - Boys			183	183				
Swimming - Girls			233	233				
Tennis - Boys			1,020	1,020				
Tennis - Girls			752	752				
Track - Boys	1,552	3,750	3,560	(913)	829			829
Track - Girls	1,572	3,750	3,560	(994)	768			768
Volleyball	1,264	3,256	3,993		527			527
English Dept		176			176			176
JROTC Dept	1,106	16,292	14,617		2,781			2,781
Math Dept		330			330			330
Newspaper Dept	57	161	299	81				
Photography Dept	178	401	407		172			172
Social Studies Dept		2,831	2,668		163			163
Voc. Ag. Dept	1,534			(1,534)				
Donations	1,797	1,188	2,121		864			864
Total	$ 114,720	$ 291,266	$ 301,173	$	$ 104,813	$	$	$104,813

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, 2016

	Cash Balance 7/1/2015	Receipts	Disburse-ments	Transfers	Cash Balance 6/30/2016	Accounts Receivable 6/30/2016	Accounts Payable 6/30/2016	Due To Students & Others 6/30/2016
General Fund	$ 1,371	$ 3,080	$ 547	$ (1,229)	$ 2,675			$ 2,675
Interest Income		415			415			415
Aviation		1,761	1,068		693			693
Faculty Vending	875	1,310	1,648	78	615			615
Musical	18,227	59,699	58,235	20	19,711			19,711
PBIS	48				48			48
Prom	1,909	17,994	14,362		5,541			5,541
Science Trips	162	10,550	10,513	300	499			499
Student Council	2,494	3,143	4,301	(605)	731			731
Student Vending	1,546	8,053	7,640	(273)	1,686			1,686
Academic Team Club	760	2,455	2,326		889			889
Art Club	1,532	522	67		1,987			1,987
BETA Club	5,366	12,021	11,885	(800)	4,702			4,702
Book Club		100			100			100
Choir Club	3,027	12,990	12,520	(60)	3,437			3,437
Club 14:23	10	11			21			21
Drama Club		930	816		114			114
Equality Club		190			190			190
Fashion Club	1,525	6,280	6,878	3,220	4,147			4,147
FBLA Club	55	8,676	9,363	740	108			108
FCA Club	106	140			246			246
FFCLA Club	123	3,214	2,617	(671)	49			49
FFA Club	4,026	27,052	29,189	145	2,034			2,034
History Club		48,250	47,186		1,064			1,064
KEY Club	153	1,415	1,568					
Kentucky Youth Assembly	37	4,860	4,926	29				
NHS Club	3	1,490	1,347		146			146
Orchestra		1,175	684	50	541			541
SCEC Club	680	4,728	2,239		3,169			3,169
Science Club	812	830	322		1,320			1,320
Spear-It	1,408	1,335	2,558		185			185
Speech Club	180	440	463		157			157
STLP Club	319	70			389			389
Athletic Special	2,639	24,830	20,866	(5,603)	1,000			1,000
Baseball	1,047	7,670	7,023	88	1,782			1,782
Basketball - Boys	1,948	8,876	7,743	(1,032)	2,049			2,049
Basketball - Girls	6,842	7,713	7,133		7,422			7,422
Bowling - Boys	580	3,488	3,285	(295)	488			488
Bowling - Girls	684	1,530	514	(250)	1,450			1,450
Cheerleading		800	800					
Cross Country	2,250		1,838	1,838	2,250			2,250
Football	3,169	33,979	33,126	(120)	3,902			3,902
Fourth Region AD	1,131	1,200	524	75	1,882			1,882
Regionals		53,756	53,087	(669)				

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, 2016

	Cash Balance 7/1/2015	Receipts	Disburse-ments	Transfers	Cash Balance 6/30/2016	Accounts Receivable 6/30/2016	Accounts Payable 6/30/2016	Due To Students & Others 6/30/2016
Soccer - Girls	2,474	3,707	5,128	(311)	742			742
Softball	1,373	5,330	4,067	(73)	2,563			2,563
Swimming	2,155	4,070	4,096	(39)	2,090			2,090
Swimming - Girls	1,000		753	953	1,200			1,200
Tennis - Girls	392		314	342	420			420
Track	362		344	400	418			418
Track - Girls	1,370		1,459	2,089	2,000			2,000
Art Dept.	894	3,517	2,440	(33)	1,938			1,938
Family Consumer Science		665	212	(252)	201			201
GAT Dept	1,302	2,655	420	(2,057)	1,480			1,480
Guidance Dept.	463	580	855	355	543			543
The Spartan Spoon	644	2,625	2,056	200	1,413			1,413
Voc. Ag. Dept	1,597	21,966	21,206	50	2,407			2,407
District Sweep Acct.	500		500					
Total	$ 81,570	$ 434,136	$ 415,057	$ (3,400)	$ 97,249	$	$	$ 97,249

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, 2016

	Cash Balance 7/1/2015	Receipts	Disburse-ments	Transfers	Cash Balance 6/30/2016	Accounts Receivable 6/30/2016	Accounts Payable 6/30/2016	Due To Students & Others 6/30/2016
General Fund	$ 3,521	$ 4,407	$ 6,045	$ 202	$ 2,085			$ 2,085
Interest Income		271		(271)				
AP Test		4,600	6,081	1,481				
Facility Rental		4,874	1,059	(1,746)	2,069			2,069
Faculty Vending	1,905	925	2,273		557			557
Fall Formal		450			450			450
KYCID		400			400			400
Prom	7,147	5,784	7,017		5,914			5,914
Student Council	656		540		116			116
Academic Team Club		200			200			200
Band Club	280		240		40			40
BETA Club	2,488	3,905	3,582		2,811			2,811
Biology Club	161				161			161
Bosnian Amer. Club	1,084	132	276		940			940
Chemistry Club	1,015	447	773		689			689
Chess Club	68				68			68
FBLA Club	461	1,814	1,274		1,001			1,001
FCA Club	486	651	1,206	69				
FCCLA Club	1,550	5,385	7,960	1,025				
FFA Club	8,283	11,566	15,260		4,589			4,589
Physics Un-Club	309	169	236		242			242
SCEC Club	255				255			255
Spanish Club	194	441			635			635
Speech and Debate Club		1,781	618	(1,163)				
STLP Club	1,400	280	489		1,191			1,191
Writer's Ink Club	719				719			719
Young Democrats	441			(441)				
Young Republicans	496		1,595	1,099				
Athletics Hall of Fame	1,950	750	851	(1,187)	662			662
Athletic Special	1,571	4,883	7,641	1,187				
Baseball	5,759	16,226	10,301		11,684			11,684
Basketball - Boys	11,016	15,526	16,223		10,319		$ 1,010	9,309
Basketball - Girls	1,610	8,463	7,600		2,473			2,473
Bowling - Boys	287	1,130	732		685			685
Bowling - Girls	235	1,102	317		1,020			1,020

Continued

WARREN COUNTY SCHOOL DISTRICT
WARREN CENTRAL HIGH SCHOOL ACTIVITY FUNDS
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND DUE TO STUDENTS - Continued
For the Year Ended June 30, 2016

	Cash Balance 7/1/2015	Receipts	Disburse-ments	Transfers	Cash Balance 6/30/2016	Accounts Receivable 6/30/2016	Accounts Payable 6/30/2016	Due To Students & Others 6/30/2016
Cheerleading	286	680	202		764			764
Cross Country	1,008		411	(300)	297			297
Football	19,988	22,805	36,087		6,706		1,210	5,496
Soccer - Boys	2,662	3,720	4,961		1,421			1,421
Soccer - Girls	1,864	4,474	6,105		233			233
Softball	955	14,878	15,155		678			678
Tennis - Boys	490		85	(215)	190			190
Tennis - Girls	524		85	(221)	218			218
Track	395	1,066	2,197	736				
Volleyball	2,240	4,275	5,955	(255)	305			305
Art Dept.	835	56	70		821			821
Global Learning Acad	321		150		171			171
JROTC Dept.	1,975	16,656	14,877		3,754			3,754
Music Dept.	992	305	374		923			923
Habitat for Humanity Chapter	173				173			173
Total	$ 90,055	$ 165,477	$ 186,903	$	$ 68,629	$ -	$ 2,220	$ 66,409

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, 2016

	Cash Balance 7/1/2015	Receipts	Disburse-ments	Transfers	Cash Balance 6/30/2016	Accounts Receivable 6/30/2016	Accounts Payable 6/30/2016	Due To Students & Others 6/30/2016
General Fund	$ 17,899	$ 5,910	$ 12,228	$ (447)	$ 11,134			$ 11,134
Interest Income		378			378			378
AP Test		90			90			90
Faculty Vending	1,272	2,649	1,393		2,528	$ 200	$ 217	2,511
Field Trips		110			110			110
Flower Fund		115			115			115
Musical	7,351	14,624	12,317	50	9,708			9,708
Smart Cards	184				184			184
Student Government	17	89	76		30			30
Student Rewards	1,654	4,068	4,393		1,329			1,329
Textbooks	1		1					
Yearbooks	29				29			29
Academic Team Club	364	732	430		666			666
Afro American Club	162				162			162
Art Club	71	5,834	4,966		939			939
Archery Club	541	2,915	2,328		1,128			1,128
Band Club	218	125			343			343
BETA Club	1,284	7,573	7,315		1,542			1,542
CEC Club	26				26			26
Choir Club	2,247	3,579	3,763		2,063			2,063
FBLA Club	1,476	5,023	5,841		658			658
FCA Club	316				316			316
FCCLA Club	289	7,726	7,871		144			144
FEA Club	2,079				2,079			2,079
FFA Club	2,052	58,432	57,721	196	2,959		1,382	1,577
International Club	3,963				3,963			3,963
KEY Club	10				10			10
Kentucky Youth Assembly	555	5,145	4,235		1,465			1,465
Math Club	3,683		2,578		1,105			1,105
NHS Club	708	475	648		535			535
PEP Club	318	1,310	1,684	250	194			194
PRIDE Club	439		85		354			354
Raider Graffiti		130		27	157			157
Science Club	1,183	470	567		1,086			1,086
STLP Club		104	151	47				
TSA Club	1				1			1
Athletic Camps		1,930	1,714		216			216
Athletic Special	4,407	8,517	15,581	4,897	2,240		30	2,210
Baseball	483	2,160	2,770	127				
Tournament		23,450	22,170	(1,000)	280			280
Basketball - Boys	2,205	8,574	9,877	(835)	67			67
Basketball - Girls	3,989	8,659	7,786	(860)	4,002			4,002
Bass Fishing	114	100	100		114			114
Bowling - Boys	815	5,938	5,820	(100)	833			833
Cheerleading	2,147	389	1,773	1,100	1,863			1,863
Cross Country			149	149				
Drill Team	191				191			191
Football	9,965	18,126	23,951	(3,308)	832			832
Golf			69	69				

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, 2016

	Cash Balance 7/1/2015	Receipts	Disburse-ments	Transfers	Cash Balance 6/30/2016	Accounts Receivable 6/30/2016	Accounts Payable 6/30/2016	Due To Students & Others 6/30/2016
Soccer - Boys	1,128	3,270	3,055	(40)	1,303			1,303
Soccer - Girls	766	3,444	2,284	(95)	1,831			1,831
Softball	651	2,540	3,733	542				
Softball - 4th Reg Tourn	750	9,609	9,667	(692)				
Tennis	632	101		(110)	623			623
Track			60	60				
Volleyball	2,107	4,259	5,520	(150)	696			696
Class Officers	995				995			995
Class of 2016	7,539	37	659	(6,917)				
Class of 2017		7,050	5,424	6,917	8,543			8,543
JROTC Dept.	3,675	10,455	13,306	(27)	797			797
Library Dept.	1,231		1,231					
Science Dept.	1				1			1
Renaissance-Donations	4,416	2,766	3,287	150	4,045		35	4,010
Warren East Conservation Club		618	396		222			222
Total	$ 98,599	$ 249,598	$ 270,973	$	$ 77,224	$ 200	$ 1,664	$ 75,760

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

WARREN COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2016

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	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	$ 4,665,430
School Breakfast Program	10.553	57605-05-Z, 57606-02-Z	1,809,890
USDA Reimbursement	10.550	N/A	18,803
Summer Food Service Program for Children	10.559	57405-23-Z, 56905-24-Z	29,422
Summer Food Service Program for Children	10.559	57405-23-Z, 56905-24-Z	17,512
Fresh Fruit and Vegetable Program	10.582	Grant #2154	1,320
Fresh Fruit and Vegetable Program	10.582	Grant #2154	28,088
Total Child Nutrition Cluster			6,570,465
US Department of Agriculture:			
Pass-through programs from:			
KY Dept of Agriculture:			
Commodity Supplemental Food Program	10.565	N/A	503,559
Total US Department of Agriculture			7,074,024
Department of Education			
Pass-through programs from:			
KY Dept of Education:			
Adult Education - Basic Grants to States	84.002	Grant# 371B	29,552
Adult Education - Basic Grants to States	84.002	Grant# 371A	20,170
Total Adult Education - Basic Grants to States			49,722
Special Education - Grants to States (IDEA, Part B)	84.027A	58104-02-Z, 58105-02-Z, 58106-02-Z	1,795,884
Special Education - Grants to States (IDEA, Part B)	84.027A	58104-02-Z, 58105-02-Z, 58106-02-Z	406,395
Special Education - Preschool Grants (IDEA Preschool)	84.173A	58705-02-Z, 58706-02-Z	200
Special Education - Preschool Grants (IDEA Preschool)	84.173A	58705-02-Z, 58706-02-Z	62,454
Total Special Education (IDEA) Cluster			2,264,933
Title I Grants to Local Educational Agencies (LEAs)	84.010A	35104-09-Z,35105-09-Z,35106-09-Z	996,223
Title I Grants to Local Educational Agencies (LEAs)	84.010A	35104-09-Z,35105-09-Z,35106-09-Z	1,934,411
Title I-Delinquent Children in LEA Operated Institutes	84.010A	Grant #314A	96,614
Title I-Delinquent Children in LEA Operated Institutes	84.010A	Grant #314A	32,583
Title I-Part C Migrant	84.011A	Grant #311A	49,823
Total Title I Grants to Local Educational Agencies (LEAs)			3,109,654
Title I-Neglected & Delinquent Children	84.013	Grant #3134	2,465
Title I-Neglected & Delinquent Children	84.013	Grant #3134	156
Total Title I-Neglected & Delinquent Children			2,621
Career and Technical Education - Basic Grants to States (Perkins IV)	84.048	46206-10-Z, 46205-32-Z, 46206-32-Z	418
Career and Technical Education - Basic Grants to States (Perkins IV)	84.048	46206-10-Z, 46205-32-Z, 46206-32-Z	4,231
Career and Technical Education - Basic Grants to States (Perkins IV)	84.048	46206-10-Z, 46205-32-Z, 46206-32-Z	2,220
Career and Technical Education - Basic Grants to States (Perkins IV)	84.048	46206-10-Z, 46205-32-Z, 46206-32-Z	125,817
Career and Technical Education - Basic Grants to States (Perkins IV)	84.048	46206-10-Z, 46205-32-Z, 46206-32-Z	156
Total Career and Technical Education - Basic Grants to States (Perkins IV)			132,842
Title III - English Language Acquisition Grants	84.365A	52005-02-Z, 52006-02-Z	53,341
Title III - English Language Acquisition Grants - Immigrant	84.365A	52005-02-Z, 52006-02-Z	178,992
Total Title III - English Language Acquisition Grants			232,333
Title II - Improving Teacher Quality State Grants	84.367A	71005-02-Z, 71006-02-Z, 71004-03-Z	48,900
Title II - Improving Teacher Quality State Grants	84.367A	71005-02-Z, 71006-02-Z, 71004-03-Z	347,209
Total Title II - Improving Teacher Quality State Grants			396,109
Total Department of Education			6,188,214

Continued

WARREN COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2016

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
Department of Health and Human Services			
Pass-through programs from:			
Catholic Charities of Louisville			
Refugee Children Impact and Support	93.576	90ZE0175/01	32,169
Total Department of Health and Human Services			32,169
Corporation for National and Community Service:			
US Department of Defense:			
ROTC Language and Culture Training Grants	12.357	Grant# 504A	119,439
Total Corporation for National and Community Service			119,439
Total Expenditures of Federal Awards			$ 13,413,846

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, 2016

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, 2016. 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
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502 585 1600

Strothman+Co

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, 2016, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 14, 2016.

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 11, 2016

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

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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, 2016. 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, 2016.

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.

Stuart and Company PSC
Louisville, Kentucky
November 11, 2016

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Schedule of Findings and Questioned Costs

Warren County School District

Year Ended June 30, 2016

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 relating 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 programs are reported.

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

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 programs tested as major programs include:

Federal Grantor/Program Title	CFDA Number
US Department of Education:	
Passed Through Kentucky Department of Education:	
Title I Grants to Local Educational Agencies (LEAs)	84.010A
Title I Grants to Local Educational Agencies (LEAs)	84.010A
Title I Grants to Local Educational Agencies (LEAs)	84.010A
Title I-Delinquent Children in LEA Operated Institutes	84.010A
Title I-Delinquent Children in LEA Operated Institutes	84.010A
Title II - Improving Teacher Quality State Grants	84.367A

8. The threshold used for distinguishing Types A programs was $381,239.

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

Continued

Warren County School District

Year Ended June 30, 2016

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, 2016

Section II--Findings – Financial Statement Audit

There were no findings related to the financial statements which were required to be reported in accordance with *Government Auditing Standards*.

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

There were no findings or questioned costs related to the major federal programs which were required to be reported in accordance with the Uniform Guidance**.**