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

2014

Warren County School District

June 30, 2014



Strothman+Co

WARREN COUNTY SCHOOL DISTRICT
FINANCIAL STATEMENTS
TABLE OF CONTENTS
June 30, 2014

Independent Auditors' Report 1

Management's Discussion and Analysis (Unaudited) 4

District-Wide Financial Statements

Statement of Net Position 12

Statement of Activities 13

Fund Financial Statements

Balance Sheet – Governmental Funds 15

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

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

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

Statement of Net Position – Proprietary Funds 20

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

Statement of Cash Flows – Proprietary Funds 22

Statement of Fiduciary Net Position – Fiduciary Funds 23

Statement of Changes in Fiduciary Net Position – Fiduciary Funds 24

Notes to Financial Statements 25

Required Supplementary Information

Budgetary Comparison Schedule for the General Fund 45

Budgetary Comparison Schedule for the Special Revenue Fund 47

WARREN COUNTY SCHOOL DISTRICT
FINANCIAL STATEMENTS
TABLE OF CONTENTS
June 30, 2014

Other Supplementary Information

Combining Balance Sheet – Nonmajor Governmental Funds 48

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds..... 49

Combining Balance Sheet - Governmental Fund – Capital Project Funds 50

Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Fund – Capital Project Funds 51

Combining Balance Sheet Governmental Fund – Capital Project Funds – Construction Funds 52

Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Fund – Capital Project Funds – Construction Funds 53

Combining Statement of Receipts, Disbursements and Due to Students School Activity Funds (Agency Funds) 54

Greenwood High School Activity Funds – Schedule of Receipts, Disbursements and Due to Students 55

South Warren High School Activity Funds – Schedule of Receipts, Disbursements and Due to Students .. 57

Warren Central High School Activity Funds – Schedule of Receipts, Disbursements and Due to Students. 59

Warren East High School Activity Funds – Schedule of Receipts, Disbursements and Due to Students 61

Schedule of Expenditures of Federal Awards 63

Notes to Schedule of Expenditures and Federal Awards 65

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* 66

Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133..... 68

Schedule of Findings and Questioned Costs 70

Schedule of Prior Audit Findings 72

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

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, 2014 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, 2014, 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 and the budgetary comparison information on pages 45 through 47 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 combining nonmajor fund financial statements on pages 48 through 53 and agency funds financial information on pages 54 through 62 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organization*s, and is also not a required part of the basic financial statements.

The combining nonmajor fund financial statements, agency funds financial 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 combining nonmajor fund financial statements, agency funds financial 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 7, 2014, 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* and should be considered in assessing the results of our audit.

Strothman and Company PSC

Louisville, Kentucky
November 7, 2014

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, 2014. The intent of this discussion and analysis is to review the District's financial performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the District's financial performance.

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

Financial Highlights

- In total, net position increased $4,509,052. The Net Position of governmental activities increased by $4,219,003, while the net position of business-type activity increased by $290,049 and total assets decreased by $3,729,684 due primarily to nominal asset additions compared to depreciation expense. However, total liabilities decreased significantly as a result of scheduled bond payments thereby resulting in a gain in net position.

- General revenues accounted for $94,459,577 or 75% of all governmental revenues. Program specific revenues in the form of operating grants and contributions accounted for $31,722,110 or 25% of total governmental revenues of $126,181,687.

- Total assets, of governmental activities, declined by $3,729,684. "Capital Assets" decreased by $5,701,335. This is a result of depreciation, along with, no major construction projects being booked in 2014. Unlike the previous years, the District did not place a new facility into operation in 2014. However, "Current and Other Assets", increased by $1,971,651 in 2014. The increase correlates to cash as a result of the property tax rate increase and capital outlay transfer.

- The District had $122,373,605 in expenses relating to governmental activities; of which $31,722,110, 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 2014?" 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	
	2014	2013	2014	2013	2014	2013
Assets						
Current and Other Assets	$ 18,538,225	$ 17,352,419	$ 2,883,181	$ 2,097,336	$ 21,421,406	$ 19,449,755
Capital Assets	222,087,786	227,253,413	13,513,403	14,049,111	235,601,189	241,302,524
Total Assets	$ 240,626,011	$ 244,605,832	$ 16,396,584	$ 16,146,447	$ 257,022,595	$ 260,752,279
Deferred Outflows of Resources	$ 760,464	$ 564,309			$ 760,464	$ 564,309
Liabilities						
Long-Term Liabilities	$ 124,332,206	$ 131,742,688	$ 34,154	$ 64,697	$ 124,366,360	$ 131,807,385
Other Liabilities	12,465,348	13,057,535	94,684	104,053	12,560,032	13,161,588
Total Liabilities	$ 136,797,554	$ 144,800,223	$ 128,838	$ 168,750	$ 136,926,392	$ 144,968,973
Net Position						
Invested in Capital Assets, Net of Debt	$ 94,169,956	$ 92,222,178	$ 13,513,403	$ 14,049,111	$ 107,683,359	$ 106,271,289
Restricted	2,141,479	2,340,220	2,754,343	1,928,586	4,895,822	4,268,806
Unrestricted	8,277,486	5,807,520			8,277,486	5,807,520
Total Net Position	$ 104,588,921	$ 100,369,918	$ 16,267,746	$ 15,977,697	$ 120,856,667	$ 116,347,615

(Table 2)
Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Program Revenues:						
Charges for Services	$ 133,325	$ 164,350	$ 2,618,691	$ 2,634,781	$ 2,752,016	$ 2,799,131
Operating Grants/Contribution	31,588,785	31,015,612	6,373,107	5,888,021	37,961,892	36,903,633
Capital Grants/Contributions						
General Revenues:						
Taxes	45,909,126	43,413,916			45,909,126	43,413,916
State Aid-Formula Grants	47,457,722	48,992,399	82,076		47,539,798	48,992,399
Investment Earnings	120,772	57,646	8,983	5,305	129,755	62,951
Miscellaneous	971,957	671,688			971,957	671,688
Capital Contributions - District Support				43,783		43,783
Transfer from Proprietary Funds	410,921	387,477			410,921	387,477
State On-Behalf Payments						
Total Revenue and Transfers	126,592,608	124,703,088	9,082,857	8,571,890	135,675,465	133,274,978
Program Expenses						
Instruction	77,723,434	79,401,348			77,723,434	79,401,348
Support Services:						
Student	5,589,975	4,885,939			5,589,975	4,885,939
Instructional Staff	2,498,328	2,424,046			2,498,328	2,424,046
District Administration	1,858,592	1,342,169			1,858,592	1,342,169
School Administration	5,698,718	5,299,793			5,698,718	5,299,793
Business	2,383,359	2,411,799			2,383,359	2,411,799
Plant Operations/Maintenance	11,250,859	9,027,360			11,250,859	9,027,360
Student Transportation	8,331,717	8,818,132			8,331,717	8,818,132
Central Office						
Community Services	1,065,442	994,728			1,065,442	994,728
Other		(22,596)				(22,596)
Day Care			135,912	149,517	135,912	149,517
Interest on Long-Term Debt	5,287,873	5,970,988			5,287,873	5,970,988
Facilities Acquisition &	18,633	73,135			18,633	73,135
Bond Issuance Costs	632,196	143,954			632,196	143,954
Food Service			8,656,896	8,744,238	8,656,896	8,744,238
Loss on Sale/Disposal of Assets	34,479	94,706			34,479	94,706
Total Expenses and Transfers	122,373,605	120,865,501	8,792,808	8,893,755	131,166,413	129,759,256
Increase (Decrease) in Net Position	$ 4,219,003	$ 3,837,587	290,049	(321,865)	$ 4,509,052	3,515,722

Governmental Activities

Governmental program expenses are broken down as follows: Instruction 63.51%, Support Services 31.61%, and 4.88% 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 $20,489,978 that relates to the 2014 State On-Behalf Payments.

(Table 3)
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2014	2013	2014	2013
Instruction	$ 77,723,434	$ 79,401,348	$ 53,627,239	$ 55,502,574
Support Services	38,676,990	35,203,966	32,290,456	29,275,476
Other		(22,596)		(22,596)
Facilities Acquisition/Construction	18,633	73,135	(407,740)	(316,995)
P&I on Long-Term Debt	5,287,873	5,970,988	4,474,865	5,008,420
Bond Issuance Costs	632,196	143,954	632,196	143,954
Loss on Sale/Disposal of Assets	34,479	94,706	34,479	94,706
Total Expenses	$ 122,373,605	$ 120,865,501	$ 90,651,495	$ 89,685,539

Business-Type Activities

The business-type activities are food service and day care. These programs had revenues of $9,082,857 and expenses of $8,792,808 for fiscal year 2014. Of the revenues, $2,618,691 related to charges for services, $6,455,183 was from State and Federal grants, $8,983 was from investment earnings, and there was no capital contributions by the District. Business activities receive no support from tax revenues. The District will continue to monitor the charges and costs of these activities. If it becomes necessary, the District will increase the charges for these activities.

The District's Funds

Information about the District's major funds starts on page 12. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of $127,788,861 and expenditures and other financing uses of $126,188,777. The net change in total fund balances was $1,600,084 from fiscal year 2013 to 2014. This is attributable to an increase in accounts receivable, inventory and a reduction in liabilities.

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 $79,041,657 with actual amounts totaling $80,427,963. Budgeted expenditures were $82,074,331 (not including a contingency budget of $8,085,428) compared to actual expenditures of $80,206,862. Budgeted "Other Financing Sources and Uses" reflected a net financing source of $223,009 compared to an actual net financing source of $1,248,357. In total, an expected decrease in the General Fund balance of $2,809,665 was budgeted compared to an actual net increase of $1,469,458.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2014 the District had $235,601,189 invested in capital assets (see Table 4 below), $222,087,786 being in governmental activities. Table 4 shows fiscal year 2014 balances compared to 2013.

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

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	$ 8,858,365	$ 8,630,928			$ 8,858,365	$ 8,630,928
Land Improvements	12,827,873	13,622,081			12,827,873	13,622,081
Buildings and Improvements	185,676,501	190,518,637	$ 11,598,662	$ 11,908,423	197,275,163	202,427,060
Technology	3,001,164	4,012,518	29,842	43,554	3,031,006	4,056,072
Vehicles	4,858,108	3,486,799			4,858,108	3,486,799
Equipment	6,164,254	6,876,673	1,884,899	2,097,134	8,049,153	8,973,807
Construction in Progress	701,521	105,777			701,521	105,777
Total	$ 222,087,786	$ 227,253,413	$ 13,513,403	$ 14,049,111	$ 235,601,189	$ 241,302,524

Debt

At June 30, 2014 the District had $127,917,830 in bonds outstanding, of this amount $4,697,771 are to be paid from the KSFCC funding provided by the State of Kentucky. A total of $8,536,000 is due within one year. At June 30, 2013, the District had $135,269,000 in bonds outstanding, of this amount $4,900,260 were to be paid from KSFCC funding.

The net change during 2014 fiscal year was primarily due to the structured principal payments.

District Challenges for the Future

The Warren County Public School system (District) is the sixth largest district within the State serving in excess of 14,000 students. The District has grown from a K-12 student membership of 10,923 in 2003 to 14,001 in 2014. This equates to a 28.18% growth in only eleven 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 six distinguished schools and seven proficient schools. 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 next challenge relates to the mandates prescribed in Senate Bill 1 otherwise known as Unbridled Learning. The Bill is intended to ensure every student reaches his/her learning potential and graduates from high school college and/or career ready. The mandates of Unbridled Learning continue to increase putting additional stress and responsibilities on teachers and administrators working to guarantee that students continue on their path to becoming college and/or career ready.

This year our biggest challenge with Senate Bill 1 has been the implementation of the Teacher and Principal Professional Growth and Effectiveness System. This system is designed to measure teacher and principal effectiveness and serve as a catalyst for professional growth and continuous improvement. Implementation of this system has required many additional hours of training and observations and the development of a new district certified evaluation plan.

The population of English Learners (ELs) in the District has grown approximately 117% since 2005, with identified ELs numbering 632 in 04-05 academic year and 1371 at the conclusion of the 13-14 academic year. Forty-eight percent (48%) of the overall growth has been in the last 5 years. The EL student population currently represents 11% of the District student population, and our students come to the District from 30 countries and speak 50 languages and distinct dialects. These students face very significant language and content challenges, and our administrators and teachers face the challenges of meeting 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. The 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 they require. 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 2014, the District's real estate tax rate ranked as the 145th 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.

The net general fund SEEK allocation per average daily attendance is projected to decline from a high of $3,540 in fiscal year 2009 to $3,447 in 2014. The dollars allocated by the State for Flexible Focus Funds (Preschool, Extended School Services, Gifted & Talented, Professional Development and Textbooks) have declined from $2.65 million in 2007 to $2.01 million in 2014. Furthermore, the District too has incurred an additional .50% increase in pension liability due to the mandated increase in KTRS contribution. This percentage will increase by .75% in fiscal year 2015 thereby reducing the additional resources generated by the 4% property tax increase.

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 Willie McElroy, Treasurer at Warren County Board of Education, 303 Lovers Lane, P.O. Box 51810, Bowling Green, KY 42102-6810 or email at willie.mcelroy@warren.kyschools.us

DISTRICT-WIDE FINANCIAL STATEMENTS

WARREN COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2014

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and Cash Equivalents	$ 15,073,412	$ 2,542,219	$ 17,615,631
Accounts and Grants Receivable			
from Outside Sources, net			
Taxes	1,179,408		1,179,408
Other	973,356	163,386	1,136,742
Grants	309,729		309,729
Inventory	390,729	177,576	568,305
Prepaid Expenses	611,591		611,591
Nondepreciated Capital Assets	9,559,886		9,559,886
Depreciable Capital Assets	302,052,644	19,792,100	321,844,744
Less: Accumulated Depreciation	(89,524,744)	(6,278,697)	(95,803,441)
Total Assets	$ 240,626,011	$ 16,396,584	$ 257,022,595
Deferred Outflows of Resources			
Deferred savings from refunding bonds	$ 1,541,294		$ 1,541,294
Less: Accumulated Amortization	(780,830)		(780,830)
Total Deferred Outflows of Resources	$ 760,464		$ 760,464
Liabilities			
Accounts Payable	$ 634,729	$ 10,194	$ 644,923
Accrued Liabilities	1,194,386		1,194,386
Unearned Grant Revenue	534,970	61,720	596,690
Accrued Interest	875,473		875,473
Long-Term Obligations			
Due Within One Year			
Bond Obligations	8,536,000		8,536,000
Estimated Liability to Multi-Employer			
Insurance Trust	147,130	22,770	169,900
Compensated Absences	542,660		542,660
Due Beyond One Year			
Bond Obligations	119,381,830		119,381,830
Estimated Liability to Multi-Employer			
Insurance Trust	220,694	34,154	254,848
Compensated Absences	4,729,682		4,729,682
Total Liabilities	$ 136,797,554	$ 128,838	$ 136,926,392
Net Position			
Net investment in Capital Assets	$ 94,169,956	$ 13,513,403	$ 107,683,359
Restricted for			
Capital Projects	231,225		231,225
Purchase Obligations	453,181		453,181
SBDM	452,227		452,227
Technology Purposes	471,105		471,105
Debt service	533,741		533,741
Day Care		10,708	10,708
Food service		2,743,635	2,743,635
Unrestricted	8,277,486		8,277,486
Net Position	$ 104,588,921	$ 16,267,746	$ 120,856,667

See Accompanying Notes to Financial Statements

WARREN COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2014

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	$ 77,723,434	$ 51,325	$ 24,044,870	$ (53,627,239)		$ (53,627,239)
Support Services						
Student	5,589,975		1,365,374	(4,224,601)		(4,224,601)
Instructional Staff	2,498,328		634,289	(1,864,039)		(1,864,039)
District Administration	1,858,592		108,964	(1,749,628)		(1,749,628)
School Administration	5,698,718		1,323,445	(4,375,273)		(4,375,273)
Business	2,383,359		484,535	(1,898,824)		(1,898,824)
Plant Operations & Maintenance	11,250,859	82,000	425,619	(10,743,240)		(10,743,240)
Student Transportation	8,331,717		900,202	(7,431,515)		(7,431,515)
Community Services	1,065,442		1,062,106	(3,336)		(3,336)
Facilities Acquisition & Construction	18,633		426,373	407,740		407,740
Interest on Long-term Debt	5,287,873		813,008	(4,474,865)		(4,474,865)
Bond Issuance Cost	632,196			(632,196)		(632,196)
Loss on Disposal of Assets	34,479			(34,479)		(34,479)
Total Governmental Activities	122,373,605	133,325	31,588,785	(90,651,495)		(90,651,495)

Continued

WARREN COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES - Continued
For the Year Ended June 30, 2014

		Program Revenues		Net (Expense) Revenue		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Business-type Activities						
Food Services	8,656,896	2,493,179	6,355,767		$ 192,050	192,050
Day Care	135,912	125,512	17,340		6,940	6,940
Total Business-type Activities	8,792,808	2,618,691	6,373,107		198,990	198,990
Total School District	$ 131,166,413	$ 2,752,016	$ 37,961,892	(90,651,495)	198,990	(90,452,505)
General Revenues						
Taxes						
Property				28,415,360		28,415,360
Motor Vehicle				3,229,195		3,229,195
Utilities				6,292,541		6,292,541
Occupational				7,710,800		7,710,800
Other				261,230		261,230
State Aid				47,457,722	82,076	47,539,798
Investment Earnings				120,772	8,983	129,755
Other				971,957		971,957
Total General Revenues				94,459,577	91,059	94,550,636
Transfers						
From Proprietary Funds				410,921		410,921
Total General Revenues and Transfers				94,870,498	91,059	94,961,557
Change in Net Position				4,219,003	290,049	4,509,052
Net Position - Beginning of Year				100,369,918	15,977,697	116,347,615
Net Position - End of Year				$ 104,588,921	$ 16,267,746	$ 120,856,667

See Accompanying Notes to Financial Statements

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

WARREN COUNTY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2014

	Major Funds			Nonmajor Funds	
	General Fund	Special Revenue Fund	Capital Project Funds	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and Cash Equivalents	$ 12,223,071	$ 1,500,534	$ 450,625	$ 899,182	$ 15,073,412
Accounts and Grants Receivable from Outside Sources, net					
Taxes	1,179,408				1,179,408
Other	973,356				973,356
Grants		309,729			309,729
Inventory	390,729				390,729
Prepaid Expenses	611,591				611,591
Total Assets	$ 15,378,155	$ 1,810,263	$ 450,625	$ 899,182	$ 18,538,225
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	$ 223,904	$ 289,839	$ 45,315	$ 75,671	$ 634,729
Accrued Liabilities	1,214,853				1,214,853
Unearned Grant Revenue		534,970			534,970
Total Liabilities	1,438,757	824,809	45,315	75,671	2,384,552
Fund Balances					
Nonspendable					
Prepaids	606,294				606,294
Inventories	390,729				390,729
Permanent Fund Principal				289,770	289,770
Restricted					
Capital Projects			231,225		231,225
Technology Purposes		471,105			471,105
Purchase Obligations		363,882	89,299		453,181
Debt Service				533,741	533,741
Committed					
SBDM Carryforward	452,227				452,227
Sick Leave Payable	522,192				522,192
Estimated Liability to Multi-Employer Insurance Trust	367,824				367,824
Assigned					
Encumbrances	563,005	150,467	84,786		798,258
Unassigned	11,037,127				11,037,127
Total Fund Balances	13,939,398	985,454	405,310	823,511	16,153,673
Total Liabilities and Fund Balances	$ 15,378,155	$ 1,810,263	$ 450,625	$ 899,182	$ 18,538,225

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, 2014

Total Fund Balances - Governmental Funds		$ 16,153,673
Amounts reported for governmental activities in the 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 $311,612,530 and the accumulated depreciation is $89,524,744		222,087,786
Deferred savings from refunding bonds that are not financial resources and therefore are not reported as assets in the governmental funds balance sheet.		760,464
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	(127,917,830)
	Accrued Interest	(875,473)
	Estimated Liability to Multi-Employer Insurance Trust	(367,824)
	Compensated Absences	(5,251,875)
Total Net Position - Governmental Activities		$ 104,588,921

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, 2014

	Major Funds			Nonmajor Funds	
	General Fund	Special Revenue Fund	Capital Project Funds	Other Governmental Funds	Total Governmental Funds
Revenues					
From Local Sources					
Taxes					
Property	$ 17,638,874		$ 10,776,486		$ 28,415,360
Motor Vehicle	3,229,195				3,229,195
Utilities	6,292,541				6,292,541
Occupational License	7,710,800				7,710,800
Other	261,230				261,230
Tuition and Fees	51,325				51,325
Earnings on Investments	79,205	$ 4,109	1,479	$ 41,567	126,360
Other Local Revenues	906,560	188,995			1,095,555
Intergovernmental - State	63,384,798	3,621,939	3,324,999	615,455	70,947,191
Intergovernmental - Federal	125,510	7,282,286		622,447	8,030,243
Total Revenues	99,680,038	11,097,329	14,102,964	1,279,469	126,159,800
Expenditures					
Instruction	61,243,794	10,074,786			71,318,580
Support Services					
Student	5,514,393	85,626			5,600,019
Instructional Staff	2,428,643	62,360			2,491,003
District Administration	1,861,942				1,861,942
School Administration	5,680,038	39,678			5,719,716
Business	2,327,360	48,991		3,113	2,379,464
Plant Operations and Maintenance	11,136,687	11,575			11,148,262
Student Transportation	9,266,080	132,710			9,398,790
Community Services		1,062,106			1,062,106

Continued

WARREN COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS - Continued
For the Year Ended June 30, 2014

	Major Funds			Nonmajor Funds	
	General Fund	Special Revenue Fund	Capital Project Funds	Other Governmental Funds	Total Governmental Funds
Debt Service					
Principal				8,594,000	8,594,000
Interest and Other Charges				5,368,322	5,368,322
Bond Issuance Cost				632,196	632,196
Facilities Acquisition and Construction			614,377		614,377
Total Expenditures	99,458,937	11,517,832	614,377	14,597,631	126,188,777
Revenues in Excess of (Less Than) Expenditures	221,101	(420,503)	13,488,587	(13,318,162)	(28,977)
Other Financing Sources (Uses)					
Proceeds from Issuance of Bonds				33,470,000	33,470,000
Refunded School Building Revenue Bonds				(27,245,000)	(27,245,000)
Premium on Bonds Sold				1,515,712	1,515,712
Payments to Bond Escrow Agent				(6,544,459)	(6,544,459)
Proceeds from Sale of Equipment	21,887				21,887
Propriety Fund Transfers	410,921				410,921
Operating Transfers	815,549	201,572	(13,344,485)	12,327,364	
Total Other Financing Sources (Uses)	1,248,357	201,572	(13,344,485)	13,523,617	1,629,061
Net Change in Fund Balances	1,469,458	(218,931)	144,102	205,455	1,600,084
Fund Balances - July 1, 2013	12,469,940	1,204,385	261,208	618,056	14,553,589
Fund Balances - June 30, 2014	$ 13,939,398	$ 985,454	$ 405,310	$ 823,511	$ 16,153,673

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, 2014

Total Net Change in Fund Balances - Governmental Funds	$	1,600,084
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the 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.		(5,131,148)
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 statement of activities. The difference between the cost and accumulated depreciation of assets sold net to this amount for the fiscal year.		(34,479)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		8,594,000
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the 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 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 refunding.		(1,196,253)
Expenditures reported in the fund financial statements are recognized when the current financial resource is used. However, expenses in the statement of activities are recognized when they are incurred.		386,799
Total Change in Net Position of Governmental Activities	$	4,219,003

See Accompanying Notes to Financial Statements

PROPRIETARY FUNDS FINANCIAL STATEMENTS

WARREN COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2014

	Enterprise Funds		
	Food Services	**Day Care**	**Total**
Assets			
Current Assets			
Cash and Cash Equivalents	$ 2,531,511	$ 10,708	$ 2,542,219
Accounts and Grants Receivable	163,386		163,386
Inventories for Consumption	177,576		177,576
Total Current Assets	2,872,473	10,708	2,883,181
Non-Current Assets			
Capital Assets - Net of Accumulated Depreciation	13,513,166	237	13,513,403
Total Assets	$ 16,385,639	$ 10,945	$ 16,396,584
Liabilities and Net Position			
Current Liabilities			
Accounts Payable	$ 10,194		$ 10,194
Unearned Revenue	61,720		61,720
Estimated Liability to Multi-Employer Insurance Trust	22,770		22,770
Total Current Liabilities	94,684		94,684
Long-Term Liabilities			
Estimated Liability to Multi-Employer Insurance Trust	34,154		34,154
Total Long-Term Liabilities	34,154		34,154
Net Position			
Net Investment in Capital Assets	13,513,166	$ 237	13,513,403
Restricted for Day Care		10,708	10,708
Restricted for Food Service	2,743,635		2,743,635
Total Net Position	16,256,801	10,945	16,267,746
Total Liabilities and Net Position	$ 16,385,639	$ 10,945	$ 16,396,584

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, 2014

	Enterprise Funds		
	Food Services	**Day Care**	**Total**
Operating Revenues			
Lunchroom Sales	$ 2,477,920		$ 2,477,920
Tuition and Fees		$ 125,512	125,512
Other Operating Revenue	15,259		15,259
Total Operating Revenues	2,493,179	125,512	2,618,691
Operating Expenses			
Salaries and Wages	3,597,181	121,923	3,719,104
Contract Services	280,782		280,782
Materials and Supplies	3,818,016	12,773	3,830,789
Other Operating Expenses	361,528	900	362,428
Depreciation Expense	589,580	316	589,896
Total Operating Expenses	8,647,087	135,912	8,782,999
Operating Loss	(6,153,908)	(10,400)	(6,164,308)
Non-Operating Revenues (Expenses)			
State Grants	598,876	17,340	616,216
Federal Grants	5,343,872		5,343,872
Donated Commodities	495,095		495,095
Interest Revenue	8,983		8,983
Loss on Disposal of Assets	(9,809)		(9,809)
Total Non-Operating Revenues (Expenses)	6,437,017	17,340	6,454,357
Change in Net Position	283,109	6,940	290,049
Total Net Position - July 1, 2013	15,973,692	4,005	15,977,697
Total Net Position - June 30, 2014	$ 16,256,801	$ 10,945	$ 16,267,746

See Accompanying Notes to Financial Statements

WARREN COUNTY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2014

	Enterprise Funds		
	Food Services	**Day Care**	**Total**
Cash Flows from Operating Activities			
Cash Received from User Charges	$ 2,854,986	$ 125,512	$ 2,980,498
Cash Received from Other Operating Revenues	15,259		15,259
Cash Payments to Employees for Services	(3,131,285)	(104,583)	(3,235,868)
Cash Payments for Contract Services	(280,782)		(280,782)
Cash Payments to Suppliers for Goods and Services	(3,328,477)	(12,773)	(3,341,250)
Cash Payments for Other Operating Expenses	(361,528)	(900)	(362,428)
Net Cash Provided by (Used in) Operating Activities	(4,231,827)	7,256	(4,224,571)
Cash Flows from Noncapital Financing Activities			
Grants Received	5,425,948		5,425,948
Cash Flows from Capital and Related Financing Activities			
Acquisition of Capital Assets	(63,997)		(63,997)
Cash Flows from Investing Activities			
Interest on Investments	8,983		8,983
Net Increase in Cash and Cash Equivalents	1,139,107	7,256	1,146,363
Cash and Cash Equivalents - July 1, 2013	1,392,404	3,452	1,395,856
Cash and Cash Equivalents - June 30, 2014	$ 2,531,511	$ 10,708	$ 2,542,219
Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities			
Operating Loss	$ (6,153,908)	$ (10,400)	$ (6,164,308)
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used in) Operating Activities:			
Depreciation	589,580	316	589,896
Commodities Used	495,095		495,095
On-Behalf Payments Received	516,800	17,340	534,140
Changes in Assets and Liabilities:			
Receivables	375,118		375,118
Inventories	(14,600)		(14,600)
Accounts Payable	9,044		9,044
Unearned Revenue	1,948		1,948
Accrued benefits	(50,904)		(50,904)
Net Cash Provided by (Used in) Operating Activities	$ (4,231,827)	$ 7,256	$ (4,224,571)

Noncash Activities:

The Food Service Fund received $495,095 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 $534,140 provided by state government.

See Accompanying Notes to Financial Statements

FIDUCIARY FUNDS FINANCIAL STATEMENTS

WARREN COUNTY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2014

	Private Purpose Trust Fund	Agency Funds
Assets		
Cash and Cash Equivalents	$ 7,708	$ 971,259
Investments	44,147	
Accounts Receivable		10,960
Total Assets	$ 51,855	$ 982,219
Liabilities		
Accounts Payable		$ 36,836
Due to Student Groups		945,383
Total Liabilities		982,219
Net Position		
Held in Trust for Other Purposes	$ 51,855	
Total Liabilities and Net Position	$ 51,855	$ 982,219

See Accompanying Notes to Financial Statements

WARREN COUNTY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended June 30, 2014

	Private Purpose Trust Funds
Additions	
Earnings on Investments	$ 63
Deductions	
Account Maintenance Fee	277
Change in Net Position	(214)
Net Position, July 1, 2013	52,069
Net Position, June 30, 2014	$ 51,855

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 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).

The District adopted GASB statement 62 *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which codified all applicable GASB, Financial Accounting Standards Board ("FASB"), and Accounting Principles Board opinions dated according to the title of the statement.

▪ 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 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.

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.

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.

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 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 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.

Nonmajor Funds

A. 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.

B. 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 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), and 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.

- **INVESTMENTS**

Investments consist of non-brokered certificates of deposits recorded at fair value and are restricted at June 30, 2014.

- **INVENTORIES**

On the District-Wide Financial Statements 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 buildings.

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.

- **ACCRUED SICK LEAVE**

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 as of June 30, 2014 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 Board'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, 2014, 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 2014-2015 school year have been classified as unearned grant revenues. Likewise, all awards requested as a result of 2013-2014 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, 2014 were $0.420 per $100 valuation for real property and $0.423 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.

- **RECENTLY ISSUED ACCOUNTING STANDARDS**

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, will require that unfunded portions of future pension benefit obligations shall be recorded as a liability of governments. This pronouncement will be mandatory for fiscal periods beginning after June 15, 2015. Although the data is not available from the Kentucky Teachers Retirement System or the County Employees Retirement System at this time, we believe that this implementation will have a material effect on future financial statements.

NOTE C – CASH AND INVESTMENTS

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, 2014, the carrying amount of the District's total cash and cash equivalents was $18,583,501. 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 $15,073,412, Proprietary Funds $2,542,219, Private-Purpose Trust $7,708, and Agency Funds $971,259)

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.

GASB No. 40, *Deposits and Investment Risk Disclosures*, require the District to address the following risks related to its investments:

Credit Risk – Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. More specifically, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have a policy for custodial credit risk. All investments held by the District are insured or collateralized with securities held by the District or by the financial institution in the District's name.

Interest Rate Risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The District manages its exposure to declines in fair value by purchasing a combination of shorter and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or approaching maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Concentration of Credit Risk – The District's investment policy places no limit on the amount the District may invest in any one issuer.

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 Funds	Proprietary Funds	Total
Accounts and Grants Receivable:			
Other Receivables	$ 973,356	$ 180,075	$ 1,153,431
Taxes Receivable	1,247,073		1,247,073
Grants Receivable	309,729		309,729
Gross Receivables	2,530,158	180,075	2,710,233
Less: Allowance for Doubtful Accounts	67,665	16,689	84,354
Net Receivables	$ 2,462,493	$ 163,386	$ 2,625,879

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, 2014, was as follows:

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental Activities				
Capital assets that are not depreciated:				
Land	$ 8,630,928	$ 227,437		$ 8,858,365
Construction in Progress	105,777	595,744		701,521
Total Nondepreciable Historical Cost	8,736,705	823,181		9,559,886
Capital assets that are depreciated:				
Land Improvement	16,426,799			16,426,799
Buildings and Improvements	240,279,878	232,872		240,512,750
Technology Equipment	15,477,038	690,290	$ 541,889	15,625,439
Vehicles	15,179,058	2,481,097	169,705	17,490,450
Other Machinery & Equipment	11,969,907	170,283	142,984	11,997,206
Total Depreciable Historical Cost	299,332,680	3,574,542	854,578	302,052,644
Less accumulated depreciation for:				
Land improvements	2,804,718	794,208		3,598,926
Buildings and Improvements	49,761,241	5,075,008		54,836,249
Technology Equipment	11,464,520	1,698,777	539,022	12,624,275
Vehicles	11,692,259	1,109,787	169,704	12,632,342
Other Machinery & Equipment	5,093,234	851,091	111,373	5,832,952
Total Accumulated Depreciation	80,815,972	9,528,871	820,099	89,524,744
Total Depreciable Historical Cost, Net	218,516,708	(5,954,329)	34,479	212,527,900
Governmental Activities, Capital Assets, Net	$ 227,253,413	$ (5,131,148)	$ 34,479	$ 222,087,786
Business-Type Activities:				
Capital assets that are depreciated:				
Buildings and Improvements	$ 15,127,597			$ 15,127,597
Technology Equipment	163,384	$ 2,515	$ 9,876	156,023
Other Machinery & Equipment	4,516,438	61,482	69,440	4,508,480
Total Depreciable Historical Cost	19,807,419	63,997	79,316	19,792,100
Less accumulated depreciation for:				
Buildings and Improvements	3,219,174	309,761		3,528,935
Technology Equipment	119,830	16,227	9,876	126,181
Other Machinery & Equipment	2,419,304	263,908	59,631	2,623,581
Total Accumulated Depreciation	5,758,308	589,896	69,507	6,278,697
Total Depreciable Historical Cost, Net	14,049,111	(525,899)	9,809	13,513,403
Business-Type Activities, Capital Assets, Net	$ 14,049,111	$ (525,899)	$ 9,809	$ 13,513,403

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

Instruction	$	7,332,221
Support Services:		
Student		9,686
Instructional Staff		19,195
District Administration		812
School Administration		970
Business		35,622
Facilities Operations and Maintenance		1,028,224
Student Transportation		1,096,159
Community Service		5,982
Total Depreciation Expense	$	9,528,871

NOTE F – SUBSEQUENT EVENTS

In preparing these financial statements, management of the Board has evaluated events and transactions for potential recognition or disclosure through November 8, 2014, the date the financial statements were available to be issued.

Kentucky Supreme Court Ruling on Property Taxes

A recent Kentucky Supreme Court Case (Case Number 2010-SC-000376-DG) involved an industrial foundation ruling which could affect the collection of property taxes by school districts. As a result of this ruling, it is conceivable that the District will identify additional revenue for future periods. At this point in time however, there is no way to quantify the possible future revenue stream.

NOTE G – GENERAL LONG-TERM OBLIGATIONS

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 two Build America Bond Series which require the US Treasury to subsidize the District for 35% of the interest cost relating to the outstanding debt. The 2009 Series Build America Bonds had interest rates that range from 2.25% to 6.25% and was fully refunded during the year ended June 30, 2014. The 2010 Series Build America Bonds have interest rates that range from 0.80% to 5.63% and a principal balance of $12,065,000 at June 30, 2014.

On March 1, 2014, the District issued $6,390,000 in School Building Revenue Bonds with interest rates that range from 2% to 3% to refund $6,300,000 of outstanding 2004 Series Bonds with an average interest rate of 3.987%. The refunding is scheduled for December 1, 2014. 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 11 years by $497,000, with a net present value savings of 7.12%. This results in an economic gain (the difference between the present values of the old and the new debt service payments) of $434,000. The refunding of the Series 2004 Bonds resulted in a deferred loss on refunding of $244,000, to be amortized over the life of the new bonds.

On March 1, 2014, the District issued $27,080,000 in School Building Revenue Bonds with interest rates that range from 3.125% to 4% to refund $27,245,000 of outstanding 2009 Series Bonds with an average interest rate of 6.015%. The refunding reduced total debt service payments over the next 15 years by $2,283,000, with a net present value savings of 6.79%. This results in an economic gain (the difference between the present values of the old and the new debt service payments) of $1,787,000. The refunding of the Series 2009 Bonds resulted in a deferred loss on refunding of $64,000, to be amortized over the life of the new bonds.

Following is a schedule of obligations existing at June 30, 2014:

Issue Date	Series	Interest Rate	Maturity Date	Amount Outstanding
August 1, 2005	MMIV	3.00%-4.00%	December 1, 2019	$ 7,630,000
February 1, 2006	MMV	4.00%-4.25%	February 1, 2026	8,575,000
April 1, 2008	MMVIII	3.25%-4.375%	April 1, 2028	44,935,000
December 30, 2009	MMIX	2.09%-2.09%	December 15, 2025	4,820,000
July 1, 2010	MMX	2.00%-3.125%	February 1, 2019	2,690,000
August 1, 2010	MMX	0.80%-5.625%	August 1, 2030	12,065,000
November 1, 2011	MMXI	1.50%-2.625%	April 1, 2022	4,525,000
October 1, 2012	MMXII	1.10%-2.50%	October 1, 2032	4,220,000
November 1, 2012	MMXII	0.40%-1.75%	June 1, 2023	4,600,000
March 1, 2014	MMXIV	2.00%-3.00%	December 1, 2024	6,335,000
March 1, 2014	MMXIV	2.00%-4.00%	June 1, 2029	26,205,000
				126,600,000
Plus Unamortized Deferred Premiums and Discounts				1,317,830
			Total School Building Revenue Bonds	$ 127,917,830

Following are aggregate obligations existing at June 30, 2014:

Year Ending June 30,	School Building Revenue Bonds		Kentucky School Facility Construction Commission		US Treasury Build America Bonds	Total Debt Service
	Principal	Interest	Principal	Interest	Tax Credits	
2015	$ 8,213,621	$ 4,289,383	$ 322,379	$ 180,758	$ 199,187	$ 12,806,954
2016	8,462,693	4,042,491	325,307	172,091	198,148	12,804,434
2017	8,422,166	3,787,042	313,834	163,087	194,292	12,491,837
2018	8,665,630	3,535,669	323,370	153,553	187,029	12,491,193
2019	8,933,264	3,259,482	333,736	143,185	178,593	12,491,074
2020	9,217,696	2,956,313	313,304	131,261	168,968	12,449,606
2021	8,430,091	2,671,218	273,909	120,585	158,363	11,337,440
2022	8,533,859	2,386,877	284,141	110,350	147,338	11,167,889
2023	8,269,600	2,072,569	261,400	98,751	135,843	10,566,477
2024	7,988,180	1,759,472	272,820	87,331	123,511	9,984,292
2025	8,299,871	1,437,721	285,129	75,022	109,953	9,987,790
2026	7,901,710	1,133,417	297,290	62,860	95,414	9,299,863
2027	7,006,525	829,840	278,475	49,910	80,226	8,084,524
2028	7,288,227	529,510	291,773	36,612	63,879	8,082,243
2029	3,347,344	226,985	247,656	22,947	46,458	3,798,474
2030	1,111,133	96,539	153,867	11,043	28,153	1,344,429
2031	1,145,619	43,530	119,381	3,358	9,352	1,302,536
2032	325,000	12,563				337,563
2033	340,000	4,250				344,250
	$ 121,902,229	$ 35,074,871	$ 4,697,771	$ 1,622,704	$ 2,124,707	$ 161,172,868

Long-term liability activity for the year ended June 30, 2014 was as follows:

Governmental Activities	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014	Amounts Due Within One Year
Bonds Payable					
General Obligation Debt	$ 135,269,000	$ 33,470,000	$ 42,139,000	$ 126,600,000	$ 8,536,000
Less Deferred Discounts and Premiums	237,765	(1,515,712)	39,883	(1,317,830)	
Total Bonds Payable	135,031,235	34,985,712	42,099,117	127,917,830	8,536,000
Other Liabilities					
Compensated Absences	5,165,648	544,578	437,884	5,272,342	542,660
Insurance	887,400		462,652	424,748	169,900
Total Other Liabilities	6,053,048	544,578	900,536	5,697,090	712,560
Total Long-Term Obligations	$ 141,084,283	$ 35,530,290	$ 42,999,653	$ 133,614,920	$ 9,248,560

NOTE H – 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 $5.3 million in accrued sick leave as a liability in the District-Wide Statement of Net Position since the majority of these liabilities are not expected to be liquidated with expendable available financial resources. Of the $5.3 million, $542,660 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 $20,467. 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 I – RETIREMENT PLANS

- **KENTUCKY TEACHERS' RETIREMENT:**

The District contributes to the Kentucky Teachers' Retirement System ("KTRS"), a cost sharing, multiple employer defined benefit pension plan. KTRS administers retirement and disability annuities, and death and survivor benefits to certified employees and beneficiaries of certified employees of the public school systems and other public educational agencies in Kentucky.

KTRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the Kentucky Revised Statutes ("KRS"). KTRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. That report can be obtained by writing to Kentucky Teachers' Retirement System, 479 Versailles Road, Frankfort, KY 40601.

Funding Policy – Contribution rates are established by KRS. Members are required to contribute 11.355% of their salaries to KTRS. The Commonwealth of Kentucky is required to contribute 14.605% of salaries. The federal program for any salaries paid by that program pays the matching contributions.

The District's total payroll for the year was $68,703,484. The payroll for employees covered under KTRS was $52,650,238. For the year ended June 30, 2014, the Commonwealth contributed $6,669,407 to KTRS for the benefit of participating employees, which is recorded in the accompanying financial statements as both revenues and expenses/expenditures. The District's contributions to KTRS for the year ended June 30, 2014 were $1,117,418 which represents those employees covered by federal programs. The District's contributions were $884,805 and $814,814 for the years ended June 30, 2013 and June 30, 2012.

Medical Insurance Plan

Plan description - In addition to the pension benefits described above, KRS 161.675 requires KTRS to provide post-retirement 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 – The post-retirement healthcare provided by KTRS is financed on a pay-as-you-go basis. In order to fund the post-retirement healthcare benefit, the District incurs an additional expense of one and five tenths percent (1.5%) of the gross annual payroll for all members. Also, the premiums collected from retirees as described in the Plan description and investment interest help meet the medical expenses of the Plan.

- **COUNTY EMPLOYEES' RETIREMENT SYSTEM:**

Classified employees (substantially all full-time District employees other than certified employees) are covered by the County Employees' Retirement System ("CERS"), a cost-sharing, multiple-employer defined benefit pension plan administered by the Kentucky Retirement System. CERS provides for retirement, disability, and death benefits to Plan members and beneficiaries. Cost of living adjustments are provided at the discretion of the State legislature.

Under the provisions of the KRS Section 61.645, the Board of Trustees of Kentucky Retirement System administers CERS and has the authority to establish and amend benefit provisions.

Most plan members are required to contribute 5% of their annual salary through payroll deductions. All new members hired after August 31, 2008 are required to contribute 6%. The District is required to contribute at an actuarially determined rate. The current rate is 18.89% of the employee's total covered compensation. The District's contributions to CERS for the year ended June 30, 2014 were $2,847,276, equal to the required contribution for that year. The District's contributions were $2,952,280 and $3,109,862 for the years ended June 30, 2013 and June 30, 2012.

The County Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Kentucky Retirement Systems, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601.

NOTE J – ON-BEHALF PAYMENTS

For the year ended June 30, 2014, the Commonwealth of Kentucky contributed estimated payments on-behalf of the District's employees of $19.7 million to the health insurance carriers and the flexible spending account vendors. GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, establishes accounting and reporting standards for on-behalf payments. In accordance with the standard, the District recognized an expense/expenditure and revenue for these on-behalf payments on the District's financial statements. These revenues and expenses/expenditures are not budgeted by the District.

NOTE K – CONTINGENCIES

On June 30, 2014, the District had outstanding commitments for construction of $5,679,718.

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 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 – RECONCILIATION OF FINANCIAL STATEMENTS TO ANNUAL FINANCIAL REPORT FILED WITH THE KENTUCKY DEPARTMENT OF EDUCATION

In order for the District-Wide Statement of Net Position to conform to generally accepted accounting principles, the Annual Financial Report (submitted to the Kentucky Department of Education) had to be adjusted. Below are reconciliations of the total assets and liabilities of the District-Wide Statement of Net Position to the Annual Financial Report.

Total Assets per District-Wide Statement of Net Position	$	257,022,595
Less: Transactions/Funds not Recorded on the Annual Financial Report		
Occupational Tax Office "Total Assets" from Governmental Funds Balance Sheet		(41,013)
Other Governmental Funds "Total Assets" from Governmental Funds Balance Sheet		(899,182)
Total Assets per Annual Financial Report filed with the Kentucky Department of Education	$	256,082,400
General Fund (1)	$	15,337,142
Special Revenue (2)		1,810,263
Construction Fund (360)		448,308
Capital Outlay (310)		2,317
Food Service Fund (51)		2,872,473
Day Care (52)		10,708
Governmental Assets (8)		222,087,786
Food Service Assets (81)		13,513,166
Day Care Assets (82)		237
Total Assets from the Annual Financial Report filed with the Kentucky Department of Education	$	256,082,400

Total Liabilities per District-Wide Statement of Net Position	$	136,926,392
Less: Transactions/Funds not Recorded on the Annual Financial Report		
Occupational Tax Office "Total Liabilities" from Governmental Funds Balance Sheet		(5,645)
Bond Payable Discounts Less Amortization		(1,317,830)
Insurance Liability Related to KSBIT		(424,748)
Additional Current Portion of Compensated Absences not Recorded on the Governmental Funds Balance Sheet		(522,192)
Accrued Interest not Recorded on the Governmental Funds Balance Sheet		(875,473)
Total Liabilities per Annual Financial Report filed with the Kentucky Department of Education	$	133,780,504
General Fund (1)	$	1,433,113
Special Revenue (2)		824,809
Construction Fund (360)		45,315
Debt Service Fund (400)		75,671
Food Service Fund (51)		71,914
Long Term Debt Account Group (9)		131,329,682
Total Liabilities per Annual Financial Report filed with the Kentucky Department of Education	$	133,780,504

NOTE P – 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	$ 203,342
FSPK Fund	Construction Fund	Construction Project Transfers	104,000
General Fund	Construction Fund	Construction Project Transfers	653,000
FSPK Fund	General Fund	Capital Funds Request	385,972
FSPK Fund	Debt Service	Debt Service	12,337,656
SEEK Fund	General Fund	Capital Funds Request	1,273,857
Proprietary Fund – Food Services	General Fund	Indirect Cost	410,921
Special Revenue	General Fund	Indirect Cost	1,770
Permanent Fund	General Fund	Earnings	10,292
			$ 15,380,810

NOTE Q – 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.

REQUIRED SUPPLEMENTARY INFORMATION

WARREN COUNTY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
For the Year Ended June 30, 2014

	Budgeted Amounts			Variances-Favorable (Unfavorable)
	Original	Final	Actual	Final to Actual
Revenues				
Local and Intermediate Sources	$ 31,772,790	$ 34,004,701	$ 36,169,730	$ 2,165,029
State Programs	45,079,554	44,861,956	44,132,723	(729,233)
Federal Programs	150,000	175,000	125,510	(49,490)
Total Revenues	77,002,344	79,041,657	80,427,963	1,386,306
Expenditures				
Instruction	48,231,968	48,228,100	46,853,207	1,374,893
Support Services				
Student	3,742,165	3,966,283	4,234,645	(268,362)
Instructional Staff	1,930,076	1,926,649	1,856,714	69,935
District Administration	1,071,166	1,748,213	1,752,978	(4,765)
School Administration	4,786,770	4,779,243	4,396,271	382,972
Business	1,922,259	1,973,012	1,891,816	81,196
Plant Operations and Maintenance	10,185,146	10,617,096	10,722,643	(105,547)
Student Transportation	7,576,259	8,835,735	8,498,588	337,147
Contingency	5,096,623	8,085,428		8,085,428
Total Expenditures	84,542,432	90,159,759	80,206,862	9,952,897
Revenues in Excess of (Less Than) Expenditures	(7,540,088)	(11,118,102)	221,101	11,339,203
Other Financing Sources (Uses)				
Proceeds from Sale of Fixed Assets	15,000	25,000	21,887	(3,113)
Transfers from Proprietary Funds	322,611	410,527	410,921	394
Operating Transfers	(250,000)	(212,518)	815,549	1,028,067
Total Other Financing Sources (Uses)	87,611	223,009	1,248,357	1,025,348
Revenues and Other Financing Sources in Excess of (Less Than) Expenditures and Other Financing Uses	(7,452,477)	(10,895,093)	1,469,458	12,364,551
Fund Balance-July 1, 2013			12,469,940	12,469,940
Fund Balance-June 30, 2014	$ (7,452,477)	$ (10,895,093)	$ 13,939,398	$ 24,834,491

Continued

EXPLANATION OF DIFFERENCES BETWEEN BUDGETARY INFLOWS AND OUTFLOWS AND ACTUAL REVENUES AND EXPENDITURES

Inflows/Revenues:	
Actual Amounts (Budgetary Basis)	$ 80,427,963
Differences - Budget to GAAP:	
On-behalf payments recorded under GAAP basis not included in budget amounts.	19,252,075
Total Revenues as Reported on Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	**$ 99,680,038**
Outflows/Expenditures:	
Actual Amounts (Budgetary Basis)	$ 80,206,862
Differences - Budget to GAAP:	
On-behalf payments recorded under GAAP basis not included in budget amounts.	19,252,075
Total Expenditures as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	**$ 99,458,937**

See Accompanying Notes to Financial Statements

WARREN COUNTY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE FOR THE SPECIAL REVENUE FUND
For the Year Ended June 30, 2014

	Budgeted Amounts			Variances-Favorable (Unfavorable)
	Original	Final	Actual	Final to Actual
Revenues				
Local and Intermediate Sources		$ 182,495	$ 193,104	$ 10,609
State Programs	$ 2,351,265	3,371,457	3,621,939	250,482
Federal Programs	6,813,632	6,839,761	7,282,286	442,525
Total Revenues	9,164,897	10,393,713	11,097,329	703,616
Expenditures				
Instruction	9,360,948	9,240,007	10,074,786	(834,779)
Support Services				
Student			85,626	(85,626)
Instructional Staff	53,949	55,411	62,360	(6,949)
School Administration		46,264	39,678	6,586
Business		10,495	48,991	(38,496)
Plant Operations and Maintenance		11,574	11,575	(1)
Student Transportation		184,444	132,710	51,734
Community Service		992,254	1,062,106	(69,852)
Total Expenditures	9,414,897	10,540,449	11,517,832	(977,383)
Revenues Less Than Expenditures	(250,000)	(146,736)	(420,503)	(273,767)
Other Financing Sources				
Operating transfers	250,000	146,736	201,572	54,836
Revenues and Other Financing Sources in Excess of (Less Than) Expenditures			(218,931)	(218,931)
Fund Balance-July 1, 2013			1,204,385	1,204,385
Fund Balance-June 30, 2014			$ 985,454	$ 985,454

See Accompanying Notes to Financial Statements

OTHER SUPPLEMENTARY INFORMATION

COMBINING NONMAJOR FUND FINANCIAL STATEMENTS

WARREN COUNTY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2014

	Debt Service Fund	Permanent Fund	Total Nonmajor Governmental Funds
Assets			
Cash and Cash Equivalents	$ 609,412	$ 289,770	$ 899,182
Total Assets	$ 609,412	$ 289,770	$ 899,182
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	$ 75,671		$ 75,671
Fund Balances			
Nonspendable			
Permanent Fund Principal		$ 289,770	289,770
Restricted			
Debt Service	533,741		533,741
Total Fund Balances	533,741	289,770	823,511
Total Liabilities and Fund Balances	$ 609,412	$ 289,770	$ 899,182

See Accompanying Notes to Financial Statements

WARREN COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2014

	Debt Service Fund	Permanent Fund	Total Nonmajor Governmental Funds
Revenues			
Earnings on Investments	$ 3,569	$ 37,998	$ 41,567
Intergovernmental - State	615,455		615,455
Intergovernmental - Federal	622,447		622,447
Total Revenues	1,241,471	37,998	1,279,469
Expenditures			
Support Services			
Business		3,113	3,113
Debt Service			
Principal	8,594,000		8,594,000
Interest	5,368,322		5,368,322
Bond Issuance Cost	632,196		632,196
Total Expenditures	14,594,518	3,113	14,597,631
Revenues in Excess of (Less Than) Expenditures	(13,353,047)	34,885	(13,318,162)
Other Financing Sources (Uses)			
Proceeds from Issuance of Bonds	33,470,000		33,470,000
Refunded School Building Revenue Bonds	(27,245,000)		(27,245,000)
Premium on Bonds Sold	1,515,712		1,515,712
Payments from Bond Escrow Agent	(6,544,459)		(6,544,459)
Transfers In	12,337,656		12,337,656
Transfers Out		(10,292)	(10,292)
Total Other Financing Sources (Uses)	13,533,909	(10,292)	13,523,617
Net Changes in Fund Balances	180,862	24,593	205,455
Fund Balances July 1, 2013	352,879	265,177	618,056
Fund Balances June 30, 2014	$ 533,741	$ 289,770	$ 823,511

See Accompanying Notes to Financial Statements

WARREN COUNTY SCHOOL DISTRICT
COMBINING BALANCE SHEET
GOVERNMENTAL FUND-CAPITAL PROJECT FUNDS
June 30, 2014

	SEEK Fund	Construction Fund	Total Capital Project Funds
Assets			
Cash and Cash Equivalents	$ 2,317	$ 448,308	$ 450,625
Total Assets	$ 2,317	$ 448,308	$ 450,625
Liabilities and Fund Balances			
Liabilities			
Accounts Payable		$ 45,315	$ 45,315
Fund Balances			
Restricted			
Capital Projects Purchase Obligations	$ 2,317	318,207	320,524
Assigned			
Encumbrances		84,786	84,786
Total Fund Balances	2,317	402,993	405,310
Total Liabilities and Fund Balances	$ 2,317	$ 448,308	$ 450,625

See Accompanying Notes to Financial Statements

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, 2014

	FSPK Fund	SEEK Fund	Construction Fund	Total Capital Project Funds
Revenues				
From Local Sources				
Taxes				
Property	$ 10,776,486			$ 10,776,486
Earnings on Investments			$ 1,479	1,479
Intergovernmental-State	2,051,142	$ 1,273,857		3,324,999
Total Revenues	12,827,628	1,273,857	1,479	14,102,964
Expenditures				
Facilities Acquisitions and Construction			614,377	614,377
Total Expenditures			614,377	614,377
Revenues in Excess of (Less Than) Expenditures	12,827,628	1,273,857	(612,898)	13,488,587
Other Financing Sources (Uses)				
Operating Transfers In			757,000	757,000
Operating Transfers Out	(12,827,628)	(1,273,857)		(14,101,485)
Total Other Financing Sources (Uses)	(12,827,628)	(1,273,857)	757,000	(13,344,485)
Net Changes in Fund Balances			144,102	144,102
Fund Balances July 1, 2013		2,317	258,891	261,208
Fund Balances June 30, 2014	$	$ 2,317	$ 402,993	$ 405,310

See Accompanying Notes to Financial Statements

WARREN COUNTY SCHOOL DISTRICT
COMBINING BALANCE SHEET
GOVERNMENTAL FUND-CAPITAL PROJECT FUNDS
CONSTRUCTION FUNDS
June 30, 2014

	South Warren 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	$ 34,644	$ 57,526	$ (374,098)	$ (29,180)	$ 385,176	$ 6,597	$ 367,643	$ 448,308
Total Assets	$ 34,644	$ 57,526	$ (374,098)	$ (29,180)	$ 385,176	$ 6,597	$ 367,643	$ 448,308
Liabilities and Fund Balances								
Liabilities								
Accounts Payable		$ 20,000	$ 17,693	$ 7,622				$ 45,315
Fund Balances								
Restricted								
Capital Projects Purchase Obligations	$ 34,644	37,526	(391,791)	(121,588)	$ 385,176	$ 6,597	$ 367,643	318,207
Assigned								
Encumbrances				84,786				84,786
Total Fund Balances	34,644	37,526	(391,791)	(36,802)	385,176	6,597	367,643	402,993
Total Liabilities and Fund Balances	$ 34,644	$ 57,526	$ (374,098)	$ (29,180)	$ 385,176	$ 6,597	$ 367,643	$ 448,308

See Accompanying Notes to Financial Statements

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, 2014

	South Warren Construction	Cumberland Trace Construction	Warren Central Construction	Warren East Construction	Lost River Construction	Middle School Construction	Briarwood Addition Construction	Total Construction Fund
Revenues								
Earnings on Investments	$ 147	$ 245		$ 669	$ 176	$ 28	$ 214	$ 1,479
Total Revenues	147	245		669	176	28	214	1,479
Expenditures								
Facilities Acquisition & Construction			$ 391,791	193,498			29,088	614,377
Total Expenditures			391,791	193,498			29,088	614,377
Revenues in Excess of (Less Than) Expenditures	147	245	(391,791)	(192,829)	176	28	(28,874)	(612,898)
Other Financing Sources								
Operating Transfers In					385,000		372,000	757,000
Total Other Financing Sources					385,000		372,000	757,000
Net Changes in Fund Balances	147	245	(391,791)	(192,829)	385,176	28	343,126	144,102
Fund Balances July 1, 2013	34,497	37,281		156,027		6,569	24,517	258,891
Fund Balances June 30, 2014	$ 34,644	$ 37,526	$ (391,791)	$ (36,802)	$ 385,176	$ 6,597	$ 367,643	$ 402,993

See Accompanying Notes to Financial Statements

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, 2014

	Cash Balance 7/1/2013	Total Receipts	Total Disburse-ments	Cash Balance 6/30/2014	Accounts Receivable 6/30/2014	Accounts Payable 6/30/2014	Due To Students & Others 6/30/2014
High Schools							
Greenwood	$ 230,452	$ 341,512	$ 397,225	$ 174,739		$ 654	$ 174,085
South Warren	105,503	389,764	395,094	100,173	$ 3,617		103,790
Warren Central	147,044	180,381	203,134	124,291	165	3,137	121,319
Warren East	98,426	262,281	242,056	118,651	681	8,995	110,337
Middle Schools							
Drakes Creek	53,260	118,886	122,506	49,640	5,882		55,522
Henry F. Moss	31,321	64,028	68,874	26,475			26,475
South Warren	48,001	72,900	65,861	55,040		2,150	52,890
Warren East	49,488	64,131	74,959	38,660		4,212	34,448
Elementary Schools							
Alvaton	16,191	11,326	10,022	17,495		518	16,977
Briarwood	22,782	75,886	71,000	27,668			27,668
Bristow	5,495	42,088	27,343	20,240	43		20,283
Cumberland Trace	12,985	35,997	34,896	14,086		1,918	12,168
Jody Richards	13,961	29,290	31,363	11,888			11,888
Lost River	30,834	29,520	36,055	24,299	47		24,346
North Warren	17,173	17,022	15,543	18,652		4,500	14,152
Oakland	9,830	16,735	16,653	9,912		501	9,411
Plano	14,481	39,693	38,733	15,441	23		15,464
Rich Pond	21,849	24,573	33,796	12,626		1,000	11,626
Richardsville	57,368	40,381	42,286	55,463	473	1,501	54,435
Rockfield	16,104	52,307	53,280	15,131		3,880	11,251
Warren Elem.	27,045	38,766	48,661	17,150	29		17,179
William H. Natcher	21,021	24,629	22,111	23,539		3,870	19,669
Total	$ 1,050,614	$ 1,972,096	$ 2,051,451	$ 971,259	$ 10,960	$ 36,836	$ 945,383

See Accompanying Notes to Financial Statements

WARREN COUNTY SCHOOL DISTRICT
GREENWOOD HIGH SCHOOL ACTIVITY FUNDS
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND DUE TO STUDENTS
For the Year Ended June 30, 2014

	Cash Balance 7/1/2013	Total Receipts	Total Disburse-ments	Transfers	Cash Balance 6/30/2014	Accounts Receivable 6/30/2014	Accounts Payable 6/30/2014	Due To Students & Others 6/30/2014
General Fund	$ 1,959	$ 1,432	$ 2,914	$ 1,097	$ 1,574		$ 54	$ 1,520
Due to Student Body	645			(645)				
Interest Income		778		(778)				
Cash on Hand		5,000	5,000					
AP Test	7,136	18,604	18,099		7,641			7,641
Co-op	415				415			415
Credit Recovery	1,983				1,983			1,983
Faculty Vending	312	2,668	2,764		216		100	116
Field Trips	7,882	1,118	1,796	275	7,479			7,479
Musical	6,780	15,435	15,606	11	6,620			6,620
Parking Tickets	3,156	1,150	3,304		1,002			1,002
PBIS	246	374	557		63			63
Prom	4,488	7,651	7,087		5,052			5,052
Student Council	863	4,310	4,176		997			997
Student Fees	3,487	128	3,232		383			383
Student Vending	6,137	1,538	7,033		642			642
Textbooks	1,656	1,267	1,800		1,123			1,123
Travel	3,087		9		3,078			3,078
Yearbooks	41,497	31,420	52,875	(9,670)	10,372			10,372
Academic Team Club	220	100	646	326				
Anthology Club	987				987			987
Art Club	44	746	493	80	377			377
Band Club	1,250				1,250			1,250
BETA Club	5,918	5,483	6,043		5,358			5,358
Black History	123				123			123
Chess Club	93				93			93
Choir Club	2,073	7,012	5,954	89	3,220			3,220
Computer Club								
Design Club	33				33			33
Drama Club	1,006	821			1,827			1,827
FBLA Club		17,137	16,259		878		500	378
FCA Club	117	918	806		229			229
FCCLA Club	395	2,932	2,562	219	984			984
FEA Club	1,012	535	413		1,134			1,134
FFA Club	571	45,718	37,708	(2,191)	6,390			6,390
Friends Club		844	567		277			277
GAPP Club	200	1,050	163	(221)	866			866
HOSA Club		930	638	(54)	238			238
International Club	711	3,046	3,072	(200)	485			485
Invisible Children Club	334				334			334
Jr. BETA Club	4,290				4,290			4,290
Literature Club	4				4			4
NHS Club	96	3,332	2,784	(330)	314			314
OAR Club	2,568	7,437	9,181		824			824
Orchestra	569	397	598		368			368
PEP Club	400				400			400
Philosophy Club	156				156			156
S.C.E.C. Club	321	165	328		158			158
Science Club	391	1,629	1,661		359			359
Spanish Club	173	1,535	1,395		313			313

Continued

WARREN COUNTY SCHOOL DISTRICT
GREENWOOD HIGH SCHOOL ACTIVITY FUNDS
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND DUE TO STUDENTS - Continued
For the Year Ended June 30, 2014

	Cash Balance 7/1/2013	Total Receipts	Total Disburse-ments	Transfers	Cash Balance 6/30/2014	Accounts Receivable 6/30/2014	Accounts Payable 6/30/2014	Due To Students & Others 6/30/2014
STLP Club	2,751		2,544		207			207
TARS Club	2,353	13,190	13,899		1,644			1,644
YADS	124				124			124
YELP Club	320	96	143		273			273
Athletic Director	585				585			585
Athletic Special	63	10,561	8,701		1,923			1,923
Baseball	1,176	4,538	7,181	1,467				
Tournament	388				388			388
Basketball -Boys	15,245	12,756	5,594	(9,046)	13,361			13,361
Basketball - Girls	3,953	12,451	11,033	(1,696)	3,675			3,675
Bowling - Boys			1,113	1,113				
Bowling - Girls		640	1,713	1,073				
Bowling Regional Tournament		2,465	2,465					
Cheerleading		140	1,632	1,492				
Cross Country - Boys	2,542		1,151		1,391			1,391
Cross Country - Girls	2,567		1,050		1,517			1,517
Football	41,084	15,636	31,228	(3,193)	22,299			22,299
Golf - Boys			1,000	1,000				
Golf - Girls			1,000	1,000				
Hall of Fame	29				29			29
Lacrosse	120				120			120
Rivals Bowl	5,000	9,500	12,107	(2,393)				
Soccer - Boys	266	8,297	7,602		961			961
Soccer - Girls	3,954	5,508	2,897		6,565			6,565
Softball	513	11,660	17,759	5,586				
Swimming - Boys			1,006	1,006				
Swimming - Girls			1,096	1,096				
Tennis - Boys			696	696				
Tennis - Girls			807	807				
Track - Boys		1,988	1,415		573			573
Track - Girls		1,988	1,408	(8)	572			572
Volleyball	3,099	3,850	5,113		1,836			1,836
Art Dept		310	311	20	19			19
English Dept				5,000	5,000			5,000
ESL	1				1			1
Family Consumer Science		95	586	5,000	4,509			4,509
Guidance Dept.	1,845	1,456	1,581		1,720			1,720
JROTC Dept	1,804	7,682	7,523		1,963			1,963
JROTC Spec Dept	1,120				1,120			1,120
Library Dept.	2,167	314	379		2,102			2,102
Math Dept		110			110			110
Newspaper Dept	498				498			498
Photography Dept	178				178			178
Science Dept	1,076	2,741	1,422		2,395			2,395
Social Studies Dept	2,355	1,625	1,008		2,972			2,972
Voc. Ag. Dept	16,764	15,677	22,089	2,191	12,543			12,543
Donations	728	1,598	1,450	(219)	657			657
Total	$ 230,452	$ 341,512	$ 397,225	$	$ 174,739	$	$ 654	$174,085

See Accompanying Notes to Financial Statements

WARREN COUNTY SCHOOL DISTRICT
SOUTH WARREN HIGH SCHOOL ACTIVITY FUNDS
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND DUE TO STUDENTS
For the Year Ended June 30, 2014

	Cash Balance 7/1/2012	Total Receipts	Total Disburse-ments	Transfers	Cash Balance 6/30/2014	Accounts Receivable 6/30/2014	Accounts Payable 6/30/2014	Due To Students & Others 6/30/2014
General Fund	$ 14,367	$ 9,128	$ 14,441	$ 132	$ 9,186	$ 422		$ 9,608
Interest Income		485		(485)				
AP Test	2,213	22,096	22,518		1,791			1,791
Aviation				150	150			150
Faculty Vending	607	964	1,008	(10)	553	40		593
Musical	13,141	29,902	26,881	(166)	15,996			15,996
Novel Star	40			(40)				
PBIS		124	110	34	48			48
Prom	1,721	13,945	12,695		2,971			2,971
Science Trips		2,919	2,839		80			80
Student Council	3,287	5,364	5,567		3,084			3,084
Student Vending	5,266	5,793	6,534	(85)	4,440	300		4,740
Sunshine Fund	662		331	(20)	311			311
Textbooks	1,886	1,161	503	15	2,559			2,559
Yearbooks	5,302	28,343	24,975	60	8,730			8,730
Academic Team Club	10	1,732	1,220	(226)	296			296
Art Club	814	771	403		1,182			1,182
BETA Club	1,169	10,095	9,652		1,612			1,612
Choir Club	1,293	11,916	10,897	(690)	1,622			1,622
Club 14:23		10			10			10
Drama Club	350	1,516	1,596		270			270
Fashion Club	1,127	11,333	14,446	3,165	1,179			1,179
FBLA Club	180	8,030	7,871	(20)	319			319
FCA Club	238	275	434		79			79
FCCLA Club	87	4,984	5,033	171	209			209
FEA Club	135			(135)				
FFA Club	1,076	34,962	31,657	(1,138)	3,243			3,243
History Club	2,125	26,718	28,730		113			113
International Club	16			(16)				
Jr. BETA Club	824	1,550	1,603		771			771
KEY Club		199	233	40	6			6
Kentucky Youth Assembly		9,647	9,606		41			41
NHS Club	161	900	949		112			112
Orchestra	200	656	826		30			30
Quidditch Club	135	7			142			142
SCEC Club	196	1,784	967		1,013			1,013
Science Club	688	16,662	17,021	(40)	289			289
Spear-It	581	2,074	674	(664)	1,317			1,317
Speech Club	137	1,014	1,092		59			59
STLP Club	486	1,010	1,055		441			441
Athletic Special	7,564	11,139	13,429	(5,274)		2,855		2,855
Baseball	6,336	7,880	9,483		4,733			4,733
Basketball - Boys	2,443	9,266	10,872	(160)	677			677
Basketball - Girls	3,097	9,134	7,604		4,627			4,627
Bowling - Boys	456	330	680	228	334			334
Bowling - Girls	250	300	632	332	250			250
Cheerleading		2,176	1,702	25	499			499
Cross Country	2,000		1,060	1,310	2,250			2,250
Football	5,986	34,137	37,061	(2,094)	968			968
Fourth Region AD		1,200	561	75	714			714
Golf - Boys	1,200	359	1,564	1,205	1,200			1,200
Golf - Girls	1,200	190	1,200	1,010	1,200			1,200

Continued

WARREN COUNTY SCHOOL DISTRICT
SOUTH WARREN HIGH SCHOOL ACTIVITY FUNDS
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND DUE TO STUDENTS - Continued
For the Year Ended June 30, 2014

	Cash Balance 7/1/2013	Total Receipts	Total Disburse-ments	Transfers	Cash Balance 6/30/2014	Accounts Receivable 6/30/2014	Accounts Payable 6/30/2014	Due To Students & Others 6/30/2014
Soccer - Boys	1,759	4,403	4,390		1,772			1,772
Soccer - Girls	1,432	3,726	3,819		1,339			1,339
Softball	1,684	5,557	6,089		1,152			1,152
Swimming	500		430	930	1,000			1,000
Tennis - Boys	500		500	400	400			400
Tennis - Girls	500		500	400	400			400
Track	2,000		1,960	1,960	2,000			2,000
Volleyball	1,072	4,289	4,549	(772)	40			40
Family Consumer Science	20				20			20
GAT Dept	100	2,452	1,549	(34)	969			969
Guidance Dept.	138	303	13	40	468			468
Library Dept.	1,265	332	309	(75)	1,213			1,213
Science Dept		2,140	1,988		152			152
The Spartan Spoon	1,135	295	993	342	779			779
Voc. Ag. Dept	2,197	22,060	17,619	120	6,758			6,758
Odysey of the Mind Team	149	27	171		5			5
Total	$ 105,503	$ 389,764	$ 395,094	$	$ 100,173	$ 3,617	$	$103,790

See Accompanying Notes to Financial Statements

WARREN COUNTY SCHOOL DISTRICT
WARREN CENTRAL HIGH SCHOOL ACTIVITY FUNDS
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND DUE TO STUDENTS
For the Year Ended June 30, 2014

	Cash Balance 7/1/2012	Total Receipts	Total Disburse-ments	Transfers	Cash Balance 6/30/2014	Accounts Receivable 6/30/2014	Accounts Payable 6/30/2014	Due To Students & Others 6/30/2014
General Fund	$ 109	$ 6,443	$ 6,015	$ 355	$ 892			$ 892
Interest Income		476	36	(440)				
AP Test	20,961	11,845	30,017	257	3,046			3,046
Facility Rental	3,050	350			3,400			3,400
Faculty Vending	1,865	2,056	1,250	545	3,216			3,216
Field Trips	5,032	2,000	2,773		4,259			4,259
KYCID	26	561			587			587
Prom	5,836	6,165	2,122		9,879		$ 2,127	7,752
Relay for Life		467	467					
Student Council	379				379			379
Student Vending	1,893	745	1,647	(545)	446			446
Sunshine Fund	393	380	177		596			596
Textbooks	2,071	237	78		2,230	$ 45		2,275
Warren Central College Academy	844	210	542		512			512
Yearbooks	2,186	6,850	7,980		1,056			1,056
Afro American Club	219				219			219
Band Club	525		105		420			420
BETA Club	2,694	357	526		2,525			2,525
Biology Club	161				161			161
Bosnian Amer. Club	520	830	320		1,030			1,030
Chemistry Club	1,528			(257)	1,271			1,271
Chess Club	25				25			25
Computer Club	2,074	860	1,104		1,830			1,830
Drama Club	3,572	3,154	4,209		2,517			2,517
FBLA Club	226	1,678	1,747		157			157
FCA Club	2,040	785	1,273		1,552			1,552
FCCLA Club	720	4,423	4,823		320			320
FFA Club	8,721	22,845	23,651		7,915			7,915
Literary Club	18				18			18
Natl Sch. Sportsman	2,632	1,340	3,288		684			684
Physics Un-Club	344	327	310		361			361
Power Lifting Club	3,944		2,250		1,694	100		1,794
SCEC Club	46	209			255			255
Spanish Club	555		360		195			195
STLP Club	1,288	320	184		1,424			1,424
Writer's Ink Club	769				769			769
Young Democrats	441				441			441
Men of Distinction	20				20			20
Young Republicans	496				496			496
Athletics Hall of Fame	814	1,500	867		1,447			1,447
Athletic Special	2,493	1,763	3,280	413	1,389			1,389
Baseball	3,487	5,132	6,034		2,585			2,585
Basketball - Boys	11,609	16,595	14,526	(668)	13,010			13,010
Basketball - Girls	5,732	11,423	11,549	(347)	5,259			5,259
Bass Fishing	212				212			212
Bowling - Boys	166	925	816	257	532			532
Bowling - Girls	233	500	596	257	394			394
Cheerleading	62	1,470	1,549	413	396			396

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, 2014

	Cash Balance 7/1/2013	Total Receipts	Total Disburse-ments	Transfers	Cash Balance 6/30/2014	Accounts Receivable 6/30/2014	Accounts Payable 6/30/2014	Due To Students & Others 6/30/2014
Cross Country	932	1,641	1,344	203	1,432			1,432
Football	8,609	24,000	25,557	622	7,674		1,010	6,664
Golf	729		672	312	369			369
Rivals Bowl	3,498	7,393	3,400	(2,491)	5,000			5,000
Soccer - Boys	1,951	3,295	2,930		2,316			2,316
Soccer - Girls	156	2,780	1,569		1,367			1,367
Softball	466	2,374	2,840					
Tennis - Boys	366	26	440	257	209			209
Tennis - Girls	364	26	342	257	305			305
Track	1,012		1,100	515	427			427
Volleyball	2,643	2,985	4,525		1,103			1,103
Art Dept.	722	791	703		810			810
Family Science Dept.	255	1,189	888		556	20		576
Freshman Acad Dept.	70		55		15			15
Global Learning Acad	500	358	537		321			321
JROTC Dept.	1,607	6,207	6,385	85	1,514			1,514
Library Dept.	3,825	1,424	882		4,367			4,367
Music Dept.	1,706	2,371	2,786		1,291			1,291
Voc. Ag. Dept	12,921	6,712	8,536		11,097			11,097
Habitat for Humanity Chapter	67	1,278	1,172		173			173
Renaissance	392	12			404			404
Target	1,222	298			1,520			1,520
Total	$ 147,044	$ 180,381	$ 203,134	$	$ 124,291	$ 165	$ 3,137	$ 121,319

See Accompanying Notes to Financial Statements

WARREN COUNTY SCHOOL DISTRICT
WARREN EAST HIGH SCHOOL ACTIVITY FUNDS
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND DUE TO STUDENTS
For the Year Ended June 30, 2014

	Cash Balance 7/1/2013	Total Receipts	Total Disburse-ments	Transfers	Cash Balance 6/30/2014	Accounts Receivable 6/30/2014	Accounts Payable 6/30/2014	Due To Students & Others 6/30/2014
General Fund	$ 5,577	$ 6,785	$ 2,034	$ 916	$ 11,244	$ 9		$ 11,253
Due to Student Body	248			(248)				
Interest Income		377			377			377
AP Test	737	11,406	1,727	(383)	10,033		$ 8,727	1,306
Costa Rica Trip	385			(385)				
Enrichment		1,305	480		825			825
Faculty Vending	2,355	2,163	2,646		1,872			1,872
Field Trips	667	625	630		662			662
Flower Fund	54				54			54
Jessae "Sean" Ingram	282			(282)				
Musical	3,039	13,273	12,740		3,572			3,572
Novel Star	2,385		2,813	428				
Smart Cards	24	930	870		84	6		90
Student Rewards	969	4,279	3,624		1,624			1,624
Textbooks	676	149			825	10		835
WKU Graduation Video	265				265			265
Yearbooks	16,417	23,218	24,059	100	15,676	55		15,731
Academic Team Club	2				2			2
Afro American Club	162				162			162
Art Club	237	1,537	1,622	110	262			262
Archery Club		4,344	3,994		350	480		830
Band Club	13	46	59					
BETA Club	966	4,530	4,780	30	746			746
CEC Club	190		164		26			26
Choir Club	539	800	1,218	50	171			171
FBLA Club	2,644	3,160	3,859		1,945			1,945
FCA Club	316				316			316
FCCLA Club	396		340	300	356			356
FEA Club	2,066	96	83		2,079			2,079
FFA Club	176	44,036	42,431	(125)	1,656	121	100	1,677
International Club	3,963				3,963			3,963
Jr. BETA Club	211	3,295	3,077		429			429
KEY Club	166		156		10			10
Math Club	3,628	122	158		3,592			3,592
NHS Club	705	775	862		618			618
PEP Club	2	1,555	1,015	(300)	242			242
PRIDE Club	566				566			566
Science Club	499	2,496	1,668		1,327			1,327
TSA Club	1				1			1
Athletic Special	3,209	4,277	6,596	2,235	3,125		65	3,060
Baseball	637	4,714	5,226		125			125
Tournament		21,030	18,457	(2,573)				
Basketball - Boys	2,127	12,177	9,741	(693)	3,870			3,870
Basketball - Girls	2,080	8,374	3,975	(799)	5,680			5,680
Bass Fishing	86	510	482		114			114
Bowling - Boys	264	6,376	5,984	(100)	556			556
Cheerleading	487	190		1,100	1,777			1,777

Continued

WARREN COUNTY SCHOOL DISTRICT
WARREN EAST HIGH SCHOOL ACTIVITY FUNDS
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND DUE TO STUDENTS - Continued
For the Year Ended June 30, 2014

	Cash Balance 7/1/2013	Total Receipts	Total Disburse-ments	Transfers	Cash Balance 6/30/2014	Accounts Receivable 6/30/2014	Accounts Payable 6/30/2014	Due To Students & Others 6/30/2014
Cross Country	1	226	126	(101)				
Drill Team	280	15	104		191			191
Football	4,646	19,972	22,072	474	3,020			3,020
Football Playoffs		2,664	1,767	(897)				
Golf		40		(40)				
Soccer - Boys	119	2,596	2,445	920	1,190			1,190
Soccer - Girls	406	2,365	2,550	1,790	2,011			2,011
Softball	458	1,780	2,088	(140)	10			10
Softball - 4th Reg Tourn		10,854	9,874	(980)				
Tennis	2,309	10	1,617	(100)	602			602
Track	16	241	126	(131)				
Volleyball	1,784	2,681	3,028	(80)	1,357			1,357
Class Officers	995				995			995
Class of 2013	3,663			(3,663)				
Class of 2014	3,830		637	(895)	2,298		103	2,195
Class of 2015		7,763	5,942	4,403	6,224			6,224
Business Dept.	15		6		9			9
Drama Dept.	438		300		138			138
Freshman Acad Dept.	271	70			341			341
GAT Dept.	165	380	449		96			96
Global Learning Acad.	204				204			204
Horticulture Dept.	6,634	10,774	9,069	129	8,468			8,468
JROTC Dept.	6,059	5,339	7,150		4,248			4,248
Language Arts Dept	145				145			145
Library Dept.	2,374	799	1,819		1,354			1,354
Science Dept.	405		256		149			149
Special Educ. Dept.	458	420	50		828			828
Speech Dept.	275	1,214	1,462		27			27
Renaissance-Donations	2,058	3,128	1,549	(70)	3,567			3,567
Total	$ 98,426	$ 262,281	$ 242,056	$	$ 118,651	$ 681	$ 8,995	$ 110,337

See Accompanying Notes to Financial Statements

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

WARREN COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
As of June 30, 2014

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	$ 3,930,134
School Breakfast Program	10.553	57605-05-Z, 57606-02-Z	1,321,499
Summer Food Service Program for Children	10.559	57405-23-Z, 56905-24-Z	28,010
Total Child Nutrition Cluster			5,279,643
Fresh Fruit and Vegetable Program	10.582	Grant #2154	64,228
Total Kentucky Department of Education			5,343,871
Pass-through programs from:			
KY Dept of Agriculture:			
National School Lunch Program - Non-cash	10.555	N/A	495,095
Total US Department of Agriculture			5,838,966
Department of Education			
Pass-through programs from:			
KY Dept of Education:			
Race To The Top - District Grants	84.413	Grant# 4521	(15)
Adult Education - Basic Grants to States	84.002	Grant# 3714	31,056
Adult Education - Basic Grants to States	84.002	Grant# 3713	916
Total Adult Education - Basic Grants to States			31,972
Special Education - Grants to States (IDEA, Part B)	84.027	58104-02-Z, 58105-02-Z, 58106-02-Z	336,973
Special Education - Grants to States (IDEA, Part B)	84.027	58104-02-Z, 58105-02-Z, 58106-02-Z	1,969,953
Special Education - Preschool Grants (IDEA Preschool)	84.173	58705-02-Z, 58706-02-Z	61,083
Total Special Education (IDEA) Cluster			2,368,009
Title I Grants to Local Educational Agencies (LEAs)	84.010	35104-09-Z,35105-09-Z,35106-09-Z	34,644
Title I Grants to Local Educational Agencies (LEAs)	84.010	35104-09-Z,35105-09-Z,35106-09-Z	822,525
Title I Grants to Local Educational Agencies (LEAs)	84.010	35104-09-Z,35105-09-Z,35106-09-Z	2,325,700
Title I Grants to Local Educational Agencies (LEAs)	84.010	Grant #3143	111,647
Title I Grants to Local Educational Agencies (LEAs)	84.010	Grant #3144	174,421
Title I Grants to Local Educational Agencies (LEAs)	84.010	Grant# 3202	7,977
Title I Grants to Local Educational Agencies (LEAs)	84.010	Grant #3204E	99,359
Total Title I Grants to Local Educational Agencies (LEAs)			3,576,273
Title I-State Agency Program for Neglected and Delinquent Children and Youth	84.013	Grant #3133	1,510
Title I-State Agency Program for Neglected and Delinquent Children and Youth	84.013	Grant #3134	19,497
Total Title I-State Agency Program for Neglected and Delinquent Children and Youth			21,007
Career and Technical Education - Basic Grants to States (Perkins IV)	84.048	46206-10-Z, 46205-32-Z, 46206-32-Z	139,685
Career and Technical Education - Basic Grants to States (Perkins IV)	84.048	46206-10-Z, 46205-32-Z, 46206-32-Z	5,131
Career and Technical Education - Basic Grants to States (Perkins IV)	84.048	46206-10-Z, 46205-32-Z, 46206-32-Z	6,020
Career and Technical Education - Basic Grants to States (Perkins IV)	84.048	46206-10-Z, 46205-32-Z, 46206-32-Z	1,100
Total Career and Technical Education - Basic Grants to States (Perkins IV)			151,936
Title III - English Language Acquisition State Grants	84.365	52005-02-Z, 52006-02-Z	112,981
Title III - English Language Acquisition State Grants - Immigrant	84.365	52005-02-Z, 52006-02-Z	158,668
Title III - English Language Acquisition State Grants - Immigrant	84.365	52005-02-Z, 52006-02-Z	42,423
Total Title III - English Language Acquisition State Grants			314,072
Title II - Improving Teacher Quality State Grants	84.367	71005-02-Z, 71006-02-Z, 71004-03-Z	120,581
Title II - Improving Teacher Quality State Grants	84.367	71005-02-Z, 71006-02-Z, 71004-03-Z	459,004
Total Title II - Improving Teacher Quality State Grants			579,585
Grants for Enhanced Assessment Instruments	84.368	Grant #4872	203

Continued

WARREN COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - Continued
As of June 30, 2014

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
Green River Regional Education Cooperative			
Race To The Top - District Grants	84.416	Grant #4364	76,453
Total Department of Education			7,119,495
Department of Health and Human Services			
Pass-through programs from:			
Catholic Charities of Louisville			
Refugee and Entrant Assistance - Discretionary Grants	93.576	90ZE0175/01	27,410
Refugee and Entrant Assistance - Discretionary Grants	93.576	90ZE0175/01	28,693
Total Department of Health and Human Services			56,103
Tourism, Arts & Heritage Cabinet, Kentucky Arts Council			
Pass-through programs from:			
Kentucky Arts Council:			
Promotion of the Arts - Grants to Organizations and Individuals	45.024	App# 9512	200
Total Kentucky Arts Council			
Corporation for National and Community Service:			
US Department of Defense:			
ROTC Language and Culture Training Grants	12.357	Grant# 5043	70
ROTC Language and Culture Training Grants	12.357	Grant# 5044	106,418
Total Corporation for National and Community Service			106,488
Total Expenditures of Federal Awards			$ 13,121,252

See Notes to Schedule of Expenditures of Federal Awards

WARREN COUNTY SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2014

NOTE A – BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of the Warren County School District and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Therefore, some amounts presented in this Schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

NOTE B – FOOD DISTRIBUTION

Nonmonetary assistance is reported in the Schedule at the fair value of the commodities received and disbursed. During the fiscal year ended June 30, 2014, the District received $495,095 in donated food commodities. During the year the District consumed $369,904 in donated food commodities, leaving a remaining amount of donated food commodities in inventory, valued at $125,191.

REPORTS REQUIRED BY THE SINGLE AUDIT ACT

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

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

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 School District
Bowling Green, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Warren County School District (the "District") as of and for the year ended June 30, 2014, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 7, 2014.

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*.

We noted certain other matters that we reported to management of the District in a separate letter dated November 10, 2014.

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.

Stuckman and Cogar PSC
Louisville, Kentucky
November 7, 2014

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133

Strothman+Co

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

Report on Compliance for Each Major Federal Program

We have audited Warren County School District's (the "District") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014. 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Those standards and OMB Circular A-133 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, 2014.

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 OMB Circular A-133, 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Stuart Cogay PSC

Louisville, Kentucky
November 7, 2014

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Schedule of Findings and Questioned Costs

Warren County School District

Year Ended June 30, 2014

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 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 significant deficiencies in internal control 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.

6. There were no audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.

7. The programs tested as major programs include:

Federal Grantor/Program Title	CFDA Number
US Department of Agriculture:	
Passed Through Kentucky Department of Education:	
Child Nutrition Cluster:	
National School Lunch Program	10.555
School Breakfast Program	10.553
Summer Food Service Program for Children	10.559
Passed Through Kentucky Department of Agriculture:	
National School Lunch Program - Non-cash	10.555

8. The threshold used for distinguishing Types A programs was $393,638.

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

Continued

Warren County School District

Year Ended June 30, 2014

Section II--Findings – Financial Statement Audit

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

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

There are no findings or questioned costs related to the major federal programs which are required to be reported in accordance with OMB Circular A-133**.**

SCHEDULE OF PRIOR AUDIT FINDINGS

Schedule of Prior Audit Findings

Warren County School District

Year Ended June 30, 2013

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 OMB Circular A-133**.**