

**WARREN COUNTY SCHOOL DISTRICT**

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

Year Ended June 30, 2022

WARREN COUNTY SCHOOL DISTRICT

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Heartland CPAs and Advisors PLLC

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## INDEPENDENT AUDITOR'S REPORT

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

### ***Report on the Audit of the Financial Statements***

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Warren County School District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

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, 2022, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Independent Auditor's Contract*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Warren County School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management 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; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Warren County School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Warren County School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Warren County School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Emphasis of Matter**

As discussed in Note 1 to the financial statements, during the year ended June 30, 2022, the District adopted Governmental Accounting Standards Board Statement 87, *Leases* and Statement 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. Our opinion is not modified with respect to this matter.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 to 11, budgetary comparison information on pages 60 to 61, schedule of proportionate share of the net pension and OPEB liabilities on pages 62 to 66 and schedule of contributions on pages 67 to 71 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Warren County School District's basic financial statements. The accompanying combining financial statements, school schedules and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 financial statements, school schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2022, on our consideration of Warren County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Warren County School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Warren County School District's internal control over financial reporting and compliance.



Heartland CPAs and Advisors, PLLC  
Elizabethtown, Kentucky  
November 8, 2022

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**



**WARREN COUNTY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2022**

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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, 2022. The intent of this discussion and analysis is to review the District's financial performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the District's financial performance.

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

### **Financial Highlights**

- In total, net position increased by \$12,977,448. The Net Position of governmental activities increased by \$9,889,698, while the net position of business-type activity increased by \$3,087,750. Total assets decreased by \$1,098,103 and total liabilities decreased by \$31,268,897. The increase in total revenues is related to ESSER funding. Whereas the significant decrease in liabilities is directly correlated to bond principal payments and a decrease in net pension liability as it relates to CERS.
- General revenues accounted for \$96,529,818 or 64% of all governmental revenues. Program specific revenues in the form of operating grants, grants and contributions accounted for \$45,542,787 or 30% of total governmental revenues of \$149,888,333.
- Governmental Activities: Total assets decreased by \$4,977,960. "Capital Assets" increased by \$9,822,688. "Current and Other Assets" decreased by \$14,800,648 in 2022.
- The District had \$138,357,622 in expenses relating to governmental activities; of which \$53,358,515, in expenses, were offset by program specific charges for services, grants, and contributions. General revenues (primarily local taxes and the State SEEK allocation), were adequate to provide these programs.

### **Using this Annual Financial Report (AFR)**

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

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

### **Reporting on the District as a Whole**

One of the most important questions to ask is "how did the District perform financially during the fiscal year 2022?" 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.

**WARREN COUNTY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2022**

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

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

- **Government Activities** - Most of the District's basic services are included here, such as instructional services (as it relates to elementary, middle and high school educational programs), support services (guidance, attendance, health services, special needs services, etc.), debt service payments, extracurricular activities (sports, band, etc.), operation and maintenance of plant, pupil transportation and other activities.
- **Business-type Activities** - These services are provided on a charge for goods or services basis to recover all of the expenses of the goods provided. The District's business-type activities are the food service and day care operations.

### **Reporting the District's Most Significant Funds**

#### **Fund Financial Statements**

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

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

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

**Notes to the financial statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide statements.

**WARREN COUNTY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2022**

**(Table 1)  
Net Position**

	Governmental		Business-type		Total	
	Activities		Activities		Primary Government	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Current and Other Assets	\$ 39,353,603	\$ 54,154,251	\$ 10,024,470	\$ 8,757,511	\$ 49,378,073	\$ 62,911,762
Capital Assets	<u>330,938,805</u>	<u>321,116,117</u>	<u>24,885,000</u>	<u>22,272,102</u>	<u>355,823,805</u>	<u>343,388,219</u>
<b>Total Assets</b>	<u><b>370,292,408</b></u>	<u><b>375,270,368</b></u>	<u><b>34,909,470</b></u>	<u><b>31,029,613</b></u>	<u><b>405,201,878</b></u>	<u><b>406,299,981</b></u>
Deferred Outflows	<u>25,067,677</u>	<u>26,667,245</u>	<u>2,597,236</u>	<u>2,914,561</u>	<u>27,664,913</u>	<u>29,581,806</u>
Long-term Debt	262,063,093	291,613,547	9,134,209	10,633,139	271,197,302	302,246,686
Other Liabilities	<u>20,025,024</u>	<u>20,205,133</u>	<u>96,763</u>	<u>136,167</u>	<u>20,121,787</u>	<u>20,341,300</u>
<b>Total Liabilities</b>	<u><b>282,088,117</b></u>	<u><b>311,818,680</b></u>	<u><b>9,230,972</b></u>	<u><b>10,769,306</b></u>	<u><b>291,319,089</b></u>	<u><b>322,587,986</b></u>
Deferred Inflows	<u>28,753,541</u>	<u>15,497,662</u>	<u>2,643,507</u>	<u>630,391</u>	<u>31,397,048</u>	<u>16,128,053</u>
<b>Net Position</b>						
Net investment in capital assets	138,389,187	117,136,730	24,885,000	22,272,102	163,274,187	139,408,832
Restricted	5,805,522	20,467,609			5,805,522	20,467,609
Unrestricted	<u>(59,676,282)</u>	<u>(62,983,068)</u>	<u>747,227</u>	<u>272,375</u>	<u>(58,929,055)</u>	<u>(62,710,693)</u>
<b>Total Net Position</b>	<u><b>\$ 84,518,427</b></u>	<u><b>\$ 74,621,271</b></u>	<u><b>\$ 25,632,227</b></u>	<u><b>\$ 22,544,477</b></u>	<u><b>\$ 110,150,654</b></u>	<u><b>\$ 97,165,748</b></u>

**WARREN COUNTY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2022**

(Table 2)  
Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<b>REVENUES:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 2,126,936	\$ 924,658	\$ 764,080	\$ 296,615	\$ 2,891,016	\$ 1,221,273
Operating grants and contributions	45,542,787	21,850,592	15,086,223	14,021,099	60,629,010	35,871,691
Capital grants	5,688,792	5,685,839	-	-	5,688,792	5,685,839
<b>General revenues:</b>						
Property taxes	45,954,233	44,501,622	-	-	45,954,233	44,501,622
Motor vehicle taxes	5,752,292	5,138,884	-	-	5,752,292	5,138,884
Utility taxes	6,737,497	6,220,444	-	-	6,737,497	6,220,444
Occupational taxes	11,640,000	9,870,822	-	-	11,640,000	9,870,822
Revenue in lieu of taxes	1,180,005	1,125,776	-	-	1,180,005	1,125,776
Investment earnings	73,940	926,892	20,302	93,950	94,242	1,020,842
State and formula grants	24,651,628	32,069,100	-	-	24,651,628	32,069,100
Gain on disposal of capital assets	-	572	-	-	-	572
Miscellaneous	540,223	1,261,016	-	-	540,223	1,261,016
<b>Total revenues</b>	<u>149,888,333</u>	<u>129,576,217</u>	<u>15,870,605</u>	<u>14,411,664</u>	<u>165,758,938</u>	<u>143,987,881</u>
<b>EXPENSES</b>						
<b>Program Activities</b>						
Instruction	70,221,359	57,705,550	-	-	70,221,359	57,705,550
Student support	10,694,436	10,936,013	-	-	10,694,436	10,936,013
Instructional staff support	4,061,239	3,942,974	-	-	4,061,239	3,942,974
District administrative support	2,824,505	3,160,883	-	-	2,824,505	3,160,883
School administrative support	9,627,930	9,703,682	-	-	9,627,930	9,703,682
Business support	4,494,375	4,366,142	-	-	4,494,375	4,366,142
Plant operation and maintenance	18,149,272	14,671,700	-	-	18,149,272	14,671,700
Student transportation	10,388,233	10,442,814	-	-	10,388,233	10,442,814
Community service activities	1,830,636	1,842,460	-	-	1,830,636	1,842,460
Other	53,113	757,634	-	-	53,113	757,634
Interest costs	6,012,524	6,025,868	-	-	6,012,524	6,025,868
<b>Business-type Activities:</b>						
Food service	-	-	14,216,414	11,247,813	14,216,414	11,247,813
Daycare	-	-	207,454	144,357	207,454	144,357
<b>Total expenses</b>	<u>138,357,622</u>	<u>123,555,720</u>	<u>14,423,868</u>	<u>11,392,170</u>	<u>152,781,490</u>	<u>134,947,890</u>
<b>Change in net position before transfers</b>	11,530,711	6,020,497	1,446,737	3,019,494	12,977,448	9,039,991
<b>Transfers</b>	<u>(1,641,013)</u>	<u>(8,210,338)</u>	<u>1,641,013</u>	<u>8,210,338</u>	<u>-</u>	<u>-</u>
<b>Change in net position</b>	<u>\$ 9,889,698</u>	<u>\$ (2,189,841)</u>	<u>\$ 3,087,750</u>	<u>\$ 11,229,832</u>	<u>\$ 12,977,448</u>	<u>\$ 9,039,991</u>

**Governmental Activities**

Governmental program expenses are broken down as follows: Instruction 51%, Support Services 44%, and Other 5%.

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 \$41,267,681 that relates to the 2022 State On-Behalf Payments.

**WARREN COUNTY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2022**

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**(Table 3)  
Governmental Activities  
Total Cost of Services                      Net Cost of Services**

	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Instruction	\$ 70,221,359	\$ 57,705,550	\$ 25,030,370	\$ 37,014,155
Support Services	60,239,990	57,224,208	59,599,793	56,598,760
Community services	1,830,636	1,842,460	39,987	388,603
Facilities acquisition	-	-	(4,995,197)	(4,992,241)
Other	53,113	757,634	5,225	753,084
Interest costs	6,012,524	6,025,868	5,318,929	5,332,270
<b>Total Expenses</b>	<u>\$ 138,357,622</u>	<u>\$ 123,555,720</u>	<u>\$ 84,999,107</u>	<u>\$ 95,094,631</u>

**Business-Type Activities**

The business-type activities are food service and daycare. These programs had revenues of \$15,870,605 and expenses of \$14,423,868 for the fiscal year 2022. Of the revenues, \$764,080 related to charges for services, \$15,086,223 was from State and Federal grants, \$20,302 were from investment earnings, and there were no capital contributions by the District. Business activities receive no support from tax revenues. The District will continue to monitor the charges and costs of these activities. If it becomes necessary, the District will increase the charges for these activities.

**The District's Funds**

Information about the District's major funds starts on page 12. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$243,921,479 and expenditures and other financing uses of \$258,248,703. The net change in total fund balances was (\$14,327,224) from the fiscal year 2021 to 2022.

**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 \$140,393,682 with actual amounts totaling \$145,125,140. Budgeted expenditures were \$149,723,586 (not including a contingency budget of \$15,020,453) compared to actual expenditures of \$147,703,870. Budgeted "Other Financing Sources and Uses" reflected a net financing use of \$357,609 compared to an actual net financing source of \$2,827,239. In total, an expected decrease in the General Fund balance of \$24,707,966 was budgeted compared to an actual net increase of \$248,509.

**WARREN COUNTY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2022**

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of the fiscal year 2022, the District had \$355,823,805 invested in capital assets (see Table 4 below), \$330,938,805 is in governmental activities. Table 4 shows the fiscal year 2022 balances compared to 2021.

**(Table 4)  
Capital Assets  
(Net of Depreciation)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Land and land improvements	\$ 26,813,751	\$ 25,852,320	\$ -	\$ -	\$ 26,813,751	\$ 25,852,320
Construction in progress	29,937,157	42,543,926	-	-	29,937,157	42,543,926
Buildings and improvements	258,389,813	238,934,422	22,370,276	20,808,185	280,760,089	259,742,607
Technology	888,792	888,860	-	-	888,792	888,860
Vehicles	5,310,469	4,803,399	47,215	-	5,357,684	4,803,399
General equipment	9,598,823	8,093,190	2,467,509	1,463,917	12,066,332	9,557,107
<b>Total</b>	<b><u>\$ 330,938,805</u></b>	<b><u>\$ 321,116,117</u></b>	<b><u>\$ 24,885,000</u></b>	<b><u>\$ 22,272,102</u></b>	<b><u>\$ 355,823,805</u></b>	<b><u>\$ 343,388,219</u></b>

**Debt**

At June 30, 2022, the District had \$190,611,000 in bonds outstanding, of this amount \$6,111,083 are to be paid from the KSFCC funding provided by the State of Kentucky. A total of \$14,671,000 is due within one year. Please note that this includes a prepayment of the 2012 series bond of \$3,150,000. The audit disclosure amount reflects the normal payment schedule of \$11,761,000. At June 30, 2021, the District had \$202,189,000 in bonds outstanding, of this amount \$6,611,629 were to be paid from KSFCC funding.

**District Challenges for the Future**

The Warren County Public School system (District) is the fourth largest district within the State serving upwards of 18,000 students. The District has grown from a Pre-K through 12<sup>th</sup> grade student membership of 14,858 in 2015 to 17,599 in 2022. This equates to an 18.45% growth in the last seven years. The District has prepared for this increase in enrollment by building new schools and by renovating and expanding existing schools. The District remains in good financial condition, however, there are challenges that the District will encounter: increase the level of achievement of our students, Pension Reform, English Learner (EL) population, COVID-19 Pandemic, State Tax Reform, and adequate funding.

The most essential challenge, as the result of the global pandemic, is to rebound and resume our student achievement progress. The most recent release of test scores indicated the continuing effects of the pandemic on Warren County Schools as our traditional performance was not as strong as previously experienced. The school district implemented innovative processes to address student learning during the pandemic and will continue to do so until losses are recouped. The District has ten "Leader In Me" Lighthouse Schools and fifteen preschool programs have earned the maximum Five Star Rating on the Kentucky All STARS Evaluation. This year we have initiated 4-day Preschool for our students. Achievement Gaps continue to exist in many of our schools, and were exacerbated by the pandemic, but these challenges and opportunities keep us focused on providing a differentiated approach to teaching that serves the individual needs of our students. Prioritizing standards in reading, math and science; utilizing common curriculum, providing academic-rich learning environments for our English Learner's and students with disabilities; differentiating instruction for all students; providing good customer

**WARREN COUNTY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2022**

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service to improve our school climates; analyzing student data using various data points; utilizing interactive, 21st Century technology in our classrooms, and engaging students in learning that is rigorous and relevant to life are all efforts that we have in place to increase student achievement.

It is important for every educator in the District to feel that the students we serve can learn at a high level according to their ability. Teachers must strive to recognize the impact they have on each student that enters their classroom, not only educationally but also emotionally and socially. With the resources available to all educators in Warren County, the ability to meet the needs of all students is not impossible. Providing teachers with updated curriculum maps, content guides, district common assessments, and prioritized standards is a process that is revisited routinely throughout our District. We must move the students to a higher level in order to ensure their ability to function and thrive in a global, 21st Century marketplace. What the information does not tell us is the level of motivation for learning. It will also not inform us as to the amount of parental/family involvement in the educational process. We will also be unable to discern what happens in the life of a student outside the walls of our educational institutions. This information can be very helpful in serving needs that can affect learning. The WCPS system encourages the building of relationships by all to help remove as many barriers to learning as we possibly can. By providing a team approach to educating our students, we are able to help the students be prepared and willing to learn in our classrooms.

The population of students identified as English Learners (ELs) in the District continues to grow. Currently, there are 3032 students receiving EL services within the district which represents 17.6% of the overall student population in the District. These students are eligible for English language development programs (also known as EL or ESL programs) offered by the District. We are also required to monitor students who exit from English language development programs for four (4) full academic years, and there are currently 886 students who fall within this category. Finally, there are approximately 733 students in the District who were formerly served in English language development programs and are now fully exited. These students also need continuing support to ensure that they become "college and career ready" and successfully transition after graduation. When we consider the EL students who are currently eligible for English language development programs, those who have just exited and are being monitored and those who are completely out of English language development programs, there are approximately 4651 students being supported in one way or another by administrators and teachers. This is 27% of our total enrollment and a little over 1 in 4 Warren County students are currently in EL programs or were in EL programs at one time.

The EL students in the District are a very diverse group, as they come from more than 85 countries and speak 120 languages and dialects. Currently, approximately 615 students are refugees, and many are considered "students with interrupted formal education" (SIFEs) because conditions in their former countries and refugee camps made it difficult to provide consistent educational opportunities.

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

**WARREN COUNTY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2022**

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The most recent COVID pandemic has created hurdles for all mankind. As it relates to WCPS, we have been able to return to having normal in-school learning and extracurricular activities. We recognize the increased need for additional resources to be allocated to not only the mental health issues this event has created for our students and staff but too the potential negative impact it is having on maximizing growth in student learning. The District is well-positioned with support and education professionals to lead this charge as collaboration has been ongoing since March 2021.

The final challenge as it relates to funding: Local, State and Federal. The District's predominate local revenue source is the real estate tax rate. In fiscal year 2022, the District's real estate tax rate ranked as the 153rd lowest in the State. The Kentucky revised statute caps the amount of new revenue generated from real estate tax increases 4% a year. The failure of the legislature to adequately fund education has resulted in the Warren County School District and districts across the Commonwealth to make significant cuts to their budgets and to personnel, compelling school boards to increase property taxes in order that districts might continue to operate and serve the students, who are the future of the Commonwealth. Fortunately, Warren County has experienced positive annual growth in property assessment and thereby property tax revenue. However, the SEEK formula has a negative effect on districts that incur significant growth in assessment.

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

**Contacting the District's Financial Management**

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



## **BASIC FINANCIAL STATEMENTS**

**WARREN COUNTY SCHOOL DISTRICT**

STATEMENT OF NET POSITION

June 30, 2022

<b>Assets</b>	Governmental Activities	Business- Type Activities	Total
<b><u>Current Assets</u></b>			
Cash, cash equivalents and investments	\$ 29,137,627	\$ 8,690,844	\$ 37,828,471
Inventory	453,376	251,713	705,089
Receivables:			
Taxes-current	1,260,391		1,260,391
Taxes-delinquent	10,998		10,998
Other receivables	768,916		768,916
Food Accounts		12,754	12,754
Intergovernmental-State	51,889		51,889
Intergovernmental-Indirect Federal	6,503,888	1,069,159	7,573,047
Intergovernmental-Direct Federal	65,929		65,929
Prepays	1,100,589		1,100,589
<b>Total Current Assets</b>	<b>39,353,603</b>	<b>10,024,470</b>	<b>49,378,073</b>
<b><u>Noncurrent Assets</u></b>			
Non-depreciable capital assets	41,496,656		41,496,656
Depreciable capital assets, net of accumulated depreciation	289,442,149	24,885,000	314,327,149
<b>Total Noncurrent Assets</b>	<b>330,938,805</b>	<b>24,885,000</b>	<b>355,823,805</b>
<b>Total Assets</b>	<b>370,292,408</b>	<b>34,909,470</b>	<b>405,201,878</b>
<b><u>Deferred Outflows of Resources</u></b>			
CERS Pension	5,373,500	1,321,280	6,694,780
CERS OPEB	6,190,937	1,275,956	7,466,893
TRS OPEB MIF	11,622,096		11,622,096
Deferred amount on debt refundings	1,881,144		1,881,144
<b>Total Deferred Outflows of Resources</b>	<b>25,067,677</b>	<b>2,597,236</b>	<b>27,664,913</b>
<b><u>Liabilities</u></b>			
<b><u>Current Liabilities</u></b>			
Accounts payable	718,442	21,401	739,843
Accrued payroll and related expenses	2,218,568		2,218,568
Unearned revenue	3,011,214	75,362	3,086,576
Bond obligations	11,761,000		11,761,000
Capital lease obligations	122,631		122,631
Compensated absences	968,834		968,834
Interest payable	1,224,335		1,224,335
<b>Total Current Liabilities</b>	<b>20,025,024</b>	<b>96,763</b>	<b>20,121,787</b>
<b><u>Noncurrent Liabilities</u></b>			
Bond obligations	182,429,217		182,429,217
Capital lease obligations	117,914		117,914
Net pension liability - CERS	37,821,069	7,025,242	44,846,311
Net OPEB liability - CERS	11,353,828	2,108,967	13,462,795
Net OPEB liability - TRS MIF	24,004,000		24,004,000
Compensated absences	6,337,065		6,337,065
<b>Total Noncurrent Liabilities</b>	<b>262,063,093</b>	<b>9,134,209</b>	<b>271,197,302</b>
<b>Total Liabilities</b>	<b>282,088,117</b>	<b>9,230,972</b>	<b>291,319,089</b>
<b><u>Deferred Inflows of Resources</u></b>			
CERS Pension	6,295,278	1,492,500	7,787,778
CERS OPEB	5,518,263	1,151,007	6,669,270
TRS OPEB MIF	16,940,000		16,940,000
<b>Total Deferred Inflows of Resources</b>	<b>28,753,541</b>	<b>2,643,507</b>	<b>31,397,048</b>
<b><u>Net Position</u></b>			
Net investment in capital assets	138,389,187	24,885,000	163,274,187
Restricted	5,805,522		5,805,522
Unrestricted	(59,676,282)	747,227	(58,929,055)
<b>Total Net Position</b>	<b>\$ 84,518,427</b>	<b>\$ 25,632,227</b>	<b>\$ 110,150,654</b>

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

**WARREN COUNTY SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2022

	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges For Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities	Total
<b>FUNCTIONS/PROGRAMS</b>							
<b>Governmental Activities:</b>							
Instruction	\$ 70,221,359	\$ 2,102,627	\$ 43,088,362	\$ -	\$(25,030,370)	\$ -	\$ (25,030,370)
Support services:							
Student	10,694,436		313,265		(10,381,171)		(10,381,171)
Instruction staff	4,061,239				(4,061,239)		(4,061,239)
District administrative	2,824,505				(2,824,505)		(2,824,505)
School administrative	9,627,930		6,968		(9,620,962)		(9,620,962)
Business	4,494,375		64,311		(4,430,064)		(4,430,064)
Plant operation and maintenance	18,149,272	24,309	223,556		(17,901,407)		(17,901,407)
Student transportation	10,388,233		7,788		(10,380,445)		(10,380,445)
Community service activities	1,830,636		1,790,649		(39,987)		(39,987)
Facilities acquisition and construction				4,995,197	4,995,197		4,995,197
Other	53,113		47,888		(5,225)		(5,225)
Interest on long-term debt	6,012,524			693,595	(5,318,929)		(5,318,929)
<b>Total Governmental Activities</b>	<b>138,357,622</b>	<b>2,126,936</b>	<b>45,542,787</b>	<b>5,688,792</b>	<b>(84,999,107)</b>	<b>-</b>	<b>(84,999,107)</b>
<b>Business-Type Activities:</b>							
Food service	14,216,414	663,501	15,054,472			1,501,559	1,501,559
Daycare	207,454	100,579	31,751			(75,124)	(75,124)
<b>Total Business-Type Activities</b>	<b>14,423,868</b>	<b>764,080</b>	<b>15,086,223</b>	<b>-</b>	<b>-</b>	<b>1,426,435</b>	<b>1,426,435</b>
<b>Total Primary Government</b>	<b>\$ 152,781,490</b>	<b>\$ 2,891,016</b>	<b>\$ 60,629,010</b>	<b>\$ 5,688,792</b>	<b>(84,999,107)</b>	<b>1,426,435</b>	<b>(83,572,672)</b>
			<b>General Revenues:</b>				
			Taxes:				
			Property taxes		45,954,233		45,954,233
			Motor vehicle taxes		5,752,292		5,752,292
			Utility taxes		6,737,497		6,737,497
			Occupational taxes		11,640,000		11,640,000
			Revenue in lieu of taxes		1,180,005		1,180,005
			Investment earnings		73,940	20,302	94,242
			State and formula grants		24,651,628		24,651,628
			Miscellaneous		540,223		540,223
			Transfers		(1,641,013)	1,641,013	-
			Total general revenues and transfers		94,888,805	1,661,315	96,550,120
			Change in net position		9,889,698	3,087,750	12,977,448
			Net position - beginning		74,621,271	22,544,477	97,165,748
			Restatement		7,458		7,458
			Net position - beginning, as restated		74,628,729	22,544,477	97,173,206
			Net position - ending		<b>\$ 84,518,427</b>	<b>\$ 25,632,227</b>	<b>\$ 110,150,654</b>

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

**FUND FINANCIAL STATEMENTS**

WARREN COUNTY SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2022

	General Fund	Special Revenue Fund	FSPK Fund	Construction Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>						
Cash, cash equivalents and investments	\$ 25,722,319	\$ -	\$ 739,337	\$ 247,041	\$ 2,428,930	\$ 29,137,627
Due from other funds	812,455					812,455
Receivables:						
Taxes - current	1,260,391					1,260,391
Taxes - delinquent	10,998					10,998
Other receivables	570,800	33,489		164,627		768,916
Intergovernmental - State		51,889				51,889
Intergovernmental - Indirect Federal		6,503,888				6,503,888
Intergovernmental - Direct Federal		65,929				65,929
Inventory	453,376					453,376
Prepays	1,014,235	86,354				1,100,589
<b>Total Assets</b>	<b>\$ 29,844,574</b>	<b>\$ 6,741,549</b>	<b>\$ 739,337</b>	<b>\$ 411,668</b>	<b>\$ 2,428,930</b>	<b>\$ 40,166,058</b>
<b>Liabilities and Fund Balances:</b>						
<b>Liabilities</b>						
Accounts payable	\$ 112,503	\$ 414,185	\$ -	\$ 189,603	\$ 2,151	\$ 718,442
Due to other funds		812,455				812,455
Accrued payroll and related payable	2,218,568					2,218,568
Compensated absences	5,253					5,253
Unearned revenue		3,011,214				3,011,214
<b>Total Liabilities</b>	<b>2,336,324</b>	<b>4,237,854</b>	<b>-</b>	<b>189,603</b>	<b>2,151</b>	<b>6,765,932</b>
<b>Fund Balances</b>						
Nonspendable	1,467,611	86,354				1,553,965
Restricted		2,417,341	739,337	222,065	2,426,779	5,805,522
Committed	963,580					963,580
Assigned	5,273,304					5,273,304
Unassigned	19,803,755					19,803,755
<b>Total Fund Balances</b>	<b>27,508,250</b>	<b>2,503,695</b>	<b>739,337</b>	<b>222,065</b>	<b>2,426,779</b>	<b>33,400,126</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 29,844,574</b>	<b>\$ 6,741,549</b>	<b>\$ 739,337</b>	<b>\$ 411,668</b>	<b>\$ 2,428,930</b>	<b>\$ 40,166,058</b>

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

## WARREN COUNTY SCHOOL DISTRICT

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

June 30, 2022

Total fund balance per fund financial statements	\$ 33,400,126
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net position.	330,938,805
Governmental funds record debt refundings as other financing uses when the issues are refunded. Unamortized losses on refundings are reported on the statement of net position as deferred outflows of resources.	1,881,144
Governmental funds do not record deferred outflows of resources for pensions and OPEB but those are reported on the statement of net position as deferred outflows of resources.	23,186,533
Governmental funds do not record deferred inflows of resources for pensions and OPEB but those are reported on the statement of net position as deferred inflows of resources.	(28,753,541)
Certain liabilities are not reported in this fund financial statement because they are not due and payable, but they are presented in the statement of net position:	
Bonds payable (net of discounts/premiums)	(194,190,217)
Capital leases payable	(240,545)
Interest payable	(1,224,335)
Compensated absences	(7,300,646)
Net pension liability - CERS	(37,821,069)
Net OPEB liability - CERS	(11,353,828)
Net OPEB liability - TRS MIF	(24,004,000)
Net position for governmental activities	<u>\$ 84,518,427</u>

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

**WARREN COUNTY SCHOOL DISTRICT**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS

Year Ended June 30, 2022

	General Fund	Special Revenue Fund	FSPK Fund	Construction Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
From local sources:						
Taxes:						
Property	\$ 29,483,372	\$ -	\$ 16,470,861	\$ -	\$ -	\$ 45,954,233
Motor vehicle	5,752,292					5,752,292
Utilities	6,737,497					6,737,497
Occupational	11,640,000					11,640,000
Revenue in lieu of taxes	1,180,005					1,180,005
Tuition and fees	23,915					23,915
Earnings on investments	73,940	7,296		22,292	1,280	104,808
Other local revenues	389,971	511,249			2,209,493	3,110,713
Intergovernmental - State	89,454,516	6,012,291	3,460,624		2,228,168	101,155,599
Intergovernmental - Indirect Federal	389,633	38,226,065				38,615,698
Intergovernmental - Direct Federal		222,283				222,283
<b>Total Revenues</b>	<b>145,125,141</b>	<b>44,979,184</b>	<b>19,931,485</b>	<b>22,292</b>	<b>4,438,941</b>	<b>214,497,043</b>
<b>Expenditures:</b>						
Instruction	89,963,415	38,817,082			1,911,685	130,692,182
Support services:						
Student	10,397,018	313,265				10,710,283
Instruction staff	3,966,948				97,136	4,064,084
District administrative	2,766,355					2,766,355
School administrative	9,643,618	6,968				9,650,586
Business	4,428,350	64,311				4,492,661
Plant operation and maintenance	15,402,341	223,556			5,289	15,631,186
Student transportation	11,080,156	7,788				11,087,944
Community service activities	50,444	1,790,649				1,841,093
Other non-instruction		47,888				47,888
Facilities acquisition and construction	5,225			21,309,641		21,314,866
Debt service:						
Principal					11,578,000	11,578,000
Interest					6,174,592	6,174,592
<b>Total Expenditures</b>	<b>147,703,870</b>	<b>41,271,507</b>	<b>-</b>	<b>21,309,641</b>	<b>19,766,702</b>	<b>230,051,720</b>
<b>Excess (Deficit) of Revenues over Expenditures</b>	<b>(2,578,729)</b>	<b>3,707,677</b>	<b>19,931,485</b>	<b>(21,287,349)</b>	<b>(15,327,761)</b>	<b>(15,554,677)</b>
<b>Other Financing Sources (Uses):</b>						
Proceeds from sale of capital assets	172,186					172,186
Insurance proceeds	69,175			125,000		194,175
Transfers in	5,307,497	322,261	953,462	5,363,516	17,111,339	29,058,075
Transfers out	(2,721,620)	(3,717,983)	(20,145,610)	(916,396)	(695,374)	(28,196,983)
<b>Total Other Financing Sources (Uses)</b>	<b>2,827,238</b>	<b>(3,395,722)</b>	<b>(19,192,148)</b>	<b>4,572,120</b>	<b>16,415,965</b>	<b>1,227,453</b>
<b>Net Change in Fund Balances</b>	<b>248,509</b>	<b>311,955</b>	<b>739,337</b>	<b>(16,715,229)</b>	<b>1,088,204</b>	<b>(14,327,224)</b>
<b>Fund Balance, July 1, 2021</b>	<b>27,259,741</b>	<b>2,191,740</b>	<b>-</b>	<b>16,937,294</b>	<b>1,338,575</b>	<b>47,727,350</b>
<b>Fund Balance, June 30, 2022</b>	<b>\$ 27,508,250</b>	<b>\$ 2,503,695</b>	<b>\$ 739,337</b>	<b>\$ 222,065</b>	<b>\$ 2,426,779</b>	<b>\$ 33,400,126</b>

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

**WARREN COUNTY SCHOOL DISTRICT**

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

Year Ended June 30, 2022

Net change in total fund balances per fund financial statements	\$ (14,327,224)
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which capital outlays exceeds depreciation and amortization expense for the year.	9,746,802
Bond payments are recognized as expenditures of current financial resources in the fund financial statement but are reductions of liabilities in the statement of net position.	11,578,000
Capital lease payments are recognized as expenditures of current financial resources in the fund financial statement but are reductions of liabilities in the statement of net position.	127,536
In the statement of activities, only the gain (loss) on sale of capital assets is reported, whereas in the governmental funds, the proceeds for the sale increased financial resources.	(299,654)
The difference between actuarial pension and OPEB contributions and actual contributions made are recorded as adjustments in the statement of activities.	2,926,569
Generally, expenditures recognized in this fund financial statement are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred.	<u>137,669</u>
Change in net position of governmental activities	<u><u>\$ 9,889,698</u></u>

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



**WARREN COUNTY SCHOOL DISTRICT**

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

June 30, 2022

	Food Service Fund	Daycare Fund	Total
<b>Assets</b>			
<b><u>Current Assets</u></b>			
Cash and cash equivalents	\$ 8,690,844	\$ -	\$ 8,690,844
Receivables:			
Accounts	12,754		12,754
Intergovernmental - Indirect Federal	1,069,159		1,069,159
Inventory	251,713		251,713
<b>Total Current Assets</b>	<b>10,024,470</b>	<b>-</b>	<b>10,024,470</b>
<b><u>Noncurrent Assets</u></b>			
Depreciable capital assets, net of accumulated depreciation	24,875,066	9,934	24,885,000
<b>Total Noncurrent Assets</b>	<b>24,875,066</b>	<b>9,934</b>	<b>24,885,000</b>
<b>Total Assets</b>	<b>34,899,536</b>	<b>9,934</b>	<b>34,909,470</b>
<b>Deferred Outflows of Resources</b>			
CERS Pension	1,285,685	35,595	1,321,280
CERS OPEB	1,241,582	34,374	1,275,956
<b>Total Deferred Outflows of Resources</b>	<b>2,527,267</b>	<b>69,969</b>	<b>2,597,236</b>
<b>Liabilities</b>			
<b><u>Current Liabilities</u></b>			
Accounts payable	21,401		21,401
Unearned revenue	75,362		75,362
<b>Total Current Liabilities</b>	<b>96,763</b>	<b>-</b>	<b>96,763</b>
<b><u>Noncurrent Liabilities</u></b>			
Net pension liability - CERS	6,835,983	189,259	7,025,242
Net OPEB liability - CERS	2,052,152	56,815	2,108,967
<b>Total Noncurrent Liabilities</b>	<b>8,888,135</b>	<b>246,074</b>	<b>9,134,209</b>
<b>Total Liabilities</b>	<b>8,984,898</b>	<b>246,074</b>	<b>9,230,972</b>
<b>Deferred Inflows of Resources</b>			
CERS Pension	1,452,292	40,208	1,492,500
CERS OPEB	1,119,999	31,008	1,151,007
<b>Total Deferred Inflows of Resources</b>	<b>2,572,291</b>	<b>71,216</b>	<b>2,643,507</b>
<b><u>Net Position</u></b>			
Net investment in capital assets	24,875,066	9,934	24,885,000
Unrestricted	994,548	(247,321)	747,227
<b>Total Net Position</b>	<b>\$ 25,869,614</b>	<b>\$ (237,387)</b>	<b>\$ 25,632,227</b>

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

**WARREN COUNTY SCHOOL DISTRICT**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

PROPRIETARY FUNDS

Year Ended June 30, 2022

	Food Service Fund	Daycare Fund	Total
<b>Operating Revenues:</b>			
Lunchroom sales	\$ 611,615	\$ -	\$ 611,615
Tuition and fees		100,579	100,579
Other operating revenues	51,886		51,886
<b>Total Operating Revenues</b>	<b>663,501</b>	<b>100,579</b>	<b>764,080</b>
<b>Operating Expenses:</b>			
Salaries and wages	6,602,350	202,963	6,805,313
Materials and supplies	6,154,316	2,154	6,156,470
Depreciation	947,925	2,337	950,262
Other operating expenses	498,047		498,047
<b>Total Operating Expenses</b>	<b>14,202,638</b>	<b>207,454</b>	<b>14,410,092</b>
Operating income (loss)	(13,539,137)	(106,875)	(13,646,012)
<b>Non-Operating Revenues (Expenses):</b>			
Federal grants	13,386,275		13,386,275
Donated commodities	528,638		528,638
State on-behalf payments	1,046,104	31,751	1,077,855
State grants	93,455		93,455
Loss on disposal of capital assets	(13,776)		(13,776)
Interest income	20,302		20,302
<b>Total Non-Operating Revenues (Expenses) before Transfers and Capital Contributions</b>	<b>15,060,998</b>	<b>31,751</b>	<b>15,092,749</b>
Capital contributions	2,502,105		2,502,105
Transfers out	(861,092)		(861,092)
Change in net position	3,162,874	(75,124)	3,087,750
<b>Net Position, July 1, 2021</b>	<b>22,706,740</b>	<b>(162,263)</b>	<b>22,544,477</b>
<b>Net Position June 30, 2022</b>	<b>\$ 25,869,614</b>	<b>\$ (237,387)</b>	<b>\$ 25,632,227</b>

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

**WARREN COUNTY SCHOOL DISTRICT**

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

Year Ended June 30, 2022

	Food Service Fund	Daycare Fund	Total
<b>Cash Flows from Operating Activities</b>			
Cash received from:			
Lunchroom sales	\$ 600,572	\$ -	\$ 600,572
Other activities	51,886		51,886
Tuition and fees		100,988	100,988
Cash paid to/for:			
Employees	(4,791,688)	(104,259)	(4,895,947)
Supplies	(5,569,930)	(2,282)	(5,572,212)
Other activities	(498,047)		(498,047)
<b>Net Cash Used by Operating Activities</b>	(10,207,207)	(5,553)	(10,212,760)
<b>Cash flows from Non-Capital Financing Activities</b>			
Federal grants	13,522,077		13,522,077
State grants	93,455		93,455
Transfers out	(861,092)		(861,092)
<b>Net Cash Provided by Non-Capital Financing Activities</b>	12,754,440	-	12,754,440
<b>Cash Flows from Capital and Related Financing Activities</b>			
Purchase of capital assets	(1,073,594)		(1,073,594)
<b>Net Cash Used by Capital and Related Financing Activities</b>	(1,073,594)	-	(1,073,594)
<b>Cash Flows from Investing Activities</b>			
Receipt of interest income	20,302		20,302
<b>Net Cash Provided by Investing Activities</b>	20,302	-	20,302
Net increase (decrease) in cash and cash equivalents	1,493,941	(5,553)	1,488,388
<b>Balances, beginning of year</b>	7,196,903	5,553	7,202,456
<b>Balances, end of year</b>	<u>\$ 8,690,844</u>	<u>\$ -</u>	<u>\$ 8,690,844</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating loss	\$ (13,539,137)	\$ (106,875)	\$ (13,646,012)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation	947,925	2,337	950,262
State on-behalf payments	1,046,104	31,751	1,077,855
Donated commodities	528,638		528,638
GASB 68 pension expense	590,380	52,286	642,666
GASB 75 OPEB expense	174,178	14,667	188,845
Change in assets and liabilities:			
Accounts receivable	6,935	409	7,344
Inventory	77,048		77,048
Unearned revenue	(17,978)		(17,978)
Accounts payable	(21,300)	(128)	(21,428)
<b>Net cash used by operating activities</b>	<u>\$ (10,207,207)</u>	<u>\$ (5,553)</u>	<u>\$ (10,212,760)</u>
<b>Schedule of non-cash transactions:</b>			
Donated commodities received from federal government	\$ 528,638	\$ -	\$ 528,638
State on-behalf payments	<u>\$ 1,046,104</u>	<u>\$ 31,751</u>	<u>\$ 1,077,855</u>
CERS pension	<u>\$ 590,380</u>	<u>\$ 52,286</u>	<u>\$ 642,666</u>
CERS OPEB	<u>\$ 174,178</u>	<u>\$ 14,667</u>	<u>\$ 188,845</u>

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

**WARREN COUNTY SCHOOL DISTRICT**  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS

June 30, 2022

	<u>Custodial Fund - Scholarship</u>
<b>Assets</b>	
Cash, cash equivalents and investments	<u>\$ 336,657</u>
<b>Total Assets</b>	<u><u>\$ 336,657</u></u>
<b>Net Position</b>	
Restricted for Scholarships	<u>\$ 336,657</u>
<b>Total Net Position</b>	<u><u>\$ 336,657</u></u>

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

**WARREN COUNTY SCHOOL DISTRICT**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUNDS

Year Ended June 30, 2022

	<u>Custodial Fund - Scholarship</u>
<b>Additions</b>	
Net interest and investment gains (losses)	<u>\$ (42,063)</u>
	(42,063)
<b>Deductions</b>	
Distributions	<u>(18,257)</u>
Change in net position	(60,320)
<b>Net Position, July 1, 2021</b>	<u>396,977</u>
<b>Net Position, June 30, 2022</b>	<u><u>\$ 336,657</u></u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

## WARREN COUNTY SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

##### A. REPORTING ENTITY

The Warren County Board of Education ("Board"), a five-member group, is the level of government, which has oversight responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of Warren County School District. Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to develop policies, which may influence operations and primary accountability for fiscal matters.

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

Blended Component Unit – Warren County School District Finance Corporation – In a prior year, the Board of Education resolved to authorize the establishment of the Warren County School District Finance Corporation (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS Section 58.180) (the "Corporation") as an agency for the District for financing the costs of school building facilities. The members of the Board also comprise the Corporation's Board of Directors. Therefore, the financial activities of the Corporation have been blended (reported as if it were part of the District) with those of the District. The Corporation does not publish individual component unit financial statements.

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

###### Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include the financial activities of the primary government, except for Fiduciary Funds.

## WARREN COUNTY SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

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

#### Fund Financial Statements

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

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

#### Governmental Funds

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

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



## WARREN COUNTY SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

- (B) The Special Revenue Fund accounts for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of the specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally-funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report. This is a major fund.
- (C) The District Activity Fund is a Special Revenue Fund type and is used to account for funds received at the school level.
- (D) The School Activity Fund is a Special Revenue Fund type and accounts for activities of student groups and other types of activities requiring clearing accounts. These funds are accounted for in accordance with the Uniform Program of Accounting for School Activity Funds.
- (E) Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment (other than those financed by Proprietary Funds).
  - 1. The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund receives those funds designated by the state as Capital Outlay Funds and is restricted for use in financing projects identified in the District's facility plan.
  - 2. The Facility Support Program of Kentucky (FSPK) accounts for funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the District's facility plan. This is a major fund.
  - 3. The Construction Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction. This is a major fund.
- (F) The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal and interest and related costs; and for the payment of interest on notes payable, as required by Kentucky Law.

#### Proprietary Funds

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

## WARREN COUNTY SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

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

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

#### BASIS OF ACCOUNTING

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

#### Modified Accrual

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

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

## WARREN COUNTY SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

##### Accrual

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

##### Revenue Recognition

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

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

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

#### C. BUDGETARY POLICIES

##### Budgetary Process

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

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

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

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

#### D. ENCUMBRANCES

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

**WARREN COUNTY SCHOOL DISTRICT**

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**E. CASH AND CASH EQUIVALENTS**

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

**F. INVENTORIES**

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

**G. PREPAID ITEMS**

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

**H. CAPITAL ASSETS**

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds. All capital assets greater than \$5,000 (except for land improvements, buildings and building improvements for which \$20,000 is the threshold) are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District does not possess any infrastructure. Improvements are capitalized; the cost of, normal maintenance and repairs that do not add to the value of the asset or materially extend an assets' life are not. All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives for both general capital assets and proprietary fund assets:

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

## **WARREN COUNTY SCHOOL DISTRICT**

### **NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED**

June 30, 2022

#### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

##### **I. LONG-TERM DEBT**

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

##### **J. COMPENSATED ABSENCES**

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

##### **K. ACCOUNTING ESTIMATES**

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

##### **L. PENSION AND OPEB PLANS**

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

## WARREN COUNTY SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

##### M. NET POSITION

Net Position – Net position is divided into three components:

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

##### N. IMPACT OF RECENTLY ISSUED ACCOUNTING PRINCIPLES

###### Recently Issued And Adopted Accounting Principles

In June 2017, the GASB issued Statement 87, *Leases*. This statement is effective for periods beginning after December 15, 2019, but was delayed by eighteen months with the issuance of GASB 95. The adoption required a restatement (See note 14).

In June 2020, the GASB issued Statement 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. This adoption did not have an effect on the financial statements.

###### Recently Issued Accounting Pronouncements

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

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

In May 2020, the GASB issued Statement 96, *Subscription-Based Information Technology Arrangements*. This statement is effective for periods beginning after June 15, 2022. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

## WARREN COUNTY SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

In October 2021, the GASB issued Statement 98, *The Annual Comprehensive Financial Report*. This statement is effective for periods beginning after December 15, 2021. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

In October 2021, the GASB issued Statement 99, *Omnibus 2022*. This statement is effective for periods beginning after December 15, 2021. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

In June 2022, the GASB issued Statement 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*. This statement is effective for periods beginning after June 15, 2023. Management is currently evaluating the impact of the adoption of this statement on the Board's financial statements.

In June 2022, the GASB issued Statement 101, *Compensated Absences*. This statement is effective for periods beginning after December 15, 2023. Management is currently evaluating the impact of the adoption of this statement on the Board's financial statements.

#### NOTE 2 – PROPERTY TAXES

Property Tax Revenues – Property taxes are normally levied each September on the assessed value listed as of the prior January 1, for all real and personal property in the county. The billings are considered due upon receipt by the taxpayer; however, the actual date is based on a period ending 30 days after the tax bill mailing. Property taxes collected are recorded as revenues in the fiscal year for which they were levied. All taxes collected are initially deposited into the General Fund and then transferred to the appropriate fund. The usual collection date is the period from November 1 through December 31. Property tax bills paid prior to December 1 receive a two percent discount. Property taxes received after December 31, are considered to be delinquent and the County Attorney can file a lien against the property.

The property tax rates assessed for the year ended June 30, 2022, to finance operations were \$.461 per \$100 valuation for real property, \$.461 per \$100 valuation for business personal property and \$.545 per \$100 valuation for motor vehicles. The District levies a utility gross receipts license tax in the amount of 3% of the gross receipts derived from the furnishings, within the county, of telephonic and telegraphic communications services, cablevision services, electric power, water, and natural, artificial and mixed gas. The District also levies an occupational license tax of 0.5%.

# WARREN COUNTY SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

### NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS

#### Deposits

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy is to have all deposits secured by pledged securities. At June 30, 2022, \$44,092,538 of the District's bank balance of \$44,348,082 was exposed to custodial credit risk. The bank balance not covered by depository insurance was collateralized by securities held by the pledging financial institution.

#### Investments

As of June 30, 2022, the District had the following investments and maturities:

	<u>FAIR VALUE</u>	<u>AVERAGE CREDIT QUALITY/RATINGS (1)</u>	<u>LESS THAN 1</u>
Money Market Mutual Funds	\$ 265,038	NOT RATED	\$265,038

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

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

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



**WARREN COUNTY SCHOOL DISTRICT**

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

**NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS – CONTINUED**

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

**NOTE 4 – INTERFUND ACTIVITIES**

The following transfers were made during the year:

**Fund Financial Statements**

From Fund	To Fund	Purpose	Amount
General	Special Revenue	Grants	\$ 322,261
General	Construction	Construction	1,498,238
General	FSPK	Debt Service	901,120
Special Revenue	Nonmajor Governmental	Debt Service	52,342
Special Revenue	General	Volkswagon	45,108
Special Revenue	General	Indirect Costs	3,620,533
Nonmajor Governmental	Construction	Construction	643,032
Nonmajor Governmental	FSPK	Debt Service	52,342
FSPK	Nonmajor Governmental	Debt Service	17,058,997
FSPK	Construction	Construction	3,086,613
Construction	General	Construction	916,396
Food Service	General	Indirect Costs	725,460
Food Service	Construction	Construction	135,632

**Government-Wide Financial Statements**

From Fund	To Fund	Purpose	Amount
Construction	Food Service	Capital Assets	\$ 2,502,105
Food Service	General	Indirect Costs	725,460
Food Service	Construction	Construction	135,632

At June 30, 2022, the Special Revenue Fund owed the General Fund \$812,455 for expenditures paid by the General Fund for the Special Revenue Fund.

**WARREN COUNTY SCHOOL DISTRICT**

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

**NOTE 5 - CAPITAL ASSETS**

Capital asset activity for governmental activities for the year ended June 30, 2022 was as follows:

Governmental Activities	July 1, 2021	Additions	Deductions	June 30, 2022
Capital Assets Not Being Depreciated:				
Land	\$ 10,859,435	\$ 700,064	\$ -	\$ 11,559,499
Construction in progress	42,543,926	20,807,179	(33,413,948)	29,937,157
<b>Total Capital Assets Not Being Depreciated</b>	<b>53,403,361</b>	<b>21,507,243</b>	<b>(33,413,948)</b>	<b>41,496,656</b>
Other Capital Assets:				
Land improvements	25,127,908	1,418,041		26,545,949
Buildings and improvements	335,906,846	28,586,410		364,493,256
Technology equipment	10,271,088	125,970	(2,611,647)	7,785,411
Leased technology equipment	500,718			500,718
Vehicles	20,760,942	1,497,005	(32,274)	22,225,673
General equipment	18,438,634	2,842,716	(358,424)	20,922,926
<b>Total Other Capital Assets</b>	<b>411,006,136</b>	<b>34,470,142</b>	<b>(3,002,345)</b>	<b>442,473,933</b>
Less Accumulated Depreciation For:				
Land improvements	10,135,023	1,156,674		11,291,697
Buildings and improvements	96,972,424	9,131,019		106,103,443
Technology equipment	9,382,228	332,595	(2,567,844)	7,146,979
Vehicles	15,957,543	989,935	(32,274)	16,915,204
General equipment	10,345,444	1,081,233	(102,574)	11,324,103
Less Accumulated Amortization For:				
Leased technology equipment	125,179	125,179		250,358
<b>Total accumulated depreciation and amortization</b>	<b>142,917,841</b>	<b>12,816,635</b>	<b>(2,702,692)</b>	<b>153,031,784</b>
<b>Total Other Capital Assets, net</b>	<b>268,088,295</b>	<b>21,653,507</b>	<b>(299,653)</b>	<b>289,442,149</b>
<b>Governmental Activities Capital Assets - Net</b>	<b>\$ 321,491,656</b>	<b>\$ 43,160,750</b>	<b>\$ (33,713,601)</b>	<b>\$ 330,938,805</b>

Depreciation and amortization was charged to governmental functions as follows:

Function	Amount
Instruction	\$ 8,228,184
Student support	1,686
Instructional staff	475
District administration	35,769
School administration	4,851
Business support	19,139
Plant	3,618,782
Transportation	907,651
Community services	98
	<u>\$ 12,816,635</u>

**WARREN COUNTY SCHOOL DISTRICT**

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

**NOTE 5 - CAPITAL ASSETS – CONTINUED**

Capital asset activity for business-type activities for the year ended June 30, 2022 was as follows:

Business-Type Activities	July 1, 2021	Additions	Deductions	June 30, 2022
Buildings and improvements	\$ 26,639,588	\$ 2,144,997	\$ -	\$ 28,784,585
Technology equipment	191,023		(44,118)	146,905
Vehicles	-	48,015		48,015
General equipment	5,410,058	1,383,924	(340,444)	6,453,538
Totals at historical cost	32,240,669	3,576,936	(384,562)	35,433,043
Accumulated depreciation:				
Buildings and improvements	5,831,403	582,906		6,414,309
Technology equipment	191,023		(44,118)	146,905
Vehicles	-	800		800
General equipment	3,946,141	366,556	(326,668)	3,986,029
Total accumulated depreciation	9,968,567	950,262	(370,786)	10,548,043
Business-Type Activities Capital Assets - Net	\$ 22,272,102	\$ 2,626,674	\$ (13,776)	\$ 24,885,000

**NOTE 6 – RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. District purchases commercial insurance for workers' compensation, errors and omissions and general liability 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 7 – LONG-TERM LIABILITIES**

A summary of changes in long-term liabilities for the year ended June 30, 2022, is as follows:

Description	July 1, 2021	Additions	Reductions	June 30, 2022	Due Within 1 Year
<b>Governmental Activities:</b>					
Bonds and Leases Payable:					
Revenue bonds	\$ 202,189,000	\$ -	\$ (11,578,000)	\$ 190,611,000	\$ 11,761,000
Capital leases	368,081		(127,536)	240,545	122,631
Premiums/discounts	3,994,704		(415,487)	3,579,217	
Total Bonds and Leases Payable	206,551,785	-	(12,121,023)	194,430,762	11,883,631
Other Liabilities:					
Compensated absences	7,285,426	747,605	(727,132)	7,305,899	968,834
Total Other Liabilities	7,285,426	747,605	(727,132)	7,305,899	968,834
Total Governmental Activities Long-Term Liabilities	\$ 213,837,211	\$ 747,605	\$ (12,848,155)	\$ 201,736,661	\$ 12,852,465

## WARREN COUNTY SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

#### NOTE 7 – LONG-TERM LIABILITIES – CONTINUED

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

The District, through the General Fund (including utility taxes and the Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund) is obligated to make payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Warren County School District Finance Corporation to construct school facilities. The District has an option to purchase the property under lease at any time by retiring the bonds then outstanding.

##### Bond Liabilities

The original amount of each issue, the issue date, interest rates and amount outstanding at June 30, 2022 are summarized below:

Issue Date	Original Proceeds	Rates	Amount Outstanding
2009QZAB	\$ 6,096,000	2.09%	\$ 1,761,000
2011R	5,870,000	1.50% - 2.63%	550,000
2012	4,265,000	1.10% - 2.50%	3,150,000
2014R	6,390,000	2.00% - 3.00%	1,915,000
2014R2	27,080,000	2.00% - 4.00%	15,255,000
2015	18,465,000	2.00% - 3.50%	15,080,000
2015R	6,235,000	2.00% - 3.00%	2,635,000
2015R2	12,935,000	2.00% - 3.125%	7,710,000
2016	14,395,000	2.00% - 3.25%	11,750,000
2016R	35,855,000	0.50% - 3.00%	21,885,000
2017	21,280,000	2.00% - 3.25%	19,475,000
2018E	28,570,000	3.00% - 3.65%	26,455,000
2019	15,165,000	3.00% - 5.00%	14,845,000
2019B	23,030,000	2.125% - 4.00%	23,020,000
2020	25,150,000	2.00% - 5.00%	25,125,000
			<u>\$ 190,611,000</u>

The District has “participation agreements” with the Kentucky School Facilities Construction Commission. The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs. The table below sets forth the amount to be paid by the District and the Commission for each year until maturity of all bond issues. The liability for the total bond amount remains with the District and, as such, the total principal outstanding has been recorded in the financial statements. The bonds may be called prior to maturity and redemption premiums are specified in each issue. Assuming no bonds are called prior to scheduled maturity, the minimum obligations of the District, including amounts to be paid by the Commission, at June 30, 2022, for debt service (principal and interest) are as follows:

**WARREN COUNTY SCHOOL DISTRICT**

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

**NOTE 7 – LONG-TERM LIABILITIES – CONTINUED**

Year	Principal	Interest	SFCC Portion	District's Portion
2023	\$ 11,761,000	\$ 5,832,830	\$ 659,254	\$ 16,934,576
2024	12,141,000	5,477,047	659,253	16,958,794
2025	12,550,000	5,096,352	659,253	16,987,099
2026	12,954,000	4,693,358	659,252	16,988,106
2027	13,420,000	4,223,908	627,489	17,016,419
2028-2032	60,070,000	14,766,320	2,382,157	72,454,163
2033-2037	53,730,000	6,297,560	1,495,520	58,532,040
2038-2041	13,985,000	497,878	287,049	14,195,829
	<u>\$ 190,611,000</u>	<u>\$ 46,885,253</u>	<u>\$ 7,429,227</u>	<u>\$ 230,067,026</u>

Capital Leases

The following is an analysis of the leased property under financed purchases by class. These assets are included in capital assets and are depreciated:

Classes of Property

Copiers	
Gross amount of assets	\$ 500,718

The following is a schedule by years of the future minimum lease payments under capital lease together with the present value of the net minimum lease payments as of June 30, 2022:

Description	Year	Amount
	2023	\$ 132,637
	2024	132,637
Total minimum lease payments		265,274
Less: Amount representing interest		<u>(24,729)</u>
Present Value of Net Minimum Lease Payments		<u>\$ 240,545</u>

## WARREN COUNTY SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

#### NOTE 8 – PENSION PLANS

##### Plan Descriptions

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

##### TRS

##### Benefits Provided

##### *For Members Before July 1, 2008:*

Members become vested when they complete five (5) years of credited service. To qualify for monthly retirement benefits, payable for life, members must either:

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

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

The final average salary is the member's five (5) highest annual salaries except members at least age fifty-five (55) with twenty-seven (27) or more years of service may use their three (3) highest annual salaries. For all members, the annual allowance is reduced by 5% per year from the earlier of age 60 or the date the member would have completed 27 years of service. The minimum annual service allowance for all members is \$440 multiplied by credited service. The System also provides disability benefits for vested members at the rate of sixty percent (60%) of the final average salary. Cost of living increases are one and one-half percent (1.5%) annually. Additional ad hoc increases and any other benefit amendments must be authorized by the General Assembly.

## WARREN COUNTY SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

#### NOTE 8 – PENSION PLANS – CONTINUED

*For Members On or After July 1, 2008:*

Members become vested when they complete five (5) years of credited service. To qualify for monthly retirement benefits, payable for life, members must either:

- 1.) Attain age sixty (60) and complete five (5) years of Kentucky service, or
- 2.) Complete twenty-seven (27) years of Kentucky service, or
- 3.) Attain age fifty-five (55) and complete ten (10) years of Kentucky service.

The annual retirement allowance for non-university members is equal to: (a) one and seven tenths percent (1.7%) of final average salary for each year of credited service if their service is 10 years or less; (b) two percent (2.0%) of final average salary for each year of credited service if their service is greater than 10 years but no more than 20 years; (c) two and three tenths percent (2.3%) of final average salary for each year of credited service if their service is greater than 20 years but no more than 26 years; (d) two and one half percent (2.5%) of final average salary for each year of credited service if their service is greater than 26 years but no more than 30 years; (e) three percent (3.0%) of final average salary for years of credited service greater than 30 years.

The annual retirement allowance for university members is equal to: (a) one and one-half percent (1.5%) of final average salary for each year of credited service if their service is 10 years or less; (b) one and seven tenths percent (1.7%) of final average salary for each year of credited service if their service is greater than 10 years but no more than 20 years; (c) one and eighty five hundredths percent (1.85%) of final average salary for each year of credited service if their service is greater than 20 years but less than 27 years; (d) two percent (2.0%) of final average salary for each year of credited service if their service is greater than or equal to 27 years.

The final average salary is the member's five (5) highest annual salaries except members at least age fifty-five (55) with twenty-seven (27) or more years of service may use their three (3) highest annual salaries. For all members, the annual allowance is reduced by 6% per year from the earlier of age 60 or the date the member would have completed 27 years of service.

#### Contributions

Contribution rates are established by Kentucky Revised Statutes. The State contributes 100 percent of school districts' contractually required contributions, which are actuarially determined. Employees are required to contribute 12.855 percent of their annual salary. The school districts' contractually required contribution rate for the year ended June 30, 2022, was 13.105 percent of salaries for members in the plan before July 1, 2008 and 14.105 percent of salaries for members who started their account after June 30, 2008. The District made no contributions to the pension plan for the year ended June 30, 2022. If an employee leaves covered employment before accumulating five (5) years of credited service, accumulated employee pension contributions plus interest are refunded to the employee upon the member's request.

## WARREN COUNTY SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

#### NOTE 8 – PENSION PLANS – CONTINUED

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

At June 30, 2022, the District reported no net pension liability because it did not have a proportionate share of the net pension liability. There was no amount recognized by the District as its proportionate share of the net pension liability. The related State share of the net pension liability was \$275,046,653.

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2021, the District's proportion was 2.1135 percent.

For the year ended June 30, 2022, the District recognized pension expense of negative \$42,847,740 and revenue of negative \$42,847,740 (\$21,955,148 in the governmental funds and negative \$64,802,888 in government-wide activities) for support provided by the State. At June 30, 2022, the District reported no deferred outflows of resources and no deferred inflows of resources related to TRS.

##### Actuarial Assumptions

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

Inflation	2.50 percent
Salary increases	3.50 – 7.30 percent, including inflation
Investment rate of return	7.10 percent, net of pension plan investment expense, including inflation
Municipal Bond Index Rate	2.13%

Mortality rates were based on the Pub-2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees, and active members.

The actuarial assumptions used were based on the results of an actuarial experience study for the 5-year period ending June 30, 2020, adopted by the board on September 20, 2021.

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



**WARREN COUNTY SCHOOL DISTRICT**

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

**NOTE 8 – PENSION PLANS – CONTINUED**

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Large Cap U.S. Equity	37.4%	4.2%
Small Cap U.S. Equity	2.6%	4.7%
Developed International Equity	16.5%	5.3%
Emerging Markets Equity	5.5%	5.4%
Fixed Income	15.0%	-0.1%
High Yield Bonds	2.0%	1.7%
Other	5.0%	2.2%
Real Estate	7.0%	4.0%
Private Equity	7.0%	6.9%
Cash	2.0%	-0.3%
	100.0%	

Discount Rate

The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 67. It was assumed that Plan member contributions will be made at the current contribution rates and that Employer contributions will be made at the Actuarially Determined Contribution rates for all fiscal years in the future. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The District has no proportional share of the net pension liability. The following presents the sensitivity of the System's net pension liability calculated using the discount rate of 7.10 percent, as well as what the System's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
System's net pension liability (in thousands)	\$ 18,389,990	\$ 13,605,788	\$ 9,631,759

Pension Plan Fiduciary Net Position

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

## WARREN COUNTY SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

#### NOTE 8 – PENSION PLANS – CONTINUED

##### CERS

###### Benefits Provided

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

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

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

###### Contributions

For the fiscal year ended June 30, 2022, plan members who began participating prior to September 1, 2008, were required to contribute 5% of their annual creditable compensation. Participating employers were required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 78.545(33), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last preceding July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the Board. The school districts' contractually required contribution rate for the year ended June 30, 2022, was 21.17 percent of annual creditable compensation. Contributions to the pension plan from the District were \$4,734,677.

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

At June 30, 2022, the District reported a liability of \$44,846,311 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2021, the District's proportion was 0.703385 percent, which was a decrease of .031279 percent from its proportion measured as of June 30, 2020. At June 30, 2022 the district owed \$661,863 to CERS for June 2022 contributions.

**WARREN COUNTY SCHOOL DISTRICT**

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

**NOTE 8 – PENSION PLANS – CONTINUED**

For the year ended June 30, 2022, the District recognized pension expense of \$4,703,117. At June 30, 2022, the District reported its proportionate share of the CERS deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 514,973	\$ 435,264
Changes in actuarial assumptions	601,891	
Difference between projected and actual investment earnings		5,977,262
Changes in proportion and differences between employer contributions and proportionate share of contributions	843,239	1,375,252
Contributions paid to CERS subsequent to the measurement date	4,734,677	
	\$ 6,694,780	\$ 7,787,778

The amount reported as deferred outflows for District contributions subsequent to the measurement date of \$4,734,677 will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Pension Expense Amount
2023	\$ (559,552)
2024	(2,005,550)
2025	(1,390,800)
2026	(1,871,773)
	\$ (5,827,675)

Actuarial Assumptions

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

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

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

**WARREN COUNTY SCHOOL DISTRICT**

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

**NOTE 8 – PENSION PLANS – CONTINUED**

The long-term expected return on plan assets was determined by using a building-block method in which best-estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US Equity	21.75%	5.70%
Non-US Equity	21.75%	6.35%
Private Equity	10.00%	9.70%
Specialty Credit/High Yield	15.00%	2.80%
Core Bonds	10.00%	0.00%
Cash	1.50%	-0.60%
Real Estate	10.00%	5.40%
Real Return	<u>10.00%</u>	4.55%
Total	<u><u>100.00%</u></u>	

Discount Rate

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

## WARREN COUNTY SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

#### NOTE 8 – PENSION PLANS – CONTINUED

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.25 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25 percent) or 1-percentage-point higher (7.25 percent) than the current rate:

Description	1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
District's proportionate share of the net pension liability	\$ 57,517,521	\$ 44,846,311	\$ 34,361,182

##### Pension Plan Fiduciary Net Position

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

#### NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS

##### Plan Descriptions

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

#### TRS

##### General Information about the OPEB Plan

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

## WARREN COUNTY SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

#### NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

The state reports a liability, deferred outflows of resources and deferred inflows of resources, and expense as a result of its statutory requirement to contribute to the TRS Medical Insurance and Life Insurance Plans. The following information is about the TRS plans:

##### Medical Insurance Fund

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

Benefits provided – To be eligible for medical benefits, the member must have retired either for service or disability. The TRS Medical Insurance Fund offers coverage to members under the age of 65 through the Kentucky Employees Health Plan administered by the Kentucky Department of Employee Insurance. TRS retired members are given a supplement to be used for payment of their health insurance premium. The amount of the member's supplement is based on a contribution supplement table approved by the TRS Board of Trustees. The retired member pays premiums in excess of the monthly supplement. Once retired members and eligible spouses attain age 65 and are Medicare eligible, coverage is obtained through the TRS Medicare Eligible Health Plan.

Contributions – In order to fund the post-retirement healthcare benefit, seven and one-half percent (7.50%) of the gross annual payroll of members is contributed. Three percent (3.00%) is paid by member contributions and three quarters percent (.75%) from state appropriation and three percent (3.00%) from the employer. The state contributes the net cost of health insurance premiums for members who retired on or after July 1, 2010 who are in the non-Medicare eligible group. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

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

At June 30, 2022, the District reported a liability of \$24,004,000 for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the District's proportion was 2.027258 percent, which was an increase of .0870109 percent from its proportion measured as of June 30, 2020.

**WARREN COUNTY SCHOOL DISTRICT**

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

**NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED**

The amount recognized by the District as its proportionate share of the OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the net OPEB liability	\$ 24,004,000
State proportionate share of the net OPEB liability associated with the District	<u>19,495,000</u>
Total	<u><u>\$ 60,153,000</u></u>

For the year ended June 30, 2022, the District recognized OPEB expense of negative \$406,000 and revenue of \$1,612,663 for support provided by the Commonwealth. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions	\$ 6,278,000	\$ -
Difference between projected and actual economic experience		14,275,000
Difference between projected and actual investment earnings		2,561,000
Changes in proportion and differences between employer contributions and proportionate share of contributions		104,000
Contributions paid to TRS subsequent to the measurement date	3,237,000 2,107,096	
	<u>\$ 11,622,096</u>	<u>\$ 16,940,000</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$2,107,096 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year Ending June 30	OPEB Expense Amount
2023	\$ (1,907,000)
2024	(1,920,000)
2025	(1,805,000)
2026	(1,722,000)
2027	(253,000)
Thereafter	<u>182,000</u>
	<u><u>\$ (7,425,000)</u></u>

## WARREN COUNTY SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

#### NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

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

Investment rate of return	7.10%, net of OPEB plan investment expense, including inflation.
Projected salary increases	3.00 – 7.50%, including inflation
Inflation rate	2.50%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Healthcare cost trend rates	
Under 65	7.00% for FY 2021 decreasing to an ultimate rate of 4.50% by FY 2031
Ages 65 and Older	5.05% for FY 2022 decreasing to an ultimate rate of 4.50% by FY 2024
Medicare Part B Premiums	4.40% for FY 2021 with an ultimate rate of 4.50% by 2034
Municipal Bond Index Rate	2.13%
Discount Rate	7.10%
Single Equivalent Interest Rate	7.10%, net of OPEB plan investment expense, including inflation

Mortality rates were based on the Pub-2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees, and active members.

The actuarial assumptions used were based on the results of an actuarial experience study for the 5-year period ending June 30, 2020, adopted by the board on September 20, 2021. The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends) used in the June 30, 2020 valuation of the Health Trust were based on a review of recent plan experience done concurrently with the June 30, 2020 valuation. The health care cost trend assumption was updated for the June 30, 2020 valuation and was shown as an assumption change in the TOL roll forward, while the change in initial per capita claims costs were included with experience in the TOL roll forward.

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



**WARREN COUNTY SCHOOL DISTRICT**

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

**NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED**

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global Equity	58.0%	5.1%
Fixed Income	9.0%	-0.1%
Real Estate	6.5%	4.0%
Private Equity	8.5%	6.9%
High Yield	8.0%	1.7%
Other	9.0%	2.2%
Cash (LIBOR)	1.0%	-0.3%
	<u>100.0%</u>	

Discount rate - The discount rate used to measure the total OPEB liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

The following table presents the District's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 7.10%, as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10%) or 1-percentage-point higher (8.10%) than the current rate:

Description	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net OPEB liability	\$ 30,732,000	\$ 24,004,000	\$ 18,442,000

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

Description	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 17,439,000	\$ 24,004,000	\$ 32,175,000

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

**WARREN COUNTY SCHOOL DISTRICT**

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

**NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED**

**Life Insurance Fund**

Plan description – Life Insurance Fund – TRS administers the life insurance fund as provided by Kentucky Revised Statute 161.655 to eligible active and retired members. The TRS Life Insurance benefit is a cost-sharing multiple employer defined benefit plan with a special funding situation. Changes made to the life insurance plan may be made by the TRS Board of Trustees and the General Assembly.

Benefits provided – TRS provides a life insurance benefit of five thousand dollars payable for members who retire based on service or disability. TRS provides a life insurance benefit of two thousand dollars payable for its active contributing members. The life insurance benefit is payable upon the death of the member to the member’s estate or to a party designated by the member.

Contributions – In order to fund the post-retirement life insurance benefit, three hundredths of one percent (.03%) of the gross annual payroll of members is contributed by the Commonwealth.

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

At June 30, 2022, the District did not report a liability for its proportionate share of the collective net OPEB liability for life insurance benefits because the State of Kentucky provides the OPEB support directly to TRS on behalf of the District. The amount recognized by the District as its proportionate share of the OPEB liability was \$0 and the Commonwealth’s total portion of the net OPEB liability that was associated with the District was \$259,000.

For the year ended June 30, 2022, the District recognized OPEB expense of \$39,715 and revenue of \$39,715 for support provided by the Commonwealth. At June 30, 2022, the District reported no deferred outflows of resources and deferred inflows of resources related to the OPEB.

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

Investment rate of return	7.10%, net of OPEB plan investment expense, including inflation.
Projected salary increases	3.00 – 7.50%, including inflation
Inflation rate	2.50%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Municipal Bond Index Rate	2.13%
Discount Rate	7.10%
Single Equivalent Interest Rate	7.10%, net of OPEB plan investment expense, including inflation

Mortality rates were based on the Pub-2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees, and active members.

The actuarial assumptions used were based on the results of an actuarial experience study for the 5-year period ending June 30, 2020, adopted by the board on September 20, 2021.

**WARREN COUNTY SCHOOL DISTRICT**

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

**NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED**

The long-term expected rate of return on OPEB plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
U.S. Equity	40.0%	4.4%
International Equity	23.0%	5.6%
Fixed Income	18.0%	-0.1%
Real Estate	6.0%	4.0%
Private Equity	5.0%	6.9%
Other	6.0%	2.1%
Cash (LIBOR)	2.0%	-0.3%
	<u>100%</u>	

Discount rate - The discount rate used to measure the total OPEB liability for life insurance was 7.10%. The projection of cash flows used to determine the discount rate assumed that the employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

The District has no proportional share of the net OPEB liability. The following presents the sensitivity of the System’s net pension liability calculated using the discount rate of 7.10 percent, as well as what the System’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

Description	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
System's net OPEB liability (in thousands)	\$ 30,217	\$ 13,078	\$ (800)

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

## WARREN COUNTY SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

#### NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

##### CERS

Plan description – The Kentucky Retirement Systems' Insurance Fund (Insurance Fund) was established to provide hospital and medical insurance for eligible members receiving benefits from CERS. The eligible non-Medicare retirees are covered by the Department of Employee Insurance (DEI) plans. KRS submits the premium payments to DEI. The Board contracts with Humana to provide health care benefits to the eligible Medicare retirees through a Medicare Advantage Plan. The Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance. Senate Bill 249 passed during the 2020 legislative session and changed the funding period for the amortization of the unfunded liability to 30 years as of June 30, 2019. Gains and losses incurring in future years will be amortized over separate 20-year amortization bases. This change does not impact the calculation of the Total Pension Liability and only impacts the calculation of the contribution rates that would be payable starting July 1, 2020. There were no other material plan provision changes.

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

Contributions – For the fiscal year ended June 30, 2022, plan members who began participating prior to September 1, 2008, were required to contribute 0% of their annual creditable compensation. Those members who began participating on, or after, September 1, 2008 and before January 1, 2014 were required to contribute 1% of their annual creditable compensation. Those members who began participating on, or after, January 1, 2014 were required to contribute 1% of their annual creditable compensation but their contribution is not credited to their account and is not refundable. Participating employers were required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 78.545(33), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last preceding July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the Board. The school districts' contractually required contribution rate for the year ended June 30, 2022, was 5.78 percent of annual creditable compensation. Contributions to the OPEB plan from the District were \$1,292,699.

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

At June 30, 2022, the District reported a liability of \$13,462,795 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2021, the District's proportion was 0.703220 percent, which was an decrease of .031231 percent from its proportion measured as of June 30, 2020. At June 30, 2022 the district owed \$180,707 to CERS for June 2022 contributions.

**WARREN COUNTY SCHOOL DISTRICT**

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

**NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED**

For the year ended June 30, 2022, the District recognized OPEB expense of \$1,772,133. At June 30, 2022, the District reported its proportionate share of the CERS deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 2,117,028	\$ 4,019,543
Changes in actuarial assumptions	3,569,244	12,519
Difference between projected and actual investment earnings		2,106,067
Changes in proportion and differences between employer contributions and proportionate share of contributions	487,922	531,141
Contributions paid to CERS subsequent to the measurement date	1,292,699	
	<u>\$ 7,466,893</u>	<u>\$ 6,669,270</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$1,292,699 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year Ending June 30	OPEB Expense Amount
2023	\$ 370,485
2024	50,369
2025	(13,709)
2026	(902,221)
	<u>\$ (495,076)</u>

**WARREN COUNTY SCHOOL DISTRICT**

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

**NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED**

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

Investment rate of return	6.25%, net of OPEB plan investment expense, including inflation.
Projected salary increases	3.30% to 10.30%, varies by service
Inflation rate	2.30%
Real Wage Growth	2.00%
Healthcare Trend Rate:	
Pre-65	Initial trend starting at 6.30% at January 1, 2023, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Post-65	Initial trend starting at 6.30% at January 1, 2023, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Municipal Bond Index Rate	1.92%
Discount Rate	5.20%

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

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

The long-term expected rate of return was determined by using a building block method in which best estimate ranges of expected future real rates of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage.

**WARREN COUNTY SCHOOL DISTRICT**

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

**NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED**

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
US Equity	21.75%	5.70%
Non-US Equity	21.75%	6.35%
Private Equity	10.00%	9.70%
Specialty Credit/High Yield	15.00%	2.80%
Core Bonds	10.00%	0.00%
Cash	1.50%	-0.60%
Real Estate	10.00%	5.40%
Real Return	10.00%	4.55%
Total	<u>100.00%</u>	

Discount Rate

The projection of cash flows used to determine the discount rate of 5.20% assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 28 years (closed) amortization period of the unfunded actuarial accrued liability. The discount rate determination used an expected rate of return of 6.25%, and a municipal bond rate of 1.92%, as reported in Fidelity Index’s “20 –Year Municipal GO AA Index” as of June 30, 2021. However, the cost associated with the implicit employer subsidy was not included in the calculation of the System’s actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the System’s trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy. The target asset allocation and best estimates of arithmetic nominal rates of return for each major asset class are summarized in the ACFR.

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

The following table presents the District’s proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 5.20%, as well as what the District’s proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.20%) or 1-percentage-point higher (6.20%) than the current rate:

Description	1% Decrease (4.34%)	Current Discount Rate (5.34%)	1% Increase (6.34%)
District's proportionate share of the net OPEB liability	\$ 18,484,316	\$ 13,462,795	\$ 9,341,804

## WARREN COUNTY SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

#### NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

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

Description	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 9,691,613	\$ 13,462,795	\$ 18,014,671

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

#### DEFERRED COMPENSATION

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

#### NOTE 10 – FUND BALANCES

Nonspendable fund balances are those that cannot be spent on future obligations. At June 30, 2022, the General Fund had \$1,014,235 for prepaid items and \$453,376 for inventory and the Special Revenue Fund had \$86,354 for prepaid items.

Restricted fund balances arise when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. At June 30, 2022, the District had, \$2,417,341 restricted for grants in the Special Revenue Fund, \$739,337 restricted for capital projects in the FSPK Fund, \$222,065 restricted for capital projects in the Construction Fund, \$556,721 restricted for school activities in the District Activity Fund, \$977,464 restricted for school activities in the Student Activity Fund, \$891,541 restricted for capital projects in the SEEK Capital Outlay Fund and \$1,053 restricted for debt service in the Debt Service Fund.

Committed fund balances are those amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, which, for the District is the Board of Education. The Board of Education must approve by majority vote the establishment (and modification or rescinding) of a fund balance commitment. At June 30, 2022, the District had \$963,580 for compensated absences in the General Fund.



## **WARREN COUNTY SCHOOL DISTRICT**

### **NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED**

June 30, 2022

#### **NOTE 10 – FUND BALANCES – CONTINUED**

Assigned fund balances are those amounts that are constrained by the government's *intent* to be used for specific purposes, but are neither restricted nor committed. The Board of Education allows program supervisors to complete purchase orders which result in the encumbrance of funds. Assigned for purchase orders in the General Fund at June 30, 2022 were \$5,273,304. Assigned fund balance also includes (a) all remaining amounts (except for negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed and (b) amounts in the general fund that are intended to be used for a specific purpose. The District had no other assigned fund balance at June 30, 2022.

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

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

#### **NOTE 11 – COMMITMENTS AND CONTINGENCIES**

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

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

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

The District has ongoing construction commitments at June 30, 2022.

**WARREN COUNTY SCHOOL DISTRICT**

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

**NOTE 12 – DEFICIT OPERATING BALANCES**

The Daycare Fund had deficit net position at June 30, 2022 in the amount of \$237,387. The deficit net position is a result of the recording of the net pension and net OPEB liabilities for CERS.

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

<u>Fund</u>	<u>Amount</u>
Construction Fund	\$ 16,715,229
Daycare Fund	75,124

**NOTE 13 – ON-BEHALF PAYMENTS**

The District receives on-behalf payments from the Commonwealth of Kentucky for items including pension, OPEB, technology, health care costs, operating costs and debt service. The amounts received and funds where these items were recorded for the fiscal year ended June 30, 2022 were as follows:

<u>Description</u>	<u>Amount</u>
Health	\$ 17,300,033
Life	25,877
Admin	206,632
HRA	780,700
TRS Pension	21,955,148
TRS MIF	1,612,663
TRS Life	39,715
Technology	216,620
Debt Service	693,595
Less: Federal Reimbursement	<u>(1,563,302)</u>
Total on-behalf	<u>\$ 41,267,681</u>

Recorded as follows:

General Fund	\$ 39,496,231
Food Service Fund	1,046,104
Daycare Fund	31,751
Debt Service Fund	<u>693,595</u>
	<u>\$ 41,267,681</u>

**WARREN COUNTY SCHOOL DISTRICT**

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2022

**NOTE 14 – RESTATEMENT**

The District adopted GASB 87 for leases during the fiscal year and resulted in copiers being added as capital assets. The capital asset was \$500,718, accumulated amortization was \$125,179 and the capital lease payable was \$368,081 for a net restatement that increased net position by \$7,458.

**NOTE 15 – SUBSEQUENT EVENT**

In August 2022, the District redeemed its 2012 Series Revenue bonds maturing October 1, 2023 and thereafter in the amount of \$2,910,000.

**REQUIRED SUPPLEMENTARY INFORMATION**

**WARREN COUNTY SCHOOL DISTRICT**

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

GENERAL FUND

Year Ended June 30, 2022

	<u>Original</u>	<u>Final</u>	<u>Actual</u>
<b>Revenues:</b>			
From local sources:			
Taxes:			
Property	\$ 29,014,355	\$ 30,041,298	\$ 29,483,372
Motor vehicle	4,685,533	4,421,201	5,752,292
Utilities	6,145,840	6,096,035	6,737,497
Occupational	10,006,000	9,608,905	11,640,000
Revenue in lieu of taxes	1,164,737	1,125,973	1,180,005
Tuition and fees	24,000	44,985	23,915
Earnings on investments	100,000	34,000	73,940
Other local revenues	180,650	228,500	389,971
Intergovernmental - State	88,802,970	88,517,785	89,454,516
Intergovernmental - Indirect Federal	200,000	275,000	389,633
	<u>140,324,085</u>	<u>140,393,682</u>	<u>145,125,141</u>
<b>Total Revenues</b>			
	140,324,085	140,393,682	145,125,141
<b>Expenditures:</b>			
Instruction	89,591,537	89,822,404	89,963,415
Support services:			
Student	11,027,149	11,114,696	10,397,018
Instruction staff	4,149,880	4,221,387	3,966,948
District administrative	2,512,589	2,906,080	2,766,355
School administrative	10,372,281	10,845,218	9,643,618
Business	4,494,573	4,707,397	4,428,350
Plant operation and maintenance	14,032,200	14,554,284	15,402,341
Student transportation	10,625,143	10,648,292	11,080,156
Community service activities	141,858	153,828	50,444
Facilities acquisition and construction	700,000	750,000	5,225
Other non-instruction	14,000,000	15,020,453	
	<u>161,647,210</u>	<u>164,744,039</u>	<u>147,703,870</u>
<b>Total Expenditures</b>			
	161,647,210	164,744,039	147,703,870
<b>Excess (Deficit) of Revenues over Expenditures</b>	(21,323,125)	(24,350,357)	(2,578,729)
<b>Other Financing Sources (Uses):</b>			
Proceeds from sale of capital assets	2,000	2,500	172,186
Insurance proceeds			69,175
Transfers in	709,848	853,146	5,307,497
Transfers out	(1,175,094)	(1,213,255)	(2,721,620)
	<u>(463,246)</u>	<u>(357,609)</u>	<u>2,827,238</u>
<b>Total Other Financing Sources (Uses)</b>			
	(463,246)	(357,609)	2,827,238
<b>Net Change in Fund Balance</b>	(21,786,371)	(24,707,966)	248,509
<b>Fund Balance, July 1, 2021</b>	<u>21,786,371</u>	<u>24,707,966</u>	<u>27,259,741</u>
<b>Fund Balance, June 30, 2022</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,508,250</u>

**WARREN COUNTY SCHOOL DISTRICT**

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

**SPECIAL REVENUE FUND**

Year Ended June 30, 2022

	<u>Original</u>	<u>Final</u>	<u>Actual</u>
<b>Revenues:</b>			
Earnings on investments	\$ -	\$ -	\$ 7,296
Other local revenues	80,000	490,515	511,249
Intergovernmental - State	5,813,965	6,230,917	6,012,291
Intergovernmental - Indirect Federal	10,177,656	13,164,015	38,226,065
Intergovernmental - Direct Federal			<u>222,283</u>
<b>Total Revenues</b>	<u>16,071,621</u>	<u>19,885,447</u>	<u>44,979,184</u>
<b>Expenditures:</b>			
Instruction	14,623,239	18,396,293	38,817,082
Support services:			
Student		43,095	313,265
School administrative			6,968
Business		2,000	64,311
Plant operation and maintenance	223,480	223,334	223,556
Student transportation	50,683	27,243	7,788
Community service activities	1,408,109	1,596,681	1,790,649
Other non-instruction			<u>47,888</u>
<b>Total Expenditures</b>	<u>16,305,511</u>	<u>20,288,646</u>	<u>41,271,507</u>
<b>Excess (Deficit) of Revenues over Expenditures</b>	(233,890)	(403,199)	3,707,677
<b>Other Financing Sources (Uses):</b>			
Transfers in	300,000		322,261
Transfers out	<u>(66,110)</u>	<u>(236,349)</u>	<u>(3,717,983)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>233,890</u>	<u>(236,349)</u>	<u>(3,395,722)</u>
<b>Net Change in Fund Balance</b>	-	(639,548)	311,955
<b>Fund Balance, July 1, 2021</b>		<u>639,548</u>	<u>2,191,740</u>
<b>Fund Balance, June 30, 2022</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,503,695</u>

**WARREN COUNTY SCHOOL DISTRICT**

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

June 30, 2022

Last 10 Years \*

	2022	2021	2020	2019
Proportion of the net pension liability	0.703385%	0.734664%	0.705571%	0.687531%
Proportionate share of the net pension liability	\$ 44,846,311	\$ 56,348,121	\$ 49,623,123	\$ 41,872,733
Covered payroll	\$ 19,569,704	\$ 19,094,451	\$ 18,229,329	\$ 17,397,251
Proportionate share of the net pension liability as percentage of covered payroll	229.2%	295.1%	272.2%	240.7%
Plan fiduciary net position as a percentage of the total pension liability	57.33%	47.81%	50.45%	53.54%
	2018	2017	2016	2015
Proportion of the net pension liability	0.671800%	0.676100%	0.662300%	0.659800%
Proportionate share of the net pension liability	\$ 39,321,056	\$ 33,286,339	\$ 28,477,069	\$ 21,406,024
Covered payroll	\$ 18,321,766	\$ 17,785,235	\$ 16,639,872	\$ 16,223,095
Proportionate share of the net pension liability as percentage of covered payroll	214.6%	187.2%	171.1%	131.9%
Plan fiduciary net position as a percentage of the total pension liability	53.30%	55.50%	59.97%	66.80%

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

**WARREN COUNTY SCHOOL DISTRICT**

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

June 30, 2022

Last 10 Years \*

	2022	2021		
Proportion of the net OPEB liability	0.703220%	0.734451%		
Proportionate share of the net OPEB liability	\$ 13,462,795	\$ 17,734,758		
Covered payroll	\$ 19,569,704	\$ 19,094,451		
Proportionate share of the net OPEB liability as percentage of covered payroll	68.79%	92.88%		
Plan fiduciary net position as a percentage of the total OPEB liability	62.91%	51.67%		
	2020	2019	2018	
Proportion of the net OPEB liability	0.705401%	0.687531%	0.671800%	
Proportionate share of the net OPEB liability	\$ 11,864,527	\$ 12,206,621	\$ 13,507,975	
Covered payroll	\$ 18,229,329	\$ 17,397,251	\$ 18,321,766	
Proportionate share of the net OPEB liability as percentage of covered payroll	65.08%	70.16%	73.73%	
Plan fiduciary net position as a percentage of the total OPEB liability	60.44%	57.62%	52.39%	

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



**WARREN COUNTY SCHOOL DISTRICT**

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

June 30, 2022

Last 10 Years \*

	2022	2021	2020	2019
Proportion of the net pension liability	2.113500%	2.023100%	1.996300%	1.906800%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -
State proportionate share of the net pension liability associated with the District	275,046,653	286,728,865	272,368,707	249,682,225
<b>Total</b>	<b>\$ 275,046,653</b>	<b>\$ 286,728,865</b>	<b>\$ 272,368,707</b>	<b>\$ 249,682,225</b>
Covered payroll	\$ 65,608,008	\$ 63,090,738	\$ 61,174,707	\$ 58,277,591
Proportionate share of the net pension liability as percentage of covered payroll	419.2%	454.5%	445.2%	428.4%
Plan fiduciary net position as a percentage of the total pension liability	65.60%	58.30%	58.80%	59.30%
	2018	2017	2016	2015
Proportion of the net pension liability	1.880600%	1.853100%	1.790700%	1.678200%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -
State proportionate share of the net pension liability associated with the District	507,432,630	546,664,730	416,700,596	344,848,397
<b>Total</b>	<b>\$ 507,432,630</b>	<b>\$ 546,664,730</b>	<b>\$ 416,700,596</b>	<b>\$ 344,848,397</b>
Covered payroll	\$ 56,208,579	\$ 55,562,888	\$ 52,800,486	\$ 51,203,951
Proportionate share of the net pension liability as percentage of covered payroll	902.8%	983.9%	789.2%	673.5%
Plan fiduciary net position as a percentage of the total pension liability	39.80%	35.20%	42.50%	45.59%

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

**WARREN COUNTY SCHOOL DISTRICT**

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

June 30, 2022

Last 10 Years \*

	2022	<u>2021</u>	
Proportion of the net OPEB liability	2.027258%	1.940239%	
District's proportionate share of the net OPEB liability	\$ 24,004,000	\$	27,188,000
State proportionate share of the net OPEB liability associated with the District	19,495,000	<u>21,779,000</u>	
Total	<u>\$ 60,153,000</u>	<u>\$</u>	<u>60,153,000</u>
Covered payroll	\$ 65,608,008	\$	63,090,738
District's proportionate share of the net OPEB liability as percentage of covered payroll	36.59%	43.09%	
Plan fiduciary net position as a percentage of the total OPEB liability	51.70%	39.10%	
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Proportion of the net OPEB liability	1.913120%	1.824235%	1.794010%
District's proportionate share of the net OPEB liability	\$ 30,977,000	\$ 33,997,000	\$ 35,209,000
State proportionate share of the net OPEB liability associated with the District	25,016,000	29,299,000	28,761,000
Total	<u>\$ 60,153,000</u>	<u>\$ 60,153,000</u>	<u>\$ 61,559,000</u>
Covered payroll	\$ 61,174,707	\$ 58,277,591	\$ 56,208,579
District's proportionate share of the net OPEB liability as percentage of covered payroll	50.64%	58.34%	62.64%
Plan fiduciary net position as a percentage of the total OPEB liability	32.60%	25.50%	21.20%

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

**WARREN COUNTY SCHOOL DISTRICT**

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

June 30, 2022

Last 10 Years \*

	2022	2021	
	<u>1.981926%</u>	<u>1.897222%</u>	
Proportion of the net OPEB liability	1.981926%	1.897222%	
District's proportionate share of the net OPEB liability	\$ -	\$ -	
State proportionate share of the net OPEB liability associated with the District	<u>259,000</u>	<u>659,000</u>	
Total	<u>\$ 259,000</u>	<u>\$ 659,000</u>	
Covered payroll	\$ 65,608,008	\$ 63,090,738	
District's proportionate share of the net OPEB liability as percentage of covered payroll	0.0%	0.0%	
Plan fiduciary net position as a percentage of the total OPEB liability	89.20%	71.60%	
	2020	2019	2018
	<u>1.870369%</u>	<u>1.782679%</u>	<u>1.753210%</u>
Proportion of the net OPEB liability	1.870369%	1.782679%	1.753210%
District's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -
State proportionate share of the net OPEB liability associated with the District	<u>581,000</u>	<u>503,000</u>	<u>385,000</u>
Total	<u>\$ 581,000</u>	<u>\$ 503,000</u>	<u>\$ 385,000</u>
Covered payroll	\$ 61,174,707	\$ 58,277,591	\$ 56,208,579
District's proportionate share of the net OPEB liability as percentage of covered payroll	0.0%	0.0%	0.0%
Plan fiduciary net position as a percentage of the total OPEB liability	73.40%	75.00%	80.00%

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

**WARREN COUNTY SCHOOL DISTRICT**

SCHEDULE OF CONTRIBUTIONS TO CERS PENSION

June 30, 2022

Last 10 Years \*

	2022	2021	2020	2019
Contractually required contribution (actuarially determined)	\$ 4,734,677	\$ 3,776,953	\$ 3,685,229	\$ 2,956,797
Contribution in relation to the actuarially determined contributions	4,734,677	3,776,953	3,685,229	2,956,797
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 22,365,029	\$ 19,569,704	\$ 19,094,451	\$ 18,229,329
Contributions as a percentage of covered payroll	21.17%	19.30%	19.30%	16.22%
	2018	2017	2016	2015
Contractually require contribution (actuarially determined)	\$ 2,519,122	\$ 2,555,866	\$ 2,208,926	\$ 2,121,584
Contribution in relation to the actuarially determined contributions	2,519,122	2,555,866	2,208,926	2,121,584
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 17,397,251	\$ 18,321,766	\$ 17,785,235	\$ 16,639,872
Contributions as a percentage of covered payroll	14.48%	13.95%	12.42%	12.75%

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

**WARREN COUNTY SCHOOL DISTRICT**

SCHEDULE OF CONTRIBUTIONS TO TRS PENSION

June 30, 2022

Last 10 Years \*

	2022	2021	2020	2019
Contractually required contribution (actuarially determined)	\$ -	\$ -	\$ -	\$ -
Contribution in relation to the actuarially determined contributions	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 70,236,519	\$ 65,608,008	\$ 63,090,738	\$ 61,174,707
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%
	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	\$ -	\$ -	\$ -	\$ -
Contribution in relation to the actuarially determined contributions	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 58,277,591	\$ 56,208,579	\$ 55,262,888	\$ 52,800,486
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

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

**WARREN COUNTY SCHOOL DISTRICT**

SCHEDULE OF CONTRIBUTIONS TO CERS OPEB

June 30, 2022

Last 10 Years \*

	2022	2021	
Contractually required contribution (actuarially determined)	\$ 1,292,699	\$	931,518
Contribution in relation to the actuarially determined contributions	1,292,699		931,518
Contribution deficiency (excess)	\$ -	\$	-
Covered payroll	\$ 22,365,029	\$	19,569,704
Contributions as a percentage of covered payroll	5.78%		4.76%
	2020	2019	2018
Contractually required contribution (actuarially determined)	\$ 908,896	\$ 958,863	\$ 817,671
Contribution in relation to the actuarially determined contributions	908,896	958,863	817,671
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll	\$ 19,094,451	\$ 18,229,329	\$ 17,397,251
Contributions as a percentage of covered payroll	4.76%	5.26%	4.70%

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

**WARREN COUNTY SCHOOL DISTRICT**

SCHEDULE OF CONTRIBUTIONS TO TRS MEDICAL INSURANCE FUND

June 30, 2022

Last 10 Years \*

	<u>2022</u>	<u>2021</u>	
Contractually required contribution (actuarially determined)	\$ 2,107,096	\$ 1,968,240	
Contribution in relation to the actuarially determined contributions	<u>2,107,096</u>	<u>1,968,240</u>	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	
Covered payroll	\$ 70,236,519	\$ 65,608,008	
Contributions as a percentage of covered payroll	3.00%	3.00%	
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution (actuarially determined)	\$ 1,892,722	\$ 1,835,241	\$ 1,748,328
Contribution in relation to the actuarially determined contributions	<u>1,892,722</u>	<u>1,835,241</u>	<u>1,748,328</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 63,090,738	\$ 61,174,707	\$ 58,277,591
Contributions as a percentage of covered payroll	3.00%	3.00%	3.00%

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

**WARREN COUNTY SCHOOL DISTRICT**

SCHEDULE OF CONTRIBUTIONS TO TRS - LIFE INSURANCE FUND

June 30, 2022

Last 10 Years \*

	2022		2021			
Contractually required contribution (actuarially determined)	\$	-	\$	-		
Contribution in relation to the actuarially determined contributions		-		-		
Contribution deficiency (excess)	\$	-	\$	-		
Covered payroll	\$	70,236,519	\$	65,608,008		
Contributions as a percentage of covered payroll		0.00%		0.00%		
	2020		2019		2018	
Contractually required contribution (actuarially determined)	\$	-	\$	-	\$	-
Contribution in relation to the actuarially determined contributions		-		-		-
Contribution deficiency (excess)	\$	-	\$	-	\$	-
Covered payroll	\$	63,090,738	\$	61,174,707	\$	58,277,591
Contributions as a percentage of covered payroll		0.00%		0.00%		0.00%

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



**WARREN COUNTY SCHOOL DISTRICT**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2022

**CERS PENSION**

*Changes of benefit terms.* There were no changes in benefit terms for 2015 through 2022.

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

2014 – The assumed investment rate of return was decreased from 7.75% to 7.50%. The assumed rate of inflation was reduced from 3.50% to 3.25%. The assumed rate of wage inflation was reduced from 1.00% to 0.75%. Payroll growth assumption was reduced from 4.50% to 4.00%. The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted. The assumed rates of Retirement, Withdrawal and Disability were updated to more accurately reflect experience.

2015 and 2016 – No changes.

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

2018 – No changes.

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

2020 & 2021 – No changes.

**WARREN COUNTY SCHOOL DISTRICT**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2022

**CERS OPEB**

*Changes of benefit terms.* There were no changes in benefit terms for 2018 to 2022.

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

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

2018 – No changes

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

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

2021 – The discount rate was changed from 5.34% to 5.20%. The municipal bond rate was changed from 2.45% to 1.92%.

## WARREN COUNTY SCHOOL DISTRICT

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2022

#### TRS PENSION

*Changes of benefit terms.* There were no changes in benefit terms for 2015 through 2022.

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

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

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

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

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

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

2019 and 2020 – No changes

2021 – In the 2020 experience study, rates of withdrawal, retirement, disability, mortality, and rates of salary increases were adjusted to reflect actual experience more closely. The expectation of mortality was changed to the Pub-2010 Mortality Tables (Teachers Benefit-Weighted) projected generationally with MP-2020 with various set forwards, set-backs, and adjustments for each of the groups; service retirees, contingent annuitants, disabled retirees, and actives. The assumed long-term investment rate of return was changed from 7.50 percent to 7.10 percent and the price inflation assumption was lowered from 3.00 percent to 2.50 percent. In addition, the calculation of the SEIR results in an assumption change from 7.50% to 7.10%.

**WARREN COUNTY SCHOOL DISTRICT**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2022

**TRS OPEB**

*Changes of benefit terms.*

2018 – MIF – With the passage of House Bill 471, the eligibility for non-single subsidies (NSS) for the KEHP-participating members who retired prior to July 1, 2010 is restored, but the State will only finance, via its KEHP "shared responsibility" contributions, the costs of the NSS related to those KEHP-participating members who retired on or after July 1, 2010.

LIF – No changes

2019, 2020, 2021 and 2022 – No changes for MIF or LIF

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

2017 – No changes for MIF or LIF

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

2019 – No changes for MIF or LIF

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

2021 – MIF and LIF – In the 2020 experience study, rates of withdrawal, retirement, disability, mortality, and rates of salary increases were adjusted to reflect actual experience more closely. The expectation of mortality was changed to the Pub-2010 Mortality Tables (Teachers Benefit-Weighted) projected generationally with MP-2020 with various set forwards, set-backs, and adjustments for each of the groups; service retirees, contingent annuitants, disabled retirees, and actives.

The assumed long-term investment rate of return was changed from 8.00% for the MIF and .50% for the LIF to 7.10%. The price inflation assumption was lowered from 3.00% to 2.50%.

**SUPPLEMENTARY INFORMATION**

**WARREN COUNTY SCHOOL DISTRICT**

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

June 30, 2022

	District Activity Fund	Student Activity Fund	SEEK Capital Outlay Fund	Debt Service Fund	Total Nonmajor Governmental Funds
<b>Assets:</b>					
Cash, cash equivalents and investments	\$ 558,872	\$ 977,464	\$ 891,541	\$ 1,053	\$ 2,428,930
<b>Total Assets</b>	<u>\$ 558,872</u>	<u>\$ 977,464</u>	<u>\$ 891,541</u>	<u>\$ 1,053</u>	<u>\$ 2,428,930</u>
<b>Liabilities and Fund Balances:</b>					
<b>Liabilities</b>					
Accounts payable	\$ 2,151	\$ -	\$ -	\$ -	\$ 2,151
<b>Total Liabilities</b>	<u>2,151</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,151</u>
<b>Fund Balances</b>					
Restricted	<u>556,721</u>	<u>977,464</u>	<u>891,541</u>	<u>1,053</u>	<u>2,426,779</u>
<b>Total Fund Balances</b>	<u>556,721</u>	<u>977,464</u>	<u>891,541</u>	<u>1,053</u>	<u>2,426,779</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 558,872</u>	<u>\$ 977,464</u>	<u>\$ 891,541</u>	<u>\$ 1,053</u>	<u>\$ 2,428,930</u>

**WARREN COUNTY SCHOOL DISTRICT**

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

Year Ended June 30, 2022

	District Activity Fund	Student Activity Fund	SEEK Capital Outlay Fund	Debt Service Fund	Total Nonmajor Governmental Funds
<b>Revenues</b>					
From local sources:					
Other local revenue	\$ 407,279	\$ 1,802,214	\$ -	\$ -	\$ 2,209,493
Earnings on investments	1,280				1,280
Intergovernmental - State			1,534,573	693,595	2,228,168
<b>Total Revenues</b>	<b>408,559</b>	<b>1,802,214</b>	<b>1,534,573</b>	<b>693,595</b>	<b>4,438,941</b>
<b>Expenditures</b>					
Instruction	257,352	1,654,333			1,911,685
Support services:					
Instruction staff	97,136				97,136
Plant operation and maintenance		5,289			5,289
Debt service:					
Principal				11,578,000	11,578,000
Interest				6,174,592	6,174,592
<b>Total Expenditures</b>	<b>354,488</b>	<b>1,659,622</b>	<b>-</b>	<b>17,752,592</b>	<b>19,766,702</b>
<b>Excess (Deficit) of Revenues over Expenditures</b>	<b>54,071</b>	<b>142,592</b>	<b>1,534,573</b>	<b>(17,058,997)</b>	<b>(15,327,761)</b>
Other Financing Sources (Uses)					
Transfers in				17,111,339	17,111,339
Transfers out			(643,032)	(52,342)	(695,374)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>(643,032)</b>	<b>17,058,997</b>	<b>16,415,965</b>
<b>Net Change in Fund Balances</b>	<b>54,071</b>	<b>142,592</b>	<b>891,541</b>	<b>-</b>	<b>1,088,204</b>
<b>Fund Balance, July 1, 2021</b>	<b>502,650</b>	<b>834,872</b>	<b>-</b>	<b>1,053</b>	<b>1,338,575</b>
<b>Fund balance, June 30, 2022</b>	<b>\$ 556,721</b>	<b>\$ 977,464</b>	<b>\$ 891,541</b>	<b>\$ 1,053</b>	<b>\$ 2,426,779</b>

**WARREN COUNTY SCHOOL DISTRICT**

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

AGENCY FUNDS

YEAR ENDED JUNE 30, 2022

SCHOOL	CASH		DISBURSE- MENTS	CASH		ACCOUNTS PAYABLE	DUE TO STUDENT GROUPS
	BALANCES July 1, 2021	RECEIPTS		BALANCES June 30, 2022	RECEIVABLES June 30, 2022		
Alvaton Elementary	\$ 8,130	\$ 60,961	\$ 61,277	\$ 7,814	\$ -	\$ -	\$ 7,814
Briarwood Elementary	11,075	40,828	41,671	10,232	-	-	10,232
Bristow Elementary	5,162	9,809	9,137	5,834	-	-	5,834
Cumberland Trace Elementary	1,492	5,046	4,149	2,389	-	-	2,389
Jennings Creek Elementary	3,285	4,316	3,943	3,658	-	-	3,658
Jody Richards Elementary	3,237	11,653	8,411	6,479	-	-	6,479
Lost River Elementary	5,565	2,479	3,354	4,690	-	-	4,690
North Warren Elementary	3,253	1,200	329	4,124	-	-	4,124
Oakland Elementary	2,451	5,221	5,400	2,272	-	-	2,272
Plano Elementary	1,398	7,209	5,950	2,657	-	-	2,657
Rich Pond Elementary	9,274	8,110	7,615	9,769	-	-	9,769
Richardsville Elementary	20,225	12,451	10,681	21,995	-	-	21,995
Rockfield Elementary	2,545	41	-	2,586	-	-	2,586
Warren Elementary	13,560	3,303	3,008	13,855	-	-	13,855
William H. Natcher Elementary	1,566	14,496	13,838	2,224	-	-	2,224
Drakes Creek Middle	65,412	142,276	115,370	92,318	-	-	92,318
Henry F. Moss Middle	15,002	52,384	54,939	12,447	-	-	12,447
South Warren Middle	54,042	48,788	39,971	62,859	-	-	62,859
Warren East Middle	24,697	49,358	44,597	29,458	-	-	29,458
Greenwood High	200,541	294,658	270,885	224,314	-	-	224,314
South Warren High	205,148	516,341	467,825	253,664	-	-	253,664
Warren Central High	92,266	274,360	257,390	109,236	-	-	109,236
Warren East High	83,026	232,410	225,972	89,464	-	-	89,464
GEO International High	2,520	4,516	3,910	3,126	-	-	3,126
	<u>\$ 834,872</u>	<u>\$1,802,214</u>	<u>\$ 1,659,622</u>	<u>\$ 977,464</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 977,464</u>



**WARREN COUNTY SCHOOL DISTRICT**

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

GREENWOOD HIGH SCHOOL

YEAR ENDED JUNE 30, 2022

NAME OF ACTIVITY	CASH BALANCES July 1, 2021	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2022	RECEIVABLES June 30, 2022	ACCOUNTS PAYABLE June 30, 2022	DUE TO STUDENT GROUPS June 30, 2022
General Fund	\$ 3,542	\$ 3,198	\$ 1,351	\$ 5,389	\$ -	\$ -	\$ 5,389
Interest Income	-	467	467	-	-	-	-
AP Test	298	-	38	260	-	-	260
Co-op	-	-	-	-	-	-	-
Readiness	519	1,570	1,426	663	-	-	663
Faculty Vending	1,819	1,197	2,614	402	-	-	402
Musical	18,042	43,468	25,879	35,631	-	-	35,631
PBIS	947	3,982	2,793	2,136	-	-	2,136
Prom	17,190	13,670	8,359	22,501	-	-	22,501
Student Council	10,492	12,407	9,557	13,342	-	-	13,342
Student Vending	825	933	164	1,594	-	-	1,594
Yearbooks	2,796	165	300	2,661	-	-	2,661
GHS Gator Action Club	1,342	-	-	1,342	-	-	1,342
Archery	-	336	-	336	-	-	336
Art Club	1,646	775	752	1,669	-	-	1,669
Band Club	1	-	1	-	-	-	-
BETA Club	196	1,589	1,658	127	-	-	127
Chess Club	484	-	-	484	-	-	484
Choir Club	8,066	6,049	6,129	7,986	-	-	7,986
Drama Club	1,296	1,308	340	2,264	-	-	2,264
Fashion Club	400	-	400	-	-	-	-
FBLA Club	8,054	8,650	14,247	2,457	-	-	2,457
FCA Club	379	650	979	50	-	-	50
FCCLA Club	3,410	750	1,744	2,416	-	-	2,416
FEA Club	116	-	116	-	-	-	-
FFA Club	12,361	77,719	79,788	10,292	-	-	10,292
Friends Club	1,141	343	561	923	-	-	923
GAPP Club	62	336	398	-	-	-	-
Gay-Straight Alliance	1,391	-	-	1,391	-	-	1,391
GHS Forensics Club	-	-	-	-	-	-	-
HOSA Club	907	-	907	-	-	-	-
International Club	429	50	300	179	-	-	179
Key Club	720	-	720	-	-	-	-
Literature Club	70	1,372	1,400	42	-	-	42
NHS Club	822	3,791	4,613	-	-	-	-
OAR Club	3,783	5,188	6,857	2,114	-	-	2,114
Orchestra	672	690	979	383	-	-	383
GHS Outdoors Club	3,283	-	2,545	738	-	-	738
SADD Club	1,306	-	173	1,133	-	-	1,133
S.C.E.C. Club	84	-	84	-	-	-	-
Science Club	103	1,288	887	504	-	-	504
Spanish Club	832	-	832	-	-	-	-
STLP Club	1,193	100	338	955	-	-	955
Student Ambassadors	3,603	-	-	3,603	-	-	3,603
YELP Club	273	-	273	-	-	-	-
Gate/Official	53,607	85,301	63,316	75,592	-	-	75,592
Athletic Special	1,630	27,484	25,911	3,203	-	-	3,203
Baseball	7	1,257	1,264	-	-	-	-
Basketball - Boys	1,500	150	1,650	-	-	-	-
Basketball District Tour	-	-	-	-	-	-	-
Basketball - Girls	44	2,323	2,367	-	-	-	-
Bass Fishing	2,390	-	-	2,390	-	-	2,390
Bowling - Boys	75	458	533	-	-	-	-
Bowling - Girls	75	201	276	-	-	-	-
Cheerleading	500	1,243	1,743	-	-	-	-
Cross Country - Boys	-	605	605	-	-	-	-
Cross Country - Girls	-	505	505	-	-	-	-
Football	156	13,694	13,850	-	-	-	-
Region 3 Boys	-	-	-	-	-	-	-
Golf - Boys	193	132	325	-	-	-	-
Golf - Girls	500	-	500	-	-	-	-
Hall of Fame	-	-	-	-	-	-	-
Lacrosse	-	-	-	-	-	-	-
Soccer - Boys	429	1,549	1,978	-	-	-	-
Soccer - Girls	19	800	819	-	-	-	-
District/Region Tour	9,159	-	9,159	-	-	-	-
Softball	134	1,937	2,071	-	-	-	-
Swimming - Boys	250	93	343	-	-	-	-
Swimming - Girls	250	25	275	-	-	-	-
Tennis - Boys	-	500	500	-	-	-	-
Tennis - Girls	-	449	449	-	-	-	-
Track - Boys	689	-	689	-	-	-	-
Track - Girls	-	730	730	-	-	-	-

**WARREN COUNTY SCHOOL DISTRICT**

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

GREENWOOD HIGH SCHOOL - CONTINUED

YEAR ENDED JUNE 30, 2022

NAME OF ACTIVITY	CASH BALANCES July 1, 2021	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2022	RECEIVABLES June 30, 2022	ACCOUNTS PAYABLE June 30, 2022	DUE TO STUDENT GROUPS June 30, 2022
Volleyball	260	1,680	1,940	-	-	-	-
Guidance Dept.	222	-	48	174	-	-	174
JROTC Dept	5,518	22,865	18,153	10,230	-	-	10,230
Math Dept	550	-	-	550	-	-	550
Physical Ed. Dept	3,734	-	-	3,734	-	-	3,734
Photography Dept	64	-	64	-	-	-	-
Science Dept	1,595	-	692	903	-	-	903
Social Studies Dept	255	-	-	255	-	-	255
Voc. Ag. Dept	98	-	98	-	-	-	-
FRYSC Donations	1,743	949	1,376	1,316	-	-	1,316
Sub Total	200,541	356,971	333,198	224,314	-	-	224,314
Interfund Transfers	-	(62,313)	(62,313)	-	-	-	-
<b>TOTAL</b>	<b>\$ 200,541</b>	<b>\$ 294,658</b>	<b>\$ 270,885</b>	<b>\$ 224,314</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 224,314</b>

**WARREN COUNTY SCHOOL DISTRICT**

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

SOUTH WARREN HIGH SCHOOL

YEAR ENDED JUNE 30, 2022

NAME OF ACTIVITY	CASH BALANCES July 1, 2021	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2022	RECEIVABLES June 30, 2022	ACCOUNTS PAYABLE June 30, 2022	DUE TO STUDENT GROUPS June 30, 2022
General Fund	\$ 18,130	\$ 5,201	\$ 13,567	\$ 9,764	\$ -	\$ -	\$ 9,764
Interest Income	-	551	551	-	-	-	-
DAF Athletics	-	-	-	-	-	-	-
Dance	1,365	750	659	1,456	-	-	1,456
Environmental Club	838	-	750	88	-	-	88
Faculty Vending	982	527	145	1,364	-	-	1,364
Musical	56,055	44,112	46,577	53,590	-	-	53,590
Prom	7,159	14,452	5,938	15,673	-	-	15,673
Business Trips	181	-	-	181	-	-	181
Science Trips	1,314	15,397	12,017	4,694	-	-	4,694
Senior Trips	522	2,682	2,851	353	-	-	353
Student Ambassador	530	-	-	530	-	-	530
Student Council	3,945	7,543	1,860	9,628	-	-	9,628
Student Vending	6,235	4,263	1,988	8,510	-	-	8,510
Trainer	-	-	-	-	-	-	-
Academic Team Club	2,608	7,716	4,795	5,529	-	-	5,529
Art Club	2,832	88	30	2,890	-	-	2,890
BETA Club	897	27,199	22,502	5,594	-	-	5,594
Book Club	163	-	-	163	-	-	163
Chess Club	119	10	-	129	-	-	129
Choir Club	8,172	11,246	12,046	7,372	-	-	7,372
Drama Club	-	-	-	-	-	-	-
Dungeons & Dragons Club	128	329	369	88	-	-	88
E-Sports	163	190	353	-	-	-	-
Equality Club	65	925	171	819	-	-	819
Fashion Club	3,030	5,215	5,155	3,090	-	-	3,090
FBLA Club	778	15,084	15,506	356	-	-	356
FCA Club	714	5	220	499	-	-	499
FCCLA Club	938	405	120	1,223	-	-	1,223
FFA Club	7,157	12,925	20,007	75	-	-	75
Film Society	-	245	-	245	-	-	245
History Club	6,831	80,750	85,312	2,269	-	-	2,269
KEY Club	450	2,973	2,455	968	-	-	968
Kentucky Youth Assembly	827	5,706	6,533	-	-	-	-
Boys Lacrosse Club	144	4,544	1,198	3,490	-	-	3,490
National Art Honor Society	117	-	117	-	-	-	-
Orchestra	765	509	930	344	-	-	344
SCEC Club	2,165	183	-	2,348	-	-	2,348
Science Club	2,669	19,905	20,881	1,693	-	-	1,693
Spanish Club	3,577	-	-	3,577	-	-	3,577
Spartan Stations	1,040	3,651	3,223	1,468	-	-	1,468
Spear-It	691	895	798	788	-	-	788
STLP Club	1,174	-	250	924	-	-	924
TARS Club	439	-	-	439	-	-	439
Ukulele Club	70	-	-	70	-	-	70
Athletic Special	8,421	8,592	12,862	4,151	-	-	4,151
Baseball	3,410	15,269	10,378	8,301	-	-	8,301
Bass Fishing	1	441	155	287	-	-	287
Basketball - Boys	16	11,840	11,802	54	-	-	54
Basketball - Girls	1,161	7,588	1,560	7,189	-	-	7,189
Bowling - Boys	202	545	265	482	-	-	482
Bowling - Girls	326	600	235	691	-	-	691
Cheerleading	1,582	2,000	1,361	2,221	-	-	2,221
Cross Country	3	4,500	2,252	2,251	-	-	2,251
Football	9,715	67,318	52,374	24,659	-	-	24,659
Golf - Boys	-	2,470	1,270	1,200	-	-	1,200
Golf - Girls	277	2,380	1,456	1,201	-	-	1,201
Girls Lacrosse	864	1,952	124	2,692	-	-	2,692
Regionals	-	62,426	62,426	-	-	-	-
Region 3 Girls Golf	-	4,480	3,602	878	-	-	878
Soccer - Boys	31	11,544	10,270	1,305	-	-	1,305
Soccer - Girls	940	5,534	3,951	2,523	-	-	2,523
Softball	5,865	9,322	10,593	4,594	-	-	4,594
Swimming	1,197	1,000	341	1,856	-	-	1,856
Tennis - Boys	-	1,390	726	664	-	-	664
Tennis - Girls	-	1,390	696	694	-	-	694
Track	48	3,973	1,734	2,287	-	-	2,287
Volleyball	3,050	5,365	4,320	4,095	-	-	4,095
District Wrestling	605	882	291	1,196	-	-	1,196
Family Consumer Science	995	950	-	1,945	-	-	1,945

**WARREN COUNTY SCHOOL DISTRICT**

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

SOUTH WARREN HIGH SCHOOL - CONTINUED

YEAR ENDED JUNE 30, 2022

NAME OF ACTIVITY	CASH BALANCES July 1, 2021	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2022	RECEIVABLES June 30, 2022	ACCOUNTS PAYABLE June 30, 2022	DUE TO STUDENT GROUPS June 30, 2022
GAT Dept.	1,309	2,150	2,048	1,411	-	-	1,411
Guidance Dept.	764	-	-	764	-	-	764
The Spartan Spoon	302	1,671	632	1,341	-	-	1,341
Voc. Ag. Dept.	18,085	25,104	22,738	20,451	-	-	20,451
Sub Total	205,148	558,852	510,336	253,664	-	-	253,664
Interfund Transfers	-	(42,511)	(42,511)	-	-	-	-
<b>TOTAL</b>	<b>\$ 205,148</b>	<b>\$ 516,341</b>	<b>\$ 467,825</b>	<b>\$ 253,664</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 253,664</b>

**WARREN COUNTY SCHOOL DISTRICT**

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

WARREN CENTRAL HIGH SCHOOL

YEAR ENDED JUNE 30, 2022

NAME OF ACTIVITY	CASH BALANCES July 1, 2021	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2022	RECEIVABLES June 30, 2022	ACCOUNTS PAYABLE June 30, 2022	DUE TO STUDENT GROUPS June 30, 2022
General Fund	\$ 10,759	\$ 449	\$ 1,271	\$ 9,937	\$ -	\$ -	\$ 9,937
Change Fund	-	6,800	6,800	-	-	-	-
Interest Income	-	238	-	238	-	-	238
School Store	-	754	71	683	-	-	683
Faculty Vending	749	1,101	718	1,132	-	-	1,132
FMD Class	764	24	253	535	-	-	535
PBIS	517	654	845	326	-	-	326
Prom	7,958	6,335	5,388	8,905	-	-	8,905
Dragon's Den (council)	4,116	2,057	3,166	3,007	-	-	3,007
Student Vending	-	-	-	-	-	-	-
Academic Team Club	50	-	-	50	-	-	50
Band Club	225	32,530	27,526	5,229	-	-	5,229
BETA Club	2,665	7,899	9,143	1,421	-	-	1,421
Biology Club	161	-	-	161	-	-	161
Chemistry Club	538	-	-	538	-	-	538
Chess Club	47	110	-	157	-	-	157
Dance	216	429	560	85	-	-	85
Drama Club	205	1,170	1,288	87	-	-	87
Educators Rising Club	86	-	-	86	-	-	86
Energy Club	5,961	549	733	5,777	-	-	5,777
FBLA Club	547	1,350	1,577	320	-	-	320
FCA Club	188	-	-	188	-	-	188
FCCLA Club	578	3,636	3,850	364	-	-	364
FFA Club	8,000	13,602	13,710	7,892	-	-	7,892
Focus	298	-	298	-	-	-	-
Physics Un-Club	385	471	543	313	-	-	313
SCEC Club	132	-	-	132	-	-	132
Spanish Club	837	-	-	837	-	-	837
STLP Club	1,049	-	-	1,049	-	-	1,049
Strings	318	-	-	318	-	-	318
Writer's Ink Club	283	-	-	283	-	-	283
Young Republicans	654	-	654	-	-	-	-
Athletics Hall of Fame	810	678	750	738	-	-	738
Athletics Special	454	85,951	79,265	7,140	-	-	7,140
Baseball	8,550	4,733	4,866	8,417	-	-	8,417
Basketball - Boys	5,665	15,183	20,689	159	-	-	159
Basketball - Girls	1,291	8,742	10,019	14	-	-	14
Bowling - Boys	-	160	84	76	-	-	76
Bowling - Girls	60	400	430	30	-	-	30
Cheerleading	443	8,431	7,500	1,374	-	-	1,374
E-SPORTS	23	-	-	23	-	-	23
Football	691	11,480	12,095	76	-	-	76
Soccer - Boys	6,524	2,859	5,264	4,119	-	-	4,119
Soccer - Girls	5,421	1,890	1,273	6,038	-	-	6,038
Softball	-	12,298	2,736	9,562	-	-	9,562
Tennis - Boys	-	-	-	-	-	-	-
Tennis - Girls	618	500	636	482	-	-	482
Track	142	7,124	5,788	1,478	-	-	1,478
Cross Country	832	-	357	475	-	-	475
Volleyball	1,777	9,109	6,429	4,457	-	-	4,457
Golf	-	1,168	544	624	-	-	624
Art Club	180	280	-	460	-	-	460
JROTC Dept.	9,456	22,173	19,847	11,782	-	-	11,782
Music Dept.	994	1,043	424	1,613	-	-	1,613
Student Ambassadors	49	-	-	49	-	-	49
Habitat for Humanity	-	-	-	-	-	-	-
Sub Total	92,266	274,360	257,390	109,236	-	-	109,236
Interfund Transfers	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>\$ 92,266</b>	<b>\$ 274,360</b>	<b>\$ 257,390</b>	<b>\$ 109,236</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 109,236</b>

**WARREN COUNTY SCHOOL DISTRICT**

**SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES**

WARREN EAST HIGH SCHOOL

YEAR ENDED JUNE 30, 2022

NAME OF ACTIVITY	CASH BALANCES July 1, 2021	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2022	RECEIVABLES June 30, 2022	ACCOUNTS PAYABLE June 30, 2022	DUE TO STUDENT GROUPS June 30, 2022
General Fund	\$ 9,134	\$ 654	\$ 2,989	\$ 6,799	\$ -	\$ -	\$ 6,799
Interest Income	-	202	202	-	-	-	-
AP Test	-	1,621	1,278	343	-	-	343
Faculty Vending	2	1,888	1,369	521	-	-	521
Field Trips	-	345	345	-	-	-	-
Musical	8,517	13,393	14,236	7,674	-	-	7,674
PBIS	2,706	4,234	3,630	3,310	-	-	3,310
JAG	260	-	-	260	-	-	260
Student Government	-	-	-	-	-	-	-
Change fund account	-	2,400	2,400	-	-	-	-
Academic Team Club	390	-	18	372	-	-	372
Archery Club	-	30	30	-	-	-	-
Art Club	-	-	-	-	-	-	-
Band Club	266	80	174	172	-	-	172
BETA Club	462	3,306	3,409	359	-	-	359
Campus Tour Club	-	2,417	2,325	92	-	-	92
CEC Club	334	476	404	406	-	-	406
Choir Club	355	2,173	2,187	341	-	-	341
Environmental Club	434	33	-	467	-	-	467
Ag Shop Club	517	8,065	8,248	334	-	-	334
FBLA Club	2,767	5,750	8,096	421	-	-	421
FCA Club	386	-	-	386	-	-	386
FCCLA Club	797	4,388	5,185	-	-	-	-
FFA Club	8,548	70,966	69,688	9,826	-	-	9,826
Greenhouse	8,570	8,448	9,179	7,839	-	-	7,839
HOSA	525	2,431	698	2,258	-	-	2,258
Math Club	221	-	221	-	-	-	-
NHS Club	430	-	-	430	-	-	430
PEP Club	334	-	-	334	-	-	334
PRIDE Club	135	-	10	125	-	-	125
STLP	-	-	-	-	-	-	-
Science Club	1,297	-	172	1,125	-	-	1,125
Y Club	-	3,258	3,257	1	-	-	1
4th Region AD Association	1,507	-	775	732	-	-	732
Athletics Special	6,092	3,078	6,192	2,978	-	-	2,978
Regional Tournament	2	-	-	2	-	-	2
Baseball	1,857	6,943	4,412	4,388	-	-	4,388
Basketball - Boys	1,510	9,476	6,227	4,759	-	-	4,759
Basketball - Girls	1,673	9,587	6,165	5,095	-	-	5,095
Bass Fishing	-	-	-	-	-	-	-
Bowling	1,536	4,020	4,436	1,120	-	-	1,120
Cheerleading	552	-	60	492	-	-	492
Cross Country	-	60	60	-	-	-	-
Football	2,793	19,951	16,925	5,819	-	-	5,819
Golf	15	35	50	-	-	-	-
Soccer - Boys	131	5,224	4,549	806	-	-	806
Soccer - Girls	1,045	2,680	2,626	1,099	-	-	1,099
Softball	3,094	4,353	4,608	2,839	-	-	2,839
Tennis	213	-	130	83	-	-	83
Track	-	120	120	-	-	-	-
Volleyball	2,198	3,844	4,870	1,172	-	-	1,172
Class of 2020	-	-	-	-	-	-	-
Class of 2021	136	-	136	-	-	-	-
Class of 2022	8,783	8,629	8,093	9,319	-	-	9,319
Class of 2023	-	5,085	5,060	25	-	-	25
GAT Dept.	88	247	335	-	-	-	-
JROTC Dept.	2,414	14,155	12,028	4,541	-	-	4,541
Sub Total	83,026	234,045	227,607	89,464	-	-	89,464
Interfund Transfers	-	(1,635)	(1,635)	-	-	-	-
<b>TOTAL</b>	<b>\$ 83,026</b>	<b>\$ 232,410</b>	<b>\$ 225,972</b>	<b>\$ 89,464</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 89,464</b>

**WARREN COUNTY SCHOOL DISTRICT**

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

GEO INTERNATIONAL HIGH SCHOOL

YEAR ENDED JUNE 30, 2022

NAME OF ACTIVITY	CASH BALANCES July 1, 2021	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2022	RECEIVABLES June 30, 2022	ACCOUNTS PAYABLE June 30, 2022	DUE TO STUDENT GROUPS June 30, 2022
General Fund	\$ 727	\$ 301	\$ 485	\$ 543	\$ -	\$ -	\$ 543
Due to Student Body	2	-	-	2	-	-	2
Interest Income	9	7	16	-	-	-	-
Field Trips	-	-	-	-	-	-	-
Yearbooks	234	328	-	562	-	-	562
Prom	-	3,896	3,425	471	-	-	471
Archery	75	-	-	75	-	-	75
BETA Club	-	-	-	-	-	-	-
Soccer	1,234	-	-	1,234	-	-	1,234
Volleyball	239	-	-	239	-	-	239
Sub Total	2,520	4,532	3,926	3,126	-	-	3,126
Interfund Transfers		(16)	(16)				-
<b>TOTAL</b>	<b>\$ 2,520</b>	<b>\$ 4,516</b>	<b>\$ 3,910</b>	<b>\$ 3,126</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,126</b>

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**



**WARREN COUNTY SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2022**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR / PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS THROUGH ENTITY IDENTIFYING NUMBER	PROVIDED TO SUBRECIPIENTS	TOTAL FEDERAL EXPENDITURES
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Child Nutrition Cluster - Passed Through State Department of Education:				
National School Lunch	10.555	7750002-21 7750002-22		\$ 2,113,674 7,891,968
School Breakfast Program	10.553	7760005-21 7760005-22		704,511 2,479,827
Summer Food Service Program for Children	10.559	7690024-21 7740023-22		115,238 53,097
Non-Cash Assistance (Commodities) National School Lunch Program	10.555	057502-02		<u>528,638</u>
<b>TOTAL CHILD NUTRITION CLUSTER</b>				<u>13,886,953</u>
Passed Through State Department of Education				
State Administrative	10.560	7700001-21		<u>22,146</u>
COVID-19 State Pandemic Electronic Benefit Transfer (P-EBT) Administrative Costs Grant	10.649	9990000-21		<u>5,814</u>
<b>TOTAL U.S. DEPT. OF AGRICULTURE</b>				<u>13,914,913</u>
<u>U.S. DEPARTMENT OF DEFENSE</u>				
Jr. ROTC	12.000	Direct -17 Direct -22		3,632 <u>218,651</u>
<b>TOTAL U.S. DEPT. OF DEFENSE</b>				<u>222,283</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Special Education Cluster - Passed Through State Department of Education:				
Special Education - Grants to States	84.027	3810002-16 3810002-19 3810002-20 3810002-21 4910002-21		(47) 79,904 1,939,876 1,118,360 <u>126,070</u>
COVID-19 Special Education - Grants to States				<u>3,264,163</u>
Special Education - Preschool Grants	84.173	3800002-18 3800002-19 3800002-20 3800002-21 4900002-21		1,486 14,524 83,263 4,920 <u>15,157</u>
COVID-19 Special Education - Preschool Grants				<u>119,350</u>
<b>TOTAL SPECIAL EDUCATION CLUSTER</b>				<u>3,383,513</u>
<u>OTHER U.S. DEPARTMENT OF EDUCATION PROGRAMS</u>				
Passed Through State Department of Education				
Title I Grants to Local Educational Agencies	84.010	3100002-18 3100002-19 3100002-20 3100002-21 3100102-20 3100102-21		4,841 44,395 1,664,881 2,867,830 16,435 44,561 <u>4,642,943</u>
Migrant Education - State Grant Program	84.011	3110002-19 3110002-20 3110002-21		1,750 232,159 <u>352,282</u>
Title I State Agency Program for Neglected and Delinquent Children	84.013	DC-20 DC-21		11,320 <u>2,015</u>
				<u>13,335</u>

The accompanying notes are an integral part of this schedule.

**WARREN COUNTY SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONCLUDED**  
**YEAR ENDED JUNE 30, 2022**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR / PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS THROUGH ENTITY IDENTIFYING NUMBER	PROVIDED TO SUBRECIPIENTS	TOTAL FEDERAL EXPENDITURES
Career and Technical Education - Basic Grants to States	84.048	3710002-19 3710002-20 3710002-21		1,201 21,757 <u>167,109</u> <u>190,067</u>
English Language Acquisition State Grants	84.365	3300002-19 3300002-20 3300002-21		3,354 109,877 <u>190,451</u> <u>303,682</u>
Supporting Effective Instruction - State Grants	84.367	3230002-18 3230002-19 3230002-20 3230002-21		10,238 192,285 395,236 <u>90,117</u> <u>687,876</u>
Striving Readers	84.371C	3220000-19		<u>105,421</u>
Student Support and Academic Enrichment	84.424	3420002-18 3420002-19 3420002-20 3420002-21		345 10,199 250,989 <u>65,289</u> <u>326,822</u>
Covid-19 Elementary and Secondary Relief Fund	84.425D	GEER 4000002-20 4200002-21 4200003-21 4300002-21 4300005-21		44,339 133,955 10,879,215 214,390 16,112,622 <u>13,294</u> <u>27,397,815</u>
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>				<u><u>37,637,665</u></u>
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>				
Passed Through State Department of Education:				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	2400002-21		354,629
Covid-19 Child Care and Development Block Grant	93.575	CCBG-21		<u>93,103</u>
Refugee and Entrant Assistance - Discretionary Grants	93.576	REA-20 REA-21		49,786 <u>90,883</u> <u>140,669</u>
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				<u><u>588,401</u></u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><u>\$ -</u></u>	<u><u>\$ 52,363,262</u></u>

The accompanying notes are an integral part of this schedule.

## **WARREN COUNTY SCHOOL DISTRICT**

### **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Year Ended June 30, 2022

#### **NOTE A – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Warren County School District under programs of the federal government for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Warren County School District, it is not intended to and does not present the financial position, changes in net position or cash flows of Warren County School District.

#### **NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

#### **NOTE C – FOOD DISTRIBUTION**

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

#### **NOTE D – INDIRECT COST RATE**

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**WARREN COUNTY SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2022**

**Section I – Summary of Auditor’s Results**

**Financial Statements:**

Type of auditor’s report issued (unmodified):

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_yes \_\_\_X\_\_\_no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_yes \_\_\_X\_\_\_none reported

Noncompliance material to financial statements noted? \_\_\_\_\_yes \_\_\_X\_\_\_no

**Federal Awards:**

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_yes \_\_\_X\_\_\_no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_\_\_yes \_\_\_X\_\_\_none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_yes \_\_\_X\_\_\_no

Identification of major programs:

CFDA Number	Federal Program or Cluster
	<b>DEPARTMENT OF EDUCATION</b>
84.027/84.173	Special Education Cluster (IDEA)
84.425C/84.425D/84.425U	Education Stabilization Fund

Dollar threshold used to distinguish  
Between type A and type B programs: \$ 1,570,898

Auditee qualified as low-risk auditee?  yes  no

**Section II – Financial Statement Findings**

**No matters were reported.**

**Section III – Federal Award Findings and Questioned Costs**

**No matters were reported.**

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**

**WARREN COUNTY SCHOOL DISTRICT**

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

June 30, 2022

There were no prior year findings.



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



HCA

Heartland CPAs and Advisors PLLC

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the requirements prescribed by the Kentucky State Committee for School District Audits in the *Independent Auditor's Contract*, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Warren County School District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Warren County School District's basic financial statements, and have issued our report thereon dated November 8, 2022.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Warren County School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

## **Report on Compliance and Other Matters**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Heartland CPAs and Advisors, PLLC  
Elizabethtown, Kentucky  
November 8, 2022

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



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Heartland CPAs and Advisors PLLC

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

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

***Opinion on Each Major Federal Program***

We have audited Warren County School District's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Warren County School District's major federal programs for the year ended June 30, 2022. Warren County School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Warren County School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the requirements prescribed by the Kentucky State Committee for School District Audits in Appendices I and II of the Independent Auditor's Contract. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Warren County School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Warren County School District's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Warren County School District's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Warren County School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and the requirements prescribed by the Kentucky State Committee for School District Audits in Appendices I and II of the Independent Auditor's Contract will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Warren County School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Warren County School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Warren County School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Warren County School District's internal control over compliance. Accordingly, no such opinion is expressed.
- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

*Heartland CPAs and Advisors, PLLC*

Heartland CPAs and Advisors, PLLC  
Elizabethtown, Kentucky  
November 8, 2022

**MANAGEMENT LETTER AND COMMENTS**





HCA

Heartland CPAs and Advisors PLLC

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

In planning and performing our audit of the basic financial statements of Warren County School District for the year ended June 30, 2022, we considered the District's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiencies. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. Any uncorrected comments from the prior year have been included in the memorandum. A separate report dated November 8, 2022, contains our report on the District's internal control. This letter does not affect our report dated November 8, 2022, on the financial statements of the Warren County School District.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various District personnel, and their implementation is currently being reviewed. We will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

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

*Heartland CPAs and Advisors, PLLC*

Heartland CPAs and Advisors, PLLC  
Elizabethtown, Kentucky  
November 8, 2022

## **WARREN COUNTY SCHOOL DISTRICT**

### **COMMENTS**

June 30, 2022

### **UNCORRECTED PRIOR YEAR COMMENTS - NONE**

### **CURRENT YEAR COMMENTS**

#### **BRIARWOOD ELEMENTARY SCHOOL**

##### CREDIT CARDS

The Internal Control Questionnaire lists a Sam's Club Credit Card on file. However, there was not a F-SA-13 completed. The bookkeeper keeps the card in her office; however the form is not being logged to keep track of who uses the card.

##### MANAGEMENT RESPONSE

WCPS hosts two annual bookkeepers' updates where this topic has been discussed. This non-compliance error has been reviewed with the bookkeeper and will be monitored moving forward. We have requested a copy of the F-SA-13 to be submitted with the monthly bank reconciliation sent to Central Office.

##### EXTERNAL SUPPORT/BOOSTER

We noted that there was no information available for the PTO organization. Per the Redbook the following forms must be provided: (1) Annual Financial Report, (2) Budget, (3) List of Officers, (4) Proof of General Liability Insurance and (5) EIN.

##### MANAGEMENT RESPONSE

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

#### **JENNINGS CREEK ELEMENTARY SCHOOL**

##### CREDIT CARD SIGN IN/OUT

During our review of the Internal Control Questionnaire, that there was no credit card listed. However, there was a form F-SA-13 present with no card information but dates and signatures.

##### MANAGEMENT RESPONSE

WCPS hosts two annual bookkeepers' updates where this topic has been discussed. This non-compliance error has been reviewed with the bookkeeper and will be monitored moving forward. We have requested a copy of the F-SA-13 to be submitted with the monthly bank reconciliation sent to Central Office.

#### **LOST RIVER ELEMENTARY SCHOOL**

##### CREDIT CARDS

We noted that the school uses a Sam's Club Credit Card. However, the form F-SA-13 has not been used to sign the card in/out. Per the Redbook, all uses of the credit card have to be approved and signed in/out.

##### MANAGEMENT RESPONSE

WCPS hosts two annual bookkeepers' updates where this topic has been discussed. This non-compliance error has been reviewed with the bookkeeper and will be monitored moving forward. We have requested a copy of the F-SA-13 to be submitted with the monthly bank reconciliation sent to Central Office.

## **MOSS MIDDLE SCHOOL**

### MISSING FORM F-SA-13

Per the Redbook, schools are required to have the form F-SA-13 filled out for credit cards used by the school/program. The school has a Sam's Club credit card on file available to all teachers and staff, but no F-SA-13 form was completed.

### MANAGEMENT RESPONSE

WCPS hosts two annual bookkeepers' updates where this topic has been discussed. This non-compliance error has been reviewed with the bookkeeper and will be monitored moving forward. We have requested a copy of the F-SA-13 to be submitted with the monthly bank reconciliation sent to Central Office.

## **WARREN CENTRAL HIGH SCHOOL**

### INVENTORY CONTROL WORKSHEETS

We noticed there were no F-SA-5 forms or any method provided to keep track of concession inventory.

### MANAGEMENT RESPONSE

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