

GLASGOW INDEPENDENT SCHOOL DISTRICT

**BASIC FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION,
AND INDEPENDENT AUDITOR'S REPORTS
For the Year Ended June 30, 2022**

GLASGOW INDEPENDENT SCHOOL DISTRICT
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YEAR ENDED JUNE 30, 2022

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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Education
Glasgow Independent School District
Glasgow, Kentucky 42141

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 Glasgow Independent School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Glasgow Independent School 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 Glasgow Independent School District, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance 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 and 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 *Kentucky Public School Districts' Audit Contract and Requirements*. 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 the Glasgow Independent 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 the 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 the Glasgow Independent 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 Glasgow Independent 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 Glasgow Independent 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-8 and page 50-51 and the pension and OPEB liability and contribution information on pages 52-59 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 the Glasgow Independent School District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations 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 and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2022, on our consideration of the Glasgow Independent 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 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 the Glasgow Independent 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 Glasgow Independent School District's internal control over financial reporting and compliance.

Campbell, Myers & Rutledge, PLLC

Certified Public Accountants

Glasgow, Kentucky

November 10, 2022

**GLASGOW INDEPENDENT SCHOOLS, GLASGOW, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

The management of Glasgow Independent Schools presents the financial overview and analysis of financial activities of this district for the fiscal year 2021-2022.

FINANCIAL HIGHLIGHTS

The beginning cash balances were \$1,501,007 in General Fund, \$67,283 in District Activity Fund, \$2,345,201 in Building Fund, \$433,070 in Construction Fund, and \$1,377,677 in Food Service Fund. Cash balances at the end of the year were \$2,105,254 in General Fund, \$31,211 in District Activity Fund, \$1,525,295 in Building Fund, \$20,038,491 in Construction Fund, and \$1,739,752 in Food Service Fund.

The General Fund received \$22,804,781 in revenue. Of that, \$6,721,580 was from local sources such as taxes and interest. \$9,339,902 was from state SEEK funds, \$56,067 was from other state funding. \$6,046,295 was from the state for on-behalf payments, \$603,874 was from interfund transfers and \$37,064 was for Medicaid reimbursement.

Noted changes in Revenue from the prior year are as follows. Tax revenue increased by \$236,103. This is primarily a result of adopting the 4% tax rate for FY22. Preschool tuition and Medicaid Reimbursements increased by \$13,290 and \$12,560, respectively. These increases are due to return to normal attendance after the school closures due to the Covid-19 pandemic. SEEK funding increased by \$357,027. Interest on Investments decreased by \$25,645. Other general fund revenues are comparable to prior year amounts.

Food Service revenue was \$1,985,203 in FY21 and was \$2,759,492 in FY22. Federal lunch/breakfast reimbursements increased by \$724,003.

The District's largest expense is salaries and employee benefits. Total employee costs for the general Fund were \$13,403,752 for FY22, not including on behalf payments of \$6,046,295. Total employee cost as a percentage of revenue was 78.63% for the General Fund, 65.14% for the Special Revenue Fund and 36.4% for the Food Service Fund. An impact on employee benefits is the employer Kentucky Retirement System (KRS) contribution. This match was 26.95% at the end of FY22 and is anticipated to increase by 12% each year. The cost for the FY22 KRS employer contribution was \$750,414.

The Capital Outlay Fund received \$206,396. This was comparable to the prior year amount of \$199,110. The amount of \$103,329 was transferred to the Debt Service fund for bond principal and interest payments.

Building Fund expenses of \$2,710,495 were for fund transfers to the debt service fund for bond principal and interest payments. The ending balance in the Building Fund was \$1,525,295.

Construction Fund expenses of \$5,572,086 were for the ongoing construction of South Green Elementary school and for the HVAC/Roof Project at the existing South Green Elementary School. The ending balance in the Construction Fund was \$18,247,990.

Debt service receipts totaled \$24,593,927 which includes \$586,112 of on behalf payments made by the state, \$371,386 from Federal QZAB Bond, \$141,389 interest earned, \$22,194,043 bond proceeds and premium, and fund transfers of \$1,300,996 from the Capital Outlay Fund and the Building Fund. Expenses in the Debt Service Fund are \$24,176,043. \$21,934,061 was proceeds from the new South Green Project and transferred to the construction fund. \$2,241,982 was for bond redemption, principal, and interest payments

Food Service expenses were \$2,117,814. Of this amount, 36.4% was spent for salaries, 52.67% for food and supplies, 8.83% for equipment, and the remaining 2.1% was used for miscellaneous items and equipment repair.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the district is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, operation and maintenance of plant, student transportation and operation of non-instructional services. Fixed assets and related debt are also supported by taxes and intergovernmental revenues.

The government-wide financial statements can be found on pages 9 - 10 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. This is a state mandated uniform system and chart of accounts for all Kentucky public school districts utilizing the MUNIS administrative software. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: Governmental and proprietary funds. The only proprietary fund is the food service operations. All other activities of the district are included in the governmental funds.

The governmental fund financial statements can be found on pages 11 - 14 of this report.

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 and fund financial statements. The notes to the financial statements can be found on pages 18 - 49 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by \$15,735,662 as of June 30, 2022.

The largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment and construction in progress), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital asset is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Net position for the period ending June 30, 2022

This is the 6th year that the District is following GASB 34 and District assets, liabilities and net position. 2022 Government Wide net position compared to 2021 are as follows:

	June 30, 2022	June 30, 2021
Current Assets	\$ 31,998,806	\$ 13,026,255
Noncurrent Assets	<u>39,917,230</u>	<u>35,358,311</u>
Total Assets	<u>71,916,036</u>	<u>48,384,566</u>
Deferred outflows of resources	<u>3,481,874</u>	<u>3,211,007</u>
Current Liabilities	4,761,703	3,374,992
Noncurrent Liabilities	<u>51,448,716</u>	<u>33,136,188</u>
Total Liabilities	<u>56,210,419</u>	<u>36,511,180</u>
Deferred inflows of resources	<u>3,451,829</u>	<u>1,618,986</u>
Net Position		
Investment in capital assets (net of debt)	767,903	17,593,911
Restricted	24,219,622	6,321,505
Unrestricted Net Position	<u>(9,251,863)</u>	<u>(10,450,009)</u>
Total Net Position	<u>\$ 15,735,662</u>	<u>\$ 13,465,407</u>

The following table presents a summary of revenue and expense for the fiscal years ended June 30, 2022 and 2021:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Revenues:		
Local revenue sources	\$ 7,344,381	\$ 7,044,700
State revenue sources	15,810,125	14,806,264
Federal revenues	10,009,291	8,994,567
Investments	184,893	192,055
Other sources	955,059	428,625
	<u>\$ 34,303,749</u>	<u>\$ 31,466,211</u>
Expenses:		
Instruction	\$ 18,164,200	\$ 17,815,058
Student support services	1,707,738	1,706,975
Instructional support	962,272	989,302
District administration	1,525,474	1,158,110
School administration	1,423,518	1,390,232
Business support	755,200	542,402
Facilities and construction	17,500	26,114
Plant operations	1,608,869	1,515,399
Student transportation	911,044	642,603
Day care operations	-	30,335
Community support	264,339	243,690
Other	4,693,340	3,978,132
	<u>32,033,494</u>	<u>30,038,352</u>
Total expenses		
	<u>\$ 2,270,255</u>	<u>\$ 1,427,859</u>
Change in net position		

BUDGET COMPARISONS

The total budgeted revenues and beginning balances in all funds for fiscal year 2021-22 were \$43,805,800.

The percentage difference between budgeted and actual revenue for the General Fund was a 4.9% increase from the prior year. Differences varied on a line-by-line basis. General Fund budgeted revenue was \$24,881,033 while actual revenue was 26,105,926. Notable differences in budgeted versus actual revenue follow. Seek actual revenue was 1.12% above budgeted revenue. Actual tax revenue was 4% above budgeted revenue. Earnings on investments was \$24,064 below budgeted revenue and Preschool tuition was \$16,815 below budgeted revenue.

\$1,527,011 was budgeted for General Fund contingency in FY21 and \$2,445,370 in FY22. School boards are required to budget a minimum of 2% in a contingency account. \$2,827,915 was budgeted in Building Fund contingency, and \$1,100,000 in Food Service contingency.

General Fund Revenue from state sources totaled 70.53% of total revenue; with local funding making up 29.47%. Instructional expenses including school administration account for 78.89% of expenditures; Central Office administration makes up 9.29%; Maintenance is 7.88%; and transportation is 3.94%.

LONG-TERM DEBT

Long-term debt payments and interest of \$1,858,836 was paid during the year for Highland Elementary and Glasgow High School bond issues. Highland Elementary debt will be paid in June of 2024. QZAB bonds for Glasgow High School totaling \$5,000,000 will be paid in full in 2026. Remaining Glasgow High School bonds will continue until April of 2031. In FY22, bonds of 21,000,000 were issued for the construction of South Green Elementary and will continue until February of 2045. All payments are made from the Debt Service Fund.

NET POSITION

Total governmental assets in FY22 totaled \$69,697,470 and in FY21 totaled \$46,672,151. Total business assets, which are Food Service assets, totaled \$2,218,566 in FY22 and \$1,712,415 in FY21.

FUTURE BUDGETARY IMPLICATIONS

In Kentucky, the public schools' fiscal year is July 1 to June 30; other programs including some federal programs operate on a different fiscal calendar year but are reflected in the District overall budget. Legally, the budget must have a minimum 2% contingency. Glasgow Independent Board of Education adopted a Working Budget for 2022-23 totaling \$36,406,272 and included a 8.16% contingency. The Board adopted the 4% tax rate for FY23.

A significant change that impacts the finances of our district includes an increase in the Kentucky Teacher Retirement (TRS) match and continued 12% increases in the Kentucky Retirement System (CERS) match. All Kentucky School districts began to pay a match of .25% for all employees paying into TRS on July 1, 2010. This match was .25% in FY11 and increased to 3% in FY16 where it has remained. The cost of this match in FY22 was \$324,498. Another impact on employee benefits is the employer CERS contribution. This match was 16.93% in FY11 and has increase to 26.94% for FY22. The cost for the FY22 CERS employer contribution was \$750,414.

Natural gas and electricity costs increased from \$482,748 in FY20 to \$551,211.55 in FY22. These costs are projected to increase in future years. Property and Transportation Insurance costs have increased steadily over the past five years. The cost was \$163,493 in FY18, \$177,367 in FY19, \$185,527 in FY20, \$199,678 in FY21 and \$253,207 in FY22. Student liability insurance is an expense that our board has chosen to continue for the benefit of our students. This cost was relatively unchanged in FY22 at \$58,421.

Questions regarding this report may be directed to Dr. Chad Muhlenkamp, Superintendent, at (270)651-6757, or by mail at P.O. Box 1239, Glasgow, KY 42142-1239.

GLASGOW INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2022

	Governmental Activities	Business Type Activities	Total
Assets:			
<u>Current Assets:</u>			
Cash and cash equivalents	\$ 28,121,629	\$ 1,739,752	\$ 29,861,381
Inventory	-	27,107	27,107
Accounts receivable			
Taxes - current	46,177	-	46,177
Other receivable	147,720	-	147,720
Local revenue	2,386	-	2,386
Intergovernmental - indirect federal	1,099,315	-	1,099,315
Interfund receivable	814,720	-	814,720
Total current assets	<u>30,231,947</u>	<u>1,766,859</u>	<u>31,998,806</u>
<u>Noncurrent Assets:</u>			
Capital assets	61,175,459	1,292,410	62,467,869
Less: accumulated depreciation	<u>(21,709,936)</u>	<u>(840,703)</u>	<u>(22,550,639)</u>
Total noncurrent assets	<u>39,465,523</u>	<u>451,707</u>	<u>39,917,230</u>
Total assets	<u>69,697,470</u>	<u>2,218,566</u>	<u>71,916,036</u>
<u>Deferred Outflows of Resources:</u>			
Deferred savings from revenue bonds, net	332,026	-	332,026
Outflows relating to net pension and OPEB liability	<u>2,742,005</u>	<u>407,843</u>	<u>3,149,848</u>
Total deferred outflows	<u>3,074,031</u>	<u>407,843</u>	<u>3,481,874</u>
Liabilities:			
<u>Current Liabilities:</u>			
Accounts payable	1,978,127	29,020	2,007,147
Interfund payable	814,720	-	814,720
Unearned grant revenue	206,265	-	206,265
Current portion of accrued sick leave	56,330	-	56,330
Current portion of capital lease obligations	11,029	-	11,029
Current portion of bond obligations, net	1,363,744	-	1,363,744
Interest payable	<u>302,468</u>	<u>-</u>	<u>302,468</u>
Total current liabilities	<u>4,732,683</u>	<u>29,020</u>	<u>4,761,703</u>
<u>Noncurrent Liabilities:</u>			
Noncurrent portion of capital lease obligations	20,788	-	20,788
Noncurrent portion of bond obligations, net	37,783,324	-	37,783,324
Noncurrent portion of CERS net pension liability	5,270,462	1,220,406	6,490,868
Noncurrent portion of CERS net OPEB liability	1,582,183	366,363	1,948,546
Noncurrent portion of KTRS net OPEB liability	3,755,000	-	3,755,000
Noncurrent portion of accrued sick leave	<u>1,450,190</u>	<u>-</u>	<u>1,450,190</u>
Total noncurrent liabilities	<u>49,861,947</u>	<u>1,586,769</u>	<u>51,448,716</u>
Total liabilities	<u>54,594,630</u>	<u>1,615,789</u>	<u>56,210,419</u>
<u>Deferred Inflows of Resources:</u>			
Inflows relating to net pension and OPEB liability	<u>3,047,911</u>	<u>403,918</u>	<u>3,451,829</u>
Net Position:			
Invested in capital assets, net of related debt	316,196	451,707	767,903
Restricted for:			
Construction	19,773,285	-	19,773,285
Debt service	4,102,707	-	4,102,707
Student activity	312,419	-	312,419
District activity	31,211	-	31,211
Unrestricted	<u>(9,406,858)</u>	<u>154,995</u>	<u>(9,251,863)</u>
Total net position	<u>\$ 15,128,960</u>	<u>\$ 606,702</u>	<u>\$ 15,735,662</u>

See accompanying notes to basic financial statements.

**GLASGOW INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022**

Functions / Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business - Type Activities	Total
Governmental Activities:							
Instruction	\$ 18,164,200	\$ -	\$ 7,315,050	\$ -	\$ (10,849,150)	\$ -	\$ (10,849,150)
Support Services							
Student	1,707,738	-	-	-	(1,707,738)	-	(1,707,738)
Instruction staff	962,272	-	-	-	(962,272)	-	(962,272)
District administrative	1,525,474	-	-	-	(1,525,474)	-	(1,525,474)
School administrative	1,423,518	-	-	-	(1,423,518)	-	(1,423,518)
Business	755,200	-	-	-	(755,200)	-	(755,200)
Plant operations and maintenance	1,608,869	-	-	-	(1,608,869)	-	(1,608,869)
Student transportation	911,044	-	-	-	(911,044)	-	(911,044)
Facilities acquisition and construction	17,500	-	-	-	(17,500)	-	(17,500)
Community service activities	264,339	-	-	-	(264,339)	-	(264,339)
Other	560,345	-	-	-	(560,345)	-	(560,345)
Interest on long-term debt	903,816	-	371,387	-	(532,429)	-	(532,429)
Depreciation (unallocated)	1,111,365	-	-	-	(1,111,365)	-	(1,111,365)
Total governmental activities	<u>29,915,680</u>	<u>-</u>	<u>7,686,437</u>	<u>-</u>	<u>(22,229,243)</u>	<u>-</u>	<u>(22,229,243)</u>
Business-Type Activities							
Food Service	2,117,814	61,208	2,322,854	367,862	-	634,110	634,110
Total business-type activities	<u>2,117,814</u>	<u>61,208</u>	<u>2,322,854</u>	<u>367,862</u>	<u>-</u>	<u>634,110</u>	<u>634,110</u>
Total primary government	<u>\$ 32,033,494</u>	<u>\$ 61,208</u>	<u>\$ 10,009,291</u>	<u>\$ 367,862</u>	<u>(22,229,243)</u>	<u>634,110</u>	<u>(21,595,133)</u>
General Revenues:							
Taxes:							
Property taxes					6,276,478	-	6,276,478
Motor vehicle taxes					474,660	-	474,660
Other					532,035	-	532,035
Investments earnings					177,325	7,568	184,893
State and formula grants					15,442,263	-	15,442,263
Miscellaneous					955,059	-	955,059
Total general revenues					<u>23,857,820</u>	<u>7,568</u>	<u>23,865,388</u>
Change in net position					1,628,577	641,678	2,270,255
Net position - beginning					13,500,383	(34,976)	13,465,407
Net position - ending					<u>\$ 15,128,960</u>	<u>\$ 606,702</u>	<u>\$ 15,735,662</u>

See accompanying notes to basic financial statements.

**GLASGOW INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2022**

	General Fund	Special Revenue	Construction fund	Debt Service	Other Nonmajor Governmental Funds	Total Governmental Funds
Assets and resources:						
Cash and cash equivalents	\$ 2,105,254	\$ -	\$ 20,038,491	\$ 3,896,311	\$ 2,081,573	\$ 28,121,629
Accounts receivable:						
Taxes-current	46,177	-	-	-	-	46,177
Other receivable	147,720	-	-	-	-	147,720
Accounts receivable-School activity	-	-	-	-	2,386	2,386
Intergovernmental - indirect federal	-	1,099,315	-	-	-	1,099,315
Interfund receivable	814,720	-	-	-	-	814,720
Total assets and resources	<u>\$ 3,113,871</u>	<u>\$ 1,099,315</u>	<u>\$ 20,038,491</u>	<u>\$ 3,896,311</u>	<u>\$ 2,083,959</u>	<u>\$ 30,231,947</u>
Liabilities and fund balance:						
Liabilities:						
Accounts payable	\$ 100,658	\$ 78,330	\$ 1,790,501	\$ -	\$ 8,638	\$ 1,978,127
Interfund payable	-	814,720	-	-	-	814,720
Deferred revenues	-	206,265	-	-	-	206,265
Total liabilities	<u>100,658</u>	<u>1,099,315</u>	<u>1,790,501</u>	<u>-</u>	<u>8,638</u>	<u>2,999,112</u>
Fund balances:						
Restricted:						
Construction	-	-	18,247,990	-	1,525,295	19,773,285
Debt Service	-	-	-	3,896,311	206,396	4,102,707
School Activity	-	-	-	-	312,419	312,419
District Activity	-	-	-	-	31,211	31,211
Unassigned	3,013,213	-	-	-	-	3,013,213
Total fund balances	<u>3,013,213</u>	<u>-</u>	<u>18,247,990</u>	<u>3,896,311</u>	<u>2,075,321</u>	<u>27,232,835</u>
Total liabilities and fund balances	<u>\$ 3,113,871</u>	<u>\$ 1,099,315</u>	<u>\$ 20,038,491</u>	<u>\$ 3,896,311</u>	<u>\$ 2,083,959</u>	<u>\$ 30,231,947</u>

See accompanying notes to basic financial statements.

**GLASGOW INDEPENDENT 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	\$ 27,232,835
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.	39,465,523
Net pension and OPEB liabilities and deferred inflows of resources are not due and payable in the current period and therefore not recorded in the funds.	(13,655,556)
Deferred outflows of resources are not current financial resources and not reported in the funds.	3,074,031
Certain liabilities (such as bonds payable, the long-term portion of accrued sick leave, and accrued interest) are not reported in this fund financial statement because they are not due and payable in the current period, but they are presented in the statement of net position.	<u>(40,987,873)</u>
Net position for governmental activities	<u>\$ 15,128,960</u>

GLASGOW INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022

	General Fund	Special Revenue	Construction Fund	Debt Service	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
From local sources:						
Taxes:						
Property	\$ 5,424,484	\$ -	\$ -	\$ -	\$ 851,994	\$ 6,276,478
Motor vehicle	474,660	-	-	-	-	474,660
Other	532,035	-	-	-	-	532,035
Tuition and fees	15,785	-	-	-	-	15,785
Earnings on investments	35,936	-	-	141,389	-	177,325
Other local revenues	238,680	-	16,814	-	683,780	939,274
Intergovernmental-state	15,442,263	1,235,386	-	586,112	1,244,990	18,508,751
Intergovernmental-indirect federal	-	4,211,498	-	-	-	4,211,498
Intergovernmental-direct federal	37,064	-	-	371,387	-	408,451
Total revenues	<u>22,200,907</u>	<u>5,446,884</u>	<u>16,814</u>	<u>1,098,888</u>	<u>2,780,764</u>	<u>31,544,257</u>
Expenditures:						
Instruction	14,230,381	4,199,931	-	-	716,433	19,146,745
Support services:						
Student	1,390,323	317,415	-	-	-	1,707,738
Instructional staff	721,467	240,805	-	-	-	962,272
District administration	1,525,474	-	-	-	-	1,525,474
School administration	1,423,518	-	-	-	-	1,423,518
Business	620,721	134,479	-	-	-	755,200
Plant operations and maintenance	1,819,216	195,805	-	-	-	2,015,021
Student transportation	910,628	416	-	-	-	911,044
Facilities acquisition and construction	17,500	-	5,139,016	-	-	5,156,516
Community service activities	-	264,339	-	-	-	264,339
Other	-	-	-	2,241,983	18,264	2,260,247
Total expenditures	<u>22,659,228</u>	<u>5,353,190</u>	<u>5,139,016</u>	<u>2,241,983</u>	<u>734,697</u>	<u>36,128,114</u>
Excess (deficit) of revenues over expenditures	<u>(458,321)</u>	<u>93,694</u>	<u>(5,122,202)</u>	<u>(1,143,095)</u>	<u>2,046,067</u>	<u>(4,583,857)</u>
Other financing sources (uses):						
Proceeds from sale of bonds	-	-	-	22,194,043	-	22,194,043
Operating transfers in	603,874	42,164	23,803,262	1,300,996	-	25,750,296
Operating transfers out	<u>(433,484)</u>	<u>(135,858)</u>	<u>(433,070)</u>	<u>(21,934,061)</u>	<u>(2,813,823)</u>	<u>(25,750,296)</u>
Total other financing sources (uses)	<u>170,390</u>	<u>(93,694)</u>	<u>23,370,192</u>	<u>1,560,978</u>	<u>(2,813,823)</u>	<u>22,194,043</u>
Net Change in Fund Balance	(287,931)	-	18,247,990	417,883	(767,756)	17,610,186
Fund balance, July 1, 2021	<u>3,301,144</u>	<u>-</u>	<u>-</u>	<u>3,478,428</u>	<u>2,843,077</u>	<u>9,622,649</u>
Fund balance, June 30, 2022	<u>\$ 3,013,213</u>	<u>\$ -</u>	<u>\$ 18,247,990</u>	<u>\$ 3,896,311</u>	<u>\$ 2,075,321</u>	<u>\$ 27,232,835</u>

See accompanying notes to basic financial statements.

**GLASGOW INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022**

Net change in total fund balances per fund financial statements	\$ 17,610,186
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 government wide statements and depreciated over their estimated economic lives. The difference is the amount by which depreciation exceeds capital outlays expense for the year.	4,420,773
Bond and 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.	745,531
Proceeds from the sale of Bonds	(22,194,043)
Excess of pension expense reported over pension benefits paid in governmental activities.	954,658
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>91,472</u>
Change in net position of governmental activities	<u>\$ 1,628,577</u>

GLASGOW INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2022

	<u>Food Service Fund</u>
Assets	
<u>Current Assets</u>	
Cash and cash equivalents	\$ 1,739,752
Inventory	27,107
Total current assets	<u>1,766,859</u>
<u>Noncurrent</u>	
Capital assets	1,292,410
Less: accumulated depreciation	<u>(840,703)</u>
Total noncurrent assets	451,707
Total assets	<u>2,218,566</u>
 <u>Deferred Outflows of resources:</u>	
Outflows relating to net pension and OPEB liability	<u>407,843</u>
 Liabilities	
<u>Current Liabilities</u>	
Accounts payable	<u>29,020</u>
Total current liabilities	<u>29,020</u>
 <u>Noncurrent Liabilities</u>	
Noncurrent portion of CERS net pension liability	1,220,406
Noncurrent portion of CERS net OPEB liability	<u>366,363</u>
Total noncurrent liabilities	<u>1,586,769</u>
Total liabilities	<u>1,615,789</u>
 <u>Deferred Inflows of resources:</u>	
Inflows relating to net pension and OPEB liability	<u>403,918</u>
 Net Position	
Invested in capital assets net of related debt	451,707
Unrestricted	<u>154,995</u>
Total net position	<u>\$ 606,702</u>

See accompanying notes to basic financial statements.

GLASGOW INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2022

	Food Service Fund
Operating Revenues:	
Lunchroom sales	\$ 56,394
Other operating revenues	4,814
Total operating revenues	61,208
Operating Expenses:	
Salaries and wages	822,012
Material and supplies	1,237,668
Depreciation	51,454
Other operating expenses	6,680
Total operating expenses	2,117,814
Operating loss	(2,056,606)
Non-Operating Revenues (Expenses):	
Federal grants	2,305,172
Donated commodities	93,438
On behalf payments	274,424
State funding	17,682
Interest income	7,568
Total non-operating revenues	2,698,284
Change in net position	641,678
Net position, July 1, 2021	(34,976)
Net position, June 30, 2022	\$ 606,702

See accompanying notes to basic financial statements.

**GLASGOW INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2022**

Cash Flows From Operating Activities:	
Cash received from:	
Lunchroom sales	\$ 56,394
Other activities	4,814
Cash paid to/for:	
Employees	(686,610)
Supplies	<u>(1,153,345)</u>
Net cash provided (used) by operating activities	<u>(1,778,747)</u>
Cash Flows from NonCapital Financing Activities:	
Cash received for operating grants	<u>2,322,854</u>
Net cash provided (used) by noncapital and related financing activities	<u>2,322,854</u>
Cash Flows from Capital Financing Activities:	
Purchase of capital assets	<u>(189,600)</u>
Net cash provided (used) by capital and related financing activities	<u>(189,600)</u>
Cash Flows from Investing Activities:	
Receipt of interest income	<u>7,568</u>
Net cash provided (used) by investing activities	<u>7,568</u>
Net increase (decrease) in cash and cash equivalents	362,075
Balances, beginning of year	<u>1,377,677</u>
Balances, end of year	<u>\$ 1,739,752</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating loss	\$ (2,056,606)
Adjustments to reconcile operating income to net cash provided (used) by operating activities	
Depreciation	51,454
On-behalf revenues	274,424
Donated commodities used in operations	93,438
Change in assets and liabilities	
Inventory	(5,930)
Deferred outflow	7,625
Accounts payable	3,495
Net Pension and OPEB liability	(425,499)
Deferred inflow	<u>278,852</u>
Net cash provided (used) by operating activities	<u>\$ (1,778,747)</u>
Schedule of non-cash transactions:	
On-Behalf payments	<u>\$ 274,424</u>
Donated commodities received from federal government	<u>\$ 93,438</u>

See accompanying notes to basic financial statements.

**GLASGOW INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022**

1. Summary of Significant Accounting Policies:

Reporting Entity

The Glasgow 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 the Glasgow Independent School District ("District"). The District receives funding from Local, State and Federal government sources and must comply with the commitment requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards. Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to develop policies which may influence operations and primary accountability for fiscal matters.

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

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

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

Glasgow Independent School District Finance Corporation - On May 12, 1992, the Glasgow Board of Education resolved to authorize the establishment of the Glasgow Independent 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.

Basis of Presentation:

District-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 District. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

GLASGOW INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED
June 30, 2022

1. Summary of Significant Accounting Policies, Continued:

The District-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 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. The District allocates certain indirect costs to be included in the program expenses reported for individual functions and activities in the District-Wide Statement of Activities.

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

Fund Financial Statements – 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.

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the changes in net position. Proprietary funds are reported using the economic resources measurement focus. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

The District has the following funds:

I. Governmental Fund Types:

- a. The General Fund is the primary operating fund of the District and is always classified as a major fund. 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. Reservations have been placed on the fund balance for accrued sick leave and other contingencies.
- b. The Special Revenue (Grant) 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 specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds.

GLASGOW INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED
June 30, 2022

1. Summary of Significant Accounting Policies, Continued:

1. The Special Revenue District Activity Fund includes funds restricted to expenditures for purposes specified by Kentucky Department of Education requirements. Project accounting is employed to maintain integrity for the various sources of funds.
2. The Special Revenue Student Activity Fund includes funds restricted to expenditures for activities of student groups and other types of activities requiring clearing accounts. These funds are accounted for in accordance with the Kentucky Department of Education Uniform Program of Accounting for School Activity Funds.

The separate projects of federally funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report. The Special Revenue Grant Fund is a major fund of the District. The Kentucky Department of Education has deemed this fund to always be classified as a major fund.

- c. 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 Fund (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.
 3. The Construction Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction.
- d. The Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest and related costs; and for the payment of interest on general obligation notes payable, as required by Kentucky Law.

II. Proprietary Funds (Enterprise Funds):

The School Food Service Fund is used to account for school food service activities, including the National School Lunch Program, which is conducted in cooperation with the U.S. Department of Agriculture (USDA). Amounts have been recorded for in-kind contribution of commodities from the USDA. The Food Service Fund is a major fund. The District applies all GASB pronouncements to proprietary funds as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with other GASB pronouncements.

GLASGOW INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED
June 30, 2022

1. Summary of Significant Accounting Policies, Continued:

District-Wide Financial Statements:

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

Invested in capital assets, net of related debt – Consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, or laws or regulations, or 2) law through constitutional provisions or enabling legislation.

Unrestricted net position – All other net position that does not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

Fund Financial Statements:

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

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

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

Committed – Commitments passed by the Board.

Assigned – Funds assigned to management priority including issued encumbrances.

Unassigned – Funds available for future operations.

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

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 funds also use the accrual basis of accounting.

GLASGOW INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED
June 30, 2022

1. Summary of Significant Accounting Policies, Continued:

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing reports, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On modified accrual basis, revenues from nonexchange transactions must also be available before it can be recognized.

Deferred Revenue – Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

In order to present the Special Revenue Fund on the accrual basis of accounting, and because the awards are not yet available as assets, cash awards received in advance for the 2022-2023 school year have been classified as deferred revenues. Likewise, all awards requested as a result of 2021-2022 expenditures have been classified as receivables. Revenues of the Special Revenue Fund are considered earned when reimbursable expenditures are made or obligations are incurred, and of an equal amount.

Grants and entitlements received before the eligibility requirements are met are recognized as deferred revenue.

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the statement of revenues, expenses, and changes in net position as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation, are not recognized in government funds.

GLASGOW INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED
June 30, 2022

1. Summary of Significant Accounting Policies Continued:

Property Tax Revenues

Property taxes are levied each November 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 60 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 property tax rates assessed for the year ended June 30, 2022, to finance the General Fund operations were \$.856 per \$100 valuation for real property, \$.856 per \$100 valuation for business personal property and \$.554 per \$100 valuation for motor vehicles.

Date Event

January 1, year of levy	Assessment date
November 1, year of levy	Taxes levied
November 30, year of levy	2% discount allowed
December 31, year of levy	Gross amount due
January 1, following year	Delinquent date, 5% penalty added
February 1, following year	21% penalty added

Capital Assets

General capital assets are those 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 are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of one thousand dollars with the exception of computers, digital cameras and real property for which there is no threshold. 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 assets or materially extend an asset's life are not.

GLASGOW INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED
June 30, 2022

1. Summary of Significant Accounting Policies, Continued:

All reported capital assets are depreciated except for land and construction in progress. 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>
Buildings and improvements	25-50 years
Land improvements	20 years
Technology equipment	5 years
Vehicles	5-10 years
Audio-visual equipment	15 years
Food service	10-12 years
Furniture and fixtures	7 years
Rolling stock	15 years
Other	10 years

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental and business-type activities columns of the statements of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Compensated Absences

The District policies regarding sick leave permit employees to accumulate earned but unused sick leave. Upon retirement from the school system, an employee will receive from the District an amount equal to 30% of the value of accumulated sick leave and has no maximum accumulation.

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

The entire compensated absence liability is reported on the government-wide financial statements. The balance is estimated based on employees having twenty-seven years of service or more and eligible for retirement as of June 30, 2022. The current portion is the portion that is allocable to employees who have twenty-seven years of service or more.

For governmental fund financial statements, the current portion of unpaid accrued sick leave is the amount expected to be paid using expendable available resources. These amounts are recorded in the general fund. The noncurrent portion of the liability is not reported and no portion is allocated to the Proprietary Fund.

GLASGOW INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED
June 30, 2022

1. Summary of Significant Accounting Policies, Continued:

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.

Each budget is prepared and controlled by the budget coordinator at the revenue and expenditure function/object level. All budget appropriations lapse at year-end.

Cash and Cash Equivalents

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

Inventories

The only inventory maintained by the District consists of expendable supplies held for consumption and is accounted for in the Proprietary Fund. Inventory consists of donated and purchased foods held for resale and are expensed when used. Purchased food is valued at the lower of cost or net realizable value (first-in, first-out method) and U.S. Government donated commodities value is determined by the U.S. Department of Agriculture.

Prepaid Assets

Payments made that will benefit periods beyond June 30, 2022 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

New Accounting Principle

For 2022, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. GASB Statement No. 87 enhances the relevance and consistency information of the government's leasing activities. It established requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

GLASGOW INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED
June 30, 2022

1. Summary of Significant Accounting Policies, Concluded:

Accrued Liabilities and Long-Term Obligations

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

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, the noncurrent portion of capital leases, accumulated sick leave, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year-end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, those revenues are primarily charges for meals provided by the various schools and for child care services provided.

Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of fixed assets, or from grants or outside contributions of resources restricted to capital acquisition and construction.

Donated Commodities

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

Pensions and OPEB

CERS issues a stand-alone financial report, which may be obtained from Kentucky Retirement System, 1260 Louisville Road, Frankfort, Kentucky, 40601 or on-line at www.kyret.ky.gov. KRS prepares its financial statements in accordance with GASB statements and generally accepted accounting principles. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County Employees Retirement System Non-Hazardous ("CERS") and Teachers Retirement System of the State of Kentucky ("KTRS") and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the pensions. 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.

GLASGOW INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED
June 30, 2022

2. 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 expenditures during the reporting period. Actual results could differ from those estimates.

3. Deferred Outflows/Inflows of Resources:

The District adopted GASB No. 63, and in addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The District has amounts that qualify for reporting in this category in the amount of \$3,481,874.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has amounts that qualify for reporting in this category in the amount of \$3,451,829.

4. Cash and Cash Equivalents:

At year-end, the carrying amount of the District's cash and cash equivalents was \$29,861,381. All cash balances were covered by Federal Depository insurance, or collateral held by the pledging banks' trust departments in the District's name. Cash equivalents are funds temporarily invested in certificates of deposits with a maturity of 90 days or less.

All deposits are in financial institutions and brokerage accounts. The District's bank deposits are categorized below to give an indication of the custodial credit risk assumed by the District at June 30, 2022.

Category 1 – Insured by FDIC or collateralized with securities held by the District or by its agent in its name.

Category 2 – Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.

Category 3 – Uninsured and uncollateralized; or collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the District's name; or collateralized with no writer or approved collateral agent.

	Category			Total Bank Balance	Carrying Amount
	One	Two	Three		
Deposits with Financial institutions	\$ 4,142,989	\$ 26,407,787	-	\$ 30,550,776	\$ 29,861,381

GLASGOW INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED
June 30, 2022

4. Cash and Cash Equivalents, Continued:

In accordance with GASB No. 72, Fair Value Measurement and Application, the District provides the additional disclosure regarding the fair value of its investments. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

Level 1

Quoted prices (unadjusted) in an active market for identical assets or liabilities that the District has the ability to access at the measurement date.

Level 2

Inputs other than quoted market prices included in Level 1 that are directly or indirectly observable for the asset or liability.

Level 3

Unobservable inputs for the asset or liability used to measure fair value that rely on the District's own assumptions about the market participant's assumptions that may be used in pricing the asset or liability.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of net realizable values or reflective of future values. Furthermore, while the District believes its valuation methods are appropriate and consistent with those of other market participants, different methodologies or assumptions used to determine the fair value of certain financial instruments could result in different fair value measurement at the reporting date.

The District has the following values associated with bonds for debt service:

<u>Type</u>	<u>Level 1 Fair Values</u>
Government Securities	<u>\$3,896,311</u>
Total	<u>\$3,896,311</u>

Interest Rate Risk

The District invests in certificates of deposits with numerous financial institutions with maturities typically less than one year. No certificates of deposits are obtained from any financial institution in excess of FDIC limits.

Currently, there are no Certificates of Deposits held by the District.

Credit Risk

Credit Risk the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. More specifically, custodial 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 possession of an outside party. All investments held by the District are insured or collateralized with securities held by the District or the financial institution in the District's name. As a means of managing the District's exposure to fair value losses arising from increasing interest rates, the district primarily purchases investments with a maturity of less than three months. No investments in Money Market Accounts or Certificates of Deposit were in excess of federally insured limits.

GLASGOW INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED
June 30, 2022

4. Cash and Cash Equivalents, Concluded:

Concentration of Credit Risk

The District's investment policy places no limit on the amount the District may invest in any one issuer.

5. Capital Assets:

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

Depreciation expense was not allocated to governmental functions. It appears on the statement of activities as "unallocated".

<u>Governmental Activities</u>	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022
Capital Assets, not being Depreciated:				
Construction in Progress	\$ 400,985	\$ 5,135,471	\$ -	\$ 5,536,456
Land	152,781	-	-	152,781
Total Capital, not being Depreciated	<u>553,766</u>	<u>5,135,471</u>	<u>-</u>	<u>5,689,237</u>
Capital Assets, being Depreciated:				
Land Improvements	671,395	-	-	671,395
Buildings and Improvements	50,472,522	-	-	50,472,522
Technology Equipment	1,661,464	-	(253,245)	1,408,219
Vehicles	1,658,148	280,364	-	1,938,512
General Equipment	879,271	116,303	-	995,574
Total Capital Assets, being Depreciated	<u>55,342,800</u>	<u>396,667</u>	<u>(253,245)</u>	<u>55,486,222</u>
Less: Accumulated Depreciation				
Land Improvements	(658,874)	(1,231)	-	(660,105)
Buildings and Improvements	(16,172,572)	(969,569)	-	(17,142,141)
Vehicles	(1,379,207)	(106,071)	-	(1,485,278)
Technology Equipment	(1,858,099)	(14,735)	253,245	(1,619,589)
General Equipment	(783,064)	(19,759)	-	(802,823)
Total Accumulated Depreciation	<u>(20,851,816)</u>	<u>(1,111,365)</u>	<u>253,245</u>	<u>(21,709,936)</u>
Governmental Activities Capital Assets - Net	<u>\$ 35,044,750</u>	<u>\$ 4,420,773</u>	<u>\$ -</u>	<u>\$ 39,465,523</u>
<u>Business-Type Activities</u>				
Capital Assets, being Depreciated:				
Food service and Equipment	\$ 1,041,879	\$ 189,600	\$ -	\$ 1,231,479
Buildings	19,304	-	-	19,304
Vehicles	26,713	-	-	26,713
Technology Equipment	14,914	-	-	14,914
Total Capital Assets, being Depreciated	<u>1,102,810</u>	<u>189,600</u>	<u>-</u>	<u>1,292,410</u>
Less: Accumulated Depreciation				
Food Service and Equipment	(756,248)	(45,339)	-	(801,587)
Buildings	(2,059)	(772)	-	(2,831)
Vehicles	(16,028)	(5,343)	-	(21,371)
Technology Equipment	(14,914)	-	-	(14,914)
Total Accumulated Depreciation	<u>(789,249)</u>	<u>(51,454)</u>	<u>-</u>	<u>(840,703)</u>
Business-Type Activities Capital Assets - Net	<u>\$ 313,561</u>	<u>\$ 138,146</u>	<u>\$ -</u>	<u>\$ 451,707</u>

GLASGOW INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED
June 30, 2022

6. Bonded Debt and Lease Obligations:

The original amount of each issue, the issue date, and interest rates are summarized below:

Issue Date	Proceeds	Rates	Maturity Date
QZAB	\$ 5,000,000	5.25%	April 1, 2026
2012	\$ 3,835,000	0.65 - 2.25%	June 1, 2024
2017	\$ 9,715,000	1.20% - 3.00%	April 1, 2031
2021	\$ 2,360,000	4.00%-4.125%	April 1, 2024
2022	\$ 21,000,000	2.20%-5.00%	February 1, 2045

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 City of Glasgow to construct school facilities. The District has an option to purchase the property under lease at any time by retiring the bonds then outstanding.

In connection with the school revenue bonds issued after May 1, 1996 the District entered into "participation agreements" with the School Facility 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:

Year	Principal	Interest	Participation	District's Portion
2022-2023	\$ 1,260,000	\$ 1,193,768	\$ 686,755	\$ 1,767,013
2023-2024	1,670,000	1,175,364	686,755	2,158,609
2024-2025	1,235,000	1,148,752	225,860	2,157,892
2025-2026	6,260,000	1,123,002	225,860	7,157,142
2026-2027	1,300,000	821,902	225,862	1,896,040
2027-2028	1,340,000	782,102	225,860	1,896,242
2028-2029	1,380,000	741,002	225,861	1,895,141
2029-2030	1,425,000	698,702	225,861	1,897,841
2030-2031	1,470,000	655,052	225,859	1,899,193
2031-2032	1,365,000	609,952	100,619	1,874,333
2032-2033	1,435,000	541,702	101,078	1,875,624
2033-2034	1,500,000	469,952	96,466	1,873,486
2034-2035	1,560,000	409,952	97,118	1,872,834
2035-2036	1,590,000	375,632	90,894	1,874,738
2036-2037	1,630,000	339,858	95,128	1,874,730
2037-2038	1,670,000	301,552	94,748	1,876,804
2038-2039	1,710,000	261,472	94,817	1,876,655
2039-2040	1,725,000	218,722	95,743	1,847,979
2040-2041	1,770,000	174,736	97,542	1,847,194
2041-2042	1,820,000	128,716	100,644	1,848,072
2042-2043	1,775,000	74,116	-	1,849,116
2043-2044	480,000	26,190	-	506,190
2044-2045	490,000	13,230	-	503,230
	<u>\$ 37,860,000</u>	<u>\$ 12,285,428</u>	<u>\$ 4,019,330</u>	<u>\$ 46,126,098</u>

GLASGOW INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED
June 30, 2022

6 Bonded Debt and Lease Obligations, Concluded:

Long-term debt activities for the year ended June 30, 2022, are as follows:

	Balance June 30, 2021	Additions	Debt Payments and Reductions	Balance June 30, 2022	Amount Due within one year
QZAB	\$ 5,000,000	\$ -	\$ -	\$ 5,000,000	\$ -
Series 2012	1,255,000	-	410,000	845,000	420,000
Series 2017	9,410,000	-	100,000	9,310,000	100,000
Series 2021	2,350,000	-	645,000	1,705,000	650,000
Series 2022	-	21,000,000	-	21,000,000	90,000
	18,015,000	21,000,000	1,155,000	37,860,000	1,260,000
Bond Premiums/ discounts	54,449	1,258,587	25,968	1,287,068	103,744
Total bonds, net with premium	<u>\$ 18,069,449</u>	<u>\$ 22,258,587</u>	<u>\$ 1,180,968</u>	<u>\$ 39,147,068</u>	<u>\$ 1,363,744</u>

In April 2011, the Board approved the issuance of revenue bonds in the amount of \$15,410,000 and Qualified Zone Academy Bonds (QZAB) in the amount of \$5,000,000. These funds were used for construction and renovation of Glasgow High School. The bond series for 2011 has a maturity date of April 1, 2024 and QZAB bonds mature on April 1, 2026.

In March 2012, the Board approved the refinance of 2004 revenue bonds in the amount of \$3,835,000. The refinanced 2012 revenue bonds have a final maturity on June 1, 2024.

In October 2017, the Board approved the refinance of 2017 revenue bonds in the amount of \$9,715,000. The bonds were used to call the remainder of the outstanding 2011 series bonds. The reissuance produced a savings of \$525,243 to be amortized over the life of the new bonds. The refinanced 2011 revenue bonds have a final maturity on April 1, 2031.

In June 2021, the Board approved the refinance of 2011 revenue bonds in the amount of \$2,360,000. The bonds were used to call the remainder of the outstanding 2011 series bonds. The reissuance produced a savings of \$144,548 to be amortized over the life of the new bonds. The refinanced 2011 revenue bonds have a final maturity on April 1, 2024.

In February 2022, the Board approved the issuance of the 2022 revenue bonds in the amount of \$21,000,000. These funds were used for the construction of South Green Elementary. The bond series for 2022 has a maturity date of February 1, 2045.

For the year ended June 30, 2022, the District paid \$14,620 in interest due to federal sequester.

7. Capital Lease Payable:

The following is an analysis of the leased property under capital lease by class:

Class of Property	Book Value as of June 30, 2022
Server, at cost	\$ 48,337
Accumulated Depreciation	(19,334)
Net Book Value	<u>\$ 29,003</u>

**GLASGOW INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED
June 30, 2022**

7. Capital Lease Payable, Concluded:

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

Year Ending <u>June 30</u>	Capital Lease <u>Payable</u>
2023	\$ 13,029
2024	13,029
2025	9,249
2026	-
2027	-
Thereafter	<u>-</u>
Total Minimum Lease Payments	\$ 35,307
Less: Amount representing interest	<u>(3,490)</u>
Present Value of Net Minimum Lease Payments	<u><u>\$ 31,817</u></u>

8. Accumulated Unpaid Sick Leave Benefits:

Accrued sick leave is payable upon retirement at 30% of the value of the accumulated sick leave. In accordance with GAAP, the District has recorded approximately \$1,507,000 in accrued sick leave liability in the District-Wide Statement of Net Position. Of the \$1,507,000, \$219,000 is associated with employees that have met the retirement eligibility. The District-Wide Statement of Net Position reflects the current portion of accrued sick leave \$56,330. This amount is anticipated to be funded with current year's economic financial resources and is the District's amount associated with employees that have notified the District of retirement within the next year.

9. Retirement Plans:

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

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

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

**GLASGOW INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED
June 30, 2022**

9. Retirement Plans, Continued:

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

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

Cost of living adjustments are provided at the discretion of the General Assembly. Retirement is based on a factor of the number of years' service and hire date multiplied by the average of the highest five years' earnings. Reduced benefits are based on factors of both of these components.

Participating employees become eligible to receive the health insurance benefit after at least 180 months of service.

Death benefits are provided for both death after retirement and death prior to retirement. Death benefits after retirement are \$5,000 in lump sum. Five years' service is required for death benefits prior to retirement and the employee must have suffered a duty-related death. The decedent's beneficiary will receive the higher or the normal death benefit and \$10,000 plus 75% of the decedent's average rate of pay and any dependent child will receive 50% of the decedent's average rate of pay up to 75% for three dependent children. Five years' service is required for nonservice related disability benefits.

There have been no actuarial assumption changes since June 30, 2020. Senate Bill 169 passed during the 2021 legislative session and increased the disability benefits for certain qualifying members who become "totally and permanently disabled" in the line of duty or as a result of a duty-related disability. There were no other material plan provision changes.

Contributions—Required contributions by the employee are based on the tier:

	<u>Required Contribution</u>
Tier 1	5%
Tier 2	5% + 1 % for insurance
Tier 3	5% + 1 % for insurance

GLASGOW INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED
June 30, 2022

9. Retirement Plans, Continued:

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

Plan description—Teaching certified employees of the District and other employees whose positions require at least a college degree are provided pensions through the Kentucky Teachers' Retirement System of the State of Kentucky (KTRS)—a cost-sharing multiple-employer defined benefit pension plan with a special funding situation established to provide retirement annuity plan coverage for local school districts and other public educational agencies in the Commonwealth. KTRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the KRS. KTRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. KTRS issues a publicly available financial report that can be obtained at http://www.ktrs.ky.gov/05_publications/index.htm.

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

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

Employees that retire before age 60 with less than 27 years of service receive reduced retirement benefits. Non-university employees with an account established prior to July 1, 2002 receive monthly payments equal to 2.0% (service prior to July 1, 1983) and 2.5% (service after July 1, 1983) of their final average salaries for each year of credited service. New employees (including second retirement accounts) after July 1, 2002 will receive monthly benefits equal to 2% of their final average salary for each year of service if, upon retirement, their total service is less than ten years. New employees after July 1, 2002 who retire with ten or more years of total service will receive monthly benefits equal to 2.5% of their final average salary for each year of service, including the first ten years. In addition, employees who retire July 1, 2004 and later with more than 30 years of service will have their multiplier increased for all years over 30 from 2.5% to 3.0% to be used in their benefit calculation. Effective July 1, 2008, the System has been amended to change the benefit structure for employees hired on or after that date.

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

Cost of living increases are one and one-half (1.5) percent annually. Additional ad hoc increases and any other benefit amendments must be authorized by the General Assembly.

GLASGOW INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED
June 30, 2022

9. Retirement Plans, Continued:

Contributions—Contribution rates are established by Kentucky Revised Statutes (KRS). Non-university employees are required to contribute 12.855% of their salaries to the plan for fiscal years ending June 30, 2022 and 2021. This applies to employees hired prior to July 1, 2008 and those hired afterwards. The District’s contractually required contribution rate for the year ended June 30, 2022 and 2021 for KTRS was 16.105% for employees hired prior to July 1, 2008 and those hired afterwards.

The CERS nonhazardous contribution rate for the employer was 21.17% of annual compensation for the years ended June 30, 2022 and 2021, respectively. Employees hired before July 1, 2008 are required to contribute 5% of their salary and employees hired after that date are required to contribute 6%.

The Commonwealth of Kentucky, as a non-employer contributing entity, pays matching contributions at the rate of 13.105% of salaries for local school districts and regional cooperative employees hired before July 1, 2008 and 14.105% for those hired after July 1, 2008. For local school district and regional cooperative employees whose salaries are federally funded, the employer contributes 16.105% of salaries for fiscal years ending June 30, 2022 and 2021. 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.

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

District's proportionate share of CERS net pension liability	\$ 6,490,868
Commonwealth's proportionate share of the KTRS net pension liability associated with the District	<u>42,433,583</u>
	<u>\$48,924,451</u>

The total pension liability, net pension liability and sensitivity information was based on an actuarial valuation date of June 30, 2020. The total pension liability was rolled-forward from the valuation date to the plan’s fiscal year end using generally accepted actuarial principles.

The District’s proportion of the net pension liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2021, the District’s proportion was 0.101805%.

For the year ended June 30, 2022, the District recognized pension expense of \$252,433 related to CERS.

GLASGOW INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED
June 30, 2022

9. Retirement Plans, Continued:

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience in the measurement of the TPL	\$ 74,535	\$ 62,998
Changes in assumptions	87,115	-
Net difference between projected and actual investment earnings on pension plan investments	251,802	1,063,360
Changes in proportion and differences between employer contributions and proportionate share of contributions	49,244	5,209
Contributions to pension plan after measurement date	<u>589,472</u>	<u>-</u>
Total	<u>\$ 1,052,168</u>	<u>\$ 1,131,567</u>

The amount reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

	<u>Net Deferred Outflows/(Inflows)</u>
2023	\$ (203,219)
2024	(194,740)
2025	(270,912)
2026	-
2027	-
Total	<u>\$ (668,871)</u>

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. Additionally, House Bill 271 passed during the 2020 legislative session and removed provisions that reduce the monthly payment to a surviving spouse of a member whose death was due to a duty-related injury upon remarriage of the spouse. It also increased benefits for a very small number of beneficiaries. This did not have a material (or measurable) impact on the liability of the plans and therefore, we did not make any adjustment to the total pension liability to reflect this legislation. There were no other material plan provision changes.

GLASGOW INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED
June 30, 2022

9. Retirement Plans, Continued:

Actuarial assumptions—The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	CERS	KTRS
Inflation	2.30%	2.50%
Projected Salary Increases	3.3-11.55%	3-7.5%
Investment rate of return, net of investment expense and inflation	6.25%	7.10%

For CERS, the mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). 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.

For KTRS, Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2025 with a set forward two years for males and one year for females. For disabled members the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set forward two years for males and seven years for females) is used for the period after disability retirement. There is a margin for future mortality improvement in the tables used by the system.

For CERS, the long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years. The most recent analysis, performed for the period covering fiscal years 2014 through 2018, is outlined in a report dated April 18, 2019. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe.

The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

GLASGOW INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED
June 30, 2022

9. Retirement Plans, Continued:

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

<u>Asset Class</u>	<u>CERS</u>		<u>KTRS</u>	
	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US Equity	21.75%	5.70%	40.0%	4.20%
Non-US Equity	21.75%	6.35%	22.0%	5.30%
Fixed Income	0.00%	0.00%	15.0%	-0.10%
Additional Categories	0.00%	0.00%	5.0%	2.20%
Private Equity	10.00%	9.70%	7.0%	6.90%
Specialty Credit/High Yield	15.00%	2.80%	2.0%	1.70%
Core Bonds	10.00%	0.00%	0.0%	0.00%
Cash	1.50%	-0.60%	2.0%	-0.50%
Real Estate	10.00%	5.40%	7.0%	4.30%
Opportunistic	0.00%	0.00%	0.0%	0.00%
Real Return	10.00%	4.55%	0.0%	0.00%
Total	<u>100.00%</u>		<u>100.00%</u>	

Discount rate: For CERS, the discount rate used to measure the total pension liability was 6.25%. The projection of cash flows used to determine the discount rate assumed that each fund receives the employer required contributions each future year as determined by the current funding policy established in statute, which includes the phase-in provisions from House Bill 362 (passed in 2018) that applies to CERS.

For KTRS, the discount rate used to measure the total pension liability was 7.10%. For KTRS, 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 Actuarially Determined Contribution rates for all future fiscal years. 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.

Periods of projected benefit payments – For both CERS and KTRS, projected future benefit payments for all current plan members were projected through all periods to determine the total pension liability.

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
CERS	5.25%	6.25%	7.25%
District's proportionate share of net pension liability	8,324,845	6,490,868	4,973,294

GLASGOW INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED
June 30, 2022

9. Retirement Plans, Concluded:

A one percent decrease and a one percent increase for the KTRS proportionate share of the net pension liability is not shown because the Commonwealth of Kentucky provides the pension support directly to KTRS on behalf of the District.

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

The District’s total payroll for the year was \$15,361,829. The payroll for employees covered under KTRS was \$12,573,550 and for CERS was \$2,788,279. For the year ended June 30, 2022, the federal matching contributed \$271,812 to KTRS for the benefit of our participating employees.

The contribution requirement for CERS for the year ended June 30, 2022, was \$888,899 which consisted of \$750,414 from the District and \$138,485 from employees.

The District also offers employees the option to participate in a defined contribution plan under Section 403(B), 401(K) and 457 of the Internal Revenue Code. All regular full-time and part-time employees are eligible to participate and may contribute up to the maximum amount allowable by law. The District does not contribute to these plans. Total employee contributions to the 403(B) plan for the year was \$36,975.

10. Other Post-Employment Benefits (OPEB):

General information about the County Employees Retirement System (CERS) OPEB plan:

Plan Description: The County Employee Retirements System (CERS) covers classified employees whose position does not require a college degree or teaching certification. CERS health insurance benefits are subject to various participation dates to determine eligibility and health insurance contributions rates. CERS is a cost-sharing multiple employer defined benefit plan administered by the Kentucky Retirement System, an agency of the Commonwealth of Kentucky. Under the provisions of KRS 61.645, the Board of Trustees of the Kentucky Retirements Systems administers CERS and has the authority to establish and amend benefit provisions. The Kentucky Retirements System issues a stand-alone financial report, which may be obtained from Kentucky Retirement System, 1260 Louisville Road, Frankfort, Kentucky, 40601 or on-line at www.kyret.ky.gov.

General information about the Kentucky Teachers Retirement System (KTRS) OPEB plans:

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

The state reports a liability, deferred outflows of resources and deferred inflows of resources, and expense as a result of its statutory requirement to contribute to the KTRS Medical Insurance and Life Insurance Plans.

GLASGOW INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED
June 30, 2022

10. Other Post-Employment Benefits (OPEB), Continued:

Medical Insurance Plan - CERS

Plan Description: The Kentucky Retirement Systems' Insurance Fund is a cost sharing multiple-employer defined benefit Other Post-Employment Benefit plan for members that cover all regular full-time members employed in non-hazardous and hazardous duty positions of any state departments, board, agency, county, District, school board, and any additional eligible local agencies electing to participate.

Funding policy: In order to fund the post-retirement healthcare benefit, six percent (6%) of the gross annual payroll of employees before July 1, 2008 is contributed. Three percent (3%) is paid by member contributions and three quarters percent (.75%) from Commonwealth appropriation and two and one quarter percent (2.25%) from the employer. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan

Benefits Provided: The plan was established to provide hospital and medical insurance for eligible members receiving benefits from KERS, CERS and SPRS. OPEB may be extended to beneficiaries of plan members under certain circumstances. 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 single discount rates used to calculate the total OPEB liability within each plan changed since the prior year. The assumed increase in future health care costs, or trend assumption, was reviewed during the June 30, 2020 valuation process and was updated to better reflect the plans' anticipated long-term healthcare cost increases. In general, the updated assumption is assuming higher future increases in healthcare costs. There were no other material assumption changes. Senate Bill 169 passed during the 2021 legislative session and increased the disability benefits for certain qualifying members who become "totally and permanently disabled" in the line of duty or as a result of a duty-related disability. The total OPEB liability as of June 30, 2021 is determined using there updated benefit provisions. There were no other material plan provision changes.

Once members reach a minimum vesting period of 10 years, non-hazardous employees whose participation began on or after July 1, 2003, earn \$10 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually, which is currently 1.5%, based upon Kentucky Revised Statutes. See the chart below for current values for Dollar Contribution. This benefit is not protected under the inviolable contract provisions of Kentucky Revised Statutes 16.652, 61.692 and 78.52. The Kentucky General Assembly reserves the right to suspend or reduce this benefit if, in its judgment, the welfare of the Commonwealth so demands.

**GLASGOW INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED
June 30, 2022**

10. Other Post-Employment Benefits (OPEB), Continued:

Medical Insurance Plan – CERS, Concluded

The amount of contribution paid by the Insurance Fund is based on years of service. For members participating prior to July 1, 2003, years of service and respective percentages of the maximum contribution are as follows.

<u>Dollar Contribution for Fiscal Year 2021</u>		<u>Portion Paid by Insurance Fund</u>	
For Member participation date on or after July 1, 2003			
<u>System</u>	(in whole dollars)	<u>Years of service</u>	<u>% Paid by Insurance Fund</u>
KERS Non-hazardous	\$ 13.79	20+ years	100.00%
KERS Hazardous	\$ 20.68	15-19 years	75.00%
CERS Non-hazardous	\$ 13.78	10-14 years	50.00%
CERS Hazardous	\$ 20.68	4-9 years	25.00%
SPRS	\$ 20.68	Less than 4 years	0.00%

Future contributions are projected in accordance with the Board’s current funding policy, which includes the requirement that each participating employer in the System contribute the actuarially determined contribution rate, which is determined using a closed funding period and the actuarial assumptions and methods adopted by the Board of Trustees. The fully insured premiums KRS pays for the CERS health insurance plans are blended rates based on the combined experience of active and retired members. Because the average cost of providing health care benefits to retirees under age 65 is higher than the average cost of providing it to active employees, there is an implicit employer subsidy for the non-Medicare eligible retirees. Current assets, future contributions and investment earnings are projected to be sufficient to pay the projected benefit payments from the retirement system.

However, the cost associated with the implicit subsidy is not currently being 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 trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy. The projection of cash flows used to determine the single discount rate 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.

Medical Insurance Plan - KTRS

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

Benefits provided - To be eligible for medical benefits, the member must have retired either for service or disability. The KTRS Medical Insurance Fund offers coverage to employees under the age of 65 through the Kentucky Employees Health Plan administered by the Kentucky Department of Employee Insurance. KTRS 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 KTRS Board of Trustees.

GLASGOW INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED
June 30, 2022

10. Other Post-Employment Benefits (OPEB), Continued:

Medical Insurance Plan - KTRS

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 KTRS Medicare Eligible Health Plan.

Contributions—The member postemployment medical contribution is 3.75% of salary. The employer postemployment medical contribution is .75% of member salaries. Also, employers (other than the state) contribute 3% of members' salaries and the state contributes the net cost of health insurance premiums for new retirees after June 30, 2010 in the non-Medicare eligible group. If a member leaves covered employment before accumulating five years credited service, accumulated member contributions to the retirement annuity plan plus interest are refunded upon the member's request.

Life Insurance Plan - KTRS

Plan description – KTRS administers the life insurance plan as provided by Kentucky Revised Statute 161.655 to eligible active and retired members. The KTRS 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 KTRS Board of Trustees and the General Assembly.

Benefits provided – KTRS provides a life insurance benefit of five thousand dollars payable for members who retire based on service or disability. KTRS 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 state.

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

At June 30, 2022, the District reported a liability of \$1,948,546 for CERS, \$3,755,000 for KTRS Medical Insurance Plan and \$0 for KTRS Life Insurance Plan for its proportionate share of the net OPEB liability. The District did not report a liability for its proportionate share of the collective net OPEB liability for the Life Insurance Plan because the Commonwealth provides OPEB support directly to KTRS on behalf of the District. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial value as of June 30, 2020. At June 30, 2021, the District's proportionate share was .101781% for CERS, .174988% for KTRS Medical Insurance plan and 0% for KTRS Life Insurance Plan.

GLASGOW INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED
June 30, 2022

10. Other Post-Employment Benefits (OPEB), Continued:

The amount recognized by the District as its proportionate share of the net OPEB liability for CERS and KTRS, 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 CERS net OPEB liability	\$	1,948,546
District's proportionate share of KTRS net OPEB liability		3,755,000
Commonwealth's proportionate share of the KTRS net OPEB liability associated with the District		<u>3,090,000</u>
	<u>\$</u>	<u>8,793,546</u>

As a result of its requirement to contribute to the Plan, the District recognized OPEB expense of \$96,750 for CERS. For KTRS Medical Insurance Plan the District recognized OPEB expense of \$(304,368). At June 30, 2022, the District reported deferred inflows and deferred outflows of resources related to the net OPEB liability from the following sources:

	CERS		KTRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience in the measurement of the net OPEB liability	\$ 306,409	\$ 581,771	\$ -	\$ 1,006,631
Changes in assumptions	516,597	1,812	541,947	-
Net difference between projected and actual investment earnings on pension plan investments	53,975	402,997	-	221,304
Changes in proportion and differences between employer contributions and proportionate share of contributions	14,959	30,139	114,237	75,608
Contributions to pension plan after measurement date	<u>225,057</u>	<u>-</u>	<u>324,498</u>	<u>-</u>
Total	<u>\$ 1,116,997</u>	<u>\$ 1,016,719</u>	<u>\$ 980,683</u>	<u>\$ 1,303,543</u>

The deferred outflows resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2023. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in expense as follows:

	Net Deferred Outflows/(Inflows)	
	CERS	KTRS
2023	\$ (2,104)	\$ (226,823)
2024	(4,650)	(201,989)
2025	(118,025)	(177,706)
2026	-	(42,495)
2027	-	1,654
Total	<u>\$ (124,779)</u>	<u>\$ (647,358)</u>

GLASGOW INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED
June 30, 2022

10. Other Post-Employment Benefits (OPEB), Continued:

Actuarial Assumptions: The total OPEB liability, net OPEB liability and sensitivity information are based on an actuarial valuation performed as of June 30, 2020. The total OPEB liability was rolled-forward from the valuation date to the plan's fiscal year end, June 30, 2021 using generally accepted actuarial principles. For CERS, the KRS Board of Trustees adopted the following updated actuarial assumptions used in performing the actuarial valuation as of June 30, 2021:

OPEB notes	CERS
Board adopted - interim	
Inflation	2.30%
Payroll Growth Rate	2.0% for CERS non-hazardous and hazardous
Salary Increase	3.3 - 10.30% for CERS non-hazardous
Investment Rate of Return	6.25%
Healthcare Trend Pre-65	Initial trend starting at 6.25% at January 1, 2021, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Healthcare Trend Post-65	Initial trend starting at 5.5% at January 1, 2021, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years.

Assumptions used for 6/30/1

	KTRS
Investment Rate of Return:	
Medical Insurance Plan	7.1%, net of OPEB plan investment expense, including inflation
Life Insurance Plan	7.1%, net of OPEB plan investment expense, including inflation
Projected salary increases:	
Medical Insurance Plan	3.0-7.5%, including wage inflation
Life Insurance Plan	3.0%-7.5% including wage inflation
Inflation	
Medical Insurance Plan	2.50%
Life Insurance Plan	2.50%
Real wage growth	0.25%, for both Medical and Life Insurance Plans.
Wage inflation	
Medical Insurance Plan	2.75% for both medical plans
Healthcare cost trend rates:	
Healthcare Trend Pre-65	Initial trend starting at 7.0% for fiscal year 2022 and decreasing to an ultimate trend rate of 4.50% by fiscal year 2034
Healthcare Trend Post-65	Initial trend starting at 5.125% for fiscal year 2022 decreasing to an ultimate trend rate of 4.50% by fiscal year 2034
Medicare Part B Premiums	6.97% for fiscal year 2022 with ultimate rate of 4.50% by 2034
Municipal Bond Index Rate	2.13%, for both Medical and Life Insurance Plans.
Discount Rate	8%, for Medical and 7.50% for Life Insurance Plans
Medical Insurance Plan	7.10%
Life Insurance Plan	7.10%
Single equivalent interest rate:	
Medical Insurance Plan	7.10%, net of OPEB plan investment expense, including inflation
Life Insurance Plan	7.10%, net of OPEB plan investment expense, including inflation

**GLASGOW INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED
June 30, 2022**

10. Other Post-Employment Benefits (OPEB), Continued:

For CERS, mortality rates were based on the RP-2000 Combined Mortality Table, projected to 2013 with Scale BB (setback 1 year for females).

For KTRS, mortality rates were based on the RP-2000 Combined Mortality Table projected to 2025 with projection scale BB and set forward two years for males and one year for females is used for the period after service retirement and for dependent beneficiaries. The RP-2000 Disabled Mortality Table set forward two years for males and seven years for females is used for the period after disability retirement. The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2020 valuation were based on a review of recent plan experience done concurrently with the June 30, 2020 valuation.

Long-term expected rate of return: For CERS was determined by using a building-block method in which the 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.

Long-term expected rate of return: For KTRS, 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 rate of return for each major asset class are summarized in the following table:

Asset Class	CERS		KTRS	
	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
US Equity	21.75%	5.70%	0.00%	0.00%
Non-US Equity	21.75%	6.35%	58.00%	5.10%
Fixed Income	0.00%	0.00%	9.00%	-0.10%
Additional Categories	0.00%	0.00%	9.00%	2.20%
Private Equity	10.00%	9.70%	8.50%	6.90%
Specialty Credit/High Yield	15.00%	2.80%	8.00%	1.70%
Core Bonds	10.00%	0.00%	0.00%	0.00%
Cash	1.50%	-0.60%	1.00%	-0.30%
Real Estate	10.00%	5.40%	6.50%	4.00%
Opportunistic	0.00%	0.00%	0.00%	0.00%
Real Return	<u>10.00%</u>	4.55%	<u>0.00%</u>	0.00%
Total	<u>100.00%</u>		<u>100.00%</u>	

GLASGOW INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED
June 30, 2022

10. Other Post-Employment Benefits (OPEB), Continued:

Discount Rate: The single discount rate of 5.20% for non-hazardous and was used to measure the total OPEB liability as of June 30, 2021. The single discount rate is based on the expected rate of return on OPEB plan investments 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. The following presents the City's proportionate share of the net OPEB liability if it were calculated using a discount rate 1% lower or 1% higher than the current discount rate:

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - CERS

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
CERS - Nonhazardous	4.20%	5.20%	6.20%
District's proportionate share of the net OPEB liability	\$ 2,675,339	\$ 1,948,546	\$ 1,352,092

Discount Rate: For KTRS - Medical Insurance Plan, the single discount rate of 7.10% was used to measure the total OPEB liability as of June 30, 2021. 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. The following presents the District's proportionate share of the net OPEB liability if it were calculated using a discount rate 1% lower or 1% higher than the current discount rate:

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - KTRS

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
KTRS	6.10%	7.10%	8.10%
District's proportionate share of the net OPEB liability	\$ 4,807,000	\$ 3,755,000	\$ 2,885,000

Healthcare Trend Rate: The initial trend rate for participants under 65 years of age starts at 6.25% at January 1, 2021 and gradually decreases to an ultimate trend rate of 4.05% over a period of 13 years. For those over 65 years of age the trend rate starts at 5.50% at January 1, 2021 and gradually decreases to an ultimate trend rate of 4.05% over a period of 14 years. The following table presents the City's proportionate share of the net OPEB liability, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate:

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate - CERS

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
CERS - Nonhazardous	4.20%	5.20%	6.20%
District's proportionate share of the net OPEB liability	\$ 1,402,722	\$ 1,948,546	\$ 2,607,365

**GLASGOW INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS, CONCLUDED
June 30, 2022**

10. Other Post-Employment Benefits (OPEB), Concluded:

Healthcare Trend Rate: For KTRS, the initial trend rate for participants under 65 years of age starts at 7.00% and gradually decreases to an ultimate trend rate of 4.50% by 2034. For those over 65 years of age the trend rate starts at 5.125% and gradually decreases to an ultimate trend rate of 5.0% by 2022. Medicare Part B premiums starts at 6.97% with an ultimate rate of 4.50% by 2034. The following table presents the District's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate:

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate - KTRS

KTRS	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB liability	6.10%	7.10%	8.10%
	\$ 2,728,000	\$ 3,755,000	\$ 5,033,000

OPEB Plan Fiduciary Net Position: For both CERS and KTRS, detailed information about the Plan's fiduciary net position is available in the separately issued KRS and KTRS issued financial statements.

11. Arbitrage:

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the insurance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years. During the current year, the District performed calculations of excess investment earnings on various bonds and financings and at June 30, 2021 does not expect to incur a liability.

12. 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 grantor's 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.

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

**GLASGOW INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS, CONCLUDED
June 30, 2022**

14. Insurance and Risk Management:

The District is exposed to various forms of loss of assets associated with the risks of fire, personal liability, theft, vehicular accidents, errors and omissions, fiduciary responsibility, etc. Each of these risk areas is covered through the purchase of commercial insurance. The District has purchased certain policies which are retrospectively rated which includes Worker's Compensation Insurance.

15. Deficit Operating Balances:

The governmental fund operating deficits are summarized in the following Table:

General Fund	\$ 287,931
District Activity Fund	\$ 30,221
School Activity Fund	\$ 20,696
Building Fund	\$ 819,906

16. COBRA:

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 (contingency).

17. Litigation:

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

18. Transfer of Funds:

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Payments made from the general fund checking account, which may or may not have the legal liability for the expenditure cause payable from the fund having the legal liability to the general fund is established at such time. All interfund receivables and payables have been eliminated on the District-wide Statement of Net Position.

The following transfers were made during the year:

<u>Type</u>	<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
Operating	General	Special Revenue	Technology Match	\$ 42,164
Operating	Capital Outlay	Construction	Operating	\$ 103,329
Operating	Building	Debt Service	Debt Service	\$ 1,300,996
Operating	Special Revenue	General Fund	Technology Match	\$ 47,297
Operating	Debt Service	Construction	Operating	\$ 21,810,555
Operating	Building	Construction	Operating	\$ 1,409,499
Operating	General	Construction	Operating	\$ 391,320
Operating	Special Revenue	Construction	Operating	\$ 88,560
Operating	Construction	General Fund	Construction	\$ 433,070
Operating	Debt Service	General Fund	Debt Service	\$ 123,506

**GLASGOW INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS, CONCLUDED
June 30, 2022**

18. Transfer of Funds: Concluded

At June 30, 2022, interfund balances were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue	\$ 814,720

19. On Behalf Payments

During the year ended June 30, 2022, the Kentucky Division of Finance made payments on behalf of Glasgow Independent School District in the amount of \$6,906,831. These payments were paid for fringe benefits and retirement for the District personnel. These payments have been included in both revenue and expenditures on the Board's financial statements for the year ended June 30, 2022 as follows:

Health Insurance	\$ 2,766,379
KTRS Employer Match	3,387,192
KTRS Employer Match	258,462
Health Reimbursement Account	107,100
State Administration Fees	30,944
Life Insurance	3,867
Federal Reimbursement on Health Benefits	(331,779)
Technology	98,554
School Facilities Construction Commission Debt Service	586,112
	<u>\$ 6,906,831</u>
Recorded as follows:	
General Fund	\$ 6,046,295
Food Service Fund	274,424
Debt Service	586,112
	<u>\$ 6,906,831</u>

20. Subsequent Events

Management has evaluated subsequent events through November 10, 2022, the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**GLASGOW INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND
For the Year Ended June 30, 2022**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Favorable (Unfavorable)
Revenues:				
From local sources:				
Taxes:				
Property	\$ 5,500,000	\$5,500,000	\$ 5,424,484	\$ (75,516)
Motor vehicles	460,000	460,000	474,660	14,660
Other	238,000	238,000	532,035	294,035
Tuition and fees	32,600	32,600	15,785	(16,815)
Earnings on investments	60,000	60,000	35,936	(24,064)
Other local revenues	35,000	35,000	238,680	203,680
Intergovernmental-state	15,229,289	15,229,289	15,442,263	212,974
Intergovernmental-direct federal	25,000	25,000	37,064	12,064
Total revenues	<u>21,579,889</u>	<u>21,579,889</u>	<u>22,200,907</u>	<u>621,018</u>
Expenditures:				
Instruction	13,715,646	13,715,646	14,230,381	(514,735)
Support services:				
Student	1,251,963	1,251,963	1,390,323	(138,360)
Instructional staff	763,510	763,510	721,467	42,043
District administration	3,638,476	3,638,476	1,525,474	2,113,002
School administration	1,430,346	1,430,346	1,423,518	6,828
Business	536,070	536,070	620,721	(84,651)
Plant operations and maintenance	1,785,689	1,785,689	1,819,216	(33,527)
Student transportation	826,543	826,543	910,628	(84,085)
Facilities acquisition and construction	932,790	932,790	17,500	915,290
Total expenditures	<u>24,881,033</u>	<u>24,881,033</u>	<u>22,659,228</u>	<u>2,221,805</u>
Excess (deficit) of revenues over expenditures	<u>(3,301,144)</u>	<u>(3,301,144)</u>	<u>(458,321)</u>	<u>2,842,823</u>
Other financing sources (uses):				
Operating transfers in	-	-	603,874	603,874
Operating transfers out	-	-	(433,484)	(433,484)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>170,390</u>	<u>170,390</u>
Net Change in Fund Balance	(3,301,144)	(3,301,144)	(287,931)	3,013,213
Fund balance, July 1, 2021	3,301,144	3,301,144	3,301,144	-
Fund balance, June 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,013,213</u>	<u>\$ 3,013,213</u>

**GLASGOW INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL – SPECIAL REVENUE
For the Year Ended June 30, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Favorable (Unfavorable)
Revenues:				
Intergovernmental-state	\$ 1,109,117	\$ 1,109,117	\$ 1,235,386	\$ 126,269
Intergovernmental-indirect federal	9,283,695	9,283,695	4,211,498	(5,072,197)
Total revenues	<u>10,392,812</u>	<u>10,392,812</u>	<u>5,446,884</u>	<u>(4,945,928)</u>
Expenditures:				
Instruction	4,804,228	4,804,228	4,199,931	604,297
Support services:				
Student	209,375	209,375	317,415	(108,040)
Instructional staff	686,093	686,093	240,805	445,288
Business	84,328	84,328	134,479	(50,151)
Plant operations and maintenance	-	-	195,805	(195,805)
Student transportation	5,500	5,500	416	5,084
Community service activities	263,288	263,288	264,339	(1,051)
Building Improvements	4,340,000	4,340,000	-	4,340,000
Total expenditures	<u>10,392,812</u>	<u>10,392,812</u>	<u>5,353,190</u>	<u>5,039,622</u>
Excess (deficit) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>93,694</u>	<u>93,694</u>
Other financing sources (uses):				
Operating transfers in	546,783	546,783	42,164	(504,619)
Operating transfers (out)	(546,783)	(546,783)	(135,858)	410,925
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(93,694)</u>	<u>(93,694)</u>
Net Change in Fund Balance	-	-	-	-
Fund balance, July 1, 2021	-	-	-	-
Fund balance, June 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**GLASGOW INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY – COUNTY EMPLOYEES RETIREMENT SYSTEM**

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.101805%	0.102215%	0.100365%	0.100674%	0.101730%	0.101214%	0.098280%	0.976700%
District's proportionate share of the net pension liability	\$ 6,490,868	\$ 7,839,807	\$ 7,058,715	\$ 6,131,353	\$ 5,954,571	\$ 4,983,375	\$ 4,225,679	\$ 3,168,854
District's covered-employee payroll	\$ 2,788,279	\$ 2,598,740	\$ 2,623,970	\$ 2,544,943	\$ 2,480,783	\$ 2,478,338	\$ 2,414,357	\$ 2,293,462
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	232.79%	301.68%	269.01%	240.92%	240.03%	201.08%	175.02%	138.17%
Plan fiduciary net position as a percentage of the total pension liability	57.33%	47.81%	50.45%	53.54%	53.30%	55.50%	59.97%	66.80%

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

**GLASGOW INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS OF THE NET PENSION LIABILITY-
COUNTY EMPLOYEES RETIREMENT SYSTEM**

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 589,472	\$ 501,683	\$ 506,498	\$ 409,998	\$ 356,861	\$ 462,953	\$ 411,890	\$ 405,255
Contributions in relation to the contractually required contribution	(589,472)	(501,683)	(506,498)	(409,998)	(356,861)	(462,953)	(411,890)	(405,255)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 2,788,279	\$ 2,598,740	\$ 2,623,970	\$ 2,544,943	\$ 2,480,783	\$ 2,478,338	\$ 2,414,357	\$ 2,293,462
Contributions as a percentage of covered-employee payroll	21.14%	19.30%	19.30%	16.11%	14.39%	18.68%	17.06%	17.67%

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

**GLASGOW INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY-
COUNTY EMPLOYEES RETIREMENT SYSTEM**

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
District's proportion of the net OPEB liability	0.101781%	0.102185%	0.100343%	0.100672%	0.101730%
District's proportionate share of the net OPEB liability	\$ 1,948,546	\$ 2,467,457	\$ 1,687,724	\$ 1,787,411	\$ 2,045,121
District's covered-employee payroll	\$ 2,788,279	\$ 2,598,740	\$ 2,623,970	\$ 2,544,943	\$ 2,480,783
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	69.88%	94.95%	64.32%	70.23%	82.44%
Plan fiduciary net position as a percentage of the total OPEB liability	62.91%	51.67%	60.44%	57.62%	52.40%

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

**GLASGOW INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS OF THE NET OPEB LIABILITY-
COUNTY EMPLOYEES RETIREMENT SYSTEM**

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Contractually required contribution	\$ 160,942	\$ 123,723	\$ 124,967	\$ 136,666	\$ 118,954
Contributions in relation to the contractually required contribution	<u>(160,942)</u>	<u>(123,723)</u>	<u>(124,967)</u>	<u>(136,666)</u>	<u>(118,954)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 2,788,279	\$ 2,598,740	\$ 2,623,970	\$ 2,544,943	\$ 2,480,783
Contributions as a percentage of covered-employee payroll	5.77%	4.76%	4.76%	5.37%	4.80%

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

**GLASGOW INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
NET PENSION LIABILITY – KENTUCKY TEACHERS RETIREMENT SYSTEM**

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
District's proportionate share of the net pension liability	-	-	-	-	-	-	-	-
Commonwealth's proportion of the net pension liability associated with the District	0.33%	0.32%	0.33%	0.31%	0.33%	0.31%	0.30%	0.30%
Commonwealth's proportionate share of the net pension liability associated with the District	<u>\$ 42,433,583</u>	<u>\$ 45,673,742</u>	<u>\$ 44,059,377</u>	<u>\$ 41,681,030</u>	<u>\$ 89,270,790</u>	<u>\$ 92,468,678</u>	<u>\$ 71,214,105</u>	<u>\$ 62,599,484</u>
Total	<u>\$ 42,433,583</u>	<u>\$ 45,673,742</u>	<u>\$ 44,059,377</u>	<u>\$ 41,681,030</u>	<u>\$ 89,270,790</u>	<u>\$ 92,468,678</u>	<u>\$ 71,214,105</u>	<u>\$ 62,599,484</u>
District's covered-employee payroll	\$ 12,573,550	\$ 12,025,990	\$ 11,321,183	\$ 11,025,805	\$ 10,903,845	\$ 11,015,425	\$ 10,362,693	\$ 9,940,294
District's proportionate share of the net pension liability as a percentage of the District's covered-employee payroll	-	-	-	-	-	-	-	-
Commonwealth's proportionate share of the net pension liability as a percentage of the District's covered-employee payroll	337.48%	379.79%	389.18%	378.03%	818.71%	839.45%	687.22%	629.75%
Plan fiduciary net position as a percentage of the total pension liability	65.60%	58.30%	58.80%	59.30%	39.83%	35.22%	42.49%	45.59%

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

**GLASGOW INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT CONTRIBUTIONS OF THE NET PENSION LIABILITY-
KENTUCKY TEACHERS RETIRMENT SYSTEM**

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 12,573,550	\$ 12,025,990	\$ 11,321,183	\$ 11,025,805	\$ 10,902,845	\$ 11,015,425	\$ 10,362,693	\$ 9,940,294
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

**GLASGOW INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT PROPORTIONATE SHARE OF THE NET OPEB LIABILITY-
KENTUCKY TEACHERS RETIREMENT SYSTEM**

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
District's proportion of the net OPEB liability					
Medical Insurance	0.174988%	0.173975%	0.172897%	0.165372%	0.175443%
Life Insurance	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
District's proportionate share of the net OPEB liability					
Medical Insurance	\$ 3,755,000	\$ 4,391,000	\$ 5,060,000	\$ 5,738,000	\$ 6,256,000
Life Insurance	\$ -	\$ -	\$ -	\$ -	\$ -
Commonwealth's portion of the net OPEB liability associated with the District					
Medical Insurance	0.142112%	0.139361%	0.139627%	0.142516%	0.143312%
Life Insurance	0.310002%	0.306401%	0.305525%	0.300892%	0.311530%
Commonwealth's proportionate share of the net OPEB liability associated with the District					
Medical Insurance	\$ 3,049,000	\$ 3,517,000	\$ 4,087,000	\$ 4,945,000	\$ 5,110,000
Life Insurance	<u>41,000</u>	<u>106,000</u>	<u>95,000</u>	<u>85,000</u>	<u>68,000</u>
Total	<u>\$ 3,090,000</u>	<u>\$ 3,623,000</u>	<u>\$ 4,182,000</u>	<u>\$ 5,030,000</u>	<u>\$ 5,178,000</u>
District's covered-employee payroll	\$ 12,573,550	\$ 12,025,990	\$ 11,321,183	\$ 11,025,805	\$ 10,903,845
District's proportionate share of the net OPEB Liability as a percentage of its covered-employee payroll	29.86%	36.51%	44.69%	52.04%	57.37%
Commonwealth's proportionate share of the net OPEB liability as a percentage of the District's covered-employee payroll	24.58%	30.13%	36.94%	45.62%	47.49%
Plan fiduciary net position as a percentage of the total OPEB liability	51.70%	39.10%	32.58%	25.50%	21.18%

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

**GLASGOW INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT CONTRIBUTIONS OF THE NET OPEB LIABILITY-
KENTUCKY TEACHERS RETIREMENT SYSTEM**

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Contractually required contribution					
Medical Insurance	\$ 324,498	\$ 310,610	\$ 307,467	\$ 300,539	\$ 294,319
Life Insurance	-	-	-	-	-
Contributions in relation to the contractually required contribution					
Medical Insurance	(324,498)	(310,610)	(307,467)	(300,539)	(294,319)
Life Insurance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 12,573,550	\$ 12,025,990	\$ 11,321,183	\$ 11,025,805	\$ 10,903,845
Contributions as a percentage of covered-employee payroll	2.58%	2.58%	2.72%	2.73%	2.70%

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

SUPPLEMENTARY INFORMATION

**GLASGOW INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
June 30, 2022**

	Building Fund	Seek Capital Outlay Fund	District Activity Fund	School Activity Fund	Total Nonmajor Governmental Funds
Assets and resources:					
Cash and cash equivalents	\$ 1,525,295	\$ 206,396	\$ 31,211	\$ 318,671	\$ 2,081,573
Accounts receivable	-	-	-	2,386	2,386
Total Assets and Resources	<u>\$ 1,525,295</u>	<u>\$ 206,396</u>	<u>\$ 31,211</u>	<u>\$ 321,057</u>	<u>\$ 2,083,959</u>
Liabilities and fund balance:					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ 8,638	\$ 8,638
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,638</u>	<u>8,638</u>
Fund balances:					
Nonspendable					
Restricted:					
District activity funds	-	-	31,211	-	31,211
Construction	1,525,295	-	-	-	1,525,295
Capital outlay-debt service	-	206,396	-	-	206,396
School activity funds	-	-	-	312,419	312,419
Total fund balances	<u>1,525,295</u>	<u>206,396</u>	<u>31,211</u>	<u>312,419</u>	<u>2,075,321</u>
Total Liabilities and Fund Balances	<u>\$ 1,525,295</u>	<u>\$ 206,396</u>	<u>\$ 31,211</u>	<u>\$ 321,057</u>	<u>\$ 2,083,959</u>

**GLASGOW INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2022**

	Building Fund	Seek Capital Outlay Fund	District Activity Fund	School Activity Fund	Total Nonmajor Governmental Funds
Revenues:					
From local sources:					
Taxes:					
Property	\$ 851,994	\$ -	\$ -	\$ -	\$ 851,994
Other local revenues	-	-	7,270	676,510	683,780
Intergovernmental-State	1,038,594	206,396	-	-	1,244,990
Total revenues	<u>1,890,588</u>	<u>206,396</u>	<u>7,270</u>	<u>676,510</u>	<u>2,780,764</u>
Expenditures:					
Instruction	-	-	19,227	697,206	716,433
Day Care Operations	-	-	18,264	-	18,264
Total expenditures	<u>-</u>	<u>-</u>	<u>37,491</u>	<u>697,206</u>	<u>734,697</u>
Excess (deficit) of revenues over expenditures	<u>1,890,588</u>	<u>206,396</u>	<u>(30,221)</u>	<u>(20,696)</u>	<u>2,046,067</u>
Other financing sources (uses):					
Operating transfers out	(2,710,494)	(103,329)	-	-	(2,813,823)
Total other financing sources (uses)	<u>(2,710,494)</u>	<u>(103,329)</u>	<u>-</u>	<u>-</u>	<u>(2,813,823)</u>
Net Change in Fund Balance	(819,906)	103,067	(30,221)	(20,696)	(767,756)
Fund balance, July 1, 2021	<u>2,345,201</u>	<u>103,329</u>	<u>61,432</u>	<u>333,115</u>	<u>2,843,077</u>
Fund balance, June 30, 2022	<u>\$ 1,525,295</u>	<u>\$ 206,396</u>	<u>\$ 31,211</u>	<u>\$ 312,419</u>	<u>\$ 2,075,321</u>

**GLASGOW INDEPENDENT SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCES
GLASGOW HIGH SCHOOL ACTIVITY FUNDS
For the Year Ended June 30, 2022**

	Cash	(1)	(1)	Cash	Accounts	Accounts	Student Activity
	Balance	Receipts	Disbursements	Balance	Receivable	Payable	Fund Balance
	July 1, 2021			June 30, 2022			June 30, 2022
100 High School Misc.	\$ 33	\$ 22,294	\$ 22,327	\$ -	\$ -	\$ -	\$ -
101 Fees	109	1,123	881	351	-	-	351
102 Faculty Machines	94	949	969	74	-	-	74
103 Now Account	14,653	934	6,758	8,829	-	-	8,829
106 Student Activities	117	305	318	104	-	-	104
107 Student Incentives	194	50	243	1	-	-	1
109 Children's Day	1,124	1,276	1,162	1,238	-	-	1,238
110 Guidance	1,661	12,455	3,953	10,163	-	-	10,163
111 Donations	1,250	1,500	-	2,750	-	-	2,750
112 Kids Benefits	488	-	49	439	-	-	439
113 Special Account	150	-	-	150	-	-	150
114 Youth Service Center	7,799	11,709	9,467	10,041	-	-	10,041
115 21st Century	88	274	309	53	-	-	53
116 Tech	1,440	675	-	2,115	-	-	2,115
117 DAF Sweep	396	2,687	2,600	483	-	-	483
118 Misc Startup	500	-	500	-	-	-	-
119 USN	-	2,500	367	2,133	-	-	2,133
300 Academic Team	2,533	9,243	9,807	1,969	-	-	1,969
301 Art Club	1,610	20	171	1,459	-	-	1,459
302 Band	36	-	-	36	-	-	36
303 Beta Club	2,132	16,416	13,239	5,309	-	-	5,309
304 Deca Club	1,498	7,718	7,217	1,999	-	-	1,999
305 FCA - Fellow Christian	5	-	-	5	-	-	5
306 FCCLA	6,449	11,239	17,026	662	-	-	662
307 Foreign Language Dept.	4	-	-	4	-	-	4
310 PEP Club	-	440	440	-	-	-	-
311 Student ambassadors	998	-	387	611	-	-	611
313 Spanish Club	1,092	290	986	396	-	-	396
314 TSA	7,749	10,120	8,957	8,912	-	-	8,912
315 Student Y	10,465	5,984	14,677	1,772	-	-	1,772
316 HOSA	2,270	5,928	7,738	460	-	-	460
400 Student Marketing & Media	2,059	-	25	2,034	-	-	2,034
401 Bookstore	5,404	2,078	944	6,538	-	-	6,538
402 Academy of Engineering	281	-	-	281	-	-	281
403 Industrial Arts	-	405	405	-	-	-	-
404 Art Department	114	109	223	-	-	-	-
405 Adv. Med	34	-	-	34	-	-	34
406 Culinary Arts	1,014	8,877	9,087	804	-	-	804
407 Home Economics	301	-	91	210	-	-	210
408 Choir	1,246	11,877	13,123	-	-	-	-
409 English Department	246	-	-	246	-	-	246
411 Health/PE	169	-	-	169	-	-	169
412 Science Lab Fees	21	-	-	21	-	-	21
413 SPED	146	-	-	146	-	-	146
414 Social Studies	343	-	-	343	-	-	343
415 Tea with the Scotties	122	23	-	145	-	-	145
416 Yearbook	645	7,814	8,459	-	-	-	-
417 Seniors	2,037	15,957	15,975	2,019	-	-	2,019
418 Marketing	979	-	-	979	-	-	979
419 Math Department	1	-	-	1	-	-	1
420 Magazines	1,436	6,545	5,468	2,513	-	-	2,513
421 Orchestra	11	-	11	-	-	-	-
422 Drama	2,113	9,445	9,880	1,678	-	-	1,678
425 Performing Arts Support	13,778	-	2,230	11,548	-	-	11,548
430 Freshmen	104	-	-	104	-	-	104
435 After Prom	-	3,230	3,100	130	-	-	130
498 ATH Memorial	2,926	100	675	2,351	-	-	2,351
499 Ath. - Startup	-	5,800	5,800	-	-	-	-
500 Athletics - General	24,460	118,263	124,412	18,311	-	-	18,311
501 Ath. - Miscellaneous	318	1,197	1,438	77	-	46	31
502 Ath. - Officials	405	24,899	25,304	-	-	-	-
503 Ath. - Uniform	1,200	9,996	11,196	-	-	-	-
504 Ath. - Boys' Basketball	3,549	2,600	5,525	624	-	70	554
505 Ath. - Boys' Golf	5,864	5,205	5,670	5,399	-	-	5,399
506 Ath. - Boys' Soccer	3,304	14,885	11,115	7,074	-	432	6,642
507 Ath. - Boys' Tennis	176	1,058	1,086	148	-	-	148
508 Ath. - Baseball	9,785	27,772	30,672	6,885	-	-	6,885
509 Ath. - Cheerleaders	4,630	12,742	10,942	6,430	-	-	6,430
510 Ath. - Football	2,500	21,191	20,905	2,786	-	900	1,886
511 Ath. - Girls' Basketball	2,096	16,876	14,601	4,371	-	2,371	2,000
512 Ath. - Girls' Golf	3,283	6,245	7,569	1,959	-	-	1,959
513 Ath. - Girls' Soccer	4,085	2,600	275	6,410	-	-	6,410
514 Ath. - Girls' Tennis	406	600	596	410	-	276	134
515 Ath. - Softball	10,232	12,125	15,812	6,545	-	-	6,545
516 Ath. - Swimming	250	1,625	1,693	182	-	-	182
517 Ath. - Girls' Track	959	13,210	12,564	1,605	-	30	1,575
518 Ath. - Volleyball	9,115	27,720	30,652	6,183	-	106	6,077
519 Ath. - Cross Country	88	2,711	2,799	-	-	-	-
520 Archery Club	677	1,708	1,566	819	-	-	819
521 BA Boys Basketball	1,467	-	-	1,467	-	-	1,467
523 BA Girls Golf	145	3,420	3,565	-	-	-	-
524 BA Quarterback	8,924	31,320	29,350	10,894	-	1,854	9,040
525 BA Volleyball	8,467	-	8,467	-	-	-	-
526 Esports	177	1,088	642	623	-	-	623
TOTAL	\$ 209,029	\$ 559,445	\$ 584,460	\$ 184,014	\$ -	\$ 6,085	\$ 177,929

**GLASGOW INDEPENDENT SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCES
SCHOOL ACTIVITY FUNDS
ALL FUNDS COMBINED
For the Year Ended June 30, 2022**

	Cash Balance July 1, 2021	Receipts	Disbursements	Cash Balance June 30, 2022	Accounts Receivable	Accounts Payable	Student Activity Fund Balance June 30, 2022
Glasgow Middle School	\$ 52,258	\$ 142,779	\$ 123,188	\$ 71,849	\$ 2,386	\$ 2,553	\$ 71,682
Highland Elementary	29,463	54,242	50,797	32,908	-	-	32,908
Glasgow Preschool Academy	16,199	3,455	7,101	12,553	-	-	12,553
South Green Elementary	16,271	30,271	29,195	17,347	-	-	17,347
Glasgow High School	<u>209,029</u>	<u>559,445</u>	<u>584,460</u>	<u>184,014</u>	<u>-</u>	<u>6,085</u>	<u>177,929</u>
	323,220	790,192	794,741	318,671	2,386	8,638	312,419
Less interfund transfers	<u>-</u>	<u>(103,569)</u>	<u>(103,569)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 323,220</u>	<u>\$ 686,623</u>	<u>\$ 691,172</u>	<u>\$ 318,671</u>	<u>\$ 2,386</u>	<u>\$ 8,638</u>	<u>\$ 312,419</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**GLASGOW INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022**

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Number	Federal Expenditures
<u>U.S. Department of Agriculture:</u>			
Passed-through State Department of Education:			
Child Nutrition Cluster:			
National School Lunch Program	10.555	7750002 21/22	\$ 1,402,146
School Breakfast Program	10.553	7760005 21/22	664,934
Summer Food Service Program	10.559	7690024 21	<u>139,125</u>
Total Child Nutrition Cluster			<u>2,206,205</u>
Other Programs			
State Administrative Expense	10.649	9990000 21	4,562
Child and Adult Care	10.558	7790021 21/22	98,967
State Administrative Expense	10.560	7700001 21	3,878
Commodity Supplement Food Program	10.565	7750002 21/22	<u>93,438</u>
Total Other Programs			<u>200,845</u>
Total U.S. Department of Agriculture			<u>\$ 2,407,050</u>
Passed-through State Department of Education:			
Title I, Part A Cluster			
Title I Grants	84.010	3100002	\$ 1,118,196
Migrant Education	84.011	3110002	<u>140,978</u>
Total Title I, Part A Cluster			<u>1,259,174</u>
Special Education Cluster (IDEA)			
Special Education Grants	84.027	3810002	490,750
Special Education Preschool Grants	84.173	3800002	<u>23,112</u>
Total Special Education Cluster (IDEA)			<u>513,862</u>
Career and Technical Education	84.048	3710002	22,245
English Language Acquisition	84.365	3300002	2,739
Student Support and Academic	84.424	3420002	71,333
Education Stabilization Fund	84.425	4300002	1,874,462
21st Century	84.287	3400002	141,159
Rural Education	84.358	3140002	50,780
Comprehensive Literacy Development	84.371	3220002	109,852
Supporting Effective Instruction	84.367	3230002	<u>186,758</u>
Total Other Programs			<u>2,459,328</u>
Total U.S. Department of Education			<u>\$ 4,232,364</u>
Department of Health and Human Services			
Promote Adolescent Health	93.079	2100001	<u>\$ 300</u>
Total Department of Health and Human Services			<u>\$ 300</u>
Total expenditures of federal awards			<u>\$ 6,639,714</u>

GLASGOW INDEPENDENT SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2022

1. Basis of Presentation:

The accompanying schedule of expenditures of federal awards includes the federal award activity of the Glasgow Independent 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 Glasgow Independent School District, it is not intended to and does not present the financial position, changes in net position or cash flows of Glasgow Independent School District.

2. 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.

3. Food Distribution:

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

4. Indirect Cost Rate:

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

5. Subrecipients:

There were no awards passed through to subrecipients.

**GLASGOW INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2022**

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? X Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes X None reported
- Noncompliance material to financial statements noted? X Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes X No
- Significant deficiencies identified that are not considered to be material weaknesses? 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

Dollar threshold used to distinguish Between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? X Yes No

Identification of Major Programs:

Federal Grantor/Program Title	Federal Assistance Listing
U.S. Department of Energy	
Passed Through Kentucky Department of Education:	
Title I Grant	84.010
Migrant Education	84.011
Student Support and Academic Enrichment	84.424

**GLASGOW INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONCLUDED
For the Year Ended June 30, 2022**

II. FINANCIAL STATEMENTS FINDINGS

2022-001 Material Weakness

Criteria: KRS 161.155(10)(a) states that an employee is to be paid 30 % of their accrued sick leave upon retirement.

Condition: Board staff was overpaid for their accrued sick leave upon retirement by 70% .

Cause: Payroll personnel made the disbursement for accrued sick leave without any subsequent review by additional personnel or without consideration of KRS 161.155(10)(a).

Effect: A management override of controls occurred as only one person approved and made the disbursement, and the Board was not in compliance with KRS statutes.

Recommendation: We recommend that board staff receive additional education on the laws and regulations pertaining to school districts and that additional personnel review payments for approved sick leave upon retirement before they are disbursed.

Response: Board staff will receive additional training on laws and regulations pertaining to school districts and all subsequent disbursements for accrued sick leave will be approved by the Board Superintendent or Assistant Superintendent.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Current Year Findings

- a. No matters were reported.

IV. NONCOMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

2022-002 Compliance

Criteria: KRS 161.155(10)(a) states that an employee is to be paid 30 % of their accrued sick leave upon retirement.

Condition: Board staff was overpaid for their accrued sick leave upon retirement by 70%.

Cause: Payroll personnel made the disbursement for accrued sick leave without any subsequent review by additional personnel or without consideration of KRS 161.155(10)(a).

Effect: A management override of controls occurred as only one person approved and made the disbursement, and the Board was not in compliance with KRS statutes

Recommendation: We recommend that board staff receive additional education on the laws and regulations pertaining to school districts and that additional personnel review payments for approved sick leave upon retirement before they are disbursed.

Response: Board staff will receive additional training on laws and regulations pertaining to school districts and all subsequent disbursements for accrued sick leave will be approved by the Board Superintendent or Assistant Superintendent.

**GLASGOW INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended June 30, 2022**

Prior Year Findings

None



CAMPBELL, MYERS AND RUTLEDGE, PLLC

Cindy L. Greer, CPA • R. Brent Billingsley, CPA • Ryan A. Mosier, CPA

Skip R. Campbell, CPA • L. Joe Rutledge, CPA • Jenna B. Glass, CPA • L. Caitlin Hagan, CPA • Jordan T. Constant, CPA

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*

Members of the Board of Education
Glasgow Independent School District
Glasgow, Kentucky 42141

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Glasgow Independent School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Glasgow Independent School District's basic financial statements and have issued our report thereon dated November 10, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Glasgow Independent 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 Glasgow Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Glasgow Independent School District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Glasgow Independent School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. In addition, the results of our tests disclosed an instance of material noncompliance of specific state statutes or regulations identified in the *Independent Auditor's Contract* and which are described in the accompanying schedule of findings and responses as item 2022-002.

We noted other matters that we reported to management of Glasgow Independent School District in a separate letter dated November 10, 2022.

Glasgow Independent School District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Glasgow Independent School District's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. Glasgow Independent School District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 entity'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.

Campbell, Myers & Ratledge, PLLC

Glasgow, Kentucky
November 10, 2022



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

Members of the Board of Education
Glasgow Independent School District
Glasgow, Kentucky 42141

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Glasgow Independent 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 Glasgow Independent School District's major federal programs for the year ended June 30, 2022. Glasgow Independent 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, Glasgow Independent School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 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; and 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). 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 Glasgow Independent School Districts 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 Glasgow Independent 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 Glasgow Independent 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 Glasgow Independent 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*, and the Uniform Guidance 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 Glasgow Independent 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 Glasgow Independent 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 Glasgow Independent 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 Glasgow Independent 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.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Campbell, Myers & Rutledge, PLLC

Glasgow, Kentucky
November 10, 2022

