ANCHORAGE INDEPENDENT SCHOOL DISTRICT

AUDITED FINANCIAL STATEMENTS AND

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2023

P & A

PATRICK & ASSOCIATES, LLC

124 Candlewood Drive

Winchester, KY 40391

Table of Contents

PATRICK & ASSOCIATES, LLC

124 Candlewood Drive
Winchester, KY 40391

Independent Auditor's Report

Kentucky State Committee for School District Audits
Board of Education of the Anchorage Independent School District
Anchorage, KY

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 Anchorage Independent School District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Anchorage 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 Anchorage Independent School District, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Special Revenue Fund 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 *Independent Auditor's Contract, including Appendix II Instructions for Submissions of the Audit Report.* 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 Anchorage 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

Change in Accounting Principle

As described in Note 1, the Anchorage Independent School District implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription – Based Information Technology Arrangements*, for the year ended June 30, 2023, which represents a change in accounting principle. Our opinions are not modified with respect to this matter.

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 Anchorage 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 Anchorage 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 Anchorage 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 pension and OPEB information 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 Anchorage Independent School District's basic financial statements. The combining and individual nonmajor fund financial statements, school activity fund 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.

Supplementary Information (Continued)

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, school activity fund statements, and 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 December 13, 2023, on our consideration of the Anchorage 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 Anchorage Independent School District's internal control over financial reporting or on compliance. That report is an integral part of an audit preformed in accordance with *Government Auditing Standards* in considering the Anchorage Independent School District's internal control over financial reporting and compliance.

Tammy R. Patrick, CPA

Patrick & Associates, LLC
Winchester, Kentucky

December 13, 2023

Anchorage Independent School District
Management Discussion and Analysis
June 30, 2023

This section of Anchorage Independent School District's annual financial report presents management's narrative overview (discussion and analysis) of the District's financial performance during the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

FINANCIAL HIGHLIGHTS AND ACADEMIC EFFORTS

- In the government-wide statements, the assets and deferred inflows of the District exceeded its total liabilities and deferred inflows on June 30, 2023 by $4,119,517. Of this amount, $4,403,963 represents the District's investment in capital assets net of related debt, $1,184,348 is restricted for capital projects, $4,735 is related to the business-type activities and the remainder is an unrestricted net deficit of $1,473,529.
- The District's ending net position increased by $606,035, primarily due to increases in fund balances and deferred outflows that exceeded the increases in liabilities and deferred inflows.
- The District's governmental funds reported a combined ending fund balance of $4,612,583, an increase of $347,867. Approximately 26 percent of this amount, $1,184,348 is restricted, 4 percent of this amount, $212,371 is committed for accrued compensated absences and the balance of the business type activity fund and 70 percent, $3,215,864, is available for the District's operating needs.
- The general fund received $9,900,741 in revenues, which primarily consisted of funding from revenues from taxes which include property, motor vehicle, and occupational taxes.
- The District levied tax rates of 99.6 cents for both real estate and tangible taxes and 110 cents for motor vehicle taxes per $100 in assessed value.

Overview of the Financial Statements

The discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains required and 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 like a private-sector business.
The Statement of Net Position presents information on all of the assets and deferred outflows of resources and liabilities and deferred inflows of resources of the District at year-end with the difference 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 net position of the District 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 for items that will only result in cash flows in future fiscal periods.

In both statements, the District's activities are shown in one category as governmental activities. The governmental activities of the District include services related to K-12 education. These activities are primarily supported through property taxes, Support Education Excellence in Kentucky (SEEK) funding, and other intergovernmental revenues.

The government-wide financial statements begin on page 11 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. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the District can be divided into three categories: governmental funds, proprietary fund, and fiduciary funds.

FINANCIAL HIGHLIGHTS AND ACADEMIC EFFORTS (Continued)

Governmental funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decision. The Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains eight individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the general Fund, special revenue fund, district activity fund, school activity fund, capital outlay fund, facilities Support Program of Kentucky (FSPK) fund, school construction fund and the debt service fund.

Proprietary funds.

The District maintains one type of proprietary fund. The enterprise fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses the enterprise fund to accounts for its operations for food services and summer programs.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 19-21 of this report.

Fiduciary funds.

Fiduciary fund is used to account for resources held for the benefit of parties outside of the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the district's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The District uses the fiduciary fund to account for private purpose trust funds used for scholarships. The basic fiduciary fund financial statements can be found on pages 22-23 of this report.

Notes to the basic 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 basic financial statements start on page 24 this report.

Other information

In addition to the basic financial statements and the accompanying notes, this report also presents certain required supplementary information. This information starts on page 52 of this report.

The District adopts an annual appropriated budget for each of its governmental funds. A budgetary comparison statement has been provided for the general and special revenue fund.

FINANCIAL HIGHLIGHTS AND ACADEMIC EFFORTS (Continued)

Government-wide Financial Analysis

As noted earlier, 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 $4,067,686 for governmental activities and $51,831 for business-type activities at the close of the most recent fiscal year.

Anchorage Independent Board of Education Comparative Statement of Net Position

	Governmental Activities		Business-type Activities	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Assets				
Current and other assets	$ 5,554,545	$ 4,901,120	$ 115,166	$ 56,792
Net capital assets	4,480,867	4,358,979	47,096	54,185
Total assets	10,035,412	9,260,099	162,262	110,977
Deferred Outflows of Resources				
Deferred pension differences and contributions made after measurement date	2,262,144	1,407,361	58,755	36,529
Deferred saving from refunding bonds	2,310	2,475	-	-
Total deferred outflows of resources	2,264,454	1,409,836	58,755	36,529
Total assets and deferred outflows of resources	12,299,866	10,669,935	221,017	147,506
Liabilities				
Current liabilities	1,152,788	845,237	106	729
Non-current liabilities:				
Debt service due in more than one year	569,693	604,416	-	-
Net pension liability	2,294,954	2,045,685	59,608	53,096
Other post-employment benefits liability	2,705,406	1,951,396	70,269	50,649
Total liabilities	6,722,841	5,446,734	129,983	104,474
Deferred Inflows of Resources				
Deferred inflows of resources - pensions	291,565	426,399	7,573	11,067
Deferred inflows of resources - OPEB	1,217,774	1,279,055	31,630	33,198
Total deferred inflows of resources	1,509,339	1,705,454	39,203	44,265
Total liabilities and deferred inflows of resources	8,232,180	7,152,188	169,186	148,739
Net position				
Net Investment in Capital Assets	4,356,867	4,227,979	47,096	54,185
Restricted	1,184,348	893,694	-	-
Other	-	-	4,735	(55,418)
Unrestricted	(1,473,529)	(1,603,926)	-	-
Total net position	$ 4,067,686	$ 3,517,747	$ 51,831	$ (1,233)

A significant portion of the District's net position reflects its net investment in capital assets (e.g., buildings, vehicles, and equipment.) The District used the capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets 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.

FINANCIAL HIGHLIGHTS AND ACADEMIC EFFORTS (Continued)

Government-wide Financial Analysis (Continued)

There were increases in the deferred outflows of resources by $876,844, an increase in the net pension liability by $255,781, an increase in the other post-employment benefit liability of $773,630 and a decrease of $201,777 reported in deferred inflows. These changes are from the calculation of the pension liability for the District's proportionate share of the pension and other post-employment benefit liabilities.

Changes in net position. District's net position increased by $606,035 from the prior fiscal year.

Anchorage Independent Board of Education Comparative Statement of Activities

The fluctuation in expenses is due to the District's share of pension and other post-employment pension liabilities.

	June 30, 2023	June 30, 2022	Increase (Decrease)
Revenues			
Program revenues			
Charges for services	$ 227,024	$ 68,126	$ 158,898
Operating grants and contributions	3,242,196	2,893,233	348,963
Capital grants and contributions	12,178	-	12,178
General revenues			
Property taxes	5,188,943	5,074,013	114,930
Motor vehicle taxes	364,941	345,604	19,337
Occupational taxes	932,740	933,335	(595)
Student activities	409,444	329,405	80,039
State and federal grants	691,225	659,201	32,024
Other local revenue	93,140	37,448	55,692
Unrestricted investment earnings	230,273	28,111	202,162
Total revenues	11,392,104	10,368,476	1,023,628
Expenses			
Instruction	5,478,921	5,516,125	(37,204)
Support services	3,448,306	3,180,143	268,163
Plant operations and maintenance	1,179,426	868,033	311,393
Other non-instructional services	37,525	44,512	(6,987)
Debt Service	5,178	5,388	(210)
Depreciation	282,798	261,230	21,568
Food service operations	324,197	333,113	(8,916)
Summer program operations	29,718	2,693	27,025
Total	10,786,069	10,211,237	574,832
Change in net position	606,035	157,239	448,796
Net position - beginning	3,513,482	3,359,275	154,207
Net position - ending	$ 4,119,517	$ 3,516,514	$ 603,003

Total revenues increased by $1,023,628 and total expenses increased by $574,832.

FINANCIAL HIGHLIGHTS AND ACADEMIC EFFORTS (Continued)

Government-wide Financial Analysis (Continued)

As noted earlier, the District used fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the District's financial requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

Governmental Activities

The governmental activities include the following funds: general, special revenue, student activity, capital outlay, facility support program and debt service. These programs had revenues of $10,975,004 and expenditures of $10,786,069. Of the revenues, $0 related to charges for services, $3,055,585 from operating grants and contributions, $12,178 from capital grants and contributions, and $7,907,241 related to general revenues and transfers.

Overall governmental net position increased by $549,939.

Business -Type Activities

The business-type activities are food service and summer program services. These programs had revenues of $417,100 and expenses of $361,004 for the fiscal year 2023. Of the revenues, $227,024 related to charges for services, $186,611 from operating grants and contributions, $3,465 related to general revenues and transfers.

Overall Business-Type net position increased by $56,096.

General Fund Budget Highlights

The District's budget is prepared according to Kentucky law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The State Department of Education requires a zero-based budget with any budgeted remaining fund balance shown as a contingency expense in the budget process. The most significant budgeted fund is the General Fund.

A variance comparison is presented between the final budgeted amounts and the actual amounts. Revenues for the General Fund were budgeted at $6,898,492 with actual amounts totaling $9,900,741. Budgeted expenditures were $10,213,198 compared to actual expenditures of $9,891,086.

Capital Assets

At the end of the fiscal year 2023, the District had $4,527,963 invested in capital assets, $4,480,867 is in governmental activities. For the fiscal year, capital asset increases totaled $397,597 and depreciation totaled $128,877. At June 30, 2022, the District had $4,413,164 invested in capital assets, $4,358,971 was in governmental activities. See detailed table in the notes to the financial statements.

FINANCIAL HIGHLIGHTS AND ACADEMIC EFFORTS (Continued)

Debt

At June 30, 2023, the District had $124,000 in bonds outstanding, of this amount $124,000 is to be paid from the KSFCC funding provided by the State of Kentucky. A total of $7,000 is due within one year. At June 30, 2022, the District had $131,000 in bonds outstanding. See detailed table in the notes to the financial statements.

Request for Information

This financial report is designed to provide a general overview of the Anchorage Independent Board of Education's finances. Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to Kelley Ransdell, Superintendent, at Kelley.Ransdell@Anchorage.kyschools.us or to Jonathan Travis, Finance Officer, at Jon.Travis@Anchorage.kyschools.us or by phone at 502-245-8927 or by mail at 11400 Ridge Road, Anchorage, KY 40223.

Financial Statements

ANCHORAGE INDEPENDENT SCHOOL DISTRICT
Statement of Net Position
June 30, 2023

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 5,408,209	$ 89,814	$ 5,498,023
Receivables:			
Taxes - current	123,209	-	123,209
Accounts	23,127	21,431	44,558
Inventory	-	3,921	3,921
Total capital assets, net of depreciation	4,480,867	47,096	4,527,963
Total assets	10,035,412	162,262	10,197,674
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - pensions	580,189	15,069	595,258
Deferred outflows - OPEB contributions	1,681,955	43,686	1,725,641
Deferred saving from refunding bonds	2,310	-	2,310
Total deferred outflows of resources	2,264,454	58,755	2,323,209
Total assets and deferred outflows of resources	12,299,866	221,017	12,520,883
LIABILITIES			
Accounts payable and accrued expenses	935,016	106	935,122
Accrued interest payable	2,056	-	2,056
Unearned revenue	6,946	-	6,946
Long term liabilities:			
Due within one year			
Bond obligations	7,000	-	7,000
Sick leave	201,770	-	201,770
Due beyond one year			
Bond obligations	117,000	-	117,000
Sick leave	452,693	-	452,693
Net pension liability	2,294,954	59,608	2,354,562
Net OPEB liability	2,705,406	70,269	2,775,675
Total liabilities	6,722,841	129,983	6,852,824
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - pensions	291,565	7,573	299,138
Deferred inflows of resources - OPEB	1,217,774	31,630	1,249,404
Total deferred inflows of resources	1,509,339	39,203	1,548,542
TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES	8,232,180	169,186	8,401,366
NET POSITION			
Net Investment in Capital Assets net of related debt	4,356,867	47,096	4,403,963
Restricted for:			
Capital projects	1,184,348	-	1,184,348
Other	-	4,735	4,735
Unrestricted	(1,473,529)	-	(1,473,529)
Total net position	$ 4,067,686	$ 51,831	$ 4,119,517

The accompanying notes are an integral part of the financial statements.

ANCHORAGE INDEPENDENT SCHOOL DISTRICT
Statement of Activities
Year Ended June 30, 2023

		PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION PRIMARY GOVERNMENT		
Functions/Programs	Expenses	Charges for	Operating	Capital Grants	Governmental	Business-type	Total
PRIMARY GOVERNMENT:							
Governmental activities:							
Instructional	$ 5,478,921	$ -	$ 1,893,806	$ -	$ (3,585,115)	$ -	$ (3,585,115)
Support Services							
Student	272,575	-	81,049	-	(191,526)	-	(191,526)
Instructional Staff	1,212,046	-	411,061	-	(800,985)	-	(800,985)
District Administration	478,848	-	96,590	-	(382,258)	-	(382,258)
School Administration	532,113	-	173,745	-	(358,368)	-	(358,368)
Business	952,724	-	204,414	-	(748,310)	-	(748,310)
Plant operations and maintenance	1,179,426	-	194,920	-	(984,506)	-	(984,506)
Other non-instructional services	37,525	-	-	-	(37,525)	-	(37,525)
Debt Service	5,178	-	-	12,178	7,000	-	7,000
Depreciation	275,709	-	-	-	(275,709)	-	(275,709)
Total governmental activities	10,425,065	-	3,055,585	12,178	(7,357,302)	-	(7,357,302)
Business-type activities:							
Food service operations	324,197	205,494	186,611	-	-	67,908	67,908
Tuition	29,718	21,530	-	-	-	(8,188)	(8,188)
Depreciation	7,089	-	-	-	-	(7,089)	(7,089)
Total business-type activities	361,004	227,024	186,611	-	-	52,631	52,631
Total primary government	$ 10,786,069	$ 227,024	$ 3,242,196	$ 12,178	$ (7,357,302)	$ 52,631	$ (7,304,671)
General revenues							
Taxes:							
Property taxes					$ 5,188,943	$ -	$ 5,188,943
Motor vehicle taxes					364,941	-	364,941
Occupational taxes					932,740	-	932,740
Student activities					409,444	-	409,444
State formula grants					691,225	-	691,225
Other local revenue					93,140	-	93,140
Unrestricted investment earnings					226,808	3,465	230,273
Total general revenues and transfers					7,907,241	3,465	7,910,706
Change in net position					549,939	56,096	606,035
Net position - beginning (restated)					3,517,747	(4,265)	3,513,482
Net position - ending					$ 4,067,686	$ 51,831	$ 4,119,517

The accompanying notes are an integral part of the financial statements.

ANCHORAGE INDEPENDENT SCHOOL DISTRICT

Balance Sheet
Governmental Funds
June 30, 2023

	General Fund	Special Revenue Fund	Facility Support Program (FSKP) Fund	Total Non-Major Funds	Total
ASSETS					
Cash and cash equivalents	$ 4,053,016	$ 29,859	$ 1,145,175	$ 180,159	$ 5,408,209
Receivables					
Taxes-current	123,209	-	-	-	123,209
Accounts	-	23,127	-	-	23,127
Total assets	4,176,225	52,986	1,145,175	180,159	5,554,545
LIABILITIES					
Accounts payable	859,476	46,040	-	29,500	935,016
Unearned revenue	-	6,946	-	-	6,946
Total liabilities	859,476	52,986	-	29,500	941,962
FUND BALANCE					
Restricted	-	-	1,145,175	39,173	1,184,348
Committed	100,885	-	-	111,486	212,371
Unassigned	3,215,864	-	-	-	3,215,864
Total fund balance	3,316,749	-	1,145,175	150,659	4,612,583
TOTAL LIABLITIES AND FUND BALANCE	$ 4,176,225	$ 52,986	$ 1,145,175	$ 180,159	$ 5,554,545

The accompanying notes are an integral part of the financial statements.

ANCHORAGE INDEPENDENT SCHOOL DISTRICT

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

June 30, 2023

Total Fund Balances - Governmental Funds	**$**	**4,612,583**
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets are not reported in the fund financial statement because they are not current financial resources, but they are reported in the statement of net position		4,480,867
Deferred outflows of resources are not recorded in the governmental fund financials because they do not affect current resources but are recorded in the statement of net position.		
Pension contributions subsequent to measurement date		580,189
OPEB contributions subsequent to measurement date		1,681,955
Certain assets (obligations) are not a use of financial resources and therefore, are not reported in the government funds, but are presented in the statement of net position		
Net pension liability		(2,294,954)
Net OPEB liability		(2,705,406)
Deferred inflows of resources are not recorded in the governmental fund financials because they do not affect current resources but are recorded in the statement of net position		
Pension plan investment differences		(291,565)
OPEB plan investment differences		(1,217,774)
Certain liability (such as bond payable, the long-term portion of accrued sick leave, and other accrued liabilities) are not reported in the fund financial statement because they are not due and payable, but are presented in the statement of net position as follows:		
Bonds payable		(124,000)
Accrued interest		(2,056)
Accrued sick leave		(654,463)
Deferred loss on refunding		2,310
Net position of governmental activities	**$**	**4,067,686**

The accompanying notes are an integral part of the financial statements.

ANCHORAGE INDEPENDENT SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2023

	General Fund	Special Revenue Fund	Facility Support Program (FSKP) Fund	Non-Major Funds	Total Governmental Funds
REVENUES					
From Local Sources					
Taxes					
Property	$ 4,911,049	$ -	$ 277,894	$ -	$ 5,188,943
Motor vehicle	364,941	-	-	-	364,941
Occupational	932,740	-	-	-	932,740
Earnings on investments	186,597	769	37,235	2,207	226,808
Student activities	88,183	25,313	-	295,948	409,444
Other local revenue	35,565	57,575	-	-	93,140
Intergovernmental - state	3,381,666	141,213	-	51,522	3,574,401
Intergovernmental - federal	-	184,587	-	-	184,587
Total revenues	9,900,741	409,457	315,129	349,677	10,975,004
EXPENDITURES					
Instruction	5,107,542	393,966	-	269,279	5,770,787
Support services					
Student	272,575	-	-	-	272,575
Instructional staff	1,188,943	23,103	-	-	1,212,046
District Administration	478,848	-	-	-	478,848
School Administration	532,113	-	-	-	532,113
Business	952,724	-	-	-	952,724
Plant operation and maintenance	1,358,341	-	-	-	1,358,341
Other Non-Instructional Services	-	-	-	37,525	37,525
Debt service					
Principal	-	-	-	7,000	7,000
Interest	-	-	-	5,178	5,178
Total expenditures	9,891,086	417,069	-	318,982	10,627,137
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	9,655	(7,612)	315,129	30,695	347,867
OTHER FINANCING SOURCES (USES)					
Operating transfers in	-	7,612	-	-	7,612
Operating transfers (out)	(7,612)	-	-	-	(7,612)
Total other financing sources and (uses)	(7,612)	7,612	-	-	-
NET CHANGE IN FUND BALANCE	2,043	-	315,129	30,695	347,867
FUND BALANCE - BEGINNING	3,314,706	-	830,046	119,964	4,264,716
FUND BALANCE - ENDING	$ 3,316,749	$ -	$ 1,145,175	$ 150,659	$ 4,612,583

The accompanying notes are an integral part of the financial statements.

ANCHORAGE INDEPENDENT SCHOOL DISTRICT
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2023

Net change in fund balances - total governmental funds	**$ 347,867**
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which capital outlays exceeds depreciation expense for the year.	
Capital outlays	397,597
Depreciation Expense	(275,709)
Generally expenditures recognized in the fund financial statements are limited to only those that use current financial resources, but expense are recognized in the statement of activities when they are incurred for the following:	
Accrued interest	101
Amortization of advance refunding difference	(165)
Governmental funds report CERS contributions as expenditures when paid. However, in the Statement of Activities, pension expense is the cost of benefits earned, adjusted for member contributions, the recognition of changes in deferred outflows and inflows of resources related to pension, and investment experience.	
Pension Expense	60,223
OPEB Expense	(12,604)
Long-term debt proceeds are reported as other financing resources in funds, thereby increasing fund balances. In the statement of net position, however, issuing long-term debt increases liabilities and has no effect on net position. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.	
Debt principal	7,000
Sick leave	25,629
Change in net position of governmental activities	**$ 549,939**

The accompanying notes are an integral part of the financial statements.

ANCHORAGE INDEPENDENT SCHOOL DISTRICT
Budget and Actual General Fund
For the Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES				
From Local Sources				
Taxes				
Property	$ 4,911,903	$ 4,911,903	$ 4,911,049	$ (854)
Motor vehicle	305,000	305,000	364,941	59,941
Occupational	835,000	835,000	932,740	97,740
Earnings on investments	55,000	55,000	186,597	131,597
Student Activities	69,000	69,000	88,183	19,183
Other local revenue	31,000	31,000	35,565	4,565
Intergovernmental - state	691,589	691,589	3,381,666	2,690,077
Total Revenues	6,898,492	6,898,492	9,900,741	3,002,249
EXPENDITURES				
Instruction	4,074,628	4,074,628	5,107,542	(1,032,914)
Support Services				
Student	209,923	209,923	272,575	(62,652)
Instructional Staff	832,878	832,878	1,188,943	(356,065)
District Administration	926,512	926,512	478,848	447,664
School Administration	366,565	366,565	532,113	(165,548)
Business	620,237	620,237	952,724	(332,487)
Plant Operation and Maintenance	3,182,455	3,182,455	1,358,341	1,824,114
Total expenditures	10,213,198	10,213,198	9,891,086	322,112
EXCESS (DEFICIENCY) IN REVENUES OVER EXPENDITURES	(3,314,706)	(3,314,706)	9,655	3,324,361
OTHER FINANCING SOURCES (USES)				
Operating transfers (out)	-	-	(7,612)	(7,612)
Total other financing sources and (uses)	-	-	(7,612)	(7,612)
NET CHANGE IN FUND BALANCE	(3,314,706)	(3,314,706)	2,043	3,316,749
FUND BALANCE - BEGINNING	3,314,706	3,314,706	3,314,706	-
FUND BALANCE - ENDING	$ -	$ -	$ 3,316,749	$ 3,316,749

The accompanying notes are an integral part of the financial statements.

ANCHORAGE INDEPENDENT SCHOOL DISTRICT
Budget and Actual Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
From Local Sources				
Earnings on investments	$ -	$ -	$ 769	$ 769
Student activities	-	-	25,313	25,313
Other local revenue	27,290	27,290	57,575	30,285
Intergovernmental - state	125,110	125,110	141,213	16,103
Intergovernmental - federal	129,207	129,207	184,587	55,380
Total Revenues	281,607	281,607	409,457	127,850
EXPENDITURES				
Instruction	264,694	264,694	393,966	(129,272)
Support Services				
Instructional Staff	16,913	16,913	23,103	(6,190)
Total expenditures	281,607	281,607	417,069	(135,462)
EXCESS (DEFICIENCY) IN REVENUES OVER EXPENDITURES	-	-	(7,612)	(7,612)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	7,612	7,612
Total other financing sources and (uses)	-	-	7,612	7,612
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	$ -	$ -	$ -	$ -

The accompanying notes are an integral part of the financial statements.

ANCHORAGE INDEPENDENT SCHOOL DISTRICT
Statement of Net Position - Proprietary Funds
June 30, 2023

	Enterprise Funds		
	School Food Services	Summer Programs	Total
ASSETS			
Current Assets			
Cash and cash equivalents	$ 87,078	$ 2,736	$ 89,814
Receivables	21,431	-	21,431
Inventories for consumption	3,921	-	3,921
Total current assets	112,430	2,736	115,166
Noncurrent Assets			
General equipment	134,283	-	134,283
Accumulated depreciation	(87,187)	-	(87,187)
Total noncurrent assets	47,096	-	47,096
Total Assets	159,526	2,736	162,262
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	13,674	1,395	15,069
Deferred outflows related to OPEB	39,641	4,045	43,686
Total deferred outflows of resources	53,315	5,440	58,755
Total assets and deferred outflows of Resources	212,841	8,176	221,017
LIABILITIES			
Current Liabilities			
Accounts payable	106	-	106
Total current liabilities	106	-	106
Noncurrent liabilities			
Net pension liability	54,088	5,520	59,608
Net OPEB liability	63,762	6,507	70,269
Total noncurrent liabilities	117,850	12,027	129,877
Total liabilities	117,956	12,027	129,983
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	6,872	701	7,573
Deferred inflows related to OPEB	28,701	2,929	31,630
Total deferred inflows of resources	35,573	3,630	39,203
Total liabilities and deferred inflows of resources	153,529	15,657	169,186
NET POSITION			
Net Investment in capital assets	47,096	-	47,096
Restricted	12,216	(7,481)	4,735
Total net position	$ 59,312	$ (7,481)	$ 51,831

The accompanying notes are an integral part of the financial statements.

ANCHORAGE INDEPENDENT SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds
For the Year Ended June 30, 2023

	Enterprise Funds		
	School Food Services	Summer Programs	Total
OPERATING REVENUES			
Lunchroom sales	$ 205,494	$ -	$ 205,494
Tuition	-	21,530	21,530
Total operating revenues	205,494	21,530	227,024
OPERATING EXPENSES			
Salaries & benefits	135,478	19,409	154,887
Purchased property services	348	-	348
Repairs and maintenance	-	-	-
Other purchased services	60	-	60
Supplies	144,186	92	144,278
Dues, Fees, and miscellaneous	788	-	788
Depreciation	7,089	-	7,089
Total operating expenses	287,949	19,501	307,450
Operating income (loss)	(82,455)	2,029	(80,426)
NONOPERATING REVENUES (EXPENSES)			
Federal grants	113,596	-	113,596
Federal donated commodities	15,897	-	15,897
State grants	2,408	-	2,408
State on-behalf payments	54,710	-	54,710
State on-behalf payments	(54,710)	-	(54,710)
Pension expense	5,022	(4,826)	196
OPEB expense	6,351	(5,391)	960
Earnings from investments	3,465	-	3,465
Total nonoperating revenues (expenses)	146,739	(10,217)	136,522
Income (loss) before operating transfers	64,284	(8,188)	56,096
Operating transfer out	-	-	-
Change in net position	64,284	(8,188)	56,096
NET POSITION - BEGINNING (Restated)	(4,972)	707	(4,265)
NET POSITION - ENDING	$ 59,312	$ (7,481)	$ 51,831

The accompanying notes are an integral part of the financial statements.

ANCHORAGE INDEPENDENT SCHOOL DISTRICT
Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2023

	Enterprise Funds		
	School Food Services	Summer Programs	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	$ 205,494	$ 21,530	$ 227,024
Payments to suppliers	(117,754)	(731)	(118,485)
Payments to employees	(190,188)	(19,409)	(209,597)
Net cash provided (used) by operating activities	(102,448)	1,390	(101,058)
CASH FLOWS FROM NONCAPITAL FINANCIAL ACTIVITIES			
Operating grants and contributions	167,682	-	167,682
Net cash provided (used) by noncapital financing activities	167,682	-	167,682
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES			
Purchase of capital assets	-	-	-
Operating transfer to general fund	-	-	-
Net cash provided (used) by capital financing activities	-	-	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest	3,465	-	3,465
Net cash provided (used) by investing activities	3,465	-	3,465
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	68,699	1,390	70,089
CASH AND CASH EQUIVALENTS - BEGINNING	18,379	1,346	19,725
CASH AND CASH EQUIVALENTS - ENDING	$ 87,078	$ 2,736	$ 89,814
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	$ (82,455)	$ 2,029	$ (80,426)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	7,089	-	7,089
Changes in assets and liabilities:			
Receivables	11,443	-	11,443
Inventory	272	-	272
Account Payables	16	(639)	(623)
Pension expense	5,022	(4,826)	196
OPEB expense	6,351	(5,391)	960
Federal donated commodities	15,897	-	15,897
On-behalf payments	(54,710)	-	(54,710)
Net cash provided (used) by operating activities	$ (91,075)	$ (8,827)	$ (99,902)
Schedule of non-cash transactions			
Federal donated commodities	$ 15,897	$ -	$ 15,897
State on-behalf payments	$ 54,710	$ -	$ 54,710

The accompanying notes are an integral part of the financial statements.

ANCHORAGE INDEPENDENT SCHOOL DISTRICT
Statement of Fiduciary Net Position
For the Year Ended June 30, 2023

	Private Purpose Trust
ASSETS	
Cash and cash equivalents	$ 80,834
Total Assets	$ 80,834
NET POSITION	
Restricted for Permanent Fund	80,834
Total Net Position	80,834
TOTAL LIABILITIES & NET POSITION	$ 80,834

The accompanying notes are an integral part of the financial statements.

ANCHORAGE INDEPENDENT SCHOOL DISTRICT
Statement of Changes in Net Position - Fiduciary Fund
For the Year Ended June 30, 2023

	Private Purpose Trust
Additions	
Earnings on investments	$ 3,119
Contributions	28,610
Deductions	
Plant Operations & Maintenance	(9,959)
Change in net position	21,770
Net position, beginning	59,064
Net position, ending	$ 80,834

The accompanying notes are an integral part of the financial statements.

Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements presented for the Anchorage Independent School District are prepared in accordance with accounting principles generally accepted in the United States of America applicable to governmental units, as prescribed by the Governmental Accounting Standards Board (GASB). The District's significant accounting and reporting policies are described below.

The Financial Reporting Entity

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

As required by GAAP, these financial statements present the primary government and its component unit, an entity for which the government is considered to be financially accountable. This component unit is reported on a blended basis. A blended component unit, although a legally separate entity, is, in substance, part of the government's operations and so data from this unit is combined with data of the primary government. Separate financial statements are not issued for this component unit.

The District's reporting entity includes the following blended component unit:

The Anchorage Independent School District Finance Corporation was formed in accordance with the provisions of KRS Sections 162.120 through 162.300 and Section 162.385, and KRS Chapter 273 and KRS 58.180, as a non-profit, non-stock corporation for the purpose of financing necessary school building facilities on behalf of the Board of Education of the Anchorage Independent School District. Under the provisions of existing Kentucky laws, the Corporation is permitted to act as an agency and instrumentality of the District for financing purposes. The Board serves as the Governing Board of the Corporation and all accounting and administrative functions are performed by the District, which records all activity of the Corporation as a blended component unit.

Basis of presentation and accounting

Government-wide

The District's government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements report information about the reporting entity as a whole. Fiduciary activities of the District are not included in these statements. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through property taxes, intergovernmental revenue, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services rendered.

Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Statement of Activities presents a comparison between direct expenses and program revenue for the business-type activities and for each function of the District's governmental activities. Program revenues includes (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including property taxes and general state aid, are presented as general revenues.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all the District's assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period earned while expenses are recognized in the period the liability incurred.

Certain eliminations have been made as prescribed by GASB Statement No. 34 regarding interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total column. In the Statement of Activities, those transactions between governmental and business-type activities have not been eliminated.

Fund Financial Statements

The fund financial statements of the District are organized into funds, each of which is considered to be a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific district functions or activities. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures/expenses. Funds are organized into three categories: governmental, proprietary, and fiduciary. Major individual governmental funds and enterprise funds are reported as separate columns in the fund financial statements.

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the government-wide financial statements.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources are included in the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances present increase (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Accordingly, revenues are recorded when received in cash, except those revenues subject to accrual (generally collected 60 days after year-end) are recognized when due. The primary revenue sources which have been treated as susceptible to accrual by the District are taxes and intergovernmental revenues. Expenditures are recorded in the accounting period in which the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured.

Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Major Governmental Funds:

General Fund – accounts for the general operating costs for the District and provides supports services to other funds. 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.

Special Revenue Fund - accounts for proceeds of specific revenue sources (other than expendable trust funds 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. The separate projects of federally funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report.

Facility Support Program (FSKP) Fund - The Facility Support Program of Kentucky (FSPK) accounts for and reports 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.

Non-Major Governmental Funds

Student Activity Fund –The Student Activity Fund is a special revenue fund type and is used to account for funds student activity that are legally restricted to expenditures for specified purposes imposed by external parties, enabling legislation, or by board action.

Capital Outlay Fund – The Support Education Excellence in Kentucky (SEEK) Fund receives those funds designated by the state as capital outlay funds and is generally restricted for use in financing projects identified in the district's facility plan (including payment of bonded lease obligations).

Debt Service Fund – The Debt Service Fund is 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.

Proprietary Fund Financial Statements

Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expense and Changes in Pet position, and a Statement of Cash Flows. The District does not have an internal service fund.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities and deferred inflows of resources (whether current or noncurrent) are included in the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period earned while expenses are recognized in the period the lability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Enterprise Funds

School Food Services 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.

Summer Programs Fund – is used to account for fees charged and expenses incurred in relation to summer programs conducted by the district.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position and a Statement of Changes in Net Position. Fiduciary Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations or other governments. The Fiduciary Funds are accounted for on a spending or "economic resources" measurement focus and the accrual basis of accounting. Fiduciary funds are purely custodial and do not involve measurement of results of operations.

Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicate the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

Government-wide and fiduciary fund financial statement are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period (60 days). Expenditures are recorded when the liability is incurred, except for unmatured interest on long-term debt which is recognized when due, other post-employment benefits, claims and judgments and compensated absences, which are recognized when expended. Revenues susceptible to accrual are interest, state and local shared revenue and federal and state grants. Expenditure-driven grants are recognized as revenue when qualifying expenditures have been incurred and all other grant requirements have been met.

Budgetary information

The District's budgetary process accounts for transactions on a modified accrual basis of accounting which is consistent with the accounting principles generally accepted in the United States of America. State law requires the district to formally and publicly examine anticipated receipts and expenditures for the next fiscal year by January 31 (draft budget), adopt a tentative working budget on or before May 30 for the next fiscal year and a final working budget must be submitted to the Kentucky Department of Education (KDE) by September 30 for the current year with a recommended reserve of at least two percent of total budgeted expenditures in the general and school food service funds. The Special Revenue Fund and the Construction fund are multi-year funds. A fund is multi-year when budgeted amounts in that fund may be received and expended over a period extending beyond one fiscal year.

Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary information (Continued)

A budget projection is created one time for a project (grant or a construction project) which is in the year of its inception. After a budget completion is processed on a project, that budget remains with the project over the lifetime of the project. Expenditure budgets are appropriated at the major function level for each fund. Appropriations may not legally be over-expended, except in the case of grant receipts which could not be reasonably estimated at the time the budget was adopted.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates.

Assets, deferred outflows, liabilities, deferred inflows, and net position/fund balance

Cash and cash equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and all highly liquid investments with a maturity of three months or less from the date of the acquisition. For the purposes of the statement of cash flows, the District defines cash and cash equivalents as amounts in demand deposits as well as short-term, highly liquid investments with original maturities of three months or less.

Deposits with Financial Institutions and Investments

The District's policy on investments primarily follow state statutes and regulations which authorize the District to invest in obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance.

Prepaid items

Prepaid items are charged to expenditure/expense at the time the items are used (consumption method).

Inventory

Inventory consists of food purchased by the District and commodities granted by the United State Department of Agriculture (USDA). The commodities are recognized as revenues and expenditures by the Food Service Fund when consumed. Any material commodities on hand at year end are recorded as inventory. All purchased inventory items are valued at the lower of cost or market (first-in, first-out) using the consumption method and commodities assigned values are based on information provided by the USDA.

Capital assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities' column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital assets (Continued)

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 acquisition values as of the date received. The District maintains a capitalization threshold of $5,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life are expensed.

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives for both general capital assets and proprietary fund assets:

Building and improvements	25-50 years
Land improvements	20 years
Technology equipment	5 years
Vehicles	5-10 years
Audio-visual equipment	15 years
Food service equipment	10-12 years
Furniture and fixtures	7 years
Rolling stock	15 years
Other	10 years

Long-term obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of applicable bond premium or discount.

In the fund financial statements, governmental fund types recognized bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred outflows/inflows of resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separated financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then. The District reports three types of deferred outflows-contributions to the CERS pension system after the measurement period, contributions to the TRS medical insurance fund after the measurement period and the unrecognized portion of a deferred loss on the refinancing of long-term debt.

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 that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until the appropriate period. The District reports two types of deferred inflows – those related to the net difference projected and actual earning on pension plan investments, and those related to the net difference projected and actual earnings on OPEB plan investments.

Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pension obligations

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the Kentucky Public Pension Authority (KPPA) – County Employees Retirement-Non-hazardous (CERS) and Teacher's Retirement System of the State of Kentucky (TRS) 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.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the CERS and TRS and additions to/deductions from fiduciary net position on the same basis as they are reported by these multiple-employer cost-sharing OPEB systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized by the pension systems when due and payable in accordance with the benefit terms. Investments are reported at fair value by the pension systems. Both systems publish separate financial statements as described in Note for Postemployment Benefits Other Than Pensions.

Net position flow assumptions

Net position is classified into the following categories:

Net investment in capital assets – consists of all capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds 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 use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position – consists of all other net position that is not included in the other categories previously mentioned.

When both restricted and unrestricted resources are available for use in a specific program or for specific purpose, the District's normal policy is to use restricted resources first to finance its activities.

Fund balance flow assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). When fund balance resources are available for a specific purpose in multiple classifications, the District uses the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

Fund balance policies

Governmental fund equity is classified as fund balance. GASB Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on purpose for which resources can be used:

Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund balance policies (Continued)

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Management has classified prepaid items as being non-spendable as they are not expected to be converted to cash.

Restricted: This classification includes amounts for which constraints have been placed on the use of resources which are either.

1. Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
2. Imposed by law through constitutional provisions or enabling legislation.

Committed: This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the District's Board of Directors, which is the District's highest level of decision-making authority. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed.

Assigned: This classification includes spendable amounts for a specific purpose. The intent of an assigned fund balance is expressed by either the District's Board, or a subordinate high-level body, such as a finance committee, or an official, such as the superintendent, that has the authority to assign amounts to be used for assigned purposes.

Unassigned: This classification is the residual fund balance for the General Fund. It represents fund balance that has not been assigned, committed, or restricted.

Revenue and expenditures/expenses

Program revenues – amounts reported as program revenues include 1) charges to customers who purchase or use goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not property included amount program revenues are reported instead as general revenues.

Property taxes – Property taxes are levied each August on the assessed value listed as of the prior January 1, for all real and personal property in the county. The billings are considered due upon receipt by the taxpayer; however, the actual date is based on a period ending 30 days after the tax bill mailing. Property taxes collected are recorded as revenues in the fiscal year for which they were levied. Liens are effective when the tax bills become delinquent. The collection period for these assessments was October 15, 2022 through April 17, 2023.

Grants – unreimbursed expenditures due from grantor agencies are reflected in the government-wide financial statements as receivables and revenues. Grant revenues are recorded at the time eligible expenditures are incurred. Cash received from grantor agencies in excess of related grant expenditures is recorded as unavailable revenue on the Balance Sheet and unearned revenue on the Statement of Net Position.

Compensated absences – 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. Sick leave benefits accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. On June 30, 2023, this amount total $654,563.

Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Implementation of New Accounting Principle

The district adopted the provisions of GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA). The statement defines SBITA; (2) establishes that a SBITA results in a right-to-use subscription assets-an intangible asset-and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA.

Note II – STEWARDSHIP, COMPLIANCE AND ACCOUNTABLITLY

Violations of legal or contractual provisions

This District had no violations of legal or contractual provision in the fiscal year.

Cash deposits and cash equivalents

The Kentucky Revised Statues authorize the District to investment money subject to its control in obligations of the United States; bonds or certificates of indebtedness of Kentucky and its agencies and instrumentalities; savings and loan associations insured by an agency of the United States up to the amount insured; and national or state banks chartered in Kentucky and insured by an agency of the United States providing such banks pledge as security obligations, as permitted by KRS 41.240(4), having a current quoted market value at least equal to uninsured deposits.

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The District's deposit policy for custodial credit risk requires compliance with the provisions of state law.

At year-end, the District's bank balances were collateralized by securities held by the pledging bank's trust department in the District's name and FDIC insurance. At year end, the carrying amount of the District's cash and cash equivalents was $5,498,023. The bank balance for the same time was $6,201,807.

Receivables

Amounts are aggregated into a single account receivable line in the Statement of Net Position and Balance Sheet. Below is the detail of receivable for the governmental funds:

Receivables	General Fund	Special Revenue Fund	School Food Service Fund	Total
Taxes	$ 123,209	$ -	$ -	$ 123,209
Accounts	-	23,127	21,431	44,558
Total Receivables	$ 123,209	$ 23,127	$ 21,431	$ 167,767

Note II – STEWARDSHIP, COMPLIANCE AND ACCOUNTABLITY (Continued)

Capital assets

The changes in capital assets for the year ended June 30, 2023, are as follows:

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
Governmental activities:				
Non-depreciable capital assets				
Land	$ 100	$ -	$ -	$ 100
Total - Non-depreciable capital assets	100	-	-	100
Depreciable capital assets				
Land improvements	314,537	-	-	314,537
Buildings and Building Improvements	9,548,720	178,915	-	9,727,635
Technology equipment	662,224	218,682	-	880,906
General equipment	247,154	-	-	247,154
Total - Depreciable capital assets	10,772,635	397,597	-	11,170,232
Less: Accumulated depreciation				
Land improvements	314,537	-	-	314,537
Buildings and building Improvements	5,475,827	237,931	-	5,713,758
Technology equipment	558,444	26,623	-	585,067
General equipment	64,948	11,155	-	76,103
Total - Accumulated depreciation	6,413,756	275,709	-	6,689,465
Governmental Activities Capital Assets - net	$ 4,358,979	$ 121,888	$ -	$ 4,480,867
Business-Type Activities:				
Depreciable capital assets				
General equipment	$ 134,283	$ -	$ -	$ 134,283
Total - Depreciable capital assets	134,283	-	-	134,283
Less: Accumulated depreciation				
General equipment	80,098	7,089	-	87,187
Total - Accumulated depreciation	80,098	7,089	-	87,187
Business-Type Activities Capital Assets - net	$ 54,185	$ (7,089)	$ -	$ 47,096

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

Pension obligations

The District participates in both the Teachers' Retirement System of the State of Kentucky (TRS) and the Kentucky Public Pensions Authority (KPPA) - County Employees Retirement System (CERS) for non-hazardous duties 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 Teachers Retirement System covers positions requiring teaching certification or otherwise requiring a college degree.

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

Teacher's Retirement System of the State of Kentucky (TRS)

Plan Description

TRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the Kentucky Revised Statutes (KRS). TRS is a cost-sharing multiple-employer defined benefit 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 of Kentucky. KRS 161.250 provides that the general administration and management of TRS, and the responsibility for its proper operation, is vested in a board of trustees. TRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. TRS covers positions requiring teaching certification or otherwise requiring a college degree as well as any person providing part-time or substitute teaching services that are the same or similar to those teaching services provided by full-time, certified teachers. Copies of the TRS Comprehensive Annual Financial Report and Actuarial Valuations may be obtained at: https://trs.ky.gov/administration/financial-reports-information/.

Pension Benefits

For members who have established an account in a retirement system administered by the Commonwealth prior to July 1, 2008, members become vested when they complete five (5) years of credited service. To qualify for monthly retirement benefits, payable for life, members must either 1) attain age fifty-five (55), or 2) complete 27 years of Kentucky service.

Participants that retire before age 60 with less than 27 years of service receive reduced retirement benefits. Non-university members with an account established prior to July 1, 2002 receive monthly payments equal to two (2) percent (service prior to July 1, 1983) and two and one-half (2.5) percent (service after July 1, 1983) of their final average salaries for each year of credited service. New members (including second retirement accounts) after July 1, 2002 will receive monthly benefits equal to 2% of their final average salary for each year of service if, upon retirement, their total service is than ten years. New members after July 1, 2002 who retire with ten or more years of total service will receive monthly benefits equal to 2.5% of their final average salary for each year of service including the first ten years.

Employees who retire July 1, 2004 or later with more than 30 years of service will have their multiplier increased for all years over 30 from 2.5 % to 3.0% to be used in their benefit calculation. Effective July 1, 2008 the system has been amended to change the benefit structure for members hired on or after that date. For members who enter TRS on or after January 1, 2022 TRS created a hybrid retirement plan with a foundational benefit which pays a lifetime retirement annuity.

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. TRS also provides disability benefits for vested employees at the rate of sixty (60) percent of the final average salary. When calculating the final average salary for employees entering the service on or after January 1, 2022 increases in compensation in the last five years prior to retirement are limited to the highest percentage increase generally available to the district's employees.

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Pension Benefits (Continued)

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 of the normal death benefit and $10,000 plus 25% of the decedent's monthly final rate of pay and any dependent child will receive 10% of the decedent's monthly final rate of pay up to 40% for all dependent children. Five years' service is required for nonservice-related disability benefits.

For members hired on or after January 1, 2022, new members must be age 57 and have 10 years of service or age 65 and 5 years of service. The annual foundational benefit for members is equal to service times a multiplier times final average salary. The multiplier for non-university members who are age 65 and over with 5-9.99 years of service is 1.90%. The multiplier for non-university members with 10-19.99 years of service who are age 57-60 is 1.70%, age 61 - 1.74%, age 62 - 1.78%, age 63 - 1.82%, age 64 - 1.86% and age 65 and over 1.90%. The multiplier for non-university members with 20-29.99 years of service who are age 57-60 is 1.95%, age 61 - 1.99%, age 62 – 2.03%, age 63 – 2.07%, age 64 – 2.11% and age 65 and over 2.15%. The multiplier for non-university members with 30 or more years of service who are age 57-60 is 2.20%, age 61 – 2.24%, age 62 – 2.28%, age 63 – 2.32%, age 64 – 2.36% and age 65 and over 2.40%. The annual foundational benefit is reduced by 6% per year from the earlier of age 60 or the date the member would have completed 30 years of service. The annual supplemental benefit is equal to the account balance which includes member and employer contributions and interest credited annually on June 30. Options include annuitizing the balance or receiving the balance as a lump sum either at the time of retirement or at a later date.

Contributions

Contribution rates are established by Kentucky Revised Statutes ("KRS"). Non-university employees are required to contribute 9.105% of their salaries to the System. The Commonwealth, as a non-employer contributing entity, pays matching contributions at the rate of 16.105% of salaries for local school district and regional cooperative employees hired before July 1, 2008 and 16.105% 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. The required matching contribution for those employees classified as critical shortage is 24.8%. 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.

Kentucky Public Pensions Authority (KPPA) - County Employees Retirement System (CERS)

Plan Description

Under the provisions of KRS 61.645, the Board of Trustees of the Kentucky Public Pensions Authority (KPPA) administers CERS and has the authority to establish and amend benefit provisions. CERS was created by the Kentucky General Assembly pursuant to the provision of KRS 78.520. CERS is a cost-sharing, multiple-employer defined benefit pension plan administered by the Kentucky General Assembly. KRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. CERS covers employees whose positions do not require a degree, substantially all full-time classified employees and these positions are considered non-hazardous. Copies of the TRS Comprehensive Annual Financial Report and Actuarial Valuations may be obtained at https://kyret.ky.gov/Employers/GASB/Pages/default.aspx.

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Kentucky Public Pensions Authority (KPPA) - County Employees Retirement System (CERS) (Continued)

Pension Benefits

CERS provides retirement, health insurance, death and disability benefits to CERS 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	Before September 1, 2008
	Unreduced retirement	27 years' service or 65 years old
	Reduced retirement	At least 5 years' service and 55 years old
		At least 25 years' service and any age
Tier 2	Participation date	September 1, 2008 – December 31, 2013
	Unreduced retirement	At least 5 years' service and 65 years old
		Or age 57+ and sum of service years plus age equal 87
	Reduced retirement	At least 10 years' service and 60 years old
Tier 3	Participation date	After December 31, 2013
	Unreduced retirement	At least 5 years' service and 65 years old
		Or age 57+ and sum of service years' equal 87
	Reduced retirement	Not available

Contributions

CERS pension benefits are grouped into three tiers, based on the hire date:

Tier 1 plan members who began participating prior to September 1, 2008, are required to contribute 5% (non-hazardous) or 8% (hazardous) of their annual creditable compensation. These members are classified in the Tier 1 structure of benefits. Interest is paid each June 30 on members' accounts at a rate of 2.5%. If a member terminates employment and applies to take a refund, the member is entitled to a full refund of contributions and interest.

Tier 2 plan members, who began participating on, or after, September 1, 2008 and before January 1, 2014, are required to contribute 6% (non-hazardous) or 9% (hazardous) of their annual credit compensation, while 1% of these contributions are deposited to an account created for the payment of health insurance benefits under 26 USC Section 401(k) in the Pension Fund (See Kentucky Administrative Regulation 105 KAR 1:420 Employer's administrative duties). These members are classified in the Tier 2 structure of benefits. Interest is paid each June 30th on members' accounts as a rate of 2.5%. If a member terminates employment and applies to take a refund, the member is entitled to a full refund of contributions and interest; however, the 1% contribution to the 401(h) account is non-refundable and is forfeited.

Tier 3 plan members, who began participating on, or after, January 1, 2014, are required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own account. Members contribute 5% (non-hazardous) or 8% (hazardous) of their annual creditable compensation, and an additional 1% to the health insurance fund (401(h) account) which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the KPPA board based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received an employer pay credit is deposited to the member's account. A member's account is credited with a 4% (non-hazardous) or 7.5% (hazardous) employer pay credit. The employer pay credit represents a portion of the employer contribution. CERS contribution rates for non-hazardous employees for pension 23.40%, insurance 3.39% for a combined total of 26.79%.

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Contributions (Continued)
Tier 3 plan members (continued)

Funding for CERS is provided by members, who contribute 5.00% (6.00% for employees hired after September 1, 2008) of their salary through payroll deductions, and by employers of members. For the year ending June 30, 2023, employers were required to contribute 26.79% of the member's salary. During the year ending June 30, 2023, the District contributed $228,237 to the CERS pension plan. The contribution requirements of CERS are established and may be amended by the CERS Board of Trustees.

Other Retirement Plans
The District also offers employees the option to participate in defined contribution plans under Sections 403(B) and 401(K) of the Internal Revenue Code. All regular full-time and part-time employees are eligible to participate and may contribute up the maximum allowable by laws. These plans are administered by an independent third-party administrator. The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits them to defer a portion of their salary until future years. This deferred compensation is not available to employees until their termination, retirement, death or unforeseeable emergency. GASB Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, allows entities with little or no administrative involvement and who do not perform the investing function for these plans to omit plan assets and related liabilities from their financial statement statements. The District, therefore, does not report these assets and liabilities on its financial statements. Employee contributions made to the plan during the year total $180,603. The District does not contribute to these plans.

Pension liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
On June 30, 2023, 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 TRS because the Commonwealth of Kentucky provides the pension support directly to TRS on behalf of the District.

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

District's proportionate share of the net CERS pension liability	$ 2,354,562
Commonwealth's proportionate share of the net TRS pension liability associated with the District	19,910,132
Total	$ 22,264,694

The net pension liability for each plan was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The District's portion 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. On June 30, 2022, the District's proportion was .032571%.

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Pension liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

For the year ended June 30, 2023, the District recognized CERS pension expense of $228,237, which is a $204,117 increase in governmental funds and $24,120 increase in proprietary funds and $119,580 related to TRS as being paid. The adjusted pension expense recognized on the statement of activities, based on actuarial valuation for the year ended June 30, 2022, was $(60,027) (a decrease of $60,223 in governmental funds and an increase of $196 in the business type activity funds). The District also recognized revenue of $1,856,735 for TRS support provided by the Commonwealth.

On June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,517	$ 20,968
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan	320,385	260,023
Changes in proportion and difference between District contributions and proportionate share of contributions	44,120	18,147
District contributions subsequent to the measurement date	228,237	-
Totals	$ 595,259	$ 299,138

The amount reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date is $228,237 and will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	Amount
2022	$ 23,596
2023	(2,813)
2024	(19,786)
2025	66,887
2026	-
Thereafter	-

Actuarial assumptions

The actuarially determined contributions effective for fiscal year ending 2022 were calculated as of June 30, 2020. Based on the June 30, 2020 actuarial valuation report, the actuarial methods and assumptions, applied to all periods included in the measurement:

	CERS	KTRS
Inflation	2.30%	2.50%
Projected Salary Increases	3.30% to 10.30%, varies by service	3.00% to 7.50%
Investment rate of retun, net of investment expense and inflation	6.25%	7.10%

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Actuarial assumptions (Continued)
For TRS, 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 BB to 2025 with a setback of 2 years for males and 1 year for females.

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 weighing the expected future renewal rates of return by the target asset allocation percentage and by adding expected inflation.

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

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

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 one year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back four years for males) is used for the period after disability retirement.

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 2010 through 2015, is outlined in a report dated August 30, 2014. 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.

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Actuarial assumptions (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	**60.00%**	
Public Equity	50.00%	4.45%
Private Equity	10.00%	10.15%
Fixed Income	**20.00%**	
Core Bonds	10.00%	0.28%
Specialty Credit/High Yield	10.00%	2.28%
Cash	0.00%	-0.91%
Inflation Protected	**20.00%**	
Real Estate	7.00%	3.67%
Real Return	13.00%	4.07%
Expected Real Return	**100.0%**	4.28%
Long-Term Inflation Assumption		2.30%
Expected Nominal Return for Portfolio		6.58%

Discount Rate

For TRS, the discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan employees until the 2038 plan year. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments through 2035 and a municipal bond index rate of 3.50% was applied to all periods of projected benefit payments after 2035. The Single Equivalent Interest Rate ("SEIR") that discounts the entire projected benefit stream to the same amount as the sum of the present values of the two separate benefit payments streams was used to determine the total pension liability.

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 contributions from plan employees and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment return of 6.25%. The long-term investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

The projection of cash flows used to determine the single discount rate must include an assumption regarding actual employer contributions made each future year. The future contributions are projected assuming that each participating employer in the System contributes the actuarially determined employer contribution rate each future year calculated in accordance with the current funding policy. The assumed future employer contributions reflect the provisions of House Bill 362 (passed during the 2018 Legislative session) which limit the increases to the employer contribution rates to 12% over the prior fiscal year through June 30, 2028.

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Discount Rate (Continued)

Sensitivity of CERS and TRS proportionate share of net pension liability to changes in the discount rate-- The following table presents the net pension liability of the District, calculated using the discount rates selected by each pension system, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
TRS	6.10%	7.10%	8.10%
District's proportionate share of net pension liability	$ -	$ -	$ -
CERS	5.25%	6.25%	7.25%
District's proportionate share of net pension liability	$ 2,942,910	$ 2,354,562	$ 1,867,949

Other postemployment benefit (OPEB) obligations

The District's employees are provided with two OPEB plans, based on each position's college degree requirement. TRS covers positions requiring teaching certification or otherwise requiring a college degree. The CERS covers employees whose position does not require a college degree or teaching certification. Retired district employees receive some health care benefit depending on their length of service. In accordance with Kentucky Revised Statues, these benefits are provided and advance funded on an actuarially determined basis through the TRS and CERS plans. The TRS publicly available financial report may be obtained from https://trs.ky.gov/administration/financial-reports-information/. CERS issues a publicly available financial report that can be obtained at https://kyret.ky.gov/Employers/GASB/Pages/default.aspx.

TRS – OPEB

The Commonwealth of Kentucky (State) reports a liability, deferred outflows of resources and deferred inflows of resources, and expenses as a result of the statutory requirement to contribute to the TRS Medical Insurance (Health Trust) and Life Insurance Plans (Life Trust). The following information is about the TRS plans:

TRS Medical Insurance Fund (Health Trust)

Plan description

In addition to the retirement annuity plan described previously, KRS 161.675 requires TRS to provide access to post-employment healthcare benefits for eligible employees and dependents. The TRS medical plan (Health Trust) is a cost-sharing multiple-employer defined benefit plan. The Health Trust is funded by employer and member contributions. Changes to the medical plan may be made by the TRS Board of Trustees, the Kentucky Department of Employee Insurance (KDEI), and the General Assembly.

The TRS medical plan is funded by employee contributions to an account established pursuant to 26 U.S.C. sec. 401(h). Additional funding is derived from the Kentucky Teacher's' Retirement System insurance trust fund that went into effect on July 1, 2010. The insurance trust fund provides a trust separate from the account established pursuant to 26 U.S.C. sec. 401(h). The insurance trust fund includes employer and retired member contribution required under KRS 161.550 and KRS 161.675(4)(b).

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

TRS Medical Insurance Fund (Health Trust) (Continued)

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

Contributions
In order to fund the post-retirement healthcare benefit, 7.50% of the gross annual payroll of members is contributed. 3.75% is paid by member contributions and .75% from State appropriation and 3.00% from the employer. The State contributes the net cost of health insurance premiums for members who retired on or after July 1, 2010, who are in the non-Medicare eligible group. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

The CERS Non-hazardous Insurance Fund is a cost-sharing multiple-employer defined benefit Other Postemployment Benefits ("OPEB") plan for members that cover all regular full-time members employed in non-hazardous duty positions of any State department, board, agency, county, city, school board, and any additional eligible local agencies electing to participate. The plan provides for health insurance benefits to plan members. OPEB may be extended to beneficiaries of plan members under certain circumstances.

TRS Postemployment Life Insurance Benefits (Life Trust)

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

Benefits Provided
The TRS Life Insurance Plan provides a life insurance benefit of $5,000 payable for members who retire based on service or disability. Active members may receive a $2,000 lump sum payable. The benefit is payable 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 payroll of members is contributed by the state.

CERS – OPEB

Plan description
CERS health insurance benefits are subject to various participation dates to determine eligibility and health insurance contribution rates. For employees who initiated participation in the CERS system prior to July 1, 2003. KPPA pays a percentage of the monthly contribution rate for insurance covered based on the retired member's years of service and type of service. Non-hazardous members receive a contribution subsidy for both the member and dependent coverage.

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

CERS – OPEB (Continued)

Benefits provided

Percentage of premium subsidies for CERS ranges from 0% for less than 4 years of service to 100% for 20 years or more service. For members who initiated participation in CERS system after July 1, 2003 until August 31, 2008, members must have 120 months of service in a state-administered retirement system to qualify for participation in the KPPA health plans.

Members who began participating with KPPA on or after September 1, 2008 must have 180 months of service upon retirement to participate in the KPPA health plans. Non-hazardous retiree receives $10 toward the monthly premium for each full year of service.

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

Contributions

CERS allocates a portion of the employer contributions to the health insurance benefit plan. For the 2022 measurement period, CERS allocated 3.39% of the 26.79% actuarially required contribution rate paid by employers for funding the healthcare benefit. In addition, 1% of the tier 2 and 3 employee contributions of 6% are allocated to the health insurance plan.

On June 30, 2022, the amount recognized by the District as its proportionate share of the net OPEB liability, the related Commonwealth support, and the total portion of the net OPEB liability with the District were as follows:

District's proportionate share of the net TRS OPEB MIF liability	$ 2,133,000
District's proportionate share of the net CERS OPEB MIF liability	642,675
Total district proportionate share	$ 2,775,675
Commonwealth's proportionate share of the net TRS OPEB - MIF liability associated with the District	701,000
Total	$ 3,476,675

For the year ended June 30, 2023, the District recognized CERS OPEB expense of $33,065 which is a $32,228 increase in governmental funds, $837 increase in proprietary funds, and $117,750 related to TRS as being paid. The net OPEB liability for each plan was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. For the year ended June 30, 2023, based on actuarial valuation, the district recognized on the statement of activities adjusted total net OPEB expense of $13,564, (increase of $12,604 in governmental funds and an increase of $960 in the business-type activity funds).

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Contributions (Continued)

On June 30, ,2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the followings sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 64,691	$ 1,044,380
Changes of assumptions	534,643	83,754
Net difference between project and actual earnings on OPEB plan investments	232,673	93,588
Changes in proportion and difference between District contributions and proportionate share of contributions	742,819	27,682
District contributions subsequent to the measurement date	150,815	-
Totals	$ 1,725,641	$ 1,249,404

Of the total amount reported as deferred outflows of resources related to OPEB, $150,815 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the Year Ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Fiscal Year Ending	Amounts	
June 30:	TRS	CERS
2021	$ 13,000	$ (7,148)
2022	20,000	(7,387)
2023	28,000	(34,512)
2024	150,000	1,468
2025	113,000	-
Thereafter	49,000	-

Actuarial assumptions for TRS are as follows:

Inflation	2.50%
Real wage growth	0.25%
Wage inflation	2.75%
Salary increases, including wage inflation	3.00%-7.50%
Long-term Investment Rate of Return, net of OPEB plan investment expense, including inflation	
Health Trust	7.10%
Life Trust	7.10%

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Actuarial assumptions for TRS are as follows: (Continued)

Single Equivalent Interest Rate, Net of OPEB plan investment Expense, including price Inflation	
Heath Trust	7.10%
Life Trust	7.10%
Health Trust Cost Trends	
Under Age 65	7.00% for FYE 2022 decreasing to an ultimate rate of 4.50% by FYE 2032
Ages 65 and Older	5.125% for FYE 2022 decreasing to an ultimate rate of 4.50% by FYE 2025
Medicare Part B Premiums	6.97% for FYE 2022 with an ultimate rate of 4.50% by 2034

Actuarial assumptions for CERS are as follows:

Inflation	2.30%
Payroll growth	2.00%
Salary increases, including	3.30% to 10.30%, varies by service
Investment Return	6.25%

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. For CERS, mortality rates were based on system-specific mortality table based on mortality experience from 2013-2018 projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the June 30, 2020 valuation were based on the results of the most recent actuarial experience studies for the System, which covered the five-year period ending June 30, 2015.

The long-term expected rate of return on OPEB plan investments was determined based on the allocation of assets by asset class and by the mean and variance of real returns. The municipal bond rate is the monthly average of the Bond Buyers General Obligation 20-year Municipal Bond Index Rate (formerly published monthly by the Board of Governors of the Federal Reserve System).

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

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

Asset Class	MIF Target Allocation	30-Year Expected Geometric Real Rate of Return
Global Equity	58.00%	5.40%
Fixed Income	9.00%	0.00%
Real Estate	6.50%	4.30%
Private Equity	8.50%	7.70%
Other Additional Categories	17.00%	2.50%
Cash (LIBOR)	1.00%	-0.50%
Total	**100.00%**	

Asset Class	LIF* Target Allocation	30-Year Expected Geometric Real Rate of Return
U.S. Equity	40.00%	4.30%
International Equity	23.00%	5.60%
Fixed Income	18.00%	0.00%
Real Estate	6.00%	4.30%
Private Equity	5.00%	7.70%
Other Additional Categories	6.00%	2.50%
Cash (LIBOR)	2.00%	-0.50%
Total	**100.00%**	

Discount Rate--The discount rate used to measure the State's total OPEB liability for life insurance was 7.50%. The projection of cash flows used to determine the discount rate assumed that the employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

OPEB Plan Fiduciary Net Position--Detailed information about the OPEB plan's fiduciary net position is available in the separately issued TRS financial report.

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class, are summarized in the following table:

Asset Class	Target Allocation	30-Year Expected Geometric Real Rate of Return
Growth	**62.50%**	
US Equity	18.75%	4.50%
Non-US Equity	18.75%	5.30%
Private Equity	10.00%	6.70%
Specialty Credit/High Yield	15.00%	3.90%
Liquidity	**14.50%**	
Core Bonds	13.50%	-0.25%
Cash	1.00%	-0.75%
Diversifying Strategies	**23.00%**	
Real Estate	5.00%	5.30%
Opportunistic	3.00%	2.25%
Real Return	15.00%	3.95%
Total	**100.00%**	

Discount Rate
For TRS, the discount rate used to measure the TOL at June 30, 2022 was 7.10% for the Health Trust and 7.10% for the Life Trust.

The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection's basis was an actuarial valuation performed as of June 30, 2021. In addition to the actuarial methods and assumptions of the June 30, 2021 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows.

- Total payroll for the initial projection year consists of the payroll of the active membership present on the Valuation Date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 2.75%.
- The pre-65 retiree health care costs for members retired on or after July 1, 2010 were assumed to be paid by either the State or the retirees themselves.
- As administrative expenses, other than the administrative fee of $8.00 PMPM paid to KEHP by TRS were assumed to be paid in all years by the employer as they come due, they were not considered.
- Cash flows occur mid-year.
- Future contributions to the Health Trust were based upon the contribution rates defined in statute and the projected payroll of active employees. Per KRS 161.540(1).3 and 161.550(5), when the Health Trust achieves a sufficient prefunded status, as determined by the retirement system's actuary, the following Health Trust statutory contributions are to be decreased, suspended or eliminated:
    - Employee contributions
    - School District/University Contributions
    - State Contributions for KEHP premium subsidies payable to retirees who retire after June 30, 2010

To reflect these adjustments, open group projections were used and assumed an equal, pro rata reduction to the current statutory amounts in the years if/when the Health Trust is projected to achieve a Funded Ratio of 100% or more. Here, the current statutory amounts are adjusted to achieve total contributions equal to the Actuarially Determined Contribution (ADC), as determined by the prior year's valuation and in accordance with the Health Trust's funding policy. As the specific methodology to be used for the adjustments has yet to be determined, there may be differences between the projected results and future experience. This may also include any changes to retiree contributions for KEHP coverage pursuant to KRS 161.674(4)(b).

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Discount Rate (Continued)

- In developing the adjustments to the statutory contributions in future years, the following was assumed:
  - Liabilities and cash flows are net of expected retiree contributions and any implicit subsidy attributable to coverage while participating in KEHP.
  - For the purposes of developing estimates for new entrants, active headcounts were assumed to remain flat for all future years.

Based on these assumptions, the Health Trust's FNP was not projected to be depleted.

Life Trust Discount Rate.
The discount rate used to measure the TOL as of the Measurement Date was 7.10%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection's basis was an actuarial valuation performed as of June 30, 2021. In addition to the actuarial methods and assumptions of the June 30, 2021 actuarial valuation, the following actuarial methods and assumptions were used in the projection of the Life Trust's cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the Valuation Date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 2.75%
- The employer will contribute the Actuarially Determined Contribution (ADC) in accordance with the Life Trust's funding policy determined by a valuation performed on a date two years prior to the beginning of the fiscal year in which the ADC applies.
- As administrative expenses were assumed to be paid in all years by the employer as they come due, they were not considered.
- Active employees do not explicitly contribute to the plan.
- Cash flows occurred mid-year.

Based on the assumptions, the Life Trust's FNP was not projected to be depleted.

Long-term rate of return
The long-term expected rate of return on Health Trust and Life Trust 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.

Risk management
This district is exposed to various risks of loss related to forms of loss of assets associated with the risks of fire, personal liability, theft, vehicular accident, errors and omissions, fiduciary responsibility, illegal acts, etc. Each of these risk areas is covered through the purchase of commercial insurance. The District has purchased certain policies, which are retrospectively rated and includes Workers' Compensation insurance.

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Long-Term Debt

The Kentucky School Facility Construction Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting the school construction needs. Through a "participation agreement" with the District, the Commission agreed to pay annual debt service requirements on behalf of the District.

The bonds may be called prior to maturity at dates and redemption premiums specified in each issue. Assuming no issues are called prior to maturity, the minimum obligation of the District, including amounts to be paid by the Commission, on June 30, 2023 for debt services are as follows:

	District		Kentucky School Facility		Total	
Fiscal Year Ending	Principal	Interest	Principal	Interest	Principal	Interest
2024	$ -	$ -	$ 7,000	$ 4,933	$ 7,000	$ 4,933
2025	-	-	7,000	4,688	7,000	4,688
2026	-	-	7,000	4,443	7,000	4,443
2027	-	-	8,000	4,198	8,000	4,198
2028	-	-	8,000	3,918	8,000	3,918
2029	-	-	8,000	3,638	8,000	3,638
2030	-	-	9,000	3,358	9,000	3,358
2031	-	-	9,000	2,975	9,000	2,975
2032	-	-	9,000	2,593	9,000	2,593
2033	-	-	10,000	2,210	10,000	2,210
2034	-	-	10,000	1,785	10,000	1,785
2035	-	-	10,000	1,360	10,000	1,360
2036	-	-	11,000	935	11,000	935
2037	-	-	11,000	468	11,000	468
Totals	$ -	$ -	$ 124,000	$ 41,502	$ 124,000	$ 41,502

A summary of changes in long-term liabilities for the year ended June 30, 2023, is as follows:

	Interest Rates	Maturity Date	Original Issue	Beginning Balance	Increases	Decreases	Ending Balance	Due within one year
Governmental Activities:								
Revenue Bonds:								
Series 2017	3.50 - 4.25%	8/1/2032	$ 161,000	$ 131,000	$ -	$ 7,000	$ 124,000	$ 7,000
Total Revenue Bonds			$ 161,000	$ 131,000	$ -	$ 7,000	$ 124,000	$ 7,000
Other Liabilities:								
Sick leave				680,092	-	25,629	654,463	201,770
Pension Liability				2,045,685	249,269	-	2,294,954	-
OPEB Liability				1,951,396	754,010	-	2,705,406	-
Total Other Liabilities				4,677,173	1,003,279	25,629	5,654,823	201,770
Total Liabilities - Governmental Activities				$ 4,808,173	$ 1,003,279	$ 32,629	$ 5,778,823	$ 208,770

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Interfund transfers

Interfund transfers are used to fund operations in the various accounts. The composition of interfund transfers as of June 30, 2023 is as follows:

	Transfers In From Other Funds	Transfers Out To Other Funds
General Fund	$ -	$ 7,612
Special Revenue Fund	7,612	-
Totals	$ 7,612	$ 7,612

- The Special Revenue transferred $7,612 to the General Fund for operating expenses.

On-Behalf payments
The Commonwealth of Kentucky makes payments on-behalf of the District for the employer's portion of health benefits, teacher's retirement, technology, and debt service.

Kentucky Teachers Retirement System	$ 1,856,735
Health, Life, Vision & Dental Insurance	794,147
Technology	64,860
Debt Service	12,178
Total On-Behalf	$ 2,727,920

New Pronouncements

The GASB has issued the following reporting standards that will become effective for fiscal year 2023 and later years' financial statements.

GASB Statement No. 100, Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62-the primary objective of this Statement is to enhance accounting and financial report requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

GASB Statement No. 101, Compensated Absences-the objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

The District is currently evaluating the impact that will result from adopting these GASB standards and is therefore unable to disclose the impact that adopting these standards will have on the District's financial position and the results of its operations when the standards are adopted.

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Commitments And Contingencies

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

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

Restatement of Beginning Balance

The beginning balance for the Food Service Fund was decreased by $3,032 due to allocation of pension expenses from the prior year.

Anchorage Independent School District
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the District's Proportionate Share of Net Pension Liability – TRS and CERS
For the Year Ended June 30, 2023

	Reporting Fiscal Year (Measurement Date) 2023 (2022)	Reporting Fiscal Year (Measurement Date) 2022 (2021)	Reporting Fiscal Year (Measurement Date) 2021 (2020)	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)	Reporting Fiscal Year (Measurement Date) 2017 (2016)	Reporting Fiscal Year (Measurement Date) 2016 (2015)	Reporting Fiscal Year (Measurement Date) 2015 (2014)
Teacher's Retirement System of the State of Kentucky (TRS)									
District's proportion of the net pension liability	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
District's proportionate share of the net pension liability	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
State's proportionate share of pension liability associated with the District	19,910,132	15,455,120	15,997,899	14,909,493	14,202,699	31,668,071	26,218,184	22,706,135	-
Totals	$ 19,910,132	$ 15,455,120	$ 15,997,899	$ 14,909,493	$ 14,202,699	$ 31,668,071	$ 26,218,184	$ 22,706,135	$ -
District's covered-employee payroll	$ 3,990,959	$ 3,801,691	$ 3,783,373	$ 3,595,336	$ 3,411,554	$ 335,046	$ 3,203,034	$ 3,220,343	$ -
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
Plan fiduciary net position as a percentage of the total pension liablity	56.41%	65.59%	58.27%	58.80%	59.30%	39.80%	35.22%	42.49%	45.59%
County Employee Retirement System (CERS)									
District's proportion of the net pension liability	0.032571%	0.032910%	0.031204%	0.038000%	0.031760%	0.032410%	0.032410%	0.034942%	0.000000%
District's proportionate share of the net pension liability	$ 2,354,562	$ 2,098,781	$ 2,393,321	$ 2,373,653	$ 2,037,999	$ 1,563,641	$ 1,393,503	$ 1,134,000	$ -
State's proportionate share of the net pension liability	-	-	-	-	-	-	-	-	-
Totals	$ 2,354,562	$ 2,098,781	$ 2,393,321	$ 2,373,653	$ 2,037,999	$ 1,563,641	$ 1,393,503	$ 1,134,000	$ -
District's covered-employee payroll	$ 972,370	$ 908,266	$ 852,942	$ 799,299	$ 852,429	$ 851,504	$ 758,340	$ 756,185	$ -
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	242.15%	231.08%	280.60%	296.97%	239.08%	183.63%	183.76%	149.96%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	52.42%	57.33%	58.27%	50.45%	53.54%	53.30%	59.00%	59.97%	66.80%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available. Amounts presented for each fiscal year is determined as of June 30.

See the accompanying notes to the required supplementary information.

Anchorage Independent School District
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Contributions CERS and TRS - Pension
For the Year Ended June 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Teacher's Retirement System of the State of Kentucky (TRS)									
Contractually required contribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 3,990,959	$ 3,801,691	$ 3,783,373	$ 3,595,336	$ 3,411,554	$ 335,046	$ 3,203,034	$ 3,220,343	$ -
District's contributions as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
County Employee Retirement System (CERS)									
Contractually required contribution	$ 228,237	$ 594,551	$ 595,892	$ 777,241	$ 679,066	$ 588,877	$ 594,722	$ 554,746	$ -
Contributions in related to the contractually required contribution	228,237	594,551	595,892	777,241	679,066	588,877	594,722	554,746	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 972,370	$ 908,266	$ 852,942	$ 799,299	$ 852,429	$ 851,504	$ 758,340	$ 756,185	$ -
District's contributions as a percentage of its covered-employee payroll	23.47%	65.46%	69.86%	97.24%	79.66%	69.16%	78.42%	73.36%	0.00%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available. Amounts presented for each fiscal year is determined as of June 30.

See the accompanying notes to the required supplementary information.

Notes to Required Supplementary Information – Pension
For the Year Ended June 30, 2023

TRS

Changes of benefit terms

A new benefit tier was added for members joining the System on and after January 1, 2022. A description of the benefit provisions applicable to these members can be found in Schedule D of the actuary report found at *https://trs.ky.gov/wp-content/uploads/2023/06/TRS-GASB-68-Report-2022-Actuary.pdf.*

Changes of assumptions

- In 2014, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 5.16% to 5.23%.
- In 2015, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 5.23% to 4.88%.
- In 2016 valuation, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience. In the 2016 valuation, the Assumed Salary Scale, Price Inflation, and Wage Inflation were adjusted to reflect a decrease. In addition, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 4.88% to 4.20%.
- In 2017, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 4.20% to 4.49%.
- In 2018, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 4.49% to 7.50%.
- In the 2020 experience study, rates of withdrawal, retirement, disability, mortality, and rates of salary increases were adjusted to reflect actual experience more closely. The expectation of mortality was change to the Pub2010 Mortality Table (Teachers Benefit-Weighted) projected generationally with MP-2020 with various set forwards, set-backs, and adjustments for each of the groups; service retirees, contingent annuitants, disabled retirees, and actives. The assumed long-term investment rate of return was changed from 7.50 percent to 7.10 percent and the price inflation assumption was lowered from 3.00 percent to 2.50 percent. In addition, the calculation of the SEIR results in an assumption change from 7.50% to 7.10%.

CERS

Changes of Benefit Terms

2022 None

2021 None

2020 None

2019 None

2018 None

2017 None

2016 None

CERS (Continued)

Changes of Assumptions

2022 None

2021 Pension and OPEB - the salary increase assumption changed from 3.30% - 10.30% to 3.30% - 11.55% OPEB - single discount rate changed from 5.68% to 5.34%

2020 Pension and OPEB - the salary increase assumption changed from 3.05% to 3.30% - 10.30% OPEB - single discount rate changed from 5.85% to 5.68%

2019 Pension and OPEB - the salary increases assumption was changed from 2.00% to 3.05% OPEB, the single discount rate changed from 5.84% to 5.85%

2018 Pension and OPEB - the assumed investment return was changed from 7.50% to 6.25%; the prince inflation assumption was changed from 3.25% to 2.40%, which also resulted in a 0.95% decrease in the salary increase assumption at all years of service; and the payroll growth assumption (applicable for the amortization of unfunded actuarial accrued liabilities) was changed from 4.00% to 2.00%. OPEB - the single discount rate changed from 6.89 to 5.84%.

2017 None

2016 Pension -the assumed investment rate of return was decreased from 7.75% to 7.50%; the assumed rate of inflation was reduced from 3.50% to 3.25%; the assumed rate of wage inflation was reduced from 1.00% to 0.75%; payroll growth assumption was reduced from 4.50% to 4.00%; and the assumed rates of retirement, withdrawal, and disability were updated to more accurately reflect experience.

Life Insurance Plan Changes of Benefit Terms

2022 Benefit change due to the benefit tier that was added for members joining the system after January 1, 2022.

2021 None

2020 None

2019 None

2018 None

Changes of Assumptions

2022 The municipal bond index rate increased from 2.19% to 3.37%.

2021 The municipal bond index rate decreased from 3.50% to 2.19%

2020 The municipal bond index rate decreased from 3.89% to 3.50%

2019 The municipal bond index rate increased from 3.56% to 3.89%

2018 None

Anchorage Independent School District
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the District's Proportionate Share of the Net OPEB Liability Medical & Life Insurance Plans - TRS – OPEB
For the Year Ended June 30, 2023

	Reporting Fiscal Year (Measurement Date) 2023 (2022)	Reporting Fiscal Year (Measurement Date) 2022 (2021)	Reporting Fiscal Year (Measurement Date) 2021 (2020)	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)
MEDICAL INSURANCE PLAN						
District's proportion of the collective OPEB liability	0.112557%	0.063945%	0.061074%	0.033710%	0.033462%	0.033741%
District's proportionate share of the collective net OPEB liability	$ 2,133,000	$ 1,372,000	$ 4,476,000	$ 5,165,000	$ 5,854,000	$ 6,058,000
State's proportionate share of the collective net OPEB liability associated with the District	701,000	1,114,000	3,586,000	4,172,000	5,045,000	4,948,000
Totals	$ 2,834,000	$ 2,486,000	$ 8,062,000	$ 9,337,000	$ 10,899,000	$ 11,006,000
District's covered-employee payroll	$ 3,990,959	$ 3,801,691	$ 3,783,373	$ 3,595,336	3,411,554	$ 335,046
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	53.45%	36.09%	118.31%	143.66%	171.59%	1808.11%
Plan fiduciary net position as a percentage of the total OPEB	47.75%	51.74%	39.05%	32.58%	25.50%	21.20%
LIFE INSURANCE PLAN						
District's proportion of the collective OPEB liability	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
District's proportionate share of the collective net OPEB liability	$ -	$ -	$ -	$ -	$ -	$ -
State's proportionate share of the collective net OPEB liability associated with the District	35,000	15,000	37,000	32,000	29,000	22,000
Totals	$ 35,000	$ 15,000	$ 37,000	$ 32,000	$ 29,000	$ 22,000
District's covered-employee payroll	$ 3,990,959	$ 3,801,691	$ 3,783,373	$ 3,595,336	$ 3,411,554	$ 335,046
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB	73.97%	89.15%	71.57%	73.40%	75.00%	80.00%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available. Amounts presented for each fiscal year is determined as of June 30.

See the accompanying notes to the required supplementary information.

Anchorage Independent School District
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the Contributions - TRS – OPEB
For the Year Ended June 30, 2023

	2023	2022	2021	2020	2019	2018
MEDICAL INSURANCE PLAN						
Contractually required contribution	$ 117,750	$ 100,504	$ 113,502	$ 102,347	$ 100,047	$ 95,994
Contributions in relation to the contractually required contribution	117,750	100,504	113,502	102,347	100,047	95,994
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 3,990,959	$ 3,801,691	$ 3,783,373	$ 3,595,336	$ 3,411,554	$ 335,046
District's contributions as a percentage of it's covered-employee payroll	2.95%	2.64%	3.00%	2.85%	2.93%	28.65%
LIFE INSURANCE PLAN						
Contractually required contribution	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 3,990,959	$ 3,801,691	$ 3,783,373	$ 3,595,336	$ 3,411,554	$ 335,046
District's contributions as a percentage of it's covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available. Amounts presented for each fiscal year is determined as of June 30.

See the accompanying notes to the required supplementary information.

Anchorage Independent School District
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of District's Proportionate Share of the Net OPEB Liability – CERS
For the Year Ended June 30, 2023

	Reporting Fiscal Year (Measurement Date) 2023 (2022)	Reporting Fiscal Year (Measurement Date) 2022 (2021)	Reporting Fiscal Year (Measurement Date) 2021 (2020)	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)
HEALTH INSURANCE PLAN						
District's proportion of the collective OPEB liability	0.032565%	0.032910%	0.031195%	0.033741%	0.033462%	0.033741%
District's proportionate share of the collective net OPEB liability	$ 642,675	$ 630,045	$ 753,264	$ 567,508	$ 594,111	$ 756,723
State's proportionate share of the collective net OPEB liability associated with the District	-	-	-	-	-	-
Total	$ 642,675	$ 630,045	$ 753,264	$ 567,508	$ 594,111	$ 756,723
District's covered-employee payroll	$ 972,370	$ 908,266	$ 852,942	$ 799,299	$ 852,429	$ 851,504
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	66.09%	69.37%	88.31%	71.00%	69.70%	88.87%
Plan fiduciary net position as a percentage of the total OPEB	60.95%	58.41%	51.67%	60.44%	57.62%	52.39%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available. Amounts presented for each fiscal year is determined as of June 30.

See the accompanying notes to the required supplementary information.

Anchorage Independent School District
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Contributions OPEB Liability – CERS
For the Year Ended June 30, 2023

	2023	2022	2021	2020	2019	2018
HEALTH INSURANCE PLAN						
Contractually required contribution	$ 33,065	$ 53,118	$ 40,867	$ 44,779	$ 38,981	$ 38,857
Contributions in relation to the contractually required contribution	33,065	53,118	40,867	44,779	38,981	38,857
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 972,370	$ 908,266	$ 852,942	$ 799,299	$ 852,429	$ 851,504
District's contributions as a percentage of it's covered-employee payroll	3.40%	5.85%	4.79%	5.60%	4.57%	4.56%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available. Amounts presented for each fiscal year is determined as of June 30.

See the accompanying notes to the required supplementary information.

Notes to Required Supplementary Information – OPEB
For the Year Ended June 30, 2023

TRS

Note I - Changes of Benefit Terms

Health and Life Trust

June 30, 2023 (Valuation Date: June 30, 2021)

- A new benefit tier was added for members joining the System on and after January 1, 2022.

June 30, 2021 (Valuation Date: June 30, 2020)

- None

June 30, 2020 (Valuation Date: June 30, 2019)

- None

June 30, 2019 (Valuation Date: June 30, 2018)

- None

June 30, 2018 (Valuation Date: June 30, 2017)

Health Trust

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

- Life Trust - none

Note II - Changes to assumptions or other inputs

Health Trust

The changes adopted by the Board on September 20, 2021, include various demographic and economic assumptions summarized below:

- Price Inflation changed assumed rate from 3.00% to 2.50%,
- Wage Inflation changed assumed rated from 3.50% to 2.75%,
- Assumed investment rate of return changed from 8.00% for the Health Trust and 7.50% for the Life Trust to 7.10% for both
- Assumed Salary Scale adjusted to reflect a decrease of 0.25% in merit and promotion for all ages
- Assumed rate of mortality have been revised to the Pub-2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with the MP-2020 improvement scale with various set-forwards, set-backs, and adjustments
- Assumed rate of Withdrawal, Disability, Retirement, and Mortality have been adjusted to more closely reflect experience, and
- Assumed rates of member and spousal participation have been adjusted to more closely reflect experience

Note II - Changes to assumptions or other inputs (Continued)

Life Trust

None

CERS

Single discount rates of 5.20% for the CERS non-hazardous insurance plan and 5.05% for the CERS hazardous insurance plan were used to measure the total OPEB liability as of June 30, 2021. The singe discount rates are 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. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, each plan's fiduciary net position and future contributions were projected separately and were sufficient to finance the future benefit payments of the current plan members. Therefore, the long term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the plan. However, the cost associated with the implicit employer subsidy is not currently being included in the calculation of the plan's actuarially determined contributions, and it is our understanding that any cost associated with the implicit subsidy will not be paid out of the plan's trust. Therefore, municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

ANCHORAGE INDEPENDENT SCHOOL DISTRICT

Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2023

	Student Activity Fund	Capital Outlay	Debt Service Fund	Total Non-Major Funds
ASSETS				
Cash and cash equivalents	$ 111,486	$ 68,673	$ -	$ 180,159
Receivables				
Taxes-current	-	-	-	-
Accounts	-	-	-	-
Total assets	111,486	68,673	-	180,159
LIABILITIES				
Accounts payable	-	29,500	-	29,500
Unearned revenue	-	-	-	-
Total liabilities	-	29,500	-	29,500
FUND BALANCE				
Restricted	-	39,173	-	39,173
Committed	111,486	-	-	111,486
Unassigned	-	-	-	-
Total fund balance	111,486	39,173	-	150,659
TOTAL LIABLITIES AND FUND BALANCE	$ 111,486	$ 68,673	$ -	$ 180,159

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds
For the Year Ended June 30, 2023

	Student Activity	Capital Outlay Fund	Debt Service Fund	Total Non-Major Funds
REVENUES				
From Local Sources				
Taxes				
Property	$ -	$ -	$ -	$ -
Motor vehicle	-	-	-	-
Occupational	-	-	-	-
Earnings on investments	-	2,207	-	2,207
Student activities	295,948	-	-	295,948
Other local revenue	-	-	-	-
Intergovernmental - state	-	39,344	12,178	51,522
Intergovernmental - federal	-	-	-	-
Total revenues	295,948	41,551	12,178	349,677
EXPENDITURES				
Instruction	269,279	-	-	269,279
Support services				
Student	-	-	-	-
Instructional staff	-	-	-	-
District Administration	-	-	-	-
School Administration	-	-	-	-
Business	-	-	-	-
Plant operation and maintenance	-	-	-	-
Other Non-Instructional Services	-	37,525	-	37,525
Debt service				
Principal	-	-	7,000	7,000
Interest	-	-	5,178	5,178
Total expenditures	269,279	37,525	12,178	318,982
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	26,669	4,026	-	30,695
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Total other financing sources and (uses)	-	-	-	-
NET CHANGE IN FUND BALANCE	26,669	4,026	-	30,695
FUND BALANCE - BEGINNING	84,817	35,147	-	119,964
FUND BALANCE - ENDING	$ 111,486	$ 39,173	$ -	$ 150,659

ANCHORAGE INDEPENDENT SCHOOL DISTRICT

Schedule of Cash Receipts, Cash Disbursements, and Cash Balances - Student Activity Funds
For the Year Ended June 30, 2023

Activity	Beginning Balance	Receipts	Expenditures	Ending Balance
Start Up Money	$ -	$ 1,820	$ 1,820	$ -
Miscellaneous	692	248	34	906
Vending - Teachers	1,037	131	370	798
Principal's Fund	8,108	63	401	7,770
Robotics	1,216	3,125	3,098	1,243
Academic Team General	-	7,125	2,513	4,612
K-3 STEAM Club	2,217	1,050	405	2,862
Athletics	28,467	7,711	2,862	33,316
Athletic Concessions	-	11,360	11,360	-
Volleyball	1,375	3,730	3,230	1,875
Cheerleading	-	7,788	6,038	1,750
Track	-	4,294	4,294	-
Soccer	-	11,340	6,840	4,500
Field Hockey	-	8,610	5,860	2,750
Basketball	-	38,342	38,342	-
Lacrosse	-	5,069	5,069	-
Cross Country	-	24,276	19,526	4,750
Lacrosse Club	145	150	128	167
Active Anchors Club	-	6,285	-	6,285
Spanish Club	328	525	181	672
KUNA/KYA	1,552	6,740	8,292	-
KYA	-	2,276	325	1,951
KUNA	-	14,266	14,266	-
Spy Club	51	-	51	-
Community Service Club	301	960	995	266
Math Counts	282	240	-	522
F.T. General	1,813	1	9	1,805
F.T. Kindergarten	-	1,317	1,317	-
F.T. 1st Grade	-	2,749	2,749	-
F.T. 2nd Grade	-	5,783	5,783	-
F.T. 3rd Grade	-	1,729	1,729	-
F.T. 4th Grade	-	895	895	-
F.T. 5th Grade	-	1,820	1,820	-
F.T. 6th-7th-8th Grade	-	15,002	15,002	-
F.T. - 7th Grade	-	21,592	21,592	
APTA	-	39,224	39,224	-
Library	6,074	-	609	5,465
Class of 2022	4,196	-	4,196	-
Class of 2023	16,713	41,570	58,255	28
Class of 2024	10,250	8,810	1,381	17,679
Class of 2025	-	11,341	1,827	9,514
Transfers		(23,409)	(23,409)	
Totals	$ 84,817	$ 295,948	$ 269,279	$ 111,486

P & A
PATRICK & ASSOCIATES, LLC

124 Candlewood Drive
Winchester, KY 40391

Independent Auditor's Report On Internal Control Over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Kentucky State Committee for School District Audits
Board of Education of the Anchorage Independent School District
Anchorage, KY

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Independent Auditor's Contract, Including Appendix II Instructions for Submissions of the Audit Report*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Anchorage Independent School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Anchorage Independent School District's basic financial statements, and have issued our report thereon dated December 13, 2023.

Report on Internal Control over Financial Reporting

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Anchorage 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

Tammy R. Patrick, CPA

Patrick & Associates, LLC
Winchester, Kentucky

December 13, 2023

PATRICK & ASSOCIATES, LLC

124 Candlewood Drive
Winchester, KY 40391

Anchorage Independent School District

Schedule of Prior Year Findings

For The Year Ended June 30, 2023

There were no prior year findings.