

GLASGOW INDEPENDENT SCHOOL DISTRICT

**BASIC FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION,
AND INDEPENDENT AUDITOR'S REPORTS
For the Year Ended June 30, 2023**

GLASGOW INDEPENDENT SCHOOL DISTRICT
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Glasgow Independent School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Glasgow Independent School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Glasgow Independent School District, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Glasgow Independent School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Glasgow Independent School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-8 and page 49-50 and the pension and OPEB liability and contribution information on pages 51-58 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Glasgow Independent School District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2023, on our consideration of the Glasgow Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Glasgow Independent School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Glasgow Independent School District's internal control over financial reporting and compliance.

Campbell, Myers & Rutledge, PLLC

Certified Public Accountants

Glasgow, Kentucky

November 10, 2023

**GLASGOW INDEPENDENT SCHOOLS, GLASGOW, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

The management of Glasgow Independent Schools presents the financial overview and analysis of financial activities of this district for the fiscal year 2022-2023.

FINANCIAL HIGHLIGHTS

The beginning cash balances by fund were \$2,105,254 General, \$31,211 District Activity, \$206,396 Capital Outlay, \$1,525,295 Building, \$20,038,491 Construction, \$3,896,311 Debt Service and \$1,739,752 Food Service. Cash balances by fund at the end of the year were \$2,394,501 General, \$4,176 District Activity, \$421,345 Capital Outlay, \$1,672,363 Building, \$8,555,743 Construction, \$4,539,930 Debt Service, and \$1,945,157 Food Service.

The General Fund received \$25,599,180 in revenue. Of that, \$7,014,456 was from local sources such as taxes and interest. \$10,129,132 was from state SEEK funds, \$91,934 was from other state funding. \$8,058,305 was from the state for on-behalf payments, \$230,240 was from interfund transfers and \$75,113 was for Medicaid reimbursement.

Noted changes in Revenue from the prior year are as follows. Tax revenue increased by \$180,488. This is primarily a result of adopting the 4% tax rate for FY23. SEEK funding increased by \$789,230. On Behalf increased by \$2,012,010. Bank interest increased by \$243,714. Transfers decreased by 373,634. Other general fund revenues are comparable to prior year amounts.

Food Service revenue was \$2,759,492 in FY22 and was \$2,828,221 in FY23. Bank Interest increased by \$62,289. Other Food Service revenues are comparable to prior year amounts.

The District's largest expense is salaries and employee benefits. Total employee costs for the general Fund were \$13,442,096 for FY23, not including on behalf payments of \$7,957,511. Total employee cost as a percentage of revenue received was 76.63% for the General Fund, 49% for the Special Revenue Fund and 30% for the Food Service Fund. A 2% salary increase was given in FY23.

The Capital Outlay Fund received \$214,949. This was comparable to the prior year amount of \$206,396. The ending balance in the Capital Outlay Fund was \$421,345.

Building Fund expenses of \$2,036,812 were for fund transfers to the debt service fund for bond principal and interest payments. The ending balance in the Building Fund was \$1,672,363.

Construction Fund expenses of \$12,528,668 were for the ongoing construction of South Green Elementary school and for the HVAC/Roof Project at the existing South Green Elementary School. The ending balance in the Construction Fund was \$6,218,233.

Debt service receipts totaled \$3,138,356 which includes \$686,755 of on behalf payments made by the state, \$248,610 from Federal QZAB Bond, \$166,179 interest earned, and fund transfers of \$2,036,812.18 from the Building Fund. Expenses in the Debt Service Fund were \$2,494,736 for bond principal and interest payments

Food Service expenses were \$2,649,956. Of this amount, 36.34% was spent for salaries, 53.16% for food and supplies, 8.34% for equipment, and the remaining 2.16% was used for miscellaneous items and equipment repair.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 18 - 48 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by \$20,300,467 as of June 30, 2023.

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

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

Net position for the period ending June 30, 2023

This is the 7th year that the District is following GASB 34 and District assets, liabilities and net position. 2023 Government Wide net position compared to 2022 are as follows:

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Current Assets	\$ 22,646,382	\$ 31,998,809
Noncurrent Assets	<u>54,757,156</u>	<u>39,917,230</u>
Total Assets	<u>77,403,538</u>	<u>71,916,039</u>
Deferred outflows of resources	<u>5,971,282</u>	<u>3,481,874</u>
Current Liabilities	7,161,938	4,761,703
Noncurrent Liabilities	<u>51,996,460</u>	<u>51,448,716</u>
Total Liabilities	<u>59,158,398</u>	<u>56,210,419</u>
Deferred inflows of resources	<u>3,915,955</u>	<u>3,451,829</u>
Net Position		
Investment in capital assets (net of debt)	16,911,922	767,903
Restricted	11,476,985	24,219,622
Unrestricted Net Position	<u>(8,088,440)</u>	<u>(9,251,863)</u>
Total Net Position	<u>\$ 20,300,467</u>	<u>\$ 15,735,662</u>

The following table presents a summary of revenue and expense for the fiscal years ended June 30, 2023 and 2022:

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Revenues:		
Local revenue sources	\$ 7,603,479	\$ 7,344,381
State revenue sources	18,517,450	15,810,125
Federal revenues	13,629,677	10,009,291
Investments	515,686	184,893
Other sources	1,436,646	955,059
	<u>\$ 41,702,938</u>	<u>\$ 34,303,749</u>
Expenses:		
Instruction	\$ 22,152,685	\$ 18,164,200
Student support services	1,767,373	1,707,738
Instructional support	1,333,764	962,272
District administration	1,576,177	1,525,474
School administration	1,663,463	1,423,518
Business support	666,337	755,200
Facilities and construction	-	17,500
Plant operations	1,911,170	1,608,869
Student transportation	926,067	911,044
Community support	299,669	264,339
Other	4,841,428	4,693,340
Total expenses	<u>37,138,133</u>	<u>32,033,494</u>
Change in net position	<u>\$ 4,564,805</u>	<u>\$ 2,270,255</u>

BUDGET COMPARISONS

The total budgeted revenues and beginning balances in all funds for fiscal year 2022-23 were \$37,056,645.

The percentage difference between budgeted and actual revenue for the General Fund was a 12.16% increase. Differences varied on a line-by-line basis. General Fund budgeted revenue was \$25,133,151 while actual revenue was 28,612,393. Notable differences in budgeted verses actual revenue follow. Seek actual revenue was 3% above budgeted revenue. Actual tax revenue was 2.9% above budgeted revenue. On Behalf Receipts were 26.32% above budgeted On Behalf. Earnings on investments was \$243,650 above budgeted revenue.

\$2,445,370 was budgeted for General Fund contingency in FY22 and \$2,050,000 in FY23. School boards are required to budget a minimum of 2% in a contingency account. \$2,719,122 was budgeted in Building Fund contingency, and \$700,000 in Food Service contingency.

General Fund Revenue from state sources totaled 72.60% of total revenue; with local funding making up 27.4%. Instructional expenses including school administration account for 78.16% of expenditures; Central Office administration makes up 8.80%; Maintenance is 9.44%; and transportation is 3.60%.

LONG-TERM DEBT

Long-term debt principal and interest payments of \$2,494,736 were paid during the year for Highland Elementary, Glasgow High School and South Green Elementary bond issues. Highland Elementary bonds will be paid in full in June of 2024. QZAB bonds for Glasgow High School totaling \$5,000,000 will be paid in full in April of 2026. Remaining Glasgow High School bonds will continue until April of 2031. South Green Elementary bonds will continue until February of 2045. All payments are made from the Debt Service Fund.

NET POSITION

Total governmental assets in FY23 totaled \$74,758,554 and in FY22 totaled \$69,697,470. Total business assets, which are Food Service assets, totaled \$2,644,984 in FY23 and \$2,218,566 in FY22.

FUTURE BUDGETARY IMPLICATIONS

In Kentucky, the public schools' fiscal year is July 1 to June 30; other programs including some federal programs operate on a different fiscal calendar year but are reflected in the District overall budget. Legally, the budget must have a minimum 2% contingency. Glasgow Independent Board of Education adopted a Working Budget for 2023-24 totaling \$39,897,192 and included a 5.61% contingency. The Board adopted the Compensating tax rate for FY24.

A significant cost that impacts the finances of our district includes employer contributions to Kentucky Teacher Retirement (TRS) and Kentucky Retirement System (KPPA). All Kentucky School districts began to pay .25% for all employees paying into TRS on July 1, 2010. The TRS employer contribution rate was 3% for FY23 with a total cost of \$333,652. The contribution rate to KPPA was 23.34% in FY23 with a total cost of \$743,215.

Natural gas and electricity costs increased from \$482,748 in FY22 to \$615,674 in FY23. Property and Transportation Insurance costs have increased steadily over the past six years. The cost was \$163,493 in FY18, \$177,367 in FY19, \$185,527 in FY20, \$199,678 in FY21 and \$253,207 in FY22 and \$293,252 in FY23. These costs are projected to increase in future years. Student liability insurance is an expense that our board has chosen to continue for the benefit of our students. This cost was relatively unchanged in FY23 at \$58,421.

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

**GLASGOW INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2023**

	Governmental Activities	Business Type Activities	Total
Assets:			
<u>Current Assets:</u>			
Cash and cash equivalents	\$ 17,882,768	\$ 1,945,157	\$ 19,827,925
Inventory	-	24,563	24,563
Accounts receivable			
Taxes - current	25,902	-	25,902
Other receivable	47,640	92,750	140,390
Intergovernmental - indirect federal	<u>2,627,602</u>	<u>-</u>	<u>2,627,602</u>
Total current assets	<u>20,583,912</u>	<u>2,062,470</u>	<u>22,646,382</u>
<u>Noncurrent Assets:</u>			
Capital assets	76,777,561	1,485,358	78,262,919
Less: accumulated depreciation	<u>(22,602,919)</u>	<u>(902,844)</u>	<u>(23,505,763)</u>
Total noncurrent assets	<u>54,174,642</u>	<u>582,514</u>	<u>54,757,156</u>
Total assets	<u>74,758,554</u>	<u>2,644,984</u>	<u>77,403,538</u>
<u>Deferred Outflows of Resources:</u>			
Deferred savings from revenue bonds, net	244,703	-	244,703
Outflows relating to net pension and OPEB liability	<u>5,182,299</u>	<u>544,280</u>	<u>5,726,579</u>
Total deferred outflows	<u>5,427,002</u>	<u>544,280</u>	<u>5,971,282</u>
Liabilities:			
<u>Current Liabilities:</u>			
Accounts payable	4,006,366	30,875	4,037,241
Deferred revenue	527,297	-	527,297
Current portion of accrued sick leave	525,723	-	525,723
Current portion of capital lease obligations	3,538	-	3,538
Current portion of bond obligations, net	1,766,243	-	1,766,243
Interest payable	<u>301,896</u>	<u>-</u>	<u>301,896</u>
Total current liabilities	<u>7,131,063</u>	<u>30,875</u>	<u>7,161,938</u>
<u>Noncurrent Liabilities:</u>			
Noncurrent portion of capital lease obligations	1,179	-	1,179
Noncurrent portion of bond obligations, net	36,017,081	-	36,017,081
Noncurrent portion of CERS net pension liability	5,774,146	1,457,544	7,231,690
Noncurrent portion of CERS net OPEB liability	1,576,068	397,840	1,973,908
Noncurrent portion of KTRS net OPEB liability	6,112,000	-	6,112,000
Noncurrent portion of accrued sick leave	<u>660,602</u>	<u>-</u>	<u>660,602</u>
Total noncurrent liabilities	<u>50,141,076</u>	<u>1,855,384</u>	<u>51,996,460</u>
Total liabilities	<u>57,272,139</u>	<u>1,886,259</u>	<u>59,158,398</u>
<u>Deferred Inflows of Resources:</u>			
Inflows relating to net pension and OPEB liability	<u>3,528,724</u>	<u>387,231</u>	<u>3,915,955</u>
Net Position:			
Invested in capital assets, net of related debt	16,329,408	582,514	16,911,922
Restricted for:			
Construction	7,890,596	-	7,890,596
Debt service	4,961,275	-	4,961,275
School activity	294,710	-	294,710
District activity	4,176	-	4,176
Unrestricted	<u>(10,095,472)</u>	<u>333,260</u>	<u>(9,762,212)</u>
Total net position	<u>\$ 19,384,693</u>	<u>\$ 915,774</u>	<u>\$ 20,300,467</u>

See accompanying notes to basic financial statements.

**GLASGOW INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023**

Functions / Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business - Type Activities	Total
Governmental Activities:							
Instruction	\$ 22,152,685	\$ -	\$ 10,926,320	\$ -	\$ (11,226,365)	\$ -	\$ (11,226,365)
Support Services							
Student	1,767,373	-	-	-	(1,767,373)	-	(1,767,373)
Instruction staff	1,333,764	-	-	-	(1,333,764)	-	(1,333,764)
District administrative	1,576,177	-	-	-	(1,576,177)	-	(1,576,177)
School administrative	1,663,463	-	-	-	(1,663,463)	-	(1,663,463)
Business	666,337	-	-	-	(666,337)	-	(666,337)
Plant operations and maintenance	1,911,170	-	-	-	(1,911,170)	-	(1,911,170)
Student transportation	926,067	-	-	-	(926,067)	-	(926,067)
Community service activities	299,669	-	-	-	(299,669)	-	(299,669)
Other	8,124	-	-	-	(8,124)	-	(8,124)
Interest on long-term debt	1,174,476	-	248,610	-	(925,866)	-	(925,866)
Depreciation (unallocated)	1,139,678	-	-	-	(1,139,678)	-	(1,139,678)
Total governmental activities	<u>34,618,983</u>	<u>-</u>	<u>11,174,930</u>	<u>-</u>	<u>(23,444,053)</u>	<u>-</u>	<u>(23,444,053)</u>
Business-Type Activities							
Food Service	2,519,150	65,539	2,454,747	238,079	-	239,215	239,215
Total business-type activities	<u>2,519,150</u>	<u>65,539</u>	<u>2,454,747</u>	<u>238,079</u>	<u>-</u>	<u>239,215</u>	<u>239,215</u>
Total primary government	<u>\$ 37,138,133</u>	<u>\$ 65,539</u>	<u>\$ 13,629,677</u>	<u>\$ 238,079</u>	<u>(23,444,053)</u>	<u>239,215</u>	<u>(23,204,838)</u>
General Revenues:							
Taxes:							
Property taxes					6,789,732	-	6,789,732
Motor vehicle taxes					510,515	-	510,515
Other					237,693	-	237,693
Investments earnings					445,829	69,857	515,686
State and formula grants					18,279,371	-	18,279,371
Miscellaneous					1,436,646	-	1,436,646
Total general revenues					<u>27,699,786</u>	<u>69,857</u>	<u>27,769,643</u>
Change in net position					4,255,733	309,072	4,564,805
Net position - beginning					15,128,960	606,702	15,735,662
Net position - ending					<u>\$ 19,384,693</u>	<u>\$ 915,774</u>	<u>\$ 20,300,467</u>

See accompanying notes to basic financial statements.

**GLASGOW INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2023**

	General Fund	Special Revenue	Construction fund	Debt Service	Other Nonmajor Governmental Funds	Total Governmental Funds
Assets and resources:						
Cash and cash equivalents	\$ 2,394,501	\$ -	\$ 8,555,743	\$ 4,539,930	\$ 2,392,594	\$ 17,882,768
Accounts receivable:						
Taxes-current	25,902	-	-	-	-	25,902
Other receivable	47,640	-	-	-	-	47,640
Intergovernmental - indirect federal	-	2,627,602	-	-	-	2,627,602
Interfund receivable	<u>825,409</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>825,409</u>
Total assets and resources	<u>\$ 3,293,452</u>	<u>\$ 2,627,602</u>	<u>\$ 8,555,743</u>	<u>\$ 4,539,930</u>	<u>\$ 2,392,594</u>	<u>\$ 21,409,321</u>
Liabilities and fund balance:						
Liabilities:						
Accounts payable	\$ 393,960	\$ 1,274,896	\$ 2,337,510	\$ -	\$ -	\$ 4,006,366
Interfund payable	-	825,409	-	-	-	825,409
Deferred revenues	<u>-</u>	<u>527,297</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>527,297</u>
Total liabilities	<u>393,960</u>	<u>2,627,602</u>	<u>2,337,510</u>	<u>-</u>	<u>-</u>	<u>5,359,072</u>
Fund balances:						
Restricted:						
Construction	-	-	6,218,233	-	1,672,363	7,890,596
Debt Service	-	-	-	4,539,930	421,345	4,961,275
School Activity	-	-	-	-	294,710	294,710
District Activity	-	-	-	-	4,176	4,176
Unassigned	<u>2,899,492</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,899,492</u>
Total fund balances	<u>2,899,492</u>	<u>-</u>	<u>6,218,233</u>	<u>4,539,930</u>	<u>2,392,594</u>	<u>16,050,249</u>
Total liabilities and fund balances	<u>\$ 3,293,452</u>	<u>\$ 2,627,602</u>	<u>\$ 8,555,743</u>	<u>\$ 4,539,930</u>	<u>\$ 2,392,594</u>	<u>\$ 21,409,321</u>

See accompanying notes to basic financial statements.

**GLASGOW INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2023**

Total fund balance per fund financial statements	\$ 16,050,249
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net position.	54,174,642
Net pension and OPEB liabilities and deferred inflows of resources are not due and payable in the current period and therefore not recorded in the funds.	(16,990,938)
Deferred outflows of resources are not current financial resources and not reported in the funds.	5,427,002
Certain liabilities (such as bonds payable, the long-term portion of accrued sick leave, and accrued interest) are not reported in this fund financial statement because they are not due and payable in the current period, but they are presented in the statement of net position.	<u>(39,276,262)</u>
Net position for governmental activities	<u>\$ 19,384,693</u>

GLASGOW 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	Construction Fund	Debt Service	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
From local sources:						
Taxes:						
Property	\$ 5,868,898	\$ -	\$ -	\$ -	\$ 920,834	\$ 6,789,732
Motor vehicle	510,515	-	-	-	-	510,515
Other	237,693	-	-	-	-	237,693
Tuition and fees	5,275	-	-	-	-	5,275
Earnings on investments	279,650	-	-	166,179	-	445,829
Other local revenues	112,424	-	498,910	-	820,037	1,431,371
Intergovernmental-state	18,279,371	1,327,194	-	686,755	1,477,995	21,771,315
Intergovernmental-indirect federal	-	7,359,263	-	-	-	7,359,263
Intergovernmental-direct federal	75,113	-	-	248,610	-	323,723
Total revenues	<u>25,368,939</u>	<u>8,686,457</u>	<u>498,910</u>	<u>1,101,544</u>	<u>3,218,866</u>	<u>38,874,716</u>
Expenditures:						
Instruction	15,964,929	4,753,906	-	-	858,957	21,577,792
Support services:						
Student	1,371,005	396,368	-	-	-	1,767,373
Instructional staff	964,552	369,212	-	-	-	1,333,764
District administration	1,576,177	-	-	-	-	1,576,177
School administration	1,663,463	-	-	-	-	1,663,463
Business	598,974	85,497	-	-	-	684,471
Plant operations and maintenance	2,428,343	-	-	-	-	2,428,343
Student transportation	924,578	1,489	-	-	-	926,067
Facilities acquisition and construction	179,275	2,632,648	12,528,667	-	-	15,340,590
Community service activities	-	299,669	-	-	-	299,669
Other	-	-	-	2,453,769	5,824	2,459,593
Total expenditures	<u>25,671,296</u>	<u>8,538,789</u>	<u>12,528,667</u>	<u>2,453,769</u>	<u>864,781</u>	<u>50,057,302</u>
Excess (deficit) of revenues over expenditures	<u>(302,357)</u>	<u>147,668</u>	<u>(12,029,757)</u>	<u>(1,352,225)</u>	<u>2,354,085</u>	<u>(11,182,586)</u>
Other financing sources (uses):						
Operating transfers in	230,240	41,604	-	2,036,812	-	2,308,656
Operating transfers out	(41,604)	(189,272)	-	(40,968)	(2,036,812)	(2,308,656)
Total other financing sources (uses)	<u>188,636</u>	<u>(147,668)</u>	<u>-</u>	<u>1,995,844</u>	<u>(2,036,812)</u>	<u>-</u>
Net Change in Fund Balance	(113,721)	-	(12,029,757)	643,619	317,273	(11,182,586)
Fund balance, July 1, 2022	<u>3,013,213</u>	<u>-</u>	<u>18,247,990</u>	<u>3,896,311</u>	<u>2,075,321</u>	<u>27,232,835</u>
Fund balance, June 30, 2023	<u>\$ 2,899,492</u>	<u>\$ -</u>	<u>\$ 6,218,233</u>	<u>\$ 4,539,930</u>	<u>\$ 2,392,594</u>	<u>\$ 16,050,249</u>

See accompanying notes to basic financial statements.

**GLASGOW INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023**

Net change in total fund balances per fund financial statements \$ (11,182,586)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources, but they are presented as assets in the government wide statements and depreciated over their estimated economic lives. The difference is the amount by which capital outlay exceeds depreciation expense for the year. 14,709,119

Bond and capital lease payments are recognized as expenditures of current financial resources in the fund financial statement but are reductions of liabilities in the statement of net position. 1,303,521

Excess of pension expense reported over pension benefits paid in governmental activities. (895,088)

Generally, expenditures recognized in this fund financial statement are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred. 320,767

Change in net position of governmental activities \$ 4,255,733

GLASGOW INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2023

	<u>Food Service Fund</u>
Assets	
<u>Current Assets</u>	
Cash and cash equivalents	\$ 1,945,157
Accounts receivable	92,750
Inventory	<u>24,563</u>
Total current assets	<u>2,062,470</u>
<u>Noncurrent</u>	
Capital assets	1,485,358
Less: accumulated depreciation	<u>(902,844)</u>
Total noncurrent assets	<u>582,514</u>
Total assets	<u>2,644,984</u>
 <u>Deferred Outflows of resources:</u>	
Outflows relating to net pension and OPEB liability	<u>544,280</u>
 Liabilities	
<u>Current Liabilities</u>	
Accounts payable	<u>30,875</u>
Total current liabilities	<u>30,875</u>
 <u>Noncurrent Liabilities</u>	
Noncurrent portion of CERS net pension liability	1,457,544
Noncurrent portion of CERS net OPEB liability	<u>397,840</u>
Total noncurrent liabilities	<u>1,855,384</u>
Total liabilities	<u>1,886,259</u>
 <u>Deferred Inflows of resources:</u>	
Inflows relating to net pension and OPEB liability	<u>387,231</u>
 Net Position	
Invested in capital assets net of related debt	582,514
Unrestricted	<u>333,260</u>
Total net position	<u>\$ 915,774</u>

See accompanying notes to basic financial statements.

GLASGOW INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2023

	Food Service Fund
Operating Revenues:	
Lunchroom sales	\$ 63,720
Other operating revenues	<u>1,819</u>
Total operating revenues	<u>65,539</u>
Operating Expenses:	
Salaries and wages	963,046
Material and supplies	1,482,597
Depreciation	63,038
Other operating expenses	<u>10,469</u>
Total operating expenses	<u>2,519,150</u>
Operating loss	<u>(2,453,611)</u>
Non-Operating Revenues (Expenses):	
Federal grants	2,277,345
Donated commodities	118,581
On behalf payments	119,498
State funding	177,402
Interest income	<u>69,857</u>
Total non-operating revenues	<u>2,762,683</u>
Change in net position	309,072
Net position, July 1, 2022	<u>606,702</u>
Net position, June 30, 2023	<u><u>\$ 915,774</u></u>

See accompanying notes to basic financial statements.

GLASGOW INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2023

Cash Flows From Operating Activities:	
Cash received from:	
Lunchroom sales	\$ 63,720
Other activities	1,819
Cash paid to/for:	
Employees	(728,057)
Supplies	<u>(1,370,086)</u>
Net cash provided (used) by operating activities	<u>(2,032,604)</u>
Cash Flows from NonCapital Financing Activities:	
Cash received for operating grants	<u>2,361,997</u>
Net cash provided (used) by noncapital and related financing activities	<u>2,361,997</u>
Cash Flows from Capital Financing Activities:	
Purchase of capital assets	<u>(193,845)</u>
Net cash provided (used) by capital and related financing activities	<u>(193,845)</u>
Cash Flows from Investing Activities:	
Receipt of interest income	<u>69,857</u>
Net cash provided (used) by investing activities	<u>69,857</u>
Net increase (decrease) in cash and cash equivalents	205,405
Balances, beginning of year	<u>1,739,752</u>
Balances, end of year	<u>\$ 1,945,157</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating loss	\$ (2,453,611)
Adjustments to reconcile operating income to net cash provided (used) by operating activities	
Depreciation	63,038
On-behalf revenues	119,498
Donated commodities used in operations	118,581
Change in assets and liabilities	
Inventory	2,544
Deferred outflows	(136,437)
Accounts payable	1,855
Net Pension and OPEB liability	268,615
Deferred inflows	<u>(16,687)</u>
Net cash provided (used) by operating activities	<u>\$ (2,032,604)</u>
Schedule of non-cash transactions:	
On-Behalf payments	<u>\$ 119,498</u>
Donated commodities received from federal government	<u>\$ 118,581</u>

See accompanying notes to basic financial statements.

**GLASGOW INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023**

1. Summary of Significant Accounting Policies:

Reporting Entity

The Glasgow Board of Education, ("Board"), a five-member group, is the level of government which has oversight responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the Glasgow Independent School District ("District"). The District receives funding from Local, State and Federal government sources and must comply with the commitment requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards. Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to develop policies which may influence operations and primary accountability for fiscal matters.

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

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

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

Glasgow Independent School District Finance Corporation - On May 12, 1992, the Glasgow Board of Education resolved to authorize the establishment of the Glasgow Independent School District Finance Corporation (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS Section 58.180) (the "Corporation") as an agency for the District for financing the costs of school building facilities. The members of the Board also comprise the Corporation's Board of Directors.

Basis of Presentation:

District-wide Financial Statements – The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the District. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

GLASGOW INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED
June 30, 2023

1. Summary of Significant Accounting Policies, Continued:

The District-wide Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District. The District allocates certain indirect costs to be included in the program expenses reported for individual functions and activities in the District-Wide Statement of Activities.

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

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

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

The District has the following funds:

I. Governmental Fund Types:

- a. The General Fund is the primary operating fund of the District and is always classified as a major fund. It accounts for financial resources used for general types of operations. This is a budgeted fund, and any fund balances are considered as resources available for use. Reservations have been placed on the fund balance for accrued sick leave and other contingencies.
- b. The Special Revenue (Grant) Fund accounts for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds.

GLASGOW INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED
June 30, 2023

1. Summary of Significant Accounting Policies, Continued:

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

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

- c. Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment (other than those financed by Proprietary Funds).
 1. The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund receives those funds designated by the state as Capital Outlay Funds and is restricted for use in financing projects identified in the District's facility plan.
 2. The Facility Support Program of Kentucky (FSPK) Building Fund accounts for funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the District's facility plan.
 3. The Construction Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction.
- d. The Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest and related costs; and for the payment of interest on general obligation notes payable, as required by Kentucky Law.

II. Proprietary Funds (Enterprise Funds):

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

GLASGOW INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED
June 30, 2023

1. Summary of Significant Accounting Policies, Continued:

District-Wide Financial Statements:

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

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

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

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

Fund Financial Statements:

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

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

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

Committed – Commitments passed by the Board.

Assigned – Funds assigned to management priority including issued encumbrances.

Unassigned – Funds available for future operations.

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

Basis of Accounting:

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

GLASGOW INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED
June 30, 2023

1. Summary of Significant Accounting Policies, Continued:

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

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

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

In order to present the Special Revenue Fund on the accrual basis of accounting, and because the awards are not yet available as assets, cash awards received in advance for the 2023-2024 school year have been classified as deferred revenues. Likewise, all awards requested as a result of 2022-2023 expenditures have been classified as receivables. Revenues of the Special Revenue Fund are considered earned when reimbursable expenditures are made or obligations are incurred, and of an equal amount.

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

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

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

GLASGOW INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED
June 30, 2023

1. Summary of Significant Accounting Policies, Continued:

Property Tax Revenues

Property taxes are levied each November on the assessed value listed as of the prior January 1, for all real and personal property in the county. The billings are considered due upon receipt by the taxpayer; however, the actual date is based on a period ending 60 days after the tax bill mailing. Property taxes collected are recorded as revenues in the fiscal year for which they were levied. All taxes collected are initially deposited into the General Fund and then transferred to the appropriate fund.

The property tax rates assessed for the year ended June 30, 2023, to finance the General Fund operations were \$.826 per \$100 valuation for real property, \$.851 per \$100 valuation for business personal property and \$.554 per \$100 valuation for motor vehicles.

Date Event

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

Capital Assets

Capital assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of one thousand dollars with the exception of computers, digital cameras and real property for which there is no threshold. The District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the assets or materially extend an asset's life are not.

GLASGOW INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED
June 30, 2023

1. Summary of Significant Accounting Policies, Continued:

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Buildings and improvements	25-50 years
Land improvements	20 years
Technology equipment	5 years
Vehicles	5-10 years
Audio-visual equipment	15 years
Food service	10-12 years
Furniture and fixtures	7 years
Rolling stock	15 years
Other	10 years

Interfund Balances

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

Compensated Absences

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

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

The entire compensated absence liability is reported on the government-wide financial statements. The balance is estimated based on employees having twenty-seven years of service or more and eligible for retirement as of June 30, 2023. The current portion is the portion that is allocable to employees who have twenty-seven years of service or more.

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

GLASGOW INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED
June 30, 2023

1. Summary of Significant Accounting Policies, Continued:

Budgetary Process

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

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

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

Once the budget is approved, it can be amended.

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

Cash and Cash Equivalents

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

Inventories

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

Prepaid Assets

Payments made that will benefit periods beyond June 30, 2023 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

GLASGOW INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED
June 30, 2023

1. Summary of Significant Accounting Policies, Concluded:

Accrued Liabilities and Long-Term Obligations

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

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

Operating Revenues and Expenses

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

Contributions of Capital

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

Donated Commodities

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

Pensions and OPEB

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

GLASGOW INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED
June 30, 2023

2. Estimates:

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

3. Deferred Outflows/Inflows of Resources:

The District adopted GASB No. 63, and in addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The District has amounts that qualify for reporting in this category in the amount of \$5,971,282.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has amounts that qualify for reporting in this category in the amount of \$3,915,955.

4. Cash and Cash Equivalents:

At year-end, the carrying amount of the District's cash and cash equivalents was \$19,827,925. All cash balances were covered by Federal Depository insurance, or collateral held by the pledging banks' trust departments in the District's name. Cash equivalents are funds temporarily invested in certificates of deposits with a maturity of 90 days or less.

All deposits are in financial institutions and brokerage accounts. The District's bank deposits are categorized below to give an indication of the custodial credit risk assumed by the District at June 30, 2023.

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

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

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

	Category			Total Bank Balance	Carrying Amount
	One	Two	Three		
Deposits with Financial institutions	\$ 4,789,930	\$ 15,651,781	-	\$ 20,441,711	\$ 19,827,925

GLASGOW INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED
June 30, 2023

4. Cash and Cash Equivalents, Continued:

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

Level 1

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

Level 2

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

Level 3

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

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

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

<u>Type</u>	<u>Level 1 Fair Values</u>
Government Securities	<u>\$ 4,539,930</u>
Total	<u><u>\$ 4,539,930</u></u>

Interest Rate Risk

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

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

Credit Risk

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

GLASGOW INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED
June 30, 2023

4. Cash and Cash Equivalents, Concluded:

Concentration of Credit Risk

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

5. Capital Assets:

Capital asset activity for the fiscal year ended June 30, 2023 was as follows:

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

<u>Governmental Activities</u>	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023
Capital Assets, not being Depreciated:				
Construction in Progress	\$ 5,536,456	\$ 15,571,414	\$ -	\$ 21,107,870
Land	152,781	-	-	152,781
Total Capital, not being Depreciated	<u>5,689,237</u>	<u>15,571,414</u>	<u>-</u>	<u>21,260,651</u>
Capital Assets, being Depreciated:				
Land Improvements	671,395	-	-	671,395
Buildings and Improvements	50,472,522	-	-	50,472,522
Technology Equipment	1,408,219	-	(252,530)	1,155,689
Vehicles	1,938,512	153,983	-	2,092,495
General Equipment	995,574	129,235	-	1,124,809
Total Capital Assets, being Depreciated	<u>55,486,222</u>	<u>283,218</u>	<u>(252,530)</u>	<u>55,516,910</u>
Less: Accumulated Depreciation				
Land Improvements	(660,105)	(1,232)	-	(661,337)
Buildings and Improvements	(17,142,141)	(989,070)	-	(18,131,211)
Vehicles	(1,485,278)	(112,758)	-	(1,598,036)
Technology Equipment	(1,619,589)	(13,450)	246,695	(1,386,344)
General Equipment	(802,823)	(23,168)	-	(825,991)
Total Accumulated Depreciation	<u>(21,709,936)</u>	<u>(1,139,678)</u>	<u>246,695</u>	<u>(22,602,919)</u>
Governmental Activities				
Capital Assets - Net	<u>\$ 39,465,523</u>	<u>\$ 14,714,954</u>	<u>\$ (5,835)</u>	<u>\$ 54,174,642</u>
<u>Business-Type Activities</u>				
Capital Assets, being Depreciated:				
Food service and Equipment	\$ 1,231,479	\$ 193,845	\$ -	\$ 1,425,324
Buildings	19,304	-	-	19,304
Vehicles	26,713	-	-	26,713
Technology Equipment	14,914	-	(897)	14,017
Total Capital Assets, being Depreciated	<u>1,292,410</u>	<u>193,845</u>	<u>(897)</u>	<u>1,485,358</u>
Less: Accumulated Depreciation				
Food Service and Equipment	(801,587)	(56,923)	-	(858,510)
Buildings	(2,831)	(772)	-	(3,603)
Vehicles	(21,371)	(5,343)	-	(26,714)
Technology Equipment	(14,914)	-	897	(14,017)
Total Accumulated Depreciation	<u>(840,703)</u>	<u>(63,038)</u>	<u>897</u>	<u>(902,844)</u>
Business-Type Activities				
Capital Assets - Net	<u>\$ 451,707</u>	<u>\$ 130,807</u>	<u>\$ -</u>	<u>\$ 582,514</u>

**GLASGOW INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED
June 30, 2023**

6. Bonded Debt and Lease Obligations:

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

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

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

In connection with the school revenue bonds issued after May 1, 1996 the District entered into "participation agreements" with the School Facility Construction Commission. The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs. The table below sets forth the amount to be paid by the District and the Commission for each year until maturity of all bond issues. The liability for the total bond amount remains with the District and, as such, the total principal outstanding has been recorded in the financial statements.

The bonds may be called prior to maturity and redemption premiums are specified in each issue. Assuming no bonds are called prior to scheduled maturity, the minimum obligations of the District, including amounts to be paid by the Commission, at June 30, 2023 for debt service (principal and interest) are as follows:

Year	Principal	Interest	Participation	District's Portion
2023-2024	\$ 1,670,000	\$ 1,175,364	\$ 686,755	\$ 2,158,609
2024-2025	1,235,000	1,148,752	225,860	2,157,892
2025-2026	6,260,000	1,123,002	225,860	7,157,142
2026-2027	1,300,000	821,902	225,862	1,896,040
2027-2028	1,340,000	782,102	225,860	1,896,242
2028-2029	1,380,000	741,002	225,861	1,895,141
2029-2030	1,425,000	698,702	225,861	1,897,841
2030-2031	1,470,000	655,052	225,859	1,899,193
2031-2032	1,365,000	609,952	100,619	1,874,333
2032-2033	1,435,000	541,702	101,078	1,875,624
2033-2034	1,500,000	469,952	96,466	1,873,486
2034-2035	1,560,000	409,952	97,118	1,872,834
2035-2036	1,590,000	375,632	90,894	1,874,738
2036-2037	1,630,000	339,858	95,128	1,874,730
2037-2038	1,670,000	301,552	94,748	1,876,804
2038-2039	1,710,000	261,472	94,817	1,876,655
2039-2040	1,725,000	218,722	95,743	1,847,979
2040-2041	1,770,000	174,736	97,542	1,847,194
2041-2042	1,820,000	128,716	100,644	1,848,072
2042-2043	1,775,000	74,116	-	1,849,116
2043-2044	480,000	26,190	-	506,190
2044-2045	490,000	13,230	-	503,230
	<u>\$ 36,600,000</u>	<u>\$ 11,091,660</u>	<u>\$ 3,332,575</u>	<u>\$ 44,359,085</u>

**GLASGOW INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED
June 30, 2023**

6 Bonded Debt and Lease Obligations, Concluded:

Long-term debt activities for the year ended June 30, 2023, are as follows:

	Balance June 30, 2022	Additions	Debt Payments and Reductions	Balance June 30, 2023	Amount Due within one year
QZAB	\$ 5,000,000	\$ -	\$ -	\$ 5,000,000	\$ -
Series 2012	845,000	-	420,000	425,000	425,000
Series 2017	9,310,000	-	100,000	9,210,000	100,000
Series 2021	1,705,000	-	650,000	1,055,000	1,055,000
Series 2022	<u>21,000,000</u>	<u>-</u>	<u>90,000</u>	<u>20,910,000</u>	<u>90,000</u>
	37,860,000	-	1,260,000	36,600,000	1,670,000
Bond Premiums/ discounts	<u>1,287,068</u>	<u>-</u>	<u>103,744</u>	<u>1,183,324</u>	<u>96,243</u>
Total bonds, net with premium	<u>\$ 39,147,068</u>	<u>\$ -</u>	<u>\$ 1,363,744</u>	<u>\$ 37,783,324</u>	<u>\$ 1,766,243</u>

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

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

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

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

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

For the year ended June 30, 2023, the District paid \$14,962 in interest due to federal sequester.

GLASGOW INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED
June 30, 2023

7. Accumulated Unpaid Sick Leave Benefits:

Accrued sick leave is payable upon retirement at 30% of the value of the accumulated sick leave. In accordance with GAAP, the District has recorded approximately \$1,186,000 in accrued sick leave liability in the District-Wide Statement of Net Position. Of the \$1,186,000, \$526,000 is associated with employees that have met the retirement eligibility. The District-Wide Statement of Net Position reflects the current portion of accrued sick leave \$526,000. This amount is anticipated to be funded with current year's economic financial resources and is the District's amount associated with employees that have notified the District of retirement within the next year.

8. Retirement Plans:

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

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

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

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

Tier 1	Participation date	Before September 1, 2008
	Unreduced retirement	27 years of service or 65 years old
	Reduced retirement	At least 5 years of service and 55 years old At least 25 years of 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 year 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 plus age equal 87
	Reduced retirement	Not available

Cost of living adjustments are provided at the discretion of the General Assembly. Retirement is based on a factor of the number of years' service and hire date multiplied by the average of the highest five years' earnings. Reduced benefits are based on factors of both of these components. Participating employees become eligible to receive the health insurance benefit after at least 180 months of service.

**GLASGOW INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED
June 30, 2023**

8. Retirement Plans, Continued:

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

There have been no actuarial assumption changes since June 30, 2021. Additionally, there have been no plan provision changes that would materially impact the total pension liability since June 30, 2021.

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

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

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

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

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

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

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

GLASGOW INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED
June 30, 2023

8. Retirement Plans, Continued:

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

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

Contributions—Contribution rates are established by Kentucky Revised Statutes (KRS). Non-university employees are required to contribute 12.855% of their salaries to the plan for fiscal years ending June 30, 2023 and 2022. This applies to employees hired prior to July 1, 2008 and those hired afterwards. The District's contractually required contribution rate for the year ended June 30, 2023 and 2022 for KTRS was 16.105% for employees hired prior to July 1, 2008 and those hired afterwards.

The CERS nonhazardous contribution rate for the employer was 23.40% and 22.78% of annual compensation for the years ended June 30, 2023 and 2022, respectively. Employees hired before July 1, 2008 are required to contribute 5% of their salary and employees hired after that date are required to contribute 6%.

The Commonwealth of Kentucky, as a non-employer contributing entity, pays matching contributions at the rate of 13.105% of salaries for local school districts and regional cooperative employees hired before July 1, 2008 and 14.105% for those hired after July 1, 2008. If an employee leaves covered employment before accumulating five (5) years of credited service, accumulated employee pension contributions plus interest are refunded to the employee upon the member's request.

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

At June 30, 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 KTRS because the Commonwealth of Kentucky provides the pension support directly to KTRS on behalf of the District. The amount recognized by the District as its proportionate share of the net pension liability, the related Commonwealth support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of CERS net pension liability	\$ 7,231,690
Commonwealth's proportionate share of the KTRS net pension liability associated with the District	<u>57,519,833</u>
	<u><u>\$ 64,751,523</u></u>

GLASGOW INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED
June 30, 2023

8. Retirement Plans, Continued:

The total pension liability, net pension liability and sensitivity information was based on an actuarial valuation date of June 30, 2021. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year end using generally accepted actuarial principles.

The District's proportion of the net pension liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2022, the District's proportion was 0.100037%.

For the year ended June 30, 2023, the District recognized pension expense of \$549,967 related to CERS.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience in the measurement of the TPL	\$ 7,732	\$ 64,401
Changes in assumptions	-	-
Net difference between projected and actual investment earnings on pension plan investments	984,014	751,891
Changes in proportion and differences between employer contributions and proportionate share of contributions	6,048	70,050
Contributions to pension plan after measurement date	<u>649,169</u>	<u>-</u>
Total	<u>\$ 1,646,963</u>	<u>\$ 886,342</u>

The amount reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

	<u>Net Deferred Outflows/(Inflows)</u>
2024	\$ (33,211)
2025	(60,771)
2026	205,434
2027	-
2028	-
Total	<u>\$ 111,452</u>

GLASGOW INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED
June 30, 2023

8. Retirement Plans, Continued:

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

	CERS	KTRS
Inflation	2.30%	2.50%
Projected Salary Increases	3.30-11.55%	3-7.50%
Investment rate of return, net of investment expense and inflation	6.25%	7.10%

Mortality assumptions: Pre-retirement mortality uses PUB-2010 General Mortality table, for the nonhazardous systems, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. Post-retirement mortality (non-disabled) uses 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. Post-retirement mortality (disabled) uses PUB-2010 disable mortality table, with a 4 year set forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. These mortality assumptions were adopted in 2019.

For KTRS, mortality rates were based on the PUB-2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs and adjustments for each of the groups, service retirees, contingent annuitants, disabled retirees and active members. The actuarial assumptions used were based on the results of an actuarial experience study for the 5-year period ending June 30, 2020, adopted by the board on September 20, 2021. The assumed long-term investment rate of return was changed from 7.5% to 7.1% and the price inflation assumption was lowered from 3% to 2.5%. The municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index.

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

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

GLASGOW INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED
June 30, 2023

8. Retirement Plans, Continued:

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

Asset Class	CERS		KTRS	
	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
Public Equity	50.00%	4.45%	62.0%	20.00%
Private Equity	10.00%	10.15%	7.0%	6.90%
Core Fixed Income	10.00%	0.28%	15.0%	-0.10%
Specialty Credit	10.00%	2.28%	0.0%	0.00%
Cash	0.00%	-0.91%	0.0%	0.00%
Real Estate	7.00%	3.67%	7.0%	4.00%
Real Return	13.00%	4.07%	0.0%	0.00%
Cash	0.00%	0.00%	2.0%	-0.30%
High Yield Bonds	0.00%	0.00%	2.0%	1.70%
Other Additional Categories	0.00%	0.00%	5.0%	2.20%
Total	<u>100.00%</u>		<u>100.00%</u>	

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

For KTRS, the discount rate used to measure the total pension liability was 7.10%. For KTRS, the projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at Actuarially Determined Contribution rates for all future fiscal years. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
CERS	5.25%	6.25%	7.25%
District's proportionate share of net pension liability	9,038,713	7,231,690	5,737,129

GLASGOW INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED
June 30, 2023

8. Retirement Plans, Concluded:

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

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

The District's total payroll for the year was \$15,980,541. The payroll for employees covered under KTRS was \$13,211,938 and for CERS was \$2,768,603. For the year ended June 30, 2023, the federal matching contributed \$334,885 to KTRS for the benefit of our participating employees.

The contribution requirement for CERS for the year ended June 30, 2023 was \$881,256 which consisted of \$743,215 from the District and \$138,041 from employees.

The District also offers employees the option to participate in a defined contribution plan under Section 403(B), 401(K) and 457 of the Internal Revenue Code. All regular full-time and part-time employees are eligible to participate and may contribute up to the maximum amount allowable by law. The District does not contribute to these plans. Total employee contributions to the 403(B) plan for the year was \$33,650.

9. Other Post-Employment Benefits (OPEB):

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

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

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

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

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

GLASGOW INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED
June 30, 2023

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

Medical Insurance Plan - CERS

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

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

Benefits Provided: The plan was established to provide hospital and medical insurance for eligible members receiving benefits from KERS, CERS and SPRS. OPEB may be extended to beneficiaries of plan members under certain circumstances. The eligible non-Medicare retirees are covered by the Department of Employee Insurance (DEI) plans. KRS submits the premium payments to DEI. The Board contracts with Humana to provide health care benefits to the eligible Medicare retirees through a Medicare Advantage Plan.

The single discount rates used to calculate the total OPEB liability within each plan changed since the prior year. There were no other material assumption changes. Senate Bill 209 passed during the 2022 legislative session and increased the insurance dollar contribution for members hired on or after July 1, 2003 by \$5 for each year of service a member attains over certain thresholds, depending on a member's retirement eligibility requirement. The increase in the insurance dollar contribution does not increase by 1.5% annually and is only payable for non-Medicare retirees. Additionally, it is only payable when the member's applicable insurance fund is at least 90% funded. The increase is first payable January 1, 2023. Senate Bille 209 also allows members receiving the insurance dollar contribution to participate in a medical insurance reimbursement plan that would provide reimbursement of premiums for health plans other than those administered by KPPA.

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

**GLASGOW INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED
June 30, 2023**

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

Medical Insurance Plan – CERS, Concluded

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

<u>Dollar Contribution for Fiscal Year 2022</u>		<u>Portion Paid by Insurance Fund</u>	
For Member participation date on or after July 1, 2003			
<u>System</u>	(in whole dollars)	<u>Years of service</u>	<u>% Paid by Insurance Fund</u>
KERS Non-hazardous	\$ 13.99	20+ years	100.00%
KERS Hazardous	\$ 20.99	15-19 years	75.00%
CERS Non-hazardous	\$ 13.99	10-14 years	50.00%
CERS Hazardous	\$ 20.99	4-9 years	25.00%
SPRS	\$ 20.99	Less than 4 years	0.00%

Future year calculated in accordance with the current funding policy. The projection of cash flows used to determine the single discount rate must include an assumption regarding the actual employer contributions made each future year. The future contributions are projected assuming that each participating employer in KRS contributes the actuarially determined employer contribution rate each future year calculated in accordance with the current funding policy. The fully insured premiums KRS pays for the CERS health insurance plans are blended rates based on the combined experience of active and retired members. Because the average cost of providing healthcare benefits to retirees under age 65 is higher than the average cost of providing it to active employees, there is an implicit employer subsidy for the non-Medicare eligible retirees.

Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the plan's fiduciary net position and future contributions were projected to be 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 retirement plan. However, the cost associated with the implicit subsidy is not currently being included in the calculation of the System's actuarial determined contributions, and it is understood that any cost associated with the implicit subsidy will not be paid out of the Plan's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy. The distributions from the retiree health insurance trust pay the employers' portion of the blended premiums, not the employers' portion of the underlying retiree claims costs. As a result, the benefit payments and contribution amounts need to include an adjustment related to the implicit subsidy. Participating employers adjust their contributions by the implicit subsidy in order to determine the total employer contribution for GASB 75 purposes.

Medical Insurance Plan - KTRS

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

GLASGOW INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED
June 30, 2023

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

Benefits provided - To be eligible for medical benefits, the member must have retired either for service or disability. The KTRS Medical Insurance Fund offers coverage to employees under the age of 65 through the Kentucky Employees Health Plan administered by the Kentucky Department of Employee Insurance. KTRS retired members are given a supplement to be used for payment of their health insurance premium. The amount of the member's supplement is based on a contribution supplement table approved by the KTRS Board of Trustees.

Medical Insurance Plan - KTRS

The retired member pays premiums in excess of the monthly supplement. Once retired members and eligible spouses attain age 65 and are Medicare eligible, coverage is obtained through the KTRS Medicare Eligible Health Plan.

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

Life Insurance Plan - KTRS

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

Benefits provided – KTRS provides a life insurance benefit of five thousand dollars payable for members who retire based on service or disability. KTRS provides a life insurance benefit of two thousand dollars payable for its active contributing members who began contributing before January 1, 2022. For members who entered on or after January 1, 2022, the life insurance benefit payable upon the death of a member is five thousand dollars for active contributing members and ten thousand dollars for retired or disable members. The life insurance benefit is payable upon the death of the member to the member's estate or to a party designated by the member.

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

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

At June 30, 2023, the District reported a liability of \$1,973,908 for CERS, \$6,112,000 for KTRS Medical Insurance Plan and \$0 for KTRS Life Insurance Plan for its proportionate share of the net OPEB liability. The District did not report a liability for its proportionate share of the collective net OPEB liability for the Life Insurance Plan because the Commonwealth provides OPEB support directly to KTRS on behalf of the District. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial value as of June 30, 2021. At June 30, 2022, the District's proportionate share was .100020% for CERS, .246202% for KTRS Medical Insurance plan and 0% for KTRS Life Insurance Plan.

**GLASGOW INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED
June 30, 2023**

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

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

District's proportionate share of CERS net OPEB liability	\$	1,973,908
District's proportionate share of KTRS net OPEB liability		6,112,000
Commonwealth's proportionate share of the KTRS net OPEB liability associated with the District		<u>2,108,000</u>
	\$	<u>10,193,908</u>

As a result of its requirement to contribute to the Plan, the District recognized OPEB expense of \$214,042 for CERS. For KTRS Medical Insurance Plan the District recognized OPEB expense of \$1,336,381. At June 30, 2023, the District reported deferred inflows and deferred outflows of resources related to the net OPEB liability from the following sources:

	CERS		KTRS	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience in the measurement of the net OPEB liability	\$ 198,690	\$ 452,663	\$ -	\$ 1,933,710
Changes in assumptions	312,187	257,241	934,112	-
Net difference between projected and actual investment earnings on pension plan investments	367,562	287,446	244,630	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	9,871	37,584	1,513,699	60,969
Contributions to OPEB plan after measurement date	<u>165,213</u>	<u>-</u>	<u>333,652</u>	<u>-</u>
Total	<u>\$ 1,053,523</u>	<u>\$ 1,034,934</u>	<u>\$ 3,026,093</u>	<u>\$ 1,994,679</u>

The deferred outflows resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in expense as follows:

	Net Deferred Outflows/(Inflows)	
	<u>CERS</u>	<u>KTRS</u>
2024	\$ (18,666)	\$ (34,625)
2025	(130,111)	4,516
2026	2,153	45,163
2027	-	316,891
2028	-	261,190
Thereafter	<u>-</u>	<u>104,627</u>
Total	<u>\$ (146,624)</u>	<u>\$ 697,762</u>

GLASGOW INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED
June 30, 2023

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

Actuarial Assumptions: The total OPEB liability, net OPEB liability and sensitivity information are based on an actuarial valuation performed as of June 30, 2021. The total OPEB liability was rolled-forward from the valuation date to the plan's fiscal year end, June 30, 2022 using generally accepted actuarial principles. For CERS, the KRS Board of Trustees adopted the following updated actuarial assumptions used in performing the actuarial valuation as of June 30, 2022:

OPEB notes	CERS
Board adopted - interim	
Inflation	2.30%
Payroll Growth Rate	2.0% for CERS non-hazardous and hazardous
Salary Increase	3.3 - 10.30% for CERS non-hazardous
Investment Rate of Return	6.25%
Healthcare Trend Pre-65	Initial trend starting at 6.25% at January 1, 2022, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years.
Healthcare Trend Post-65	Initial trend starting at 6.30% at January 1, 2023, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.

Assumptions used for 6/30/21

	KTRS
Investment Rate of Return:	
Medical Insurance Plan	7.10%, net of OPEB plan investment expense, including inflation
Life Insurance Plan	7.10%, net of OPEB plan investment expense, including inflation
Projected salary increases:	
Medical Insurance Plan	3.00-7.50%, including wage inflation
Life Insurance Plan	3.00%-7.50% including wage inflation
Inflation	
Medical Insurance Plan	2.50%
Life Insurance Plan	2.50%
Real wage growth	0.25%, for both Medical and Life Insurance Plans.
Wage inflation	
Medical Insurance Plan	2.75% for both medical plans and Life Insurance Plans
Healthcare cost trend rates:	
Healthcare Trend Pre-65	Initial trend starting at 7.00% for fiscal year 2022 and decreasing to an ultimate trend rate of 4.50% by fiscal year 2032
Healthcare Trend Post-65	Initial trend starting at 5.125% for fiscal year 2022 decreasing to an ultimate trend rate of 4.50% by fiscal year 2025.
Medicare Part B Premiums	6.97% for fiscal year 2022 with ultimate rate of 4.50% by 2034
Municipal Bond Index Rate	3.37%, for both Medical and Life Insurance Plans.
Discount Rate	8%, for Medical and 7.50% for Life Insurance Plans
Medical Insurance Plan	7.10%
Life Insurance Plan	7.10%
Single equivalent interest rate:	
Medical Insurance Plan	7.10%, net of OPEB plan investment expense, including inflation
Life Insurance Plan	7.10%, net of OPEB plan investment expense, including inflation

**GLASGOW INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED
June 30, 2023**

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

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

For KTRS, Mortality rates were based on the Pub 2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees and active members. The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation and rates of plan election used in the June 30, 2021, valuation were based on the results of the most recent actuarial experience study for the system, which covered the five-year period ending June 30, 2020, adopted by the board on September 20, 2021. The remaining actuarial assumptions (e.g., initial per capita costs, healthcare cost trends) used in the June 30, 2021, valuation of the health trust were based on a review of recent plan experience done concurrently with the June 30, 2021, valuation. The healthcare cost trend rate assumption was updated for the June 30, 2021, valuation and was shown as an assumption change in the total OPEB liability (TOL) roll-forward while the change in initial per capita claims costs were included with the experience in the TOL roll-forward. The municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Board of Governors of the Federal Reserve System..

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

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

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

Asset Class	CERS		KTRS	
	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
Public Equity	50.00%	4.45%	58.00%	5.10%
Private Equity	10.00%	10.15%	8.50%	6.90%
Core Bonds	10.00%	0.28%	9.00%	-0.10%
Specialty Credit/High Yield	10.00%	2.28%	8.00%	1.70%
Cash	0.00%	-0.91%	1.00%	-0.30%
Real Estate	7.00%	3.67%	6.50%	4.00%
Real Return	13.00%	4.07%	0.00%	0.00%
Other Additional Categories	<u>0.00%</u>	0.00%	<u>9.00%</u>	2.20%
Total	<u>100.00%</u>		<u>100.00%</u>	

GLASGOW INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED
June 30, 2023

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

Discount Rate: The single discount rate of 5.70% for non-hazardous and was used to measure the total OPEB liability as of June 30, 2022. The single discount rate is based on the expected rate of return on OPEB plan investments of 6.25% and a municipal bond rate of 3.69% as reported in Fidelity Index's "20 Year Municipal GO AA Index" as of June 30, 2022. The following presents the City's proportionate share of the net OPEB liability if it were calculated using a discount rate 1% lower or 1% higher than the current discount rate:

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
CERS - Nonhazardous	4.70%	5.70%	6.70%
District's proportionate share of the net OPEB liability	\$ 2,638,801	\$ 1,973,908	\$ 1,424,264

Discount Rate: For KTRS - Medical Insurance Plan, the single discount rate of 7.10% was used to measure the total OPEB liability as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The following presents the District's proportionate share of the net OPEB liability if it were calculated using a discount rate 1% lower or 1% higher than the current discount rate:

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
KTRS	6.10%	7.10%	8.10%
District's proportionate share of the net OPEB liability	\$ 7,669,000	\$ 6,112,000	\$ 4,823,000

Healthcare Trend Rate: The initial trend rate for participants under 65 years of age starts at 6.40% at January 1, 2022 and gradually decreases to an ultimate trend rate of 4.05% over a period of 14 years. For those over 65 years of age the trend rate starts at 6.30% at January 1, 2023 and gradually decreases to an ultimate trend rate of 4.05% over a period of 13 years. The following table presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate:

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
CERS - Nonhazardous	4.70%	5.70%	6.70%
District's proportionate share of the net OPEB liability	\$ 1,467,557	\$ 1,973,908	\$ 2,581,941

GLASGOW INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS, CONCLUDED
June 30, 2023

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

Healthcare Trend Rate: For KTRS, the initial trend rate for participants starts at 6.75% and gradually decreases to an ultimate trend rate of 4.50% by 2031. Medicare Part B premiums starts at 1.55% with an ultimate rate of 4.50% by 2034. The following table presents the District's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate:

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

KTRS	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
KTRS	6.10%	7.10%	8.10%
District's proportionate share of the net OPEB liability	\$ 4,582,000	\$ 6,112,000	\$ 8,015,000

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

10. Arbitrage:

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

11. Contingencies:

The District receives funding from Federal, State and Local government agencies and private contributions. These funds are to be used for designated purposes only. For government agency grants, if based upon the grantor's review, the funds are considered not to have been used for the intended purpose, the grantor's may request a refund of monies advanced, or refuse to reimburse the District for its disbursements.

The amount of such future refunds and unreimbursed disbursements, if any, is not expected to be significant. Continuation of the District's grant programs is predicated upon the grantors' satisfaction that the funds provided are being spent as intended and the grantors' intent to continue their programs.

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

**GLASGOW INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS, CONCLUDED
June 30, 2023**

12. Insurance and Risk Management:

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

13. Operating Deficits:

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

General Fund	\$ 113,721
District Activity Fund	\$ 27,035
School Activity Fund	\$ 17,709
Construction	\$ 12,029,757

14. COBRA:

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

15. Litigation:

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

16. Transfer of Funds:

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

The following transfers were made during the year:

<u>Type</u>	<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
Operating	General	Special Revenue	Technology Match	\$ 41,604
Operating	Building	Debt Service	Debt Service	\$ 2,036,812
Operating	Special Revenue	General Fund	Technology Match	\$ 189,272
Operating	Debt Service	General Fund	Debt Service	\$ 40,968

**GLASGOW INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS, CONCLUDED
June 30, 2023**

16. Transfer of Funds:, Concluded

At June 30, 2023, interfund balances were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue	\$ 825,409

17. On Behalf Payments

During the year ended June 30, 2023, the Kentucky Division of Finance made payments on behalf of Glasgow Independent School District in the amount of \$8,864,558. These payments were paid for fringe benefits and retirement for the District personnel. These payments have been included in both revenue and expenditures on the Board's financial statements for the year ended June 30, 2023 as follows:

Health Insurance	\$2,959,028
KTRS Employer Match	5,248,178
KTRS Employer Match	114,940
Health Reimbursement Account	118,650
State Administration Fees	31,284
Life Insurance	3,909
Federal Reimbursement on Health Benefits	(398,980)
Technology	100,794
School Facilities Construction Commission Debt Service	<u>686,755</u>
	<u>\$8,864,558</u>
Recorded as follows:	
General Fund	\$8,058,305
Food Service Fund	119,498
Debt Service	<u>686,755</u>
	<u>\$8,864,558</u>

18. Subsequent Events

Management has evaluated subsequent events through November 10, 2023, the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**GLASGOW INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND
For the Year Ended June 30, 2023**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Favorable (Unfavorable)
Revenues:				
From local sources:				
Taxes:				
Property	\$ 5,720,000	\$ 5,720,000	\$ 5,868,898	\$ 148,898
Motor vehicles	475,000	475,000	510,515	35,515
Other	232,000	232,000	237,693	5,693
Tuition and fees	15,000	15,000	5,275	(9,725)
Earnings on investments	36,000	36,000	279,650	243,650
Other local revenues	61,000	61,000	112,424	51,424
Intergovernmental-state	15,817,165	15,817,165	18,279,371	2,462,206
Intergovernmental-direct federal	35,000	35,000	75,113	40,113
Total revenues	<u>22,391,165</u>	<u>22,391,165</u>	<u>25,368,939</u>	<u>2,977,774</u>
Expenditures:				
Instruction	14,278,465	14,278,465	15,964,929	(1,686,464)
Support services:				
Student	1,416,271	1,416,271	1,371,005	45,266
Instructional staff	768,194	768,194	964,552	(196,358)
District administration	3,423,085	3,423,085	1,576,177	1,846,908
School administration	1,450,944	1,450,944	1,663,463	(212,519)
Business	507,150	507,150	598,974	(91,824)
Plant operations and maintenance	1,924,794	1,924,794	2,428,343	(503,549)
Student transportation	903,405	903,405	924,578	(21,173)
Facilities acquisition and construction	460,843	460,843	179,275	281,568
Total expenditures	<u>25,133,151</u>	<u>25,133,151</u>	<u>25,671,296</u>	<u>(538,145)</u>
Excess (deficit) of revenues over expenditures	<u>(2,741,986)</u>	<u>(2,741,986)</u>	<u>(302,357)</u>	<u>2,439,629</u>
Other financing sources (uses):				
Operating transfers in	-	-	230,240	230,240
Operating transfers out	-	-	(41,604)	(41,604)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>188,636</u>	<u>188,636</u>
Net Change in Fund Balance	(2,741,986)	(2,741,986)	(113,721)	2,628,265
Fund balance, July 1, 2022	<u>2,741,986</u>	<u>2,741,986</u>	<u>3,013,213</u>	<u>271,227</u>
Fund balance, June 30, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,899,492</u>	<u>\$ 2,899,492</u>

The District did not budget On Behalf payments for FY 2023.

**GLASGOW INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL – SPECIAL REVENUE
For the Year Ended June 30, 2023**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Favorable (Unfavorable)
Revenues:				
Intergovernmental-state	\$ 1,291,546	\$ 1,291,546	\$ 1,327,194	\$ 35,648
Intergovernmental-indirect federal	2,591,345	2,591,345	7,359,263	4,767,918
Total revenues	<u>3,882,891</u>	<u>3,882,891</u>	<u>8,686,457</u>	<u>4,803,566</u>
Expenditures:				
Instruction	3,024,729	3,024,729	4,753,906	(1,729,177)
Support services:				
Student	111,276	111,276	396,368	(285,092)
Instructional staff	323,726	323,726	369,212	(45,486)
Business	-	-	85,497	(85,497)
Student transportation	2,500	2,500	1,489	1,011
Community service activities	299,669	299,669	299,669	-
Building Improvements	-	-	2,632,648	(2,632,648)
Total expenditures	<u>3,761,900</u>	<u>3,761,900</u>	<u>8,538,789</u>	<u>(4,776,889)</u>
Excess (deficit) of revenues over expenditures	<u>120,991</u>	<u>120,991</u>	<u>147,668</u>	<u>26,677</u>
Other financing sources (uses):				
Operating transfers in	248	248	41,604	41,356
Operating transfers (out)	-	-	(189,272)	(189,272)
Total other financing sources (uses)	<u>248</u>	<u>248</u>	<u>(147,668)</u>	<u>(147,916)</u>
Net Change in Fund Balance	121,239	121,239	-	(121,239)
Fund balance, July 1, 2022	-	-	-	-
Fund balance, June 30, 2023	<u>\$ 121,239</u>	<u>\$ 121,239</u>	<u>\$ -</u>	<u>\$ (121,239)</u>

The District did not budget On Behalf payments for FY 2023.

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

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.100037%	0.101805%	0.102215%	0.100365%	0.100674%	0.101730%	0.101214%	0.098280%	0.976700%
District's proportionate share of the net pension liability	\$ 7,231,690	\$ 6,490,868	\$ 7,839,807	\$ 7,058,715	\$ 6,131,353	\$ 5,954,571	\$ 4,983,375	\$ 4,225,679	\$ 3,168,854
District's covered-employee payroll	\$ 2,768,603	\$ 2,788,279	\$ 2,598,740	\$ 2,623,970	\$ 2,544,943	\$ 2,480,783	\$ 2,478,338	\$ 2,414,357	\$ 2,293,462
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	261.20%	232.79%	301.68%	269.01%	240.92%	240.03%	201.08%	175.02%	138.17%
Plan fiduciary net position as a percentage of the total pension liability	52.42%	57.33%	47.81%	50.45%	53.54%	53.30%	55.50%	59.97%	66.80%

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

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

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 649,169	\$ 589,472	\$ 501,683	\$ 506,498	\$ 409,998	\$ 356,861	\$ 462,953	\$ 411,890	\$ 405,255
Contributions in relation to the contractually required contribution	<u>(649,169)</u>	<u>(589,472)</u>	<u>(501,683)</u>	<u>(506,498)</u>	<u>(409,998)</u>	<u>(356,861)</u>	<u>(462,953)</u>	<u>(411,890)</u>	<u>(405,255)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 2,768,603	\$ 2,788,279	\$ 2,598,740	\$ 2,623,970	\$ 2,544,943	\$ 2,480,783	\$ 2,478,338	\$ 2,414,357	\$ 2,293,462
Contributions as a percentage of covered-employee payroll	23.45%	21.14%	19.30%	19.30%	16.11%	14.39%	18.68%	17.06%	17.67%

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

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

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
District's proportion of the net OPEB liability	0.100020%	0.101781%	0.102185%	0.100343%	0.100672%	0.101730%
District's proportionate share of the net OPEB liability	\$ 1,973,908	\$ 1,948,546	\$ 2,467,457	\$ 1,687,724	\$ 1,787,411	\$ 2,045,121
District's covered-employee payroll	\$ 2,768,603	\$ 2,788,279	\$ 2,598,740	\$ 2,623,970	\$ 2,544,943	\$ 2,480,783
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	71.30%	69.88%	94.95%	64.32%	70.23%	82.44%
Plan fiduciary net position as a percentage of the total OPEB liability	60.95%	62.91%	51.67%	60.44%	57.62%	52.40%

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

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

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Contractually required contribution	\$ 96,046	\$ 160,942	\$ 123,723	\$ 124,967	\$ 136,666	\$ 118,954
Contributions in relation to the contractually required contribution	<u>(96,046)</u>	<u>(160,942)</u>	<u>(123,723)</u>	<u>(124,967)</u>	<u>(136,666)</u>	<u>(118,954)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 2,768,603	\$ 2,788,279	\$ 2,598,740	\$ 2,623,970	\$ 2,544,943	\$ 2,480,783
Contributions as a percentage of covered-employee payroll	3.47%	5.77%	4.76%	4.76%	5.37%	4.80%

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

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

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
District's proportionate share of the net pension liability	-	-	-	-	-	-	-	-	-
Commonwealth's proportion of the net pension liability associated with the District	0.34%	0.33%	0.32%	0.33%	0.31%	0.33%	0.31%	0.30%	0.30%
Commonwealth's proportionate share of the net pension liability associated with the District	<u>\$ 57,519,833</u>	<u>\$ 42,433,583</u>	<u>\$ 45,673,742</u>	<u>\$ 44,059,377</u>	<u>\$ 41,681,030</u>	<u>\$ 89,270,790</u>	<u>\$ 92,468,678</u>	<u>\$ 71,214,105</u>	<u>\$ 62,599,484</u>
Total	<u>\$ 57,519,833</u>	<u>\$ 42,433,583</u>	<u>\$ 45,673,742</u>	<u>\$ 44,059,377</u>	<u>\$ 41,681,030</u>	<u>\$ 89,270,790</u>	<u>\$ 92,468,678</u>	<u>\$ 71,214,105</u>	<u>\$ 62,599,484</u>
District's covered-employee payroll	\$ 13,211,938	\$ 12,573,550	\$ 12,025,990	\$ 11,321,183	\$ 11,025,805	\$ 10,903,845	\$ 11,015,425	\$ 10,362,693	\$ 9,940,294
District's proportionate share of the net pension liability as a percentage of the District's covered-employee payroll	-	-	-	-	-	-	-	-	-
Commonwealth's proportionate share of the net pension liability as a percentage of the District's covered-employee payroll	435.36%	337.48%	379.79%	389.18%	378.03%	818.71%	839.45%	687.22%	629.75%
Plan fiduciary net position as a percentage of the total pension liability	56.40%	65.60%	58.30%	58.80%	59.30%	39.83%	35.22%	42.49%	45.59%

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

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

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 13,211,938	\$ 12,573,550	\$ 12,025,990	\$ 11,321,183	\$ 11,025,805	\$ 10,902,845	\$ 11,015,425	\$ 10,362,693	\$ 9,940,294
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

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

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
District's proportion of the net OPEB liability						
Medical Insurance	0.246202%	0.174988%	0.173975%	0.172897%	0.165372%	0.175443%
Life Insurance	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
District's proportionate share of the net OPEB liability						
Medical Insurance	\$ 6,112,000	\$ 3,755,000	\$ 4,391,000	\$ 5,060,000	\$ 5,738,000	\$ 6,256,000
Life Insurance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commonwealth's portion of the net OPEB liability associated with the District						
Medical Insurance	0.080880%	0.142112%	0.139361%	0.139627%	0.142516%	0.143312%
Life Insurance	0.321112%	0.310002%	0.306401%	0.305525%	0.300892%	0.311530%
Commonwealth's proportionate share of the net OPEB liability associated with the District						
Medical Insurance	\$ 2,008,000	\$ 3,049,000	\$ 3,517,000	\$ 4,087,000	\$ 4,945,000	\$ 5,110,000
Life Insurance	100,000	41,000	106,000	95,000	85,000	68,000
Total	\$ 2,108,000	\$ 3,090,000	\$ 3,623,000	\$ 4,182,000	\$ 5,030,000	\$ 5,178,000
District's covered-employee payroll	\$ 13,211,938	\$ 12,573,550	\$ 12,025,990	\$ 11,321,183	\$ 11,025,805	\$ 10,903,845
District's proportionate share of the net OPEB Liability as a percentage of its covered-employee payroll	46.26%	29.86%	36.51%	44.69%	52.04%	57.37%
Commonwealth's proportionate share of the net OPEB liability as a percentage of the District's covered-employee payroll	15.96%	24.58%	30.13%	36.94%	45.62%	47.49%
Plan fiduciary net position as a percentage of the total OPEB liability	47.80%	51.70%	39.10%	32.58%	25.50%	21.18%

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

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

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Contractually required contribution						
Medical Insurance	\$ 333,652	\$ 324,498	\$ 310,610	\$ 307,467	\$ 300,539	\$ 294,319
Life Insurance	-	-	-	-	-	-
Contributions in relation to the contractually required contribution						
Medical Insurance	(333,652)	(324,498)	(310,610)	(307,467)	(300,539)	(294,319)
Life Insurance	-	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 13,211,938	\$ 12,573,550	\$ 12,025,990	\$ 11,321,183	\$ 11,025,805	\$ 10,903,845
Contributions as a percentage of covered-employee payroll	2.53%	2.58%	2.58%	2.72%	2.73%	2.70%

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

SUPPLEMENTARY INFORMATION

**GLASGOW INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
June 30, 2023**

	Building Fund	Seek Capital Outlay Fund	District Activity Fund	School Activity Fund	Total Nonmajor Governmental Funds
Assets and resources:					
Cash and cash equivalents	\$ 1,672,363	\$ 421,345	\$ 4,176	\$ 294,710	\$ 2,392,594
Accounts receivable	-	-	-	-	-
Total Assets and Resources	<u>\$ 1,672,363</u>	<u>\$ 421,345</u>	<u>\$ 4,176</u>	<u>\$ 294,710</u>	<u>\$ 2,392,594</u>
Liabilities and fund balance:					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	-	-	-	-	-
Fund balances:					
Nonspendable					
Restricted:					
District activity funds	-	-	4,176	-	4,176
Construction	1,672,363	-	-	-	1,672,363
Capital outlay-debt service	-	421,345	-	-	421,345
School activity funds	-	-	-	294,710	294,710
Total fund balances	<u>1,672,363</u>	<u>421,345</u>	<u>4,176</u>	<u>294,710</u>	<u>2,392,594</u>
Total Liabilities and Fund Balances	<u>\$ 1,672,363</u>	<u>\$ 421,345</u>	<u>\$ 4,176</u>	<u>\$ 294,710</u>	<u>\$ 2,392,594</u>

**GLASGOW INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023**

	Building Fund	Seek Capital Outlay Fund	District Activity Fund	School Activity Fund	Total Nonmajor Governmental Funds
Revenues:					
From local sources:					
Taxes:					
Property	\$ 920,834	\$ -	\$ -	\$ -	\$ 920,834
Other local revenues	-	-	34,410	785,627	820,037
Intergovernmental-State	1,263,046	214,949	-	-	1,477,995
Total revenues	<u>2,183,880</u>	<u>214,949</u>	<u>34,410</u>	<u>785,627</u>	<u>3,218,866</u>
Expenditures:					
Instruction	-	-	55,621	803,336	858,957
Day Care Operations	-	-	5,824	-	5,824
Total expenditures	<u>-</u>	<u>-</u>	<u>61,445</u>	<u>803,336</u>	<u>864,781</u>
Excess (deficit) of revenues over expenditures	<u>2,183,880</u>	<u>214,949</u>	<u>(27,035)</u>	<u>(17,709)</u>	<u>2,354,085</u>
Other financing sources (uses):					
Operating transfers out	<u>(2,036,812)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,036,812)</u>
Total other financing sources (uses)	<u>(2,036,812)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,036,812)</u>
Net Change in Fund Balance	147,068	214,949	(27,035)	(17,709)	317,273
Fund balance, July 1, 2022	<u>1,525,295</u>	<u>206,396</u>	<u>31,211</u>	<u>312,419</u>	<u>2,075,321</u>
Fund balance, June 30, 2023	<u>\$ 1,672,363</u>	<u>\$ 421,345</u>	<u>\$ 4,176</u>	<u>\$ 294,710</u>	<u>\$ 2,392,594</u>

**GLASGOW INDEPENDENT SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCES
GLASGOW HIGH SCHOOL ACTIVITY FUNDS
For the Year Ended June 30, 2023**

	Cash	(1)	(1)	Cash	Accounts	Accounts	Student Activity
	Balance	Receipts	Disbursements	Balance	Receivable	Payable	Fund Balance
	July 1, 2022			June 30, 2022			June 30, 2022
100 High School Misc.	\$ -	\$ 7,161	\$ 4,937	\$ 2,224	\$ -	\$ -	\$ 2,224
101 Fees	351	17,562	17,912	1	-	-	1
102 Faculty Machines	74	2,466	2,311	229	-	-	229
103 Now Account	8,829	7,656	5,641	10,844	-	-	10,844
106 Student Activities	104	14,082	14,158	28	-	-	28
107 Student Incentives	1	147	148	-	-	-	-
109 Children's Day	1,238	2,719	3,693	264	-	-	264
110 Guidance	10,163	3,139	7,362	5,940	-	-	5,940
111 Donations	2,750	1,000	-	3,750	-	-	3,750
112 Kids Benefits	439	-	183	256	-	-	256
113 Special Account	150	2,000	-	2,150	-	-	2,150
114 Youth Service Center	10,041	11,945	18,040	3,946	-	-	3,946
115 21st Century	53	750	750	53	-	-	53
116 Tech	2,115	794	850	2,059	-	-	2,059
117 DAF Sweep	483	6,753	6,753	483	-	-	483
119 USN	2,133	1,067	2,319	881	-	-	881
299 Pep Band	-	1,462	-	1,462	-	-	1,462
300 Academic Team	1,969	21,344	23,209	104	-	-	104
301 Art Club	1,459	100	63	1,496	-	-	1,496
302 Band	36	5,000	5,000	36	-	-	36
303 Beta Club	5,309	15,280	14,023	6,566	-	-	6,566
304 Deca Club	1,999	7,322	4,845	4,476	-	-	4,476
305 FCA - Fellow Christian	5	-	-	5	-	-	5
306 FCCLA	662	-	-	662	-	-	662
307 Foreign Language Dept.	4	1,490	976	518	-	-	518
310 PEP Club	-	736	736	-	-	-	-
311 Student ambassadors	611	300	540	371	-	-	371
313 Spanish Club	396	220	604	12	-	-	12
314 TSA	8,912	13,511	17,619	4,804	-	-	4,804
315 Student Y	1,772	10,044	11,816	-	-	-	-
316 HOSA	460	3,154	3,435	179	-	-	179
400 Student Marketing & Media	2,034	-	-	2,034	-	-	2,034
401 Bookstore	6,538	9,182	6,819	8,901	-	-	8,901
402 Academy of Engineering	281	-	105	176	-	-	176
403 Industrial Arts	-	1,430	430	1,000	-	-	1,000
404 Art Department	-	543	208	335	-	-	335
405 Adv. Med	34	1,687	1,721	-	-	-	-
406 Culinary Arts	804	9,534	7,669	2,669	-	-	2,669
407 Home Economics	210	200	95	315	-	-	315
408 Choir	-	6,984	6,809	175	-	-	175
409 English Department	246	360	409	197	-	-	197
410 Library	-	5	-	5	-	-	5
411 Health/PE	169	1,100	1,244	25	-	-	25
412 Science Lab Fees	21	822	445	398	-	-	398
413 SPED	146	-	-	146	-	-	146
414 Social Studies	343	200	-	543	-	-	543
415 Tea with the Scotties	145	1,139	1,074	210	-	-	210
416 Yearbook	-	2,330	58	2,272	-	-	2,272
417 Seniors	2,019	17,206	17,996	1,229	-	-	1,229
418 Marketing	979	500	244	1,235	-	-	1,235
419 Math Department	1	622	351	272	-	-	272
420 Magazines	2,513	6,384	6,360	2,537	-	-	2,537
422 Drama	1,678	19,303	16,381	4,600	-	-	4,600
425 Performing Arts Support	11,548	-	4,753	6,795	-	-	6,795
430 Freshmen	104	-	-	104	-	-	104
435 After Prom	130	5,334	4,938	526	-	-	526
498 ATH Memorial	2,351	70	976	1,445	-	-	1,445
499 Ath. - Startup	-	5,250	5,250	-	-	-	-
500 Athletics - General	18,311	97,461	107,143	8,629	-	-	8,629
501 Ath. - Miscellaneous	77	1,758	1,410	425	-	-	425
502 Ath. - Officials	-	3,835	3,835	-	-	-	-
503 Ath. - Uniform	-	10,848	10,848	-	-	-	-
504 Ath. - Boys' Basketball	624	21,827	20,077	2,374	-	-	2,374
505 Ath. - Boys' Golf	5,399	5,377	8,096	2,680	-	-	2,680
506 Ath. - Boys' Soccer	7,074	12,753	12,643	7,184	-	-	7,184
507 Ath. - Boys' Tennis	148	500	402	246	-	-	246
508 Ath. - Baseball	6,885	19,790	24,158	2,517	-	-	2,517
509 Ath. - Cheerleaders	6,430	17,618	20,132	3,916	-	-	3,916
510 Ath. - Football	2,786	23,600	20,715	5,671	-	-	5,671
511 Ath. - Girls' Basketball	4,371	22,351	21,103	5,619	-	-	5,619
512 Ath. - Girls' Golf	1,959	1,850	3,292	517	-	-	517
513 Ath. - Girls' Soccer	6,410	2,630	130	8,910	-	-	8,910
514 Ath. - Girls' Tennis	410	500	733	177	-	-	177
515 Ath. - Softball	6,545	13,223	12,225	7,543	-	-	7,543
516 Ath. - Swimming	182	500	457	225	-	-	225
517 Ath. - Girls' Track	1,605	12,009	11,006	2,608	-	-	2,608
518 Ath. - Volleyball	6,183	12,048	7,312	10,919	-	-	10,919
519 Ath. - Cross Country	-	2,501	2,445	56	-	-	56
520 Archery Club	819	-	-	819	-	-	819
521 BA Boys Basketball	1,467	-	1,467	-	-	-	-
524 BA Quarterback	10,894	33,864	31,582	13,176	-	-	13,176
526 Esports	623	635	719	539	-	-	539
527 Girls Basketball Donation	-	10,000	8,114	1,886	-	-	1,886
528 Boys Basketball Donation	-	8,000	3,300	4,700	-	-	4,700
TOTAL	\$ 184,014	\$ 584,867	\$ 585,602	\$ 183,279	\$ -	\$ -	\$ 183,279

**GLASGOW INDEPENDENT SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCES
SCHOOL ACTIVITY FUNDS
ALL FUNDS COMBINED
For the Year Ended June 30, 2023**

	Cash Balance <u>July 1, 2022</u>	<u>Receipts</u>	<u>Disbursements</u>	Cash Balance <u>June 30, 2023</u>	<u>Accounts Receivable</u>	<u>Accounts Payable</u>	School Activity Fund Balance <u>June 30, 2023</u>
Glasgow Middle School	\$ 71,849	\$ 161,772	\$ 182,808	\$ 50,813	\$ -	\$ -	\$ 50,813
Highland Elementary	32,908	92,702	100,783	24,827	-	-	24,827
Glasgow Preschool Academy	12,553	10,664	6,446	16,771	-	-	16,771
South Green Elementary	17,347	41,140	39,467	19,020	-	-	19,020
Glasgow High School	<u>184,014</u>	<u>584,867</u>	<u>585,602</u>	<u>183,279</u>	-	-	<u>183,279</u>
	318,671	891,145	915,106	294,710	-	-	294,710
Less interfund transfers	-	<u>(103,132)</u>	<u>(103,132)</u>	-	-	-	-
	<u>\$ 318,671</u>	<u>\$ 788,013</u>	<u>\$ 811,974</u>	<u>\$ 294,710</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 294,710</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**GLASGOW INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2023**

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Number	Federal Expenditures
<u>U.S. Department of Agriculture:</u>			
Passed-through State Department of Education:			
Child Nutrition Cluster:			
National School Lunch Program	10.555	7750002 22/23	\$ 1,391,199
School Breakfast Program	10.553	7760005 22/23	609,778
Summer Food Service Program	10.559	7740023 22	<u>170,870</u>
Total Child Nutrition Cluster			<u>2,171,847</u>
Other Programs			
State Administrative Expense	10.649	9990000 22	4,672
Child and Adult Care	10.558	7800016 22/23	183,618
State Administrative Expense	10.560	7700001 22	1,860
Commodity Supplement Food Program	10.565	7750002 22/23	<u>118,581</u>
Total Other Programs			<u>308,731</u>
Total U.S. Department of Agriculture			<u>\$ 2,480,578</u>
Passed-through State Department of Education:			
Title I, Part A Cluster			
Title I Grants	84.010	3100002	\$ 1,284,226
Migrant Education	84.011	3110002	<u>123,511</u>
Total Title I, Part A Cluster			<u>1,407,737</u>
Special Education Cluster (IDEA)			
Special Education Grants	84.027	4910002	606,595
Special Education Preschool Grants	84.173	3800002	<u>29,779</u>
Total Special Education Cluster (IDEA)			<u>636,374</u>
Other Programs			
Career and Technical Education	84.048	3710002	14,132
English Language Acquisition	84.365	3300002	26,842
Student Support and Academic	84.424	3420002	73,369
Education Stabilization Fund	84.425	4300005	4,629,491
21st Century	84.287	3400002	53,541
Rural Education	84.358	3140002	65,612
Comprehensive Literacy Development	84.371	3220002	217,025
Supporting Effective Instruction	84.367	3230002	<u>128,426</u>
Total Other Programs			<u>5,208,438</u>
Total U.S. Department of Education			<u>\$ 7,252,549</u>
Total expenditures of federal awards			<u>\$ 9,733,127</u>

GLASGOW INDEPENDENT SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2023

1. Basis of Presentation:

The accompanying schedule of expenditures of federal awards includes the federal award activity of the Glasgow Independent School District under programs of the federal government for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Glasgow Independent School District, it is not intended to and does not present the financial position, changes in net position or cash flows of Glasgow Independent School District.

2. Summary of Significant Accounting Policies:

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

3. Food Distribution:

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

4. Indirect Cost Rate:

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

5. Subrecipients:

There were no awards passed through to subrecipients.

**GLASGOW INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2023**

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

Type of auditor's report issued on compliance for major programs :Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

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

Auditee qualified as low-risk auditee? Yes No

Identification of Major Programs:

<u>Federal Grantor/Program Title</u>	<u>Federal Assistance Listing</u>
U.S. Department of Energy	
Passed Through Kentucky Department of Education:	
Child Nutrition Cluster	
National School Breakfast Program	10.553
National School Lunch Program	10.555
Summer Food Service Program	10.559
Commodity Supplement Food Program	10.565
Education Stabilization Fund	84.425

**GLASGOW INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONCLUDED
For the Year Ended June 30, 2023**

II. FINANCIAL STATEMENTS FINDINGS

Current Year Findings

- a. No matters were reported.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Current Year Findings

- b. No matters were reported.

IV. NONCOMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

Current Year Findings

- c. No matters were reported.

**GLASGOW INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended June 30, 2023**

Prior Year Findings

Reference Number 2022-001 and 2022-002

Prior year fiscal year condition: Board staff was overpaid for their accrued sick leave upon retirement by 70%

Observation: Board staff overpayment was paid back in full. All accrued sick leave is now approved by the Superintendent.



CAMPBELL, MYERS AND RUTLEDGE, PLLC

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

Skip R. Campbell, CPA ▪ L. Joe Rutledge, CPA ▪ Jenna B. Glass, CPA ▪ Jordan T. Constant, CPA ▪ Lane S. Norris, CPA

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Kentucky Public School Districts' Audit Contract and Requirements*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Glasgow Independent School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Glasgow Independent School District's basic financial statements and have issued our report thereon dated November 10, 2023.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. 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 Glasgow Independent School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted other matters that we reported to management of Glasgow Independent School District in a separate letter dated November 10, 2023.

Purpose of this Report

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

Campbell, Myers & Ratledge, PLLC

Glasgow, Kentucky
November 10, 2023



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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Glasgow Independent School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Glasgow Independent School District's major federal programs for the year ended June 30, 2023. Glasgow Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Glasgow Independent School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

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

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

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

Campbell, Myers & Rutledge, PLLC

Glasgow, Kentucky
November 10, 2023

