

ANDERSON COUNTY BOARD OF EDUCATION

FINANCIAL STATEMENTS
SUPPLEMENTARY INFORMATION
And
INDEPENDENT AUDITOR'S REPORTS

Year Ended June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

State Committee For School District Audits
Members of the Board of Education
Anderson County Board of Education
Lawrenceburg, Kentucky

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Anderson County Board of Education as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Board'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 Board 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. 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 Board 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 Board'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 Board'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 Board'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, budgetary comparison information, the Schedules of Proportionate Share of the Net Pension Liability and Schedule of Pension Contributions, the Schedule of Proportionate Share of the Net OPEB Liability and Schedule of OPEB Contributions 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 Board'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 (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining 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.

Emphasis of Matter

As described in Note Q to the financial statements, the Board adopted new accounting guidance, *GASB Statement No. 96, Subscription Based Information Technology Arrangement (SBITA)*. The objective of this statement is to better meet the information needs of financial statement users. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2023 on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board'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 the Board's internal control over financial reporting and compliance.

Denise M. Keene

Denise M. Keene, CPA
Georgetown, Kentucky
December 6, 2023

MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)

YEAR ENDED JUNE 30, 2023

As management of the Anderson County Board of Education (District), we offer readers of the financial statements this narrative overview and analysis of the financial activities of District for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented herein along with District’s financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The ending cash balance for the District was \$10 million in 2022 and \$11.9 million in 2023.
- The General Fund had \$35.5 million in revenues, which primarily consisted of funding from the State’s Support Education Excellence in Kentucky (SEEK) program and revenues from taxes, which include property taxes, motor vehicle taxes, and utility taxes. This compares to \$31.8 million in General Fund revenues from the prior year, which is a 11% increase.
- The District’s ending net position increased by \$2,523,198, primarily due to changes in the net pension liability and increase in revenue.

OTHER HIGHLIGHTS

- Anderson County Schools outperformed the state in 11 out of 15 tested areas by school level.
- Anderson County Schools combined elementary performance ranked in the top 19.8% of KY.
- Turner Elementary scored in the top 9% of all KY elementary schools and achieved an overall performance rating of blue.
- Ward Elementary scored in the top 20.7% of all KY elementary schools and achieved an overall performance rating of green, while achieving a blue rating in Science/Social Studies/Writing.
- Saffell Street Elementary scored in the top 35% of all KY elementary schools and achieved a green rating in Science/Social Studies/Writing
- Anderson County Middle School scored in the top 52.5% of all KY middle schools, was 0.6 points away from achieving a yellow rating and no longer has a TSI federal classification.
- Anderson County High School scored in the top 30.7% of all KY high schools and achieved a green rating in: Reading/Math, Science/Social Studies/Writing, QSCS Survey, and Postsecondary Readiness & Graduation Rate. ACHS is 0.1 points in overall score from a green.
- Emma B Ward Elementary, Robert B Turner Elementary, and Anderson County High School achieved an indicator rating of green on the QSCS Survey.
- Average ACT composite scores in Anderson County increased by one full point (18.5→19.5); outperforming the state by 0.8 points.
- ACHS was recognized by U.S. News & World Report (ranked #1 in Frankfort, KY Metro Area High Schools; ranked #35 in KY High Schools) based on their performance on state-required tests, graduation, and how well they prepare students for college.
- Based on the most recent accountability scores, no schools in Anderson County are classified as CSI/TSI/ATSI.

- Anderson Community Education (ACE) Center continued its commitment to serving the residents of Anderson County and offering community interest classes for adults and teens.
- Through collaboration with the First 5 Bluegrass Community Early Childhood Council and the Governor's Office of Early Childhood Education, ACE coordinated and participated in 5 family engagement activities supporting 50 families with children ages birth to 5 and provided an evening of family engagement activities.
- ACE worked for the District Purple Star program to support our military connected youth throughout Anderson County.
- ACE opened the Bearcat Boutique, a free clothing boutique inside Anderson County High School to assist students with their clothing and personal hygiene needs.

OVERVIEW OF FINANCIAL STATEMENTS

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

District-wide Financial Statements

The district-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, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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

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

The district-wide financial statements begin on page 14 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

Because the focus of governmental funds is narrower than that of the district-wide financial statements,

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

The District maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in Fund Balances for the general fund, special revenue fund, district activity fund, capital outlay fund, Facilities Support Program of Kentucky (FSPK) fund, school construction fund and the debt service fund.

Proprietary funds- Proprietary funds are used to account for food services and day care programs which re operated by the District like a business. The proprietary fund statements offer short and long term financial information about the activities of these funds.

Fiduciary funds- Fiduciary funds are used to account for resources held for the benefit of parties outside of the District. Fiduciary funds are not reflected in the district-wide financial statements because the resources of those funds are not available to support the district's own programs. The District uses the fiduciary fund to account for private purpose trust funds used for scholarships.

The fund financial statements can be found on pages 16-22 of this report.

Notes to the basic financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to basic financial statements start on page 23 this report.

District-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 \$4.3 million for governmental activities and liabilities and deferred inflows exceeded assets and deferred outflows by \$378 thousand for business-type activities at the close of the most recent fiscal year. Net position is summarized in Table 1.

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

Changes in net position- The District's net position increased by \$2,523,198 from the prior fiscal year.

**ANDERSON COUNTY BOARD OF EDUCATION
LAWRENCEBURG, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2023**

TABLE 1

Net position for the period ending June 30, 2022 and 2023

2022 District-wide net position compared to 2023 are as follows:

	Net Position (in thousands)					
	Governmental		Business-type		Total	
	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>
Assets	\$ 57,719	\$ 58,260	\$ 1,466	\$ 1,536	\$ 59,185	\$ 59,796
Deferred Outflows of Resources	\$ 7,150	\$ 10,661	\$ 641	\$ 670	\$ 7,791	\$ 11,331
Liabilities	\$ 55,666	\$ 57,782	\$ 2,072	\$ 2,127	\$ 57,738	\$ 59,909
Deferred Inflows of Resources	\$ 7,423	\$ 3,713	\$ 546	\$ 202	\$ 7,969	\$ 3,915
Investment in capital assets (net of debt)	\$ 12,165	\$ 14,777	\$ 102	\$ 79	\$ 12,267	\$ 14,856
Restricted	\$ 6,699	\$ 7,968	\$ (612)	\$ (457)	\$ 6,087	\$ 7,511
Unrestricted	\$ (17,085)	\$ (18,442)			\$ (17,085)	\$ (18,442)
Total Net Position	\$ 1,779	\$ 4,303	\$ (510)	\$ (378)	\$ 1,269	\$ 3,925

TABLE 2

	Changes in Net Position (in thousands)					
	Governmental		Business-type		Total	
	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>
Revenues						
Local Revenue Sources	\$ 14,875	\$ 15,839	\$ 303	\$ 474	\$ 15,178	\$ 16,313
State Revenue Sources	\$ 24,237	\$ 28,269	\$ 157	\$ 166	\$ 24,394	\$ 28,435
Federal Revenue Sources	\$ 6,136	\$ 5,249	\$ 2,671	\$ 2,267	\$ 8,807	\$ 7,516
Investments	\$ 105	\$ 45	\$ -	\$ 2	\$ 105	\$ 47
Total Revenues	\$ 45,353	\$ 49,402	\$ 3,131	\$ 2,909	\$ 48,484	\$ 52,311
Expenses						
Instruction	\$ 29,128	\$ 32,210			\$ 29,128	\$ 32,210
Student Support Services	\$ 872	\$ 868			\$ 872	\$ 868
Instructional Support	\$ 1,897	\$ 2,520			\$ 1,897	\$ 2,520
District Administration	\$ 916	\$ 894			\$ 916	\$ 894
School Administration	\$ 1,860	\$ 1,793			\$ 1,860	\$ 1,793
Business Support	\$ 787	\$ 888			\$ 787	\$ 888
Plant Operations	\$ 3,237	\$ 3,316			\$ 3,237	\$ 3,316
Student Transportation	\$ 2,314	\$ 2,311			\$ 2,314	\$ 2,311
Other non instruction	\$ 30	\$ 38			\$ 30	\$ 38
Food Service	\$ 31	\$ 2,181	\$ 2,781	\$ 2,212	\$ 2,781	\$ 2,781
Day Care Operations	\$ 478	\$ 725	\$ (37)	\$ (163)	\$ 441	\$ 562
Community Services	\$ 329	\$ 398			\$ 329	\$ 398
Debt Service	\$ 1,148	\$ 1,077			\$ 1,148	\$ 1,077
Total Expenses	\$ 43,027	\$ 47,038	\$ 2,144	\$ 2,618	\$ 45,171	\$ 49,656
Transfer	\$ 102	\$ 159	\$ (102)	\$ (159)	\$ -	\$ -
Change in Net Position	\$ 2,428	\$ 2,523	\$ 886	\$ 132	\$ 3,314	\$ 2,655
Beginning Net Position	\$ (648)	\$ 1,780	\$ (1,396)	\$ (510)	\$ (2,044)	\$ 1,270
Ending Net Position	\$ 1,780	\$ 4,303	\$ (510)	\$ (378)	\$ 1,270	\$ 3,925

BUDGETARY IMPLICATIONS

Revenues - General fund revenues exceeded the amount budgeted by approximately \$2,571,000. The difference is primarily due to receiving additional state revenue in the form of On-Behalf payments.

Expenditures - Actual general fund expenditures were more than budgeted by approximately \$268,000. This is primarily due to additional instruction cost of \$2,827,000. On-behalf payments were \$2,534,000 more than budgeted.

By Kentucky Statute, the budget must have at least a 2% contingency. The district adopted a budget for 2023 with approximately \$1,996,000 in contingency or 7%.

INFRASTRUCTURE

The district has not reported any infrastructure in the current financial statements.

**TABLE 3
Analysis of balances and transactions of individual funds (in thousands)**

Fund	Beginning	Revenues	Expenses	Transfer	Ending
General Fund	\$ 3,093	\$ 35,518	\$ 36,793	\$ 418	\$ 2,236
Special Revenue	\$ -	\$ 6,864	\$ 6,866	\$ 2	\$ -
District Activity	\$ 185	\$ 52	\$ 194	\$ 110	\$ 153
School Activity	\$ 328	\$ 877	\$ 739	\$ (90)	\$ 376
Capital Outlay	\$ 839	\$ 332	\$ -	\$ (890)	\$ 281
Building	\$ 876	\$ 5,058	\$ -	\$ (4,197)	\$ 1,737
Construction	\$ 411	\$ -	\$ 458	\$ 1,012	\$ 965
Debt Service	\$ 3,488	\$ 701	\$ 4,142	\$ 3,696	\$ 3,743

**TABLE 4
Capital Assets and Long-Term Debt Activity (in thousands)**

Governmental	Beginning	Additions	Deductions	Ending
Capital Assets	\$ 80,429	\$ 1,141		\$ 81,570
Accumulated Depreciation	\$ 33,691	\$ 1,652		\$ 35,343
Business-Type				
Capital Assets	\$ 1,013			\$ 1,013
Accumulated Depreciation	\$ 912	\$ 22		\$ 934
Bonds Payable	\$ 34,291	\$ -	\$ 3,065	\$ 31,226
Capital Lease	\$ 282	\$ -	\$ 58	\$ 224
Sick Leave Payable	\$ 314		\$ -	\$ 314

Factors Affecting the District's Financial Outlook

The following factors may affect the District's financial position in the upcoming fiscal year:

- For FY 24, the District approved the 4% above compensating tax rates of 59.7 cents for real estate, 59.7 cents personal property, as well as 51.3 cents motor vehicle and 3% for utility tax.

CONTACTING THE DISTRICT'S FINANCIAL MANAGER

This financial report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability of the public funds it receives. If you have questions about this report or need additional information, contact Sheila Mitchell, Superintendent or Josh White, Chief Finance Officer at 502-839-3406 or by mail at 1160 Bypass North, Lawrenceburg, KY 40342.

ANDERSON COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
DISTRICT WIDE
As of June 30, 2023

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and equivalents - Note C	\$10,580,981	\$1,381,492	\$11,962,473
Accounts receivable	1,451,345	36,183	1,487,528
Inventory		39,247	39,247
Capital assets			
Land and construction in progress	9,890,918		9,890,918
Other capital assets, net of depreciation	<u>36,337,080</u>	<u>79,176</u>	<u>36,416,256</u>
Total capital assets	<u>46,227,998</u>	<u>79,176</u>	<u>46,307,174</u>
TOTAL ASSETS	\$58,260,324	\$1,536,098	\$59,796,422
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows from advanced bond refundings	\$306,103	\$0	\$306,103
Deferred outflows from pensions	2,933,500	422,198	3,355,698
Deferred outflows from OPEB	<u>7,421,914</u>	<u>247,353</u>	<u>7,669,267</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$10,661,517	\$669,551	\$11,331,068
LIABILITIES			
Accounts payable	\$428,062	\$8,980	\$437,042
Accrued salaries & benefits	125,033		125,033
Unearned revenue	1,886,810		1,886,810
Interest payable	219,651		219,651
Long-term Liabilities			
Due within 1 year	3,215,824		3,215,824
Due in more than 1 year	28,548,937		28,548,937
Pension liability	11,437,296	1,663,845	13,101,141
OPEB liability	<u>11,919,940</u>	<u>454,165</u>	<u>12,374,105</u>
TOTAL LIABILITIES	\$57,781,553	\$2,126,990	\$59,908,543
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows from pensions	1,460,425	212,456	1,672,881
Deferred inflows from OPEB	<u>5,376,891</u>	<u>244,237</u>	<u>5,621,128</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	6,837,316	456,693	7,294,009
NET POSITION			
Net investment in capital assets	\$14,777,536	\$79,176	\$14,856,712
Restricted			
Accrued sick leave	157,149		157,149
Other	560,474	(457,210)	103,264
Future Construction Projects	2,983,479		2,983,479
Debt Service	3,743,202		3,743,202
Purchase Obligations	523,815		523,815
Unrestricted	<u>(18,442,683)</u>		<u>(18,442,683)</u>
TOTAL NET POSITION	\$4,302,972	(\$378,034)	\$3,924,938

See accompanying notes

ANDERSON COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
DISTRICT WIDE

For the year ended June 30, 2023

FUNCTIONS/PROGRAMS

Governmental Activities

	Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Net (Expense) Revenue and Changes in Net Position Business-type Activities	Total
Instruction	\$32,209,750	\$0	\$4,035,597	\$0	(\$28,174,153)	\$	(\$28,174,153)
Support services:							
Student	868,040		161,642		(706,398)		(706,398)
Instruction staff	2,519,896		1,138,922		(1,380,974)		(1,380,974)
District administrative	893,817				(893,817)		(893,817)
School administrative	1,793,491				(1,793,491)		(1,793,491)
Business	888,072		185,473		(702,599)		(702,599)
Plant operation and maintenance	3,315,573		194,826		(3,120,747)		(3,120,747)
Student transportation	2,310,821		30,289		(2,280,532)		(2,280,532)
Other instruction	268		268		0		0
Other non instruction	38,127				(38,127)		(38,127)
Day Care operations	725,299		725,299		0		0
Community service activities	397,558		391,870		(5,688)		(5,688)
Interest on long-term debt	1,077,154	0	0	394,234	(682,920)		(682,920)
Total governmental activities	47,037,866	0	6,864,186	394,234	(39,779,446)		(39,779,446)

Business-type Activities

Food service	2,780,411	124,107	2,428,323			(227,981)	(227,981)
Day Care	(163,027)	349,766	4,358			517,151	517,151
Total business-type activities	2,617,384	473,873	2,432,681			289,170	289,170
Total school district	\$49,655,250	\$473,873	\$9,296,867	\$394,234	(\$39,779,446)	\$289,170	(\$39,490,276)

General Revenues

Property taxes	\$11,778,431						\$11,778,431
Motor Vehicle taxes	1,331,619						1,331,619
Utility taxes	1,498,623						1,498,623
Other local revenues	1,145,320						1,145,320
State aid-formula grants	26,344,732						26,344,732
Investment earnings	44,492					2,432	46,924
Transfer	159,427					(159,427)	0
Total general & special	42,302,644					(156,995)	42,145,649
Change in net positions					2,523,198	132,175	2,655,373
Net position - beginning					1,779,774	(510,209)	1,269,565
Net position - ending					\$4,302,972	(\$378,034)	\$3,924,938

See accompanying notes

ANDERSON COUNTY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
As of June 30, 2023

	General Fund	Special Revenue	Building Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$2,185,860	\$1,047,476	\$1,737,406	\$3,743,202	\$1,867,037	\$10,580,981
Other receivables	<u>367,366</u>	<u>1,083,979</u>				<u>1,451,345</u>
TOTAL ASSETS	\$2,553,226	\$2,131,455	\$1,737,406	\$3,743,202	\$1,867,037	\$12,032,326
LIABILITIES						
Accounts payable	\$91,100	\$244,645			\$92,317	\$428,062
Accrued Salaries & Benefits	125,033					125,033
Accrued sick leave payable	1,322					1,322
Unearned revenue		<u>1,886,810</u>				<u>1,886,810</u>
TOTAL LIABILITIES	217,455	2,131,455			92,317	2,441,227
Fund Balances						
Restricted						
Sick Leave Payable	157,149					157,149
Future Construction Projects BG-1			1,737,406		1,246,073	2,983,479
Debt Service				3,743,202		3,743,202
Other					560,474	560,474
Assigned						
Purchase Obligations-Period 13 YE	555,642				(31,827)	523,815
Unassigned	<u>1,622,980</u>					<u>1,622,980</u>
Total fund balances	2,335,771	0	1,737,406	3,743,202	1,774,720	9,591,099
TOTAL LIABILITIES, AND FUND BALANCE	\$2,553,226	\$2,131,455	\$1,737,406	\$3,743,202	\$1,867,037	\$12,032,326

See accompanying notes

ANDERSON COUNTY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO
 THE STATEMENT OF NET POSITION
 As of June 30, 2023

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

Total Fund Balance - Governmental Funds		\$9,591,099
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		46,227,998
Deferred outflow of resources		10,661,517
Deferred inflow of resources		(6,837,316)
Certain liabilities are not reported in this fund financial statement because they are not due and payable, but they are presented in the statement of net position		
	Bonds Payable	(31,226,002)
	Capital Leases	(224,460)
	Pension Liability	(11,437,296)
	OPEB Liability	(11,919,940)
	Accrued Interest on Bonds	(219,651)
	Accumulated Sick Leave	<u>(312,977)</u>
Total Net Position - Governmental Activities		\$4,302,972

See accompanying notes

ANDERSON COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the year ended June 30, 2023

	General Fund	Special Revenue	Building Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
From local sources						
Property taxes	\$8,544,437	\$	3,233,994	\$	\$	\$11,778,431
Motor vehicle taxes	1,331,619					1,331,619
Utility taxes	1,498,623					1,498,623
Earnings on investments	32,739			11,670	83	44,492
Other local revenues	209,057	85,308			928,449	1,222,814
Intergovernmental - State	23,893,555	1,873,101	1,824,436	346,071	331,918	28,269,081
Intergovernmental - Federal	0	<u>4,905,777</u>		<u>342,986</u>		<u>5,248,763</u>
Total revenues	35,510,030	6,864,186	5,058,430	700,727	1,260,450	49,393,823
Expenditures						
Instruction	25,658,290	4,037,136			865,233	30,560,659
Support services						
Student	706,245	161,642				867,887
Instruction staff	1,354,333	1,138,922			26,463	2,519,718
District administration	882,188					882,188
School administration	1,791,298					1,791,298
Business	702,599	185,473				888,072
Plant operation and maintenance	3,078,307	194,826			843	3,273,976
Student transportation	2,549,021	30,289			1,886	2,581,196
Other instruction		268				268
Other non instruction					38,127	38,127
Day Care Operations		725,299				725,299
Community service activities	5,688	391,870				397,558
Capital Outlay					457,764	457,764
Debt service	<u>65,237</u>			<u>4,141,443</u>		<u>4,206,680</u>
Total expenditures	36,793,206	6,865,725		4,141,443	1,390,316	49,190,690
Excess(deficit)of revenues over expenditures	(1,283,176)	(1,539)	5,058,430	(3,440,716)	(129,866)	203,133
Other Financing Sources (Uses)						
Sale of assets	7,815					7,815
Operating transfers in	692,394	173,964		3,696,076	1,121,668	5,684,102
Operating transfers out	<u>(174,521)</u>	<u>(172,425)</u>	<u>(4,197,497)</u>		<u>(980,233)</u>	<u>(5,524,676)</u>
Total other financing sources (uses)	525,688	1,539	(4,197,497)	3,696,076	141,435	167,241
Change in Fund Balance on Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds	(757,488)	0	860,933	255,360	11,569	370,374
Fund balance, July 1, 2022	<u>3,093,259</u>	<u>0</u>	<u>876,473</u>	<u>3,487,842</u>	<u>1,763,151</u>	<u>9,220,725</u>
Fund balance, June 30, 2023	\$2,335,771	\$0	1,737,406	\$3,743,202	\$1,774,720	\$9,591,099

See accompanying notes

ANDERSON COUNTY SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO
THE DISTRICT-WIDE STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2023

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

Total net change in fund balances - governmental funds \$370,374

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

	Depreciation Expense	(1,651,733)	
	Capital Outlays	<u>1,141,347</u>	(510,386)

Deferred outflows			3,511,075
Deferred inflows			586,053

Bond proceeds provide current financial resources to
governmental funds, but issuing debt increases long-term
liabilities in the statement of net position. Repayment of bond
principal is an expenditure in the governmental funds, but the
repayment reduces long-term liabilities in the statement of net
position.

	Repayment of Bond Principal		3,065,000
	Repayment of Capital Leases		57,448

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.

	Change in Accrued Interest		7,078
	Change in Pension Liability		(1,283,121)
	Change in OPEB Liability		(3,267,668)
	Change in Sick Leave		<u>(12,655)</u>

Total Change in Net Position - Governmental Activities \$2,523,198

See accompanying notes

ANDERSON COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
As of June 30, 2023

	Food Service Fund	Day Care Fund	Totals
ASSETS			
Cash and Equivalents	\$902,822	\$478,670	\$1,381,492
Accounts Receivable	36,183		36,183
Inventory	39,247		39,247
Capital Assets, net of depreciation	<u>79,176</u>	<u> </u>	<u>79,176</u>
TOTAL ASSETS	\$1,057,428	\$478,670	\$1,536,098
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows from Pension	\$406,131	\$16,067	\$422,198
Deferred Outflows from OPEB	<u>234,030</u>	<u>13,323</u>	<u>247,353</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$640,161	\$29,390	\$669,551
LIABILITIES			
Account Payable	\$7,006	\$1,974	\$8,980
Net Pension liability	1,565,586	98,259	1,663,845
Unfunded OPEB liability	<u>427,345</u>	<u>26,820</u>	<u>454,165</u>
TOTAL LIABILITIES	\$1,999,937	\$127,053	\$2,126,990
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows from Pension	\$199,909	\$12,547	\$212,456
Deferred Inflows from OPEB	<u>229,814</u>	<u>14,423</u>	<u>244,237</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	\$429,723	\$26,970	\$456,693
NET POSITION			
Net Investment in Capital Assets	\$79,176	\$0	\$79,176
Restricted - Other Pension	(1,359,364)	(94,739)	(1,454,103)
Restricted - Other OPEB	(423,129)	(27,920)	(451,049)
Restricted - Inventory	39,247		39,247
Restricted Net Position	<u>931,999</u>	<u>476,696</u>	<u>1,408,695</u>
TOTAL NET POSITION	(\$732,071)	\$354,037	(\$378,034)

See accompanying notes

ANDERSON COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For The Year Ended June 30, 2023

	Food Service Fund	Day Care Fund	Totals
OPERATING REVENUES			
Lunchroom sales	\$117,889	\$0	\$117,889
Other revenues	<u>6,218</u>	<u>349,766</u>	<u>355,984</u>
Total Operating Revenues	124,107	349,766	473,873
OPERATING EXPENSES			
Salaries and wages	1,270,849	(206,407)	1,064,442
Contract services	79,644	3,514	83,158
Materials and supplies	1,403,465	39,091	1,442,556
Miscellaneous	4,026	775	4,801
Depreciation	<u>22,427</u>		<u>22,427</u>
Total Operating Expenses	2,780,411	<u>(163,027)</u>	2,617,384
Operating income (loss)	(2,656,304)	512,793	(2,143,511)
NON-OPERATING REVENUES (EXPENSES)			
Federal grants	2,102,384		2,102,384
Commodities received	164,378		164,378
State grants	18,782	4,080	22,862
State on-behalf payments	142,779	278	143,057
Interest income	2,432		2,432
Transfer In	557		557
Indirect cost transfer to general fund	<u>(125,724)</u>	<u>(34,260)</u>	<u>(159,984)</u>
Non-operating revenues (expenses)	2,305,588	(29,902)	2,275,686
Change in Net Position	(350,716)	482,891	132,175
Net Position, July 1, 2022	<u>(381,355)</u>	<u>(128,854)</u>	<u>(510,209)</u>
Net Position, June 30, 2023	(\$732,071)	\$354,037	(\$378,034)

See accompanying notes

ANDERSON COUNTY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For The Year Ended June 30, 2023

	Food Service Fund	Day Care Fund	Totals
CASH FLOW FROM OPERATING ACTIVITIES			
Cash received from customers	\$124,107	\$356,203	\$480,310
Cash paid to employees, including benefits	(983,761)	(1,242)	(985,003)
Cash paid to suppliers	<u>(1,294,472)</u>	<u>(41,506)</u>	<u>(1,335,978)</u>
Net cash provided by operating activities	(2,154,126)	313,455	(1,840,671)
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES			
Cash received from government funding	<u>2,109,981</u>	<u>4,080</u>	<u>2,114,061</u>
Net cash provided from capital and related financing activities	2,109,981	4,080	2,114,061
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Indirect cost transfer to general fund	<u>(125,724)</u>	<u>(34,260)</u>	<u>(159,984)</u>
Net cash used in capital and related financing activities	(125,724)	(34,260)	(159,984)
CASH FLOW FROM INVESTING ACTIVITIES			
Interest Income	<u>2,432</u>		<u>2,432</u>
Net cash provided from investing activities	2,432		2,432
Net increase (decrease) in cash	(167,437)	283,275	115,838
Cash and equivalents, July 1, 2022	<u>1,070,259</u>	<u>195,395</u>	<u>1,265,654</u>
Cash and equivalents, June 30, 2023	\$902,822	\$478,670	\$1,381,492
Reconciliation of Operating income (loss) to Net Cash Provided by Operating Activities			
Operating income (loss)	(\$2,656,304)	\$512,793	(\$2,143,511)
Adjustments to reconcile net income to cash provided by operating activities			
Depreciation	22,427		22,427
On-behalf payments	142,779	278	143,057
Commodities used	164,378		164,378
Change in pension expense	144,309	(207,927)	(63,618)
(Increase) Decrease in accounts receivable		6,437	6,437
(Increase) Decrease in inventory	28,974		28,974
Increase (Decrease) in accounts payable	<u>-689</u>	<u>1,874</u>	<u>1,185</u>
Net cash provided by operating activities and increase in cash and equivalents	(\$2,154,126)	\$313,455	(\$1,840,671)
Schedule of Non-Cash Financing Activities			
Donated commodities	\$164,378		\$164,378
On Behalf payments	\$142,779	\$278	\$143,057

See accompanying notes

ANDERSON COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

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

The Board, for financial purposes, includes all of the funds and account groups relevant to the operation of the Anderson County Board of Education. The financial statements presented herein do not include funds of groups and organizations, which although associated with the school system, have not originated within the Board itself such as Band Boosters, Parent-Teacher Associations, etc.

The financial statements of the Board 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:

Anderson County School District Finance Corporation (the Corporation) – the Anderson County Board of Education has established the Anderson County School District Finance Corporation (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS Section 58.180) as an agency of the Board for financing the costs of school building facilities. The Board Members of the Anderson County Board of Education 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 primary government, except for fiduciary funds. The statements distinguish between those activities of the Board that are governmental and those that are considered business-type activities.

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

ANDERSON COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2023

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 a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

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

The 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 total net position. Proprietary funds and fiduciary funds are reported using the economic resources measurement focus. The statement of cash flows provides information about how the District finances meets the cash flow needs of its proprietary activities.

The District has the following funds:

I. Governmental Fund Types

- (A) The General Fund (Fund 1) is the primary operating fund of the District. It accounts for and reports all financial resources not accounted for and reported in another fund. This is a budgeted fund and any unrestricted fund balances are considered as resources available for use. This is a major fund of the District.
- (B) The Special Revenue Fund (Fund 2, 21 and 25) accounts for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. It includes federal financial programs where unused balances are returned to the grantor at the close of specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally-funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report. Fund 2 a major fund of the District.

ANDERSON COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2023

- C. Capital Project Funds are used to account for and report financial resource that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.
1. The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund (Fund 310) receives those funds designated by the state as Capital Outlay Funds and is restricted for use in financing projects identified in the district's facility plan.
 2. The Facility Support Program of Kentucky (FSPK) Fund (Fund 320) accounts for funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the district's facility plan. This is a Major Fund.
 3. The Construction Fund (Fund 360) includes Capital Projects Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction and/or renovations.

II. Debt Service Fund

The Debt Service Fund (Fund 400) is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds are used to report resources if legally mandated. Financial resources that are being accumulated for principal and interest maturing in future years are reported in debt service funds. This is a major fund.

III. Proprietary Funds (Enterprise Fund)

1. The School Food Service Fund (Fund 51) 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). This is a major fund of the District.

The Day Care Fund is used to account for day care revenues and related expenses. This is a major fund for the District.

IV. Fiduciary Fund Type (Agency and Private Purpose Trust Funds)

1. The Private Purpose Trust Funds are used to report trust arrangements under which principal and income benefit individuals, private organizations or other governments. The District does not currently have any Private Purpose Trust Funds.

ANDERSON COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2023

V. Permanent Funds

Permanent Funds are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs – that is, for the benefit of the government or its citizenry.

Basis of Accounting

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

Revenues – Exchanges and Non-exchange Transactions – Revenues resulting from exchange transactions, in which each party receives essentially equal value, are 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 requirements, which specify the year when the resources are required to be used or the fiscal year when used is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenues from nonexchange transactions must also be available before they can be recognized.

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

Grants and entitlements received before the eligibility requirements are met are recorded 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.

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 governmental funds.

ANDERSON COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2023

Property Taxes

Property Tax Revenues – Property taxes are levied each September on the assessed value listed as of the prior January 1, for all real and personal property in the county. The billings are considered due upon receipt by the taxpayer; however, the actual date is based on a period ending 30 days after the tax bill mailing. Property taxes collected are recorded as revenues in the fiscal year for which they were levied.

The property tax rates assessed for the year ended June 30, 2023, to finance operations were \$.609 per \$100 valuation for real property, \$.623 per \$100 valuation for business personal property and \$.513 per \$100 valuation for motor vehicles.

The District levies a utility gross receipts license tax in the amount of 3% of the gross receipts derived from the furnishings, within the District, of telephonic and telegraphic communications services, cablevision services, electric power, water, and natural, artificial and mixed gas.

Fund Balance Classification Policies and Procedures

The Board intends that accounting practices follow state and federal laws and regulations and generally accepted accounting policies.

Nonspendable Fund Balance

Amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact will be classified as Nonspendable Fund Balance.

Restricted Fund Balance

Fund Balance will be reported as restricted when constraints placed on the use of resources are either; (a) externally imposed by creditors, grantors, contributors, or laws or regulations or other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

The Board will use restricted amounts before unrestricted amounts when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available.

Committed Fund Balance

Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Education will be reported as committed fund balance.

Assigned Fund Balance

Amounts that have been assigned for a specific purpose by formal resolution of the Board of Education will be reported as assigned fund balance for a specific purpose.

Unassigned Fund Balance

Unassigned Fund Balance is the residual classification for the general fund.

When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classification could be used, the funds will first be spent from committed, then assigned, and then finally unassigned.

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.

ANDERSON COUNTY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2023

Capital Assets

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

All capital assets 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 does not possess any infrastructure. Improvements are capitalized; the cost of, normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
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 equipment	12 years
Furniture and fixtures	20 years
Rolling stock	15 years
Other	10 years

Accumulated Unpaid Sick Leave Benefits

Upon retirement from the school system, an employee will receive from the District an amount equal to 30% of the value of accumulated sick leave.

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

The entire compensated absence liability is reported on the government-wide financial statements.

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 account "accumulated sick leave payable" in the general fund. The noncurrent portion of the liability is not reported.

ANDERSON COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2023

Budgetary Process

Once the budget is approved, it can be amended. Amendments are presented to the Board at their regular meetings. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law.

Each budget is prepared and controlled by the treasurer 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

On district-wide financial statements inventories are stated at cost and are expensed when used.

On fund financial statements inventories are stated at cost. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased.

The food service fund uses the specific identification method and the general fund uses the first-in, first-out method.

Prepaid Assets

Payments made that will benefit periods beyond June 30, 2023, are recorded as prepaid items using the consumption method. Prepaid assets are only recorded if material to the financial statements.

Pensions

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

Postemployment Benefits Other than Pensions (OPEB). For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources and expense information about the fiduciary net position of the CERS and TRS and additions to /deductions from the fiduciary net position have been determined on the same basis as they are reported by CERS and TRS. The plans recognize benefit payments when due and payable in accordance with the benefit term.

ANDERSON COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2023

Accrued Liabilities and Long-Term Obligations

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

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.

Net Position

Net position represent the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Operating Revenues and Expenses

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

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.

Subsequent Events

The District has evaluated and considered the need to recognize or disclose subsequent events through December 6, 2023, which represents the date that these financial statements were available to be issued. Subsequent events past this date, as they pertain to the fiscal year ended June 30, 2023, have not been evaluated by the District.

ANDERSON COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2023

Interfund Activity

Flows of cash or 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. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Uses of Estimates

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

Encumbrances

Encumbrances are not liabilities and therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end and outstanding encumbrances at year-end are reappropriated in the next year. Accordingly, no differences exist between actual results and the applicable budgetary data presented in the accompanying combined financial statements.

NOTE B – PROPERTY TAX CALENDAR

Property taxes for fiscal year 2023 were levied on the assessed valuation of property located in the School District as of January 1, 2022 lien date. The due date and collection periods for all taxes exclusive of vehicle taxes are as follows:

Description	per KRS 134.015
Due date for payment of taxes	Upon receipt
Face value amount payment date	December 31
Delinquent date, 5% penalty	January 1- 31
Delinquent date, 10% penalty	February 1

Vehicle taxes are collected by the County Clerk and are due and collected in the birth month of the vehicle's licensee.

ANDERSON COUNTY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2023

NOTE C – CASH AND CASH EQUIVALENTS

At year-end, the carrying amount of the District’s total cash and cash equivalents was \$11,962,473. Of the total cash balance, \$250,000 was covered by Federal Depository insurance, with the remainder covered by collateral agreements and collateral held by the pledging banks trust departments in the District’s name. Cash equivalents are funds temporarily invested in securities with a maturity of 90 days or less.

Cash and cash equivalents at June 30, 2023, consisted of the following:

	Bank Balance	Book Balance
General Checking Account		
General Fund	\$	\$ 2,185,860
Fund 2		1,047,476
Fund 21		153,203
Fund 25		375,851
Fund 310		281,368
Fund 320		1,737,406
Fund 360		1,056,615
Fund 51		902,822
Fund 52		<u>478,670</u>
Total General Checking Account	9,285,178	8,219,271
Debt Service Funds	<u>3,743,202</u>	<u>3,743,202</u>
TOTALS	\$ 13,028,380	\$11,962,473
Breakdown per financial statements:		
Governmental Funds		\$ 10,580,981
Proprietary Funds		<u>1,381,492</u>
TOTALS		\$11,962,473

DEPOSITS AND INVESTMENTS

Interest rate risk. In accordance with the District’s investment policy, interest rate risk is limited by investing in public funds with the highest rate of return with the maximum security of principal. Investments are undertaken in a manner that seeks to ensure preservation of the capital in its portfolio.

Credit risk. The District’s investment policy limits the types of authorized investment instruments to obligations of the United States, its agencies, and instrumentalities. In addition, certificates of deposit or bonds of a bank or the Commonwealth of Kentucky, securities issued by a state or local government or shares of mutual funds are acceptable investments.

Concentration of credit risk. The district may invest, at any one time, funds in any one of the above listed categories with no limitation of the total amount of funds invested on behalf of the District.

Custodial credit risk – deposits. For deposits, this is the risk that in the event of a bank failure, the District’s deposits may not be returned. The District maintains deposits with financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). As allowed by law the depository bank should pledge securities along with FDIC insurance at least equal to the amount on deposit at all times. As of June 30, 2023, the District’s deposits are entirely insured and/or collateralized with securities held by the financial institutions on the District’s behalf and the FDIC insurance.

ANDERSON COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2023

NOTE D – CAPITAL ASSETS

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

Governmental Activities	Beginning	Additions	Deletions	Ending
Land	2,516,231			2,516,231
Land Improvements	2,012,313			2,012,313
Buildings/Bldg Improvements	60,347,143	9,792		60,356,935
Technology Equipment	2,703,588	128,869		2,832,457
Vehicles	4,748,215	480,182		5,228,397
General Equipment	1,133,864	115,818		1,249,682
Construction Work In Process	<u>6,968,001</u>	<u>406,686</u>		<u>7,374,687</u>
Total Historical Cost	80,429,355	1,141,347		81,570,702
Accumulated Depreciation				
Land Improvements	1,497,457	28,281		1,525,738
Buildings/Bldg Improvements	24,815,862	1,356,603		26,172,465
Technology Equipment	2,607,520	45,183		2,652,703
Vehicles	3,703,549	208,976		3,912,525
General Equipment	1,066,583	12,690		<u>1,079,273</u>
Total Accumulated Depreciation	33,690,971	1,651,733		35,342,704
Capital Assets - Net	46,738,384	(510,386)		46,227,998
Business-Type Activities	Ending	Additions	Deletions	Ending
Technology Equipment	32,927			32,927
General Equipment	<u>980,078</u>			<u>980,078</u>
Total Historical Cost	1,013,005			1,013,005
Accumulated Depreciation				
Technology Equipment	32,276			32,276
General Equipment	<u>879,126</u>	<u>22,427</u>		<u>901,553</u>
Total Accumulated Depreciation	911,402	22,427		933,829
Capital Assets - Net	101,603	(22,427)		79,176

Depreciation expense was charged to functions of the governmental activities as follows

Instruction	\$1,386,176
Support Services	
Student	153
Instructional Staff	178
District Administration	11,629
School Administration	2,193
Business	0
Plant Operations & Maintenance	41,597
Student Transportation	<u>209,807</u>
Total -Governmental Activities	\$1,651,733

ANDERSON COUNTY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2023

NOTE E – BONDED DEBT AND LEASE OBLIGATIONS

The amount as of June 30, 2023 shown in the accompanying financial statements as bond obligations represents the following bonds:

<u>Issue</u>	<u>Balance</u>	<u>Rates</u>
2010	6,271,000	0.50% - 2.35%
2012R	85,000	2.00%
2013R	3,105,000	1.00% - 2.50%
2015R	6,420,000	2.00% - 2.125%
2016R	2,075,000	2.00% - 2.50%
2017A	6,940,000	1.00% - 3.00%
2019	<u>6,330,002</u>	3.00%
	31,226,002	

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

There are a number of limitations and restrictions contained in the various bond indentures. Management has indicated that the District is in compliance with all significant limitations and restrictions as of June 30, 2023.

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.

ANDERSON COUNTY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2023

NOTE E – BONDED DEBT AND LEASE OBLIGATIONS (continued)

The following is a summary of the District’s long-term debt transactions for the year ended.

	Beginning Balance	Additions	Payments	Ending Balance	Current	Long Term
Bonds	\$34,291,002	\$0	\$3,065,000	\$31,226,002	\$3,130,000	\$28,096,002
Capital Leases	\$281,908	\$0	\$57,448	\$224,460	\$59,090	\$165,370
Sick Leave	<u>\$314,335</u>	<u>\$0</u>	<u>\$36</u>	<u>\$314,299</u>	<u>\$26,734</u>	<u>\$287,565</u>
Totals	\$34,887,245	\$0	\$3,122,484	\$31,764,761	\$3,215,824	\$28,548,937

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	Anderson County School		SFCC		Sinking Fund	U.S	Total
	Principal	Interest	Principal	Interest	Anderson	Treasury	
2023-24	2,828,665	609,661	301,335	44,734	243,690	363,718	4,391,803
2024-25	2,892,988	546,823	272,012	37,867	243,690	363,718	4,357,098
2025-26	2,959,004	479,761	250,996	31,350	243,690	363,718	4,328,519
2026-27	3,030,981	410,023	149,019	26,229	243,690	363,718	4,223,660
2027-28	3,067,255	372,614	77,745	23,106	243,690	363,718	4,148,128
2028-29	9,441,885	266,338	84,115	20,697	243,690	181,859	10,238,584
2029-30	410,592	151,122	44,408	18,153	0	0	624,275
2030-31	422,212	138,630	57,788	16,620	0	0	635,250
2031-32	432,755	125,805	52,245	14,970	0	0	625,775
2032-33	449,468	112,572	55,532	13,353	0	0	630,925
2033-34	460,876	98,917	59,124	11,633	0	0	630,550
2034-35	472,129	84,922	57,871	9,878	0	0	624,800
2035-36	487,840	70,522	62,160	8,078	0	0	628,600
2036-37	503,154	55,658	61,846	6,218	0	0	626,876
2037-38	518,602	40,331	61,398	4,369	0	0	624,700
2038-39	533,885	24,544	66,115	2,456	0	0	627,000
2039-40	<u>551,175</u>	<u>8,267</u>	<u>48,825</u>	<u>732</u>	<u>0</u>	<u>0</u>	<u>608,999</u>
Totals	29,463,466	3,596,510	1,762,534	290,443	1,462,140	2,000,449	38,575,542

ANDERSON COUNTY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2023

NOTE F – CAPITAL LEASE PAYABLE

The District participates in the Kentucky Interlocal School Transportation Association (KISTA) equipment lease revenue bonds program for the purpose of acquiring replacement buses.

The issue date, interest rate, and June 30, 2023 balance is as follows:

2016 KISTA	2.00% - 6.25%	\$85,543
2021 KISTA	2.00% - 3.00%	\$155,526

As of June 30, 2023, minimum lease payments (principal and interest) are as follows:

	Principal	Interest	Total
2024	59,090	6,284	65,374
2025	55,435	4,736	60,171
2026	57,092	3,200	60,292
2027	26,037	1,585	27,622
2028	<u>26,806</u>	<u>804</u>	<u>27,610</u>
	\$224,460	\$16,609	\$241,069

NOTE G – COMMITMENTS UNDER NONCAPITALIZED LEASES

Commitments under operating lease agreements for equipment provide the minimum future rental payments as of June 30, 2023, as follows:

Year ending June 30,

2024	\$12,670
2025	822
2026	0
2027	0
2028	0
thereafter	<u>0</u>
Total	\$13,492

NOTE H – CONTINGENCIES

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

ANDERSON COUNTY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2023

NOTE I – INSURANCE AND RELATED ACTIVITIES

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 Workers' Compensation insurance.

NOTE J – ACCUMULATED UNPAID SICK LEAVE BENEFITS

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. At June 30, 2023, this amount totaled \$314,299 of which \$157,149 is restricted in the current year fund balance of the General Fund.

NOTE K – INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2023, consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
NONE		

NOTE L – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To obtain insurance for workers' compensation, errors and omissions, and general liability coverage, the District purchases various commercial insurance.

The District purchased unemployment insurance through the Kentucky School Boards Insurance Trust Unemployment Compensation Fund; however, risk has not been transferred to such fund. In addition, the District continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE M – DEFICIT OPERATING/FUND BALANCES

Funds with a current year deficit of revenues over expenditures

General Fund	(757,488)
District Activity Fund	(31,827)
SEEK Capital Outlay Fund	(557,811)
Food Service	(350,716)

NOTE N – 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. The District notifies the Department of Employee Insurance (DEI) when an employee is no longer employed. DEI sends the employee the COBRA requirements.

ANDERSON COUNTY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2023

NOTE O – TRANSFER OF FUNDS

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	1	2	KETS Matching	\$69,704
Operating	1	2	Community Education School Violence Prevention	\$50,403
Operating	1	2	ACE	\$47,139
Operating	1	2	Feed The Mind	\$1,600
Operating	1	2	KTIP	\$5,078
Operating	25	21	District Activities	\$90,504
Operating	2	21	Building Rent	\$19,600
Operating	2	1	Indirect Cost	\$141,539
Operating	310	360	Construction	\$557,811
Operating	320	360	Construction	\$453,753
Operating	320	400	Bond Payments	\$3,696,076
Operating	51	1	Indirect Cost	\$125,724
Operating	52	1	Transfer for vehicle	\$34,260
Operating	310	1	COFT	\$331,918
Operating	320	1	BFFT	\$47,668
Operating	1	51	Catering	\$557
Operating	2	1	Fiscal Agent Fee	\$5,693
Operating	2	1	Clean up old projects	<u>\$5,592</u>
				\$5,684,659

ANDERSON COUNTY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2023

NOTE P – ON-BEHALF PAYMENTS

The financial statements include payments made by the Commonwealth of Kentucky for insurance, flexible spending, vocational and retirement benefits. The following amounts are included in each of the functions.

TRS-GASB 68	7,607,244
TRS-GASB 75	165,461
Health Insurance	3,833,819
Life Insurance Fees	5,504
Administrative Fees	44,788
HRA/Dental/Vision	172,638
Federal Reimbursement	(388,712)
Technology	150,251
SFCC Debt Service	<u>346,070</u>
Total On Behalf Payments	11,937,063
Fund 1	11,497,936
Fund 400	346,070
Fund 51	142,779
Fund 52	<u>278</u>
Total On Behalf Payments	11,987,063

NOTE Q – GASB 96

During the year, the District adopted *GASB 96, Subscription Based Information Technology Arrangement (SBITA)*. The objective of this statement is to better meet the information needs of financial statement users. The District has two subscriptions that are multiple year subscriptions. However, the amounts are not material to the financial statement, individually or in the aggregate. Therefore, no amount has been recorded.

NOTE R – GASB 88

The provisions of GASB 88 were adopted by the District for the fiscal year beginning July 1, 2021. The primary objective of the Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

The District has the following lines of credit:

Credit Cards	\$ 28,000
Amazon	150,000
Vendors	32,000

ANDERSON COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2023

NOTE S – RETIREMENT PLANS

	Fund 1	Fund 51	Fund 52	Total
Deferred Outflows				
Subsequent CERS Pension Contributions	1,071,820	151,296	73	1,223,189
CERS Pension	1,861,680	254,835	15,994	2,132,509
Subsequent CERS OPEB Contributions	155,276	21,918	11	177,205
CERS OPEB	1,549,571	212,112	13,312	1,774,995
Subsequent TRS OPEB Contributions	502,067	0	0	502,067
TRS OPEB MIF	5,215,000	0	0	5,215,000
TRS OPEB LIF	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	10,355,414	640,161	29,390	11,024,965
Deferred Inflows				
CERS Pension	1,460,425	199,909	12,547	1,672,881
CERS OPEB	1,678,891	229,814	14,423	1,923,128
TRS OPEB MIF	3,698,000	0	0	3,698,000
TRS OPEB LIF	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	6,837,316	429,723	26,970	7,294,009
Pension Liability				
CERS	11,437,296	1,565,586	98,259	13,101,141
OPEB Liability				
CERS	3,121,940	427,345	26,820	3,576,105
TRS MIF	8,798,000	0	0	8,798,000
TRS LIF	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	11,919,940	427,345	26,820	12,374,105
Pension Expense				
CERS	1,254,809	171,764	10,780	1,437,353
OPEB Expense				
CERS	494,264	67,657	4,246	566,167
TRS MIF	335,000	0	0	335,000
TRS LIF	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	829,264	67,657	4,246	901,167
Pension Contributions				
CERS	996,618	136,421	8,562	1,141,601
OPEB Contributions				
CERS	182,440	24,976	1,567	208,983
TRS MIF		470,260	0	470,260
TRS LIF	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	182,440	495,236	1,567	679,243

ANDERSON COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2023

NOTE S – RETIREMENT PLANS (continued)

Teachers' Retirement System of the State of Kentucky (TRS)

Plan Description – Teaching-certified employees of the District are provided pensions through the Teachers' Retirement System of the State of Kentucky (TRS) – 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 education agencies in the state. TRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the Kentucky Revised Statutes (KRS). TRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. TRS issues a publicly available financial report that can be obtained at <http://trs.ky.gov/financial-reports-information>.

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

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

Benefits Provided – For members who have established an account in a retirement system by the Commonwealth on or after July 1, 2008: (1) Attain age sixty (60) and complete five (5) years of Kentucky service, or (2) Complete 27 years of Kentucky service, or (3) Attain age fifty-five (55) and complete ten (10) years of Kentucky service.

For members prior to July 1, 2008 -Participants that retire before age 60 with less than 27 years of service receive reduced retirement benefits. Non-university members with an account established prior to July 1, 2002 receive monthly payments equal to two (2) percent (service prior to July 1, 1983) and two and one-half (2.5) percent (service after July 1, 1983) of their final average salaries for each year of credited service. New members (including second retirement accounts) after July 1, 2002 will receive monthly benefits equal to 2% of their final average salary for each year of service if, upon retirement, their total service less than ten years. New members after July 1, 2002 who retire with ten or more years of total service will receive monthly benefits equal to 2.5% of their final average salary for each year of services, including the first ten years. In addition, members who retire July 1, 2004 and later with more than 30 years of service will have their multiplier increased for all years over 30 from 2.5% to 3% to be used in their benefit calculation. Effective July 1, 2008, the System has been amended to change the benefit structure for members hired on or after that date.

For members after July 1, 2008 -The annual retirement allowance for non-university members is equal to (a) one and seven tenths percent (1.7%) of final average salary for each year of credited service if their service is 10 years or less; (b) two percent (2.0%) of final average salary for each year of credited service if their service is greater than 10 years but no more than 20 years; (c) two and three tenths percent (2.3%) of final average salary for each year of credited service if their service is greater than 20 years but no more than 26 years; (d) two and one half percent (2.5%) of financial average salary for each year of credited service if their service is greater than 26 years but no more than 30 years; € three percent (3.0%) of financial average salary for years credited service greater than 30 years.

ANDERSON COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2023

NOTE S – RETIREMENT PLANS – continued

For members after January 1, 2022 – condition for retirement; attainment of age 57 and 10 years of service or attainment of age 65 and 5 years of service. The annual foundational benefit for non-university members is equal to service times a multiplier times final average salary, based on a table. The annual foundational benefit is reduced by 6% per year from the earlier of age 60 or the date the member would have completed 30 years of service. The annual supplemental benefit is equal to the account balance which includes member and employer contributions and interest credited annually on June 30. Options include annuitizing the balance or receiving the balance as a lump sum either at the time of retirement or at a later date.

“Final average salary” means the average of the five highest annual salaries which the member has received for service in a covered position and on which the member has made contributions or on which the public board, institution or agency has picked up the member's contributions. For a member hired before January 1, 2022, who retires after attaining age 55 with 27 years of service, “final average salary” means the average of the three highest annual salaries.

Contributions - Contribution rates are established by Kentucky Revised Statutes (KRS). Non-university members are required to contribute 12.855% of their salaries to the System.

The Commonwealth of Kentucky, as a non-employer contributing entity, pays matching contributions of the amount 13.105% of salaries for local school district and regional cooperative employees hired before July 1, 2008 and 14.105% for those hired after July 1, 2008. For local school district and regional cooperative members whose salaries are federally funded, the employer contributes 16.105% of salaries. 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.

Medical Insurance Plan

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

Eligibility for access to retiree medical plan coverage: Members before 7/1/2008 – completion of 27 years of service, or attainment of age 55 and 5 years of service. Member on and after 7/1/2008 NS BEFORE 1/1/2022 – completion of 27 years of service, or attainment of age 55 and 10 years of service, or attainment of age 60 and 5 years of service. Members on and after 1/1/2022 – attainment of age 57 and 10 years of service or attainment of age 65 and 5 years of service.

ANDERSON COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2023

NOTE S – RETIREMENT PLANS – continued

Funding policy – In order to fund the post-retirement healthcare benefit, seven and one half percent (7.50%) of the gross annual payroll of members is contributed. Three percent (3.00%) is paid by member contributions and three quarters percent (.75%) from state appropriation and three percent (3.00%) from the employer. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

Life Insurance Plan Benefits:

Effective July 1, 2000, the Teachers' Retirement System shall:

- (a) Provide a life insurance benefit in a minimum amount of five thousand dollars (\$5,000) for its members who are retired for service or disability if hired prior to January 1, 2022. Provide a life insurance benefit in a minimum amount of ten thousand dollars (\$10,000) for its members who are retired for service or disability if hired on or after January 1, 2022. This life insurance benefit shall be payable upon the death of a member retired for service or disability to the member's estate or to a party designated by the member on a form prescribed by the retirement system; and
- (b) Provide a life insurance benefit in a minimum amount of two thousand dollars (\$2,000) for its active contributing members if hired prior to January 1, 2022. Provide a life insurance benefit in a minimum amount of five thousand dollars (\$5,000) for its active contributing members if hired on or after January 1, 2022. This life insurance benefit shall be payable upon the death of an active contributing member to the member's estate or to a party designated by the member on a form prescribed by the retirement system.

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

At June 30, 2023, the Kentucky School District did not report a liability for its proportionate share of the net pension liability because the State of Kentucky provides the pension support directly to TRS on behalf of the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

State's proportionate share of the net pension liability associated with the District	<u>\$ 83,375,169</u>
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The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability 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 State's proportion for the District was 0.4921 percent.

ANDERSON COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2023

NOTE 5 – RETIREMENT PLANS – continued

For the year ended June 30, 2022, the State recognized pension expense for the District of \$3,041,007 and revenue of \$7,607,244 for support provided by the State on the Fund financial statements.

Actuarial assumptions – The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	7.10%, net of pension plan investment expense, including inflation.
Projected salary increases	3.00 – 7.50%, including inflation
Municipal Bond Index Rate	3.37%
Single Equivalent Interest Rate	7.10%

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 Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of the experience investigation for the five-year period ending June 30, 2020. In addition, the contribution requirements for the fiscal year ending June 30, 2024 use a direct rate smoothing methodology over a five-year period. These revised assumption changes and methods were adopted by the Board on September 20, 2021.

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

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

ANDERSON COUNTY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2023

NOTE S – RETIREMENT PLANS – continued

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

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

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

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
System's net pension liability	\$106,407,106	\$83,375,169	\$64,179,755

June 30, 2021 is the actuarial valuation date upon which the TPL is based. An expected TPL is determined as of June 30, 2022 using standard roll forward techniques. The roll-forward calculation adds the annual normal cost (also called the service cost), subtracts the actual benefit

ANDERSON COUNTY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2023

NOTE S – RETIREMENT PLANS – continued

payments, and refunds for the plan year and then applies the expected investment rate of return for the year. In addition, it has been determined an expected TPL as of June 30, 2022, based on the TPL roll-forward in the June 30, 2021 GASB 67 report. The difference between this amount and the roll-forward of the actual TPL before the assumption changes is reflected as an experience gain or loss for the year.

The District did not report any deferred outflows of resources and deferred inflows of resources related to pensions.

The District did not have any collective amounts to report as deferred outflows of resources and deferred inflows of resources related to pensions to be recognized in future years as pension expense.

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

OPEB

The Actuarially Determined Contribution rates, as a percentage of payroll, used to determine the Actuarially Determined Contribution amounts in the Schedule of Employer Contributions are calculated as of the indicated Valuation Date. The following actuarial methods and assumptions were used to determine contribution rates reported in the schedule for the year ending June 30, 2022 for the Life Trust:

Valuation Date	June 30, 2019
Actuarial cost method	Entry age normal
Amortization method	Level percent of payroll
Amortization period (Closed)	25 years
Asset valuation method	5-year smoothed value
Inflation	3.00%
Real wage growth	0.50%
Wage Inflation	3.50%
Salary increases, including wage inflation	3.50% - 7.20%
Discount Rate	7.50%

The Health Trust is not funded based on an actuarially determined contribution, but instead is funded based on statutorily determined amounts. The Schedule of Employer Contributions details the statutorily determined amounts for the Health Trust.

The Total OPEB Liability (TOL) as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2020, using assumptions based on the experience investigation for the five-year period ending June 30, 2020. The following actuarial assumptions are applied to all periods included in the measurement:

ANDERSON COUNTY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2023

NOTE S – RETIREMENT PLANS – continued

Inflation	2.50%
Real wage growth	0.25%
Wage inflation	2.75%
Salary increases, including wage inflation	3.00% - 7.50%
Long-term Investment Rate of Return, net of OPEB plan investment expense, including Inflation	
Health Trust	7.10%
Life Trust	7.10%
Municipal Bond Index Rate	3.37%
Year FNP is projected to be depleted	
Health Trust	n/a
Life Trust	n/a
Single Equivalent Interest Rate, net of OPEB Plan investment expense, including price Inflation	
Health Trust	7.10%
Life Trust	7.10%
Health Trust Health Care Cost Trends	
Under Age 65	7.00% for FYE 2022 decreasing to an ultimate rate of 4.50% by FYE 2032
Ages 65 and Older	5.125% for FYE 2022 decreasing to an ultimate rate of 4.50% by FYE 2025
Medicare Part B Premiums	6.97% for FYE 2022 with an ultimate rate of 4.50% by 2034

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 studies for the System, which covered the five-year period ending June 30, 2021, adopted by the Board on September 20, 2021.

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

ANDERSON COUNTY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2023

NOTE S – RETIREMENT PLANS – continued

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

The following exhibit presents the NOL of the Plan, calculated using the health care cost trend rates, as well as what the Plan’s NOL would be if it were calculated using a health care cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate. This chart is not shown for the Life Insurance Fund (LIF) since there is no health care trend component of the liabilities:

	<u>Health Care Cost Trend Rate Sensitivity</u>		
	1% Decrease	Current	1% Increase
Health Net OPEB Liability	\$6,596,000	\$8,798,000	\$11,538,000
	<u>Health Care NOL Rate Sensitivity</u>		
	6.1%	7.1%	8.1%
Health Net OPEB Liability	\$11,039,000	\$8,798,000	\$6,943,000

Health Trust **Discount rate (SEIR)**: The discount rate used to measure the TOL at June 30, 2021 was 8.00% for the Health Trust and 7.50% for the Life Trust.

Projected cash flows:

Health Trust discount rate (SEIR). The discount rate used to measure the TOL as of the Measurement Date was 7.10%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 74. The projection’s basis was an actuarial valuation performed as of June 30, 2021. In addition to the actuarial methods and assumptions of the June 30, 2021 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

Total payroll for the initial projection year consists of the payroll of the active membership present on the Valuation Date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 2.75%

The pre-65 retiree health care costs for members retired on or after July 1, 2010 were assumed to be paid by either the State or the retirees themselves

As administrative expenses, other than the administrative fee of \$8.00 PMPM paid to KEHP by TRS, were assumed to be paid in all years by the employer as they come due, they were not considered.

Cash flows occur mid-year.

Future contribution to the Health Trust were based upon the contribution rates defined in statute and the projected payroll of active employees. Per KRS 161.540(1)(c)3 and 161.550(5), when the Health Trust achieves a sufficient prefunded status, as determined by the retirement system’s actuary, the following Health Trust statutory contributions are to be decreased, suspended, or eliminated:

ANDERSON COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2023

NOTE S – RETIREMENT PLANS – continued

Employee contributions
School District/University Contributions
State Contributions for KEHP premium subsidies payable to retirees who retire after June 30, 2010

To reflect these adjustments, open group projections were used and assumed an equal, pro rata reduction to the current statutory amounts in the years if/when the Health Trust is projected to achieve a Funded Ratio of 100% or more. Here, the current statutory amounts are adjusted to achieve total contributions equal to the Actuarially Determined Contribution (ADC), as determined by the prior year's valuation and in accordance with the Health Trust's funding policy. As the specific methodology to be used for the adjustments has yet to be determined, there may be differences between the projected results and future experience. This may also include any changes to retiree contributions for KEHP coverage pursuant to KRS 161.675 (4)(b).

In developing the adjustments to the statutory contributions in future years, the following was assumed:

Liabilities and cash flows are net of expected retiree contributions and any implicit subsidies attributable to coverage while participating in KEHP.

For the purposes of developing estimates for new entrants, active headcounts were assumed to remain flat for all future years.

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

Life Trust Discount rate (SEIR). The discount rate used to measure the TOL as of the Measurement Date was 7.10%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 74. The projection's basis was an actuarial valuation performed as of June 30, 2021. In addition to the actuarial methods and assumptions of the June 30, 2021 actuarial valuation, the following actuarial methods and assumptions were used in the projection of the Life Trust's cash flows:

Total payroll for the initial projection year consists of the payroll of the active membership present on the Valuation Date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 2.75%

The employer will contribute the Actuarially Determined Contribution (ADC) in accordance with the Life Trust's funding policy determined by a valuation performed on a date two years prior to the beginning of the fiscal year in which the ADC applies.

As administrative expenses were assumed to be paid in all years by the employer as they come due, they were not considered.

Active employees do not contribute to the plan.

Cash flows occur mid-year.

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

The FNP projections are based upon the Health Trust's and the Life Trust's financial statuses on the Valuation Date, the indicated set of methods and assumptions, and the requirements of GASB 74. As such, the FNP projections are not reflective of the cash flows and asset accumulations that would occur on an ongoing basis, reflecting the impact of future members.

ANDERSON COUNTY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2023

NOTE 5 – RETIREMENT PLANS – continued

Therefore, the results of these tests do not necessarily indicate whether or not the Health Trust and the Life Trust will actually run out of money, the financial condition of the Health Trust and Life Trust, or the Health Trust's and the Life Trust's ability to make benefit payments in future years.

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

Health Insurance Trust

Asset Class	Target Allocation	Long-Term Expected Real Rates of Return
Global Equity	58.00%	5.10%
Fixed Income	9.00%	-0.10%
Real Estate	6.50%	4.00%
Private Equity	8.50%	6.90%
Additional Category: High Yield	8.00%	1.70%
Other Additional Categories	9.00%	2.20%
Cash	<u>1.00%</u>	-0.30%
Total	100.00%	

Life Insurance Trust

Asset Class	Target Allocation	Long-Term Expected Real Rates of Return
U.S. Equity	40.00%	4.40%
International Equity	23.00%	5.60%
Fixed Income	18.00%	-0.10%
Real Estate	6.00%	4.00%
Private Equity	5.00%	6.90%
Additional Categories	6.00%	2.10%
Cash	<u>2.00%</u>	-0.30%
Total	100.00%	

The following is the Proportionate Share of the Net OPEB Liability:

District	State	Total
\$8,798,000	\$3,034,000	\$11,832,000

ANDERSON COUNTY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2023

NOTE S – RETIREMENT PLANS – continued

District's Proportion of the Collective NOL

	Current Year	Prior Year
Health	0.354412%	0.261194%
Life	0.000000%	0.000000%

There is no Life Insurance Trust OPEB Liability.

There were no changes between the measurement date of the collective net OPEB liability and the employer's reporting date.

Please see Section V of the report on the website for the development of the collective OPEB expense. The District's proportionate share of the net OPEB expense is \$(168,000).

Since certain items are amortized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts serve to reduce OPEB expense they are labeled deferred inflows. If they will increase OPEB expense they are labeled deferred outflows. The amortization of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts. Experience gains/losses and the impact of changes in actuarial assumptions, if any, are amortized over the average remaining service life of the active and inactive system members at the beginning of the fiscal year. Investment gains and losses are amortized over a fixed five-year period.

The table below provide a summary of the deferred inflows and outflows as of the Measurement Date. The allocation of deferred inflows and outflows will be determined by the System.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Health Insurance Trust		
Difference between Expected and Actual Experience	\$0	\$3,698,000
Change of Assumptions	1,787,000	0
Net Difference between Projected and Actual Investment Earnings	468,000	0
Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	<u>2,960,000</u>	<u>0</u>
SUBTOTAL	\$5,215,000	\$3,698,000
Subsequent Contributions	<u>502,067</u>	<u>0</u>
TOTAL	\$5,717,067	\$3,698,000

There are no deferred outflows or inflows for the Life Insurance Trust.

ANDERSON COUNTY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2023

NOTE 5 – RETIREMENT PLANS – continued

The collective amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

Deferred Amounts to be Recognized in Fiscal Years
 Following the Reporting Date

	Deferred Outflows/ (Inflows) of Resources Heath Insurance Trust	Deferred Outflows/ (Inflows) of Resources Life Insurance Trust
Year 1	\$20,000	\$0
Year 2	50,000	0
Year 3	96,000	0
Year 4	642,000	0
Year 5	517,000	0
Thereafter	<u>192,000</u>	<u>0</u>
TOTAL	\$1,517,000	0

There are no non-employer contributions recognized for the support provided by non-employer contributing entities in TRS.

KENTUCKY PUBLIC PENSIONS AUTHORITY
County Employees Retirement System (CERS)

Plan description: Substantially all full-time classified employees of the District participate in the County Employees Retirement System ("CERS"). CERS is a cost-sharing, multiple-employer, defined benefit pension plan administered by the Kentucky General Assembly. The plan covers substantially all regular full-time members employed in non-hazardous duty positions of each county and school board, and any additional eligible local agencies electing to participate in the plan. The plan provides for retirement, disability and death benefits to plan members.

CERS issues a publicly available financial report included in the Kentucky Public Pensions Authority (KPPA) Annual Report that includes financial statements and the required supplementary information for CERS. That report may be obtained by writing to Kentucky Public Pensions Authority, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky, 40601, or by calling (502) 564-4646 or at <https://kyret.ky.gov>.

Benefits provided: Benefits under the plan will vary based on final compensation, years of service and other factors as fully described in the plan documents.

Contributions: Funding for CERS is provided by members who contribute 5% (6.00% for employees hired after September 1, 2008) of their salary through payroll deductions and by employers of members who contribute 23.40% of the member's salary. The contribution requirements of CERS are established and may be amended by the CERS Board of Trustees.

ANDERSON COUNTY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2023

NOTE S – RETIREMENT PLANS – continued

At June 30, 2023, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2021. An expected total pension liability as of June 30, 2021 was determined using standard roll-forward techniques. The District's proportion of the net pension liability was based on contributions to CERS during the fiscal year ended June 30, 2022. At June 30, 2022, the District's proportion was 0.18123%.

For the year ended June 30, 2023, the District recognized pension expense of \$1,437,353. At June 30, 2023, the District reported deferred outflows of resources for District contributions subsequent to the measurement date of \$1,223,189, deferred outflows of resources from change of assumptions and expectations of \$2,132,509, and deferred inflows of resources related to pensions from the net difference between projected and actual earnings on pension plan investments in the amount of \$1,672,881.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Liability Experience	\$14,007	\$116,671
Assumption Changes	0	0
Investment Experience	1,782,673	1,446,807
Change in Proportionate & Differences between Employer Contrib & Proportionate Share of Plan Contributions	<u>335,829</u>	<u>109,403</u>
Subtotal	2,132,509	1,672,881
Subsequent Contribution	<u>1,223,189</u>	<u>0</u>
TOTAL	\$3,355,698	\$1,672,881

District contributions subsequent to the measurement date of \$1,223,189 are reported as deferred outflows of resources and 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 of resources related to CERS will be recognized in pension expense as follows:

Deferred	Outflows (Inflows)
<u>Year</u>	
2023	\$ 231,043
2024	(33,496)
2025	(110,094)
2026	372,175
2027	<u>0</u>
	<u>\$ 459,628</u>

ANDERSON COUNTY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2023

NOTE S – RETIREMENT PLANS – continued

Actuarial Methods and Assumptions for Determining the Total Pension Liability and Net Pension Liability

The total pension liability for CERS was determined by applying procedures to the actuarial valuation as of June 30, 2022. The financial reporting actuarial valuation as of June 30, 2022, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of pay
Amortization Period	30 year closed period at June 30, 2019 <i>Gains/Losses incurring after 2019 will be amortized over separate closed 20-year amortization bases</i>
Payroll Growth Rate	2.00%
Inflation	2.30%
Salary Increase	3.30% to 10.30%, varies by service
Investment Rate of Return	6.25%,
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Mortality	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
Phase-In provision	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018

The total pension liability, net pension liability, and sensitivity information as of June 30, 2022 were 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 ending June 30, 2022, using generally accepted actuarial principles.

There have been no actuarial assumption or method 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.

Senate Bill 249 passed during the 2021 legislative session and changed the funding period for the amortization of the unfunded liability to 30 years as of June 30, 2019. Gains and losses incurring in future years will be amortized over separate 20-year amortization bases. This change does not impact the calculation of the Total Pension Liability and only impacts the calculation of the contribution rates that would be payable starting July 1, 2021. There were no other material plan provision changes.

ANDERSON COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2023

NOTE S – RETIREMENT PLANS – continued

Senate Bill 169 passed during the 2021 legislative session and increased the disability benefits for certain qualifying members who become “totally and permanently disabled” in the line of duty or as a result of a duty-related disability. The total pension liability as of June 30, 2022 is determined using these updated benefit provisions. There were no other material plan provision changes.

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

Discount Rate: The projection of cash flows used to determine the discount rate of 6.25% for the CERS Non-hazardous assumed that the funds receive the required employer contributions each future year, as determined by the current funding policy established in Statute as amended by House Bill 362 (passed in 2018) over the remaining 29 years (closed) amortization period of the unfunded actuarial accrued liability.

The projection of cash flows used to determine the discount rate of 6.25% assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in Statute as last amended by House Bill 8 (passed in 2021, over the remaining 29 years (closed) amortization period of the unfunded actuarial accrued liability.

The discount rate determination does not use a municipal bond rate. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the Annual Comprehensive Financial Report (ACFR).

Basis of Accounting

The underlying financial information used to prepare allocation schedules is based on KPPA's combining financial statements. KPPA's combining financial statements for all plans are prepared using the accrual basis of accounting and are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) that apply to governmental accounting for fiduciary funds.

Use of Estimates in Preparation of Schedules

The preparation of the schedules in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions that affect certain amounts and disclosures. KPPA accrues employer contributions using estimates based on historical data. Actual results could differ from those estimates.

ANDERSON COUNTY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2023

NOTE S – RETIREMENT PLANS – continued

The long-term expected return was determined by using a building-block method in which best-estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the tables below. The current long term inflation assumption is 2.30% per annum for both the non-hazardous and hazardous system.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	60.00%	
Public Equity	50.00%	4.45%
Private Equity	10.00%	10.15%
Fixed Income	20.00%	
Core Bonds	10.00%	0.28%
Specialty Credit/High-Yield	10.00%	2.28%
Cash	0.00%	-0.91%
Inflation Protected	20.00%	
Real Estate	7.00%	3.67%
Real Return	13.00%	4.07%
Expected Real Return	100.00%	4.28%
Long Term Inflation Assumption		2.30%
Expected Nominal Return for Portfolio		6.58%

Deferred Inflows and Outflows of Resources

The Deferred Inflows and Outflows of Resources, and Pension Expense included in the Schedule of Pension Amounts by Employer include only certain categories of deferred outflows of resources and deferred inflows of resources. These include differences between expected and actual experience, changes of assumptions and differences between projected and actual earnings on plan investments. The Schedule of Pension Amounts by Employer does not include deferred outflows/inflows of resources for changes in the employer's proportionate share of contributions or employer contributions made subsequent to the measurement date. The net pension liability as of June 30, 2022, is based on the June 30, 2021, actuarial valuation rolled forward. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed five-year period.

ANDERSON COUNTY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2023

NOTE S – RETIREMENT PLANS – continued

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

	1% Decrease (5.25%)	Current discount rate (6.25%)	1% Increase (7.25%)
District's proportionate share of the net pension liability	\$ 16,374,801	\$ 13,101,141	\$ 10,393,553

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued CERS financial report which is publicly available at <https://kyret.ky.gov>.

Payables to the pension plan: At June 30, 2023 the District had payables to CERS in the amount of \$0 for June's covered payroll with contributions required to be paid in July.

OPEB

CERS Non-hazardous Insurance Fund is a cost-sharing multiple-employer defined benefit Other Postemployment Benefits (OPEB) plan for members that cover all regular full-time members. The plan provides for health insurance benefits to plan members. OPEB may be extended to beneficiaries of plan members under certain circumstances.

The net OPEB liability is the total OPEB liability, less the amount of the plan's fiduciary net position. The total OPEB liability, net OPEB liability, and sensitivity information shown in this report 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.

Discount Rate:

Single discount rate of 5.70% 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. 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 system. However, the cost associated with the implicit employer's subsidy was not included in the calculation of the plans actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the KRS' trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the ACFR.

ANDERSON COUNTY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2023

NOTE 5 – RETIREMENT PLANS – continued

The projection of cash flows used to determine the single discount rate must include an assumption regarding actual employer contributions made each future year. Future contributions are projected assuming that the entire actuarially determined employer contribution is received by each plan each future year, calculated in accordance with the current funding policy.

The District's proportionate share of the Net OPEB Liability as of June 30, 2022 is \$3,576,105. The District's proportionate share is 0.181205%. The District's proportionate share of the OPEB expense is \$566,167. The total Deferred Outflows of Resources is \$1,774,995 and the total Deferred Inflows of Resources is \$1,923,128.

	Discount Rate Sensitivity		
	1%	Current	1%
	Decrease	Discount Rate	Increase
	4.70%	5.70%	6.70%
Net OPEB Liability	4,780,683	3,576,105	2,580,321

	Healthcare Cost Trend Rate Sensitivity		
	1%	Current	1%
	Decrease	Discount Rate	Increase
	2,658,755	3,576,105	4,677.670
Net OPEB Liability	2,658,755	3,576,105	4,677.670

The following actuarial methods and assumptions were used in performing the actuarial valuation as of June 30, 2022.

Inflation	2.30%
Payroll Growth Rate	2.00%
Salary Increases	3.30% to 10.30%, varies by service
Investment Rate of Return	6.25%
Healthcare Trend Rates	
Pre-65	Initial trend starting at 6.20% at January 1, 2024 and Gradually decreasing to an ultimate rate of 4.05% over a period of 13 years
Post-65	Initial trend starting at 9.00% in 2024, and gradually decreasing to an ultimate trend rate or 4.05% over a period of 13 years
Mortality	
Pre-retirement	PUB-2010 General Mortality table, projected with the Ultimate rates from the MP-2014 mortality improvement rates from the MP-2014 mortality improvement scale using a base year of 2010
Post-retirement (non-disabled)	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rate from MP-2014 mortality improvement scale using a base year of 2019

ANDERSON COUNTY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2023

NOTE S – RETIREMENT PLANS – continued

Post-retirement (disabled) PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010

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. This 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 Bill 209 also allows members receiving the insurance dollar contribution to participate in a medical insurance reimbursement plan that would provide the reimbursement of premiums for health plans other than those administered by KPPA.

The total OPEB liability as of June 30, 2022, is determined using these updated benefit provisions. There were no other material plan provision changes.

Deferred Inflows and Outflows of Resources

The Deferred Inflows and Outflows of Resources, and OPEB Expense include only certain categories of deferred outflows of resources and deferred inflows of resources. These include differences between expected and actual experience, changes in assumptions and differences between projected and actual earnings on plan investments. The Schedule of OPEB Amounts does not include deferred outflows/inflows of resources for changes in the employer’s proportionate share of contributions or employer contributions made subsequent to the measurement date. The net OPEB liability as of June 30, 2022, is based on the June 30, 2021, actuarial valuation rolled forward. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are amortized over a closed five-year period.

Deferred Inflows and Outflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Liability Experience	\$359,965	\$820,084
Assumption Changes	565,586	466,040
Investment Experience	665,908	520,762
Change in Proportionate & Differences between Employer Contrib & Proportionate Share of Plan Contributions	<u>183,536</u>	<u>116,242</u>
Subtotal	1,774,995	1,923,128
Subsequent Contribution	<u>177,205</u>	<u>0</u>
TOTAL	\$1,952,200	\$1,923,128

ANDERSON COUNTY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2023

NOTE S – RETIREMENT PLANS – continued

The \$177,205 of deferred outflows of resources 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.

The following is a summary of collective deferred outflows and Inflows of Resources arising from current and prior reporting periods.

Deferred Amounts to be recognized in Fiscal Years Ending	Deferred Outflows/ (Inflows) of Resources MIF
2023	\$ 17,105
2024	21,070
2025	(191,148)
2026	4,840
2027	0
thereafter	<u>0</u>
Total	\$(148,133)

NOTE T – DEFERRED OUTFLOWS FROM ADVANCED BOND REFUNDINGS

The District has issued Refunding Revenue Bonds. The following is a summary of the Unamortized amounts.

Deferred Outflows from Advance Bond Refundings

Beginning Balance	Additions	Current Amortization	Ending Balance
\$ 381,453	\$ 0	\$ 75,350	\$ 306,103

SUPPLEMENTARY INFORMATION

ANDERSON COUNTY SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE FOR GENERAL FUND
 For The Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Taxes	10,800,200	11,024,200	11,374,679	350,479
Other Local Sources	72,366	103,030	241,796	138,766
State Sources	<u>21,234,320</u>	<u>21,811,320</u>	<u>23,893,555</u>	<u>2,082,235</u>
TOTAL REVENUES	32,106,886	32,938,550	35,510,030	2,571,480
EXPENDITURES				
Instruction	22,611,309	22,831,128	25,658,290	(2,827,162)
Support Services				
Student	652,765	673,040	706,245	(33,205)
Instructional Staff	1,358,184	1,346,394	1,354,333	(7,939)
District Administration	1,147,170	1,081,484	882,188	199,296
School Administration	1,874,960	1,866,460	1,791,298	75,162
Business	673,470	710,020	702,599	7,421
Plant Operation and Maintenance	2,994,670	3,082,571	3,078,307	4,264
Student Transportation	2,482,680	2,794,975	2,549,021	245,954
Food Service	410	410		410
Community Services		7,540	5,688	1,852
Debt Services	143,861	135,236	65,237	69,999
Contingency	<u>1,229,664</u>	<u>1,996,064</u>	<u>0</u>	<u>1,996,064</u>
TOTAL EXPENDITURES	35,169,143	36,525,322	36,793,206	(267,884)
Excess (Deficit) of Revenues Over Expenditures	(3,062,257)	(3,586,772)	(1,283,176)	2,303,596
OTHER FINANCING SOURCES (USES)				
Sale of Assets	0	1,800	7,815	6,015
Operating Transfers In	95,472	469,348	692,394	223,046
Operating Transfers Out	<u>(133,215)</u>	<u>(133,215)</u>	<u>(174,521)</u>	<u>(41,306)</u>
TOTAL OTHER FINANCING SOURCES (USES)	(37,743)	337,933	525,688	187,755
Change in Fund Balance on Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds	(3,100,000)	(3,248,839)	(757,488)	2,491,351
Fund Balance, July 1, 2022	<u>3,100,000</u>	<u>3,238,819</u>	<u>3,093,259</u>	<u>(145,560)</u>
Fund Balance, June 30, 2023	\$0	(\$10,020)	\$2,335,771	\$2,345,791

ANDERSON COUNTY SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE FOR SPECIAL REVENUE
 For The Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
State Sources	\$1,616,154	\$2,033,586	\$1,873,101	(160,485)
Federal Sources	2,201,158	4,163,539	4,905,777	742,238
Local Sources	<u>92,899</u>	<u>95,399</u>	<u>85,308</u>	<u>(10,091)</u>
TOTAL REVENUES	3,910,211	6,292,524	6,864,186	571,662
EXPENDITURES				
Instruction	2,419,965	4,713,343	4,037,136	676,207
Support Services				
Student Support	43,095	43,095	161,642	(118,547)
Staff Support	1,051,312	1,333,874	1,138,922	194,952
Business Support	161,485	191,217	185,473	5,744
Student Transportation	75,359	(79,935)	30,289	(110,224)
Plant Operations & Maintenance			194,826	(194,826)
Other Instruction			268	(268)
Day Care Operations			725,299	(725,299)
Community Service Operations	<u>280,938</u>	<u>321,280</u>	<u>391,870</u>	<u>(70,590)</u>
TOTAL EXPENDITURES	4,032,154	6,522,874	6,865,725	(342,851)
Excess (Deficit) of Revenues Over Expenditures	(121,943)	(230,350)	(1,539)	228,811
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	133,215	133,215	173,964	40,749
Operating Transfers Out	<u>(11,272)</u>	<u>(44,662)</u>	<u>(172,425)</u>	<u>(127,763)</u>
TOTAL OTHER FINANCING SOURCES (USES)	121,943	88,553	1,539	(87,014)
Excesss (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	0	(141,797)	0	141,797
Restricted Fund Balance, July 1, 2022	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Restricted Fund Balance, June 30, 2023	\$0	(\$141,797)	\$0	\$141,797

ANDERSON COUNTY SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 For The Year Ended June 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability (asset)									
TRIS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CERS	\$13,101,141	\$11,741,645	\$13,188,576	\$11,497,059	\$10,210,640	\$10,232,869	\$9,076,288	\$7,959,909	\$6,197,781
Total	\$13,101,141	\$11,741,645	\$13,188,576	\$11,497,059	\$10,210,640	\$10,232,869	\$9,076,288	\$7,959,909	\$6,197,781
District's proportionate share of the net pension liability (asset)									
TRIS	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%
CERS	0.18123%	0.184160%	0.17200%	0.163500%	0.167654%	0.174822%	0.184342%	0.185000%	0.191000%
State's proportionate share of the net pension liability (asset) associated with the District									
TRIS	\$83,375,169	\$63,916,436	\$64,621,864	\$62,010,256	\$60,006,290	\$120,788,524	\$135,094,269	\$108,299,752	\$96,394,423
District's covered employee payroll									
TRIS	\$17,210,691	\$16,115,831	\$15,408,526	\$15,010,640	\$15,100,248	\$14,585,626	\$14,489,369	\$14,790,294	\$14,732,249
CERS	\$4,986,625	\$4,705,500	\$4,394,489	\$4,138,222	\$4,144,856	\$4,404,093	\$4,396,169	\$4,472,335	\$4,418,498
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll									
TRIS	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CERS	262.73%	246.13%	300.12%	277.83%	246.34%	232.35%	202.94%	180.15%	136.47%
Plan fiduciary net position as a percentage of the total pension liability									
TRIS	56.41%	65.59%	58.27%	58.76%	59.28%	39.83%	35.22%	42.49%	45.59%
CERS	52.42%	57.33%	47.81%	50.45%	53.54%	53.30%	55.50%	59.97%	66.80%

Note: The schedule is intended to show information for the last 10 fiscal years.
 Additional years will be displayed as they become available.

ANDERSON COUNTY SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT PENSION CONTRIBUTIONS
 For The Year Ended June 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions									
TRS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CERS	\$1,141,601	\$907,857	\$850,077	\$668,826	\$601,684	\$593,780	\$614,216	\$555,403	\$533,955
Total	\$1,141,601	\$907,857	\$850,077	\$668,826	\$601,684	\$593,780	\$614,216	\$555,403	\$533,955
Contributions in relation to the contractually required contribution									
TRS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CERS	\$1,141,601	\$907,857	\$850,077	\$668,826	\$601,684	\$593,780	\$614,216	\$555,403	\$533,955
Total	\$1,141,601	\$907,857	\$850,077	\$668,826	\$601,684	\$593,780	\$614,216	\$555,403	\$533,955
Contribution deficiency (excess)									
TRS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CERS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
District's covered employee payroll									
TRS	\$17,210,691	\$16,115,831	\$15,408,526	\$15,010,640	\$15,100,248	\$14,585,626	\$14,489,369	\$14,790,294	\$14,732,249
CERS	\$4,986,625	\$4,705,500	\$4,394,489	\$4,138,222	\$4,144,856	\$4,404,093	\$4,396,169	\$4,472,335	\$4,418,498
Total	\$22,197,316	\$20,821,331	\$19,803,015	\$19,148,862	\$19,245,104	\$18,989,719	\$18,885,538	\$19,262,629	\$19,150,747
Contributions as a percentage of covered employee payroll									
TRS	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	13.97%	12.42%	12.08%
CERS	22.89%	19.29%	19.34%	16.16%	14.52%	13.48%	11.71%	22.55%	18.31%

Note: The schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

ANDERSON COUNTY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
For The Year Ended June 30, 2023

	2023	2022	2021	2020	2019	2018
District's proportion of the net OPEB liability (asset)						
CERS	\$3,576,105	\$3,524,828	\$4,152,794	\$2,748,819	\$2,977,303	\$3,514,520
TRS - Medical Insurance	\$8,798,000	\$5,604,000	\$6,166,000	\$7,085,000	\$8,205,000	\$8,432,000
TRS - Life Insurance	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total	\$12,374,105	\$9,128,828	\$10,318,794	\$9,833,819	\$11,182,303	\$11,946,520
District's proportionate share of the net OPEB liability (asset)						
CERS	0.181205%	0.184117%	0.172000%	0.163400%	0.167690%	0.174822%
TRS - Medical Insurance	0.354412%	0.261194%	0.244329%	0.242083%	0.236473%	0.236480%
TRS - Life Insurance	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
State's proportionate share of the net OPEB liability (asset) associated with the District						
TRS - Medical Insurance	\$2,890,000	\$4,552,000	\$4,939,000	\$5,722,000	\$7,071,000	\$6,888,000
TRS - Life Insurance	<u>\$144,000</u>	<u>\$61,000</u>	<u>\$149,000</u>	<u>\$133,000</u>	<u>\$121,000</u>	<u>\$63,000</u>
Total	\$3,034,000	\$4,613,000	\$5,088,000	\$5,855,000	\$7,192,000	\$6,951,000
District's covered employee payroll						
TRS	\$17,210,691	\$16,115,831	\$15,408,526	\$15,010,640	\$15,100,248	\$14,585,626
CERS	<u>\$4,986,625</u>	<u>\$4,705,500</u>	<u>\$4,394,489</u>	<u>\$4,138,222</u>	<u>\$4,144,856</u>	<u>\$4,404,093</u>
Total	\$22,197,316	\$20,821,331	\$19,803,015	\$19,148,862	\$19,245,104	\$18,989,719
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll						
CERS	71.71%	74.91%	94.50%	66.43%	71.83%	79.80%
TRS - Medical Insurance	51.12%	34.77%	40.02%	47.20%	54.34%	57.81%
TRS - Life Insurance	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability						
CERS	60.95%	89.15%	51.67%	60.44%	57.62%	52.40%
TRS - Medical Insurance	47.75%	51.74%	39.05%	32.58%	25.54%	21.18%
TRS - Life Insurance	73.97%	89.15%	71.57%	73.40%	74.97%	79.99%

Note: The schedule is intended to show information for the last 10 fiscal years.
Additional years will be displayed as they become available.

ANDERSON COUNTY SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
 For The Year Ended June 30, 2023

	2023	2022	2021	2020	2019	2018
Contractually required contributions						
CERS	\$208,983	\$223,907	\$209,750	\$216,894	\$230,881	\$223,384
TRS - Medical Insurance	\$470,260	\$463,622	\$431,502	\$421,533	\$421,233	\$405,157
TRS - Life Insurance	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total	\$679,243	\$687,529	\$641,252	\$638,427	\$652,114	\$628,541
Contributions in relation to the contractually required contribution						
CERS	\$208,983	\$223,907	\$209,750	\$216,894	\$230,881	\$223,384
TRS - Medical Insurance	\$470,260	\$463,622	\$431,502	\$421,533	\$421,233	\$405,157
TRS - Life Insurance	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total	\$679,243	\$687,529	\$641,252	\$638,427	\$652,114	\$628,541
Contribution deficiency (excess)						
CERS	\$0	\$0	\$0	\$0	\$0	\$0
TRS - Medical Insurance	\$0	\$0	\$0	\$0	\$0	\$0
TRS - Life Insurance	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total	\$0	\$0	\$0	\$0	\$0	\$0
District's covered employee payroll						
TRS	\$17,210,691	\$16,115,831	\$15,408,526	\$15,010,640	\$15,100,248	\$14,585,626
CERS	<u>\$4,986,625</u>	<u>\$4,705,500</u>	<u>\$4,394,489</u>	<u>\$4,138,222</u>	<u>\$4,144,856</u>	<u>\$4,404,093</u>
Total	\$22,197,316	\$20,821,331	\$19,803,015	\$19,148,862	\$19,245,104	\$18,989,719
Contributions as a percentage of covered employee payroll						
TRS	2.73%	2.88%	2.80%	2.80%	2.79%	5.07%
CERS	4.19%	4.76%	4.77%	5.24%	5.57%	2.80%

Note: The schedule is intended to show information for the last 10 fiscal years.
 Additional years will be displayed as they become available.

GENERAL INFORMATION

Contributions

Contractually required employer contributions reported on the Schedule of Pension Contributions exclude the portion of contributions paid to KPPA but allocated to the insurance fund of the KPPA. The insurance contributions are reported on the Schedule of OPEB Contributions.

Contractually required employer contributions reported on the Schedule of Pension Contributions exclude the portion of contributions paid to TRS but allocated to the insurance fund of the TRS. The insurance contributions are reported on the Schedule of OPEB Contributions.

Payroll

The District's covered payroll reported on the Proportionate Share of the Net Pension Liability – KPPA and the Proportionate Share of the Net OPEB Liability – KPPA Schedules is one year prior to the District's fiscal year payroll as reported on the Schedule of Contributions for KPPA Pension and KPPA OPEB.

The District's covered payroll reported on the Proportionate Share of the Net Pension Liability – TRS and the Proportionate Share of the Net OPEB Liability – TRS Schedules are one year prior to the District's fiscal year payroll as reported on the Schedule of Contributions for TRS Pension and TRS OPEB.

CHANGES OF ASSUMPTIONS

June 30, 2023 – KPPA Pension and OPEB Nonhazardous

Pension – There have been no changes in actuarial assumptions or methods since June 30, 2021.

OPEB – The discount rates used to calculate the total OPEB liability increased since the prior year. There were no other material assumption changes.

June 30, 2022 – TRS Pension and OPEB

Health Trust and Life Trust

A new benefit tier was added for members joining the System on and after January 1, 2022. A description of the benefit provisions applicable to these members can be found in Schedule B of the State report.

June 30, 2021 – KPPA Pension Nonhazardous

There have been no actuarial assumption or method changes since June 30, 2020.

Senate Bill 169 passed during the 2021 legislative session and increased the disability benefits for certain qualifying members who become "totally and permanently disabled" in the line of duty or as a result of a duty-related disability.

June 30, 2021 – KPPA OPEB Nonhazardous

The single discount rates used to calculate the total OPEB liability within the plan decreased from 5.34% to 5.05%.

The assumed increase in future health care costs, or trend assumption, was reviewed during the June 30, 2020 valuation process and updated to better reflect the plans' anticipated long-term healthcare cost increases. In general, the updated assumption is assuming higher future increased in healthcare costs.

June 30, 2021 – TRS Pension

There have been no actuarial assumption or method changes since June 30, 2020.

June 30, 2021 – TRS OPEB

The following changes to assumptions were made during the year:

Health Trust and Life Trust

In the 2020 experience study, rates of withdrawal, retirement, disability, mortality, and rates of salary increases were adjusted to reflect actual experience more closely. The expectation of mortality was changed to the PUB2010 Mortality Tables (Teachers Benefit-Weighted) projected generationally with MP-2020 with various set forwards, set-backs, and adjustments for each of the groups; service retirees, contingent annuitants, disabled retirees, and actives.

The assumed long-term investment rate of return was changed from 8.00% for the Health Trust and 7.50% for the Life Trust to 7.10%.

The price inflation assumption was lowered from 3.00% to 2.50%.

The rates of member participation and spousal participation were adjusted to reflect actual experience more closely.

June 30, 2020 – KPPA Pension and KPPA OPEB Nonhazardous

The following change in assumptions was made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2020 for OPEB:

The initial healthcare trend rate for per-65 was changed from 7% to 6.4%. The initial healthcare trend rate for post-65 was changed from 5% to 2.90%, which increased to 6.30% in 2023.

June 30, 2020 – TRS Pension and TRS OPEB

The following changes in assumptions were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2020, for TRS-OPEB-Medical Insurance Plan:

The assumed investment rate of return increased from 7.5% to 8.0%.

The following changes in assumptions are made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2020, for TRS OPEB-Life Insurance Plan:

The assumed projected salary increases decreased from a range of 3.50% - 7.45% to 3.50% - 7.20%.
The assumed municipal bond index rate was decreased from 3.5% to 2.2%.

June 30, 2019 – KPPA Pension and KPPA OPEB Nonhazardous

The following changes in assumptions were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2019, for both KPPA pension and KPPA OPEB:

The assumed rate of salary increases was increased from 3.05% to 3.30% to 10.3% on average.

June 30, 2019 -TRS Pension and TRS OPEB

The following changes in assumptions were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2019, for TRS pension:

The assumed municipal bond index rate was decreased from 3.89% to 3.50%.

The following changes in assumptions were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2019, for TRS OPEB-Medical Insurance Plan:

The assumed projected salary decreased from 4.0%-8.1%, including wage inflation, to 3.5%-7.2%, including wage inflation.

The assumed wage inflation dropped from 4.0% to 3.5%.

The assumed municipal bond index rate was decreased from 3.89% to 3.50%.

The following changes in assumptions were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2019, for TRS OPEB-Life Insurance Plan:

The assumed net investment rate of return decreased from 8.0% to 7.5%.

The assumed municipal bond index was decreased from 3.89% to 3.50%.

June 30, 2018 -KPPA Pension and KPPA OPEB Nonhazardous

There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2018 for either KPPA pension or KPPA OPEB.

June 30, 2018 -TRS Pension and TRS OPEB

The following changes in assumptions were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2018, for TRS pension and TRS OPEB:

For TRS Pension the assumed discount rate was increased from 4.49% to 7.50%.

For TRS OPEB-Medical Insurance Plan health care trend rates were updated.

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

June 30, 2017 -KPPA Pension Nonhazardous

The following changes in assumptions were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2017:

The assumed rate of return was decreased from 7.50% to 6.25%.

The assumed rate of inflation was reduced from 3.25% to 2.30%.

Payroll growth assumption was reduced from 4% to 2%.

June 30, 2017 -TRS Pension

The following changes in assumptions were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2017:

In the 2016 valuation, rates of withdrawal, retirement, disability, mortality and rates of salary increase were adjusted to more closely reflect actual experience. In the 2016 valuation and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Tables projected to 2015 with projection scale BB, set forward two project years for males and one year for females rather than the RP-2000 Mortality Tables projected to 2020 with scale AA.

June 30, 2016 -KPPA Pension and KPPA OPEB Nonhazardous

There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2016 for either KPPA pension or KPPA OPEB.

June 30, 2017 -TRS Pension

The following changes in assumptions were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2016, for TRS pension:

The assumed municipal bond index rate decreased from 3.82% to 3.01%, resulting in a change in the Single Equivalent Interest Rate from 4.88% to 4.20%.

June 30, 2016 – TRS Pension

In the 2016 valuation, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience. In the 2016 valuation, the Assumed Salary Scale, Price Inflation, and Wage Inflation were adjusted to reflect a decrease. In addition, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 4.88% to 4.20%.

June 30, 2015 -KPPA Pension Nonhazardous

The following changes in assumptions were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2015:

The assumed rate of return was decreased from 7.75% to 7.50%.

The assumed rate of inflation was reduced from 3.50% to 3.25%.

The assumed rate of wage inflation was reduced from 1.00% to 0.75%.

Payroll growth assumption was reduced from 4.5% to 4.0%.

Mortality rates were based on the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females).

For healthy retired members and beneficiaries, the mortality table used in the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females).

For Disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement.

The assumed rates of retirement, withdrawal, and disability were updated to reflect experience more accurately.

June 30, 2015 -TRS Pension

In 2015, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 5.23% to 4.88%.

June 30, 2014 -KPPA Pension Nonhazardous and TRS Pension

There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2014.

June 30, 2014 – TRS Pension

In 2017, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 5.23% to 4.88%.

June 30, 2013 -KPPA Pension Nonhazardous

The assumed rate of return was 7.75%.

The assumed rate of inflation was 3.50%.

The assumed rate of wage inflation was 1.00%.

Payroll growth assumption was 4.5%.

Mortality rates were based on the 1983 Group Annuity Mortality Table for all retired members and beneficiaries as of June 30, 2006. The 1994 Group Annuity Mortality Table was used for all other members.

ANDERSON COUNTY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 As of June 30, 2023

	District Activity Fund	School Activity Fund	SEEK Capital Outlay Fund	Construction Fund	Total
ASSETS AND RESOURCES					
Cash and equivalents	\$153,203	\$375,851	\$281,368	\$1,056,615	\$1,867,037
TOTAL ASSETS AND RESOURCES	\$153,203	\$375,851	\$281,368	\$1,056,615	\$1,867,037
LIABILITIES					
Account payable	\$407			\$91,910	\$92,317
TOTAL LIABILITIES	407			91,910	92,317
FUND BALANCES					
Assigned Purchase Obligations	(31,827)				(31,827)
Restricted - Future Construction			281,368	964,705	1,246,073
Restricted - Other	<u>184,623</u>	<u>375,851</u>	<u>281,368</u>	<u>964,705</u>	<u>560,474</u>
TOTAL FUND BALANCES	152,796	375,851	281,368	964,705	1,774,720
TOTAL LIABILITIES AND FUND BALANCES	\$153,203	\$375,851	\$281,368	\$1,056,615	\$1,867,037

ANDERSON COUNTY SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For The Year Ended June 30, 2023

	District Activity Fund	School Activity Fund	SEEK Capital Outlay Fund	Construction Fund	Total
REVENUES					
From local sources					
Earnings on Investments	\$	\$83	\$	\$	\$83
Other local sources	51,797	876,652			928,449
Intergovernmental-State			<u>331,918</u>		<u>331,918</u>
TOTAL REVENUES	51,797	876,735	331,918	0	1,260,450
EXPENDITURES					
Instruction	192,885	672,348			865,233
Instruction Staff Support		26,463			26,463
Other Non-Instruction		38,127			38,127
Plant Operations & Maintenance	843				843
Student Transportation		1,886			1,886
Building Improvements				<u>457,764</u>	<u>457,764</u>
TOTAL EXPENDITURES	193,728	738,824		457,764	1,390,316
Excess (deficit) revenues over expenditures	(141,931)	137,911	331,918	(457,764)	(129,866)
OTHER FINANCING SOURCES (USES)					
Operating transfers in	110,104			1,011,564	1,121,668
Operating transfers out		<u>(90,504)</u>	<u>(889,729)</u>		<u>(980,233)</u>
TOTAL OTHER FINANCING SOURCES (USES)	110,104	(90,504)	(889,729)	1,011,564	141,435
Excess (deficit) revenues and other financing sources over expenditures and other financing uses	(31,827)	47,407	(557,811)	553,800	11,569
Restricted Fund Balance, July 1, 2022	<u>184,623</u>	<u>328,444</u>	<u>839,179</u>	<u>410,905</u>	<u>1,763,151</u>
Restricted Fund Balance, June 30, 2023	\$152,796	\$375,851	\$281,368	\$964,705	\$1,774,720

ANDERSON COUNTY SCHOOL DISTRICT
 COMBINING STATEMENT OF RECEIPTS AND DISBURSEMENTS
 Fund 25
 For The Year Ended June 30, 2023

	Cash Balances			Cash Balances
	7/1/2022	Receipts	Disbursement	June 30, 2023
Anderson County High School	\$211,496	\$676,270	\$631,150	\$256,616
Anderson County Middle School	\$75,758	\$84,214	\$90,320	\$69,652
Early Childhood Center	\$7,455	\$19,251	\$13,545	\$13,161
Emma B. Ward Elementary	\$11,131	\$33,874	\$33,215	\$11,790
Saffell Street Elementary	\$11,468	\$26,114	\$26,899	\$10,683
Robert B. Turner Elementary	<u>\$11,136</u>	<u>\$37,180</u>	<u>\$34,367</u>	<u>\$13,949</u>
TOTAL ACTIVITY FUNDS	\$328,444	\$876,903	\$829,496	\$375,851

ANDERSON COUNTY SCHOOL DISTRICT
STATEMENT OF RECEIPTS AND DISBURSEMENTS
ANDERSON COUNTY HIGH SCHOOL
For The Year Ended June 30, 2023

	Cash Balances				Cash Balances
	July 1, 2022	Receipts	Disbursements	Transfers	June 30, 2023
Library	0	25	35	10	0
Building Rental	0	1,735	1,735		0
Cash/Start-Up	0	4,000	4,000		0
College Coach	360				360
Beacats to Europe	566				566
Graphics Design	252	140	164		228
Robotics	509		20		489
Allsports	4	30,750	33,789	4,935	1,900
Athletic Fees	0	7,000	10,793	3,793	0
Bass Fishing	1,876	1,350	2,823	(30)	373
Archery	5,583	10,300	10,062	(30)	5,791
Baseball	7,946	22,348	24,649	(1,465)	4,180
Softball	4,194	14,342	17,412	(165)	959
Boys Basketball	20,248	32,548	29,356	(6,741)	16,699
Girls Basketball	3,564	49,543	30,380	(778)	21,949
Athletic Concessions	3,027	40,050	28,823	(10,142)	4,112
Soccer-Boys	7,699	4,972	6,692	(210)	5,769
Soccer-Girls	8,747	16,836	15,051	(340)	10,192
Varsity Cheer	1,206	19,376	10,703	(60)	9,819
Cross Country	787		1,720	933	0
Dance Team	0	1,870	942	(60)	868
Disc Golf	2,262	1,160	2,467	(130)	825
Football	13,808	45,816	38,177	2,973	24,420
Weightlifting	573				573
Volleyball	1,239	8,233	8,724	(365)	383
Golf-Boys	3,729	11,075	11,405	(95)	3,304
Golf-Girls	3,969	11,060	9,637	401	5,793
Tennis-Boys	2,324	167	1,293	(30)	1,168
Tennis-Girls	2,586		210	(30)	2,346
Track	7,674	3,812	10,688	(60)	738
Wrestling	1,703	3,844	4,954	(60)	533
Bowling	568	3,537	2,210	(501)	1,394
Swim Team	4,357		2,206	(60)	2,091
FCCLA	351	5,803	5,794	237	597
Beta Club	3,005	5,139	5,999	(130)	2,015
National Honor Society	156	550	385		321
Green Club	603	119	317		405
Y-Club	79	13,061	8,497	(4,643)	0
Drama/ACT Cats	21,880	14,422	8,740		27,562
FCA	704		20		684
SP ED Pass	250	240	120	(240)	130
SP ED Rewards	185	465	834	240	56
FFA	6,807	26,222	24,777	(442)	7,810
AG Shop	1,019		532		487
FMD	0	310	200		110
GT Clubs	418	3,805	2,361		1,862
Art	126	636			762

ANDERSON COUNTY SCHOOL DISTRICT
STATEMENT OF RECEIPTS AND DISBURSEMENTS
ANDERSON COUNTY HIGH SCHOOL
For The Year Ended June 30, 2023

	Cash Balances				Cash Balances
	Beginning	Receipts	Disbursements	Transfers	Ending
Mud Club/Creamics	121				121
Pep Club	608	1,029	217		1,420
Esports	555		399		156
Spanish Honor Society	132				132
Academic Team	273		36		237
PAC	0				0
Key Club	1	135	135		1
STLP	118				118
Prom	3,132	12,764	10,910	(119)	4,867
FCS	973	2,330	1,244		2,059
Greenhouse	7,133	7,829	3,935	119	11,146
Chours	9,382	8,230	11,333	(130)	6,149
Band	2,603	80,293	76,419		6,477
Yearbook	33,520	16,154	8,764	1,480	42,390
Guidance	76				76
Pepsi - Student	1,430	1,743	1,939		1,234
Pepsi - Teacher	4,348	1,496	4,363		1,481
Senior Class	143				143
Senior Class Trip	0	56,720	53,357	(195)	3,168
Cadet Core	0	1,175	1,060		115
General Fund	0	190			190
SCO Rounding	0	106		(13)	93
SCO Processing	0	324			324
Technology	0	645			645
KUNA International	0	112	4,760	4,648	0
Guidance Sweep	0	999	999		0
Boys Basketball Sweep	0	1,000	7,000	6,000	0
DAF General	5	3,521	3,505		21
Building Rental-Sweep	0	4,920	4,340		580
Student Fee Sweep	0	45,495	45,690	195	0
Girls Basketball Sweep	0	5,857	5,857		0
All Sports Sweep	0	2,892	2,892		0
Baseball Sweep	0		1,300	1,300	0
Football Sweep	<u>0</u>	<u>3,650</u>	<u>1,000</u>	<u>0</u>	<u>2,650</u>
	\$211,496	\$676,270	\$631,150	\$0	\$256,616

ANDERSON COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2023

Federal Grantor/Passed-Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass Through Grantor's Number	Federal Expenditures
<u>U.S. Department of Agriculture</u>			
Passed through Kentucky Department of Education			
Child Nutrition Cluster			
Commodities	10.555	not provided	\$164,378
School Breakfast Program	10.553	7760005	504,990
National School Lunch Program	10.555	7750002	1,411,095
National School Lunch Program	10.555	9980000	136,433
Summer Food Service Program for Children	10.559	7740023	39,367
Summer Food Service Program for Children	10.559	7690024	<u>4,066</u>
Total Child Nutrition Cluster			2,260,329
State Pandemic Electronic Benefit Transfer (P-EBT)			
Administrative Costs Grant	10.649	9990000	3,174
State Administrative Expenses for Child Nutrition	10.560	7700001	<u>3,259</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			2,266,762
<u>U.S. Department of Education</u>			
Passed through Kentucky Department of Education			
Title I, Part A			
Title I Grants to Local Educational Agencies	84.010	3100002	433,284
Special Education Cluster (IDEA)			
Special Education-Grants to States (IDEA, Part B)	84.027	3810002	843,900
IDEA B - ARP COVID funds	84.027X	4910002	110,373
IDEA B Preschool - ARP COVID funds	84.173X	4900002	4,971
Early Childhood Regional Training Center	84.173	3800003	363,027
Special Education-Preschool Grants (IDEA, Preschool)	84.173	3800002	<u>93,034</u>
		subtotal	1,415,305
Supporting Effective Instruction State Grants	84.367A	3230002	282,352
Title IV, Part A	84.424	3420002	27,695
Career and Technical Education	84.048	3710002	20,876

ANDERSON COUNTY SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For The Year Ended June 30, 2023

Federal Grantor/Passed-Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass Through Grantor's Number	Federal Expenditures
COVID 19			
Education Stabilization Fund (ESF)			
Cares Act Education Stabilization Fund	84.425D	CARE-20	287
Elementary and Secondary School Emergency Relief Fund	84.425D	4200002	11,563
Elementary and Secondary School Emergency Relief Fund	84.425D	4200003	63,472
American Rescue Plan - ARP ESSER	84.425U	4300002	1,783,784
American Rescue Plan - ARP ESSER	84.425U	4300003	3,854
ARP - Homeless Children and Youth	84.425W	not provided	5,790
Passed through Governors Office			
Geer II Career to Cradle FRYSC	84.425C	not provided	63,871
Passed through Coop			
Educational Cooperative ARP ESSER Deeper Learning	84.425U	not provided	<u>16,144</u>
Total COVID			1,948,765
 TOTAL U.S. DEPARTMENT OF EDUCATION			 4,128,277
 U.S. Health and Human Services			
Passed through Kentucky Department for Community Based Services			
Promoting Adolescent Health through School-Based			
Surveillance	93.079	not provided	397
CCDF Cluster			
Child Care and Development Block Grant	93.575	not provided	<u>737,483</u>
 TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			 737,880
 TOTAL EXPENDITURES OF FEDERAL AWARDS			 7,132,919

The accompanying notes are an integral part of this schedule

ANDERSON COUNTY SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2023

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Anderson County School District (the "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 the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

Note 2 – Summary of Significant Accounting Policies

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

The District did not use the 10 percent de minimis indirect cost rate.

Note 3 – Food Distribution

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities disbursed, totaling \$164,378.

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

State Committee For School District Audits
Members of the Board of Education
Anderson County School District
Lawrenceburg, Kentucky

We have audited, 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, Audits of States and Local Governments, and Non-profit Organizations, and the audit requirement prescribed by the Kentucky Committee for School District Audits, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Anderson County Board of Education as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated December 6, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

I noted certain matters that I reported to management of the District in a separate letter dated December 6, 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.

Denise M. Keene

Denise M. Keene, CPA
Georgetown, Kentucky
December 6, 2023

**DENISE M. KEENE
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P.O. BOX 1444
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

State Committee For School District Audits
Members of the Board of Education
Anderson County School District
Lawrenceburg, Kentucky

**Report on Compliance for Each Major Federal Program
Opinion on Each Major Federal Program**

We have audited Anderson County School District's (the "District") 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 the District's major federal programs for the year ended June 30, 2023. The 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, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 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; the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- a. Exercise professional judgment and maintain professional skepticism throughout the audit.
- b. 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 the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- c. Obtain an understanding of the 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 the 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 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Denise M. Keene

Denise M. Keene, CPA
Georgetown, Kentucky
December 6, 2023

ANDERSON COUNTY SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For The Year Ended June 30, 2023

Section I – Summary of Auditor’s Results

Financial Statements

An unmodified opinion was issued on the financial statements.

Internal control over financial reporting
 Material weakness(es) identified? __ yes X no
 Significant deficiency(s) identified that are not
 considered to be material weakness(es)? __yes X none reported
 Noncompliance material to financial statements noted? __ yes X no

Federal Awards

Internal control over major programs:
 Material weakness(es) identified? __ yes X no
 Significant deficiency(s) identified that are not
 Considered to be material weakness(es)? __ yes X none reported

An unmodified opinion was issued on compliance for all major programs.

Any audit findings disclosed that are required to be reported
 in accordance with 2CFR 200.516(a)? __ yes X no

Identification of major programs

<u>Federal Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425C, 84.425D, 84.425U 10.553, 10.555, 10.559 84.027, 84.173	Education Stabilization Fund Child Nutrition Cluster Special Education Cluster

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

Auditee qualified as low-risk auditee? X yes ___ no

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None Reported

ANDERSON COUNTY SCHOOL DISTRICT
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For The Year Ended June 30, 2023

PRIOR YEAR – FINANCIAL STATEMENT FINDINGS

None were reported last year.

PRIOR YEAR – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None were reported last year.

MANAGEMENT LETTER

**DENISE M. KEENE
CERTIFIED PUBLIC ACCOUNTANT
P.O. BOX 1444
GEORGETOWN, KENTUCKY 40324
859-421-5062**

Anderson County Board of Education
Lawrenceburg, Kentucky

We have audited the financial statements of the Anderson County School District for the year ended June 30, 2023 and have issued our report thereon dated December 6, 2023. As part of our audit, we made a study and evaluation of the District's system of internal accounting control to the extent we considered necessary to evaluate the system as required by auditing standards generally accepted in the United States of America. The purpose of our study and evaluation was to determine the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the District's financial statements. Our study and evaluation was more limited than would be necessary for expressing an opinion on the system of internal accounting control taken as a whole.

The management of the Anderson County School District is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any system of internal accounting control, errors, or irregularities may nevertheless occur and not be detected. Also, projections of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with procedures may deteriorate.

Our study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system of internal accounting control. Accordingly, we do not express an opinion on the system of internal accounting control of the Anderson County School District taken as a whole. Our study and evaluation disclosed no condition that we believe to be a material weakness.

The District corrected all of last year's management comments.

Denise M. Keene, CPA

December 6, 2023

CURRENT YEAR MANAGEMENT POINTS

Central Office

2023-001

The District did not comply with Model Procurement. One vendor that totaled more than \$30,000, without bidding. I recommend the District bid when the total vendor amount will be more than \$30,000.

Management's Response:

The district will monitor vendors and purchase amounts to insure spending that may exceed the threshold for bidding is not exceeded in the future. Additionally, the district will work with vendors not on a bid list to complete that process if they wish to be considered for purchases in excess of set thresholds.

2023-002

According to Board Policy 04.3111, "With the exception of recurring monthly payments such as utilities and fixed charges, no bill shall be paid without the following supportive information: (1) A purchase order signed by the Superintendent or his designated representative..." There seems to be some confusion on what items meet the exception. Testing disclosed several items that did not have a purchase order that do not agree with the policy.

Management's Response:

The district will work to implement a purchase order for food service and construction payments as recommended and will consult with the board attorney regarding a potential policy update regarding certain payment types.

ANDERSON COUNTY HIGH SCHOOL

2023-003

The High School's Annual Financial Report was not correct. The school changed accounting systems as of January 1, 2023. The Annual Financial Report only included six months of receipts and disbursements. I recommend the Principal review the financial statements for accuracy before signing off on the report.

Management's Response:

The accounting software change was implemented and access to the old system has been maintained. The new software was unable to combine the annual financial report for the entire year. Moving forward with one system for the fiscal year will enable principals to review the financial statements for complete accuracy.

2023-004

According to the Redbook, The Principal is to review, sign and date the bank statement prior to giving to the bookkeeper. Eight out of twelve bank statement were not signed. One of the twelve was not dated. I recommend the Principal review, sign and date the bank statements as required.

Management's Response:

The accounting manager currently reviews bank statements after the principal and bookkeeper review. The 12 bank statements reviewed by the accounting manager contain signatures and/or initials on all reviewed statements. The principal will be reminded to sign his name, not just initial and date. The accounting manager will continue to review for full signatures and dates of all required employees.

ANDERSON COUNTY MIDDLE SCHOOL

2023-005

The Middle School's Annual Financial Report was not correct. The school changed accounting systems as of December 1, 2022. The Annual Financial Report only included six months of receipts and disbursements. I recommend the Principal review the financial statements for accuracy before signing off on the report.

Management's Response:

The accounting software change was implemented and access to the old system has been maintained. The new software was unable to combine the annual financial report for the entire year. Moving forward with one system for the fiscal year will enable principals to review the financial statements for complete accuracy.

EMMA B WARD ELEMENTARY

2023-006

The Emma B Ward Elementary School's Annual Financial Report was not correct. The school changed accounting systems as of December 1, 2022. The Annual Financial Report only included six months of receipts and disbursements. I recommend the Principal review the financial statements for accuracy before signing off on the report.

Management's Response:

The accounting software change was implemented and access to the old system has been maintained. The new software was unable to combine the annual financial report for the entire year. Moving forward with one system for the fiscal year will enable principals to review the financial statements for complete accuracy.

ROBERT B TURNER ELEMENTARY

2023-007

The Robert B Turner Elementary School's Annual Financial Report was not correct. The school changed accounting systems as of December 1, 2022. The Annual Financial Report only included six months of receipts and disbursements. I recommend the Principal review the financial statements for accuracy before signing off on the report.

Management's Response:

The accounting software change was implemented and access to the old system has been maintained. The new software was unable to combine the annual financial report for the entire year. Moving forward with one system for the fiscal year will enable principals to review the financial statements for complete accuracy.

SAFFELL STREET ELEMENTARY

2023-008

The Saffell Street Elementary School's Annual Financial Report was not correct. The school changed accounting systems as of December 1, 2022. The Annual Financial Report only included six months of receipts and disbursements. I recommend the Principal review the financial statements for accuracy before signing off on the report.

Management's Response:

The accounting software change was implemented and access to the old system has been maintained. The new software was unable to combine the annual financial report for the entire year. Moving forward with one system for the fiscal year will enable principals to review the financial statements for complete accuracy.

EARLY CHILDHOOD CENTER

2023-009

The Early Childhood Center's Annual Financial Report was not correct. The school changed accounting systems as of December 1, 2022. The Annual Financial Report only included six months of receipts and disbursements. I recommend the Principal review the financial statements for accuracy before signing off on the report.

Management's Response:

The accounting software change was implemented and access to the old system has been maintained. The new software was unable to combine the annual financial report for the entire year. Moving forward with one system for the fiscal year will enable principals to review the financial statements for complete accuracy.