

ANDERSON COUNTY BOARD OF EDUCATION

FINANCIAL STATEMENTS
SUPPLEMENTARY INFORMATION
And
INDEPENDENT AUDITOR'S REPORTS

Year Ended June 30, 2024

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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, 2024, 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, 2024 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 Multiple Employer, Cost Sharing Schedules, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2024 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
November 13, 2024

MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2024

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, 2024. 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 \$11.9 million in 2023 and \$15.9 million in 2024.
- The General Fund had \$34.4 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 \$35 million in General Fund revenues from the prior year, which is a 11% decrease.
- The District’s ending net position increased by \$4,589,753, primarily due to changes in the net pension liability and increase in revenue.

OTHER HIGHLIGHTS

- We are extremely proud to share that Anderson County Schools scored in the top 19% of all Kentucky school districts. Based on student performance results, Anderson County Schools ranked 33rd out of all Kentucky school districts.
- Each school in our district has shown commendable progress in many or some areas: Robert B. Turner Elementary achieved green status, just 0.3 shy of blue, Emman B. Ward Elementary achieved green, while Saffell Street Elementary earned an orange rating, just shy (0.6) of yellow. Anderson County Middle School earned a green rating, improving 21 points in their overall score, and Anderson County High School earned a yellow rating, only 0.3 points away from green.
- Our elementary schools excelled in Reading and Math, with Robert B. Turner and Emma B. Ward achieving green ratings, and both Robert B. Turner and Anderson County Middle School earning blue ratings in the Science, Social Studies, and Writing indicator.
- Saffell Street Elementary showcased remarkable growth, particularly in 3rd grade reading and math, highlighting our commitment to fostering a strong foundation for future learning.
- We saw outstanding growth in the Quality of School Climate and Safety Survey (QSCS), with green ratings at Anderson County Middle School and Anderson County High School.
- The high school also made significant strides in Postsecondary Readiness, improving by 12.1 points, and maintaining a green rating in graduation rates.
- 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 family engagement activities supporting families with children ages birth to 5.
- ACE continued its work with the District Purple Star program to support our military connected youth throughout Anderson County.
- ACE continued supporting the needs of our students through the Bearcat Boutique at Anderson County High School and the districtwide Backpack Buddies program, which provides meals to students over weekends and breaks from school.

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 are 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 of 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 \$9 million for governmental activities and liabilities and deferred inflows exceeded assets and deferred outflows by \$74 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 \$4,589,753 from the prior fiscal year.

TABLE 1

Net position for the period ending June 30, 2024 and 2023

2024 District-wide net position compared to 2023 are as follows:

	Net Position (in thousands)					
	Governmental		Business-type		Total	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Assets	\$ 66,306	\$ 58,260	\$ 1,719	\$ 1,536	\$ 68,025	\$ 59,796
Deferred Outflows of Resources	\$ 8,330	\$ 10,661	\$ 539	\$ 670	\$ 8,869	\$ 11,331
Liabilities	\$ 54,872	\$ 57,782	\$ 1,412	\$ 2,127	\$ 56,284	\$ 59,909
Deferred Inflows of Resources	\$ 10,735	\$ 3,713	\$ 919	\$ 202	\$ 11,654	\$ 3,915
Investment in capital assets (net of debt)	\$ 14,778	\$ 14,777	\$ 124	\$ 79	\$ 14,902	\$ 14,856
Restricted	\$ 11,827	\$ 7,968	\$ (197)	\$ (457)	\$ 11,630	\$ 7,511
Unrestricted	\$ (17,576)	\$ (18,442)			\$ (17,576)	\$ (18,442)
Total Net Position	\$ 9,029	\$ 4,303	\$ (73)	\$ (378)	\$ 8,956	\$ 3,925

TABLE 2

Changes in Net Position (in thousands)

Revenues	Governmental		Business-type		Total	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Local Revenue Sources	\$ 17,213	\$ 15,839	\$ 573	\$ 474	\$ 17,786	\$ 16,313
State Revenue Sources	\$ 25,917	\$ 28,269	\$ 181	\$ 166	\$ 26,098	\$ 28,435
Federal Revenue Sources	\$ 5,223	\$ 5,249	\$ 2,231	\$ 2,267	\$ 7,454	\$ 7,516
Investments	\$ 576	\$ 45	\$ 14	\$ 2	\$ 590	\$ 47
Total Revenues	\$ 48,929	\$ 49,402	\$ 2,999	\$ 2,909	\$ 51,928	\$ 52,311
Expenses						
Instruction	\$ 28,522	\$ 32,210			\$ 28,522	\$ 32,210
Student Support Services	\$ 927	\$ 868			\$ 927	\$ 868
Instructional Support	\$ 2,745	\$ 2,520			\$ 2,745	\$ 2,520
District Administration	\$ 967	\$ 894			\$ 967	\$ 894
School Administration	\$ 1,846	\$ 1,793			\$ 1,846	\$ 1,793
Business Support	\$ 995	\$ 888			\$ 995	\$ 888
Plant Operations	\$ 3,424	\$ 3,316			\$ 3,424	\$ 3,316
Student Transportation	\$ 2,379	\$ 2,311			\$ 2,379	\$ 2,311
Other non instruction	\$ 80	\$ 38			\$ 80	\$ 38
Food Service	\$ -	\$ -	\$ 2,631	\$ 2,781	\$ 2,631	\$ 2,781
Day Care Operations	\$ 719	\$ 725	\$ (60)	\$ (163)	\$ 659	\$ 562
Community Services	\$ 316	\$ 398			\$ 316	\$ 398
Debt Service	\$ 1,407	\$ 1,077			\$ 1,407	\$ 1,077
Total Expenses	\$ 44,327	\$ 47,038	\$ 2,571	\$ 2,618	\$ 46,898	\$ 49,656
Transfer	\$ 124	\$ 159	\$ (124)	\$ (159)	\$ -	\$ -
Change in Net Position	\$ 4,726	\$ 2,523	\$ 304	\$ 132	\$ 5,030	\$ 2,655
Beginning Net Position	\$ 4,303	\$ 1,780	\$ (378)	\$ (510)	\$ 3,925	\$ 1,270
Ending Net Position	\$ 9,029	\$ 4,303	\$ (74)	\$ (378)	\$ 8,955	\$ 3,925

BUDGETARY IMPLICATIONS

Revenues - General fund revenues exceeded the amount budgeted by approximately \$1,659,000. The difference is primarily due to receiving additional state revenue

Expenditures - Actual general fund expenditures were more than budgeted by approximately \$490,000. This is primarily due to additional instruction cost of \$432,000.

By Kentucky Statue, the budget must have at lease a 2% contingency. The district adopted a budget for 2024 with approximately \$991,447 in contingency or 3.3%.

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	\$ 2,336	\$ 34,443	\$ 35,547	\$ 1,245	\$ 2,477
Special Revenue	\$ -	\$ 7,103	\$ 7,144	\$ 41	\$ -
District Activity	\$ 153	\$ 71	\$ 165	\$ 66	\$ 125
School Activity	\$ 376	\$ 1,051	\$ 910	\$ (66)	\$ 451
Capital Outlay	\$ 281	\$ 332	\$ -	\$ (332)	\$ 281
Building	\$ 1,737	\$ 5,055	\$ -	\$ (4,892)	\$ 1,900
Construction	\$ 965	\$ 8,030	\$ 4,296		\$ 4,699
Debt Service	\$ 3,743	\$ 875	\$ 4,532	\$ 4,062	\$ 4,148

TABLE 4

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

Governmental	Beginning	Additions	Deductions	Ending
Capital Assets	\$ 81,570	\$ 5,483	\$ 185	\$ 86,868
Accumulated Depreciation	\$ 35,343	\$ 1,779	\$ 185	\$ 36,937
Business-Type				
Capital Assets	\$ 1,013	\$ 61		\$ 1,074
Accumulated Depreciation	\$ 934	\$ 17		\$ 951
Bonds Payable	\$ 31,226	\$ 8,030	\$ 3,425	\$ 35,831
Lease	\$ 224	\$ -	\$ 59	\$ 165
Sick Leave Payable	\$ 314	\$ 7	\$ -	\$ 321

Factors Affecting the District's Financial Outlook

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

- For FY 25, the District approved the 4% above compensating tax rates of 59.5 cents for real estate, 59.5 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, 2024

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and equivalents - Note C	\$14,513,051	\$1,471,289	\$15,984,340
Accounts receivable	1,860,806	59,160	1,919,966
Inventory		34,572	34,572
OPEB asset		30,261	30,261
Capital assets			
Land and construction in progress	13,971,177		13,971,177
Other capital assets, net of depreciation	<u>35,960,567</u>	<u>123,542</u>	<u>36,084,109</u>
Total capital assets	<u>49,931,744</u>	<u>123,542</u>	<u>50,055,286</u>
TOTAL ASSETS	\$66,305,601	\$1,718,824	\$68,024,425
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows from advanced bond refundings	\$230,752	\$0	\$230,752
Deferred outflows from pensions	2,577,549	387,678	2,965,227
Deferred outflows from OPEB	<u>5,521,557</u>	<u>151,345</u>	<u>5,672,902</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$8,329,858	\$539,023	\$8,868,881
LIABILITIES			
Accounts payable	\$237,412	\$5,845	\$243,257
Accrued salaries & benefits	17,523		17,523
Unearned revenue	2,034,623		2,034,623
Interest payable	299,402		299,402
Long-term Liabilities			
Due within 1 year	3,436,669		3,436,669
Due in more than 1 year	33,321,225		33,321,225
Pension liability	9,720,319	1,406,420	11,126,739
OPEB liability	<u>6,244,851</u>		<u>6,244,851</u>
TOTAL LIABILITIES	\$55,312,024	\$1,412,265	\$56,724,289
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows from pensions	2,478,291	358,581	2,836,872
Deferred inflows from OPEB	<u>8,256,560</u>	<u>560,894</u>	<u>8,817,454</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	10,734,851	919,475	11,654,326
NET POSITION			
Net investment in capital assets	\$14,777,536	\$123,542	\$14,901,078
Restricted			
Accrued sick leave	160,614		160,614
Other	767,105	(197,435)	569,670
Future Construction Projects	6,717,394		6,717,394
Debt Service	4,147,650		4,147,650
Purchase Obligations	34,567		34,567
Unrestricted	<u>(18,016,282)</u>		<u>(18,016,282)</u>
TOTAL NET POSITION	\$8,588,584	(\$73,893)	\$8,514,691

See accompanying notes

ANDERSON COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
DISTRICT WIDE

For the year ended June 30, 2024

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	\$28,521,676	\$0	\$3,863,088	\$0	(\$24,658,588)	\$	(\$24,658,588)
Support services:							
Student	927,240		164,011		(763,229)		(763,229)
Instruction staff	2,744,601		1,612,869		(1,131,732)		(1,131,732)
District administrative	967,276				(967,276)		(967,276)
School administrative	1,846,375				(1,846,375)		(1,846,375)
Business	995,285		251,054		(744,231)		(744,231)
Plant operation and maintenance	3,424,156		182,588		(3,241,568)		(3,241,568)
Student transportation	2,379,374		525		(2,378,849)		(2,378,849)
Other non instruction	79,506				(79,506)		(79,506)
Day Care operations	718,587				0		0
Community service activities	316,086		310,629		(5,457)		(5,457)
Interest on long-term debt	1,847,748	0	0	420,080	(1,427,668)		(1,427,668)
Total governmental activities	44,767,910	0	7,103,351	420,080	(37,244,479)		(37,244,479)

Business-type Activities

Food service	2,630,838	115,327	2,411,795			(103,716)	(103,716)
Day Care	(60,119)	457,703				517,822	517,822
Total business-type activities	2,570,719	573,030	2,411,795			414,106	414,106
Total school district	\$47,338,629	\$573,030	\$9,515,146	\$420,080	(\$37,244,479)	\$414,106	(\$36,830,373)

General Revenues

Property taxes	\$12,947,346						\$12,947,346
Motor Vehicle taxes	1,404,740						1,404,740
Utility taxes	1,378,712						1,378,712
Other local revenues	1,264,880						1,264,880
State aid-formula grants	23,834,427						23,834,427
Investment earnings	575,740					14,281	590,021
Transfer	124,246					(124,246)	0
Total general & special	41,530,091					(109,965)	41,420,126
Change in net positions						304,141	4,589,753
Net position - beginning						(378,034)	3,924,938
Net position - ending						(\$73,893)	\$8,514,691

See accompanying notes

ANDERSON COUNTY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
As of June 30, 2024

	General Fund	Special Revenue	Building Fund	Construction Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$2,068,964	\$950,727	\$1,900,377	\$4,761,205	\$3,974,235	\$857,543	\$14,513,051
Other receivables	<u>456,345</u>	<u>1,231,046</u>			<u>173,415</u>		<u>1,860,806</u>
TOTAL ASSETS	\$2,525,309	\$2,181,773	\$1,900,377	\$4,761,205	\$4,147,650	\$857,543	\$16,373,857
LIABILITIES							
Accounts payable	\$27,326	\$147,150		\$62,585		\$351	\$237,412
Accrued Salaries & Benefits	17,523						17,523
Accrued sick leave payable	2,720						2,720
Unearned revenue		<u>2,034,623</u>					<u>2,034,623</u>
TOTAL LIABILITIES	47,569	2,181,773		62,585		351	2,292,278
Fund Balances							
Restricted							
Sick Leave Payable	160,614						160,614
Future Construction Projects BG-1			1,737,406	4,698,620		281,368	6,717,394
Debt Service					4,147,650		4,147,650
Other			162,971			604,134	767,105
Assigned							
Purchase Obligations-Period 13 YE	62,877					(28,310)	34,567
Unassigned	<u>2,254,249</u>						<u>2,254,249</u>
Total fund balances	2,477,740	0	1,900,377	4,698,620	4,147,650	857,192	14,081,579
TOTAL LIABILITIES, AND FUND BALANCE	\$2,525,309	\$2,181,773	\$1,900,377	\$4,761,205	\$4,147,650	\$857,543	\$16,373,857

See accompanying notes

ANDERSON COUNTY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO
 THE STATEMENT OF NET POSITION
 As of June 30, 2024

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

Total Fund Balance - Governmental Funds	\$14,081,579
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	49,931,744
Deferred outflow of resources	8,329,858
Deferred inflow of resources	(10,734,851)
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 (35,831,002)
	Leases and Subscriptions (605,655)
	Pension Liability (9,720,319)
	OPEB Liability (6,244,851)
	Accrued Interest on Bonds (299,402)
	Accumulated Sick Leave <u>(318,517)</u>
Total Net Position - Governmental Activities	\$8,588,584

See accompanying notes

ANDERSON COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the year ended June 30, 2024

	General Fund	Special Revenue	Building Fund	Construction Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues							
From local sources							
Property taxes	\$9,347,268	\$	3,600,078		\$	\$	\$12,947,346
Motor vehicle taxes	1,404,740						1,404,740
Utility taxes	1,378,712						1,378,712
Earnings on investments	416,307				158,836	597	575,740
Other local revenues	142,672	218,188				1,121,006	1,481,866
Intergovernmental - State	21,752,402	2,033,336	1,454,608		344,908	331,672	25,916,926
Intergovernmental - Federal	0	<u>4,851,827</u>			<u>370,917</u>		<u>5,222,744</u>
Total revenues	34,442,101	7,103,351	5,054,686		874,661	1,453,275	48,928,074
Expenditures							
Instruction	24,016,713	3,904,126				981,894	28,902,733
Support services							
Student	763,101	164,011					927,112
Instruction staff	1,122,185	1,612,869				9,369	2,744,423
District administration	956,223						956,223
School administration	1,844,593						1,844,593
Business	744,231	251,054					995,285
Plant operation and maintenance	3,197,877	182,588				109	3,380,574
Student transportation	2,830,763	525				3,548	2,834,836
Other non instruction						79,506	79,506
Day Care Operstions		718,587					718,587
Community service activities	5,457	310,629					316,086
Capital Outlay				4,081,282			4,081,282
Debt service	<u>65,374</u>			<u>214,803</u>	<u>4,531,625</u>		<u>4,811,802</u>
Total expenditures	35,546,517	7,144,389		4,296,085	4,531,625	1,074,426	52,593,042
Excess(deficit)of revenues over expenditures	(1,104,416)	(41,038)	5,054,686	(4,296,085)	(3,656,964)	378,849	(3,664,968)
Other Financing Sources (Uses)							
Sale of assets	1,202						1,202
Bond proceeds				8,030,000			8,030,000
Operating transfers in	1,414,684	169,501			4,061,412	66,065	5,711,662
Operating transfers out	<u>(169,501)</u>	<u>(128,463)</u>	<u>(4,891,715)</u>			<u>(397,737)</u>	<u>(5,587,416)</u>
Total other financing sources (uses)	1,246,385	41,038	(4,891,715)	8,030,000	4,061,412	(331,672)	8,155,448
Change in Fund Balance on Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds	141,969	0	162,971	3,733,915	404,448	47,177	4,490,480
Fund balance, July 1, 2023	<u>2,335,771</u>	<u>0</u>	<u>1,737,406</u>	<u>964,705</u>	<u>3,743,202</u>	<u>810,015</u>	<u>9,591,099</u>
Fund balance, June 30, 2024	\$2,477,740	\$0	1,900,377	4,698,620	\$4,147,650	\$857,192	\$14,081,579

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, 2024

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

Total net change in fund balances - governmental funds \$4,490,480

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	(1,778,886)	
	Capital Outlays	<u>5,482,632</u>	3,703,746

Deferred outflows	(2,331,659)
Deferred inflows	(3,897,535)

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.

	Bond Proceeds	(8,030,000)
	Leases and Subscriptions	(381,195)
	Repayment of Bond Principal	3,425,000

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	(79,751)
	Change in Pension Liability	1,716,977
	Change in OPEB Liability	5,675,089
	Change in Sick Leave	<u>(5,540)</u>

Total Change in Net Position - Governmental Activities \$4,285,612

See accompanying notes

ANDERSON COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
As of June 30, 2024

	Food Service Fund	Day Care Fund	Totals
ASSETS			
Cash and Equivalents	\$599,828	\$871,461	\$1,471,289
Accounts Receivable	56,372	2,788	59,160
Inventory	34,572		34,572
OPEB Asset	30,261		30,261
Capital Assets, net of depreciation	<u>123,542</u>	<u> </u>	<u>123,542</u>
TOTAL ASSETS	\$844,575	\$874,249	\$1,718,824
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows from Pension	\$387,678		\$387,678
Deferred Outflows from OPEB	<u>151,345</u>		<u>151,345</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$539,023	\$0	\$539,023
LIABILITIES			
Account Payable	\$3,527	\$2,318	\$5,845
Net Pension liability	<u>1,406,420</u>	<u> </u>	<u>1,406,420</u>
TOTAL LIABILITIES	\$1,409,947	\$2,318	\$1,412,265
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows from Pension	\$358,581		\$358,581
Deferred Inflows from OPEB	<u>560,894</u>		<u>560,894</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	\$919,475	\$0	\$919,475
NET POSITION			
Net Investment in Capital Assets	\$123,542	\$0	\$123,542
Restricted - Other Pension	(1,377,323)		(1,377,323)
Restricted - Other OPEB	(379,288)		(379,288)
Restricted - Inventory	34,572		34,572
Restricted Net Position	<u>652,673</u>	<u>871,931</u>	<u>1,524,604</u>
TOTAL NET POSITION	(\$945,824)	\$871,931	(\$73,893)

See accompanying notes

ANDERSON COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For The Year Ended June 30, 2024

	Food Service Fund	Day Care Fund	Totals
OPERATING REVENUES			
Lunchroom sales	\$106,502	\$0	\$106,502
Other revenues	<u>8,825</u>	<u>457,703</u>	<u>466,528</u>
Total Operating Revenues	115,327	457,703	573,030
OPERATING EXPENSES			
Salaries and wages	1,139,601	(122,140)	1,017,461
Contract services	83,023	5,613	88,636
Materials and supplies	1,387,838	56,358	1,444,196
Miscellaneous	3,746	50	3,796
Depreciation	<u>16,630</u>	<u> </u>	<u>16,630</u>
Total Operating Expenses	2,630,838	(60,119)	2,570,719
Operating income (loss)	(2,515,511)	517,822	(1,997,689)
NON-OPERATING REVENUES (EXPENSES)			
Federal grants	2,076,799		2,076,799
Commodities received	153,894		153,894
State grants	19,677		19,677
State on-behalf payments	161,353	72	161,425
Interest income	14,281		14,281
Indirect cost transfer to general fund	<u>(124,246)</u>	<u> </u>	<u>(124,246)</u>
Non-operating revenues (expenses)	2,301,758	72	2,301,830
Change in Net Position	(213,753)	517,894	304,141
Net Position, July 1, 2023	<u>(732,071)</u>	<u>354,037</u>	<u>(378,034)</u>
Net Position, June 30, 2024	(\$945,824)	\$871,931	(\$73,893)

See accompanying notes

ANDERSON COUNTY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For The Year Ended June 30, 2024

	Food Service Fund	Day Care Fund	Totals
CASH FLOW FROM OPERATING ACTIVITIES			
Cash received from customers	\$115,327	\$454,915	\$570,242
Cash paid to employees, including benefits	(1,004,130)	(448)	(1,004,578)
Cash paid to suppliers	<u>(1,319,517)</u>	<u>(61,676)</u>	<u>(1,381,193)</u>
Net cash provided by operating activities	(2,208,320)	392,791	(1,815,529)
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES			
Cash received from government funding	<u>2,076,287</u>		<u>2,076,287</u>
Net cash provided from capital and related financing activities	2,076,287	0	2,076,287
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital asset purchases	(60,996)		(60,996)
Indirect cost transfer to general fund	<u>(124,246)</u>		<u>(124,246)</u>
Net cash used in capital and related financing activities	(185,242)		(185,242)
CASH FLOW FROM INVESTING ACTIVITIES			
Interest Income	<u>14,281</u>		<u>14,281</u>
Net cash provided from investing activities	14,281		14,281
Net increase (decrease) in cash	(302,994)	392,791	89,797
Cash and equivalents, July 1, 2023	<u>902,822</u>	<u>478,670</u>	<u>1,381,492</u>
Cash and equivalents, June 30, 2024	\$599,828	\$871,461	\$1,471,289
Reconciliation of Operating income (loss) to Net Cash Provided by Operating Activities			
Operating income (loss)	(\$2,515,511)	\$517,822	(\$1,997,689)
Adjustments to reconcile net income to cash provided by operating activities			
Depreciation	16,630		16,630
On-behalf payments	161,353	72	161,425
Commodities used	153,894		153,894
Change in pension expense	(25,882)	(122,659)	(148,541)
(Increase) Decrease in accounts receivable		(2,788)	(2,788)
(Increase) Decrease in inventory	4,675		4,675
Increase (Decrease) in accounts payable	<u>(3,479)</u>	<u>344</u>	<u>(3,135)</u>
Net cash provided by operating activities and increase in cash and equivalents	(2,208,320)	\$392,791	(\$1,815,529)
Schedule of Non-Cash Financing Activities			
Donated commodities	\$153,894		\$153,894
On Behalf payments	\$161,353	\$72	\$161,425

See accompanying notes

ANDERSON COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2024

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.

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.

- 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.

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.

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, 2024, to finance operations were \$.597 per \$100 valuation for real property, \$.597 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.

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.

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, 2024, 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.

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 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 November 13, 2024, 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, 2024, have not been evaluated by the District.

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 2024 were levied on the assessed valuation of property located in the School District as of January 1, 2023 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.

NOTE C – CASH AND CASH EQUIVALENTS

At year-end, the carrying amount of the District’s total cash and cash equivalents was \$15,984,340. 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, 2024, consisted of the following:

	Bank Balance	Book Balance
General Checking Account		
General Fund	\$	\$ 2,068,964
Fund 2		950,727
Fund 21		125,194
Fund 25		450,981
Fund 310		281,368
Fund 320		1,900,377
Fund 360		4,761,205
Fund 400		(171,493)
Fund 51		599,828
Fund 52		<u>871,461</u>
Total General Checking Account	14,038,513	11,838,612
Debt Service Funds	<u>4,145,728</u>	<u>4,145,728</u>
TOTALS	\$ 18,184,241	\$15,984,340
Breakdown per financial statements:		
Governmental Funds		\$ 14,513,051
Proprietary Funds		<u>1,471,289</u>
TOTALS		\$15,984,340

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, 2024, 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.

NOTE D – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2024 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	60,356,935			60,356,935
Technology Equipment	2,832,457			2,832,457
Vehicles	5,228,397	777,964	184,663	5,821,698
General Equipment	1,249,682	59,698		1,309,380
Construction Work In Process	<u>7,374,687</u>	<u>4,080,259</u>		<u>11,454,946</u>
Total Historical Cost	81,570,702	4,917,921	184,663	86,303,960
Accumulated Depreciation				
Land Improvements	1,525,738	27,400		1,553,138
Buildings/Bldg Improvements	26,172,465	1,356,822		27,529,287
Technology Equipment	2,652,703	47,112		2,699,815
Vehicles	3,912,525	260,996	184,663	3,988,858
General Equipment	<u>1,079,273</u>	<u>77,571</u>		<u>1,156,844</u>
Total Accumulated Depreciation	35,342,704	1,769,901	184,663	36,927,942
Net per MUNIS	46,227,998	3,148,020	0	49,376,018
Copier Lease Asset		327,905		327,905
Subscription Asset		236,806		236,806
Accumulated Amortization		<u>(8,985)</u>		<u>(8,985)</u>
Capital Assets - Net	<u>46,227,998</u>	3,703,746	0	49,931,744
Business-Type Activities	Ending	Additions	Deletions	Ending
Technology Equipment	32,927			32,927
General Equipment	<u>980,078</u>	<u>60,996</u>		<u>1,041,074</u>
Total Historical Cost	1,013,005	60,996		1,074,001
Accumulated Depreciation				
Technology Equipment	32,276			32,276
General Equipment	<u>901,553</u>	<u>16,630</u>		<u>918,183</u>
Total Accumulated Depreciation	933,829	16,630		950,459
Capital Assets - Net	79,176	44,366		123,542

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

Instruction	\$1,390,676
Support Services	
Student	128
Instructional Staff	178
District Administration	11,053
School Administration	1,782
Business	0
Plant Operations & Maintenance	43,582
Student Transportation	<u>322,502</u>
Total -Governmental Activities	\$1,769,901

NOTE E – BONDED DEBT AND LEASE OBLIGATIONS

The amount as of June 30, 2024 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	6,330,000	3.00%
2023	<u>8,030,000</u>	4.125% - 5.00%
	<u>39,256,000</u>	

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, 2024.

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

The District issue bonds in the amount of \$8,030,000 for Saffell Street Elementary and Anderson County Middle School HVAC replacements.

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	\$31,226,002	\$8,030,000	\$3,425,000	\$35,831,002	\$3,220,000	\$32,611,002
Bus Leases	\$224,460	\$0	\$59,090	\$165,370	\$55,435	\$109,935
Copier Lease	\$0	\$338,160	\$43,045	\$295,115	\$65,581	\$229,534
Subscription Obligation	\$0	\$236,807	\$91,637	\$145,170	\$91,635	\$53,535
Sick Leave	<u>\$314,299</u>	<u>\$6,938</u>	<u>\$0</u>	<u>\$321,237</u>	<u>\$4,018</u>	<u>\$317,219</u>
Totals	\$31,764,761	\$8,611,905	\$3,618,772	\$36,757,894	\$3,436,669	\$33,321,225

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, 2024, 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	
2024-25	2,937,450	875,026	282,550	52,177	243,690	363,718	4,754,611
2025-26	3,007,939	805,741	262,061	45,133	243,690	363,718	4,728,282
2026-27	3,079,363	733,556	160,637	39,459	243,690	363,718	4,620,423
2027-28	3,120,056	693,728	89,944	35,755	243,690	363,718	4,546,891
2028-29	9,499,075	584,812	96,925	32,736	243,690	181,859	10,639,097
2029-30	1,327,142	466,736	57,858	29,551	0	0	1,881,287
2030-31	1,378,190	415,291	71,810	27,447	0	0	1,892,738
2031-32	1,433,138	361,837	66,862	25,201	0	0	1,887,038
2032-33	1,484,247	307,338	70,753	22,981	0	0	1,885,319
2033-34	650,028	250,998	74,972	20,633	0	0	996,631
2034-35	670,587	228,728	74,413	18,184	0	0	991,912
2035-36	695,574	205,645	79,426	15,661	0	0	996,306
2036-37	715,134	181,693	79,866	13,045	0	0	989,738
2037-38	739,748	156,562	80,252	10,363	0	0	986,925
2038-39	724,159	130,547	85,841	7,578	0	0	948,125
2039-40	750,537	105,470	69,463	4,941	0	0	930,411
2040-41	768,381	87,733	21,619	3,229	0	0	880,962
2041-42	802,354	51,235	22,646	2,202	0	0	878,437
2042-43	<u>276,279</u>	<u>13,124</u>	<u>23,721</u>	<u>1,126</u>	<u>0</u>	<u>0</u>	<u>314,250</u>
Totals	34,059,381	6,655,800	1,771,619	407,402	1,218,450	1,636,731	45,749,383

NOTE F – 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, 2024 balance is as follows:

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

As of June 30, 2024, minimum lease payments (principal and interest) are as follows:

	Principal	Interest	Total
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>
	\$165,370	\$10,325	\$175,695

NOTE G – COMMITMENTS UNDER OPERATING LEASES

Commitments under operating lease agreements for equipment provide the minimum future rental payments as of June 30, 2024, as follows:

Year ending June 30,

2024	\$822
2025	0
2026	0
2027	0
2028	0
thereafter	<u>0</u>
Total	\$822

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.

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, 2024, this amount totaled \$321,229 of which \$160,614 is restricted in the current year fund balance of the General Fund.

NOTE K – INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2024, 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

District Activity Fund	(27,953)
Food Service	(213,753)

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.

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	\$66,834
Operating	1	2	Community Education	\$53,452
Operating	1	2	ACE	\$49,215
Operating	25	21	District Activities	\$66,065
Operating	2	1	Indirect Cost	\$128,463
Operating	310	1	COFT	\$331,672
Operating	320	1	BFFT	\$830,303
Operating	320	400	Bond Payments	\$4,061,412
Operating	51	1	Indirect Cost	<u>\$124,246</u>
				\$5,711,662

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	\$5,147,989
TRS-GASB 75	436,561
Health Insurance	4,263,431
Life Insurance Fees	5,624
Administrative Fees	45,364
HRA/Dental/Vision	162,487
Federal Reimbursement	(333,688)
Technology	130,986
SFCC Debt Service	<u>370,917</u>
Total On Behalf Payments	\$10,229,671
Fund 1	\$9,697,330
Fund 400	370,917
Fund 51	161,353
Fund 52	<u>71</u>
Total On Behalf Payments	\$10,229,671

NOTE Q – 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	\$ 31,800
Amazon	150,000
Vendors	32,000

NOTE R – 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
\$ 306,103	\$ 0	\$ 75,350	\$ 230,753

NOTE S- LEASE OBLIGATIONS

The District has a copier lease, The lease obligation is valued at the present value of the lease discounted at the District’s average borrowing rate for the term of the lease. The lease is for fixed payment amounts and does not have an early termination penalty. This schedule shows the remaining lease obligation payments over the life of the lease:

Year Ending June 30	Payments	Interest	Total Payments
2025	\$65,581	\$6,826	\$72,407
2026	65,581	6,826	72,407
2027	65,581	6,826	72,407
2028	65,581	6,826	72,407
2029	<u>32,791</u>	<u>3,413</u>	<u>36,204</u>
	\$295,115	\$30,717	\$325,832

NOTE T – SUBSCRIPTION OBLIGATIONS

The District subscription obligations are valued at the present value of each subscription discounted at the District’s average borrowing rate for the term of each subscription contract. This schedule shows the remaining payments over the life of the subscriptions:

<u>Year Ending June 30</u>	<u>Payments</u>	<u>Interest</u>	<u>Total Payments</u>
2025	\$91,635	\$7,112	\$98,747
2026	<u>53,535</u>	<u>5,572</u>	<u>59,107</u>
	\$145,170	\$12,684	\$157,854

NOTE U – RETIREMENT PLANS

	Fund 1	Fund 51	Total
Deferred Outflows			
Subsequent CERS Pension Contributions	1,006,524	160,369	1,166,893
CERS Pension	1,571,025	227,309	1,798,334
Subsequent CERS OPEB Contributions	0	0	0
CERS OPEB	1,046,004	151,345	1,197,349
Subsequent TRS OPEB Contributions	501,553	0	501,553
TRS OPEB MIF	3,974,000	0	3,974,000
TRS OPEB LIF	<u>0</u>	<u>0</u>	<u>0</u>
	8,099,106	539,023	8,638,129
Deferred Inflows			
CERS Pension	2,478,291	358,581	2,836,872
CERS OPEB	3,876,560	560,894	4,437,454
TRS OPEB MIF	4,380,000	0	4,380,000
TRS OPEB LIF	<u>0</u>	<u>0</u>	<u>0</u>
	10,734,851	919,475	11,654,326
Pension Liability			
CERS	9,720,319	1,406,420	11,126,739
OPEB Liability			
CERS	(209,149)	(30,261)	(239,410)
TRS MIF	6,454,000	0	6,454,000
TRS LIF	<u>0</u>	<u>0</u>	<u>0</u>
	6,244,851	(30,261)	6,214,590
Pension Expense			
CERS	612,947	88,687	701,634
OPEB Expense			
CERS	(414,839)	(60,022)	(474,861)
TRS MIF	81,000	0	81,000
TRS LIF	<u>0</u>	<u>0</u>	<u>0</u>
	(333,839)	(60,022)	(393,861)
Pension Contributions			
CERS	1,028,988	148,883	1,177,871
OPEB Contributions			
CERS	149,071	21,569	170,640
TRS MIF	502,067	0	502,067
TRS LIF	<u>0</u>	<u>0</u>	<u>0</u>
	651,138	21,569	672,707

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.

For members after January 1, 2023 – 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, 2023, 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 but before 1/1/2023 – 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 1/1/2023 – attainment of age 57 and 10 years of service or attainment of age 65 and 5 years of service.

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, 2023. 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, 2023. 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, 2023. 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, 2023. 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, 2024, 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>\$ 85,584,035</u>
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The net pension liability was measured as of June 30, 2023, 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, 2023, the State's proportion for the District was 0.5023 percent.

For the year ended June 30, 2023, the State recognized pension expense for the District of \$11,367,699 and revenue of \$5,147,989 for support provided by the State on the Fund financial statements.

Actuarial assumptions – The total pension liability in the June 30, 2023 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
Inflation	2.75%

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 annual actuarial valuation used was performed as of June 30, 2022.

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:

Asset Class	Target Allocation	Long-Term Expected Real Rates of Return
Large Cap U.S. Equity	35.4%	5.0%
Small Cap U.S. Equity	2.6%	5.5%
Developed International Equity	15.7%	5.5%
Emerging Markets Equity	5.3%	6.1%
Fixed Income	15.0%	1.9%
High Yield Bonds	5.0%	3.8%
Other Additional Categories	5.0%	3.6%
Real Estate	7.0%	3.2%
Private Equity	7.0%	8.0%
Cash	<u>2.0%</u>	1.6%
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	\$109,965,886	\$85,584,035	\$65,269,705

June 30, 2022 is the actuarial valuation date upon which the TPL is based. An expected TPL is determined as of June 30, 2023 using standard roll forward techniques. The roll-forward calculation adds the annual normal cost (also called the service cost), subtracts the actual benefit 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, 2023, based on the TPL roll-forward in the June 30, 2022 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, 2023 for the Life Trust:

Valuation Date	June 30, 2020
Actuarial cost method	Entry age normal
Amortization method	Level percent of payroll
Amortization period (Closed)	24 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:

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	3.66%
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	
Medical Trend	6.75% for FYE 2023 decreasing to an ultimate rate of 4.50% by FYE 2032
Medicare Part B Premiums	1.55% for FYE 2023 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, 2022 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, 2020, adopted by the Board on September 20, 2021.

The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends) used in the June 30, 2022 valuation of the Health Trust were based on a review of recent plan experience done concurrently with the June 30, 2022 valuation. The health care cost trend assumption was updated for the June 30, 2022 valuation and was shown as an assumption change in the TOL roll forward while the change in initial per capita claims costs were included with experience in the TOL roll forward.

The long-term expected rate of return on 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	\$4,646,000	\$6,454,000	\$8,704,000

	<u>Health Care NOL Rate Sensitivity</u>		
	6.1%	7.1%	8.1%
Health Net OPEB Liability	\$8,301,000	\$6,454,000	\$4,927,000

Health Trust **Discount rate (SEIR)**: The discount rate used to measure the TOL at June 30, 2022 was 7.10% for the Health Trust and 7.10% for the Life Trust.

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, 2022. In addition to the actuarial methods and assumptions of the June 30, 2022 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:

- 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, 2022. In addition to the actuarial methods and assumptions of the June 30, 2022 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. 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
Large Cap U.S. Equity	35.4%	5.0%
Small Cap U.S. Equity	2.6%	5.5%
Developed International Equity	15.0%	5.5%
Emerging Markets Equity	5.0%	6.1%
Fixed Income	9.0%	1.9%
High Yield Bonds	8.0%	3.8%
Other Additional Categories	9.0%	3.7%
Real Estate	6.5%	3.2%
Private Equity	8.5%	8.0%
Cash	<u>1.0%</u>	1.6%
Total	100.0%	

Life Insurance Trust

Asset Class	Target Allocation	Long-Term Expected Real Rates of Return
U.S. Equity	40.0%	5.2%
Developed International Equity	15.0%	5.5%
Emerging Markets Equity	5.0%	6.1%
Fixed Income	21.0%	1.9%
Other Additional Categories	5.0%	4.0%
Real Estate	7.0%	3.2%
Private Equity	5.0%	8.0%
Cash	<u>2.0%</u>	1.6%
Total	100.0%	

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

District	State	Total
\$6,454,000	\$5,575,000	\$12,029,000

District's Proportion of the Collective NOL

	Current Year	Prior Year
Health	0.264966%	0.354412%
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 \$81,000.

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	\$2,187,000
Change of Assumptions	1,467,000	0
Net Difference between Projected and Actual Investment Earnings	121,000	0
Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	<u>2,386,000</u>	<u>2,193,000</u>
SUBTOTAL	\$3,974,000	\$4,380,000
Subsequent Contributions	<u>501,553</u>	<u>0</u>
TOTAL	\$4,475,553	\$4,380,000

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

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	(\$209,000)	\$0
Year 2	(176,000)	0
Year 3	226,000	0
Year 4	125,000	0
Year 5	(160,000)	0
Thereafter	<u>(212,000)</u>	<u>0</u>
TOTAL	\$(406,000)	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 23.34% of the member's salary. The contribution requirements of CERS are established and may be amended by the CERS Board of Trustees.

At June 30, 2024, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2022. An expected total pension liability as of June 30, 2022 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, 2023. At June 30, 2023, the District's proportion was 0.173408%.

For the year ended June 30, 2024, the District recognized pension expense of \$701,634. At June 30, 2024, the District reported deferred outflows of resources for District contributions subsequent to the measurement date of \$1,166,893, deferred outflows of resources from change of assumptions and expectations of \$1,798,334, 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 \$2,836,872.

At June 30, 2024, 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	\$576,010	\$30,235
Assumption changes	0	1,019,773
Investment experience	1,202,003	1,353,778
Changes in proportion and differences between District contributions and proportionate share of contributions	<u>20,321</u>	<u>433,086</u>
Total	\$1,798,334	\$2,836,872
Subsequent Contributions	<u>1,166,893</u>	<u>0</u>
TOTAL	\$2,965,227	\$2,836,872

District contributions subsequent to the measurement date of \$1,166,893 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>	
2024	\$ (587,089)
2025	(592,126)
2026	248,394
2027	(107,717)
2028	<u>0</u>
	<u>\$ (1,038,538)</u>

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, 2023. The financial reporting actuarial valuation as of June 30, 2023, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of pay
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
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%,
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, 2023 were based on an actuarial valuation date of June 30, 2022. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ending June 30, 2023, using generally accepted actuarial principles.

The Board of Trustees adopted new actuarial assumptions on May 9, 2023. The Total Pension Liability as of June 30, 2023 is determined using these updated assumptions.

House Bill 506 passed during the 2023 legislative session and reinstated the Partial Lump sum Option Form of payment for members who retire on and after January 1, 2024, and adjusted the minimum required separation period before a retiree may become reemployed and continue to receive their retirement allowance to one month for all circumstances.

There have been no other plan provision changes that would materially impact the total pension liability since June 30, 2022.

Based on guidance issued by GASB in connection with GASB Statement No. 74, the 1% of pay member contributions for Tier 2 and Tier 3 members to a 401(h) subaccount are considered an OPEB asset. As a result, the reported fiduciary net positions as of June 30, 2017 and later are net of the 401(h) asset balance.

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 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023. The mortality table used for the disabled members was PUB-2010 Disabled Mortality table, with rates multiplied by 150% for both male and female rates, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010.

Discount Rate: The projection of cash flows used to determine the discount rate of 6.50% 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 28 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.

The long-term expected rate of 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 2.50% per annum for both the non-hazardous and hazardous system.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity		
Public Equity	50.00%	5.90%
Private Equity	10.00%	11.73%
Fixed Income		
Core Fixed Income	10.00%	2.45%
Specialty Credit	10.00%	3.65%
Cash	0.00%	1.39%
Inflation Protected		
Real Estate	7.00%	4.99%
Real Return	13.00%	5.15%
Expected Real Return	100.00%	5.75%
Long Term Inflation Assumption		2.50%
Expected Nominal Return for Portfolio		8.25%

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, 2023, is based on the June 30, 2022, 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.

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 6.50%, 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 (5.50%) or 1-percentage-point higher (7.50%) than the current rate:

	1% Decrease <u>(5.50%)</u>	Current discount rate <u>(6.50%)</u>	1% Increase <u>(7.50%)</u>
District's proportionate share of the net pension liability	\$ 14,048,180	\$ 11,126,739	\$ 8,698,912

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, 2024 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, 2022. The total OPEB liability was rolled-forward from the valuation date to the plan's fiscal year end, June 30, 2023, using generally accepted actuarial principles.

Discount Rate:

Single discount rate of 5.93% was used to measure the total OPEB liability as of June 30, 2023. The single discount rate is based on the expected rate of return on OPEB plan investments of 6.50%, and a municipal bond rate of 3.86% as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2023. 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.

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, 2023 is \$(239,410). The District's proportionate share is 0.173402%. The District's proportionate share of the OPEB expense is \$(474,861). The total Deferred Outflows of Resources is \$1,197,349 and the total Deferred Inflows of Resources is \$4,437,454. Total employer contributions were \$170,640, implicit subsidy was \$78,044 for a total contribution of \$248,684.

	Discount Rate Sensitivity		
	1%	Current	1%
	Decrease	Discount Rate	Increase
	4.93%	5.93%	6.93%
Net OPEB Liability	449,282	(239,410)	(816,106)

	Healthcare Cost Trend Rate Sensitivity		
	1%	Current	1%
	Decrease	Discount Rate	Increase
	(767,352)	(239,410)	409,116
Net OPEB Liability	(767,352)	(239,410)	409,116

The following actuarial methods and assumptions were used in performing the actuarial valuation as of June 30, 2023.

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 6.30% at January 1, 2023 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2022 premiums were known at the time of the valuation and were incorporated into the liability measurement
Post-65	Initial trend starting at 6.30% at January 1, 2023 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2022 premiums were known at the time of the Valuation and were incorporated into the liability measurement year of 2010
Mortality	
Pre-retirement	PUB-2010 General Mortality table, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010

Post-retirement (non-disabled)	System-specific mortality table based on mortality experience from 2013-2022, projected with the ultimate rate from MP-2020 mortality improvement scale using a base year of 2023
Post-retirement (disabled)	PUB-2010 Disabled Mortality table, with rates multiplied by 150% both male and female rates, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010

The CERS Board of Trustees adopted new actuarial assumptions on May 9, 2023. Additionally, the single discount rates used to calculate the total OPEB liability within each plan changed since the prior year. The Total OPEB Liability as of June 30, 2023, is determined using these updated assumptions.

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, 2023, 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 Outflows of Resources	Deferred Inflows of Resources
Liability Experience	\$166,905	\$3,399,389
Assumption Changes	471,143	328,339
Investment Experience	448,047	503,610
Change in Proportionate & Differences between Employer Contrib & Proportionate Share of Plan Contributions	<u>111,254</u>	<u>206,116</u>
Subtotal	1,197,349	4,437,454
Subsequent Contribution	<u>0</u>	<u>0</u>
TOTAL	\$1,197,349	\$4,437,454

The \$0 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
2024	\$ (777,657)
2025	(981,322)
2026	(795,249)
2027	(685,877)
2028	0
thereafter	<u>0</u>
Total	\$(3,240,105)

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	11,099,200	11,756,311	12,130,720	374,409
Other Local Sources	124,000	163,110	558,979	395,869
State Sources	<u>21,494,447</u>	<u>20,864,041</u>	<u>21,752,402</u>	<u>888,361</u>
TOTAL REVENUES	32,717,647	32,783,462	34,442,101	1,658,639
EXPENDITURES				
Instruction	23,341,637	23,584,570	24,016,713	(432,143)
Support Services				
Student	683,221	691,471	763,101	(71,630)
Instructional Staff	1,095,492	1,095,492	1,122,185	(26,693)
District Administration	970,080	1,151,457	956,223	195,234
School Administration	1,899,970	1,922,206	1,844,593	77,613
Business	713,940	725,586	744,231	(18,645)
Plant Operation and Maintenance	2,982,080	3,013,990	3,197,877	(183,887)
Student Transportation	2,264,760	2,800,307	2,830,763	(30,456)
Community Services		6,842	5,457	1,385
Debt Services	287,900	64,600	65,374	(774)
Contingency	<u>0</u>	<u>991,447</u>	<u>0</u>	<u>991,447</u>
TOTAL EXPENDITURES	34,239,080	36,047,968	35,546,517	501,451
Excess (Deficit) of Revenues Over Expenditures	(1,521,433)	(3,264,506)	(1,104,416)	2,160,090
OTHER FINANCING SOURCES (USES)				
Sale of Assets	5,000	5,000	1,202	(3,798)
Operating Transfers In	129,899	459,899	1,414,684	954,785
Operating Transfers Out	<u>(133,215)</u>	<u>(133,215)</u>	<u>(169,501)</u>	<u>(36,286)</u>
TOTAL OTHER FINANCING SOURCES (USES)	1,684	331,684	1,246,385	914,701
Change in Fund Balance on Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds	(1,519,749)	(2,932,822)	141,969	3,074,791
Fund Balance, July 1, 2023	<u>2,900,000</u>	<u>2,900,000</u>	<u>2,335,771</u>	<u>(564,229)</u>
Fund Balance, June 30, 2024	\$1,380,251	(\$32,822)	\$2,477,740	\$2,510,562

ANDERSON COUNTY SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE FOR SPECIAL REVENUE
 For The Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
State Sources	\$2,033,586	\$2,007,359	\$2,033,336	25,977
Federal Sources	2,254,809	2,599,606	4,851,827	2,252,221
Local Sources	<u>90,399</u>	<u>90,674</u>	<u>218,188</u>	<u>127,514</u>
TOTAL REVENUES	4,378,794	4,697,639	7,103,351	2,405,712
EXPENDITURES				
Instruction	2,969,305	3,183,046	3,904,126	(721,080)
Support Services				
Student Support	43,095	43,095	164,011	(120,916)
Staff Support	1,150,809	1,150,809	1,612,869	(462,060)
Business Support	107,391	191,216	251,054	(59,838)
Student Transportation		(49,493)	525	(50,018)
Plant Operations & Maintenance			182,588	(182,588)
Day Care Operations			718,587	(718,587)
Community Service Operations	<u>219,210</u>	<u>295,146</u>	<u>310,629</u>	<u>(15,483)</u>
TOTAL EXPENDITURES	4,489,810	4,813,819	7,144,389	(2,330,570)
Excess (Deficit) of Revenues Over Expenditures	(111,016)	(116,180)	(41,038)	75,142
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	133,215	133,215	169,501	36,286
Operating Transfers Out	<u>(22,199)</u>	<u>(17,035)</u>	<u>(128,463)</u>	<u>(111,428)</u>
TOTAL OTHER FINANCING SOURCES (USES)	111,016	116,180	41,038	(75,142)
Excesss (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	0	0	0	0
Restricted Fund Balance, July 1, 2023	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Restricted Fund Balance, June 30, 2024	\$0	\$0	\$0	\$0

ANDERSON COUNTY SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 For The Year Ended June 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability (asset)										
TRS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CERS	\$11,126,739	\$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	\$11,126,739	\$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)										
TRS	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
CERS	0.173408%	0.18123%	0.184160%	0.172000%	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										
TRS	\$85,584,035	\$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										
TRS	\$18,358,072	\$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	\$5,225,468	\$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										
TRS	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CERS	212.93%	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										
TRS	57.68%	56.41%	65.59%	58.27%	58.76%	59.28%	39.83%	35.22%	42.49%	45.59%
CERS	57.48%	52.42%	57.33%	47.81%	50.45%	53.54%	53.30%	55.50%	59.97%	66.80%

ANDERSON COUNTY SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT PENSION CONTRIBUTIONS
 For The Year Ended June 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions										
TRS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CERS	\$1,166,893	\$1,141,601	\$907,857	\$850,077	\$668,826	\$601,684	\$593,780	\$614,216	\$555,403	\$533,955
Total	\$1,166,893	\$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	\$0
CERS	\$1,166,893	\$1,141,601	\$907,857	\$850,077	\$668,826	\$601,684	\$593,780	\$614,216	\$555,403	\$533,955
Total	\$1,166,893	\$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	\$0
CERS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
District's covered employee payroll										
TRS	\$18,611,437	\$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	\$4,998,213	\$4,986,625	\$4,705,500	\$4,394,489	\$4,138,222	\$4,144,656	\$4,404,093	\$4,396,169	\$4,472,335	\$4,418,498
Total	\$23,609,650	\$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%	0.00%	13.97%	12.42%	12.08%
CERS	23.34%	22.89%	19.29%	19.34%	16.16%	14.52%	13.48%	11.71%	22.55%	18.31%

ANDERSON COUNTY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
For The Year Ended June 30, 2024

	2024	2023	2022	2021	2020	2019	2018
District's proportion of the net OPEB liability (asset)							
CERS	(\$239,410)	\$3,576,105	\$3,524,828	\$4,152,794	\$2,748,819	\$2,977,303	\$3,514,520
TRIS - Medical Insurance	\$6,454,000	\$8,798,000	\$5,604,000	\$6,166,000	\$7,085,000	\$8,205,000	\$8,432,000
TRIS - Life Insurance	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$6,214,590	\$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	0.173402%	0.181205%	0.184117%	0.172000%	0.163400%	0.167690%	0.174822%
TRIS - Medical Insurance	0.264966%	0.354412%	0.261194%	0.244329%	0.242083%	0.236473%	0.236480%
TRIS - Life Insurance	0.000000%	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							
TRIS - Medical Insurance	\$5,440,000	\$2,890,000	\$4,552,000	\$4,939,000	\$5,722,000	\$7,071,000	\$6,888,000
TRIS - Life Insurance	\$135,000	\$144,000	\$61,000	\$149,000	\$133,000	\$121,000	\$63,000
Total	\$5,575,000	\$3,034,000	\$4,613,000	\$5,088,000	\$5,855,000	\$7,192,000	\$6,951,000
District's covered employee payroll							
TRIS	\$18,358,072	\$17,210,691	\$16,115,831	\$15,408,526	\$15,010,640	\$15,100,248	\$14,585,626
CERS	\$5,225,468	\$4,986,625	\$4,705,500	\$4,394,489	\$4,138,222	\$4,144,856	\$4,404,093
Total	\$23,583,540	\$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	-4.96%	71.71%	74.91%	94.50%	66.43%	71.83%	79.80%
TRIS - Medical Insurance	35.16%	51.12%	34.77%	40.02%	47.20%	54.34%	57.81%
TRIS - Life Insurance	0.00%	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	104.23%	60.95%	89.15%	51.67%	60.44%	57.62%	52.40%
TRIS - Medical Insurance	52.97%	47.75%	51.74%	39.05%	32.58%	25.54%	21.18%
TRIS - Life Insurance	76.91%	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, 2024

	2024	2023	2022	2021	2020	2019	2018
Contractually required contributions							
CERS	\$0	\$208,983	\$223,907	\$209,750	\$216,894	\$230,881	\$223,384
TRS - Medical Insurance	\$501,553	\$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>	<u>\$0</u>
Total	\$501,553	\$679,243	\$687,529	\$641,252	\$638,427	\$652,114	\$628,541
Contributions in relation to the contractually required contribution							
CERS	\$0	\$208,983	\$223,907	\$209,750	\$216,894	\$230,881	\$223,384
TRS - Medical Insurance	\$501,553	\$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>	<u>\$0</u>
Total	\$501,553	\$679,243	\$687,529	\$641,252	\$638,427	\$652,114	\$628,541
Contribution deficiency (excess)							
CERS	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TRS - Medical Insurance	\$0	\$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>	<u>\$0</u>
Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0
District's covered employee payroll							
TRS	\$18,611,437	\$17,210,691	\$16,115,831	\$15,408,526	\$15,010,640	\$15,100,248	\$14,585,626
CERS	<u>\$4,998,213</u>	<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	\$23,609,650	\$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	2.69%	2.73%	2.88%	2.80%	2.80%	2.79%	5.07%
CERS	0.00%	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, 2024 – KPPA Pension and OPEB Nonhazardous

Pension – The Board of Trustees adopted new actuarial assumptions on May 9, 2023. The investment return assumption changed from 6.25% to 6.50%.

OPEB – The Board of Trustees adopted new actuarial assumption on May 9, 2023. The discount rate used to calculate the total OPEB liability increased from 5.70% to 5.93%

June 30, 2024 – TRS Pension and OPEB

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

Health Trust – The health care trend rates, as well as the TRS 4 retirement decrements, were updated to reflect future anticipated experience.

Life Trust - None

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, 2024

	District Activity Fund	School Activity Fund	SEEK Capital Outlay Fund	Total
ASSETS AND RESOURCES				
Cash and equivalents	\$125,194	\$450,981	\$281,368	\$857,543
TOTAL ASSETS AND RESOURCES	\$125,194	\$450,981	\$281,368	\$857,543
LIABILITIES				
Account payable	\$351			\$351
TOTAL LIABILITIES	351			351
FUND BALANCES				
Assigned Purchase Obligations	(28,310)			(28,310)
Restricted - Future Construction			281,368	281,368
Restricted - Other	<u>153,153</u>	<u>450,981</u>	<u> </u>	<u>604,134</u>
TOTAL FUND BALANCES	124,843	450,981	281,368	857,192
TOTAL LIABILITIES AND FUND BALANCES	\$125,194	\$450,981	\$281,368	\$857,543

ANDERSON COUNTY SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For The Year Ended June 30, 2024

	District Activity Fund	School Activity Fund	SEEK Capital Outlay Fund	Total
REVENUES				
From local sources				
Earnings on Investments	\$	\$597	\$	\$597
Other local sources	70,730	1,050,276		1,121,006
Intergovernmental-State	<u> </u>	<u> </u>	<u>331,672</u>	<u>331,672</u>
TOTAL REVENUES	70,730	1,050,873	331,672	1,453,275
EXPENDITURES				
Instruction	164,639	817,255		981,894
Instruction Staff Support		9,369		9,369
Other Non-Instruction		79,506		79,506
Plant Operations & Maintenance	109			109
Student Transportation	<u> </u>	<u>3,548</u>		<u>3,548</u>
TOTAL EXPENDITURES	164,748	909,678		1,074,426
Excess (deficit) revenues over expenditures	(94,018)	141,195	331,672	378,849
OTHER FINANCING SOURCES (USES)				
Operating transfers in	66,065			66,065
Operating transfers out	<u> </u>	<u>(66,065)</u>	<u>(331,672)</u>	<u>(397,737)</u>
TOTAL OTHER FINANCING SOURCES (USES)	66,065	(66,065)	(331,672)	(331,672)
Excess (deficit) revenues and other financing sources over expenditures and other financing uses	(27,953)	75,130	0	47,177
Restricted Fund Balance, July 1, 2023	<u>152,796</u>	<u>375,851</u>	<u>281,368</u>	<u>810,015</u>
Restricted Fund Balance, June 30, 2024	\$124,843	\$450,981	\$281,368	\$857,192

ANDERSON COUNTY SCHOOL DISTRICT
 COMBINING STATEMENT OF RECEIPTS AND DISBURSEMENTS
 Fund 25
 For The Year Ended June 30, 2024

	Cash Balances 7/1/2023	Receipts	Disbursements	Cash Balances June 30, 2024
Anderson County High School	\$256,616	\$827,406	\$764,542	\$319,480
Anderson County Middle School	\$69,652	\$97,057	\$101,786	\$64,923
Early Childhood Center	\$13,161	\$22,089	\$22,884	\$12,366
Emma B. Ward Elementary	\$11,790	\$35,551	\$31,870	\$15,471
Saffell Street Elementary	\$10,683	\$22,982	\$21,896	\$11,769
Robert B. Turner Elementary	<u>\$13,949</u>	<u>\$45,788</u>	<u>\$32,765</u>	<u>\$26,972</u>
TOTAL ACTIVITY FUNDS	\$375,851	\$1,050,873	\$975,743	\$450,981

ANDERSON COUNTY SCHOOL DISTRICT
STATEMENT OF RECEIPTS AND DISBURSEMENTS
ANDERSON COUNTY HIGH SCHOOL
For The Year Ended June 30, 2024

	Cash Balances				Cash Balances
	July 1, 2023	Receipts	Disbursements	Transfers	June 30, 2024
Library	0	0	0	0	0
Building Rental	0	3,520	427		3,093
Cash/Start-Up	0	4,000	4,000		0
College Coach	360				360
Beacats to Europe	566			(566)	0
Graphics Design	228				228
Robotics	489				489
Allsports	1,900	51,932	93,429	39,597	0
Athletic Fees	0	8,454	12,883	4,429	0
Bass Fishing	373	5,438	6,490	679	0
Archery	5,791	10,220	7,316	189	8,884
Baseball	4,180	42,773	42,823	(1,288)	2,842
Softball	959	16,459	14,854	(1,311)	1,253
Boys Basketball	16,699	32,994	24,885	(17,415)	7,393
Girls Basketball	21,949	57,756	31,237	(17,909)	30,559
Athletic Concessions	4,112	43,244	24,400	(22,956)	0
Soccer-Boys	5,769	10,407	11,352	(1,727)	3,097
Soccer-Girls	10,192	16,694	14,721	(6,686)	5,479
Varsity Cheer	9,819	83,397	73,792	(60)	19,364
Cross Country	0	1,386	2,420	1,034	0
Dance Team	868	3,954	4,762	(60)	0
Disc Golf	825	4,044	2,430	(130)	2,309
Football	24,420	51,740	67,520	(970)	7,670
Weightlifting	573				573
Volleyball	383	10,128	8,323	(1,473)	715
Golf-Boys	3,304	13,826	9,927	255	7,458
Golf-Girls	5,793	13,461	8,397	(495)	10,362
Tennis-Boys	1,168		109	(30)	1,029
Tennis-Girls	2,346	500	1,525	(30)	1,291
Track	738	9,000	4,832	(60)	4,846
Wrestling	533	4,941	5,162	(312)	0
Bowling	1,394	3,912	2,678	(30)	2,598
Swim Team	2,091		3,035	944	0
FCCLA	597	8,495	7,804	(467)	821
Beta Club	2,015	1,140	1,964	(130)	1,061
National Honor Society	321	1,120	1,330	132	243
Green Club	405				405
Y-Club	0	10,795	10,677		118
Drama/ACT Cats	27,562	23,703	20,035		31,230
FCA	684		2		682
SP ED Pass	130			(130)	0
SP ED Rewards	56			130	186
FFA	7,810	29,161	25,912	1,398	12,457
AG Shop	487	545	1,456	424	0
FMD	110	204	206		108
GT Clubs	1,862	1,630	920		2,572
Art	762		690		72

ANDERSON COUNTY SCHOOL DISTRICT
STATEMENT OF RECEIPTS AND DISBURSEMENTS
ANDERSON COUNTY HIGH SCHOOL
For The Year Ended June 30, 2024

	Cash Balances				Cash Balances
	Beginning	Receipts	Disbursements	Transfers	Ending
Mud Club/Creamics	121				121
Pep Club	1,420	1,209	287		2,342
Esports	156	354	480	(30)	0
Spanish Honor Society	132			(132)	0
Academic Team	237				237
Key Club	1	2,409	1,572		838
STLP	118				118
Prom	4,867	18,571	17,098	430	6,770
FCS	2,059	1,199	2,105	125	1,278
Greenhouse	11,146	10,416	3,592	(1,320)	16,650
Chours	6,149	16,232	12,384	(260)	9,737
Band	6,477	77,188	58,064		25,601
Yearbook	42,390	10,690	5,362	1,415	49,133
Guidance	76				76
Pepsi - Student	1,234	1,605	905		1,934
Pepsi - Teacher	1,481	846	969		1,358
Senior Class	143				143
Senior Class Trip	3,168	55,226	55,400	566	3,560
Cadet Core	115		563	448	0
General Fund	190	59			249
SCO Rounding	93				93
SCO Processing	324				324
Technology	645	2,075	50		2,670
Guidance Sweep	0	1,003		(1,003)	0
Boys Basketball Sweep	0			2,300	2,300
DAF General	21	1,208	948		281
Building Rental-Sweep	580		580		0
Student Fee Sweep	0	43,793	36,530	546	7,809
Girls Basketball Sweep	0		7,928	21,939	14,011
Football Sweep	<u>2,650</u>	<u>2,350</u>	<u>5,000</u>	<u>0</u>	<u>0</u>
	\$256,616	\$827,406	\$764,542	\$0	\$319,480

ANDERSON COUNTY SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For The Year Ended June 30, 2024

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	\$153,894
School Breakfast Program	10.553	7760005	491,644
National School Lunch Program	10.555	7750002	1,381,633
National School Lunch Program	10.555	9980000	118,327
Summer Food Service Program for Children	10.559	7740023	71,318
Summer Food Service Program for Children	10.559	7690024	<u>7,346</u>
Total Child Nutrition Cluster			2,224,162
State Pandemic Electronic Benefit Transfer (P-EBT)			
State Administrative Expenses for Child Nutrition	10.560	7700001	<u>6,531</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			2,230,693
<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	919,538
Special Education Cluster (IDEA)			
Special Education-Grants to States (IDEA, Part B)	84.027	3810002	774,201
IDEA B - ARP COVID funds	84.027X	4910002	11,279
IDEA B Preschool - ARP COVID funds	84.173X	4900002	15,405
Early Childhood Regional Training Center	84.173	3800003	552,355
Special Education-Preschool Grants (IDEA, Preschool)	84.173	3800002	<u>75,990</u>
		subtotal	1,429,230
Supporting Effective Instruction State Grants	84.367A	3230002	161,647
Title IV, Part A	84.424	3420002	66,614
Career and Technical Education	84.048	3710002	28,433

ANDERSON COUNTY SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For The Year Ended June 30, 2024

Federal Grantor/Passed-Through Grantor <u>Program or Cluster Title</u>	Federal Assistance Listing Number	Pass Through Grantor's Number	<u>Federal Expenditures</u>
COVID 19			
Education Stabilization Fund (ESF)			
Cares Act Education Stabilization Fund	84.425D	CARE-20	12,579
American Rescue Plan - ARP ESSER	84.425U	4300002	1,398,090
ARP - Homeless Children and Youth	84.425W	not provided	6,200
Passed through Governors Office Geer II Career to Cradle FRYSC	84.425C	not provided	18,206
Passed through Coop Educational Cooperative ARP ESSER Deeper Learning	84.425U	not provided	<u>31,655</u>
Total COVID			1,466,730
TOTAL U.S. DEPARTMENT OF EDUCATION			4,072,192
U.S. Health and Human Services			
Passed through Kentucky Department for Community Based Services CCDF Cluster			
Child Care and Development Block Grant	93.575	not provided	<u>763,199</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			763,199
TOTAL EXPENDITURES OF FEDERAL AWARDS			7,066,084

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, 2024

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, 2024. 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 \$153,894.

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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, 2024, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated November 13, 2024.

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 November 13, 2024.

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
November 13, 2024

**DENISE M. KEENE
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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, 2024. 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, 2024.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of 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
November 13, 2024

ANDERSON COUNTY SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For The Year Ended June 30, 2024

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>
84.010 93.575	Title I, Part A CCDF 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, 2024

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, 2024 and have issued our report thereon dated November 13, 2024. 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, except 2023-001.

Denise M. Keene, CPA
November 13, 2024

CURRENT YEAR MANAGEMENT POINTS

Central Office

2024-001

The District did not comply with Model Procurement. One vendor totaled more than \$40,000, without bidding. I recommend the District bid when the total vendor amount will be more than \$40,000. **This is a repeat from last year 2023-001.**

Management's Response:

The district took over the Backpack Buddies program in FY24 resulting in increased spending for food items for the backpacks. Lawrenceburg Sav A Lot provided numerous items for the program and ultimately more than \$40,000 was spent with that vendor. The finance officer and accounts payable clerk have already begun discussing a monthly vendor report to determine amounts spent with each vendor and a way to monitor and track amounts more closely to avoid this in the future. Additionally, we will reach out to vendors to be added to an approved bid list if possible.

2024-002

TRS reports are required to be filed within fifteen (15) days after the pay date. One (1) of the TRS reports were filed late. I recommend the District monitor filing dates to assure that all reports are filed timely.

Management's Response:

Filing dates are monitored by the district CFO and the certified payroll clerk. In this instance, a special payroll for one employee had to be completed on 8/31/23 and the timeline for reporting/filing to TRS was missed by 2 days. Subsequent and previous payrolls were filed timely and all parties are aware of reporting deadlines.

ANDERSON COUNTY HIGH SCHOOL

2024-003

According to the Redbook, "Outstanding checks shall not be carried longer than 12 months." There are eighteen (18) checks older than 12 months. I recommend outstanding checks older than 12 months be investigated and either reissued or voided.

Management's Response:

All bookkeepers and principals attend Redbook training annually. The principal and bookkeeper will be reminded to check outstanding checks on a regular basis and void or reissue those older than 12 months once appropriate action is determined.

2024-004

According to the Redbook, Booster Clubs are to submit to the Principal each year, their officers, budget, insurance, annual financial statement and federal identification number. The Athletics Boosters did not submit the budget or insurance. The Mothers of the Brothers (Football) did not submit insurance. In addition, the PTSO did not submit their officers, budget, annual financial report or proof of insurance. I recommend the Principal not approve any fundraisers until the information is submitted.

Management's Response:

All outside Booster clubs attend Redbook training annually. Principal and Bookkeeper will be reminded to ensure all documents are in place before approving future fundraisers for these organizations.

2024-005

According to the Redbook, expenditures for bereavement are not allowed. The FFA purchased flowers for a funeral. This is a disallowed expenditure. I recommend the Principal not approve request for bereavement expenditures.

Management's Response:

Principal and bookkeeper attend Redbook training annually. The principal will be reminded to not approve bereavement items from student activity funds.

ANDERSON COUNTY MIDDLE SCHOOL

2024-006

According to the Redbook, "Pre-numbered tickets shall be used with ALL events for which admission is charged." The school did not use tickets for the 8th Grade Dance. I recommend the Principal remind all teachers that tickets must be used for all events for which admission is charged.

Management's Response:

All bookkeepers and principals receive Redbook training annually. ACMS staff receive annual training on Redbook and finance procedures during opening day meetings. The ACMS Principal has discussed the ticketing procedure with the specific staff member in this situation to determine why pre-numbered tickets were not used as they had been previously for 8th grade dances and why a change was made without prior approval. The principal clarified for the staff member that pre-numbered tickets shall be used for dances per Redbook. In this instance, a multiple receipt form was used to collect funds and generate an attendee list, but per Redbook dances require pre-numbered tickets and the proper reconciliation paperwork. All staff will be reminded by the principal and bookkeeper to utilize proper ticketing procedures for future events.

Early Childhood Center

2024-007

According to the Redbook, "Outstanding checks shall not be carried longer than 12 months." There was one (1) check on the outstanding check list older than 12 months. I recommend outstanding checks older than 12 months be investigated and either reissued or voided.

Management's Response:

All bookkeepers and principals attend Redbook training annually. The principal and bookkeeper will be reminded to check outstanding checks on a regular basis and void or reissue those older than 12 months once appropriate action is determined.

EMMA B WARD ELEMENTARY

2024-008

According to the Red Book, "Amounts may be transferred between activity accounts only by proper completion of a Transfer Form (Form F-SA-10). Five (5) of the nine (9) transfers did not have the transfer form completed. I recommend the school complete the transfer form prior to transferring any amounts between accounts.

Management's Response:

School bookkeepers and principals attend annual Redbook training. All transfers completed used the School Funds Online (SFO) form however the F-SA-10 form was not there for each transaction. The principal and bookkeeper will be reminded to check for and complete Redbook F-SA-10 transfer forms before transfers between activity accounts.

ROBERT B TURNER ELEMENTARY

2024-009

According to the Red Book, "Fundraisers where items are sold, whether they are purchased or donated or both, require the use of the Fundraiser Summary (Form F-SA-2B), which is used to recap the profitability of a fundraiser sales cycle." The school is not using the Fundraiser Summary Form. I recommend the Principal remind those in charge of a fundraiser to complete the Fundraiser Summary Form.

Management's Response:

School bookkeepers and principals attend annual Redbook training. The principal and bookkeeper will be reminded to ensure all documents are completed correctly for fundraising events and to train staff as needed in the completion of fundraising forms.

SAFFELL STREET ELEMENTARY

No Comments