ANCHORAGE INDEPENDENT SCHOOL DISTRICT

AUDITED FINANCIAL STATEMENTS AND

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2022

P & A

PATRICK & ASSOCIATES, LLC

124 Candlewood Drive

Winchester, KY 40391

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PATRICK & ASSOCIATES, LLC

124 Candlewood Drive
Winchester, KY 40391

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Anchorage Independent School District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Anchorage Independent School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Anchorage Independent School District, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As described in Note 1, the Anchorage Independent School District implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended June 30, 2022, which represents a change in accounting principle. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4-8, and pension and OPEB information on pages 50-57, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Anchorage Independent School District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and the school activity fund statements are presented for purposes of additional analysis and are not 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 audit 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, the school activity fund 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 date November 14, 2022, on our consideration of the Anchorage Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Anchorage Independent School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Anchorage Independent School District's internal control over financial reporting and compliance.

Tammy R. Patrick, CPA

Patrick & Associates, LLC

Winchester, KY

November 14, 2022

Management Discussion and Analysis

As management of the Anchorage Independent School District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2022.

Financial Highlights

- In the government-wide statements, the assets and deferred outflows of the District exceeded the liabilities and deferred inflows on June 30, 2022 by $3,516,514. Of this amount, $4,282,164 represents the District's investment in capital assets net of related debt, $893,694 is restricted for capital projects, $55,418 is the remaining net position deficit related to the business-type activities and the remainder is an unrestricted net position deficit of $1,603,926 related to the governmental activities.
- The District's ending net position increased by $157,239, primarily due to decreases in the net pension liability and OPEB liability balances.
- The District's governmental funds report a combined ending fund balance of $4,264,716, a increase of $424,576. Approximately 20 percent of this total amount, $865,194, is restricted for facility needs, approximately 4 percent, $184,655, is committed to individual school's operation cost, 1 percent, $9,594, is assigned for approved purchases not paid before year-end and approximately 75 percent, $3,205,273, is available for the District's operating needs.

Overview of the Financial Statements

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

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

The Statement of Net Position presents information on all of the assets and deferred outflows of resources and liabilities and deferred inflows of resources of the District at year-end with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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

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

The government-wide financial statements begin on page 10 of this report.

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

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

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

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

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

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

The basic proprietary fund financial statements can be found on pages 18-20 of this report.

Fiduciary funds. Fiduciary fund is used to account for resources held for the benefit of parties outside of the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the district's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The District uses the fiduciary fund to account for private purpose trust funds used for scholarships. The basic fiduciary fund financial statements can be found on pages 21-22 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 government-wide and fund financial statements. The notes to basic financial statements start on page 23 of this report.

Other information

In addition to the basic financial statements and the accompanying notes, this report also presents certain required supplementary information. This information starts on page 50 of this report.

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by $3,517,747 for governmental activities; however, liabilities and deferred inflows exceeded assets and deferred outflows by $1,233 for business-type activities at the close of the most recent fiscal year.

Management Discussion and Analysis (Continued)

Government-wide Financial Analysis (Continued)

Anchorage Independent School District Comparative Statement of Net Position

	Governmental Activities		Business-type Activities	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Assets				
Current and other assets	$ 4,901,120	$ 4,404,857	$ 56,792	$ 10,551
Net capital assets	4,358,979	4,320,203	54,185	61,274
Total assets	9,260,099	8,725,060	110,977	71,825
Deferred Outflows of Resources				
Deferred pension differences and made after measurement date	1,407,361	1,140,324	36,529	25,277
Deferred saving from refunding bonds	2,475	2,640	-	-
Total deferred outflows of resources	1,409,836	1,142,964	36,529	25,277
Total assets and deferred outflows of resources	10,669,935	9,868,024	147,506	97,102
Liabilities				
Current liabilities	845,237	602,962	729	3,388
Non-current liabilities:				
Debt service due in more than one year	604,416	319,870	-	-
Net pension liability	2,045,685	2,341,419	53,096	51,902
Other post-employment benefits liability	1,951,396	2,244,510	50,649	49,754
Total liabilities	5,446,734	5,508,761	104,474	105,044
Deferred Inflows of Resources				
Deferred inflows of resources - pensions	426,399	147,357	11,067	3,266
Deferred inflows of resources - OPEB	1,279,055	823,177	33,198	18,247
Total deferred inflows of resources	1,705,454	970,534	44,265	21,513
Total liabilities and deferred inflows of resources	7,152,188	6,479,295	148,739	126,557
Net position				
Net Investment in Capital Assets	4,227,979	4,183,203	54,185	61,274
Restricted	893,694	600,682	-	-
Other	-	-	(55,418)	(90,729)
Unrestricted	(1,603,926)	(1,395,155)	-	-
Total net position	$ 3,517,747	$ 3,388,730	$ (1,233)	$ (29,455)

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

There were increases in the deferred outflows of resources by $278,124, a decrease in the net pension liability by $294,540, a decrease in the other post-employment benefit liability of $292,219 and an increase of $757,672 reported in deferred inflows. These changes are from the calculation of the pension liability for the District's proportionate share of the pension and other post-employment benefit liabilities.

Changes in net position. The District's net position increased by $157,239 from the prior fiscal year.

Management Discussion and Analysis (Continued)

Anchorage Independent School District Comparative Statement of Activities

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

	June 30, 2022	June 30, 2021	Increase (Decrease)
Revenues			
Program revenues			
Charges for services	$ 68,126	$ 82,610	$ (14,484)
Operating grants and contributior	2,893,233	77,127	2,816,106
Capital grants and contributions	-	34,566	(34,566)
General revenues			
Property taxes	5,074,013	4,731,684	342,329
Motor vehicle taxes	345,604	287,490	58,114
Occupational taxes	933,335	821,273	112,062
Student activities	329,405	-	329,405
State and federal grants	659,201	2,914,295	(2,255,094)
Other local revenue	37,448	287,405	(249,957)
Unrestricted investment earnings	28,111	25,723	2,388
Total revenues	10,368,476	9,262,173	1,106,303
Expenses			
Instruction	5,516,125	4,594,531	921,594
Support services	3,180,143	3,219,186	(39,043)
Plant operations and maintenance	868,033	1,023,672	(155,639)
Building acquisition/construction	-	32,494	(32,494)
Other non-instructional services	44,512	-	44,512
Debt Service	5,388	5,598	(210)
Depreciation	261,230	254,611	6,619
Food service operations	333,113	210,552	122,561
Summer program operations	2,693	-	2,693
Total	10,211,237	9,340,644	870,593
Change in net position	157,239	(78,471)	235,710
Net position - beginning	3,359,275	3,437,746	(78,471)
Net position - ending	$ 3,516,514	$ 3,359,275	$ 157,239

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

Governmental Activities

The majority of revenue was derived from local taxes making up 64% of the total revenue and from federal and state funding making up 33% of total revenue with the other 3% being derived mainly from tuition, student activities, investment earnings and other local revenues. Instruction makes up 54% of total Governmental Fund Expenditures. The other major Governmental Fund Expenditures are: Central Support 33%, Plant Operations and Maintenance 12%, with Other Non-Instructional Services and Debt Service making up the remaining 1%.

Overall Governmental Fund Type balances increased by $424,576 which can mainly be attributed to increased federal funding.

Business -Type Activities

The business-type activities are for food services and summer programs. These programs had revenues of $371,17 and expenses of $342,895 for the fiscal year 2022. Of the revenues, $68,126 related to charges for services and $302,866 was from State and Federal Grants. Business activities receive no support from tax revenues. The District will continue to monitor the charges and costs of these activities.

Overall Business-Type Activities fund balances increased by $3,330 which can mainly be attributed to increased activities in these programs due to the return to normal services after the pandemic.

General Fund Budget Highlights

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

A variance comparison is presented between the final budgeted amounts and the actual amounts. Revenues for the General Fund were budgeted at $9,851,479 with actual amounts totaling $8,991,213. Budgeted expenditures were $9,851,479 compared to actual expenditures of $8,844,968.

Capital Assets

At the end of the fiscal year 2022, the District had $10,907,018 invested in capital assets, $10,773,735 is in governmental activities. For the fiscal year capital asset increases totaled $292,717, retirements totaled $0 and depreciation expense totaled $2261,230. At June 30, 2021, the district had $10,614,101 invested in capital assets, $10,479,818 is in governmental activities. See the detailed table in the notes to the financial statements.

Debt

At June 30, 2022, the District had $131,000 in bonds outstanding, of this amount $131,000 is to be paid from the KSFCC funding provided by the State of Kentucky. A total of $7,000 is due within one year. At June 30, 2021, the District had $147,000 in bonds outstanding. This represents a decrease of $6,000. See the detailed table in the notes to the financial statements.

Request for Information

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

Basic Financial Statements

ANCHORAGE INDEPENDENT SCHOOL DISTRICT
Statement of Net Position
June 30, 2022

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 4,550,105	$ 19,725	$ 4,569,830
Receivables			
Taxes -current	112,538	-	112,538
Accounts	701	32,874	33,575
Intergovernmental - federal	168,392	-	168,392
Interfund receivable	69,384	-	69,384
Inventory	-	4,193	4,193
Total capital assets, net of depreciation	4,358,979	54,185	4,413,164
Total assets	9,260,099	110,977	9,371,076
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - pensions	405,531	10,526	416,057
Deferred outflows - OPEB contributions	1,001,830	26,003	1,027,833
Deferred saving from refunding bonds	2,475	-	2,475
Total deferred outflows of resources	1,409,836	36,529	1,446,365
Total assets and deferred outflows of resource	10,669,935	147,506	10,817,441
LIABILITIES			
Accounts payable and accrued expenses	512,200	729	512,929
Accrued interest payable	2,157	-	2,157
Interfund payable	69,384	-	69,384
Unearned revenue	54,820	-	54,820
Long term liabilities:			
Due within one year			
Bond obligations	7,000	-	7,000
Sick leave	199,676	-	199,676
Due beyond one year			
Bond obligations	124,000	-	124,000
Sick leave	480,416	-	480,416
Net pension liability	2,045,685	53,096	2,098,781
Net OPEB liability	1,951,396	50,649	2,002,045
Total liabilities	5,446,734	104,474	5,551,208
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - pensions	426,399	11,067	437,466
Deferred inflows of resources - OPEB	1,279,055	33,198	1,312,253
Total deferred inflows of resources	1,705,454	44,265	1,749,719
TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES	7,152,188	148,739	7,300,927
NET POSITION			
Net Investment in Capital Assets net of related deb	4,227,979	54,185	4,282,164
Restricted for:			
Capital projects	893,694	-	893,694
Other	-	(55,418)	(55,418)
Unrestricted	(1,603,926)	-	(1,603,926)
Total net position	$ 3,517,747	$ (1,233)	$ 3,516,514

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

ANCHORAGE INDEPENDENT SCHOOL DISTRICT
Statement of Activities
Year Ended June 30, 2022

Functions/Programs	Expenses	PROGRAM REVENUES Charges for	Operating	Capital	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION PRIMARY GOVERNMENT Government	Business-	Total
PRIMARY GOVERNMENT:							
Governmental activities:							
Instructional	$ 5,516,125	$ -	$ 2,401,228	$ -	$ (3,114,897)	$ -	$ (3,114,897)
Support Services							
Student	274,202	-	15,844	-	(258,358)	-	(258,358)
Instructional Staff	1,111,397	-	64,218	-	(1,047,179)	-	(1,047,179)
District Administration	456,489	-	26,376	-	(430,113)	-	(430,113)
School Administration	508,537	-	29,383	-	(479,154)	-	(479,154)
Business	829,518	-	47,930	-	(781,588)	-	(781,588)
Plant operations and maintenance	868,033	-	-	-	(868,033)	-	(868,033)
Other non-instructional services	44,512	-	-	-	(44,512)	-	(44,512)
Debt Service	5,388	-	5,388	-	-	-	-
Depreciation	254,141	-	-	-	(254,141)	-	(254,141)
Total governmental activities	9,868,342	-	2,590,367	-	(7,277,975)	-	(7,277,975)
Business-type activities:							
Food service operations	333,113	68,056	302,866	-	-	37,809	37,809
Tuition	2,693	70	-	-	-	(2,623)	(2,623)
Depreciation	7,089	-	-	-	-	(7,089)	(7,089)
Total business-type activities	342,895	68,126	302,866	-	-	28,097	28,097
Total primary government	$ 10,211,237	$ 68,126	$ 2,893,233	$ -	$ (7,277,975)	$ 28,097	$ (7,249,878)
General revenues							
Taxes:							
Property taxes					$ 5,074,013	$ -	$ 5,074,013
Motor vehicle taxes					345,604	-	345,604
Occupational taxes					933,335	-	933,335
Student activities					329,405	-	329,405
State formula grants					659,201	-	659,201
Other local revenue					37,448	-	37,448
Unrestricted investment earnings					27,986	125	28,111
Total general revenues and transfers					7,406,992	125	7,407,117
Change in net position					129,017	28,222	157,239
Net position - beginning					3,388,730	(29,455)	3,359,275
Net position - ending					$ 3,517,747	$ (1,233)	$ 3,516,514

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

ANCHORAGE INDEPENDENT SCHOOL DISTRICT

Balance Sheet
Governmental Funds
June 30, 2022

	General Fund	Special Revenue Fund	Facility Support Program (FSKP) Fund	Total Non-Major Funds	Total
ASSETS					
Cash and cash equivalents	$ 3,571,594	$ -	$ 830,046	$ 148,465	$ 4,550,105
Interfund receivables	69,384	-	-	-	69,384
Receivables					
Taxes-current	112,538	-	-	-	112,538
Accounts	-	701	-	-	701
Intergovernmental - federal	-	168,392	-	-	168,392
Total assets	3,753,516	169,093	830,046	148,465	4,901,120
LIABILITIES					
Accounts payable	438,811	44,889	-	28,500	512,200
Interfund payable	-	69,384	-	-	69,384
Unearned revenue	-	54,820	-	-	54,820
Total liabilities	438,811	169,093	-	28,500	636,404
FUND BALANCE					
Restricted	-	-	830,046	35,148	865,194
Committed	99,838	-	-	84,817	184,655
Assigned	9,594	-	-	-	9,594
Unassigned	3,205,273	-	-	-	3,205,273
Total fund balance	3,314,705	-	830,046	119,965	4,264,716
TOTAL LIABLITIES AND FUND BALANCE	$ 3,753,516	$ 169,093	$ 830,046	$ 148,465	$ 4,901,120

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

ANCHORAGE INDEPENDENT SCHOOL DISTRICT

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

June 30, 2022

Total Fund Balances - Governmental Funds	$	4,264,716
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets are not reported in the fund financial statement because they are not current financial resources, but they are reported in the statement of net po		4,358,979
Deferred outflows of resources are not recorded in the governmental fund financials because they do not affect current resources but are recorded in the statement of net position.		
Pension contributions subsequent to measurement date		405,531
OPEB contributions subsequent to measurement date		1,001,830
Certain assets (obligations) are not a use of financial resources and therefore, are not reported in the government funds, but are presented in the statement of net position		
Net pension liability		(2,045,685)
Net OPEB liability		(1,951,396)
Deferred inflows of resources are not recorded in the governmental fund financials because they do not affect current resources but are recorded in the statement of net position		
Pension plan investment differences		(426,399)
OPEB plan investment differences		(1,279,055)
Certain liability (such as bond payable, the long-term portion of accrued sick leave, and other accrued liabilities) are not reported in the fund financial statement because they are not due and payable, but are presented in the statement of net position as follows:		
Bonds payable		(131,000)
Accrued interest		(2,157)
Accrued sick leave		(680,092)
Deferred loss on refunding		2,475
Net position of governmental activities	$	3,517,747

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

ANCHORAGE INDEPENDENT SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2022

	General Fund	Special Revenue Fund	Facility Support Program (FSKP) Fund	Non-Major Funds	Total Governmental Funds
Revenues					
From Local Sources					
Taxes					
Property	$ 4,805,942	$ -	$ 268,071	$ -	$ 5,074,013
Motor vehicle	345,604	-	-	-	345,604
Occupational	933,335	-	-	-	933,335
Earnings on investments	23,152	130	4,342	362	27,986
Student activities	96,707	20,248	-	212,450	329,405
Other local revenue	30,747	6,701	-	-	37,448
Intergovernmental - state	2,755,726	96,928	-	47,636	2,900,290
Intergovernmental - federal	-	349,278	-	-	349,278
Total revenues	8,991,213	473,285	272,413	260,448	9,997,359
EXPENDITURES					
Instruction	4,522,927	461,845	-	191,018	5,175,790
Support services					
Student	274,202	-	-	-	274,202
Instructional staff	1,092,345	19,052	-	-	1,111,397
District Administration	456,489	-	-	-	456,489
School Administration	508,537	-	-	-	508,537
Business	829,518	-	-	-	829,518
Plant operation and maintenance	1,160,950	-	-	-	1,160,950
Other Non-Instructional Services	-	-	8,264	36,248	44,512
Debt service					
Principal	-	-	-	6,000	6,000
Interest	-	-	-	5,388	5,388
Total expenditures	8,844,968	480,897	8,264	238,654	9,572,783
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	146,245	(7,612)	264,149	21,794	424,576
OTHER FINANCING SOURCES (USES)					
Operating transfers in	-	7,612	-	-	7,612
Operating transfers (out)	(7,612)	-	-	-	(7,612)
Total other financing sources and (uses)	(7,612)	7,612	-	-	-
NET CHANGE IN FUND BALANCE	138,633	-	264,149	21,794	424,576
FUND BALANCE - BEGINNING	3,176,073	-	565,897	98,170	3,840,140
FUND BALANCE - ENDING	$ 3,314,706	$ -	$ 830,046	$ 119,964	$ 4,264,716

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

ANCHORAGE INDEPENDENT SCHOOL DISTRICT
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2022

Net change in fund balances - total governmental funds	$	424,576
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which capital outlays exceeds depreciation expense for the year.		
Capital outlays		292,917
Depreciation Expense		(254,141)
Generally expenditures recognized in the fund financial statements are limited to only those that use current financial resources, but expense are recognized in the statement of activities when they are incurred for the following:		
Accrued interest		86
Amortization of advance refunding difference		(165)
Governmental funds report CERS contributions as expenditures when paid. However, in the Statement of Activities, pension expense is the cost of benefits earned, adjusted for member contributions, the recognition of changes in deferred outflows and inflows of resources related to pension, and		
Pension Expense		366
OPEB Expense		120,600
Long-term debt proceeds are reported as other financing resources in funds, thereby increasing fund balances. In the statement of net position, however, issuing long-term debt increases liabilities and has no effect on net position. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.		
Debt principal		6,000
Sick leave		(461,222)
Change in net position of governmental activities	$	129,017

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

ANCHORAGE INDEPENDENT SCHOOL DISTRICT
Budget and Actual General Fund
For the Year Ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES				
From Local Sources				
Taxes				
Property	$ 4,778,815	$ 4,778,815	$ 4,805,942	$ 27,127
Motor vehicle	287,000	287,000	345,604	58,604
Occupational	815,000	815,000	933,335	118,335
Earnings on investments	23,250	23,250	23,152	(98)
Student Activities	69,000	69,000	96,707	27,707
Other local revenue	47,000	47,000	30,747	(16,253)
Intergovernmental - state	655,341	655,341	2,755,726	2,100,385
Total Revenues	6,675,406	6,675,406	8,991,213	2,315,807
EXPENDITURES				
Instruction	3,825,379	3,825,379	4,522,927	(697,548)
Support Services				
Student	186,512	186,512	274,202	(87,690)
Instructional Staff	771,232	771,232	1,092,345	(321,113)
District Administration	911,662	911,662	456,489	455,173
School Administration	362,631	362,631	508,537	(145,906)
Business	609,733	609,733	829,518	(219,785)
Plant Operation and Maintenance	3,170,360	3,170,360	1,160,950	2,009,410
Total expenditures	9,837,509	9,837,509	8,844,968	992,541
EXCESS (DEFICIENCY) IN REVENUES OVER EXPENDITURES	(3,162,103)	(3,162,103)	146,245	3,308,348
OTHER FINANCING SOURCES (USES)				
Operating transfers (out)	(13,970)	(13,970)	(7,612)	6,358
Total other financing sources and (uses)	(13,970)	(13,970)	(7,612)	6,358
NET CHANGE IN FUND BALANCE	(3,176,073)	(3,176,073)	138,633	3,314,706
FUND BALANCE - BEGINNING	3,176,073	3,176,073	3,176,073	-
FUND BALANCE - ENDING	$ -	$ -	$ 3,314,706	$ 3,314,706

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

ANCHORAGE INDEPENDENT SCHOOL DISTRICT
Budget and Actual Special Revenue Fund
For the Year Ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES				
From Local Sources				
Earnings on investments	$ -	$ -	$ 130	$ 130
Student activities	-	-	20,248	20,248
Other local revenue	32,290	32,290	6,701	(25,589)
Intergovernmental - state	102,252	102,252	96,928	(5,324)
Intergovernmental - federal	168,408	168,408	349,278	180,870
Total Revenues	302,950	302,950	473,285	170,335
EXPENDITURES				
Instruction	285,406	285,406	461,845	(176,439)
Support Services				
Instructional Staff	17,544	17,544	19,052	(1,508)
Total expenditures	302,950	302,950	480,897	(177,947)
EXCESS (DEFICIENCY) IN REVENUES OVER EXPENDITURES	-	-	(7,612)	(7,612)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	7,612	7,612
Total other financing sources and (uses)	-	-	7,612	7,612
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	$ -	$ -	$ -	$ -

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

ANCHORAGE INDEPENDENT SCHOOL DISTRICT
Statement of Net Position - Proprietary Funds
June 30, 2022

	Enterprise Funds		
	School Food Services	Summer Programs	Total
ASSETS			
Current Assets			
Cash and cash equivalents	$ 18,379	$ 1,346	$ 19,725
Receivables	32,874	-	32,874
Inventories for consumption	4,193	-	4,193
Total current assets	55,446	1,346	56,792
Noncurrent Assets			
General equipment	134,283	-	134,283
Accumulated depreciation	(80,098)	-	(80,098)
Total noncurrent assets	54,185	-	54,185
Total Assets	109,631	1,346	110,977
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	10,526	-	10,526
Deferred outflows related to OPEB	26,003	-	26,003
Total deferred outflows of resources	36,529	-	36,529
LIABILITIES			
Current Liabilities			
Accounts payable	90	639	729
Total current liabilities	90	639	729
Noncurrent liabilities			
Net pension liability	53,096	-	53,096
Net OPEB liability	50,649	-	50,649
Total noncurrent liabilities	103,745	-	103,745
Total liabilities	103,835	639	104,474
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	11,067	-	11,067
Deferred inflows related to OPEB	33,198	-	33,198
Total deferred inflows of resources	44,265	-	44,265
NET POSITION			
Net Investment in capital assets	54,185	-	54,185
Restricted	(56,125)	707	(55,418)
Total net position	$ (1,940)	$ 707	$ (1,233)

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

ANCHORAGE INDEPENDENT SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds
For the Year Ended June 30, 2022

	Enterprise Funds		
	School Food Services	Summer Programs	Total
OPERATING REVENUES			
Lunchroom sales	$ 68,056	$ -	$ 68,056
Tuition	-	70	70
Total operating revenues	68,056	70	68,126
OPERATING EXPENSES			
Salaries & benefits	143,929	2,054	145,983
Purchased professional services	178	-	178
Repairs and maintenance	2,527	-	2,527
Other purchased services	1,750	-	1,750
Supplies	123,453	639	124,092
Dues, Fees, and miscellaneous	1,273	-	1,273
Depreciation	7,089	-	7,089
Total operating expenses	280,199	2,693	282,892
Operating income (loss)	(212,143)	(2,623)	(214,766)
NONOPERATING REVENUES (EXPENSES)			
Federal grants	245,944	-	245,944
Federal donated commodities	9,110	-	9,110
State grants	1,399	-	1,399
State on-behalf payments	46,413	-	46,413
State on-behalf payments	(46,413)	-	(46,413)
Pension expense	(7,821)	-	(7,821)
OPEB expense	(5,769)	-	(5,769)
Earnings from investments	125	-	125
Total nonoperating revenues (expenses)	242,988	-	242,988
Income (loss) before operating transfers	30,845	(2,623)	28,222
Operating transfer out	-	-	-
Change in net position	30,845	(2,623)	28,222
NET POSITION - BEGINNING	(32,785)	3,330	(29,455)
NET POSITION - ENDING	$ (1,940)	$ 707	$ (1,233)

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

ANCHORAGE INDEPENDENT SCHOOL DISTRICT
Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2022

	Enterprise Funds		
	School Food Services	Summer Programs	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	$ 68,056	$ 70	$ 68,126
Payments to suppliers	(153,215)	-	(153,215)
Payments to employees	(203,932)	(2,054)	(205,986)
Net cash provided (used) by operating activities	(289,091)	(1,984)	(291,075)
CASH FLOWS FROM NONCAPITAL FINANCIAL ACTIVITIES			
Operating grants and contributions	307,345	-	307,345
Net cash provided (used) by noncapital financing activities	307,345	-	307,345
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES			
Purchase of capital assets	-	-	-
Operating transfer to general fund	-	-	-
Net cash provided (used) by capital financing activiti	-	-	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest	125	-	125
Net cash provided (used) by investing activities	125	-	125
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	18,379	(1,984)	16,395
CASH AND CASH EQUIVALENTS - BEGINNING	-	3,330	3,330
CASH AND CASH EQUIVALENTS - ENDING	$ 18,379	$ 1,346	$ 19,725
Reconciliation of operating income (loss) to net provided (used) by operating activities:			
Operating income (loss)	$ (212,143)	$ (2,623)	$ (214,766)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	7,089	-	7,089
Changes in assets and liabilities:			-
Receivables	(32,874)	-	(32,874)
Inventory	3,028	-	3,028
Account Payables	(3,298)	639	(2,659)
Pension expense	(7,821)	-	(7,821)
OPEB expense	(5,769)	-	(5,769)
Federal donated commodities	9,110		9,110
On-behalf payments	(46,413)	-	(46,413)
Net cash provided (used) by operating activities	$ (289,091)	$ (1,984)	$ (291,075)
Schedule of non-cash transactions			
Federal donated commodities	$ 9,110	$ -	$ 9,110
State on-behalf payments	$ 46,413	$ -	$ 46,413

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

ANCHORAGE INDEPENDENT SCHOOL DISTRICT
Statement of Fiduciary Net Position
June 30, 2022

	Private Purpose
ASSETS	
Cash and cash equivalents	$ 59,448
Total Assets	$ 59,448
LIABILITIES	
Accounts Payable	$ 384
Total Liabilities	384
NET POSITION	
Restricted for Permanent Fund	59,064
Total Net Position	59,064
TOTAL LIABILITIES & NET POSITION	$ 59,448

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

ANCHORAGE INDEPENDENT SCHOOL DISTRICT
Statement of Changes in Net Position - Fiduciary Funds
Year Ended June 30, 2022

	Private Purpose
Additions	
Earnings on investments	$ 380
Contributions	2,000
Deductions	
Supplies	(11,302)
Change in net position	(8,922)
Net position, beginning	67,986
Net position, ending	$ 59,064

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

Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The Financial Reporting Entity

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

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

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

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

Basis of presentation and accounting

Government-wide

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

Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Fund Financial Statements

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

Governmental Fund Financial Statements

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

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

Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Major Governmental Funds:

General Fund – accounts for the general operating costs for the District and provides supports services to other funds. It accounts for financial resources used for general types of operations. This is a budgeted fund, and any fund balances are considered as resources available for use.

Special Revenue Fund - accounts for proceeds of specific revenue sources (other than expendable trust funds or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report.

Facility Support Program (FSKP) fund - The Facility Support Program of Kentucky (FSPK) accounts for and reports funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the district's facility plan.

Non-Major Governmental Funds

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

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

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest and related costs; and for the payment of interest on general obligation notes payable, as required by Kentucky Law.

Proprietary Funds Financial Statements

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

Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Funds Financial Statements (Continued)

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

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

Enterprise Funds

School Food Service Fund – is used to account for school food service activities, including the National School Lunch Program, which is conducted in cooperation with the U.S. Department of Agriculture (USDA). Amounts have been recorded for in-kind contribution of commodities from the USDA.

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

Fiduciary Fund Financial Statements

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

Measurement focus and basis of accounting

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

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

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

Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary information

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

Expenditure budgets are appropriated at the major function level for each fund. Appropriations may not legally be over-expended, except in the case of grant receipts which could not be reasonably estimated at the time the budget was adopted.

Estimates

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

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

Cash and cash equivalents

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

Deposits with Financial Institutions and Investments

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

Prepaid items

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

Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory

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

Capital assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition values as of the date received. The District maintains a capitalization threshold of $5,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life are expensed.

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

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

Long-term obligations

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

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

Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred outflows/inflows of resources

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

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until the appropriate period. The District reports two types of deferred inflows – those related to the net difference projected and actual earning on pension plan investments, and those related to the net difference projected and actual earnings on OPEB plan investments.

Pension obligations

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the Kentucky Public Pension Authority (KPPA) – County Employees Retirement-Non-hazardous (CERS) and Teacher's Retirement System of the State of Kentucky (TRS) and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the pensions. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

Net position flow assumptions

Net position is classified into the following categories:

Net investment in capital assets – consists of all capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

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

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

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

Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund balance flow assumptions

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

Fund balance policies

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

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

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

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

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

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

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

Revenue and expenditures/expenses

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

Property taxes – Property taxes are levied each August on the assessed value listed as of the prior January 1, for all real and personal property in the county. The billings are considered due upon receipt by the taxpayer; however, the actual date is based on a period ending 30 days after the tax bill mailing. Property taxes collected are recorded as revenues in the fiscal year for which they were levied. Liens are effective when the tax bills become delinquent. The collection period for these assessments was October 15, 2021 through April 18, 2022.

Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and expenditures/expenses (Continued)

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

Compensated absences – upon retirement from the school system, an employee will receive from the District an amount equal to 30% of the value of accumulated sick leave. Sick leave benefits accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. On June 30, 2022, this amount total $680,092.

Implementation of New Accounting Principle

The District adopted the provisions of GASB Statement No. 87, *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

Note II – STEWARDSHIP, COMPLIANCE AND ACCOUNTABLITLY

Violations of legal or contractual provisions

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

Cash deposits and cash equivalents

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

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

At year-end, the District’s bank balances were collateralized by securities held by the pledging bank’s trust department in the District’s name and FDIC insurance. At year end, the carrying amount of the District’s cash and cash equivalents, including the fiduciary fund balance of $59,448, was $4,629,278. The bank balance for the same time was $5,736,274.

Receivables

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

Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables (Continued)

Receivables	General Fund	Special Revenue	School Food Service Fund	Total
Taxes	$ 112,538	$ -	$ -	$ 112,538
Accounts	-	701	32,874	33,575
Intergovernmental-federal	-	168,392	-	168,392
Total Receivables	$ 112,538	$ 169,093	$ 32,874	$ 314,505

Capital assets

The changes in capital assets for the year ended June 30, 2022, are as follows:

	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022
Governmental activities:				
Non-depreciable capital assets				
Land	$ 100	$ -	$ -	$ 100
Total -Non-depreciable capital assets	100	-	-	100
Depreciable capital assets				
Land improvements	314,537	-	-	314,537
Buildings and Building Improvements	9,333,565	215,155	-	9,548,720
Technology equipment	589,569	72,655	-	662,224
General equipment	242,047	5,107	-	247,154
Total - Depreciable capital assets	10,479,718	292,917	-	10,772,635
Less: Accumulated depreciation				
Land improvements	314,537	-	-	314,537
Buildings and building Improvements	5,246,696	229,131	-	5,475,827
Technology equipment	544,313	14,131	-	558,444
General equipment	54,069	10,879	-	64,948
Total - Accumulated depreciation	6,159,615	254,141	-	6,413,756
Governmental Activities Capital Assets - n	$ 4,320,203	$ 38,776	$ -	$ 4,358,979
Business-Type Activities:				
Depreciable capital assets				
General equipment	$ 134,283	$ -	$ -	$ 134,283
Total - Depreciable capital assets	134,283	-	-	134,283
Less: Accumulated depreciation				
General equipment	73,009	7,089	-	80,098
Total - Accumulated depreciation	73,009	7,089	-	80,098
Business-Type Activities Capital Assets -n	$ 61,274	$ (7,089)	$ -	$ 54,185

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

**New categories for the District's leased assets, and the related accumulated amortization, have been added due to the implementation of GASB Statement No. 87, *Leases*.

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

Pension obligations

The District participates in both the Teachers' Retirement System of the State of Kentucky (TRS) and the Kentucky Public Pensions Authority (KPPA) - County Employees Retirement System (CERS) for non-hazardous duties.

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

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

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

Participants that retire before age 60 with less than 27 years of service receive reduced retirement benefits. Non-university members with an account established prior to July 1, 2002 receive monthly payments equal to two (2) percent (service prior to July 1, 1983) and two and one-half (2.5) percent (service after July 1, 1983) of their final average salaries for each year of credited service. New members (including second retirement accounts) after July 1, 2002 will receive monthly benefits equal to 2% of their final average salary for each year of service if, upon retirement, their total service is than ten years. New members after July 1, 2002 who retire with ten or more years of total service will receive monthly benefits equal to 2.5% of their final average salary for each year of service including the first ten years. In addition, employees who retire July 1, 2004 or later with more than 30 years of service will have their multiplier increased for all years over 30 from 2.5 % to 3.0% to be used in their benefit calculation. Effective July 1, 2008 the system has been amended to change the benefit structure for members hired on or after that date. For members who enter TRS on or after January 1, 2022 TRS created a hybrid retirement plan with a foundational benefit which pays a lifetime retirement annuity.

Final average salary is defined as the member's five (5) highest annual salaries for those with less than 27 years of service. Employees at least age 55 with 27 or more years of service may use their three (3) highest annual salaries to compute the final average salary. TRS also provides disability benefits for vested employees at the rate of sixty (60) percent of the final average salary. When calculating the final average salary for employees entering the service on or after January 1, 2022 increases in compensation in the last five years prior to retirement are limited to the highest percentage increase generally available to the district's employees.

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

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

Pension obligations (Continued)

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

Contributions
Contributions rates are established by Kentucky Revised Statutes (KRS). Beginning January 1, 2022 non-university employees are required to contribute 12.855% of their salaries for employees entering service prior to January 1, 2022 and 14.75% for employees entering service on or after January 1, 2022. The Commonwealth of Kentucky, as a non-employer contributing entity, pays matching contributions in the amount of 13.105% of salaries for local school district employees hired before July 1, 2008, 14.105% for those hired after July 1, 2008 and 10.75% for those hired on or after January 1, 2022. For local school district employees whose salaries are federally funded, the employer contributes 16.105% of salaries and employees paid with non-federal funds the district contributes 3% 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.

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

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

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

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

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

Pension obligations (Continued)

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

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

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

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

Tier 3 plan members, who began participating on, or after, January 1, 2014, are required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own account. Members contribute 5% (non-hazardous) or 8% (hazardous) of their annual creditable compensation, and an additional 1% to the health insurance fund (401(h) account) which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the KPPA board based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received an employer pay credit is deposited to the member's account. A member's account is credited with a 4% (non-hazardous) or 7.5% (hazardous) employer pay credit. The employer pay credit represents a portion of the employer contribution. CERS contribution rates for non-hazardous employees for pension 21.17%, insurance 5.78% for a combined total of 26.95%.

Funding for CERS is provided by members, who contribute 5.00% (6.00% for employees hired after September 1, 2008) of their salary through payroll deductions, and by employers of members. For the year ending June 30, 2022, employers were required to contribute 26.95% of the member's salary. During the year ending June 30, 2022, the District contributed $247,668 to the CERS pension plan. The contribution requirements of CERS are established and may be amended by the CERS Board of Trustees.

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

Pension obligations (Continued)

Other Retirement Plans
The District also offers employees the option to participate in defined contribution plans under Sections 403(B) and 401(K) of the Internal Revenue Code. All regular full-time and part-time employees are eligible to participate and may contribute up the maximum allowable by laws. These plans are administered by an independent third-party administrator. The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits them to defer a portion of their salary until future years. This deferred compensation is not available to employees until their termination, retirement, death or unforeseeable emergency. GASB Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, allows entities with little or no administrative involvement and who do not perform the investing function for these plans to omit plan assets and related liabilities from their financial statement statements. The District, therefore, does not report these assets and liabilities on its financial statements. Employee contributions made to the plan during the year total $7,200. The District does not contribute to these plans.

Pension liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
On June 30, 2022, the District reported a liability for its proportionate share of the net pension liability for CERS. The District did not report a liability for the District's proportionate share of the net pension liability for TRS because the Commonwealth of Kentucky provides the pension support directly to TRS on behalf of the District.

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

District's proportionate share of the net CERS pension liability	$ 2,098,781
Commonwealth's proportionate share of the net TRS pension liability associated with the District	15,455,120
	$ 17,553,901

The net pension liability for each plan was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ended, June 30, 2021, using generally accepted actuarial principles. The District's portion of the net pension liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. On June 30, 2021, the District's proportion was .032910%. For the year ended June 30, 2022, the District recognized CERS pension expense of $194,551 which is a $172,220 increase in governmental funds and $22,331 increase in proprietary funds and $100,504 related to TRS as being paid. The adjusted pension expense recognized on the statement of activities, based on actuarial valuation for the year ended June 30, 2022, was $7,455 (a decrease of $366 in governmental funds and an increase of $7,821 in the business type activity funds). The District also recognized revenue of $1,233,683 for TRS support provided by the Commonwealth.

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

Pension liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)
On June 30, 2022, 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
Differences between expected and actual experience	$ 24,100	$ 20,370
Changes of assumptions	28,168	-
Net difference between projected and actual earnings on	81,419	361,151
Changes in proportion and difference between District and proportionate share of contributions	87,819	55,945
District contributions subsequent to the measurement date	194,551	-
	$ 416,057	$ 437,466

The amount reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date is $194,551 and will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2022	$ (35,827)
2023	(32,509)
2024	(60,026)
2025	(87,598)
2026	-
Thereafter	-

Actuarial assumptions
For TRS, the actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, three years prior to the end of the fiscal year in which contributions are reported (as of June 30, 2018 for the fiscal year 2021 contributions). The following actuarial methods and assumptions were used to determine contribution rates reported in the most recent year of that schedule:

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	30 years that began fiscal year 2014
Asset valuation method	5-year smoothing market
Inflation	2.50%
Salary Increase	3.00-7.50%, including inflation
Investment rate of return	7.10%, net of pension plan investment expense, including inflation

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

Actuarial assumptions (Continued)
For CERS, the actuarially determined contribution rates effective for fiscal year ending 2019 were calculated as of June 30, 2018. The following actuarial methods and assumptions were used:

Actuarial cost method	Entry Age Normal
Asset valuation method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization method	Level Percent of Pay
Amortization period	30 years, closed
Payroll Growth Rate	2.00%
Investment return	6.25%
Inflation	2.30%
Salary increases	3.30%-10.30%, varies by service

For TRS, the mortality rates were based on the Pub2010 (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 TRS Board of Trustees on September 20, 2021.

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

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

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

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

Actuarial assumptions (Continued)
For CERS, system-specific mortality table based on mortality experience from 2012-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a based year of 2019.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Growth	68.50%	
US Equity	21.75%	5.70%
Non-US Equity	21.75%	6.35%
Private Equity	10.00%	9.70%
Specialty Credit/High Yield	15.00%	2.80%
Liquidity	11.50%	
Core Bonds	10.0%	0.00%
Cash	1.5%	-0.60%
Diversifying Strategies	20.00%	
Real Estate	10.0%	5.40%
Opportunistic	0.0%	NA
Real Return	10.0%	4.55%
Total	100%	

Discount Rate
For TRS, the discount rates used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Employer contribution rates 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 project benefit payments to determine the total pension liability.

For CERS, a single discount rate of 6.25% was used to measure both the non-hazardous and hazardous system to measure the total pension liability for the fiscal year ending June 30, 2021. The single discount rate was based on the expected rate of return on pension plan investments for each system. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the pension plan's fiduciary net position and future contributions were projected to be sufficient to finance all the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability for each system. The projection of cash flows used to determine the single discount rate must include an assumption regarding actual employer contributions made each future year. The future contributions are projected assuming that each participating employer in the System contribute the actuarially determined employer contribution rate each future year calculated in accordance with the current funding policy.

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

Discount Rate (Continued)

The following table present the net pension liability of the district calculated using the discount rates selected by each pension system, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower and 1-percentage-point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
TRS	6.10%	7.10%	8.10%
District's proportionate share of net pension liabil	$ -	$ -	$ -
CERS	5.25%	6.25%	7.25%
District's proportionate share of net pension liabil	$ 2,691,786	$ 2,098,781	$ 1,608,083

Other postemployment benefit (OPEB) obligations

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

TRS – OPEB

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

TRS Medical Insurance Fund (Health Trust)

Plan description

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

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

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

TRS Medical Insurance Fund (Health Trust) (Continued)

Benefits provided

To be eligible for medical benefits through TRS, the member must have retired either for service or disability. The TRS medical plan offers coverage to members under the age of 65 through the Kentucky Employees Health Plan (KEHP) administered by the Kentucky Department of Employee Insurance. TRS retired members are given a supplement to be used for payment of their health insurance premium. The amount of the member's supplement is based on a contribution supplement table approved by the TRS Board of Trustees. The retired member pays premiums in excess of the monthly supplement. The Commonwealth of Kentucky bears risk for excess claims expenses that exceed the premium equivalents charged for the Kentucky Employees Health Plan. Once retired members and eligible spouses attain age 65 and are Medicare eligible, coverage is obtained through the TRS Medicare Eligible Health Plan. For 2022, TRS will contribute $696.84 towards insurance costs, less the shared responsibility cost of $148.50. Under-65 retirees who are not Medicare eligible and continue on the KEHP are responsible for the remaining costs left from the total premium costs.

Contributions

In order to fund the TRS post-retirement healthcare benefit, seven and one-half percent (7.5%) 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. The state contributes the net cost of health insurance premiums for members who retired on or after July 1, 2010 who are in the non-Medicare eligible group. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

TRS Postemployment Life Insurance Benefits (Life Trust)

Plan description

TRS administers the life insurance plan as provided by KRS 161.655 to eligible active and retired members. The TRS Life Insurance benefit is a cost-sharing multiple-employer defined benefit plan with a special funding situation. This benefit is financed by actuarially determined contributions from the 207 participating employers. Changes made to the life insurance plan may be made by the TRS Board of Trustees and the General Assembly.

Benefits provided

The benefit TRS provides is $5,000 for members who are retired for service or disability, and $2,000 for active contributing members. For members entering on or before January 1, 2022, the life insurance benefit is $5,000 for a eligible active members.

Contributions

For TRS to fund the post-retirement life insurance benefit, the state contributes three hundredths of one percent (.03%) of the gross annual payroll of members.

CERS – OPEB

Plan description

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

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

CERS – OPEB (Continued)

Benefit provided

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

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

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

Contribution

CERS allocations a portion of the employer contributions to the health insurance benefit plan. For the 2020 measurement period, CERS allocated 6.21% of the 28.05% actuarially required contribution rate paid by employers for funding the healthcare benefit. In addition, 1% of the tier 2 and 3 employee contributions of 6% are allocated to the health insurance plan.

On June 30, 2021, the amount recognized by the District as its proportionate share of the net OPEB liability, the related Commonwealth support, and the total portion of the net OPEB liability with the District were as follows:

District's proportionate share of the net TRS OPEB MIF liability	$ 1,372,000
District's proportionate share of the net CERS OPEB MIF liability	630,045
Total district proportionate share	$ 2,002,045
Commonwealth's proportionate share of the net TRS OPEB - MIF liability associated with the District	1,114,000
	$ 3,116,045

The net OPEB liability for each plan was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. For the year ended June 30, 2022, based on actuarial valuation, the district recognized on the statement of activities adjusted total net OPEB expense of $(114,831) (decrease of $120,600 in governmental funds and an increase of $5,769 in the business type activity funds).

On June 30, ,2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the followings sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 99,075	$ 1,004,111
Changes of assumptions	526,037	586
Net difference between project and actual earnings on OPEB plan investments	31,744	276,305
Changes in proportion and difference between District contributions and proportionate share of contributions	217,355	31,251
District contributions subsequent to the measurement date	153,622	-
Total	$ 1,027,833	$ 1,312,253

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

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

Of the total amount reported as deferred outflows of resources related to OPEB, $153,622 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the Year Ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year ending June 30:	TRS	CERS
2021	$ (105,000)	$ 11,468
2022	(107,000)	(3,498)
2023	(102,000)	(3,755)
2024	(96,000)	(31,258)
2025	(10,000)	-
Thereafter	9,000	-

Actuarial assumptions for TRS are as follows:

Inflation	2.50%
Real wage growth	0.25%
Wage inflation	2.75%
Salary increases, including wage inflation	3.00%-7.50%
Long-term Investment Rate of Return, net of OPEB plan investment expense, including inflation	
Health Trust	7.10%
Life Trust	7.10%
Single Equivalent Interest Rate, Net of OPEB plan investment Expense, including price Inflation	
Heath Trust	7.10%
Life Trust	7.10%
Health Trust Cost Trends	
Under Age 65	7.00% for FYE 2021 decreasing to an ultimate rate of 4.50% by FYE 2031
Ages 65 and Older	5.00% for FYE 2022 decreasing to an ultimate rate of 4.50% by FYE 2024
Medicare Part B Premiums	4.40% for FYE 2021 with an ultimate rate of 4.50% by 2034

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

Actuarial assumptions for CERS are as follows:

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

Mortality Rates
For TRS, mortality rates were based on the Pub2010 (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, disable retirees, and active members.

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

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

Asset Class	MIF Target Allocation	30-Year Expected Geometric Real Rate of Return
Global Equity	58.00%	5.10%
Fixed Income	9.00%	-0.10%
Real Estate	6.50%	4.00%
Private Equity	8.50%	6.90%
High Yield	8.00%	1.70%
Other Additional Categories	9.00%	2.00%
Cash (LIBOR)	1.00%	-0.30%
Total	100.00%	

Asset Class	LIF* Target Allocation	30-Year Expected Geometric Real Rate of Return
U.S. Equity	40.00%	4.40%
International Equity	23.00%	5.60%
Fixed Income	18.00%	-0.10%
Real Estate	6.00%	4.00%
Private Equity	5.00%	6.90%
Other Additional Categories	6.00%	2.10%
Cash (LIBOR)	2.00%	-0.30%
Total	100.00%	

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

Rate of Return (Continued)
For CERS, the long-term expected rate of return on OPEB investments was determined by using a building block method in which best estimate ranges of expected future real rates of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of estimates of arithmetic real rate of return for each major asset class is summarized in the table below. The current long-term inflation assumption is 2.30% per annum.

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

Asset Class	Target Allocation	Geometric Real Rate of Return
Growth	68.50%	
US Equity	21.75%	5.70%
Non-US Equity	21.75%	6.35%
Private Equity	10.00%	9.70%
Specialty Credit/High Yield	15.00%	2.80%
Liquidity	11.50%	
Core Bonds	10.00%	0.00%
Cash	1.50%	-0.60%
Diversifying Strategies	20.00%	
Real Estate	10.00%	5.40%
Opportunistic	0.00%	NA
Real Return	10.00%	4.55%
Total	100.00%	

Discount Rate
For TRS, the discount rate used to measure the TOL at June 30, 2021 was 7.10% for the Health Trust.

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, 2020. In addition to the actuarial methods and assumptions of the June 30, 2020 actuarial valuation, the following actuarial methods and assumptions were used into project 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 PM paid to KEHP by TRS were assumed to be paid in all years by the employers as they come due, they were not considered.
- Cash flows occur mid-year.
- Future contributions to the Health Trust were based upon the contribution rates defined in statute and the projected payroll of active employees. Per KRS 161.540(1).3 and 161.550(5), when the Health Trust achieves a sufficient prefunded status, as determined by the retirement system's actuary, the following Health Trust statutory contributions re 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

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

Discount Rate (Continued)

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

- 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 an implicit subsidy attributable to coverage while participating in KEHP.
  - For the purpose of developing estimates for new entrants, active headcounts were assumed to remain flat for all future years.

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

Life Trust Discount Rate.
The discount rate used to measure the TOL as of the Measurement Date was 7.10%. The projection of cash flows used to determine the discount rates was performed in accordance with GASB 74. The projection's basis was an actuarial valuation performed as of June 30, 2020. In addition to the Actuarial methods and assumptions of the June 30, 2020 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 year by the employer as they come due, they were not considered.
- Active employees do not contribute to the plan.
- Cash flows occurred mid-year.

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

Long-term rate of return
The long-term expected rate of return on OPEB plan investments was determined based on the allocation of assets by asset class and by the mean and variance of real returns.

Municipal bond rate
The discount rate determination will use a municipal bond rate to the extent the trust is projected to run out of money before all benefits are paid. The rate used, if necessary, for this purpose is the monthly average of the Bond Buyers General Obligation 20-year Municipal Bond Index Rate.

Periods of projected benefit payments for all current plan members were projected through 2119.

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

CERS
Single discount rates of 5.20% for the CERS non-hazardous system were used to measure the total OPEB liability as of June 30, 2021. The single discount rates are based on the expected rate of return on OPEB plan investments of 6.25% and a municipal bond rate of 1.92%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2021. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, 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. There, 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 subsidy is not currently being included in the calculation of the System's actuarially determined contributions, and it is our understanding that any cost associated with the implicit subsidy will not be paid out of the System's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicitly subsidy.

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 each participating employer in each insurance plan contributes the actuarially determined employer contribution each future year calculated in accordance with the current funding policy, as most recently revised by House Bill 8, passed during the 2021 legislative session. The assumed future employer contributions reflect the provision of House Bill 362 (passed during the 2018 legislative session) which limit the increases to the employer contribution rates to 12% over the prior fiscal year through June 30, 2028.

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

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

The bonds may be called prior to maturity at dates and redemption premiums specified in each issue. Assuming no issues are called prior to maturity, the minimum obligation of the District, including amounts to be paid by the Commission, on June 30, 2022 for debt services are as follows:

	Interest Rates	Maturity Date	Original Issue	Beginning Balance	Increases	Decreases	Ending Balance	Due within one year
Governmental Activities:								
Revenue Bonds:								
Series 2017	3.50 - 4.25%	8/1/2032	$ 161,000	$ 137,000	$ -	$ 6,000	$ 131,000	$ 7,000
			$ 161,000	$ 137,000	$ -	$ 6,000	$ 131,000	$ 7,000
Other Liabilities								
Sick leave				218,870	461,222	-	680,092	199,676
Pension Liability				2,393,321	-	347,636	2,045,685	-
OPEB Liability				2,294,264	-	342,868	1,951,396	-
Total Other Liabilities				4,906,455	461,222	690,504	4,677,173	199,676
Total Governmental Activities Liabilities				$ 5,043,455	$ 461,222	$ 696,504	$ 4,808,173	$ 206,676

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

Long-Term Debt
The future principal and interest payments on long-term debt are as follows:

Fiscal Year Ending	District		Kentucky School Facility		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	$ -	$ -	$ 7,000	$ 5,178	$ 7,000	$ 5,178
2024	-	-	7,000	4,933	7,000	4,933
2025	-	-	7,000	4,688	7,000	4,688
2026	-	-	7,000	4,443	7,000	4,443
2027	-	-	8,000	4,198	8,000	4,198
2028	-	-	8,000	3,918	8,000	3,918
2029	-	-	8,000	3,638	8,000	3,638
2030	-	-	9,000	3,358	9,000	3,358
2031	-	-	9,000	2,975	9,000	2,975
2032	-	-	9,000	2,593	9,000	2,593
2033	-	-	10,000	2,210	10,000	2,210
2034	-	-	10,000	1,785	10,000	1,785
2035	-	-	10,000	1,360	10,000	1,360
2036	-	-	11,000	935	11,000	935
2037	-	-	11,000	468	11,000	468
	$ -	$ -	$ 131,000	$ 46,680	$ 131,000	$ 46,680

Interfund transfers
Interfund transfers are used to fund operations in the various accounts. The composition of interfund transfers as of June 30, 2022 is as follows:

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

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

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

Kentucky Teachers Retirement Syste	$ 1,328,131
Health, Life, Vision & Dental Insuranc	732,625
Technology	62,898
Debt Service	11,388
Total On-Behalf	$ 2,135,042

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

New Pronouncements

The GASB has issued several reporting standards that will become effective for fiscal year 2022 and later years' financial statements.

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

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

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

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

Deficit Operating Balance

The Food Service Fund had a deficit net position at June 30, 2022, in the amount of $1,940. The deficit net position is a result of the recording of the net pension liability and net OPEB liability for CERS as part of GASB Statements 68 and 75.

Commitments And Contingencies

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

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

Anchorage Independent School District
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the District's Proportionate Share of Net Pension Liability – TRS and CERS
For the Year Ended June 30, 2022

	Reporting Fiscal Year (Measurement Date) 2022 (2021)	Reporting Fiscal Year (Measurement Date) 2021 (2020)	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)	Reporting Fiscal Year (Measurement Date) 2017 (2016)	Reporting Fiscal Year (Measurement Date) 2016 (2015)	Reporting Fiscal Year (Measurement Date) 2015 (2014)
Teacher's Retirement System of the State of Kentucky (TRS)								
District's proportion of the net pension liability	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
District's proportionate share of the net pension liability	-	-	-	-	-	-	-	-
State's proportionate share of pension liability associated with the District	$ 15,455,120	$ 15,997,899	$ 14,909,493	$ 14,202,699	$ 31,668,071	$ 26,218,184	$ 22,706,135	$ -
Total	$ 15,455,120	$ 15,997,899	$ 14,909,493	$ 14,202,699	$ 31,668,071	$ 26,218,184	$ 22,706,135	$ -
District's covered-employee payroll	$ 3,801,691	$ 3,783,373	$ 3,595,336	$ 3,411,554	$ 3,335,046	$ 3,203,034	$ 3,220,343	$ -
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
Plan fiduciary net position as a percentage of the total pension liablity	65.59%	58.27%	58.80%	59.30%	39.80%	35.22%	42.49%	0.00%
County Employee Retirement System (CERS)								
District's proportion of the net pension liability	0.032910%	0.031204%	0.000380%	0.334630%	0.003176%	0.032410%	0.034942%	0.0000%
District's proportionate share of the net pension liability	$ 2,098,781	$ 2,393,321	$ 2,373,653	$ 2,037,999	$ 1,563,641	$ 1,393,503	$ 1,134,000	$ -
State's proportionate share of the net pension liability	-	-	-	-	-	-	-	-
Total	$ 2,098,781	$ 2,393,321	$ 2,373,653	$ 2,037,999	$ 1,563,641	$ 1,393,503	$ 1,134,000	$ -
District's covered-employee payroll	$ 908,266	$ 852,942	$ 799,299	$ 852,429	$ 851,504	$ 758,340	$ 756,185	$ -
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	231.08%	280.60%	296.97%	239.08%	183.63%	183.76%	149.96%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	57.33%	58.27%	50.45%	53.54%	53.30%	59.00%	59.97%	66.80%

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

See the accompanying notes to the required supplementary information.

Anchorage Independent School District
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Contributions CERS and TRS - Pension
For the Year Ended June 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015
Teacher's Retirement System of the State of Kentucky (TRS)								
Contractually required contribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 3,801,691	$ 3,783,373	$ 3,595,336	$ 3,411,554	$ 3,335,046	$ 3,203,034	$ 3,220,343	$ -
District's contributions as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
County Employee Retirement System (CERS)								
Contractually required contribution	$ 194,551	$ 595,892	$ 777,241	$ 679,066	$ 588,877	$ 594,722	$ 554,746	$ -
Contributions in related to the contractually required contribution	194,551	595,892	777,241	679,066	588,877	594,722	554,746	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 908,266	$ 852,942	$ 799,299	$ 852,429	$ 851,504	$ 758,340	$ 756,185	$ -
District's contributions as a percentage of its covered-employee payroll	21.42%	69.86%	97.24%	79.66%	69.16%	78.42%	73.36%	0.00%

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

See the accompanying notes to the required supplementary information.

Notes to Required Supplementary Information – Pension
For the Year Ended June 30, 2022

TRS

Changes of benefit terms

None

Changes of assumptions

The assumption changes adopted by the Board on September 20, 2021, are summarized below:

- Prince Inflation assumed rate changed from 3.00% to 2.50%,
- Wage Inflation assumed rated changed from 3.50% to 2.75%,
- Assumed investment rate of return changed from 7.50% to 7.10%,
- Assumed Salary Scale changed to a service-based table and adjusted to reflect a decrease of 0.25% in merit and promotion of all ages,
- An administrative expense load of 0.32% of payroll has been added to the normal cost rate,
- Assumed rate of mortality have been revised to the Pub-2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with the MP-2020 improvement scale with various set-forwards, set-backs, and adjustments, and
- Assumed rate of withdrawal, disability, and retirement have been adjusted to reflect experience more closely.
- Increased load for unused sick leave from 2.0% to 3.0% for all activity liability at the time of retirement.

CERS

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

Anchorage Independent School District
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the District's Proportionate Share of the Net OPEB Liability Medical & Life Insurance Plans - TRS – OPEB
For the Year Ended June 30, 2022

	Reporting Fiscal Year (Measurement Date) 2022 (2021)	Reporting Fiscal Year (Measurement Date) 2021 (2020)	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)
MEDICAL INSURANCE PLAN					
District's proportion of the collective OPEB liability	0.063945%	0.061074%	0.337100%	0.334620%	0.337410%
District's proportionate share of the collective net OPEB liability	$ 1,372,000	$ 4,476,000	$ 5,165,000	$ 5,854,000	$ 6,058,000
State's proportionate share of the collective net OPEB liability associated with the District	1,114,000	3,586,000	4,172,000	5,045,000	4,948,000
Total	$ 2,486,000	$ 8,062,000	$ 9,337,000	$ 10,899,000	$ 11,006,000
District's covered-employee payroll	$ 3,801,691	$ 3,783,373	$ 3,595,336	$ 3,411,554	$ 3,335,046
District's proportionate share of the collective net OPEB liability a percentage of its covered-employee payroll	36.09%	118.31%	143.66%	171.59%	181.65%
Plan fiduciary net position as a percentage of the total OPEB	51.74%	39.05%	32.58%	25.50%	21.20%
LIFE INSURANCE PLAN					
District's proportion of the collective OPEB liability	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%
District's proportionate share of the collective net OPEB liability	$ -	$ -	$ -	$ -	$ -
State's proportionate share of the collective net OPEB liability associated with the District	15,000	37,000	32,000	29,000	22,000
Total	$ 15,000	$ 37,000	$ 32,000	$ 29,000	$ 22,000
District's covered-employee payroll	$ 3,801,691	$ 3,783,373	$ 3,595,336	$ 3,411,554	$ 3,335,046
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB	89.15%	71.57%	73.40%	75.00%	80.00%

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

See the accompanying notes to the required supplementary information.

Anchorage Independent School District
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the Contributions - TRS – OPEB
For the Year Ended June 30, 2022

	2022	2021	2020	2019	2018
MEDICAL INSURANCE PLAN					
Contractually required contribution	$ 100,504	$ 113,502	$ 102,347	$ 100,047	$ 95,994
Contributions in relation to the contractually required contribution	100,504	113,502	102,347	100,047	95,994
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 3,801,691	$ 3,783,373	$ 3,595,336	$ 3,411,554	$ 3,335,046
District's contributions as a percentage of it's covered-employee payroll	2.64%	3.00%	2.85%	2.93%	2.88%
LIFE INSURANCE PLAN					
Contractually required contribution	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 3,801,691	$ 3,783,373	$ 3,595,336	$ 3,411,554	$ 3,335,046
District's contributions as a percentage of it's covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%

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

See the accompanying notes to the required supplementary information.

Anchorage Independent School District
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of District's Proportionate Share of the Net OPEB Liability – CERS
For the Year Ended June 30, 2022

	Reporting Fiscal Year (Measurement Date) 2022 (2021)	Reporting Fiscal Year (Measurement Date) 2021 (2020)	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)
HEALTH INSURANCE PLAN					
District's proportion of the collective OPEB liability	0.032910%	0.031195%	0.033741%	0.033462%	0.033741%
District's proportionate share of the collective net OPEB liability	$ 630,045	$ 753,264	$ 567,508	$ 594,111	$ 756,723
State's proportionate share of the collective net OPEB liability associated with the District	-	-	-	-	-
Total	$ 630,045	$ 753,264	$ 567,508	$ 594,111	$ 756,723
District's covered-employee payroll	$ 908,266	$ 852,942	$ 799,299	$ 852,429	$ 851,504
District's proportionate share of the collective net OPEB	69.37%	88.31%	71.00%	69.70%	88.87%
Plan fiduciary net position as a percentage of the total OPEB	62.91%	51.67%	60.44%	57.62%	52.39%

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

See the accompanying notes to the required supplementary information.

Anchorage Independent School District
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Contributions OPEB Liability – CERS
For the Year Ended June 30, 2022

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

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

See the accompanying notes to the required supplementary information.

Notes to Required Supplementary Information – OPEB
For the Year Ended June 30, 2022

TRS

Note I - Changes of Benefit Terms

Health Trust

- None

Life Trust

- None

Note II - Changes to assumptions or other inputs

Health Trust

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

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

Life Trust

None

CERS

Single discount rates of 5.20% for the CERS non-hazardous insurance plan and 5.05% for the CERS hazardous insurance plan were used to measure the total OPEB liability as of June 30, 2021. The singe discount rates are based on the expected rate of return on OPEB plan investments of 6.25% and a municipal bond rate of 1.92%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2021. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, each plan's fiduciary net position and future contributions were projected separately and were sufficient to finance the future benefit payments of the current plan members. Therefore, the long term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the plan. However, the cost associated with the implicit employer subsidy is not currently being included in the calculation of the plan's actuarially determined contributions, and it is our understanding that any cost associated with the implicit subsidy will not be paid out of the plan's trust. Therefore, municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

ANCHORAGE INDEPENDENT SCHOOL DISTRICT

Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2022

	School Activity Fund	Capital Outlay	Total Non-Major Funds
ASSETS			
Cash and cash equivalents	$ 84,817	$ 63,648	$ 148,465
Interfund receivables	-	-	-
Receivables			
Taxes-current	-	-	-
Accounts	-	-	-
Intergovernmental - federal	-	-	-
Total assets	84,817	63,648	148,465
LIABILITIES			
Accounts payable	-	28,500	28,500
Interfund payable	-	-	-
Unearned revenue	-	-	-
Total liabilities	-	28,500	28,500
FUND BALANCE			
Restricted	-	35,148	35,148
Committed	84,817	-	84,817
Assigned	-	-	-
Unassigned	-	-	-
Total fund balance	84,817	35,148	119,965
TOTAL LIABLITIES AND FUND BALANCE	$ 84,817	$ 63,648	$ 148,465

ANCHORAGE INDEPENDENT SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds
For the Year Ended June 30, 2022

	Student Activity	Capital Outlay Fund	Debt Service Fund	Total Non-Major Funds
Revenues				
From Local Sources				
Taxes				
Property	$ -	$ -	$ -	$ -
Motor vehicle	-	-	-	-
Occupational	-	-	-	-
Earnings on investments	-	362	-	362
Student activities	212,450	-	-	212,450
Other local revenue	-	-	-	-
Intergovernmental - state	-	36,248	11,388	47,636
Intergovernmental - federal	-	-	-	-
Total revenues	212,450	36,610	11,388	260,448
EXPENDITURES				
Instruction	191,018	-	-	191,018
Support services				
Student	-	-	-	-
Instructional staff	-	-	-	-
District Administration	-	-	-	-
School Administration	-	-	-	-
Business	-	-	-	-
Plant operation and maintenance	-	-	-	-
Other Non-Instructional Services	-	36,248	-	36,248
Debt service				
Principal	-	-	6,000	6,000
Interest	-	-	5,388	5,388
Total expenditures	191,018	36,248	11,388	238,654
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	21,432	362	-	21,794
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Total other financing sources and (uses)	-	-	-	-
NET CHANGE IN FUND BALANCE	21,432	362	-	21,794
FUND BALANCE - BEGINNING	63,385	34,785	-	98,170
FUND BALANCE - ENDING	$ 84,817	$ 35,147	$ -	$ 119,964

ANCHORAGE INDEPENDENT SCHOOL DISTRICT

Schedule of Student Activity – Anchorage High
For the Year Ended June 30, 2022

Activity	Beginning Balance	Receipts	Expenditures	Ending Balance
Start Up Money	$ -	$ 875	$ 875	$ -
Miscellaneous	620	72	-	692
Vending - Teachers	1,232	129	324	1,037
Principal's Fund	9,487	237	1,616	8,108
Robotics	762	4,250	3,796	1,216
Academic Team General	(1)	6,950	6,949	-
K-3 STEAM Club	1,216	1,120	119	2,217
Athletics	9,384	24,050	4,967	28,467
Volleyball	-	1,375	-	1,375
Cheerleading	1,675	2,310	3,985	-
Track	-	4,375	4,375	-
Soccer	800	5,083	5,883	-
Field Hockey	2,918	5,881	8,799	-
Basketball	-	28,706	28,706	-
Lacrosse	-	5,153	5,153	-
Cross Country	6,650	9,925	16,575	-
Lacrosse Club	36	630	521	145
Spanish Club	16	395	83	328
KUNA/KYA	461	13,325	12,234	1,552
Spy Club	51	-	-	51
Community Service Club	103	320	122	301
Math Counts	222	420	360	282
F.T. General	1,567	246	-	1,813
F.T. K-1	-	-	-	-
F.T. Kindergarten	-	520	520	-
F.T. 1st Grade	-	3,100	3,100	-
F.T. 2nd Grade	-	2,533	2,533	-
F.T. 3rd Grade	-	4,014	4,014	-
F.T. 4th Grade	-	1,500	1,500	-
F.T. 5th Grade	-	666	666	-
F.T. 7th-8th Grade	-	751	751	-
F.T. 6th-7th-8th Grade	-	10,876	10,876	-
APTA	1,172	43,157	44,329	-
Library	6,525	7,246	7,697	6,074
Class of 2021	9,667	253	9,920	-
Class of 2022	8,174	16,923	20,901	4,196
Class of 2023	648	16,465	400	16,713
Class of 2024	-	10,370	120	10,250
Total	$ 63,385	$ 234,201	$ 212,769	$ 84,817

PATRICK & ASSOCIATES, LLC

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Winchester, KY 40391

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained *in Government Auditing Standards* issued by the Controller General of the United States; and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Independent Auditor's Contract, Including Appendix II Instructions for Submissions of the Audit Report*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Anchorage Independent School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Anchorage Independent School District's basic financial statements, and have issued our report thereon dated November 14, 2022.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Anchorage Independent School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of 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.

We did not note any matters during the current audit that were required to be reported to management of the Anchorage Independent School District. However, we did issue a separate management letter dated November 14, 2022, which addresses the status of matters that were reported in the prior year management letter.

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 Audit Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Tammy R. Patrick, CPA

Patrick & Associates, LLC

Winchester, KY

November 14, 2022

PATRICK & ASSOCIATES, LLC
124 Candlewood Drive
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Anchorage Independent School District
Schedule of Prior Year Findings
For The Year Ended June 30, 2022

There were no prior year findings.