

ANDERSON COUNTY BOARD OF EDUCATION

FINANCIAL STATEMENTS
SUPPLEMENTARY INFORMATION
And
INDEPENDENT AUDITOR'S REPORTS

Year Ended June 30, 2021

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ANDERSON COUNTY BOARD OF EDUCATION
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INDEPENDENT AUDITOR'S REPORT

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

Report on the 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 Anderson County Board of Education as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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; Audits of States and Local Governments, and Non-Profit Organizations, and the audit requirements prescribed by the Kentucky State Committee for School District Audits. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board as of June 30, 2021 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note Q to the financial statements, the District adopted GASB Statement No. 84, Fiduciary Activities, effective July 1, 2020. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 through 13 and budgetary comparison information on pages 65 and 66, the Schedules of Proportionate Share of the Net Pension Liability and Schedule of Contributions on pages 67 and 68, the Schedule of Proportionate Share of the Net OPEB Liability and Schedule of the OPEB Contributions on pages 69 and 70 be presented to supplement the basic financial statements. Such information, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board's basic financial statements. The combining statements for nonmajor governmental funds and fiduciary funds, the statement of receipts, disbursements, and due to student groups-Anderson County High School are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200. Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining statements for nonmajor funds and fiduciary funds, the statement of receipts, disbursements, and due to student groups-Anderson County High School, and the schedule of expenditures of federal awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements for nonmajor funds and fiduciary funds, the statement of receipts, disbursements, and due to student groups-Anderson County High School, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2021, on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

Denise M. Keene

Denise M. Keene, CPA
Georgetown, Kentucky
November 12, 2021

MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)

YEAR ENDED JUNE 30, 2021

As management of the Anderson County Board of Education (District), we offer readers of the financial statements this narrative overview and analysis of the financial activities of District for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented herein along with District’s financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The ending cash balance for the District was \$8.2 million in 2021 and \$10.8 million in 2020.
- The General Fund had \$30,095,486 million in revenues, which primarily consisted of funding from the State’s Support Education Excellence in Kentucky (SEEK) program and revenues from taxes, which include property taxes, motor vehicle taxes, and utility taxes. This compares to \$30.5 million in General Fund revenues from the prior year, which is a 1% decrease.
- The District’s ending net position increased by \$1,131,275, primarily due to changes in the net pension liability.

OTHER HIGHLIGHTS

- For ACMS, funds were used to support student learning and student health-safety in the classrooms and throughout the school. Some classrooms did not have projectors so to maximize space for social distancing, projectors were purchased to place in those classrooms. To rearrange classroom furniture to maximize space for students in the classroom, teacher carts were used as desks instead of teacher desks consuming the space needed for students. Four bottle fill stations were purchased with funds to provide students no-touch access to water during the school day within in each grade level wing and in the front foyer. STEM Membership was purchased to have access to stem resources for students to use, create, and design in stem class throughout the year.
- Emma B. Ward Elementary School continues to focus on building and maintaining a positive school culture and climate. We are a registered Kind Campus through the Ben's Bells Project and continue to teach and practice intentional kindness. The 2021 Quality School and Climate Survey resulted in the following information: 99% of students reported either they agree or strongly agree that Emma B. Ward is a caring place. 98.2% of students reported either agreeing or strongly agreeing that their teacher expects them to do their best at all times. 96.3% of students reported agreeing or strongly agreeing that adults from my school work hard to make sure students are safe.
- Anderson Community Education Center closed its building doors Aug. 10, 2020 due to the COVID-19 pandemic and relocated our employees and our efforts to Anderson County High School. During the 20-21 school year we worked with the high school virtual learning program and helped navigate 575 students and families through what would be a school year like no

other. We offered full time support to the virtual students including academic, social/emotional and household services. We supported 110 senior students in their quest for their high school diploma. One of our greatest expansions was the creation of the "Bearcat Kitchen". Each week virtual students could come by and pick up a meal kit and take home everything they needed to create the meal. This included kitchen items such as measuring cups, pans, pancake turner, spatulas, measuring spoons etc. Students also received a link to a video of the meal prep as well as a survey to complete after they had dinner. Survey results showed each week "Bearcat Kitchen" was feeding 80-100 people!

- For ACHS, funds were used to purchase multiple programs to enhance virtual learning during the pandemic. Funds were used to purchase Industry Certification tests for ACHS students in agriculture, engineering, technology and culinary.
- Eight students from the Anderson County High School Band were named to All State. ACHS ranked in the top 10% of the highest number of students named.
- Saffell Street Elementary (SSE) provided a rigorous virtual learning platform with live teaching throughout the entire school day. Funding for Literacy Footprints to strengthen SSE's Balanced Literacy program - Continued Growth with Guided Reading Levels. SSE experienced a reduction in Novice for state assessments in Mathematics
- Robert B Turner Elementary (RBT) had 20+ teachers and staff that stayed after school four days a week and worked with students through our ESS program. Teachers targeted specific standards in both reading and math designed to recover unfinished learning. Through our ESS program many standards were recovered. RBT had many accomplishments with our state assessment results. 3-5th combined:
 - RBT had fewer novice in all academic areas than the state average.
 - RBT scored above the state average in Proficient and Distinguished in all academic areas.
 - In Writing, RBT scored above the state average at 62.7% Proficient and Distinguished.
 - RBT also scored 15% or below novice in Math, Science, and On Demand writing. Our focus has been on novice reduction and our students and staff did it!!
- All schools were well above the state's average participation rate for the KSA/AKSA.
- SSE reached 100% student participation rate for the KSA.
- ACHS scored above the state average in KSA contact areas.
- ACHS scored above the state average in all ACT content areas; ACHS ranked in the top 25% (67th out of 271) for KY ACT performance based on average composite scores.

OVERVIEW OF FINANCIAL STATEMENTS

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

District-wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

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

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

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

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

Notes to the basic financial statements

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

District-wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities and deferred inflows exceeded assets and deferred outflows by \$649 thousand for governmental activities and \$1.4 million for business-type activities at the close of the most recent fiscal year. Net position is summarized in Table 1.

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

Changes in net position- The District's net position increased by \$1,583,769 from the prior fiscal year.

TABLE 1								
Net position for the period ending June 30, 2021 and 2020								
2021 District-wide net position compared to 2020 are as follows:								
Net Position (in thousands)								
			Governmental		Business-type		Total	
			<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Assets			\$ 57,753	\$ 58,578	\$ 810	\$ 633	\$ 58,563	\$ 59,211
Deferred Outflows of Resources			\$ 5,661	\$ 4,347	\$ 720	\$ 594	\$ 6,381	\$ 4,941
Liabilities			\$ 60,350	\$ 61,695	\$ 2,725	\$ 2,428	\$ 63,075	\$ 64,123
Deferred Inflows of Resources			\$ 3,713	\$ 3,326	\$ 202	\$ 330	\$ 3,915	\$ 3,656
Investment in capital assets (net of debt)			\$ 10,243	\$ 9,536	\$ 124	\$ 142	\$ 10,367	\$ 9,678
Restricted				\$ 6,567	\$ (1,520)	\$ (1,674)	\$ (1,520)	\$ 4,893
Unrestricted				\$ (18,199)		\$ -	\$ -	\$ (18,199)
Total Net Position			\$ 10,243	\$ (2,096)	\$ (1,396)	\$ (1,532)	\$ 8,847	\$ (3,628)

TABLE 2								
Changes in Net Position (in thousands)								
			Governmental		Business-type		Total	
Revenues			<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Local Revenue Sources			\$ 14,025	\$ 13,827	\$ 227	\$ 637	\$ 14,252	\$ 14,464
State Revenue Sources			\$ 22,701	\$ 22,976	\$ 168	\$ 178	\$ 22,869	\$ 23,154
Federal Revenue Sources			\$ 4,968	\$ 2,504	\$ 1,932	\$ 1,583	\$ 6,900	\$ 4,087
Investments			\$ 121	\$ 220	\$ -	\$ 3	\$ 121	\$ 223
Total Revenues			\$ 41,815	\$ 39,527	\$ 2,327	\$ 2,401	\$ 44,142	\$ 41,928
Expenses								
Instruction			\$ 27,435	\$ 25,583			\$ 27,435	\$ 25,583
Student Support Services			\$ 698	\$ 617			\$ 698	\$ 617
Instructional Support			\$ 2,002	\$ 1,791			\$ 2,002	\$ 1,791
District Administration			\$ 921	\$ 864			\$ 921	\$ 864
School Administration			\$ 1,794	\$ 1,729			\$ 1,794	\$ 1,729
Business Support			\$ 751	\$ 764			\$ 751	\$ 764
Plant Operations			\$ 3,114	\$ 2,596			\$ 3,114	\$ 2,596
Student Transportation			\$ 2,225	\$ 2,422			\$ 2,225	\$ 2,422
Other non instruction			\$ 22	\$ -			\$ 22	\$ -
Community Services			\$ 574	\$ 322	\$ 260	\$ 294	\$ 834	\$ 616
Food Service			\$ 19		\$ 1,849	\$ 2,351	\$ 1,868	\$ 2,351
Debt Service			\$ 1,211	\$ 1,264	\$ -		\$ 1,211	\$ 1,264
Total Expenses			\$ 40,766	\$ 37,952	\$ 2,109	\$ 2,645	\$ 42,875	\$ 40,597
Transfer			\$ 83	\$ 81	\$ (83)	\$ (81)	\$ -	\$ -
Change in Net Position			\$ 1,131	\$ 1,656	\$ 136	\$ (325)	\$ 1,267	\$ 1,331
Beginning Net Position			\$ (2,097)	\$ (3,753)	\$ (1,532)	\$ (1,193)	\$ (3,629)	\$ (4,946)
Reclassification- Note Q			\$ 317				\$ 317	\$ -
Ending Net Position			\$ (649)	\$ (2,097)	\$ (1,396)	\$ (1,518)	\$ (2,045)	\$ (3,615)

BUDGETARY IMPLICATIONS

Revenues- General fund revenues exceeded the amount budgeted by approximately \$171,000. The difference is primarily due to receiving additional tax revenue.

Expenditures- Actual general fund expenditures were less than budgeted by approximately \$2.3 million. This is primarily due to the net effect of 1) contingency of \$1.6 million included in budget but not actual; 2) actual salaries exceeded budgeted by approximately \$567 thousand; 3) carryforward purchase orders.

By Kentucky statute, the budget must have at least a 2% contingency. The District adopted a budget for 2021 with \$1,691,399 in contingency or 5% of actual expenditures in the general and food service funds combined.

INFRASTRUCTURE

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

TABLE 3								
Analysis of balances and transactions of individual funds (in thousands)								
Fund			Beginning	Revenues	Expenses	Transfer	Ending	
General Fund			\$ 3,759	\$ 30,096	\$ 30,925	\$ 86	\$ 3,016	
Special Revenue			\$ -	\$ 5,953	\$ 6,075	\$ 122	\$ -	
District Activity			\$ 151	\$ 29	\$ 128	\$ 88	\$ 140	
School Activity			\$ 317	\$ 404	\$ 309	\$ (94)	\$ 318	
Capital Outlay			\$ 436	\$ 320		\$ (120)	\$ 636	
Building			\$ 101	\$ 4,011		\$ (3,618)	\$ 494	
Construction			\$ 2,242	\$ 3	\$ 1,878	\$ 120	\$ 487	
Debt Service			\$ 2,810	\$ 1,001	\$ 4,168	\$ 3,498	\$ 3,141	

TABLE 4								
Capital Assets and Long-Term Debt Activity (in thousands)								
				Beginning	Additions	Deduction	Ending	
Governmental								
Capital Assets				\$ 78,359	\$ 2,284		\$ 80,643	
Accumulated Depreciation				\$ 30,943	\$ 1,588		\$ 32,531	
Business-Type								
Capital Assets				\$ 1,008	\$ 5		\$ 1,013	
Accumulated Depreciation				\$ 866	\$ 23		\$ 889	
Bonds Payable				\$ 40,251	\$ -	\$ 2,955	\$ 37,296	
Capital Lease				\$ 393	\$ -	\$ 55	\$ 338	
Sick Leave Payable				\$ 222	\$ 71	\$ -	\$ 293	
KSBIT Judgment				\$ 14	\$ -	\$ 14	\$ -	

Factors Affecting the District's Financial Outlook

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

- For FY 22, the District approved the compensating tax rates of 62.3 cents for real estate, 62.3 cents personal property, and 51.3 cents motor vehicle and 3% for utility tax.
- Due to the COVID pandemic, property and motor vehicle tax collection periods were lengthened, and additional cleaning supplies and personal protective equipment were purchased. The full effects of the pandemic cannot be determined at the time of this report.

CONTACTING THE DISTRICT'S FINANCIAL MANAGER

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

ANDERSON COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
DISTRICT WIDE
As of June 30, 2021

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and equivalents - Note C	\$7,575,797	\$600,631	\$8,176,428
Accounts receivable	2,065,820	53,197	2,119,017
Inventory		32,568	32,568
Capital assets			
Land and construction in progress	9,357,628		9,357,628
Other capital assets, net of depreciation	<u>38,754,203</u>	<u>124,029</u>	<u>38,878,232</u>
Total capital assets	<u>48,111,831</u>	<u>124,029</u>	<u>48,235,860</u>
TOTAL ASSETS	\$57,753,448	\$810,425	\$58,563,873
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows from advanced bond refundings	\$445,815	\$0	\$445,815
Deferred outflows from pensions	2,301,905	410,583	2,712,488
Deferred outflows from OPEB	<u>2,913,220</u>	<u>309,826</u>	<u>3,223,046</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$5,660,940	\$720,409	\$6,381,349
LIABILITIES			
Accounts payable	\$240,225	\$2,497	\$242,722
Accrued salaries & benefits	107,933		107,933
Unearned revenue	1,055,587		1,055,587
Interest payable	233,605		233,605
Long-term Liabilities			
Due within 1 year	3,069,414		3,069,414
Due in more than 1 year	34,857,851		34,857,851
Pension liability	11,117,970	2,070,606	13,188,576
OPEB liability	<u>9,666,805</u>	<u>651,989</u>	<u>10,318,794</u>
TOTAL LIABILITIES	\$60,349,390	\$2,725,092	\$63,074,482
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows from pensions	312,790	58,254	371,044
Deferred inflows from OPEB	<u>3,400,610</u>	<u>143,704</u>	<u>3,544,314</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	3,713,400	201,958	3,915,358
NET POSITION			
Net investment in capital assets	\$10,243,732	\$124,029	\$10,367,761
Restricted			
Accrued sick leave	146,640		146,640
Other	451,878	(1,520,245)	(1,068,367)
SFCC	1,051,318		1,051,318
Future Construction Projects	564,765		564,765
Debt Service	3,141,404		3,141,404
Purchase Obligations	101,190		101,190
Unrestricted	<u>(16,349,329)</u>		<u>(16,349,329)</u>
TOTAL NET POSITION	(\$648,402)	(\$1,396,216)	(\$2,044,618)

See accompanying notes

ANDERSON COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
DISTRICT WIDE

For the year ended June 30, 2021

FUNCTIONS/PROGRAMS

Governmental Activities

	Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Net (Expense) Revenue and Changes in Net Position Business-type Activities	Total
Instruction	\$27,435,121	\$2,366	\$3,867,829		(\$23,564,926)	\$	(\$23,564,926)
Support services:							
Student	698,219		39,609		(658,610)		(658,610)
Instruction staff	2,001,669		1,043,269		(958,400)		(958,400)
District administrative	921,529				(921,529)		(921,529)
School administrative	1,794,225				(1,794,225)		(1,794,225)
Business	750,750		122,583		(628,167)		(628,167)
Plant operation and maintenance	3,113,643		188,383		(2,925,260)		(2,925,260)
Student transportation	2,224,878		110,328		(2,114,550)		(2,114,550)
Other instruction	32		32		0		0
Other non instruction	21,865				(21,865)		(21,865)
Food Service	18,628		18,628		0		0
Community service activities	574,618		561,723		(12,895)		(12,895)
Interest on long-term debt	<u>1,210,671</u>	<u>0</u>	<u>0</u>	<u>579,378</u>	<u>(631,293)</u>		<u>(631,293)</u>
Total governmental activities	40,765,848	2,366	5,952,384	579,378	(34,231,720)		(34,231,720)

Business-type Activities

Food service	1,848,958	15,472	2,069,242			235,756	235,756
Day Care	<u>259,526</u>	<u>211,214</u>	<u>30,757</u>			<u>(17,555)</u>	<u>(17,555)</u>
Total business-type activities	2,108,484	226,686	2,099,999			218,201	218,201
Total school district	\$42,874,332	\$229,052	\$8,052,383	\$579,378	(\$34,231,720)	\$218,201	(\$34,013,519)

General Revenues

Property taxes	\$11,026,569						\$11,026,569
Motor Vehicle taxes	1,074,548						1,074,548
Utility taxes	1,245,356						1,245,356
Other local revenues	525,287						525,287
State aid-formula grants	21,288,009						21,288,009
Investment earnings	120,966					192	121,158
Transfer	<u>82,572</u>					<u>(82,572)</u>	<u>0</u>
Total general & special	35,363,307					(82,380)	35,280,927
Change in net positions						135,821	1,267,408
Net position - beginning						(1,532,037)	(3,628,699)
Reclassification - Note Q						<u>316,673</u>	<u>316,673</u>
Net position - ending						(\$1,396,216)	(\$2,044,618)

See accompanying notes

ANDERSON COUNTY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
As of June 30, 2021

	General Fund	Special Revenue	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$2,261,098	\$0	\$3,141,404	\$2,173,295	\$7,575,797
Interfund receivable	641,434				641,434
Other receivables	<u>358,569</u>	<u>1,702,049</u>		<u>5,202</u>	<u>2,065,820</u>
TOTAL ASSETS	\$3,261,101	\$1,702,049	\$3,141,404	\$2,178,497	\$10,283,051
LIABILITIES					
Accounts payable	\$130,931	\$5,028		\$104,266	\$240,225
Interfund payable		641,434			641,434
Accrued Salaries & Benefits	107,933				107,933
Accrued sick leave payable	6,014				6,014
Unearned revenue	<u></u>	<u>1,055,587</u>		<u></u>	<u>1,055,587</u>
TOTAL LIABILITIES	244,878	1,702,049		104,266	2,051,193
Fund Balances					
Restricted					
Sick Leave Payable	146,640				146,640
SFCC				1,051,318	1,051,318
Future Construction Projects BG-1				564,765	564,765
Debt Service			3,141,404		3,141,404
Other				451,878	451,878
Assigned					
Purchase Obligations-Period 13 YE	95,232			6,270	101,502
Unassigned	<u>2,774,351</u>	<u>0</u>	<u>3,141,404</u>	<u>2,074,231</u>	<u>2,774,351</u>
Total fund balances	3,016,223	0	3,141,404	2,074,231	8,231,858
TOTAL LIABILITIES, AND FUND BALANCE	\$3,261,101	\$1,702,049	\$3,141,404	\$2,178,497	\$10,283,051

See accompanying notes

ANDERSON COUNTY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET POSITION
As of June 30, 2021

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

Total Fund Balance - Governmental Funds	\$8,231,858
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Capital assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net position	48,111,831
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Deferred outflow of resources	5,660,940
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Deferred inflow of resources	(3,713,400)
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Certain liabilities are not reported in this fund financial statement because
they are not due and payable, but they are presented in the statement
of net position

Bonds Payable	(37,296,002)
Capital Leases	(337,982)
Pension Liability	(11,117,970)
OPEB Liability	(9,666,805)
Accrued Interest on Bonds	(233,605)
Accumulated Sick Leave	<u>(287,267)</u>

Total Net Position - Governmental Activities	(\$648,402)
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See accompanying notes

ANDERSON COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the year ended June 30, 2021

	General Fund	Special Revenue	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
From local sources					
Property taxes	\$8,148,955	\$		\$2,877,614	\$11,026,569
Motor vehicle taxes	1,074,548				1,074,548
Utility taxes	1,245,356				1,245,356
Earnings on investments	3,208		117,665	93	120,966
Other local revenues	91,993	150,919		435,660	678,572
Intergovernmental - State	19,531,426	1,348,883	368,221	1,452,721	22,701,251
Intergovernmental - Federal	<u>0</u>	<u>4,452,582</u>	<u>515,019</u>		<u>4,967,601</u>
Total revenues	30,095,486	5,952,384	1,000,905	4,766,088	41,814,863
Expenditures					
Instruction	20,774,113	3,990,302		406,933	25,171,348
Support services					
Student	658,457	39,609			698,066
Instruction staff	951,438	1,042,957		7,096	2,001,491
District administration	914,060				914,060
School administration	1,790,740				1,790,740
Business	586,140	122,583			708,723
Plant operation and maintenance	2,910,185	188,383		502	3,099,070
Student transportation	2,261,683	110,328			2,372,011
Other instruction		32			32
Other non instruction				21,865	21,865
Food Service		18,628			18,628
Day Care Operations		305,896			305,896
Community service activities	12,895	255,827			268,722
Capital Outlay				1,877,628	1,877,628
Debt service	<u>65,329</u>		<u>4,167,340</u>		<u>4,232,669</u>
Total expenditures	30,925,040	6,074,545	4,167,340	2,314,024	43,480,949
Excess(deficit)of revenues over expenditures	(829,554)	(122,161)	(3,166,435)	2,452,064	(1,666,086)
Other Financing Sources (Uses)					
Operating transfers in	220,323	134,027	3,497,862	208,743	4,060,955
Operating transfers out	<u>(134,027)</u>	<u>(11,866)</u>		<u>(3,832,490)</u>	<u>(3,978,383)</u>
Total other financing sources (uses)	86,296	122,161	3,497,862	(3,623,747)	82,572
Change in Fund Balance on Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds	(743,258)	0	331,427	(1,171,683)	(1,583,514)
Fund balance, July 1, 2020	3,759,481	0	2,809,977	2,929,241	9,498,699
Reclassification - Note Q				316,673	316,673
Fund balance, June 30, 2021	<u>\$3,016,223</u>	<u>\$0</u>	<u>\$3,141,404</u>	<u>\$2,074,231</u>	<u>\$8,231,858</u>

See accompanying notes

ANDERSON COUNTY SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO
THE DISTRICT-WIDE STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2021

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

Total net change in fund balances - governmental funds (\$1,583,514)

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

Depreciation Expense	(1,588,283)	
Capital Outlays	<u>2,284,713</u>	696,430

Deferred outflows	1,314,488
Deferred inflows	(386,931)

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

Repayment of Bond Principal	2,955,000
Repayment of Capital Leases	54,782

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

Change in Accrued Interest	12,216
Change in Pension Liability	(1,577,711)
Change in OPEB Liability	(300,835)
KSBIT liability	13,824
Change in Sick Leave	<u>(66,162)</u>

Total Change in Net Position - Governmental Activities \$1,131,587

See accompanying notes

ANDERSON COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
As of June 30, 2021

	Food Service Fund	Day Care Fund	Totals
ASSETS			
Cash and Equivalents	\$579,683	\$20,948	\$600,631
Accounts Receivable	48,041	5,156	53,197
Inventory	32,568		32,568
Capital Assets, net of depreciation	<u>124,029</u>	<u> </u>	<u>124,029</u>
TOTAL ASSETS	\$784,321	\$26,104	\$810,425
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows from Pension	\$328,221	\$82,362	\$410,583
Deferred Outflows from OPEB	<u>244,901</u>	<u>64,925</u>	<u>309,826</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$573,122	\$147,287	\$720,409
LIABILITIES			
Account Payable	\$2,342	\$155	\$2,497
Net Pension liability	1,636,702	433,904	2,070,606
Unfunded OPEB liability	<u>515,362</u>	<u>136,627</u>	<u>651,989</u>
TOTAL LIABILITIES	\$2,154,406	\$570,686	\$2,725,092
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows from Pension	\$46,047	\$12,207	\$58,254
Deferred Inflows from OPEB	<u>113,590</u>	<u>30,114</u>	<u>143,704</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	\$159,637	\$42,321	\$201,958
NET POSITION			
Net Investment in Capital Assets	\$124,029	\$0	\$124,029
Restricted - Other Pension	(1,354,528)	(363,749)	(1,718,277)
Restricted - Other OPEB	(384,051)	(101,816)	(485,867)
Restricted - Inventory	32,568		32,568
Restricted Net Position	<u>625,382</u>	<u>25,949</u>	<u>651,331</u>
TOTAL NET POSITION	(\$956,600)	(\$439,616)	(\$1,396,216)

See accompanying notes

ANDERSON COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For The Year Ended June 30, 2021

	Food Service Fund	Day Care Fund	Totals
OPERATING REVENUES			
Lunchroom sales	\$15,472	\$0	\$15,472
Other revenues	<u> </u>	<u>211,214</u>	<u>211,214</u>
Total Operating Revenues	15,472	211,214	226,686
OPERATING EXPENSES			
Salaries and wages	940,575	243,883	1,184,458
Contract services	66,885	2,600	69,485
Materials and supplies	814,280	12,840	827,120
Miscellaneous	4,117	203	4,320
Depreciation	<u>23,101</u>	<u> </u>	<u>23,101</u>
Total Operating Expenses	1,848,958	259,526	2,108,484
Operating income (loss)	(1,833,486)	(48,312)	(1,881,798)
NON-OPERATING REVENUES (EXPENSES)			
Federal grants	1,833,398		1,833,398
Commodities received	98,570		98,570
State grants	15,998		15,998
State on-behalf payments	121,276	30,757	152,033
Interest income	192		192
Indirect cost transfer to general fund	<u>(82,572)</u>	<u> </u>	<u>(82,572)</u>
Non-operating revenues (expenses)	1,986,862	30,757	2,017,619
Change in Net Position	153,376	(17,555)	135,821
Net Position, July 1, 2020	<u>(1,109,976)</u>	<u>(422,061)</u>	<u>(1,532,037)</u>
Net Position, June 30, 2021	(\$956,600)	(\$439,616)	(\$1,396,216)

See accompanying notes

ANDERSON COUNTY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For The Year Ended June 30, 2021

	Food Service Fund	Day Care Fund	Totals
CASH FLOW FROM OPERATING ACTIVITIES			
Cash received from customers	\$15,472	\$207,700	\$223,172
Cash paid to employees, including benefits	(792,160)	(197,444)	(989,604)
Cash paid to suppliers	(791,760)	(15,598)	(807,358)
Net cash provided by operating activities	(1,568,448)	(5,342)	(1,573,790)
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES			
Cash received from government funding	1,857,852		1,857,852
Net cash provided from capital and related financing activities	1,857,852		1,857,852
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital Assets	(5,490)		(5,490)
Transfer in	0		0
Indirect cost transfer to general fund	(82,572)		(82,572)
Net cash used in capital and related financing activities	(88,062)		(88,062)
CASH FLOW FROM INVESTING ACTIVITIES			
Interest Income	192		192
Net cash provided from investing activities	192		192
Net increase (decrease) in cash	201,534	(5,342)	196,192
Cash and equivalents, July 1, 2020	378,149	26,290	404,439
Cash and equivalents, June 30, 2021	\$579,683	\$20,948	\$600,631
Reconciliation of Operating income (loss) to Net Cash Provided by Operating Activities			
Operating income (loss)	(\$1,833,486)	(\$48,312)	(\$1,881,798)
Adjustments to reconcile net income to cash provided by operating activities			
Depreciation	23,101		23,101
On-behalf payments	121,276	30,757	152,033
Commodities used	98,570		98,570
Change in pension expense	27,139	15,682	42,821
(Increase) Decrease in accounts receivable		(3,514)	(3,514)
(Increase) Decrease in inventory	(3,722)		(3,722)
Increase (Decrease) in accounts payable	(1,326)	45	(1,281)
Net cash provided by operating activities and increase in cash and equivalents	(1,568,448)	(\$5,342)	(\$1,573,790)
Schedule of Non-Cash Financing Activities			
Donated commodities	\$98,570		\$98,570
On Behalf payments	\$121,276	\$30,757	\$152,033

See accompanying notes

ANDERSON COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

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

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

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

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

Anderson County School District Finance Corporation (the Corporation) – the Anderson County Board of Education has established the Anderson County School District Finance Corporation (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS Section 58.180) as an agency of the Board for financing the costs of school building facilities. The Board Members of the Anderson County Board of Education also comprise the Corporation's Board of Directors.

Basis of Presentation

District-Wide Financial Statements – The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Board that are governmental and those that are considered business-type activities.

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

ANDERSON COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2021

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

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

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

The District has the following funds:

I. Governmental Fund Types

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

ANDERSON COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2021

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

II. Debt Service Fund

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

III. Proprietary Funds (Enterprise Fund)

1. The School Food Service Fund (Fund 51) is used to account for school food service activities, including the National School Lunch Program, which is conducted in cooperation with the U.S. Department of Agriculture (USDA). This is a major fund of the District.

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

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

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

ANDERSON COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2021

V. Permanent Funds

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

Basis of Accounting

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

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

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

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

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

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

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

ANDERSON COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2021

Property Taxes

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

The property tax rates assessed for the year ended June 30, 2021, to finance operations were \$.642 per \$100 valuation for real property, \$.647 per \$100 valuation for business personal property and \$.513 per \$100 valuation for motor vehicles.

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

Fund Balance Classification Policies and Procedures

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

Nonspendable Fund Balance

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

Restricted Fund Balance

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

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

Committed Fund Balance

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

Assigned Fund Balance

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

Unassigned Fund Balance

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

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

Interfund Balances

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

ANDERSON COUNTY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2021

Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District does not possess any infrastructure. Improvements are capitalized; the cost of, normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

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

Accumulated Unpaid Sick Leave Benefits

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

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

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

For governmental fund financial statements the current portion of unpaid accrued sick leave is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "accumulated sick leave payable" in the general fund. The noncurrent portion of the liability is not reported.

ANDERSON COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2021

Budgetary Process

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

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

Cash and Cash Equivalents

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

Inventories

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

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

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

Prepaid Assets

Payments made that will benefit periods beyond June 30, 2021, are recorded as prepaid items using the consumption method. Prepaid assets are only recorded if material to the financial statements.

Pensions

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

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

ANDERSON COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2021

Accrued Liabilities and Long-Term Obligations

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

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

Net Position

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

Operating Revenues and Expenses

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

Contributions of Capital

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

Subsequent Events

The District has evaluated and considered the need to recognize or disclose subsequent events through November 12, 2021, which represents the date that these financial statements were available to be issued. Subsequent events past this date, as they pertain to the fiscal year ended June 30, 2021, have not been evaluated by the District.

ANDERSON COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2021

Interfund Activity

Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Uses of Estimates

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

Encumbrances

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

NOTE B – PROPERTY TAX CALENDAR

Property taxes for fiscal year 2021 were levied on the assessed valuation of property located in the School District as of January 1, 2020 lien date. The due date and collection periods for all taxes exclusive of vehicle taxes are as follows:

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

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

ANDERSON COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2021

NOTE C – CASH AND CASH EQUIVALENTS

At year-end, the carrying amount of the District's total cash and cash equivalents was \$9,394,073. Of the total cash balance, \$250,000 was covered by Federal Depository insurance, with the remainder covered by collateral agreements and collateral held by the pledging banks trust departments in the District's name. Cash equivalents are funds temporarily invested in securities with a maturity of 90 days or less.

Cash and cash equivalents at June 30, 2021, consisted of the following:

	Bank Balance	Book Balance
General Checking Account		
General Fund	\$	\$ 2,261,098
Fund 2		0
Fund 21		139,536
Fund 25		320,685
Fund 310		635,580
Fund 320		493,507
Fund 360		583,987
Fund 400		9
Fund 51		579,683
Fund 52		<u>20,948</u>
Total General Checking Account	6,252,678	5,035,033
Debt Service Funds	<u>3,141,395</u>	<u>3,141,395</u>
TOTALS	\$ 9,394,073	\$ 8,176,428
Breakdown per financial statements:		
Governmental Funds		\$ 7,575,797
Proprietary Funds		<u>600,631</u>
TOTALS		\$ 8,176,428

DEPOSITS AND INVESTMENTS

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

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

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

Custodial credit risk – deposits. For deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned. The District maintains deposits with financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). As allowed by law the depository bank should pledge securities along with FDIC insurance at least equal to the amount on deposit at all times. As of June 30, 2021, the District's deposits are entirely insured and/or collateralized with securities held by the financial institutions on the District's behalf and the FDIC insurance.

ANDERSON COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2021

NOTE D – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2021 was as follows:

Governmental Activities	Beginning	Additions	Deletions	Ending
Land	2,516,231			2,516,231
Land Improvements	1,473,192	517,043		1,990,235
Buildings/Bldg Improvements	60,118,999	192,045		60,311,044
Technology Equipment	2,596,900	24,826		2,621,726
Vehicles	4,920,142	308,832		5,228,974
General Equipment	1,133,864			1,133,864
Construction Work In Process	<u>5,599,430</u>	<u>1,241,967</u>		<u>6,841,397</u>
Total Historical Cost	78,358,758	2,284,713		80,643,471

Accumulated Depreciation				
Land Improvements	1,457,668	9,925		1,467,593
Buildings/Bldg Improvements	22,110,276	1,350,437		23,460,713
Technology Equipment	2,511,500	46,812		2,558,312
Vehicles	3,829,448	164,562		3,994,010
General Equipment	<u>1,034,465</u>	<u>16,547</u>		<u>1,051,012</u>
Total Accumulated Depreciation	30,943,357	1,588,283		32,531,640
Capital Assets - Net	47,415,401	696,430		48,111,831

Business-Type Activities	Beginning	Additions	Deletions	Ending
Technology Equipment	32,927			32,927
General Equipment	<u>974,588</u>	<u>5,490</u>		<u>980,078</u>
Total Historical Cost	1,007,515	5,490		1,013,005

Accumulated Depreciation				
Technology Equipment	32,276			32,276
General Equipment	<u>833,599</u>	<u>23,101</u>		<u>856,700</u>
Total Accumulated Depreciation	865,875	23,101		888,976
Capital Assets - Net	141,640	(17,611)		124,029

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

Instruction	\$1,358,699
Support Services	
Student	153
Instructional Staff	178
District Administration	7,469
School Administration	3,485
Business	42,027
Plant Operations & Maintenance	14,573
Student Transportation	<u>161,699</u>
Total -Governmental Activities	\$1,588,283

ANDERSON COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2021

NOTE E – BONDED DEBT AND LEASE OBLIGATIONS

The amount as of June 30, 2021 shown in the accompanying financial statements as bond obligations represents the following bonds:

<u>Issue</u>	<u>Balance</u>	<u>Rates</u>
2009	135,000	1.70% - 4.00%
2010	6,271,000	0.50% - 2.35%
2012R	330,000	2.00%
2013R	6,035,000	1.00% - 2.50%
2015R	9,090,000	2.00% - 2.125%
2016R	3,200,000	2.00% - 2.50%
2017A	7,275,000	1.00% - 3.00%
2017B	1,315,000	3.00%
2019	<u>6,600,000</u>	3.00%
	\$40,251,000	

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

There are a number of limitations and restrictions contained in the various bond indentures. Management has indicated that the District is in compliance with all significant limitations and restrictions as of June 30, 2021.

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

ANDERSON COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2021

NOTE E – BONDED DEBT AND LEASE OBLIGATIONS (continued)

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

	Beginning Balance	Additions	Payments	Ending Balance	Current	Long Term
Bonds	\$40,251,002	\$0	\$2,955,000	\$37,296,002	\$3,005,000	\$34,291,002
Capital Leases	\$392,764	\$0	\$54,782	\$337,982	\$56,074	\$281,908
Sick Leave	\$221,866	\$71,415	\$0	\$293,281	\$8,340	\$284,941
KSBIT Assessment	<u>\$13,824</u>	<u>\$0</u>	<u>\$13,824</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Totals	\$40,879,456	\$71,415	\$3,023,606	\$37,927,265	\$3,069,414	\$34,857,851

The bonds may be called prior to maturity and redemption premiums are specified in each issue. Assuming no bonds are called prior to scheduled maturity, the minimum obligations of the District, including amounts to be paid by the Commission, at June 30, 2021, for debt service (principal and interest) are as follows:

Year	Anderson County School		SFCC		Sinking Fund Anderson	U.S Treasury	Total
	Principal	Interest	Principal	Interest			
2021-22	2,716,420	724,304	288,580	57,491	243,690	363,718	4,394,203
2022-23	2,770,178	668,475	294,822	51,247	243,690	363,718	4,392,130
2023-24	2,828,665	609,661	301,335	44,734	243,690	363,718	4,391,803
2024-25	2,892,988	546,823	272,012	37,867	243,690	363,718	4,357,098
2025-26	2,959,004	479,761	250,996	31,350	243,690	363,718	4,328,519
2026-27	3,030,981	410,023	149,019	26,229	243,690	363,718	4,223,660
2027-28	3,067,255	372,614	77,745	23,106	243,690	363,718	4,148,128
2028-29	9,441,885	266,338	84,115	20,697	243,690	181,859	10,238,584
2029-30	410,592	151,122	44,408	18,153	0	0	624,275
2030-31	422,212	138,630	57,788	16,620	0	0	635,250
2031-32	432,755	125,805	52,245	14,970	0	0	625,775
2032-33	449,468	112,572	55,532	13,353	0	0	630,925
2033-34	460,876	98,917	59,124	11,633	0	0	630,550
2034-35	472,129	84,922	57,871	9,878	0	0	624,800
2035-36	487,840	70,522	62,160	8,078	0	0	628,600
2036-37	503,154	55,658	61,846	6,218	0	0	626,876
2037-38	518,602	40,331	61,398	4,369	0	0	624,700
2038-39	533,885	24,544	66,115	2,456	0	0	627,000
2039-40	<u>551,175</u>	<u>8,267</u>	<u>48,825</u>	<u>732</u>	<u>0</u>	<u>0</u>	<u>608,999</u>
Totals	34,950,064	4,989,289	2,345,936	399,181	1,949,520	2,727,885	47,361,875

ANDERSON COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2021

NOTE F – CAPITAL LEASE PAYABLE

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

The issue date, interest rate, and June 30, 2021 balance is as follows:

2016 KISTA	2.00% - 6.25%	\$139,340
2020 KISTA	2.00% - 3.00%	\$198,642

As of June 30, 2021, minimum lease payments (principal and interest) are as follows:

	Principal	Interest	Total
2022	\$56,074	\$9,185	\$65,259
2023	57,448	7,788	65,236
2024	59,090	6,284	65,374
2025	55,435	4,736	60,171
2026	57,092	3,200	60,292
2027-2028	<u>52,843</u>	<u>2,389</u>	<u>55,232</u>
	\$337,982	\$33,582	\$371,564

NOTE G – COMMITMENTS UNDER NONCAPITALIZED LEASES

Commitments under operating lease agreements for equipment provide the minimum future rental payments as of June 30, 2021, as follows:

Year ending June 30,

2022	\$61,592
2023	61,592
2024	51,646
2025	822
2026	0
thereafter	<u>0</u>
Total	\$175,652

NOTE H – CONTINGENCIES

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

ANDERSON COUNTY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2021

NOTE I – INSURANCE AND RELATED ACTIVITIES

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

NOTE J – ACCUMULATED UNPAID SICK LEAVE BENEFITS

Upon retirement from the school system, an employee will receive from the district an amount equal to 30% of the value of accumulated sick leave. At June 30, 2021, this amount totaled \$293,281 of which \$146,640 is restricted in the current year fund balance of the General Fund.

NOTE K – INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2021, consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue	\$ 641,434

NOTE L – RISK MANAGEMENT

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

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

NOTE M – DEFICIT OPERATING/FUND BALANCES

Funds with a current year deficit of revenues over expenditures

General Fund	(743,258)
District Activity Fund	(10,919)
Construction Fund	(1,754,541)
Day Care Fund	(17,555)

NOTE N – COBRA

Under COBRA, employers are mandated to notify terminated employees of available continuing insurance coverage. Failure to comply with this requirement may put the school district at risk for a substantial loss. The District notifies the Department of Employee Insurance (DEI) when an employee is no longer employed. DEI sends the employee the COBRA requirements.

ANDERSON COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2021

NOTE O – TRANSFER OF FUNDS

The following transfers were made during the year.

<u>Type</u>	<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
Operating	1	2	KETS Matching	\$67,077
Operating	1	2	Community Education	\$45,413
Operating	1	2	ACE	\$18,719
Operating	1	2	School Violence	\$2,819
Operating	51	1	Indirect Cost	\$82,572
Operating	310	1	COFT	\$119,679
Operating	25	21	District Activities	\$87,759
Debt Service	320	400	Bonds	\$3,497,862
Operating	320	360	Construction	\$120,000
Operating	25	1	Athletic Reimbursement	\$3,578
Operating	25	1	Athletic Reimbursement	\$2,628
Operating	2	1	Indirect Cost	\$2,285
Operating	2	1	Rent	\$9,581
Operating	25	25	Operating	\$984

NOTE P – ON-BEHALF PAYMENTS

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

TRS-GASB 68	\$4,677,462
TRS-GASB 75	352,841
Health Insurance	3,470,339
Life Insurance Fees	5,381
Administrative Fees	44,961
HRA/Dental/Vision	174,650
Federal Reimbursement	(209,787)
Technology	106,789
SFCC Debt Service	<u>368,220</u>
Total On Behalf Payments	\$8,990,856
Fund 1	\$8,470,602
Fund 400	368,220
Fund 51	121,277
Fund 52	<u>30,757</u>
Total On Behalf Payments	\$8,990,856

ANDERSON COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2021

NOTE Q – RECLASSIFICATION OF SCHOOL ACTIVITY FUNDS

As a result of the adoption of GASB 84, the District has reclassified the school activity funds from Fiduciary Funds to Government Funds.

Beginning Balance reclassified	\$316,673
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NOTE R – GASB 88

The provisions of GASB 88 were adopted by the District for the fiscal year beginning July 1, 2020. The primary objective of the Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

The District has the following lines of credit:

Credit Cards	\$ 28,000
Amazon	27,000
Vendors	68,000

ANDERSON COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2021

NOTE S – RETIREMENT PLANS

	Fund 1	Fund 51	Fund 52	Total
Deferred Outflows				
Subsequent CERS Pension Contributions	783,677	104,719	23,110	911,506
CERS Pension	1,518,228	223,502	59,252	1,800,982
Subsequent CERS OPEB Contributions	188,670	27,774	7,363	223,807
CERS OPEB	1,474,928	217,127	57,562	1,749,617
Subsequent TRS OPEB Contributions	463,622	0	0	463,622
TRS OPEB MIF	786,000	0	0	786,000
TRS OPEB LIF	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	5,215,125	573,122	147,287	5,935,534
Deferred Inflows				
CERS Pension	312,790	46,047	12,207	371,044
CERS OPEB	771,610	113,590	30,114	915,314
TRS OPEB MIF	2,629,000	0	0	2,629,000
TRS OPEB LIF	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	3,713,400	159,637	42,321	3,915,358
Pension Liability				
CERS	11,117,970	1,636,702	433,904	13,188,576
OPEB Liability				
CERS	3,500,805	515,362	136,627	4,152,794
TRS MIF	6,166,000	0	0	6,166,000
TRS LIF	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	9,666,805	515,362	136,627	10,318,794
Pension Expense				
CERS	1,678,195	247,051	65,495	1,990,741
OPEB Expense				
CERS	467,158	68,771	18,232	554,161
TRS MIF	191,000	0	0	191,000
TRS LIF	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	658,158	68,771	18,232	745,161
Pension Contributions				
CERS	716,614	105,495	27,968	850,077
OPEB Contributions				
CERS	176,819	26,030	6,901	209,750
TRS MIF	431,502	0	0	431,502
TRS LIF	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	608,321	26,030	6,901	641,252

ANDERSON COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2021

NOTE S – RETIREMENT PLANS (continued)

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

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

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

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

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

Final average salary is defined as the member's five (5) highest annual salaries for those with less than 27 years of service. Members 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 members at the rate of sixty (60) percent of the final average salary. A life insurance benefit, payable upon the death of a member, is \$2,000 for active contributing members and \$5,000 for retired or disabled members.

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

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

ANDERSON COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2021

NOTE S – RETIREMENT PLANS (continued)

The Commonwealth of Kentucky, as a non-employer contributing entity, pays matching contributions of the amount 13.105% of salaries for local school district and regional cooperative employees hired before July 1, 2008 and 14.105% for those hired after July 1, 2008. For local school district and regional cooperative members whose salaries are federally funded, the employer contributes 16.105% of salaries. If an employee leaves covered employment before accumulating five (5) years of credited service, accumulated employee pension contributions plus interest are refunded to the employee upon the member's request.

Medical Insurance Plan

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

To be eligible for medical benefits, the member must have retired either for service or disability. The TRS Medical Insurance Fund offers coverage to members under the age of 65 through the Kentucky Employees Health Plan administered by the Kentucky Department of Employee Insurance. Once retired members and eligible spouses attain age 65 and are Medicare eligible, coverage is obtained through the TRS Medicare Eligible Health Plan.

Funding policy – In order to fund the post-retirement healthcare benefit, seven and one half percent (7.50%) of the gross annual payroll of members is contributed. Three percent (3.00%) is paid by member contributions and three quarters percent (.75%) from state appropriation and three and three quarter percent (3.75%) from the employer. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

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

At June 30, 2021, the Kentucky School District did not report a liability for its proportionate share of the net pension liability because the State of Kentucky provides the pension support directly to TRS on behalf of the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

State's proportionate share of the net pension liability associated with the District	<u>\$ 64,621,864</u>
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ANDERSON COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2021

NOTE S – RETIREMENT PLANS (continued)

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2020, the State's proportion for the District was 0.4560 percent.

For the year ended June 30, 2021, the State recognized pension expense for the District of \$(7,170,356) and revenue of \$4,677,462 for support provided by the State on the Fund financial statements.

Actuarial assumptions – The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	7.50%, net of pension plan investment expense, including inflation.
Projected salary increases	3.50 – 7.30%, including inflation
Inflation rate	3.00%
Municipal Bond Index Rate	
Prior Measurement Date	3.50%
Measurement Date	2.19%
Single Equivalent Interest Rate	7.50%
Post-Retirement Benefit Increases	1.50% annually
Year FNP is projected to be depleted	N/A

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale BB to 2025, set forward two years for males and one year for females.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2010-June 30, 2015 adopted by the Board on November 19, 2016.

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

ANDERSON COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2021

NOTE S – RETIREMENT PLANS (continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	40.0%	4.6%
International Equity	22.0%	5.6%
Fixed Income	15.0%	0.0%
Additional Categories	7.0%	2.5%
Real Estate	7.0%	4.3%
Private Equity	7.0%	7.7%
Cash	2.0%	0.9%
Total	100.0%	

Discount rate - The discount rate used to measure the TPL as of the Measurement Date was 7.50%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 67. We assumed that Plan member contributions will be made at the current contribution rates and that Employer contributions will be made at the Actuarially Determined Contribution rates, for all fiscal years in the future. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table presents the State's proportionate share of the net pension liability for the District of the System, calculated using the discount rate of 7.50%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
System's net pension liability	\$82,191,519	\$64,621,864	\$49,829,080

ANDERSON COUNTY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2021

NOTE S – RETIREMENT PLANS (continued)

June 30, 2019 is the actuarial valuation date upon which the TPL is based. An expected TPL is determined as of June 30, 2020 using standard roll forward techniques. The procedure used to determine the TPL as of June 30, 2020 is show on page 5 of the GASB 67 report for TRS submitted on November 5, 2020.

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

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

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

OPEB

The Total OPEB Liability (TOL) as of June 30, 2020 was determined based on an actuarial valuation prepared as of June 30, 2019, using the following actuarial assumptions and other inputs:

Inflation	3.00%
Real wage growth	0.50%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% - 7.20%
Long-term Investment Rate of Return, net of OPEB plan investment expense, including Inflation	
MIF	8.00%
LIF	7.50%
Municipal Bond Index Rate	2.19%
Year FNP is projected to be depleted	
MIF	n/a
LIF	n/a
Single Equivalent Interest Rate, net of OPEB Plan investment expense, including price	

ANDERSON COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2021

NOTE S – RETIREMENT PLANS (continued)

Inflation	
MIF	8.00%
LIF	7.50%
MIF Health Care Cost Trends	
Under Age 65	7.25% for FYE 2020 decreasing to an Ultimate rate of 5.00% by FYE 2029
Ages 65 and Older	5.25% for FYE 2020 decreasing to an Ultimate rate of 5.00% by FYE 2022
Medicare Part B Premiums	6.49% for FYE 2020 with an ultimate Rate of 5.00% by 2031

Mortality rates were based on the RP-2000 Combined Mortality Table projected to 2025 with projection scale BB and set forward two years for males and one year for females is used for the period after service retirement and for dependent beneficiaries. The RP-2000 Disabled Mortality Table set forward two years for males and seven years for females is used for the period after disability retirement.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the June 30, 2019 valuation were based on the results of the most recent actuarial experience studies for the System, which covered the five-year period ending June 30, 2015.

The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends) used in the June 30, 2019 valuation of the Health Trust were based on a review of recent plan experience done concurrently with the June 30, 2019 valuation. The health care cost trend assumption was updated for the June 30, 2019 valuation and was shown as an assumption change in the TOL roll forward while the change in initial per capita claims costs were included with experience in the TOL roll forward.

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

	<u>Health Care Cost Trend Rate Sensitivity</u>		
	1% Decrease	Current	1% Increase
MIF Net OPEB Liability	\$4,887,000	\$6,166,000	\$7,742,000

ANDERSON COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2021

NOTE S – RETIREMENT PLANS (continued)

MIF Discount rate (SEIR): The discount rate used to measure the TOL at June 30, 2020 was 8.00% for the Health Trust and 7.50% for the Life Trust.

Projected cash flows:

Health Trust discount rate (SEIR). The discount rate used to measure the TOL as of the Measurement Date was 8.00% . 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, 2019. In addition to the actuarial methods and assumptions of the June 30, 2019 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

Total payroll for the initial projection year consists of the payroll of the active membership present on the Valuation Date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 3.50%

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 \$7.44 PMPM paid to KEHP by TRS, were assumed to be paid in all years by the employer as they come due, they were not considered.

Cash flows occur mid-year.

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

Employee contributions

School District/University Contributions

State Contributions for KEHP premium subsidies payable to retirees who retire after June 30, 2010

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

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

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

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

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

ANDERSON COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2021

NOTE S – RETIREMENT PLANS (continued)

Life Trust Discount rate (SEIR). The discount rate used to measure the TOL as of the Measurement Date was 7.50%. 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, 2019. In addition to the actuarial methods and assumptions of the June 30, 2019 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 3.50%

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

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

Active employees do not explicitly contribute to the plan.

Cash flows occur mid-year.

Based on these 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 will be 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 (formerly published monthly by the Board of Governors of the Federal Reserve System).

Periods of projected benefit payments: Projected future benefit payments for all current plan members were projected through 2118.

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:

ANDERSON COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2021

NOTE S – RETIREMENT PLANS (continued)

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

<u>Asset Class</u>	LIT	30 Year Expected Geometric
	<u>Target Allocation</u>	<u>Real Rate of Return</u>
U.S. Equity	40.00%	4.60%
International Equity	23.00%	5.60%
Fixed Income	18.00%	0.00%
Real Estate	6.00%	4.30%
Private Equity	5.00%	7.70%
Other Additional Categories	6.00%	2.50%
Cash (LIBOR)	<u>2.00%</u>	-0.50%
Total	100.00%	

The following exhibit presents the NOL of the Plan, calculated using the discount rate of 8.00% for the Health Trust and 7.50% for the Life Trust, as well as the System's NOL calculated using a discount rate that is 1-percentage point lower (7.00% for the Health Trust and 6.50% for the Life Trust) or 1-percentage point higher (9.00% for the Health Trust and 8.50% for the Life Trust) than the current rate:

	Discount Rate Sensitivity		
	1% Decrease	Current Discount Rate	1% Increase
Health Insurance Trust Net OPEB Liability	\$7,453,000	\$6,166,000	\$5,092,000
Life Insurance Trust Net OPEB Liability	\$0	\$0	\$0

ANDERSON COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2021

NOTE S – RETIREMENT PLANS (continued)

The following is the Proportionate Share of the Net OPEB Liability

District	State	Total
\$6,166,000	\$5,088,000	\$11,254,000

District's Proportion of the Collective NOL

	Current Year	Prior Year
Health	0.0244329%	0.0242083%
Life	0.0000000%	0.0000000%

There is no Life Insurance Trust OPEB Liability.

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

Please see Section V of the report on the website for the development of the collective OPEB expense. The District's proportionate share of the net OPEB expense is \$33,000.

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

ANDERSON COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2021

NOTE S – RETIREMENT PLANS (continued)

June 30, 2019 is the actuarial valuation date upon which the TOL is based. The result is rolled forward using standard actuarial techniques to the measurement date. The roll forward calculation adds the normal cost (also called the service cost) for the period July 1, 2019 through June 30, 2020, subtracts the actual benefit payments for the same period and then applies the expected investment rate of return for the period. If applicable, actuarial gains and losses arising from benefit changes, the differences between estimates and actual experience, and changes in assumptions or other inputs are reconciled to the TOL as of the Measurement Date. The procedure was used to determine the TOL as of June 30, 2020, as shown in the following table:

TOL Roll Forward - Health Insurance Trust		
	Expected	Actual
(a) TOL as of June 30, 2019	\$4,340,807	\$3,799,057
(b) Actual Benefit Payments and Refunds for the Year July 1, 2019 - June 30, 2020	(145,869)	(145,869)
(c) Interest on TOL = [(a) x (0.080)] + [(b) x (0.040)]	341,430	298,090
(d) Service Cost for the Year July 1, 2019- June 30, 2020 at the End of the Year	82,572	82,572
(e) Changes in Benefit Terms	0	0
(f) Changes in Assumptions	<u>106,575</u>	<u>106,575</u>
(g) TOL Rolled Forward to June 30, 2020 = (a) + (b) + (c) + (d) + (e) + (f)	\$4,725,515	\$4,140,425
(h) Difference between Expected and Actual Experience (Gain)/Loss		(\$585,090)

ANDERSON COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2021

NOTE S – RETIREMENT PLANS (continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Health Insurance Trust		
Experience	\$0	\$2,629,000
Changes in Proportionate Share	211,000	0
Changes in Assumptions	374,000	0
Net difference between projected and actual earnings on plan investments	201,000	0
District Contribution subsequent to the measurement date	<u>463,622</u>	<u>0</u>
TOTAL	\$1,249,622	\$2,629,000

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

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

	Deferred Outflows/ (Inflows) of Resources Heath Insurance Trust	Deferred Outflows/ (Inflows) of Resources Life Insurance Trust
Year 1	(\$370,000)	\$0
Year 2	(354,000)	0
Year 3	(357,000)	0
Year 4	(337,000)	0
Year 5	(307,000)	0
Thereafter	<u>(118,000)</u>	<u>0</u>
TOTAL	(\$1,843,000)	0

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

ANDERSON COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2021

NOTE S – RETIREMENT PLANS (continued)

KENTUCKY RETIREMENT SYSTEM

County Employees Retirement System (CERS)

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

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

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

Contributions: Funding for CERS is provided by members who contribute 5% (6.00% for employees hired after September 1, 2008) of their salary through payroll deductions and by employers of members who contribute 24.06% of the member's salary. The contribution requirements of CERS are established and may be amended by the CERS Board of Trustees.

At June 30, 2021, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2019. An expected total pension liability as of June 30, 2019 was determined using standard roll-forward techniques. The District's proportion of the net pension liability was based on contributions to CERS during the fiscal year ended June 30, 2020. At June 30, 2020, the District's proportion was .02560%.

For the year ended June 30, 2021, the District recognized pension expense of \$1,990,741. At June 30, 2021, the District reported deferred outflows of resources for District contributions subsequent to the measurement date of \$911,506, deferred outflows of resources from change of assumptions and expectations of \$1,800,982, and deferred inflows of resources related to pensions from the net difference between projected and actual earnings on pension plan investments in the amount of \$371,044.

ANDERSON COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2021

NOTE S – RETIREMENT PLANS (continued)

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Liability Experience	\$328,881	\$0
Assumption Changes	514,992	0
Investment Experience	571,681	241,653
Change in Proportionate & Differences between Employer Contrib & Proportionate Share of Plan Contributions	385,428	129,391
District contributions subsequent to the measurement date	<u>911,506</u>	<u>0</u>
Total	\$2,712,488	\$371,044

District contributions subsequent to the measurement date of \$911,506 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to CERS will be recognized in pension expense as follows:

Year	Deferred Outflows Inflows
2021	\$606,329
2022	506,181
2023	184,883
2024	132,545
2025	0
thereafter	<u>0</u>
TOTAL	\$1,429,938

ANDERSON COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2021

NOTE S – RETIREMENT PLANS (continued)

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

The total pension liability, net pension liability, and sensitivity information as of June 30, 2020 were based on an actuarial valuation date of June 30, 2019. The total pension liability was rolled-forward from the valuation date (June 30, 2019) to the plan's fiscal year ending June 30, 2020, using generally accepted actuarial principles.

KRS adopted new actuarial assumptions since June 30, 2018. These assumptions are documented in the report titled "Kentucky Retirement Systems 2018 Actuarial Experience Study for the Period Ending June 30, 2018". The Total Pension liability as of June 30, 2020, was determined using these updated assumptions.

House Bill 1 passed during the 2019 Special Legislative Session allows certain employers in the KERS Non-hazardous plan to elect to cease participating in the System as of June 30, 2020 under different provisions than were previously established. Senate Bill 249 passed during the 2020 legislative session delayed the effective date of cessation for these provisions to June 30, 2021. Since each employer's elections are unknown at this time, no adjustment to the Total Pension Liability was made to reflect this legislation.

Senate Bill 249 passed during the 2020 legislative session and changed the funding period for the amortization of the unfunded liability to 30 years as of June 30, 2019. Gains and losses incurring in future years will be amortized over separate 20-year amortization bases. This change does not impact the calculation of the Total Pension Liability and only impacts the calculation of the contribution rates that would be payable starting July 1, 2020. There were no other material plan provision changes.

The actuarial assumptions are:

Inflation	2.30%
Payroll Growth Rate	2.00%
	3.30% to 10.30%, varies by
Salary Increases	service
Investment Rate of Return	6.25%

The mortality table used for active members is RP-2010 General Mortality Table projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2020. The mortality table used for the disabled members was PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

ANDERSON COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2021

NOTE S – RETIREMENT PLANS (continued)

Discount Rate: The projection of cash flows used to determine the discount rate of 6.25% for the CERS Non-hazardous assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 24 years (closed) amortization period of the unfunded actuarial accrued liability.

The projection of cash flows used to determine the discount rate of 6.25% assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in Statute as last amended by House Bill 362 (passed in 2018). The discount rate determination does not use a municipal bond rate. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the Comprehensive Annual Financial Report (CAFR).

Basis of Accounting

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

Actuarial Methods and Assumptions used to determine the Actuarial Determined Contributions for the Fiscal Year 2020

The following actuarial methods and assumptions were used to determine the actuarially determined contributions effective for fiscal year ending June 30, 2020:

Valuation Date	June 30, 2018
Experience Study	July 1, 2013 - June 30, 2018
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of pay
Remaining Amortization Period	25 years, closed
Payroll Growth Rate	2.00%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%
Salary Increase	3.30% to 11.55%, varies by service
Investment Rate of Return	6.25%

ANDERSON COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2021

NOTE S – RETIREMENT PLANS (continued)

The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplies by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set-back for one year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set-back four years for males) is used for the period after disability retirement.

Deferred Inflows and Outflows of Resources

The Schedule of Deferred Inflows and Outflows, and Pension Expense included in the Schedule of Pension Amounts by Employer include only certain categories of deferred outflows of resources and deferred inflows of resources. These include differences between expected and actual experience, changes of assumptions and differences between projected and actual earnings on plan investments. The Schedule of Pension Amounts by Employer does not include deferred outflows/inflows of resources for changes in the employer's proportionate share of contributions or employer contributions made subsequent to the measurement date. The net pension liability as of June 30, 2020, is based on the June 30, 2019, actuarial valuation rolled forward. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed five year period.

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

	1% Decrease (5.25%)	Current discount rate (6.25%)	1% Increase (7.25%)
District's proportionate share of the net pension liability	\$ 16,264,384	\$ 13,188,576	\$ 10,641,690

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

Payables to the pension plan: At June 30, 2021 the District had payables to CERS in the amount of \$0 for June's covered payroll with contributions required to be paid in July.

ANDERSON COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2021

NOTE S – RETIREMENT PLANS (continued)

OPEB

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

The net OPEB liability is the total OPEB liability, less the amount of the plan's fiduciary net position. The total OPEB liability, net OPEB liability, and sensitivity information shown in this report are based on an actuarial valuation performed as of June 30, 2019. The total OPEB liability was rolled-forward from the valuation date June 30, 2019 to the plan's fiscal year end, June 30, 2020, using generally accepted actuarial principles.

The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set-back for one year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set-back four years for males) is used for the period after disability retirement.

Discount Rate:

Single discount rate of 5.34% was used to measure the total OPEB liability as of June 30, 2020. The single discount rate is based on the expected rate of return on OPEB plan investments of 6.25%, and a municipal bond rate of 2.45% as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2020. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the plan's fiduciary net position and future contributions were projected to be sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the retirement system. However, the cost associated with the implicit employer's subsidy was not included in the calculation of the KRS' actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the KRS' trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the CAFR.

The projection of cash flows used to determine the single discount rate must include an assumption regarding future employer contributions made each year. The future contributions are projected in accordance with the current funding policy, as most recently revised by Senate Bill 249, passed during the 2020 legislative session. If there is a pattern of legislation that has a resulting effect on employers making contributions less than the actuarially determined rate, GRS may be required to project contributions that are reflective of recent actual contribution efforts regardless of the stated funding policy (as required by paragraph 50 of GASB Statement No. 74). Legislation has been enacted for multiple years (for Fiscal Year 18/19, Fiscal Year 19/20, and Fiscal Year 20/21) that allowed certain employers (referred to as "Quasi" agencies) in the KERS Non-hazardous Fund to contribute 8.41% into the insurance fund, which is less than the actuarially determined contribution rate. GRS confirmed that the single discount rate used in the GASB calculations remains unchanged if these Quasi agencies were assumed to continue making contributions at a reduced rate in the future years.

ANDERSON COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2021

NOTE S – RETIREMENT PLANS (continued)

The District's proportionate share of the Net OPEB Liability as of June 30, 2020 is \$4,152,794. The District's proportionate share is 0.17200%. The District's proportionate share of the OPEB expense is \$554,161. The total Deferred Outflows of Resources is \$1,749,617 and the total Deferred Inflows of Resources is \$915,314. Total employer contributions were \$209,750, implicit subsidy was \$101,918 for a total contributions of \$311,668.

	Discount Rate Sensitivity		
	1%	Current	1%
	Decrease	Discount Rate	Increase
	4.34%	5.34%	6.34%
Net OPEB Liability	5,335,121	4,152,794	3,181,709

	Healthcare Cost Trend Rate Sensitivity		
	1%	Current	1%
	Decrease	Discount Rate	Increase
Net OPEB Liability	3,215,301	4,152,794	5,290,464

The following actuarial methods and assumptions were used in performing the actuarial valuation as of June 30, 2020.

Payroll Growth Rate	2.00%
Inflation	2.30%
Salary Increases	3.30% to 10.30%, varies by service
Investment Rate of Return	6.25%
Healthcare Trend Rates	
Pre-65	Initial trend starting at 6.40%, at January 1, 2022 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years,
Post-65	Initial trend starting at 2.90%, at January 1, 2022, and increasing to 6.30% in 2023, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years.
Mortality	
Pre-retirement	PUB-2010 General Mortality table, for the Non-Hazardous Systems projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010
Post-retirement (non-disabled)	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019

ANDERSON COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2021

NOTE S – RETIREMENT PLANS (continued)

Post-retirement (disabled)	PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010
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The assumed increase in future health care costs, or trend assumption, was reviewed during the June 30, 2019 valuation process and was updated to better reflect more current expectations relating to anticipated future increases in the medical costs. The anticipated savings from the repeal of the “Cadillac Tax” and “Health Insurer Fee”, which occurred in December of 2019 are reflected in the June 30, 2020 GASB 75 actuarial information. The assumed load on pre-Medicare premiums to reflect the cost of the Cadillac Tax was removed and the Medicare premiums were reduced by 11% to reflect the repeal of the Health Insurer Fee. There were no other material assumption changes.

House Bill 1 passed during the 2019 Special Legislative Session allows certain employers in the KERS Non-hazardous plan to elect to cease participating in the System as of June 30, 2020 under different provisions than were previously established. Senate Bill 249 passed during the 2020 legislative session delayed the effective date of cessation for these provisions to June 30, 2021. Since each employer’s elections are unknown at this time, no adjustment to the Total OPEB Liability was made to reflect this legislation.

Senate Bill 249 passed during the 2020 legislative session and changed the funding period for the amortization of the unfunded liability to 30 years as of June 30, 2019. Gains and losses incurring in future years will be amortized over separate 20-year amortization bases. This change does not impact the calculation of the Total OPEB Liability and only impacts the calculation of the contribution rates that would be payable starting July 1, 2020. There were no other material plan provision changes.

ANDERSON COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2021

NOTE S – RETIREMENT PLANS (continued)

Actuarial Methods and Assumptions used to determine the Actuarial Determined Contributions for the Fiscal Year 2020

The following actuarial methods and assumptions were used to determine the actuarially determined contributions effective for fiscal year ending June 30, 2020:

Asset Valuation Method	20% of the difference between the market value of assets And the expected actuarial value of assets is recognized
Valuation Date	June 30, 2018
Experience Study	July 1, 2008 - June 30, 2013
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of pay
Remaining Amortization Period	25 years, closed
Payroll Growth Rate	2.00%
Inflation	2.30%
Salary Increase	3.30% to 11.55%, varies by service
Investment Rate of Return	6.25%
Healthcare Trend Rates (Pre-65)	Initial trend starting at 7.00% at January 1, 2020 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years. The 2019 premiums were known at the time of the valuation and were incorporated into the liability measurement. Initial trend starting at 7.25% at January 1, 2019 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2018 premiums were known at the time of the valuation and were incorporated into the liability measurement.
Healthcare Trend Rates (Post-65)	Initial trend starting at 5.00% at January 1, 2020 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 10 years. The 2019 premiums were known at the time of the valuation and were incorporated into the liability measurement. Initial trend starting at 5.10% at January 1, 2019 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 11 years. The 2018 premiums were known at the time of the valuation and were incorporated into the liability measurement.
Phase-in Provisions	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018

ANDERSON COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2021

NOTE S – RETIREMENT PLANS (continued)

Deferred Inflows and Outflows of Resources

The Deferred Inflows and Outflows of Resources, and OPEB Expense include only certain categories of deferred outflows of resources and deferred inflows of resources. These include differences between expected and actual experience, changes in assumptions and differences between projected and actual earnings on plan investments. The Schedule of OPEB Amounts does not include deferred outflows/inflows of resources for changes in the employer's proportionate share of contributions or employer contributions made subsequent to the measurement date. The net OPEB liability as of June 30, 2020, is based on the June 30, 2019, actuarial valuation rolled forward. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are amortized over a closed five-year period.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Liability Experience	\$693,845	\$694,387
Assumption Changes	722,341	4,393
Investment Experience	222,767	84,738
Change in Proportionate & Differences between Employer Contrib & Proportionate Share of Plan Contributions	110,664	131,796
District contributions subsequent to the measurement date	<u>223,807</u>	<u>0</u>
Total	\$1,973,424	\$915,314

The \$223,807 of deferred outflows of resources resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2021.

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

Year	Deferred Outflows Inflows
2021	\$219,372
2022	260,220
2023	181,999
2024	186,451
2025	(13,739)
thereafter	<u>0</u>
TOTAL	\$834,303

ANDERSON COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2021

NOTE T – DEFERRED OUTFLOWS FROM ADVANCED BOND REFUNDINGS

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

Deferred Outflows from Advance Bond Refundings

Beginning Balance	Additions	Current Amortization	Ending Balance
\$ 554,127	\$ 0	\$ 108,312	\$ 445,815

SUPPLEMENTARY INFORMATION

ANDERSON COUNTY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE FOR GENERAL FUND
For The Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Taxes	10,460,130	10,465,000	10,468,859	3,859
Other Local Sources	195,000	201,118	95,201	(105,917)
State Sources	<u>19,899,607</u>	<u>19,258,532</u>	<u>19,531,426</u>	<u>272,894</u>
TOTAL REVENUES	30,554,737	29,924,650	30,095,486	170,836
EXPENDITURES				
Instruction	19,439,969	20,207,178	20,774,113	(566,935)
Support Services				
Student	896,957	780,769	658,457	122,312
Instructional Staff	855,332	1,054,987	951,438	103,549
District Administration	900,362	1,148,035	914,060	233,975
School Administration	1,801,183	1,878,860	1,790,740	88,120
Business	873,478	972,045	586,140	385,905
Plant Operation and Maintenance	2,651,564	2,593,809	2,910,185	(316,376)
Student Transportation	2,980,076	2,759,175	2,261,683	497,492
Community Services		5,964	12,895	(6,931)
Debt Services	167,000	171,425	65,329	106,096
Contingency	<u>3,125,789</u>	<u>1,611,502</u>	<u>0</u>	<u>1,611,502</u>
TOTAL EXPENDITURES	33,691,710	33,183,749	30,925,040	2,258,709
Excess (Deficit) of Revenues Over Expenditures	(3,136,973)	(3,259,099)	(829,554)	2,429,545
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	141,052	260,732	220,323	(40,409)
Operating Transfers Out	<u>(104,079)</u>	<u>(104,079)</u>	<u>(134,027)</u>	<u>(29,948)</u>
TOTAL OTHER FINANCING SOURCES (USES)	36,973	156,653	86,296	(70,357)
Change in Fund Balance on Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds	(3,100,000)	(3,102,446)	(743,258)	2,359,188
Fund Balance, July 1, 2020	<u>3,100,000</u>	<u>3,100,000</u>	<u>3,759,481</u>	<u>659,481</u>
Fund Balance, June 30, 2021	\$0	(\$2,446)	\$3,016,223	\$3,018,669

ANDERSON COUNTY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE FOR SPECIAL REVENUE
For The Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
State Sources	\$1,438,173	\$1,716,933	\$1,348,883	(368,050)
Federal Sources	2,054,973	8,469,982	4,452,582	(4,017,400)
Local Sources	<u>51,995</u>	<u>124,282</u>	<u>150,919</u>	<u>26,637</u>
TOTAL REVENUES	3,545,141	10,311,197	5,952,384	(4,358,813)
EXPENDITURES				
Instruction	2,611,470	4,821,318	3,990,302	831,016
Support Services				
Student Support		183,095	39,609	143,486
Staff Support	568,148	1,063,343	1,042,957	20,386
Business Support	51,600	142,880	122,583	20,297
Student Transportation	64,585	75,359	110,328	(34,969)
Plant Operations & Maintenance		311,606	188,383	123,223
Other Instruction		1,000	32	968
Food Service			18,628	(18,628)
Day Care Operations			305,896	(305,896)
Community Service Operations	<u>280,938</u>	<u>280,988</u>	<u>255,827</u>	<u>25,161</u>
TOTAL EXPENDITURES	3,576,741	6,879,589	6,074,545	805,044
Excess (Deficit) of Revenues Over Expenditures	(31,600)	3,431,608	(122,161)	(3,553,769)
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	56,851	144,386	134,027	(10,359)
Operating Transfers Out	<u>(25,251)</u>	<u>(259,094)</u>	<u>(11,866)</u>	<u>247,228</u>
TOTAL OTHER FINANCING SOURCES (USES)	31,600	(114,708)	122,161	236,869
Excesss (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	0	3,316,900	0	(3,316,900)
Restricted Fund Balance, July 1, 2020	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Restricted Fund Balance, June 30, 2021	\$0	\$3,316,900	\$0	(3,316,900)

ANDERSON COUNTY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
For The Year Ended June 30, 2021

	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability (asset)							
TRS	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CERS	\$13,188,576	\$11,497,059	\$10,210,640	\$10,232,869	\$9,076,288	\$7,959,909	\$6,197,781
Total	\$13,188,576	\$11,497,059	\$10,210,640	\$10,232,869	\$9,076,288	\$7,959,909	\$6,197,781
District's proportionate share of the net pension liability (asset)							
TRS	0	0	0	0	0	0	0
CERS	0.172000%	0.163500%	0.167654%	0.174822%	0.184342%	0.185000%	0.191000%
State's proportionate share of the net pension liability (asset) associated with the District							
TRS	\$64,621,864	\$62,010,256	\$60,006,290	\$120,788,524	\$135,094,269	\$108,299,752	\$96,394,423
District's covered employee payroll							
TRS	\$15,408,526	\$15,010,640	\$15,100,248	\$14,585,626	\$14,489,369	\$14,790,294	\$14,732,249
CERS	\$4,394,489	\$4,138,222	\$4,144,856	\$4,404,093	\$4,396,169	\$4,472,335	\$4,418,498
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll							
TRS	0	0	0	0	0	0	0
CERS	300.12%	277.83%	246.34%	232.35%	202.94%	180.15%	136.47%
Plan fiduciary net position as a percentage of the total pension liability							
TRS	58.27%	58.76%	59.28%	39.83%	35.22%	42.49%	45.59%
CERS	47.81%	50.45%	53.54%	53.30%	55.50%	59.97%	66.80%

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

ANDERSON COUNTY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT PENSION CONTRIBUTIONS
For The Year Ended June 30, 2021

	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions							
TRS	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CERS	<u>\$850,077</u>	<u>\$668,826</u>	<u>\$601,684</u>	<u>\$593,780</u>	<u>\$614,216</u>	<u>\$555,403</u>	<u>\$533,955</u>
Total	\$850,077	\$668,826	\$601,684	\$593,780	\$614,216	\$555,403	\$533,955
Contributions in relation to the contractually required contribution							
TRS	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CERS	<u>\$850,077</u>	<u>\$668,826</u>	<u>\$601,684</u>	<u>\$593,780</u>	<u>\$614,216</u>	<u>\$555,403</u>	<u>\$533,955</u>
Total	\$850,077	\$668,826	\$601,684	\$593,780	\$614,216	\$555,403	\$533,955
Contribution deficiency (excess)							
TRS	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CERS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0
District's covered employee payroll							
TRS	\$15,408,526	\$15,010,640	\$15,100,248	\$14,585,626	\$14,489,369	\$14,790,294	\$14,732,249
CERS	<u>\$4,394,489</u>	<u>\$4,138,222</u>	<u>\$4,144,856</u>	<u>\$4,404,093</u>	<u>\$4,396,169</u>	<u>\$4,472,335</u>	<u>\$4,418,498</u>
Total	\$19,803,015	\$19,148,862	\$19,245,104	\$18,989,719	\$18,885,538	\$19,262,629	\$19,150,747
Contributions as a percentage of covered employee payroll							
TRS	0	0.00%	0.00%	0.00%	13.97%	12.42%	12.08%
CERS	19.34%	16.16%	14.52%	13.48%	11.71%	22.55%	18.31%

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

ANDERSON COUNTY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
For The Year Ended June 30, 2021

	2021	2020	2019	2018
District's proportion of the net OPEB liability (asset)				
CERS	\$4,152,794	\$2,748,819	\$2,977,303	\$3,514,520
TRS - Medical Insurance	\$6,166,000	\$7,085,000	\$8,205,000	\$8,432,000
TRS - Life Insurance	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total	\$10,318,794	\$9,833,819	\$11,182,303	\$11,946,520
District's proportionate share of the net OPEB liability (asset)				
CERS	0.172000%	0.163400%	0.167690%	0.174822%
TRS - Medical Insurance	0.244329%	0.242083%	0.236473%	0.236480%
TRS - Life Insurance	0.000000%	0.000000%	0.000000%	0.000000%
State's proportionate share of the net OPEB liability (asset) associated with the District				
TRS - Medical Insurance	\$4,939,000	\$5,722,000	\$7,071,000	\$6,888,000
TRS - Life Insurance	<u>\$149,000</u>	<u>\$133,000</u>	<u>\$121,000</u>	<u>\$63,000</u>
Total	\$5,088,000	\$5,855,000	\$7,192,000	\$6,951,000
District's covered employee payroll				
TRS	\$15,408,526	\$15,010,640	\$15,100,248	\$14,585,626
CERS	<u>\$4,394,489</u>	<u>\$4,138,222</u>	<u>\$4,144,856</u>	<u>\$4,404,093</u>
Total	\$19,803,015	\$19,148,862	\$19,245,104	\$18,989,719
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll				
CERS	94.50%	66.43%	71.83%	79.80%
TRS - Medical Insurance	40.02%	47.20%	54.34%	57.81%
TRS - Life Insurance	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability				
CERS	51.67%	60.44%	57.62%	52.40%
TRS - Medical Insurance	39.05%	32.58%	25.54%	21.18%
TRS - Life Insurance	71.57%	73.40%	74.97%	79.99%

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

ANDERSON COUNTY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
For The Year Ended June 30, 2021

	2021	2020	2019	2018
Contractually required contributions				
CERS	\$209,750	\$216,894	\$230,881	\$223,384
TRS - Medical Insurance	\$431,502	\$421,533	\$421,233	\$405,157
TRS - Life Insurance	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total	\$641,252	\$638,427	\$652,114	\$628,541
Contributions in relation to the contractually required contribution				
CERS	\$209,750	\$216,894	\$230,881	\$223,384
TRS - Medical Insurance	\$431,502	\$421,533	\$421,233	\$405,157
TRS - Life Insurance	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total	\$641,252	\$638,427	\$652,114	\$628,541
Contribution deficiency (excess)				
CERS	\$0	\$0	\$0	\$0
TRS - Medical Insurance	\$0	\$0	\$0	\$0
TRS - Life Insurance	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total	\$0	\$0	\$0	\$0
District's covered employee payroll				
TRS	\$15,408,526	\$15,010,640	\$15,100,248	\$14,585,626
CERS	<u>\$4,394,489</u>	<u>\$4,138,222</u>	<u>\$4,144,856</u>	<u>\$4,404,093</u>
Total	\$19,803,015	\$19,148,862	\$19,245,104	\$18,989,719
Contributions as a percentage of covered employee payroll				
TRS	2.80%	2.80%	2.79%	5.07%
CERS	4.77%	5.24%	5.57%	2.80%

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

ANDERSON COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For The Year Ended June 30, 2021

PENSIONS

Changes of benefit terms

TRS - none

CERS -none

Changes of assumptions

TRS

In 2014, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 5.16% to 5.23%

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

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

In 2017, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 4.20% to 4.49%.

In 2018, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 4.49% to 7.50%.

In the 2016 valuation, rates of withdrawal, retirement, disability, mortality and rates of salary increase were adjusted to more closely reflect actual experience. In the 2016 valuation and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Tables projected to 2025 with projection scale BB, set forward two years for males and one year for females rather than the RP-2000 Mortality Tables projected to 2020 with projection scale AA, which was used prior to 2016.

In the 2011 valuation, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience. In the 2011 valuation and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Tables projected to 2020 with projection scale AA, set back one year for females rather than the 1994 Group Annuity Mortality Tables which was used prior to 2016. For the 2011 valuation through the 2013 valuation, an interest smoothing methodology was used to calculate liabilities for purposes of determining the actuarially determined contributions.

CERS

There have been no changes in actuarial assumptions since June 30, 2019.

OPEB

Changes of benefit terms

TRS Medical Trust

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

Life Trust - None

CERS None

Changes of assumptions

TRS MIF - Updated Health Care Cost Trend Rates

LIF - None

ANDERSON COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For The Year Ended June 30, 2021

Changes of assumptions

CERS

The Discount Rate used to calculate the total OPEB liability decreased from 5.68% to 5.34%.

The assumed increase in future health care costs, or trend assumptions, was reviewed during the June 30, 2019 valuation process and was updated to better reflect more current expectations relating to anticipated future increases in the medical cost.

Also, the June 30, 2020 GASB No. 75 actuarial information reflects the anticipated savings from the repeal of the "Cadillac Tax" and "Health Insurer Fee", which occurred in December of 2019.

The assumed load on pre-Medicare premiums to reflect the cost of the Cadillac Tax was removed and the Medicare premiums were reduced by 11% to reflect the repeal of the Health Insurer Fee.

There were no other material assumption changes.

Methods and assumptions used in calculations of Actuarially Determined Contributions

The Actuarially Determined Contribution rates, as a percentage of payroll, used to determine the Actuarially Determine Contribution amounts in the Schedule of Employer Contributions are calculated as of the indicated Valuation Date. The following actuarial methods and assumptions (from the indicated actuarial valuations) were used to determine contribution rates reported in that schedule for the year ending June 30, 2020:

Valuation Date	
Medical Trust	June 30, 2019
Life Trust	June 30, 2017
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll
Amortization period	
Medical Trust	21 years, Closed
Life Trust	27 years, Closed
Asset valuation method	
Medical Trust	Five-year smoothed value
Life Trust	Five-year smoothed value
Inflation	
Medical Trust	3.00%
Life Trust	3.00%
Real wage growth	0.50%
Wage Inflation	
Medical Trust	3.50%
Life Trust	3.50%
Salary increases, including wage inflation	
Medical Trust	3.50% - 7.20%
Life Trust	3.50% - 7.20%
Discount Rate	
Medical Trust	8.00%
Life Trust	7.50%
Medical Trust Health Care Cost Trends	
Under Age 65	7.25% for FYE 2020 decreasing to an ultimate rate of 5.00% by FYE 2029
Ages 65 and Older	5.25% for FYE 2020 decreasing to an ultimate rate of 5.00% by FYE 2022
Medicare Part B Premiums	6.49% for FYE 2020 with an ultimate rate of 5.00% by FYE 2032
Medical Trust Under Age 65 Claims	The current premium charged by KEHP is used as the base cost and is projected forward using only the health care trend assumption (no implicit rate subsidy is recognized)

ANDERSON COUNTY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of June 30, 2021

	District Activity Fund	School Activity Fund	SEEK Capital Outlay Fund	Building Fund	Construction Fund	Total
ASSETS AND RESOURCES						
Cash and equivalents	\$139,536	\$320,685	\$635,580	\$493,507	\$583,987	\$2,173,295
Accounts receivable	<u>1,990</u>	<u>3,212</u>				<u>5,202</u>
TOTAL ASSETS AND RESOURCES	\$141,526	\$323,897	\$635,580	\$493,507	\$583,987	\$2,178,497
LIABILITIES						
Account payable	\$1,033	\$6,242			\$96,991	\$104,266
TOTAL LIABILITIES	1,033	6,242			96,991	104,266
FUND BALANCES						
Assigned - Purchase Obligations	6,270					6,270
Resticted - SFCC			557,811	493,507		1,051,318
Restricted - Future Construction			77,769		486,996	564,765
Restricted - Other	<u>134,223</u>	<u>317,655</u>				<u>451,878</u>
TOTAL FUND BALANCES	140,493	317,655	635,580	493,507	486,996	2,074,231
TOTAL LIABILITIES AND FUND BALANCES	141,526	323,897	\$635,580	\$493,507	\$583,987	\$2,178,497

ANDERSON COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For The Year Ended June 30, 2021

	District Activity Fund	School Activity Fund	SEEK Capital Outlay Fund	Building Fund	Construction Fund	Total
REVENUES						
From local sources						
Property Taxes	\$	\$	\$	\$2,877,614	\$	\$2,877,614
Earnings on Investments		93				93
Other local sources	28,929	403,644			3,087	435,660
Intergovernmental-State			<u>319,410</u>	<u>1,133,311</u>		<u>1,452,721</u>
TOTAL REVENUES	28,929	403,737	319,410	4,010,925	3,087	4,766,088
EXPENDITURES						
Instruction	127,105	279,828				406,933
Instruction Staff Support		7,096				7,096
Other Non-Instruction		21,865				21,865
Plant Operations & Maintenance	502					502
Building Improvements					<u>1,877,628</u>	<u>1,877,628</u>
TOTAL EXPENDITURES	127,607	308,789			1,877,628	2,314,024
Excess (deficit) revenues over expenditures	(98,678)	94,948	319,410	4,010,925	(1,874,541)	2,452,064
OTHER FINANCING SOURCES (USES)						
Operating transfers in	87,759	984			120,000	208,743
Operating transfers out		<u>(94,950)</u>	<u>(119,679)</u>	<u>(3,617,861)</u>		<u>(3,832,490)</u>
TOTAL OTHER FINANCING SOURCES (USES)	87,759	(93,966)	(119,679)	(3,617,861)	120,000	(3,623,747)
Excess (deficit) revenues and other financing sources over expenditures and other financing uses	(10,919)	982	199,731	393,064	(1,754,541)	(1,171,683)
Restricted Fund Balance, July 1, 2020	151,412	0	435,849	100,443	2,241,537	2,929,241
Reclassification - Note Q		<u>316,673</u>				<u>316,673</u>
Restricted Fund Balance, June 30, 2021	140,493	317,655	\$635,580	\$493,507	\$486,996	\$2,074,231

ANDERSON COUNTY SCHOOL DISTRICT
 COMBINING STATEMENT OF RECEIPTS AND DISBURSEMENTS
 Fund 25
 For The Year Ended June 30, 2021

	Cash Balances 7/1/2020	Receipts	Disbursement	Cash Balances June 30, 2021	Accounts Receivable June 30, 2021	Accounts Payable June 30, 2021	Due To Student Groups June 30, 2021
Anderson County High School	\$165,582	\$327,560	\$315,695	\$177,447	\$1,154	\$5,441	\$173,160
Anderson County Middle School	\$97,167	\$29,000	\$33,516	\$92,651	\$208	\$250	\$92,609
Early Childhood Center	\$7,602	\$8,344	\$9,220	\$6,726	\$1,850	\$0	\$8,576
Emma B. Ward Elementary	\$29,946	\$8,915	\$15,404	\$23,457	\$0	\$551	\$22,906
Saffell Street Elementary	\$7,332	\$9,501	\$7,236	\$9,597	\$0	\$0	\$9,597
Robert B. Turner Elementary	<u>\$9,044</u>	<u>\$18,189</u>	<u>\$16,426</u>	<u>\$10,807</u>	<u>\$0</u>	<u>\$0</u>	<u>\$10,807</u>
TOTAL ACTIVITY FUNDS	\$316,673	\$401,509	\$397,497	\$320,685	\$3,212	\$6,242	\$317,655

ANDERSON COUNTY SCHOOL DISTRICT
STATEMENT OF RECEIPTS AND DISBURSEMENTS
ANDERSON COUNTY HIGH SCHOOL
For The Year Ended June 30, 2021

	Cash Balances		Disbursements	Transfers	Cash Balances	Accounts	Accounts	Fund Balance
	July 1, 2020	Receipts			June 30, 2021	Receivable	Payable	June 30, 2021
						June 30, 2021	June 30, 2021	
Library	107	27	27		107			107
Cash/Start-Up	0	7,600	7,600		0			0
College Coach	360				360			360
Bearats to Europe	566				566			566
Graphics Design	63		167	340	236			63
Robotics	559				559			559
Allsports	13,094	12,242	14,212	(9,258)	1,866			16,301
Athletic Fees	7,418		4,615		2,803	87		7,418
Bass Fishing	762	690	636	123	939			762
Archery	7,403	8,156	11,858	315	4,016		600	7,403
Baseball	500	32,265	14,835	366	18,296	250	40	500
Softball	2,727	8,355	4,713	343	6,712	250	513	2,727
Boys Basketball	10,027	17,986	13,103	428	15,338			10,027
Girls Basketball	9,970	18,331	16,405	(119)	11,777	105		9,970
Athletic Concessions	3,867	6,095	5,817		4,145			3,867
Soccer-Boys	2,577	2,469	2,806	331	2,571			2,577
Soccer-Girls	6,140	5,067	5,414	287	6,080			6,140
Varsity Cheer	344	11,232	7,065	266	4,777			344
Cross Country	0	1,351	1,440	184	95			0
Dance Team	539	1,335	169	123	1,828			539
Disc Golf	2,449	1,350	2,471	(130)	1,198			2,449
Football	11,229	21,309	22,833	(5,054)	4,651		61	14,495
Weightlifting	223				223			223
Zoology Class	0	303	190	(113)	0			0
Volleyball	1,273	1,884	2,153	103	1,107			1,273
Golf-Boys	1,110	8,030	6,845	73	2,368			1,110
Golf-Girls	3,239	9,240	9,333	23	3,169			3,239
Tennis-Boys	1,237	1,022	471	160	1,948			1,237
Tennis-Girls	2,105	930	863	196	2,368			2,105
Track	0	4,480	2,439	626	2,667		574	0
Wrestling	0	3,789	2,269	320	1,840		705	0
Bowling	745	3,890	2,752	436	2,319		650	745
Swim Team	3,628	960		160	4,748			3,628
FCCLA	1,729	805	629	(130)	1,775			2,534
Beta Club	3,655	2,890	2,736	50	3,859			3,655
National Honor Society	587	1,175	1,152		610			587
Green Club	740				740			740
Kuna International	469				469			469
Drama/ACT Cats	17,342	1,113	384	(70)	18,001		2,078	17,342
FCA	1,093	200	550		743			1,093
Miss ACHS	90		90		0			90
SP ED Pass	154		154		0			154
SP ED Rewards	245		242		3			245
FFA	0	8,526	4,985	(95)	3,446		220	1,554
GT Clubs	631				631			631
Art	106		80		26			106
Mud Club/Creamics	1,289		1,168		121			1,289
Esports	0	899	512	512	899			
Spanish Honor Society	0	196			196			
Academic Team	312				312			312
PAC	0			35	35			
Key Club	192		84		108			192
STLP	118				118			118
Prom	2,756	10,893	13,649		0			2,681
FCS-Holly Wampler	0	1,519	534		985			0
Greenhouse	1,767	3,797	2,092		3,472			1,767
Chours	7,131	5,014	3,391	380	9,134			7,131
Band	18,446	30,252	46,364		2,334			18,446
Annual	9,052	15,353	12,433	1,140	13,112			9,102
Guidance	1,585	827	160	(2,252)	0			1,585
Pepsi	155	586	493	114	362	298		155
Pepsi-TL	1,004	2,870	752		3,122	164		1,004

ANDERSON COUNTY SCHOOL DISTRICT
STATEMENT OF RECEIPTS AND DISBURSEMENTS
ANDERSON COUNTY HIGH SCHOOL
For The Year Ended June 30, 2021

	Beginning				Ending			
	Cash	Receipts	Disbursements	Transfers	Cash	Receivables	Payables	Fund Balance
Senior Class	0	560	417		143			0
Scratching Post	35			(35)	0			35
Collections from Techers	635	450	152		933			635
General Sweep	3	477	297	(102)	81			3
Building Rental-Sweep	0	2,608	2,608		0			0
Library-Sweep	0	23	23		0			
Student Fee Sweep	0	30,650	30,650		0			0
Girls Basketball Sweep	0	3,126	3,126		0			
Guidance Sweep	0	30	1,852	1,822	0			0
All Sports Sweep	0	7,701	7,803	102	0			0
Boys Basketball Sweep	0	4,632	4,632		0			0
Football Sweep	<u>0</u>	<u>0</u>	<u>8,000</u>	<u>8,000</u>	0			<u>0</u>
	165,582	327,560	315,695	0	177,447	1,154	5,441	174,389

ANDERSON COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2021

Federal Grantor/Passed-Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass Through Grantor's Number	Federal Expenditures
<u>U.S. Department of Agriculture</u>			
Passed through Kentucky Department of Education			
Child Nutrition Cluster			
Commodities	10.555	not provided	\$98,570
Summer Food Service Program for Children	10.559	7740023	1,658,407
Summer Food Service Program for Children	10.559	7690024	<u>171,224</u>
Total Child Nutrition Cluster			1,928,201
State Administrative Expenses for Child Nutrition	10.560	7700001	<u>3,767</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			1,931,968
<u>U.S. Department of Education</u>			
Passed through Kentucky Department of Education			
Title I, Part A			
Title I Grants to Local Educational Agencies	84.010	3100002	484,943
Special Education Cluster (IDEA)			
Special Education-Grants to States (IDEA, Part B)	84.027	3810002	799,021
Early Childhood Regional Training Center	84.173	3800003	395,169
Special Education-Preschool Grants (IDEA, Preschool)	84.173	3800002	<u>98,908</u>
		subtotal	1,293,098
IDEA, State Improvement Grant	84.323	3840001	42,873
Supporting Effective Instruction State Grants	84.367	3230002	69,660
Title IV, Part A	84.424	3420002	13,024
Career and Technical Education	84.048	3710002	21,517
<u>COVID 19</u>			
Governor's Emergency Education Relief Fund	84.425C	633F	79,279
Elementary and Secondary School Emergency Relief Fund	84.425D	4200002	876,102
Elementary and Secondary School Emergency Relief Fund	84.425D	4000003	439,994
American Rescue Plan - ARP ESSER	84.425U	473G	<u>104,065</u>
Total COVID			1,499,440
TOTAL U.S. DEPARTMENT OF EDUCATION			3,424,555

ANDERSON COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2021

Federal Grantor/Passed-Through Grantor <u>Program or Cluster Title</u>	Federal Assistance Listing <u>Number</u>	Pass Through Grantor's <u>Number</u>	<u>Federal Expenditures</u>
DEPARTMENT OF THE TREASURY			
Passed through Kentucky Department of Education			
COVID 19			
Coronavirus Relief Fund	21.019	17GG	661,953
Coronavirus Relief Fund	21.019	663G	<u>18,155</u>
TOTAL DEPARTMENT OF THE TREASURY			680,108
DEPARTMENT OF JUSTICE			
Passed through Kentucky Justice & Public Safety Cabinet			
Public Safety Partnership and Community Policing Grant	16.710	437GS	8,455
 U.S. Health and Human Services			
Passed through Kentucky Department for Community Based Services			
CCDF Cluster			
Child Care and Development Block Grant	93.575	not provided	<u>305,896</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			6,350,982

The accompanying notes are an integral part of this schedule

ANDERSON COUNTY SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2021

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Anderson County School District (the "District") under programs of the federal government for the year ended June 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

Note 2 – Summary of Significant Accounting Policies

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

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

Note 3 – Food Distribution

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities disbursed, totaling \$98,570.

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, Audits of States and Local Governments, and Non-profit Organizations, and the audit requirement prescribed by the Kentucky Committee for School District Audits, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Anderson County Board of Education as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated November 12, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

I noted certain matters that I reported to management of the District in a separate letter dated November 12, 2021.

Purpose of this Report

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

Denise M. Keene

Denise M. Keene, CPA
Georgetown, Kentucky
November 12, 2021

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

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

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

We have audited Anderson County School District's (the "District") compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that

resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

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

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

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

Report on Internal Control Over Compliance

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

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

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

Denise M. Keene

Denise M. Keene, CPA
Georgetown, Kentucky
November 12, 2021

ANDERSON COUNTY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2021

Section I – Summary of Auditor's Results

Financial Statements

An unmodified opinion was issued on the financial statements.

Internal control over financial reporting

Material weakness(es) identified? ☐ yes ☒ no

Significant deficiency(s) identified that are not
considered to be material weakness(es)? ☐ yes ☒ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? ☐ yes ☒ no

Significant deficiency(s) identified that are not
Considered to be material weakness(es)? ☐ yes ☒ none reported

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

Any audit findings disclosed that are required to be reported

in accordance with 2CFR 200.516(a)? ☐ yes ☒ no

Identification of major programs

<u>Federal Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.019	Coronavirus Relief Fund
84.425C, 84.425D, 84.425U	Education Stabilization Fund
93.575	CCDF Cluster

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

Auditee qualified as low-risk auditee? ☒ yes ☐ no

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None Reported

ANDERSON COUNTY SCHOOL DISTRICT
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For The Year Ended June 30, 2021

PRIOR YEAR – FINANCIAL STATEMENT FINDINGS

None were reported last year.

PRIOR YEAR – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None were reported last year.

MANAGEMENT LETTER

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

Anderson County Board of Education
Lawrenceburg, Kentucky

We have audited the financial statements of the Anderson County School District for the year ended June 30, 2021 and have issued our report thereon dated November 12, 2021. As part of our audit, we made a study and evaluation of the District's system of internal accounting control to the extent we considered necessary to evaluate the system as required by auditing standards generally accepted in the United States of America. The purpose of our study and evaluation was to determine the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the District's financial statements. Our study and evaluation was more limited than would be necessary for expressing an opinion on the system of internal accounting control taken as a whole.

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

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

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

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

Denise M. Keene, CPA
November 12, 2021

CURRENT YEAR MANAGEMENT POINTS

Central Office

2021-001

Payroll testing disclosed two (2) employees that were hired July 17, 2002 and January 30, 2004 had Form I-9s that were not certified by an Anderson County Administrator. I recommend the District review employee files and update I-9s that have not been completed.

Management's Response:

The District will review current employee files for completed I-9s. I-9s will be updated if found to be incomplete.

2021-002

The District did Federal Cash Request only three (3) times during the year. This results in a loss of interest income. I recommend the District file Federal Cash Request monthly.

Management's Response:

Due to COVID and staff turnover, the Finance Officer was unable to file Federal Cash Requests monthly. The loss of interest income was minimal due to extremely low interest rates. Going forward, the Finance Officer will file Federal Cash Requests on a more regular basis.

ANDERSON COUNTY HIGH SCHOOL

2021-003

According to the Redbook, expenditures related to professional development or staff development are not allowed, except for required training such as CPR. The school paid for on line training for coaches, which is not allowed. I recommend the Principal not approved purchases that are not allowed by the Redbook.

Management's Response:

The expenditure in question was for a subscription to an online website that provided coaches 24/7 access to vault of coaching resources and videos. This could be used as teaching tool in practice and implemented in games during the season. Due to COVID, this was the option available to coaches as a resource like HUDL is for Football and Basketball. In the future if the occasion arises, this purchase will be funded through the District Level Football Account. The principal will review all purchases for compliance with Redbook.

SAFFELL STREET ELEMENTARY

2021-004

According to the Red Book, The Principal is to review, sign and date the front page of the bank statement. Three (3) out of twelve (12) were initialed and not signed. Two (2) out of twelve (12) bank statements were not dated. I recommend the Principal sign and date the front page of the bank statement after review.

Management's Response:

The principal and bookkeeper will ensure all bank statements are signed and dated. In addition, the Accounting Manager will review the bank statements and reconciliations for signatures and dates.

2021-005

The annual financial report did not include all accounts. As a result, the beginning balance, total receipts, total disbursements, transfers, and ending balance were all incorrect. The ending balance for the accounts did not agree with the ending bank reconciliation. These things should have been recognized by both the Principal and bookkeeper before the report was signed. I recommend both the Principal and bookkeeper review reports before they sign and date.

Management's Response:

In the process of this year's audit, our school realized there were two accounts not included in the end of the year Financial Reports. The principal and bookkeeper did not ensure that this report agreed with the ending bank reconciliation. After further communication with our Finance Director, she will provide in person guidance on review of this report at year end to ensure all accounts are included in the report.

ANDERSON COUNTY MIDDLE SCHOOL

No comments

Early Childhood Center

No Comments

EMMA B WARD ELEMENTARY

No comments

ROBERT B TURNER ELEMENTARY

No comments