

ANCHORAGE INDEPENDENT BOARD OF EDUCATION

FINANCIAL STATEMENTS
SUPPLEMENTARY INFORMATION
And
INDEPENDENT AUDITOR'S REPORTS

Year Ended June 30, 2015

Denise M. Keene
Certified Public Accountant
P.O. Box 1444
Georgetown, Kentucky 40324
502-857-2579

ANCHORAGE INDEPENDENT BOARD OF EDUCATION
 TABLE OF CONTENTS

	Pages
Unmodified Opinions on Basic Financial Statements Accompanied By Required Supplementary Information and Other Information - State or Local Governmental Entity Independent Auditor’s Report	4-6
Management’s Discussion and Analysis	7-11
Basic Financial Statements:	
District-wide Financial Statements:	
Statement of Net Position	12
Statement of Activities	13
Fund Financial Statements:	
Balance Sheet – Governmental Funds	14
Reconciliation of the Balance Sheet – Governmental Funds To the Statement of Net Position	15
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the District-Wide Statement of Activities	17
Statement of Net Position – Proprietary Funds	18
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	19
Statement of Cash Flows – Proprietary Funds	20
Statement of Fiduciary Net Position – Fiduciary Funds	21
Statement of Changes in Fiduciary Net Position	22

ANCHORAGE INDEPENDENT BOARD OF EDUCATION
TABLE OF CONTENTS

	Pages
Notes to the Financial Statements	23-46
Supplementary Information:	
Budget Comparison:	
Budgetary Comparison Schedule for the General Fund	48
Budgetary Comparison Schedule for Special Revenue	49
Combining Statements – Nonmajor Funds:	
Combining Balance Sheet – Nonmajor Governmental Funds	50
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	51
Combining Statements – Fiduciary Funds:	
Combining Statement of Net Position – Fiduciary Funds	52
Combining Statement of Receipts and Disbursements – Fiduciary Funds	53
Schedule of the District’s Proportionate Share of the Net Pension Liability	54
Schedule of the District’s Pension Contributions	55
Notes to the Required Supplementary Information	56
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 <u>Government Auditing Standards</u> (for a Governmental Entity) (No Material Weaknesses Identified: No Significant Deficiencies Identified, And Reportable Instances of Noncompliance, and Other Matters identified)	57-58
Management Letter	59-63

**DENISE M KEENE
CERTIFIED PUBLIC ACCOUNTANT
P.O. BOX 1444
GEORGETOWN, KENTUCKY 40324
502-857-2579**

**Unmodified Opinions on Basic Financial Statements Accompanied by
Required Supplementary Information and Other
Information – State or Local Governmental Entity**

INDEPENDENT AUDITOR'S REPORT

State Committee For School District Audits
Members of the Board of Education
Anchorage Independent Board of Education
Anchorage, 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 Anchorage Independent Board of Education as of and for the year ended June 30, 2015, 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 District as of June 30, 2015 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 P to the financial statements, the District adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, effective July 1, 2014. 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 11 and budgetary comparison information on pages 48 and 49 and the Schedules of Proportionate Share of the Net Pension Liability, and Schedule of Contributions on pages 54 and 55 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 District's basic financial statements. The combining statements for nonmajor governmental funds and additional information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining statements for nonmajor funds and additional information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 additional information 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 October 15, 2015 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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
October 15, 2015

**ANCHORAGE INDEPENDENT SCHOOL DISTRICT
ANCHORAGE, KENTUCKY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2015**

As management of the Anchorage Independent School District "the District", we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

FINANCIAL HIGHLIGHTS

The beginning cash balance for the District was \$2,382,487 and the ending balance was \$2,670,460 an increase of \$287,973.

The General Fund had \$6,522,170 in revenue, which primarily consisted of property taxes, motor vehicle, occupational license taxes and SEEK (State Funding). Excluding inter-fund transfer, there were \$6,452,855 in General Fund expenditures. This includes on-behalf payments.

The District's bonded debt decreased by \$197,749. The district will be debt free in FY 2018-2019 after making the final bond payment of \$10,719.

The District remains committed to considering teacher salaries as an important part of the overall budget. The pay increase for FY 2014-2015 was 1% for all staff.

The District continues to be dedicated to maintaining its historic facility. This summer we painted the middle school hallways, performed boiler maintenance and replaced several HVAC units.

We remodeled the middle school science lab this summer which included removing old cabinets, replacing flooring, painting and added all new desks.

Our generous APTA upgraded the sound system in our auditorium.

OVERVIEW OF FINANCIAL STATEMENTS

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

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 and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the district is improving or deteriorating.

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

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

The district-wide financial statements can be found on pages 12 and 13 of this report.

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

The basic governmental fund financial statements can be found on pages 14-22 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found on pages 23-46 of this report.

DISTRICT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$5,782,418 as of June 30, 2015.

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

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

Net position for the period ending June 30, 2014 and 2015

2015 District-wide net position compared to 2014 are as follows:

	<u>For the year ended June 30</u>	
	<u>2015</u>	<u>2014</u>
Assets	\$7,879,400	\$7,792,831
Deferred Outflows of Resources	\$133,618	
Liabilities	\$2,203,250	\$1,316,850
Defferred Inflows of Resources	\$127,000	
Investment in Capital Assets (net of debt)	\$4,394,417	\$4,439,149
Restricted	(107,323)	12,759
Unrestricted	<u>1,395,674</u>	<u>2,024,073</u>
Total Net Position	\$5,682,768	\$6,475,981

Budgetary Implications

In Kentucky the public school fiscal year is July 1 - June 30; other programs, i.e. some federal operate on a different fiscal year, but are reflected in the district overall budget. By law the budget must have a minimum 2 percent contingency. The district adopted a budget with \$489,819 in contingency, which is 7.3 percent.

Many of the program grants are continuation programs that we have become reliant on to service our students. However, decreases in grants and state funding along with the added burden of health insurance costs and matching retirement for employees have significantly reduced the dollars available for teacher salaries and other program support.

Comments on Budget Comparisons

The original budget was amended to reflect changes in the site based allocations and anticipated revenues. The changes made were based on more accurate data being available after the first couple of months of the fiscal year.

The following table presents a summary of General Fund revenue and expense:

	2015	2014
Revenues		
Local Revenue Sources	\$4,983,484	\$4,866,849
State Revenue Sources	1,871,686	1,794,542
Federal Revenue Sources	<u>0</u>	<u>14,429</u>
Total Revenues	6,855,170	6,675,820
Expenses		
Instruction	3,399,851	3,583,922
Student Support Services	93,323	94,468
Instructional Support	944,852	970,270
District Administration	406,367	341,344
School Administration	376,304	375,624
Business Support	591,661	611,905
Plant Operations	<u>640,497</u>	<u>648,961</u>
Total Expenses	6,452,855	6,626,494
Revenue in Excess of Expenditures	402,315	49,326

INFRASTRUCTURE

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

Analysis of balances and transactions of individual funds (in thousands)

Fund	Beginning	Revenues	Expenses	Transfer	Ending
General Fund	\$2,136	\$6,855	\$6,453	(\$8)	\$2,530
Special Revenue	\$0	\$230	\$230	\$0	\$0
Capital Outlay	\$0	\$36	\$0	(\$36)	\$0
Building	\$0	\$188	\$0	(\$188)	\$0
Construction	\$0	\$0	\$0	\$0	\$0
Debt Service	\$0	\$0	\$224	\$224	\$0

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

	Beginning	Additions	Deductions	Ending
Governmental				
Capital Assets	\$9,728	\$83	\$84	\$9,727
Accumulated Depreciation	\$4,461	\$312	\$84	\$4,689
Business-Type				
Capital Assets	\$59	\$0	\$0	\$59
Accumulated Depreciation	\$50	\$1	\$0	\$51
Bonds Payable	\$850	\$0	\$198	\$652

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Board's finances and to reflect the Board's accountability for the monies it receives. Questions about this report or additional financial information needs should be directed to the Superintendent, Kelley Ransdell, or to the Treasurer, Jonathan Travis, 502-245-8927, Jon.Travis@anchorage.kyschools.us or by mail at 11400 Ridge Road, Anchorage, KY 40223.

ANCHORAGE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
DISTRICT WIDE
As of June 30, 2015

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and equivalents - Note C	\$2,670,460	\$17,928	\$2,688,388
Accounts receivable	134,337	7,396	141,733
Inventory		3,056	3,056
Capital assets			
Land and construction in progress	100		100
Other capital assets, net of depreciation	<u>5,038,450</u>	<u>7,673</u>	<u>5,046,123</u>
Total capital assets	5,038,550	7,673	5,046,223
TOTAL ASSETS	7,843,347	36,053	7,879,400
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows from pension	117,584	16,034	133,618
LIABILITIES			
Accounts payable	\$252,318	417	252,735
Unearned revenues	22,977		22,977
Interest payable	3,169		3,169
Long-term Liabilities			
Due within 1 year	204,120		204,120
Due in more than 1 year	586,249		586,249
Pension Liability	<u>997,920</u>	<u>136,080</u>	<u>1,134,000</u>
TOTAL LIABILITIES	\$2,066,753	\$136,497	\$2,203,250
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows from pension	111,760	15,240	127,000
NET POSITION			
Net investment in capital assets	\$4,386,744	\$7,673	\$4,394,417
Restricted			
Food Service		(107,323)	(107,323)
Unrestricted	<u>1,395,674</u>		<u>1,395,674</u>
TOTAL NET POSITION	\$5,782,418	(\$99,650)	\$5,682,768

See accompanying notes

ANCHORAGE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
DISTRICT WIDE

For the year ended June 30, 2015

FUNCTIONS/PROGRAMS

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Net (Expense) Revenue and Changes in Net Position Business-type Activities	Revenue and Total
Governmental Activities							
Instruction	\$4,437,652	\$86,978	\$219,158		(\$4,131,516)	\$	(\$4,131,516)
Support services:							
Student	110,812				(110,812)		(110,812)
Instruction staff	966,991		11,110		(955,881)		(955,881)
District administrative	409,198				(409,198)		(409,198)
School administrative	377,157				(377,157)		(377,157)
Business	591,867				(591,867)		(591,867)
Plant operation and maintenance	683,763				(683,763)		(683,763)
Interest on long-term debt	41,860				(41,860)		(41,860)
Total governmental activities	7,619,300	86,978	230,268	0	(7,302,054)		(7,302,054)

Business-type Activities

Food service	237,910	170,671	45,488			(21,751)	(21,751)
Summer programs	<u>7,258</u>	<u>4,830</u>				<u>(2,428)</u>	<u>(2,428)</u>
Total business-type activities	245,168	175,501	45,488			(24,179)	(24,179)
Total school district	\$7,864,468	\$262,479	\$275,756	\$0	(\$7,302,054)	(\$24,179)	(\$7,326,233)

General Revenues

Property taxes	\$4,152,541						\$4,152,541
Motor Vehicle taxes	231,550						231,550
Occupational license taxes	632,058						632,058
State aid-formula grants	2,485,134						2,485,134
Investment earnings	17,096					128	17,224
Loss on sale of assets	(170)						(170)
Transfers	(8,438)					8,438	0
Miscellaneous	<u>51,065</u>						<u>51,065</u>
Total general & special	7,560,836					8,566	7,569,402
Change in net positions						(15,613)	243,169
Net position - beginning						40,329	6,475,981
Prior Period Adjustment						<u>(124,366)</u>	<u>(1,036,382)</u>
Net position - ending						(\$99,650)	\$5,682,768

See accompanying notes

ANCHORAGE INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
As of June 30, 2015

	General Fund	Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$2,677,912	(\$7,452)	\$0	\$2,670,460
Other receivables	<u>97,003</u>	<u>37,334</u>	<u> </u>	<u>134,337</u>
TOTAL ASSETS	\$2,774,915	\$29,882	\$0	\$2,804,797
LIABILITIES				
Accounts payable	\$245,413	\$6,905	\$0	\$252,318
Unearned revenues	<u> </u>	<u>22,977</u>	<u> </u>	<u>22,977</u>
TOTAL LIABILITIES	245,413	29,882	 	275,295
Fund Balances				
Unassigned	<u>2,529,502</u>	<u> </u>	<u> </u>	<u>2,529,502</u>
Total fund balances	2,529,502	0	0	2,529,502
TOTAL LIABILITIES AND FUND BALANCE	\$2,774,915	\$29,882	\$0	\$2,804,797

See accompanying notes

ANCHORAGE INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO
 THE STATEMENT OF NET POSITION
 As of June 30, 2015

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

Total Fund Balance - Governmental Funds		\$2,529,502
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		5,038,550
Deferred outflows of resources		117,584
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		
	Deferred inflows of resources	(111,760)
	Pension Liability	(997,920)
	Bonds Payable	(651,806)
	Accrued Interest on Bonds	(3,169)
	Accumulated Sick Leave	<u>(138,563)</u>
Total Net Position - Governmental Activities		\$5,782,418

See accompanying notes

ANCHORAGE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the year ended June 30, 2015

	General Fund	Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
From local sources				
Property taxes	\$3,964,737	\$	\$187,804	\$4,152,541
Motor vehicle taxes	231,550			231,550
Occupational license tax	632,058			632,058
Earnings on investments	17,096			17,096
Other local revenues	138,043	33,797		171,840
Intergovernmental - State	1,871,686	60,524	35,877	1,968,087
Intergovernmental - Federal		<u>135,947</u>		<u>135,947</u>
Total revenues	<u>6,855,170</u>	<u>230,268</u>	<u>223,681</u>	<u>7,309,119</u>
Expenditures				
Instruction	3,399,851	219,158		3,619,009
Support services				
Student	93,323			93,323
Instruction staff	944,852	11,110		955,962
District administration	406,367			406,367
School administration	376,304			376,304
Business	591,661			591,661
Plant operation and maintenance	640,497			640,497
Debt service			<u>223,681</u>	<u>223,681</u>
Total expenditures	<u>6,452,855</u>	<u>230,268</u>	<u>223,681</u>	<u>6,906,804</u>
Excess(deficit)of revenues over expenditures	402,315	0	0	402,315
Other Financing Sources (Uses)				
Operating transfers in			223,681	223,681
Operating transfers out	<u>(8,438)</u>		<u>(223,681)</u>	<u>(232,119)</u>
Total other financing sources (uses)	(8,438)	0	0	(8,438)
Excess (deficit) of revenues and other financing sources over expenditures and other financing uses	393,877	0	0	393,877
Fund balance, July 1, 2014	<u>2,135,625</u>	<u>0</u>	<u>0</u>	<u>2,135,625</u>
Fund balance, June 30, 2015	\$2,529,502	\$0	\$0	\$2,529,502

See accompanying notes

ANCHORAGE INDEPENDENT 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, 2015

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

Total net change in fund balances - governmental funds \$393,877

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	(312,305)	
	Capital Outlays	<u>83,585</u>	(228,720)

Loss on sale of assets (170)

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		197,749
	Bond amortization expense		(12,759)

	Deferred Outflows from Pension		(15,670)
	Deferred Inflows from Pension		(111,760)

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 Pension Liability		47,350
	Change in Accrued Interest		(3,169)
	KSBIT liability		81,823
	Change in Sick Leave		<u>(89,769)</u>

Total Change in Net Position - Governmental Activities \$258,782

See accompanying notes

ANCHORAGE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
As of June 30, 2015

	Food Service <u>Fund</u>	Summer Programs <u>Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$4,536	\$13,392	\$17,928
Accounts receivable	7,396		7,396
Inventory	3,056		3,056
Capital Assets, net of depreciation	<u>7,673</u>	<u> </u>	<u>7,673</u>
TOTAL ASSETS	\$22,661	\$13,392	\$36,053
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows from pension	\$16,034		\$16,034
LIABILITIES			
Accounts payable	\$405	\$12	\$417
Pension liability - long term	<u>136,080</u>	<u> </u>	<u>136,080</u>
TOTAL LIABILITIES	136,485	12	136,497
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows from pension	\$15,240		\$15,240
NET POSITION			
Net Investment in Capital Assets	7,673		7,673
Restricted Net Position	<u>(120,703)</u>	<u>13,380</u>	<u>(107,323)</u>
TOTAL NET POSITION	(\$113,030)	\$13,380	(\$99,650)

See accompanying notes

ANCHORAGE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For The Year Ended June 30, 2015

	Food Service <u>Fund</u>	Summer Programs <u>Fund</u>	<u>Total</u>
OPERATING REVENUES			
Lunchroom sales	\$170,671		\$170,671
Other tuition	<u> </u>	<u>4,830</u>	<u>4,830</u>
Total Operating Revenues	170,671	4,830	175,501
OPERATING EXPENSES			
Salaries and wages	148,819	6,900	155,719
Contract services	12,487		12,487
Materials and supplies	75,561	358	75,919
Miscellaneous	211		211
Depreciation	<u>832</u>		<u>832</u>
Total Operating Expenses	237,910	<u>7,258</u>	245,168
Operating income (loss)	(67,239)	(2,428)	(69,667)
NON-OPERATING REVENUES (EXPENSES)			
Federal grants	11,144		11,144
Commodities received	9,342		9,342
State grants	1,449		1,449
State on-behalf payments	23,553		23,553
Interest income	128		128
Transfer In from General Fund	<u>8,438</u>		<u>8,438</u>
Non-operating revenues (expenses)	54,054		54,054
Net income (loss)	(13,185)	(2,428)	(15,613)
Increase (decrease) in Net Position	(13,185)	(2,428)	(15,613)
Net Position, July 1, 2014	24,521	15,808	40,329
Prior Period Adjustment, Pension	<u>(124,366)</u>	<u>0</u>	<u>(124,366)</u>
Net Position, June 30, 2015	(\$113,030)	\$13,380	(\$99,650)

See accompanying notes

ANCHORAGE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For The Year Ended June 30, 2015

	Food Service <u>Fund</u>	Summer Programs <u>Fund</u>	<u>Total</u>
CASH FLOW FROM OPERATING ACTIVITIES			
Cash received from customers	\$169,823	\$4,830	\$174,653
Cash paid to employees, including benefits	(114,346)	(6,900)	(121,246)
Cash paid to suppliers	<u>(78,486)</u>	<u>(1,161)</u>	<u>(79,647)</u>
Net cash provided by operating activities	(23,009)	(3,231)	(26,240)
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES			
Cash received from general fund	8,438		8,438
Interest income	128		128
Cash received from government funding	<u>12,593</u>		<u>12,593</u>
Net cash provided from capital and related financing activities	21,159		21,159
Net increase (decrease) in cash	(1,850)	(3,231)	(5,081)
Cash and equivalents, July 1, 2014	<u>6,386</u>	<u>16,623</u>	<u>23,009</u>
Cash and equivalents, June 30, 2015	\$4,536	\$13,392	\$17,928
Reconciliation of Operating income (loss) to Net Cash Provided by Operating Activities			
Operating income (loss)	(\$67,239)	(\$2,428)	(\$69,667)
Adjustments to reconcile net income to cash provided by operating activities			
Depreciation	832		832
On-behalf payments	23,553		23,553
Commodities used	9,342		9,342
(Increase) in accounts receivable	(848)		(848)
Decrease in inventory	295		295
Increase (decrease) in accounts payable	136	(803)	(667)
Decrease in Deferred outflows	2,137		2,137
Increase in Deferred inflows	15,240		15,240
Decrease in Pension Liability	<u>(6,457)</u>	_____	<u>(6,457)</u>
Net cash provided by operating activities and increase in cash and equivalents	(\$23,009)	(\$3,231)	(\$26,240)

Schedule of Non-Cash Financing Activities

Donated commodities	\$9,342
On Behalf payments	\$23,553

See accompanying notes

ANCHORAGE INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 As of June 30, 2015

	Private Purpose Trust Funds	Agency Fund
ASSETS		
Cash and equivalents	\$104,731	\$73,146
Accounts receivable		<u>0</u>
TOTAL ASSETS		\$73,146
LIABILITIES		
Accounts payable		\$0
Due to student groups		<u>73,146</u>
TOTAL LIABILITIES		\$73,146
NET POSITION HELD IN TRUST	\$104,731	

See accompanying notes

ANCHORAGE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
For the Year Ended June 30, 2015

Additions	
Investment income	\$574
Local revenues	<u>402</u>
Total Additions	976
Deductions	
Plant operations & maintenance	5,870
Decrease in net position	(4,894)
Net position, July 1, 2014	109,625
Net position, June 30, 2015	\$104,731

ANCHORAGE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

The Anchorage Independent 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 Anchorage Independent 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 Anchorage Independent 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:

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

ANCHORAGE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2015

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 and meets the cash flow needs of its proprietary activities.

The District has the following funds:

I. Governmental Fund Types

- (A) The General Fund is the primary operating fund of the District. 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 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.

ANCHORAGE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2015

- (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 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 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 includes Capital Projects Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction and/or renovations.

II. Debt Service Fund

The Debt Service Fund 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 for the current year.

III. Proprietary Funds (Enterprise Fund)

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

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

1. The Agency Fund accounts for activities of student groups and other types of activities requiring clearing accounts. These funds are accounted for in accordance with Uniform Program of Accounting for School Activity Funds.
2. 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.

ANCHORAGE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2015

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.

Deferred Revenue – Deferred 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.

ANCHORAGE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2015

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, 2015, to finance operations were \$.982 per \$100 valuation for real property, \$.982 per \$100 valuation for business personal property and \$1.10 per \$100 valuation for motor vehicles.

The District levies a occupational tax in the amount of 0.75% of the gross wages derived from the earning, within the District,.

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.

ANCHORAGE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2015

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 maintains a capitalization threshold of five thousand dollars with the exception of computers, digital cameras and real property for which there is no threshold. The District does not possess any infrastructure. Improvements are capitalized; the cost of, normal maintenance and repairs that do not add to the value of the 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
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 vesting 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.

ANCHORAGE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2015

Budgetary Process

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

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

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

Once the budget is approved, it can be amended. 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, 2015 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 expense, 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.

ANCHORAGE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2015

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 position invested in capital assets, net of related debt 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 are 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

Subsequent events were considered through October 15, 2015, which represents the date of my report.

ANCHORAGE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2015

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 2015 were levied on the assessed valuation of property located in the School District as of January 1, 2014 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.

ANCHORAGE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2015

NOTE C – CASH AND CASH EQUIVALENTS

At year-end, the carrying amount of the District's total cash and cash equivalents was \$2,761,534. 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, 2015 consisted of the following:

	Bank Balance	Book Balance
General Checking Account		
General Fund	\$	\$ 2,677,912
Fund 2		(7,452)
Fund 310		0
Fund 320		0
Fund 360		0
Fund 51		4,536
Fund 52		<u>13,392</u>
Total General Checking Account	3,389,199	2,688,388
Activity and Trust Funds	73,759	73,146
Debt Service Funds	<u>0</u>	<u>0</u>
TOTALS	\$ 3,462,958	\$2,761,534

Breakdown per financial statements:

Governmental Funds	\$ 2,670,460
Proprietary Funds	17,928
Agency Funds	<u>73,146</u>
TOTALS	\$ 2,761,534

NOTE D – CAPITAL ASSETS

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

Instruction	\$ 236,631
Support Services	
Student	17,489
Instructional staff	11,029
District administration	2,831
School administration	853
Business	206
Plant operations & maintenance	<u>43,266</u>
Total Depreciation expense, governmental activities	312,305

ANCHORAGE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2015

NOTE D – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2015 was as follows:

	Beginning	Additions	Deletions	Ending
Land	100			100
Land Improvements	314,537			314,537
Buildings/Bldg Improvements	8,735,424			8,735,424
Technology Equipment	645,227	83,585	84,288	644,524
General Equipment	<u>32,809</u>			<u>32,809</u>
	9,728,097	83,585	84,288	9,727,394
Accumulated Depreciation				
Land Improvements	259,033	15,727		274,760
Buildings/Bldg Improvements	3,735,218	204,658		3,939,876
Technology Equipment	437,178	91,213	84,118	444,273
General Equipment	<u>29,228</u>	<u>707</u>		<u>29,935</u>
	4,460,657	312,305	84,118	4,688,844
Net	5,267,440	(228,720)	170	5,038,550
	Beginning	Additions	Deletions	Ending
Businee-type activities				
General Equipment	<u>58,996</u>			<u>58,996</u>
	58,996	0	0	58,996
Accumulated Depreciation				
General Equipment	<u>50,491</u>	<u>832</u>		<u>51,323</u>
	50,491	832	0	51,323
	8,505	(832)	0	7,673

ANCHORAGE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2015

NOTE E – BONDED DEBT AND LEASE OBLIGATIONS

The amount shown in the accompanying financial statements as lease obligations represents the District's future obligations to make lease payments relating to the bonds issued aggregating the original amount of each issue, the issue date, and interest rates are summarized below:

Issue Date	Proceeds	Rates
2008 Refunding	\$ 1,335,000	2.2% to 3.25%
Series 2009 KISTA	\$ 246,239	1.0% to 3.00%

The District, through the General Fund (including the Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund and Building 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.

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

	Beginning Balance	Additions	Payments	Ending Balance
Bonds	\$849,555		\$197,749	\$651,806

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, at June 30, 2015 for debt service (principal and interest) are as follows:

ANCHORAGE INDEPENDENT SCHOOL DISTRICT			
Fiscal Year	Principal	Interest	Total
2015-2016	204,120	20,120	224,240
2016-2017	215,493	13,844	229,337
2017-2018	221,811	6,990	228,801
2018-2019	<u>10,382</u>	<u>169</u>	<u>10,551</u>
TOTALS	651,806	41,123	692,929

ANCHORAGE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2015

NOTE F – COMMITMENTS UNDER NONCAPITALIZED LEASES

Commitments under operating lease agreements for equipment provide the minimum future rental payments as of June 30, 2015 as follows:

Year ending June 30,

2016	\$ 12,156
2017	0
2018	0
2019	0
2020	0
Later years	<u>0</u>
Total	\$ 12,156

NOTE G – CONTINGENCIES

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

NOTE H – 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 I – 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, 2015, this amount totaled \$138,563.

NOTE J – INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2015, consisted of the following:

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

ANCHORAGE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2015

NOTE K – 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 purchases 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 L – DEFICIT OPERATING/FUND BALANCES

Funds with a current year deficit of revenues over expenditures

Fund 51	(13,185)
Fund 52	(2,428)

NOTE M – COBRA

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

NOTE N – TRANSFER OF FUNDS

The following transfers were made during the year.

Type	From Fund	To Fund	Purpose	Amount
Operating	1	51	Food Service	8,438
Debt Service	320	400	Bond Payment	187,804
Debt Service	310	400	Bond Payment	35,877

NOTE O – ON-BEHALF PAYMENTS

The financial statements include payments made by the Commonwealth of Kentucky for insurance, flexible spending, and retirement benefits.

Health Insurance	\$ 572,606
Health Reimbursement Account	28,175
Life Insurance Fees	938
Administrative Fees	6,507
Federal Reimbursement	(23,664)
Technology	31,122
KTRS	<u>535,076</u>
Total	\$ 1,150,760

General Fund	\$ 1,127,207
Food Service	<u>23,553</u>
Total	\$ 1,150,760

ANCHORAGE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2015

NOTE P – GASB 68 AND 71

In March 2009, the Governmental Accounting Standards Board (GASB) approved Statement No. 68, *Accounting and Financial Reporting for Pensions*. Statement 68 requires cost-sharing employers to record a liability and expense equal to their proportionate share of the collective net pension liability and expense for the cost-sharing plan. In November 2013, the GASB approved Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which amends paragraph 13 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The provisions of the statement were adopted by the District for the fiscal year beginning July 1, 2014.

NOTE Q – RETIREMENT PLANS

The following are payroll and retirement amounts for the years ended June 30, 2015, 2014 and 2013.

	2015	2014	2013
Total payroll	\$4,132,621	\$4,314,950	\$4,148,092
KTRS total payroll	\$3,318,570	\$3,462,817	\$3,316,014
CERS total payroll	\$756,185	\$801,616	\$820,112
Contribution requirement for CERS	\$173,926	\$193,245	\$202,780
District portion - CERS contribution	\$133,618	\$151,426	\$160,211
Employee portion - CERS contribution	\$40,308	\$41,819	\$42,569
KTRS contribution - Commonwealth of KY	\$535,076	\$457,212	\$437,279

NOTE R – GENERAL INFORMATION ABOUT THE PENSION PLANS

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

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

ANCHORAGE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2015

NOTE R – GENERAL INFORMATION ABOUT THE PENSION PLANS (continued)

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 and 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. KTRS 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 12.105% of their salaries to the System. University members are required to contribute 9.895% of their salaries. KRS 161.580 allows each university to reduce the contribution of its members by 2.215%; therefore, university members contribute 7.68% of their salary to KTRS.

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. University employers contribute 15.36% of salaries of members. For local school district and regional cooperative members whose salaries are federally funded, the employer contributes 15.355% 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.

ANCHORAGE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2015

NOTE R – GENERAL INFORMATION ABOUT THE PENSION PLANS (continued)

Medical Insurance Plan

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

To be eligible for medical benefits, the member must have retired either for service or disability. The KTRS 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 KTRS Medicare Eligible Health Plan.

Funding policy – In order to fund the post-retirement healthcare benefit, six percent (6.00%) of the gross annual payroll of members before July 1, 2008 is contributed. Three percent (3.00%) is paid by member contributions and three quarters percent (.75%) from state appropriation and two and one quarter percent (2.25%) from the employer. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

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

At June 30, 2015, 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 KTRS 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>\$ 22,706,135</u>
---	----------------------

The net pension liability was measured as of June 30, 2014, 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, 2014, the District's proportion was 0.1105 percent.

ANCHORAGE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2015

NOTE R – GENERAL INFORMATION ABOUT THE PENSION PLANS (continued)

District contributions subsequent to the measurement date of \$0 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, 2016.

For the year ended June 30, 2015, the District recognized pension expense of \$535,076 and revenue of \$535,076 for support provided by the State. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Actuarial assumptions – The total pension liability in the June 30, 2014 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	4.00 – 8.20%, including inflation
Inflation rate	3.50%
Municipal Bond Index Rate	4.35%
Single Equivalent Interest Rate	5.23%

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 AA to 2020 with a setback of 1 year for females. The last experience study was performed in 2011 and the next experience study is scheduled to be conducted in 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.

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

ANCHORAGE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2015

NOTE R – GENERAL INFORMATION ABOUT THE PENSION PLANS (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	45.0%	6.4%
Non U.S. Equity	17.0%	6.5%
Fixed Income	24.0%	1.6%
High Yield Bonds	4.0%	3.1%
Real Estate	4.0%	5.8%
Alternatives	4.0%	6.8%
Cash	2.0%	1.5%
Total	<u>100.0%</u>	

Discount rate - The discount rate used to measure the total pension liability was 5.23%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 67. It was assumed that Plan member contributions will be made at the current contribution rates and the Employer contributions will be made at statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members until the 2036 plan year and as a result, the Municipal Bond Index Rate was used in the determination of the Single Equivalent Interest Rate (SEIR). On the Prior Measurement Date, the long-term expected rate of return of 7.50% on Plan investments was applied to periods before 2036 and a municipal bond index rate of 4.27% was applied to periods on or after 2036, resulting in an SEIR of 5.16%. There was a change in the Municipal Bond Index Rate from the Prior Measurement Date to the Measurement Date, so as required under GASB 68, the SEIR at the Measurement Date of 5.23% was calculated using the Municipal Bond Index Rate as of the Measurement Date (4.35%). This change in the discount rate is considered a change in actuarial assumptions under GASB 68.

The following table presents the District's proportionate share of the net pension liability of the System, calculated using the discount rate of 5.23%, 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 (4.23%) or 1-percentage-point higher (6.23%) than the current rate (\$ thousands):

	1% Decrease (4.23%)	Current Discount Rate (5.23%)	1% Increase (6.23%)
System's net pension liability	\$28,522	\$22,706	\$17,906

ANCHORAGE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2015

NOTE R – GENERAL INFORMATION ABOUT THE PENSION PLANS (continued)

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

June 30, 2013 is the actuarial valuation date upon which the TPL is based. An expected TPL is determined as of June 30, 2014 using standard roll forward techniques. The procedure used to determine the TPL as of June 30, 2014 is shown on page 6 of the GASB 67 report for KTRS submitted on December 11, 2014.

Since certain expense items are amortized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts serve to reduce pension expense they are labeled deferred inflows. If they will increase pension 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 expected remaining service life of the active and inactive Plan members at the beginning of the fiscal year. Investment gains and losses are amortized over a fixed five year period.

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 17.67% of the member's salary. The contribution requirements of CERS are established and may be amended by the CERS Board of Trustees.

ANCHORAGE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2015

NOTE R – GENERAL INFORMATION ABOUT THE PENSION PLANS (continued)

At June 30, 2015, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2014. An expected total pension liability as of June 30, 2014 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, 2014. At June 30, 2014, the District's proportion was .034942%.

For the year ended June 30, 2015, the District recognized pension expense of \$91,000. At June 30, 2015, the District reported deferred outflows of resources for District contributions subsequent to the measurement date of \$133,618 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 \$127,000.

District contributions subsequent to the measurement date of \$133,618 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, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to CERS will be recognized in pension expense as follows:

<u>Year</u>	
2016	\$ 25,400
2017	25,400
2018	25,400
2019	25,400
2020	<u>25,400</u>
	<u>\$ 127,000</u>

Actuarial Methods and Assumptions: The total pension liability for CERS was determined by applying procedures to the actuarial valuation as of June 30, 2014. The financial reporting actuarial valuation as of June 30, 2014, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2014
Experience Study	July 1, 2005 – June 30, 2008
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	30 years
Asset Valuation Method	5-year smoothed market
Inflation	3.5%
Salary Increase	4.5%, average, including inflation
Investment Rate of Return	7.75%, net of pension plan investment expense, including inflation

ANCHORAGE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2015

NOTE R – GENERAL INFORMATION ABOUT THE PENSION PLANS (continued)

The rates of mortality for the period after service retirement are according to the 1983 Group Annuity Mortality Table for all retired members and beneficiaries as of June 30, 2006 and the 1994 Group Annuity Mortality Table for all other members. The Group Annuity Mortality Table set forward five years is used for the period after disability retirement. The long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years for KRS. The most recent analysis, performed for the period covering fiscal years 2005 through 2008, is outlined in a report dated August 25, 2009. Several factors are considered in evaluating the long-term rate of return assumption including long term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense, and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	30.0%	8.45%
International Equity	22.0%	8.85%
Emerging Market Equity	5.0%	10.50%
Private Equity	7.0%	11.25%
Real Estate	5.0%	7.00%
Core U.S. Fixed Income	10.0%	5.25%
High Yield Fixed Income	5.0%	7.25%
Non US Fixed Income	5.0%	5.50%
Commodities	5.0%	7.75%
TIPS	5.0%	5.00%
Cash	1.0%	3.25%
	<u>100.0%</u>	

ANCHORAGE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For The Year Ended June 30, 2015

NOTE R – GENERAL INFORMATION ABOUT THE PENSION PLANS (continued)

Discount Rate: The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment return of 7.75%. The long-term assumed investment rate of return was applied to all periods of projected of benefit payments to determine the total pension liability.

The Schedule of Deferred Inflows and Outflows, and Pension Expense 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 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, 2014, is based on the June 30, 2014, actuarial valuation for the first year of implementation. As a result, there are no differences between expected and actual experience or changes in assumptions subject to amortization. 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 7.75 %, 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 (6.75 %) or 1-percentage-point higher (8.75 %) than the current rate:

	1% Decrease (6.75%)	Current discount rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 1,492,269	\$ 1,134,000	\$ 817,462

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, 2015 the District had payables to CERS in the amount of \$0 for June's covered payroll with contributions required to be paid in July.

ANCHORAGE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2015

NOTE T – RESTATEMENT OF NET POSITION – DISTRICT WIDE

The District adopted GASB 68 and 71 during the fiscal year, recording their proportionate share of the pension plan liabilities. Beginning balances were restated as follows:

	Governmental	Proprietary
Deferred Outflows from Pension	\$ 133,254	\$ 18,171
Pension Liability	<u>(1,045,270)</u>	<u>(142,537)</u>
Restatement of Beginning Net Position	\$ (912,016)	\$(124,366)

SUPPLEMENTARY INFORMATION

ANCHORAGE INDEPENDENT SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
 For The Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Taxes	4,809,697	4,797,639	4,828,345	30,706
Other Local Sources	139,725	139,725	155,139	15,414
State Sources	<u>760,237</u>	<u>760,237</u>	<u>1,871,686</u>	<u>1,111,449</u>
TOTAL REVENUES	5,709,659	5,697,601	6,855,170	1,157,569
EXPENDITURES				
Instruction	3,641,443	3,466,352	3,399,851	66,501
Support Services				
Student	76,001	76,900	93,323	(16,423)
Instructional Staff	734,528	780,616	944,852	(164,236)
District Administration	435,637	391,118	406,367	(15,249)
School Administration	380,344	377,008	376,304	704
Business	525,108	525,873	591,661	(65,788)
Plant Operation and Maintenance	1,599,626	1,734,949	640,497	1,094,452
Contingency	<u>520,982</u>	<u>489,819</u>	<u>0</u>	<u>489,819</u>
TOTAL EXPENDITURES	7,913,669	7,842,635	6,452,855	1,389,780
Excess (Deficit) of Revenues Over Expenditures	(2,204,010)	(2,145,034)	402,315	2,547,349
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	3,000	3,000	0	(3,000)
Operating Transfers Out	<u>0</u>	<u>0</u>	<u>(8,438)</u>	<u>(8,438)</u>
TOTAL OTHER FINANCING SOURCES (USES)	3,000	3,000	(8,438)	(11,438)
Excesss (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	(2,201,010)	(2,142,034)	393,877	2,535,911
Fund Balance, July 1, 2014	<u>2,201,010</u>	<u>2,142,034</u>	<u>2,135,625</u>	<u>(6,409)</u>
Fund Balance, June 30, 2015	\$0	\$0	\$2,529,502	\$2,529,502

On-Behalf payments were not budgeted. Both revenues and expenditures are equally increased by the amount of on-behalf payments totaling \$1,127,207.

ANCHORAGE INDEPENDENT SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE FOR SPECIAL REVENUE
 For The Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
State Sources	\$66,968	\$76,968	\$60,524	(16,444)
Federal Sources	134,314	134,734	135,947	1,213
Local Sources	<u>44,500</u>	<u>35,880</u>	<u>33,797</u>	<u>(2,083)</u>
TOTAL REVENUES	245,782	247,582	230,268	(17,314)
EXPENDITURES				
Instruction	235,706	237,506	219,158	18,348
Support Services				
Instructional Staff	<u>10,076</u>	<u>10,076</u>	<u>11,110</u>	<u>(1,034)</u>
TOTAL EXPENDITURES	245,782	247,582	230,268	17,314
Excess (Deficit) of Revenues Over Expenditures	0	0	0	0
Restricted Fund Balance, July 1, 2014	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Restricted Fund Balance, June 30, 2015	\$0	\$0	\$0	\$0

ANCHORAGE INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 As of June 30, 2015

	SEEK Capital Outlay Fund	FSPK Fund	Construction Fund	Debt Service Fund	Total Nonmajor Governmental Funds
ASSETS AND RESOURCES					
Cash and equivalents	\$0	\$0	\$0	\$0	\$0
TOTAL ASSETS AND RESOURCES	\$0	\$0	\$0	\$0	\$0
FUND BALANCES					
Restricted	\$0	\$0	\$0	\$0	\$0
TOTAL FUND BALANCES	0	0	0	0	0
TOTAL LIABILITIES AND FUND BALANCES	\$0	\$0	\$0	\$0	\$0

ANCHORAGE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For The Year Ended June 30, 2015

	SEEK Capital Outlay Fund	FSPK Fund	Construction Fund	Debt Service Fund	Total
REVENUES					
From local sources					
Taxes	\$	\$187,804	\$	\$	\$187,804
Intergovernmental-State	<u>35,877</u>	<u>0</u>			<u>35,877</u>
TOTAL REVENUES	35,877	187,804	0	0	223,681
EXPENDITURES					
Debt service				<u>223,681</u>	<u>223,681</u>
TOTAL EXPENDITURES	0	0	0	223,681	223,681
Excess (deficit) revenues over expenditures	35,877	187,804	0	(223,681)	0
OTHER FINANCING SOURCES (USES)					
Operating transfers in				223,681	223,681
Operating transfers out	<u>(35,877)</u>	<u>(187,804)</u>		<u> </u>	<u>(223,681)</u>
TOTAL OTHER FINANCING SOURCES (USES)	(35,877)	(187,804)	0	223,681	0
Excess (deficit) revenues and other financing sources over expenditures and other financing uses	0	0	0	0	0
Restricted Fund Balance, July 1, 2014	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Restricted Fund Balance, June 30, 2015	\$0	\$0	\$0	\$0	\$0

ANCHORAGE INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY NET POSITION
 SCHOOL ACTIVITY FUNDS
 As of June 30, 2015

	Anchorage Public Schools
ASSETS	
Cash and equivalents	\$73,146
Accounts receivable	<u>0</u>
TOTAL ASSETS	\$73,146
LIABILITIES	
Accounts payable	\$0
Due to student groups	<u>73,146</u>
TOTAL LIABILITIES	\$73,146

ANCHORAGE INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY RECEIPTS AND DISBURSEMENTS
 SCHOOL ACTIVITY FUNDS
 For The Year Ended June 30, 2015

	Cash Balances July 1, 2014	Receipt Disbursements	Cash Balances June 30, 2015	Accounts Receivable June 30, 2015	Accounts Payable June 30, 2015	Due To Student Groups June 30, 2015
Anchorage Public School (K-8)	\$86,999	\$153,899	\$73,146	\$0	\$0	\$73,146

ANCHORAGE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 For The Year Ended June 30, 2015

	2015
District's proportion of the net pension liability (asset)	
KTRS	\$0
CERS	<u>\$1,134,000</u>
Total	<u>\$1,134,000</u>
District's proportionate share of the net pension liability (asset)	
KTRS	0
CERS	0.034942%
State's proportionate share of the net pension liability (asset) associated with the District	
KTRS	\$22,706,135
District's covered employee payroll	
KTRS	\$3,318,570
CERS	\$756,185
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	
KTRS	0
CERS	149.96%

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

ANCHORAGE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT PENSION CONTRIBUTIONS
 For The Year Ended June 30, 2015

2015

Contractually required contributions		
	KTRS	\$535,076
	CERS	<u>\$151,425</u>
Total		\$686,501
Contributions in relation to the contractually required contribution		
	KTRS	\$535,076
	CERS	<u>\$151,425</u>
Total		\$686,501
Contribution deficiency (excess)		
	KTRS	\$0
	CERS	<u>\$0</u>
Total		\$0
District's covered employee payroll		
	KTRS	\$3,318,570
	CERS	<u>\$756,185</u>
Total		\$4,074,755
Contributions as a percentage of covered employee payroll		
	KTRS	16.12%
	CERS	20.02%

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

ANCHORAGE INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For The Year Ended June 30, 2015

Changes of benefit terms

KTRS - none

CERS - none

Changes of assumptions

KTRS - In the 2011 valuation and later, the expectation of retired life mortality was changed to the RP - 2000 Mortality Tables rather than the 1994 Group Annuity Mortality Table, which was used prior to 2011. In the 2011 valuation, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience. In the 2011 valuation, the KTRS Board adopted an interest smoothing methodology to calculate liabilities for purposes of determining the actuarially determined contributions.

CERS - none

**DENISE M. KEENE
CERTIFIED PUBLIC ACCOUNTANT
P.O. BOX 1444
GEORGETOWN, KENTUCKY 40324
502-857-2579**

**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
(for a Governmental Entity)**

**(No Material Weaknesses Identified, No Significant Deficiencies Identified, and
No Reportable Instances of Noncompliance, or Other Matters Identified)**

Independent Auditor's Report

State Committee For School District Audits
Members of the Board of Education
Anchorage Independent School District
Anchorage, 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 Anchorage Independent Board of Education as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated October 15, 2015.

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) to determine 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

I noted certain matters that I reported to management of the District in a separate letter dated October 15, 2015.

Denise M. Keene

Denise M. Keene, CPA
Georgetown, Kentucky
October 15, 2015

MANAGEMENT LETTER

**DENISE M. KEENE
CERTIFIED PUBLIC ACCOUNTANT
P.O. BOX 1444
GEORGETOWN, KENTUCKY 40324
502-857-2579**

Anchorage Independent Board of Education
Anchorage, Kentucky

We have audited the financial statements of the Anchorage Independent School District for the year ended June 30, 2015 and have issued our report thereon dated October 15, 2015. 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 Anchorage Independent 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 Anchorage Independent School District taken as a whole. Our study and evaluation disclosed no condition that we believe to be a material weakness.

The following items from last year's management letter points 2014-1, 2014-2, and 2014-3. The District reviewed its procedures and decided not to make changes at this time.

Denise M. Keene, CPA
October 15, 2015

CURRENT YEAR MANAGEMENT POINTS

2015-001

Payroll testing disclosed that Form I-9s are not being completed properly. Three (3) of five (5) tested did not complete the section on documents inspected or the employer section. One (1) of five (5) was not found. There is a penalty for not having Form I-9 on file and completed. I would recommend an internal audit of Form I-9.

Management's Response:

The Treasurer and District Secretary will review the procedures for completing Form I-9 and ensure they are completed appropriately moving forward. We will also review I-9 forms for all current employee, ensuring employees complete any missing sections.

2015-002

Test of Disbursements disclosed ten (10) out of seventy-four (74) tested had purchase order dates after the invoice date. Staff should be reminded that purchase orders should be approved prior to committing District funds.

Management's Response:

The Superintendent, Treasurer and District Secretary will review the dates more carefully to reduce the dating issue. We continue to notify staff in writing if they have a date issue with their purchase. Additionally, the Treasurer sent out a reminder email to all staff.

2015-003

According to KRS 424.220 the District is to publish notice of its annual financial report within sixty (60) days after the close of the fiscal year. The District published the notice September 23, 2015 which is eighty-five days after the close of the fiscal year. I recommend the District publish the notice by August 29th in order to comply with the sixty day requirement.

Management's Response:

To date, we had posted the annual financial report to our website after the audit was complete so we would be sharing audited data. Going forward, we will post the annual financial report within sixty days of the close of the fiscal year with the wording "unaudited" on each page of the annual financial report.

2015-004

The MUNIS general ledger amounts for fixed assets do not agree with the MUNIS detail. It appears there have been journal entries made to fixed assets through the general ledger journal entry instead of doing them in the Fixed Asset module. I recommend the District reconcile the general ledger amounts with the detail.

Management's Response:

The district Treasurer will work with Jill Page (formerly Fixed Assets at KDE) from Fayette County Board of Education to revise prior year audit adjustments to fixed assets.

SCHOOL ACTIVITY ACCOUNT

2015-005

According to the Red Book, "The purchase order shall be prepared and approved by the sponsor and principal before the payment is obligated." Five (5) out of twenty-two (22) expenditures tested had purchase order dates after the invoice date. Two (2) out of twenty-two (22) did not have the sponsor's approval. The principal should remind all staff that purchase orders must be approved prior to obligating the school.

Management's Response:

The school Principal and Bookkeeper will remind all staff that purchase orders must be approved prior to obligating the school. Also, the Treasurer sent a reminder email to all district staff concerning the importance of prior approval. Additionally, we will conduct Redbook training onsite with Ron Flannery. The Treasurer will conduct a mini audit in February by pulling 50 random invoices to ensure compliance.

2015-006

According to the Red Book, the vendor invoice or standard invoice must be present before the payment process can continue. Two (2) out of twenty-two (22) expenditures tested did not have an invoice attached. The principal should remind all staff to turn in vendor invoices.

Management's Response:

The school Principal and Bookkeeper will remind all staff that vendor invoices must be turned in. Additionally, we will conduct Redbook training onsite with Ron Flannery. The Treasurer will conduct a mini audit in February by pulling 50 random invoices to ensure compliance.

2015-007

According to the Red Book, "Students third grade and above must sign the Multiple Receipt Form." Testing disclosed that some teachers were not having their students sign the Multiple Receipt Form. The Principal should remind teachers/sponsors who are receiving money to have the students sign the Multiple Receipt Form.

Management's Response:

The school Principal and Bookkeeper will remind all staff to have all students sign the multiple receipt form when used in the classroom. Additionally, we will conduct Redbook training onsite with Ron Flannery.

2015-008

According to the Red Book, "amounts may be transferred between activity accounts only by proper completion of a Transfer Form. The sponsor of the remitting (paying) activity account and the principal shall sign the Transfer Form." One (1) out of three (3) forms did not have a sponsor signature, but should have. There was one (1) transfer forms not found. I recommend sponsor signatures be obtained before money is transferred when required.

Management's Response:

The school Principal and Bookkeeper will have sponsors sign for any transfers before they are posted. Additionally, we will conduct Redbook training onsite with Ron Flannery.

2015-009

The Anchorage PTA did not turn in all required documentation during the year. A budget for 2014-2015 was not turned in. I recommend the Principal monitor booster clubs to make sure they comply with all Red Book requirements.

Management's Response:

The school Principal and Bookkeeper will monitor booster clubs to ensure all appropriate paper work is turned in each year. An APTA budget was placed on file at the district level but in the future will additionally be filed at the school. Additionally, we will conduct Redbook training onsite with Ron Flannery.

2015-010

Ticket Sale Forms are not being completed correctly. Of the two forms tested, one (1) did not have any signatures, the other only had the signature of the person in charge at the time of receiving the start up money and the School Treasurer's signature. The start up money was not recorded on either form. The ticket seller did not initial either form. Since a ticket taker did not sign the form, could not tell if there was a second person taking up tickets. One of the forms did not complete the section recording the checks, currency, and coins. One form did not complete the section of Total Sales, Over/Short. That form did not deposit the same amount as shown on the form. The school treasurer should check the form for completion before accepting the form.

Management's Response:

The school Principal and Bookkeeper will review Ticket Sale Forms more closely. We will conduct training for game day administrators, with completed examples, so they can assist parent volunteers completing the forms after school hours. Additionally, we will conduct Redbook training onsite with Ron Flannery.

2015-011

According to the Redbook, the Fundraiser Approval Form shall be completed before the fundraiser begins. The form was not completed for the two fundraisers tested. In addition, fundraisers where items are sold, require the use of the Fundraiser Worksheet Form which is used to recap the profitability of a fundraiser. This form was not completed for the two fundraisers tested. The Principal should remind all staff of the process for fundraisers.

Management's Response:

The school Principal and Bookkeeper will remind all staff of the fundraiser process including required forms. Additionally, we will conduct Redbook training onsite with Ron Flannery.