

Strothman and Company
Certified Public Accountants and Advisors
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Independent Auditors' Report



To the Mayor and City Council
City of Anchorage, Kentucky
Anchorage, Kentucky

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the City of Anchorage, Kentucky (the "City"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the accompanying 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.

Auditors' 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 the *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 auditors' 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 auditors consider internal control relevant to the City'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 City'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 and each major fund of the City as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules on pages 34 and 35 and the pension and other post-employment benefit liability and contribution information on pages 36 through 41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board ("GASB"), 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.

Management of the City has omitted the management discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the GASB, 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. Our opinions on the basic financial statements are not affected by this missing information.

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The other supplementary information presented on pages 43 through 46 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2022 on our consideration of the City'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 City's internal control over financial reporting and compliance.

Stoetman and Company
Louisville, Kentucky
March 18, 2022

City of Anchorage
Fiscal Year ending June 30, 2021 Audit

A copy of the complete audit report, including financial statements and supplemental information, is on file at City Hall and is available for public inspection during normal business hours. Any citizen may obtain a copy of the complete auditor's report, including financial statements and supplemental information. The citizen will be charged for duplication costs at a rate of \$0.10 per page.

Copies of the financial statement (only) prepared in accordance with KRS 424.220 are available to the public at no cost at Anchorage City Hall, 1306 Evergreen Road, Anchorage, KY 40223.

Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual - General Fund

City of Anchorage, Kentucky

For the Year Ended June 30, 2021

	Budget		Actual	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Property taxes	\$ 1,951,365	\$ 1,951,365	\$ 1,861,633	\$ (89,732)
Insurance premiums tax	550,000	550,000	500,199	(49,801)
Franchise taxes and fees	94,000	94,000	95,415	1,415
Other fees	13,260	13,260	15,988	2,728
Base court revenue	8,000	8,000	2,207	(5,793)
State grants			229,428	229,428
Police incentive	40,000	40,000	38,504	(1,496)
Kentucky municipal aid	50	50	42	(8)
Tax penalties and interest	2,500	2,500	3,943	1,443
Investment income	90,060	90,060	130,856	40,796
Net decrease in fair value of investments	(10,000)	(10,000)	(81,860)	(71,860)
Rental income	83,760	83,760	86,390	2,630
Litter abatement	1,600	1,600	1,797	197
Other	14,135	14,135	36,630	22,495
Total Revenues	2,838,730	2,838,730	2,921,172	82,442
Expenditures				
Administrative and general	1,192,045	1,192,045	1,078,591	(113,454)
Police department	1,024,010	1,024,010	1,011,212	(12,798)
Public works department	228,075	228,075	213,489	(14,586)
Forestry department	32,470	32,470	35,429	2,959
Capital expenditures	172,905	172,905	105,780	(67,125)
Total Expenditures	2,649,505	2,649,505	2,444,501	(205,004)
Revenues in Excess of Expenditures	189,225	189,225	476,671	287,446
Other Financing Sources (Uses)				
Transfers out			(388,873)	(388,873)
Sale of fixed assets	16,000	16,000	36,698	20,698
Total Other Financing Sources (Uses)	16,000	16,000	(352,175)	(368,175)
Net Change in Fund Balance	\$ 205,225	\$ 205,225	\$ 124,496	\$ (80,729)

See Independent Auditors' Report

Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual - Road Fund

City of Anchorage, Kentucky

For the Year Ended June 30, 2021

	Budget		Actual	Variance with Final Budget - Over (Under)
	Original	Final		
Revenue				
Intergovernmental revenue	\$ 49,000	\$ 49,000	\$ 45,637	\$ (3,363)
Investment income	1,000	1,000	668	(332)
Total Revenue	50,000	50,000	46,305	(3,695)
Expenditures				
Streets/drainage	179,600	179,600	84,300	(95,300)
Capital expenditures	70,000	70,000	189,143	119,143
Total Expenditures	249,600	249,600	273,443	23,843
Revenues Less Than Expenditures	(199,600)	(199,600)	(227,138)	(27,538)
Other Financing Sources				
Transfers in			388,873	388,873
Net Change in Fund Balance	\$ (199,600)	\$ (199,600)	\$ 161,735	\$ 361,335

See Independent Auditors' Report