

**BURGIN INDEPENDENT  
SCHOOL DISTRICT  
AUDIT REPORT  
JUNE 30, 2023**

## TABLE OF CONTENTS

Independent Auditor's Report	1-3
Management Discussion and Analysis	4-10
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements:	
Balance Sheet – Governmental Funds	13
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	14
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Statement of Net Position – Proprietary Funds	17
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	18
Statement of Cash Flows – Proprietary Funds	19
Statement of Fiduciary Net Position – Fiduciary Funds	20-21
Notes to Basic Financial Statements	22-53
Required Supplementary Information:	
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	54
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Special Revenue Fund	55
Schedule of District's Proportionate Share of Net Pension Liability – Teachers' Retirement System	56
Schedule of District's Proportionate Share of Net Pension Liability – County Employees Retirement System	57
Schedule of Contributions to the Teachers Retirement System	58
Schedule of Contributions to the County Employees Retirement System	59

## TABLE OF CONTENTS (CONTINUED)

Schedule of District's Proportionate Share of the Net OPEB Liability – Medical Insurance - CERS	60
Schedule of District's Proportionate Share of the Net OPEB Liability – Medical Insurance - TRS	61
Schedule of District's Proportionate Share of the Net OPEB Liability – Life Insurance - TRS	62
Schedule of Contributions to the Medical Insurance Plan - CERS	63
Schedule of Contributions to the Medical Insurance Plan - TRS	64
Schedule of Contributions to the Life Insurance Plan - TRS	65
Notes to Required Supplementary Information	66-72
Other Supplementary Information:	
Combining Statement – Non-Major Funds:	
Combining Balance Sheet – Non-Major Governmental Funds	73
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds	74
Combining Statement of Revenues, Expenditures and Fund Balances – Student Activity Funds	75
Statement of Receipts, Disbursements and Fund Balance – High School Activity Fund	76
Schedule of Expenditure of Federal Awards	77
Notes to Schedule of Expenditures of Federal Awards	78
Schedule of Findings and Questions Costs	79
Schedule of Prior Year Audit Findings	80
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	81-82
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required the Uniform Guidance	83-85
Management Letter Comments	86-87
Letter to Those Charged with Governance	88-90

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November 15, 2023

## INDEPENDENT AUDITOR'S REPORT

Members of the Board of Education  
Burgin Independent School District  
140 Burgin-Danville Road  
Burgin, KY 40310

### Report on the Financial Statements

#### *Opinions*

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Burgin Independent School District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Burgin Independent School District's basic financial statements as listed in the table of contents.

In my 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 Burgin Independent School District, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

I conducted my 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, *Appendix I to the Independent Auditor's Contract – Audit Extension Request*, *Appendix II to the Independent Auditor's Contract – Instructions for Submission of the Audit Contract, Audit Acceptance Statement, AFR and Balance Sheet, Statement of Certification, and Audit Report*. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Burgin Independent School District and to meet my ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

#### *Change in Accounting Principle*

As described in Note A to the financial statements, in 2023, the District adopted new guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. My opinion is not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of Financial Statement***

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

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

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedules of the district's proportionate share of net pension liabilities, and the schedules of the district's proportionate share of net other post-employment benefits on pages 4 through 10, 54 through 57, and 60 through 62 be presented to

supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Burgin Independent School District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, the statement of receipts, disbursements and fund balance – High School Activity Fund, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued my report dated November 15, 2023, on my consideration of Burgin Independent School District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Burgin Independent School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Burgin Independent School District's internal control over financial reporting and compliance.

Sincerely,

***Montgomery & Company, P.L.L.C.***

Certified Public Accountants

**BURGIN INDEPENDENT SCHOOL DISTRICT**  
**Management's Discussion and Analysis (MD&A)**  
**Year Ended June 30, 2023**

As management of the Burgin Independent School District (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, 2023. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the financial statements.

**FINANCIAL HIGHLIGHTS**

- The beginning General Fund balance was \$526,905. The ending fund balance was \$208,997. General fund revenues increased \$468,634 and expenditures increased by \$737,574 as compared with the prior year.
- The District had \$7,868,785 in revenue and \$7,717,757 in expenses.
- The District, through routine debt service, reduced bond debt through the Debt Service Fund. Total bond and lease principal payments for fiscal year 2023 were \$386,752 and the District paid an additional \$164,722 in interest payments.
- The District's total net position increased \$37,221 to (\$965,304). Current assets decreased \$108,172, non-current assets increased \$346,442, and total liabilities decreased \$185,558.

## OVERVIEW OF FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements 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 fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported 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 are also supported by taxes and intergovernmental revenues.

The district-wide financial statements can be found on pages 11 - 12 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 agency funds that account for activities of student groups and other types of activities requiring clearing accounts. The only proprietary fund is our food service operation. All other activities of the district are included in the governmental funds.

The basic governmental fund financial statements can be found on pages 13 - 21 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 22 - 53 of this report.

## DISTRICT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities and deferred inflows exceeded assets and deferred outflows by \$965,304 as of June 30, 2023.



The largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment), less any related debt used to acquire those assets that are 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, 2023 and June 30, 2022

A comparison of June 30, 2023 and June 30, 2022 government wide net position is as follows:

	Governmental		Business – Type		Total	
	Activities		Activities		Primary Government	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Current and Other Assets	\$1,469,791	\$1,553,916	\$60,687	\$84,734	\$1,530,478	\$1,638,650
Net Capital Assets	7,378,927	7,691,208	316,604	350,765	7,695,531	8,041,973
Deferred Outflows (2022 Restated)	<u>1,416,565</u>	<u>860,018</u>	<u>82,862</u>	<u>67,543</u>	<u>1,499,427</u>	<u>927,561</u>
<b>Total Assets and Def Outflows</b>	<u>10,265,283</u>	<u>10,105,142</u>	<u>460,153</u>	<u>503,042</u>	<u>10,725,436</u>	<u>10,608,184</u>
Current Liabilities	646,808	649,656	152	21	646,960	649,677
Non-Current Liabilities	9,609,564	9,436,288	264,300	249,301	9,873,864	9,685,589
Deferred Inflows (2022 Restated)	<u>1,084,016</u>	<u>1,277,074</u>	<u>85,900</u>	<u>112,176</u>	<u>1,169,916</u>	<u>1,389,250</u>
<b>Total Liabilities and Def Inflows</b>	<u>11,340,388</u>	<u>11,363,018</u>	<u>350,352</u>	<u>361,498</u>	<u>11,690,740</u>	<u>11,724,516</u>
<b>Net Position</b>						
Net Investment in Capital Assets	392,180	313,147	316,604	350,765	708,784	663,912
Restricted	1,065,511	825,473	(206,803)	(209,221)	858,708	616,252
Unrestricted (2022 Restated)	<u>(2,532,796)</u>	<u>(2,396,496)</u>			<u>(2,532,796)</u>	<u>(2,396,496)</u>
<b>Total Net Position</b>	<u>(1,075,105)</u>	<u>(1,257,876)</u>	<u>109,801</u>	<u>141,544</u>	<u>(965,304)</u>	<u>(1,116,332)</u>

Deferred outflows increased by \$556,547 and total liabilities increased \$185,558. Deferred inflows decreased by \$193,058.

The following table presents a comparison of revenues, expenses and changes in net position for the fiscal years ended June 30, 2023 and June 30, 2022.

	Governmental		Business – Type		Total	
	Activities		Activities		Primary Government	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
<b>REVENUES</b>						
Program revenues						
Charges for services	\$13,183	\$51,649	14,838	11,178	\$28,021	\$62,827
Operating grants and contributions	1,048,553	1,182,201	339,303	358,329	1,387,856	1,540,530
Capital grants	1,723	2,312	-	-	1,723	2,312
General revenues						
Property taxes	2,149,050	1,937,468	-	-	2,149,050	1,937,468
Motor vehicle taxes	218,262	216,137	-	-	218,262	216,137
Utility Taxes	148,341	150,879	-	-	148,341	150,879
Other taxes	903	126,659	-	-	903	126,659
Investment earnings	9,703	10,948	-	-	9,703	10,948
Fed & State and formula grants	3,608,477	3,158,809	-	-	3,608,477	3,158,809
Miscellaneous	307,494	222,899	7,755	-	315,249	222,899
Special Items						
Fund Transfer	-	-	-	-	-	-
Gain (loss) on sale of assets	1,200	-	-	-	1,200	-
<b>Total revenues</b>	<u>7,506,889</u>	<u>7,059,961</u>	<u>361,896</u>	<u>369,507</u>	<u>7,868,785</u>	<u>7,429,468</u>
<b>EXPENSES</b>						
Program Activities						
Instructional	4,787,025	4,387,824	-	-	4,787,025	4,387,824
Student support	260,807	217,357	-	-	260,807	217,357
Instructional staff Support	325,275	319,308	-	-	325,275	319,308
District administrative support	388,510	301,737	-	-	388,510	301,737
School administrative support	337,623	358,317	-	-	337,623	358,317
Business support	159,700	264,763	-	-	159,700	264,763
Plant operations and maintenance	612,271	400,695	-	-	612,271	400,695
Student transportation	212,756	216,272	-	-	212,756	216,272
Community service activities	66,763	48,916	-	-	66,763	48,916
Other Non-Instructional	2,195	16,875	-	-	2,195	16,875
Facilities Acquisition & Construction	1,287	-	-	-	1,287	-
Debt Service	169,906	177,919	-	-	169,906	177,919
Business-type Activities						
Food service	-	-	393,639	316,010	393,639	316,010
<b>Total expenses</b>	<u>7,324,118</u>	<u>6,709,983</u>	<u>393,639</u>	<u>312,297</u>	<u>7,717,757</u>	<u>7,025,993</u>
<b>Increase in net position</b>	<u>182,771</u>	<u>349,978</u>	<u>(31,743)</u>	<u>53,497</u>	<u>151,028</u>	<u>403,475</u>

On-behalf amounts are included in the above figures. On-behalf payments are payments the state makes on behalf of employees to the various agencies for health and life insurance, benefits, administration fees, technology and debt service. The total on-behalf payments for 2023 and 2022 were \$1,948,103 and \$1,473,611 respectively.

**Governmental Activities**

For the governmental program expenses, instructional expenses comprise 65% of total expenses, support services equate to 31%, and interest and other expenses make up the remaining 4% of the total.

The cost of program services and the charges for services and grants offsetting those services are shown on the Statement of Activities. The Statement of activities identifies the net cost of services supported by tax revenue and unrestricted intergovernmental revenues (State entitlements).

	Governmental Activities Total		Governmental Activities Net	
	Cost of Services		Cost of Services	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Instructional	\$4,787,025	\$4,387,824	(3,792,400)	(3,212,896)
Support Services	2,296,942	2,078,449	(2,296,362)	(2,078,449)
Other	68,958	65,791	(2,427)	(6,869)
Interest Costs	169,906	177,919	(168,183)	(175,607)
Facilities				
Acquisition & Cons	1,287		(1,287)	
Total Expenses	<u>\$7,324,118</u>	<u>6,709,983</u>	<u>(6,260,659)</u>	<u>(5,473,821)</u>

**Business-Type Activities**

The business type activities consist of the food service program. This program had total revenues of \$361,896 and expenses of \$393,639 for fiscal year 2023. These revenues were made up of \$14,838 charges for services \$339,303 federal and state operating grants, and \$7,755 of loss compensation. These business-type activities receive no support from tax revenues, and, as such, the District will continue to monitor these activities and make the necessary adjustments to the operations of these activities.

**The School District's Funds**

The information relative to the School District's Funds starts on page 13. These funds use the modified accrual basis of accounting to account for each fund's revenues and expenses. The combined revenue for all governmental funds for 2023 was \$7,506,889 and expenditures were \$7,584,759. The most significant net change in fund balance was in the general fund with a decrease of \$317,908.

## **General Fund Budgetary Highlights**

The District's budget is based on accounting for certain transactions on the cash basis for receipts and expenditures and encumbrances and is prepared according to Kentucky law. The Kentucky Department of Education requires a zero-based budget with any remaining fund balance to be shown as a contingency expense in the budgeting process.

The most significant budgeted fund is the General Fund. The general fund had budgeted revenues of \$5,186,465 with actual results being \$5,459,875. Budgeted expenditures were \$5,186,465 compared to actual expenditures of \$5,817,362. A significant cause of the variance between budget and actual was the state on-behalf payments in the amount of \$1,818,594 and increase in salaries due to step increases.

## **Future Budgetary Implications**

In Kentucky, the public schools fiscal year is July 1 – June 30; other programs, i.e. some federal programs operate on a different fiscal calendar, but are reflected in the District overall budget. By law, the budget must have a minimum 2% contingency. The District adopted a budget for 2022-2023 with an 8.98% contingency. The District has adopted a budget for 2023-2024 with a 2.47% contingency.

The Board's obligation for contribution to the Kentucky Retirement System for classified employees for FY 2024 is 23.34%. The Teachers Retirement contribution remained the same at 3% on all non-federal employees and 16.1050%, 17.105% and 13.375% for employees paid by federal grant.

The SEEK base funding has not changed from \$4,000 per pupil in FY 2022-2023. The General Fund will be closely monitored to support District staffing.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

At the end of the 2023 fiscal year, the District had a net investment of \$7,682,098 in a broad range of capital assets, including equipment, buses, buildings, and land net of accumulated depreciation. This amount represents a net decrease of \$338,766. Depreciation expense for the year was \$406,475.

The table on the following page shows capital assets net of depreciation for the governmental activities, business-type activities and total primary government for fiscal years ended June 30, 2022 and 2023.

	Governmental Activities (Net of Depreciation)		Business - Type Activities (Net of Depreciation)		Total Primary Government (Net of Depreciation)	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Construction in Progress	\$ -	\$ -	-	-	\$ -	\$ -
Land and Improvements	94,452	77,889	\$ -	\$ -	-	77,889
Buildings and Improvements	7,044,478	7,361,761	-	-	7,044,478	7,361,761
Technology	30,915	37,121	-	-	30,915	37,121
Vehicles	130,530	143,667	-	-	130,530	143,667
General Equipment	65,119	49,661	316,604	350,765	381,723	400,426
<b>Total</b>	<b>\$7,271,042</b>	<b>\$7,670,099</b>	<b>\$316,604</b>	<b>\$350,765</b>	<b>\$7,587,646</b>	<b>\$8,020,864</b>

The table below shows the changes in capital assets for fiscal years ended June 30, 2022 and 2023.

	Governmental Activities		Business - Type Activities		Total Primary Government	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Beginning Balance	\$7,670,099	\$7,676,969	\$350,765	\$384,926	\$8,020,864	\$8,061,895
Additions	67,709	300,736	-	-	67,709	300,736
Retirements	-	-	-	-	-	-
Depreciation	(372,314)	(307,606)	(34,161)	(34,161)	(406,475)	(341,767)
Ending Balance	\$7,365,494	\$7,670,099	\$316,604	\$350,765	\$7,682,098	\$8,020,864

### Long-Term Debt

At year-end the District had \$6,863,174 in bonds outstanding and \$109,071 in capital lease obligations. Bonded debt principal paid for the year ended June 30, 2023 was \$360,000 and capital lease obligation principal paid was \$26,752. A total of \$551,474 is due within one year.

### Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers and other interested readers with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact the District's Superintendent or Finance Director.

BURGIN INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2023

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>ASSETS:</b>			
Cash & Cash Equivalents - Note C	1,285,023	28,950	1,313,973
Accounts Receivable:			
Accounts	8,344	6,750	15,094
Taxes - Current	28,960		28,960
Taxes - Delinquent	1,321		1,321
Intergovernmental - State	17,799		17,799
Intergovernmental - Federal	128,344		128,344
Inventories for Consumption		24,987	24,987
<b>Total Current Assets</b>	<b>1,469,791</b>	<b>60,687</b>	<b>1,530,478</b>
<b>Noncurrent Assets - Note G</b>			
Right to Use Asset - Net of Amortization	13,433		13,433
Buildings & Improvements	10,922,270		10,922,270
Furniture & Equipment	1,124,983	485,915	1,610,898
Less: Accumulated Depreciation	(4,681,759)	(169,311)	(4,851,070)
<b>Total Noncurrent Assets</b>	<b>7,378,927</b>	<b>316,604</b>	<b>7,695,531</b>
<b>TOTAL ASSETS</b>	<b>8,848,718</b>	<b>377,291</b>	<b>9,226,009</b>
Deferred Outflows Related to Bond Refundings	28,362		28,362
Deferred Outflows Related to Other Post Employment Benefits	1,117,058	32,560	1,149,618
Deferred Outflows Related to Pensions	271,145	50,302	321,447
<b>TOTAL DEFERRED OUTFLOWS</b>	<b>1,416,565</b>	<b>82,862</b>	<b>1,499,427</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<b>10,265,283</b>	<b>460,153</b>	<b>10,725,436</b>
<b>LIABILITIES:</b>			
<b>Current Liabilities:</b>			
Accounts Payable	56,871	152	57,023
Advances from Grantors	129,149		129,149
Bond Obligations - Note E	365,000		365,000
Lease Obligations	8,147		8,147
Capital Lease Obligation - Note F	27,272		27,272
Accrued Sick Leave - Note A	9,263		9,263
Accrued Interest Payable	51,106		51,106
<b>Total Current Liabilities</b>	<b>646,808</b>	<b>152</b>	<b>646,960</b>
<b>Noncurrent Liabilities:</b>			
Bond Obligations - Note E	6,498,174		6,498,174
Lease Obligations	6,355		6,355
Capital Lease Obligation - Note F	81,799		81,799
Net Pension Liability	1,148,478	207,179	1,355,657
Net Other Post Employment Benefits Liability	1,703,913	57,121	1,761,034
Accrued Sick Leave - Note A	170,845		170,845
<b>Total Noncurrent Liabilities</b>	<b>9,609,564</b>	<b>264,300</b>	<b>9,873,864</b>
<b>TOTAL LIABILITIES</b>	<b>10,256,372</b>	<b>264,452</b>	<b>10,520,824</b>
Deferred Inflows Related to Other Post Employment Benefits	813,243	40,460	853,703
Deferred Inflows Related to Pensions	270,773	45,440	316,213
<b>TOTAL DEFERRED INFLOWS</b>	<b>1,084,016</b>	<b>85,900</b>	<b>1,169,916</b>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS</b>	<b>11,340,388</b>	<b>350,352</b>	<b>11,690,740</b>
<b>NET POSITION:</b>			
Net Investment in Capital Assets	392,180	316,604	708,784
Restricted for:			
School Activities	117,215		117,215
Capital Projects	233,777		233,777
SFCC Escrow	658,983		658,983
Debt Service	55,536		55,536
Food Service		(206,803)	(206,803)
Unrestricted	(2,532,796)		(2,532,796)
<b>TOTAL NET POSITION</b>	<b>(1,075,105)</b>	<b>109,801</b>	<b>(965,304)</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>10,265,283</b>	<b>460,153</b>	<b>10,725,436</b>

See independent auditor's report and accompanying notes to financial statements.

BURGIN INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023

FUNCTION/PROGRAMS	EXPENSES	PROGRAM REVENUES		CAPITAL GRANTS AND CONTRIBUTIONS	NET(EXPENSE) REVENUE AND CHANGES IN NET POSITION		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS		GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>GOVERNMENTAL ACTIVITIES:</b>							
Instructional	4,787,025	12,603	982,022		(3,792,400)		(3,792,400)
Support Services:							
Student Support Services	260,807				(260,807)		(260,807)
Staff Support Services	325,275				(325,275)		(325,275)
District Administration	388,510				(388,510)		(388,510)
School Administration	337,623				(337,623)		(337,623)
Business Support Services	237,983				(237,983)		(237,983)
Plant Operation & Maintenance	612,271				(612,271)		(612,271)
Student Transportation	212,756	580			(212,176)		(212,176)
Other Non-Instructional	2,195				(2,195)		(2,195)
Community Service Operations	66,763		66,531		(232)		(232)
Facilities Acquisition & Construction	1,287				(1,287)		(1,287)
Interest on Long-Term Debt	169,906			1,723	(168,183)		(168,183)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>7,402,401</b>	<b>13,183</b>	<b>1,048,553</b>	<b>1,723</b>	<b>(6,338,942)</b>		<b>(6,338,942)</b>
<b>BUSINESS-TYPE ACTIVITIES:</b>							
Food Service	393,639	14,838	339,303			(39,498)	(39,498)
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>393,639</b>	<b>14,838</b>	<b>339,303</b>	<b>0</b>	<b>0</b>	<b>(39,498)</b>	<b>(39,498)</b>
<b>TOTAL SCHOOL DISTRICT</b>	<b>7,796,040</b>	<b>28,021</b>	<b>1,387,856</b>	<b>1,723</b>	<b>(6,338,942)</b>	<b>(39,498)</b>	<b>(6,378,440)</b>
<b>GENERAL REVENUES:</b>							
Taxes:							
Property					2,149,050		2,149,050
Motor Vehicle					218,262		218,262
Utility					148,341		148,341
Other					903		903
State Aid - Formula Grants					3,686,760		3,686,760
Investment Earnings					9,703		9,703
Loss Compensation					38,379	7,755	46,134
Gain on Sale of Assets					1,200		1,200
Miscellaneous					269,115		269,115
<b>TOTAL GENERAL REVENUES &amp; TRANSFERS</b>					<b>6,521,713</b>	<b>7,755</b>	<b>6,529,468</b>
<b>CHANGE IN NET POSITION</b>					182,771	(31,743)	151,028
<b>NET POSITION, BEGINNING OF YEAR - RESTATED NOTE S</b>					(1,257,876)	141,544	(1,116,332)
<b>NET POSITION - ENDING</b>					<b>(1,075,105)</b>	<b>109,801</b>	<b>(965,304)</b>

See independent auditor's report and accompanying notes to financial statements.

BURGIN INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2023

	GENERAL FUND	SPECIAL REVENUE	CONSTRUCTION FUND	BUILDING FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS:</b>						
Cash & Cash Equivalents	192,524	26,988	233,777	573,034	258,700	1,285,023
Accounts Receivable:						
Taxes - Current	28,960					28,960
Taxes - Delinquent	1,321					1,321
Accounts	8,344					8,344
Intergovernmental - State		17,799				17,799
Intergovernmental - Federal		128,344				128,344
<b>TOTAL ASSETS</b>	<u>231,149</u>	<u>173,131</u>	<u>233,777</u>	<u>573,034</u>	<u>258,700</u>	<u>1,469,791</u>
<b>LIABILITIES AND FUND BALANCE:</b>						
Liabilities:						
Accounts Payable	12,889	43,982				56,871
Accrued Salaries & Benefits	9,263					9,263
Advances from Grantors		129,149				129,149
<b>Total Liabilities</b>	<u>22,152</u>	<u>173,131</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>195,283</u>
Fund Balance:						
Restricted for:						
School Activities					117,215	117,215
SFCC Escrow				573,034	85,949	658,983
Capital Projects			233,777			233,777
Debt Service					55,536	55,536
Committed for:						
Sick Leave	170,845					170,845
Assigned for:						
Purchase Obligations	5,515					5,515
Unassigned Fund Balance	32,637					32,637
<b>Total Fund Balance</b>	<u>208,997</u>	<u>0</u>	<u>233,777</u>	<u>573,034</u>	<u>258,700</u>	<u>1,274,508</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>231,149</u>	<u>173,131</u>	<u>233,777</u>	<u>573,034</u>	<u>258,700</u>	<u>1,469,791</u>

See independent auditor's report and accompanying notes to financial statements.



BURGIN INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2023

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

TOTAL GOVERNMENTAL FUND BALANCE		1,274,508
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
Cost of Capital Assets	12,047,253	
Accumulated Depreciation	<u>(4,681,759)</u>	7,365,494
Right to Use Asset - Net of Amortization		13,433
Deferred Outflows Related to Bond Refundings are not current assets and therefore are not reported as assets in governmental funds.		28,362
Deferred Outflows on Related to Pensions are not a current asset and therefore are not reported as assets in governmental funds.		271,145
Deferred Outflows Related to Other Post Employment Benefits are not a current and therefore are not reported as assets in governmental funds.		1,117,058
Long-term liabilities (including bonds payable) are not due and payable in the current period and therefore are not reported as liabilities in the funds.		
Long-term liabilities at year end consist of:		
Bonds Payable	(6,925,000)	
Unamortized Bond Discounts	69,419	
Unamortized Bond Premium	(7,593)	
Lease Obligations	(14,502)	
Capital Lease Obligation	(109,071)	
Net Pension Liability	(1,148,478)	
Net Other Post Employment Benefits Liability	(1,703,913)	
Accrued Interest on Bonds	(51,106)	
Accrued Sick Leave	<u>(170,845)</u>	(10,061,089)
Deferred Inflows Related to Other Post Employment Benefits are not a current liabilities and therefore are not reported as liabilities in governmental funds.		(813,243)
Deferred Inflows on Related to Pensions are not a current liability and therefore are not reported as liabilities in governmental funds.		<u>(270,773)</u>
 TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		 <u><u>(1,075,105)</u></u>

See independent auditor's report and accompanying notes to financial statements.

BURGIN INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2023

	GENERAL	SPECIAL REVENUE	CONSTRUCTION FUND	BUILDING FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES:</b>						
Taxes:						
Property	1,647,848			501,202		2,149,050
Motor Vehicle	218,262					218,262
Utility	148,341					148,341
Other	903					903
Earnings on Investments	7,987		1,166		550	9,703
Intergovernmental - State	3,423,849	300,149		189,175	75,459	3,988,632
Intergovernmental - Federal	23,840	724,564				748,404
Other Sources	54,536	27,169			200,593	282,298
<b>TOTAL REVENUES</b>	<b>5,525,566</b>	<b>1,051,882</b>	<b>1,166</b>	<b>690,377</b>	<b>276,602</b>	<b>7,545,593</b>
<b>EXPENDITURES:</b>						
Instructional	3,621,827	982,202			198,013	4,802,042
Support Services:						
Student Support Services	267,369					267,369
Staff Support Services	328,337				5,136	333,473
District Administration	394,236					394,236
School Administration	346,169					346,169
Business Support Services	252,961					252,961
Plant Operation & Maintenance	441,892					441,892
Student Transportation	203,401					203,401
Facilities Acquisition & Construction			1,287			1,287
Community Service Operations		66,543				66,543
Other Non-Instructional					2,195	2,195
Debt Service:						
Principal	26,752				360,000	386,752
Interest	3,125				161,597	164,722
<b>TOTAL EXPENDITURES</b>	<b>5,886,069</b>	<b>1,048,745</b>	<b>1,287</b>	<b>0</b>	<b>726,941</b>	<b>7,663,042</b>
<b>EXCESS(DEFICIT) REVENUES OVER EXPENDITURES</b>	<b>(360,503)</b>	<b>3,137</b>	<b>(121)</b>	<b>690,377</b>	<b>(450,339)</b>	<b>(117,449)</b>
<b>OTHER FINANCING SOURCES(USES):</b>						
Loss Compensation	38,379					38,379
Sale of Equipment	1,200					1,200
Operating Transfers In - Note P	12,592	9,455	121		510,502	532,670
Operating Transfers Out - Note P	(9,576)	(12,592)		(489,273)	(21,229)	(532,670)
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>42,595</b>	<b>(3,137)</b>	<b>121</b>	<b>(489,273)</b>	<b>489,273</b>	<b>39,579</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(317,908)</b>	<b>0</b>	<b>0</b>	<b>201,104</b>	<b>38,934</b>	<b>(77,870)</b>
<b>FUND BALANCES - BEGINNING AS RESTATED</b>						
	526,905	0	233,777	371,930	219,766	1,352,378
<b>FUND BALANCES - ENDING</b>	<b>208,997</b>	<b>0</b>	<b>233,777</b>	<b>573,034</b>	<b>258,700</b>	<b>1,274,508</b>

See independent auditor's report and accompanying notes to financial statements.

BURGIN INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023

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

NET CHANGES - GOVERNMENTAL FUNDS		(77,870)
<p>Governmental funds report capital outlays as expenditures because they use current financial resources. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital exceeds depreciation expense for the year.</p>		
Depreciation Expense	(372,314)	
Capital Outlays	<u>67,709</u>	(304,605)
<p>Bond and Capital Lease proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.</p>		
Lease Obligation Paid	7,789	
Principal Paid	<u>386,752</u>	394,541
<p>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.</p>		
District Pension Contributions	116,424	
Cost of Benefits Earned Net of Employee Contributions	38,769	
District Other Post Employment Benefits Contributions	109,852	
Cost of Benefits Earned Net of Employee Contributions - OPEB	(112,229)	
Amortization Right of Use Asset	(7,676)	
Amortization Bond Discount	(4,186)	
Amortization Bond Premium	959	
Amortization-Deferred Outflow on Bond Refundings	(3,583)	
Accrued Interest Payable	2,470	
Accrued Sick Leave	<u>29,905</u>	
		<u>170,705</u>
CHANGES - NET POSITION GOVERNMENTAL FUNDS		<u><u>182,771</u></u>

See independent auditor's report and accompanying notes to financial statements.

BURGIN INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2023

	<u>FOOD SERVICE</u>
ASSETS:	
Current Assets:	
Cash & Cash Equivalents	28,950
Accounts Receivable	6,750
Inventories for Consumption	24,987
Total Current Assets	<u>60,687</u>
Noncurrent Assets:	
Furniture & Equipment	485,915
Less: Accumulated Depreciation	<u>(169,311)</u>
Total Noncurrent Assets	<u>316,604</u>
TOTAL ASSETS	<u>377,291</u>
Deferred Outflows Related to Other Post Employment Benefits	32,560
Deferred Outflows Related to Pensions	<u>50,302</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>460,153</u>
LIABILITIES:	
Current Liabilities:	
Accounts Payable	152
Total Current Liabilities	<u>152</u>
Noncurrent Liabilities:	
Net Other Post Employment Benefits Liability	57,121
Net Pension Liability	<u>207,179</u>
Total Noncurrent Liabilities	<u>264,300</u>
TOTAL LIABILITIES	<u>264,452</u>
Deferred Inflows Related to Other Post Employment Benefits	40,460
Deferred Inflows Related to Pensions	<u>45,440</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS	<u>350,352</u>
Net Position:	
Net Investment in Capital Assets	316,604
Restricted	<u>(206,803)</u>
Total Net Position	<u>109,801</u>
TOTAL LIABILITIES AND NET POSITION	<u>460,153</u>

See independent auditor's report and accompanying notes to financial statements.

BURGIN INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2023

	<u>FOOD SERVICE</u>
OPERATING REVENUES:	
Lunchroom Sales	14,838
Other Operating Revenues	-
TOTAL OPERATING REVENUES	<u>14,838</u>
OPERATING EXPENSES:	
Salaries & Benefits	125,615
Materials & Supplies	231,547
Depreciation - Note G	34,161
Other Operating Expenses	2,316
TOTAL OPERATING EXPENSES	<u>393,639</u>
OPERATING INCOME(LOSS)	(378,801)
NONOPERATING REVENUES(EXPENSES):	
Federal Grants	284,021
State Grants	33,652
Loss Compensation	7,755
Donated Commodities	21,630
TOTAL NONOPERATING REVENUE	<u>347,058</u>
INCOME(LOSS) BEFORE CAPITAL CONTRIBUTIONS	(31,743)
CAPITAL CONTRIBUTIONS	<u>-</u>
CHANGE IN NET POSITION	(31,743)
TOTAL NET POSITION - BEGINNING	<u>141,544</u>
TOTAL NET POSITION - ENDING	<u><u>109,801</u></u>

See independent auditor's report and accompanying notes to financial statements.

BURGIN INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2023

	<u>FOOD SERVICE FUND</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash Received from:	
Lunchroom Sales	14,838
Other Activities	
Cash Paid to/for:	
Employees	(132,151)
Supplies	(225,014)
Other Activities	(2,316)
	<hr/>
Net Cash Provided (Used) by Operating Activities	(344,643)
<b>CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Federal Grants	277,271
State Grants	13,595
	<hr/>
Net Cash Provided by Non-Capital and Related Financing Activities	290,866
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Loss Compensation	7,755
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
	-
	<hr/>
Net Increase (Decrease) in Cash and Cash Equivalents	(46,022)
	<hr/>
Balances, Beginning of Year	74,972
	<hr/>
Balances, End of Year	28,950
	<hr/> <hr/>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>	
Operating Loss	(378,801)
Adjustments to Reconcile Operating Loss to Net Cash Provided (Used) by Operating Activities	
Depreciation	34,161
State On-Behalf Payments	20,057
Donated Commodities	21,630
Change in Assets, Deferred Outflows, Liabilities and Deferred Inflows:	
Deferred Outflows	(15,319)
Deferred Inflows	(26,276)
Net Pension Liability	15,540
Net Other Post Employment Benefits	(541)
Inventory	(15,225)
Accounts Payable	131
	<hr/>
Net Cash Provided (Used) by Operating Activities	(344,643)
	<hr/> <hr/>
<b>Schedule of Non-Cash Transactions:</b>	
Donated Commodities	21,630
State On-Behalf Payments	20,057

See independent auditor's report and accompanying notes to financial statements.

BURGIN INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2023

	<u>PRIVATE PURPOSE TRUST FUND</u>
ASSETS:	
Cash and Cash Equivalents - Note C	20,535
Investments - Note D	<u>190,547</u>
TOTAL ASSETS	<u><u>211,082</u></u>
LIABILITIES:	
Due to Student Groups	<u>0</u>
TOTAL LIABILITIES	<u>0</u>
NET POSITION HELD IN TRUST	<u><u>211,082</u></u>

See independent auditor's report and accompanying notes to financial statements.

BURGIN INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2023

	<u>PRIVATE PURPOSE TRUST FUNDS</u>
ADDITIONS:	
Earnings on Investments	17,700
DEDUCTIONS:	
Instructional Grants	
Trust Fees	75
TOTAL DEDUCTIONS	<u>75</u>
Changes in Net Position	17,625
NET POSITION HELD IN TRUST - BEGINNING OF YEAR	<u>193,457</u>
NET POSITION HELD IN TRUST - END OF YEAR	<u><u>211,082</u></u>

See independent auditor's report and accompanying notes to financial statements.



BURGIN INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Reporting Entity

The Burgin 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 Burgin Independent Board of Education (“District”). The District receives funding from local, state, and federal government sources and must comply with the commitment requirements of these funding source entities. However, the District is not included in any other governmental “reporting entity” as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards. 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 District, for financial purposes, includes all of the funds and account groups relevant to the operation of the Burgin 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 District 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 organizations are included in the accompanying financial statements:

Burgin Independent Board of Education Finance Corporation – In a prior year, the Board of Education resolved to authorize the establishment of the Burgin 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) (the “Corporation”) as an agency for the District for financing the costs of school building facilities. The members of the Board also comprise the Corporation’s Board of Directors.

Basis of Presentation

Government-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 District that are governmental and those that are considered business-type activities.

The government-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 reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The government-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 enterprise 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 net total assets. 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 main operating fund of the Board. It accounts for financial resources used for general types of operations. This is a budgeted fund, and any fund balances are considered as resources available for use. This is a major fund of the District.
- B. The Special Revenue (Grant) Funds account for proceeds of specific revenue sources (other than expendable trust or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of the 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 and related notes. This is a major fund of the District.
- C. Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment (other than those financed by Proprietary Fund).
  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. This is a major fund of the District.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. The Facility Support Program of Kentucky (FSPK) accounts for funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the District's facility plan. This is a major fund of the District.
  3. The Construction Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction.
- D. Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest and related cost; and for the payment of interest on generally obligation notes payable, as required by Kentucky law.

### II. Proprietary Fund Types (Enterprise Fund)

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

The District applies all GASB pronouncements to proprietary funds as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

### III. Fiduciary Fund Type (Private Purpose Trust Fund)

- A. The Private Purpose Trust funds are used to report trust arrangements under which principal and income benefit individuals, private organization, or other governments.

### Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-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 – Exchange and Nonexchange Transactions – Revenues resulting from exchange transactions, in which each party receives essentially equal value, is 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 60 days of the fiscal year-end.

Proprietary Fund operating revenues are defined as revenues received from the direct purchases of products and services (i.e. food service). Non-operating revenues are not related to direct purchases of products; for the District, these revenues are typically investment income and state and federal grant revenues.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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 resource are required to be used or the fiscal year when use 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 it 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. Unused donated commodities are reported as deferred 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 costs, such as depreciation, are not recognized in governmental funds.

### Property Taxes

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

The property tax rates assessed for the year ended June 30, 2023, to finance the General Fund operations were \$0.729 per \$100 valuation for real property, \$0.729 per \$100 valuation for business personal property, and \$0.546 per \$100 valuation for motor vehicles.

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

### 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.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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:

<b>Description</b>	<b>Governmental Activities Estimated Lives</b>
Buildings and improvements	25-50 years
Land improvements	20 years
Technology equipment	5 years
Vehicles	5-10 years
Audio-visual equipment	15 years
Food service equipment	10-12 years
Furniture and fixtures	7 years
Rolling stock	15 years
Other	10 years

### Interfund Balances

On fund financial statements, receivables and payable 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.

### Accumulated Unpaid Sick Leave Benefits

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

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

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

For governmental fund financial statements, the current portion of unpaid accrued sick leave is the amount expected to be paid using expendable available resources. These amounts are recorded in the amount “accumulated sick leave payable” in the general fund. The noncurrent portion of the liability is reported as a reserve of fund balance.

### 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).

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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 budget coordinator 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 government-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.

### Investments

The private purpose trust funds record investments at their quoted market prices. All realized gains and losses and changes in fair value are recorded in the Statement of Changes in Fiduciary Net Position.

### Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-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.

### Fund Balance

In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, the District classifies governmental fund balances as follows:

Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end.

Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Superintendent.

Unassigned – includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

The District committed the following fund balance type by taking the following action:

<u>Fund Balance Type</u>	<u>Amount</u>	<u>Action</u>
General Fund	170,845	Long-Term Sick Leave Commitment

The District uses *restricted/committed* amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as grant agreements requiring dollar for dollar spending. Additionally, the District would first use *committed*, then *assigned*, and lastly *unassigned* amounts for unrestricted fund balance when expenditures are made.

The District does not have a formal minimum fund balance policy.

<u>Major Special Revenue Fund</u>	<u>Revenue Source</u>
Special Revenue	State, Local and Federal Grants

Net Position

Net Position represents the difference between assets and liabilities. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School 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 School District, those revenues are primarily charges for meals provided by the various schools.

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.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. 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.

### Pensions

Teachers' Retirement System - 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 of the Teachers' Retirement System of the State of Kentucky (TRS) and additions to/deductions from TRS's fiduciary net position have been determined on the same basis as they are reported by TRS. 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.

County Employees Retirement System - 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 of the County Employees Retirement System of the State of Kentucky (CERS) and additions to/deductions from CERS's fiduciary net position have been determined on the same basis as they are reported by CERS. 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.

Since certain expense items are amortized over the closed periods each year, the deferred portions of these items must be tracked annually. If the amounts serve to reduce pension expense the amounts are labeled deferred inflows. If amounts will increase pension expense the amounts 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.

### Postemployment Benefits Other Than Pensions

Teachers' Retirement System – For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Teachers' Retirement System of the State of Kentucky (TRS) and additions to/deductions from TRS's fiduciary net position have been determined on the same basis as they are reported by TRS. 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, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.



## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

County Employees Retirement System - For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County Employees Retirement System of the State of Kentucky (CERS) and additions to/deductions from CERS's fiduciary net position have been determined on the same basis as they are reported by CERS. 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, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Since certain expense items are amortized over the closed periods each year, the deferred portions of these items must be tracked annually. If the amounts serve to reduce pension expense the amounts are labeled deferred inflows. If amounts will increase pension expense the amounts 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.

### Changes in Accounting Principle

Effective July 1, 2022, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. GASB 96 enhances the relevance and consistency of information of the government's subscription-based technology arrangement activities. It establishes the capitalization criteria for implementation costs and requires a government to report a subscription asset and subscription liability and to disclose essential information about the arrangement. Adoption of the provisions of this statement did not have a material impact on the District's financial statements.

### **NOTE B – ESTIMATES**

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

### **NOTE C – CASH AND CASH EQUIVALENTS**

Custodial Credit Risk - Deposits. Custodial Credit is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy is to have all deposits secured by pledged securities.

At year-end, the carrying amount of the District's total cash and cash equivalents was \$1,334,508. Of the total cash balance, \$250,000 was covered by Federal Depository Insurance, \$20,535 was covered by Securities Investor Protection Corporation, and \$1,063,973 was covered by collateral agreements and collateral held by the pledging banks' trust departments in the District's. Cash equivalents are funds temporarily invested in securities with maturity of 90 days or less.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Cash and cash equivalents at June 30, 2023, consisted of the following:

	<b>Bank Balance</b>	<b>Book Balance</b>
Farmers National Bank	1,341,326	1,313,973
Raymond James	<u>20,535</u>	<u>20,535</u>
Total Cash and Cash Equivalents	<u>1,361,861</u>	<u>1,334,508</u>
Breakdown per financial statements:		
Governmental Funds		1,285,023
Proprietary Funds		<u>28,950</u>
Subtotal		1,313,973
Fiduciary Funds		<u>20,535</u>
Total Cash and Cash Equivalents All Funds		<u>1,334,508</u>

**NOTE D – INVESTMENTS**

Investments stem from the estate of Ms. Ruby Proctor, left to Burgin Independent School District to be administered by the superintendent; the principal to be invested in trust-grade instruments and the annual earnings/interest to be distributed to classroom teachers. To be eligible for a “Proctor Grant” the teacher must submit an entry application for a creative, innovative, effective proposal and plan for a special classroom project that goes beyond the standard curriculum. Ms. Proctor urged that those involved in this program be liberal in creativity, to stir the imagination of the students and to build character and a love of learning.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Investments at June 30, 2023, consist of the following:

	<u>Cost</u>	<u>Fair Value</u>
Money Market Funds	\$ 20,535	\$ 20,535
Common Stock	31,162	55,664
Mutual Funds	4,406	4,717
Exchange Traded Funds	<u>103,006</u>	<u>130,166</u>
	<u>\$ 159,109</u>	<u>\$211,082</u>

All fair values listed above are valued using quoted market prices (Level 1 inputs).

While such investments are not in conformity with state law or District policy, the assets are in trust, and the trustee makes all investment decisions.

**NOTE E – LONG TERM OBLIGATIONS**

The amount shown in the accompanying financial statements as bond obligations represents the District’s future obligations to make payments relating to the bonds issued by the Burgin Independent School District Finance Corporation in the original amount aggregating \$8,875,000.

The original amount of each issue and interest rates are summarized below:

2012	1,005,000	1.00% - 2.75%
2012 Refunding	1,370,000	0.70% - 3.00%
2020	4,625,000	2.00% - 2.625%
2021 Refunding	1,875,000	1.50% - 1.65%

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The District, through the General Fund (including utility taxes and the Support Education Excellence (SEEK) Capital Outlay Fund) is obligated to make payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Burgin Independent School District Finance Corporation 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 District has “participation agreements” with the Kentucky School Facility Construction Commission. The Commission was created by the Kentucky Legislature for the purpose of assisting local school districts in meeting school construction needs. The table sets forth the amount to be paid by the Board and the Commission for each year until maturity of all bonds issued. The Kentucky School Construction Commission’s participation is limited to the biennial budget period of the Commonwealth of Kentucky with the right reserved by the Kentucky School Construction Commission to terminate the commitment to pay the agreed participation every two years. The obligation of the Kentucky School Construction Commission to make the agreed payments automatically renews each two years for a period of two years unless the Kentucky School Construction Commission gives notice of its intention not to participate not less than sixty days prior to the end of its biennium.

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 maturity, the minimum obligations of the District, including amounts to be paid by the Commission at June 30, 2023, for debt service (principal and interest) are as follows:

**NOTE E – LONG TERM OBLIGATIONS (CONTINUED)**

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Participation</u>	<u>District's Portion</u>
2023-24	365,000	154,460	30,159	489,301
2024-25	340,000	147,153	1,561	485,592
2025-26	340,000	140,108	1,561	478,547
2026-27	350,000	134,266	1,561	482,705
2027-28	360,000	128,085	1,562	486,523
2028-29	360,000	121,623	1,562	480,061
2029-30	365,000	115,160	1,562	478,598
2030-31	375,000	108,623	1,563	482,060
2031-32	410,000	99,431	1,368	508,063
2032-33	420,000	89,144	1,368	507,776
2033-34	430,000	81,119	1,367	509,752
2034-35	445,000	70,906	1,368	514,538
2035-36	455,000	60,338	1,368	513,970
2036-37	465,000	48,963	1,368	512,595
2037-38	475,000	37,338	1,368	510,970
2038-39	480,000	25,463	1,368	504,095
2039-40	<u>490,000</u>	<u>12,863</u>	<u>1,368</u>	<u>501,495</u>
	<u>6,925,000</u>	<u>1,575,043</u>	<u>53,402</u>	<u>8,446,641</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Long-term liability activity for the year ended June 30, 2023, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Primary Government</b>					
Governmental Activities:					
Revenue Bonds Payable	7,285,000	0	360,000	6,925,000	365,000
Add: Bond Premium	8,552	0	959	7,593	959
Less: Bond Discount	<u>(73,605)</u>	<u>0</u>	<u>(4,186)</u>	<u>(69,419)</u>	<u>(4,186)</u>
Net Revenue Bonds Payable	7,219,947	0	356,773	6,863,174	361,773
Capital Lease Obligations	135,823	0	26,752	109,071	27,272
Lease Obligation	22,291	0	7,789	14,502	8,147
Net OPEB Liability	1,198,211	0	497,733	1,148,478	0
Net Pension Liability	1,053,807	650,106	0	1,703,913	0
Accrued Sick Leave	<u>202,439</u>	<u>0</u>	<u>22,331</u>	<u>180,108</u>	<u>9,263</u>
Total Governmental Activities:	9,832,518	650,106	463,378	10,019,246	406,455
Proprietary Activities					
Net OPEB Liability	57,662	0	541	57,121	0
Net Pension Liability	<u>191,639</u>	<u>15,540</u>	<u>0</u>	<u>207,179</u>	<u>0</u>
Total Long-Term Liabilities	<u>10,081,819</u>	<u>665,646</u>	<u>463,919</u>	<u>10,283,546</u>	<u>406,455</u>

**NOTE F - CAPITAL LEASE PAYABLE**

The District is the lessee of a bus under a capital lease expiring in fiscal year 2030. The asset and liability under the capital lease is recorded at the present value of the minimum lease payments or the fair value of the asset. The asset is amortized over its estimated productive life. Amortization of assets under capital leases is included in depreciation expense for fiscal year 2023.

The following is a summary of property held under capital leases:

<u>Classes of Property</u>	<u>Book Value as of June 30, 2023</u>
Gross amount of assets	360,128
Accumulated Amortization	<u>(284,842)</u>
	<u>72,286</u>

The following is a schedule by years of the future principal payments under capital leases as of June 30, 2023:

<u>Year Ending June 30,</u>	<u>Capital Lease Payable</u>
2024	29,939
2025	20,902
2026	19,326
2027	19,334
2028	10,235
2029-2030	<u>16,893</u>
Net minimum lease payments	116,629
Amount representing interest	<u>(7,558)</u>
Present value of net minimum lease payments	<u>109,071</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Interest rates on capitalized leases vary from 1.00% to 4.00%. The capital lease provides for the bus to revert to the District at the end of the respective lease with no further payment for purchase.

**NOTE G - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2023, was as follows:

	BEGINNING BALANCE	ADDITIONS	RETIREMENTS	ENDING BALANCE
<b>GOVERNMENTAL ACTIVITIES:</b>				
Non-Depreciable Assets:				
Construction	-			-
Depreciable Assets:				
Land Improvements	265,886	19,475		285,361
Buildings & Building Improvements	10,626,814	10,095		10,636,909
Technology Equipment	360,401			360,401
Vehicles	702,842	18,000	60,158	660,684
General Equipment	83,759	20,139		103,898
<b>TOTAL AT HISTORICAL COST</b>	<b>12,039,702</b>	<b>67,709</b>	<b>60,158</b>	<b>12,047,253</b>
<b>LESS ACCUMULATED DEPRECIATION FOR:</b>				
Land Improvements	187,997	2,912		190,909
Buildings & Building Improvements	3,265,053	327,378		3,592,431
Technology Equipment	323,280	6,206		329,486
Vehicles	559,175	31,137	60,158	530,154
General Equipment	34,098	4,681		38,779
<b>TOTAL ACCUMULATED DEPRECIATION</b>	<b>4,369,603</b>	<b>372,314</b>	<b>60,158</b>	<b>4,681,759</b>
<b>GOVERNMENTAL ACTIVITIES CAPITAL NET</b>	<b>7,670,099</b>	<b>(304,605)</b>	<b>-</b>	<b>7,365,494</b>
<b>PROPRIETARY ACTIVITIES:</b>				
Depreciable Assets:				
Technology Equipment	1,600			1,600
General Equipment	484,315			484,315
<b>TOTALS AT HISTORICAL COST</b>	<b>485,915</b>	<b>-</b>	<b>-</b>	<b>485,915</b>
<b>LESS ACCUMULATED DEPRECIATION FOR:</b>				
Technology Equipment	1,600			1,600
General Equipment	133,550	34,161		167,711
<b>TOTAL ACCUMULATED DEPRECIATION</b>	<b>135,150</b>	<b>34,161</b>	<b>-</b>	<b>169,311</b>
<b>PROPRIETARY ACTIVITIES CAPITAL NET</b>	<b>350,765</b>	<b>(34,161)</b>	<b>-</b>	<b>316,604</b>
<b>DEPRECIATION EXPENSE CHARGED TO GOVERNMENTAL FUNCTIONS AS FOLLOWS:</b>				
Instructional				162,688
Staff Support Services				485
District Administration				2,565
Business Support Services				165
Plant Operation & Maintenance				175,054
Student Transportation				31,137
Community Service Operations				220
<b>TOTAL</b>				<b>372,314</b>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**NOTE H – RETIREMENT PLANS**

The District’s employees are provided with two pension plans, based on each position’s college degree requirement. The County Employees Retirement System covers employees whose position does not require a college degree or teaching certification. The Kentucky Teachers Retirement System covers positions requiring teaching certification or otherwise requiring a college degree.

**General information about the County Employees Retirement System Non-Hazardous (“CERS”)**

*Plan description*—Employees whose positions do not require a degree beyond a high school diploma are covered by the CERS, a cost-sharing multiple-employer defined benefit pension plan administered by the Kentucky Retirement System, an agency of the Commonwealth of Kentucky. Under the provisions of the Kentucky Revised Statute (“KRS”) Section 61.645, the Board of Trustees of the Kentucky Retirement System administers CERS and has the authority to establish and amend benefit provisions. The Kentucky Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for CERS. That report may be obtained from <http://kyret.ky.gov/>.

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

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

Cost of living adjustments are provided at the discretion of the General Assembly. Retirement is based on a factor of the number of years’ service and hire date multiplied by the average of the highest five years’ earnings. Reduced benefits are based on factors of both of these components. Participating employees become eligible to receive the health insurance benefit after at least 180 months of service. Death benefits are provided for both death after retirement and death prior to retirement. Death benefits after retirement are \$5,000 in lump sum. Five years’ service is required for death benefits prior to retirement and the employee must have suffered a duty-related death. The decedent’s beneficiary will receive the higher of the normal death benefit and \$10,000 plus 25% of the decedent’s monthly final rate of pay and any dependent child will receive 10% of the decedent’s monthly final rate of pay up to 40% for all dependent children. Five years’ service is required for nonservice-related disability benefits

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Contributions—Required contributions by the employee are based on the tier:

	<u>Required Contributions</u>
Tier 1	5%
Tier 2	5% +1% for insurance
Tier 3	5% +1% for insurance

**General information about the Teachers' Retirement System of the State of Kentucky ("TRS")**

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

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

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

Employees that retire before age 60 with less than 27 years of service receive reduced retirement benefits. Non-university employees 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 employees (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 employees after July 1, 2002 who retire with ten or more years of total service will receive monthly benefits equal to 2.5% of their final average salary for each year of service, including the first ten years.

In addition, employees who retire July 1, 2004 and later with more than 30 years of service will have their multiplier increased for all years over 30 from 2.5% to 3.0% to be used in their benefit calculation. Effective July 1, 2008, the System has been amended to change the benefit structure for employees 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. Employees at least age 55 with 27 or more years of service may use their three (3) highest annual salaries to compute the final average salary. TRS also provides disability benefits for vested employees at the rate of sixty (60) percent of the final average salary. A life insurance benefit, payable upon the death of a member, is \$2,000 for active contributing employees and \$5,000 for retired or disabled employees.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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). University members contribute 10.40% of salary to the retirement system. Non-university members contribute 12.855% of salary to the retirement system. Member contributions are picked up by the employer.

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

### **Medical Insurance Plan**

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

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

*Funding policy*—In order to fund the post-retirement healthcare benefit, six percent (6%) of the gross annual payroll of employees before July 1, 2008 is contributed. Three percent (3%) is paid by member contributions and three quarters percent (.75%) from Commonwealth 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.

At June 30, 2023, the District reported a liability of \$1,355,657 for its proportionate share of the net pension liability for CERS. The District did not report a liability for the District's proportionate share of the net pension liability for TRS because the Commonwealth of Kentucky provides the pension support directly to TRS on behalf of the District. The amount recognized by the District as its proportionate share of the net pension liability, the related Commonwealth support, and the total portion of the net pension liability that was associated with the District were as follows:



NOTES TO FINANCIAL STATEMENTS (CONTINUED)

District's proportionate share of the CERS net pension liability	\$ 1,355,657
Commonwealth's proportional share of the TRS net pension liability associated with the District	<u>13,072,266</u>
	<u>\$ 14,427,923</u>

The net pension liability for each plan was measured as of June 30, 2022 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 for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2022, the District's proportion was 0.018753% percent.

For the year ended June 30, 2023, the District recognized pension benefit of \$45,132 related to CERS and \$1,192,732 related to TRS. The District also recognized revenue of \$1,192,732 for TRS support provided by the Commonwealth. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,449	\$ 12,073
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	184,464	149,710
Changes in proportion and differences between District contributions and proportionate share of contributions	-	154,430
District contributions subsequent to the measurement date	<u>135,534</u>	<u>-</u>
Total	<u>\$ 321,447</u>	<u>\$ 316,213</u>

\$135,534 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2024	(133,670)
2025	(23,749)
2026	(11,392)
2027	38,511
2028	-

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

*Actuarial assumptions*—The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Teachers' Retirement System (TRS)

The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2021
Long-term Investment Rate of Return, net of pension plan investment expense, including inflation	7.10%
Municipal Bond Index Rate	
Prior Measurement Date	2.19%
Measurement Date	2.13%
Salary increases, including inflation	3.00-7.50%, includes inflation
Post-retirement benefit increases	1.50% annually
Inflation rate	2.50%
Single Equivalent Interest Rate, net of pension plan investment expense, including inflation	
Prior Measurement Date	7.50%
Measurement Date	7.10%

Mortality rates were based on the Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees, and active members. The actuarial assumptions used were based on the results of an actuarial experience study for the 5-year period ending June 30, 2020, adopted by the board on September 20, 2021. The assumed long-term investment rate of return was changed from 7.50 percent to 7.10 percent and the price inflation assumption was lowered from 3.0 percent to 2.5 percent. The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index.

The 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.

For TRS, 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 TRS's investment consultant, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rates of Return
Large Cap U.S. Equity	37.40%	4.20%
Small Cap U.S. Equity	2.60%	4.70%
Developed International Equity	16.50%	5.30%
Emerging Markets Equity	5.50%	5.40%
Fixed Income	15.00%	-0.1%
High Yield Bonds	2.00%	1.70%
Other Additional Categories	5.00%	2.20%
Real Estate	7.00%	4.0%
Private Equity	7.00%	6.9%
Cash	2.00%	-0.3%
Total	100.0%	

*Discount rate* - For TRS, The discount rate used to measure the TPL as of the Measurement Date was 7.10 percent. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 67. We assumed that Plan member contributions will be made at the current contribution rates and that Employer contributions will be made at the Actuarially Determined Contribution rates for all fiscal years in the future. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

#### County Employees' Retirement System (CERS)

The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2020
Experience Study	July 1, 2013-June 30, 2018
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay
Remaining Amortization Period	30 years, closed
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Payroll Growth Rate	2.0%
Investment rate of return	6.25%
Projected salary increases	3.30 to 10.30%, varies by service
Inflation rate	2.30%

The mortality table used for active members was Pub-2010 General Mortality table, for the Nonhazardous

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For CERS, the long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years for the system. The most recent analysis, performed for the period covering fiscal years 2013 through 2018, is outlined in a report titled “Kentucky Retirement Systems 2018 Actuarial Experience Study for the Period Ending June 30, 2018”. The long-term expected rate of return was determined by using a building block method in which best estimate ranges of expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class is summarized in the table below. The current long-term inflation assumption is 2.3% per annum.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
<b>Growth</b>	<b>68.50%</b>	
U.S. Equity	21.75%	5.70%
Non-U.S. Equity	21.75%	6.35%
Private Equity	10.00%	9.70%
Specialty Credit/High Yield	15.00%	2.80%
<b>Liquidity</b>	<b>11.50%</b>	
Core Bonds	10.00%	0.00%
Cash	1.50%	-0.60%
<b>Diversifying Strategies</b>	<b>20.00%</b>	
Real Estate	10.00%	5.40%
Opportunistic	0.00%	N/A
Real Return	10.00%	4.55%
Total	100.0%	5.00%
Long Term Inflation Assumption		2.30%
Expected Nominal Return for Portfolio		7.30%

*Discount rate*—For CERS, projection of cash flows used to determine the discount rate of 6.25% assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in Statute as amended by House Bill 362 (passed in 2018) over the remaining 30 years (closed) amortization period of the unfunded actuarial accrued liability.

*Sensitivity of CERS and TRS proportionate share of net pension liability to changes in the discount rate*—The following table presents the net pension liability of the District, calculated using the discount rates selected by each pension system, as well as what the District’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
CERS	5.25%	6.25%	7.25%
District's proportionate share of net pension liability	1,694,403	1,355,657	1,075,486
TRS	6.50%	7.50%	8.50%
District's proportionate share of net pension liability	0	0	0

*Pension plan fiduciary net position*—Detailed information about the pension plan’s fiduciary net position is available in the separately issued financial reports of both CERS and TRS.

**NOTE I – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

Teachers' Retirement System of Kentucky

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

The state reports a liability, deferred outflows of resources and deferred inflows of resources, and expense as a result of its statutory requirement to contribute to the TRS Medical Insurance and Life Insurance Plans. The following information is about the TRS plans:

**Medical Insurance Plan**

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

*Benefits provided* – To be eligible for medical benefits, the member must have retired either for service or disability. The TRS Medical Insurance Fund offers coverage to members under the age of 65 through the Kentucky Employees Health Plan administered by the Kentucky Department of Employee Insurance. TRS retired members are given a supplement to be used for payment of their health insurance premium. The amount of the member's supplement is based on a contribution supplement table approved by the TRS Board of Trustees. The retired member pays premiums in excess of the monthly supplement. Once retired members and eligible spouses attain age 65 and are Medicare eligible, coverage is obtained through the TRS Medicare Eligible Health Plan.

*Contributions* – In order to fund the post-retirement healthcare benefit, seven and one-half percent (7.50%) of the gross annual payroll of members is contributed. Three percent (3.75%) is paid by member contributions and three quarters percent (.75%) from state appropriation and three percent (3.00%) from the employer. The state contributes the net cost of health insurance premiums for members who retired on or after July 1, 2010 who are in the non-Medicare eligible group. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

At June 30, 2023, the Burgin Independent District reported a liability of \$1,391,000 for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the District's proportion was .0734 percent, compared to .0411 percent at June 30, 2021.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

District's proportionate share of the net OPEB liability	\$ 1,391,000
State's proportionate share of the net OPEB liability associated with the District	<u>457,000</u>
Total	<u>\$ 1,848,000</u>

For the year ended June 30, 2022, the District recognized OPEB expense of \$105,332 and revenue of \$24,424 for support provided by the State. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 585,000
Changes of assumptions	282,000	-
Net difference between projected and actual earnings on pension plan investments	74,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	491,000	-
District contributions subsequent to the measurement date	<u>92,986</u>	<u>-</u>
Total	<u>939,986</u>	<u>585,000</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$92,986 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

<b>Year ended June 30:</b>	
2024	\$ 15,000
2025	16,000
2026	21,000
2027	103,000
2028	77,000
Thereafter	30,000

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

*Actuarial assumptions* – The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Long-term investment rate of return net of OPEB plan investment expense, including inflation.	
Health Trust	7.10%
Life Trust	7.10%
Salary increases, including wage	
Inflation	3.00 – 7.50%
Inflation	2.50%
Real wage growth	0.25%
Wage Inflation	2.75%
Health Trust Health Care Cost Trends	
Under 65	7.00% for FY 2022 decreasing to an ultimate rate of 4.50% by FY 2032
Ages 65 and Older	5.125% for FY 2022* decreasing to an ultimate rate of 4.50% by FY 2025
Medicare Part B Premiums	6.97% for FY 2022 with an ultimate rate of 4.50% by 2034
Municipal Bond Index Rate	2.13%
Single Equivalent Interest Rate, net of OPEB plan investment expense, including price inflation	
Health Trust	7.10%
Life Trust	7.10%
Year FNP is projected to be depleted	
Health Trust	N/A
Life Trust	N/A

*\*Based on known expected increase in Medicare-eligible costs in the year following the valuation date, an increase rate of 20.00% was used for FYE 2021.*

Mortality rates were based on the Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees, and active members.

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Global Equity	58.00%	5.10%
Fixed Income	9.00%	-0.10%
Real Estate	6.50%	4.00%
Private Equity	8.50%	6.90%
Additional Category: High Yield	8.00%	1.70%
Other Additional Categories	9.00%	2.20%
Cash (LIBOR)	1.00%	-0.30%
	100.00%	

*Discount rate (SEIR)*- The discount rate used to measure the TOL at June 30, 2022 was 7.10% for the Health Trust and 7.10% for the Life Trust. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection's basis was an actuarial valuation performed as of June 30, 2021.

The following table presents the District's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 7.10%, as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10%) or 1-percentage-point higher (8.10%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
TRS	6.10%	7.10%	8.10%
District's proportionate share of net OPEB liability	1,745,000	1,391,000	1,098,000

*Sensitivity of the District's proportionate share of the collective net OPEB liability to changes in the healthcare cost trend rates* – The following presents the District's proportionate share of the collective net OPEB liability, as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using healthcare cost trend rates that were 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of net OPEB liability	1,043,000	1,391,000	1,824,000



NOTES TO FINANCIAL STATEMENTS (CONTINUED)

*OPEB plan fiduciary net position* – Detailed information about the OPEB plan’s fiduciary net position is available in the separately issued TRS financial report.

**Life Insurance Plan**

*Plan description – Life Insurance Plan* – TRS administers the life insurance plan as provided by Kentucky Revised Statute 161.655 to eligible active and retired members. The TRS Life Insurance benefit is a cost-sharing multiple employer defined benefit plan with a special funding situation. Changes made to the life insurance plan may be made by the TRS Board of Trustees and the General Assembly.

*Benefits provided* – TRS provides a life insurance benefit of five thousand dollars payable for members who retire based on service or disability. TRS provides a life insurance benefit of two thousand dollars payable for its active contributing members. The life insurance benefit is payable upon the death of the member to the member’s estate or to a party designated by the member.

*Contributions* – In order to fund the post-retirement life insurance benefit, three hundredths of one percent (.03%) of the gross annual payroll of members is contributed by the state.

At June 30, 2023, the Kentucky School District did not report a liability for its proportionate share of the collective net OPEB liability for life insurance benefits because the State of Kentucky provides the OPEB support directly to TRS on behalf of the District. The amount recognized by the District as its proportionate share of the OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District’s proportionate share of the net OPEB liability	-0-
State’s proportionate share of the net OPEB liability associated with the District	<u>23,000</u>
Total	<u>\$ 23,000</u>

*Actuarial assumptions* – The actuarial assumptions are listed above with the TRS OPEB assumptions information.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long Term Expected Real Rate of Return</b>
Global Equity	40.00%	4.40%
International Equity	23.00%	5.60%
Fixed Income	18.00%	-0.10%
Real Estate	6.00%	4.00%
Private Equity	5.00%	6.90%
Additional Categories	6.00%	2.10%
Cash (LIBOR)	2.00%	-0.30%
	100.00%	

*Discount rate (SEIR)* - The discount rate used to measure the total OPEB liability for life insurance was 7.10%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection’s basis was an actuarial valuation performed as of June 30, 2020.

*OPEB plan fiduciary net position* – Detailed information about the OPEB plan’s fiduciary net position is available in the separately issued TRS financial report.

County Employees’ Retirement System of Kentucky

*Plan description* – Classified (non-certified) employees of the Kentucky School District are provided OPEBs through the County Employees Retirement System of the State of Kentucky (CERS)—a cost-sharing multiple-employer defined benefit OPEB plan retirement annuity plan coverage for local school districts and other public agencies in the state. CERS was established July 1, 1958 by the state legislature. CERS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth’s financial statements. CERS issues a publicly available financial report that can be obtained at <https://kyret.ky.gov/About/Board-of-Trustees/Pages/CAFR-and-SAFR.aspx>.

The state reports a liability, deferred outflows of resources and deferred inflows of resources, and expense as a result of its statutory requirement to contribute to the CERS Medical Insurance. The following information is about the CERS plans:

**Medical Insurance Plan**

*Plan description* –The Kentucky Retirement Systems’ Insurance Fund (Insurance Fund) was established to provide hospital and medical insurance for eligible members receiving benefits from KERS, CERS, and SPRS, the state retirement options. The eligible non-Medicare retirees are covered by the Department of Employee Insurance (DEI) plans. The Board contracts with Humana to provide health care benefits to the eligible Medicare retirees through a Medicare Advantage Plan. The Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance. It is noted that while this insurance fund covers employees eligible through KERS, CERS, and SPRS, only the portion related to CERS is applicable to Burgin Independent School District since the District does not have or qualify to have employees participate in KERS or SPRS.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

*Benefits provided* – Medical Insurance coverage is provided based on the member’s initial participation date and length of service. Members received either a percentage or dollar amount for insurance coverage. The amount of contribution paid by the Insurance Fund is based on years of service. For members participating prior to July 1, 2003, years of service and respective percentages of the maximum contribution are as follows:

<u>Years of Service</u>	<u>Paid By Insurance Fund (%)</u>
20+	100%
15-19	75%
10-14	50%
4-9	25%
Less than 4	0%

Medical insurance benefits are calculated differently for members who began participating on or after July 1, 2003. Once members reach a vesting period of 10 years, non-hazardous employees whose participation began on or after July 1, 2003 earn \$10 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually, which is currently 1.5%, based upon Kentucky Revised Statutes. The Kentucky General Assembly reserves the right to suspend or reduce this benefit if, in its judgment, the welfare of the Commonwealth so demands. Only benefit descriptions applicable to CERS Non-Hazardous have been included with this information since only that portion is applicable to the District.

*Contributions* – In order to fund the post-retirement healthcare benefit, three and thirty-nine one hundred percent (3.39%) of the gross annual payroll of members is contributed for the year ended June 30, 2023 for CERS Non-Hazardous, which is the portion of the plan applicable to the District, and this portion is paid 100% paid by employer contributions. One percent (1.00%) is contributed by employees hired on or after September 1, 2008.

At June 30, 2023, the Burgin Independent District reported a liability of \$370,034 for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the District’s long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the District’s proportion was .018750 percent, compared to .019529 percent at June 30, 2021.

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

District’s proportionate share of the net OPEB liability	\$ 370,034
State’s proportionate share of the net OPEB liability associated with the District	-0-
Total	<u>\$ 370,034</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2023, the District recognized OPEB expense of \$32,968. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 37,247	\$ 84,857
Changes of assumptions	58,523	48,223
Net difference between projected and actual earnings on pension plan investments	68,904	53,885
Changes in proportion and differences between District contributions and proportionate share of contributions	11,982	81,738
District contributions subsequent to the measurement date	<u>32,976</u>	<u>-</u>
Total	<u><u>209,632</u></u>	<u><u>268,703</u></u>

from the following sources:

Of the total amount reported as deferred outflows of resources related to OPEB, \$32,976 resulting from District contributions of \$19,635 subsequent to the measurement date and before the end of the fiscal year and implicit subsidy of \$13,341, will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

<b>Year ended June 30:</b>	
2024	\$ (21,488)
2025	(26,665)
2026	(42,787)
2027	(1,107)
2028	-
Thereafter	-

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

*Actuarial assumptions* – The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2021
Investment rate of return	6.25%
Salary Increases	3.30% to 10.30%, varies by service
Inflation	2.30%
Payroll Growth Rate	2.00%
Healthcare cost trend rates	
Pre - 65	Initial trend starting at 6.20% at January 1, 2024, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years
Post - 65	Initial trend starting at 9.00% in 2024, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years
Mortality	
Pre-retirement	PUB-2010 General Mortality table
Post-retirement (non-disabled)	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019
Post-retirement (disabled)	PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010

The long-term expected rate of return was determined by using a building block method in which best estimate ranges of expected future real rates of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class is summarized in the table below. The current long-term inflation assumption is 2.30% per annum.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
<b>Growth</b>	<b>68.50%</b>	
U.S. Equity	21.75%	5.70%
Non-U.S. Equity	21.75%	6.35%
Private Equity	10.00%	9.70%
Specialty Credit/High Yield	15.00%	2.80%
<b>Liquidity</b>	<b>11.50%</b>	
Core Bonds	10.00%	0.00%
Cash	1.50%	-0.60%
<b>Diversifying Strategies</b>	<b>20.00%</b>	
Real Estate	10.00%	5.40%
Opportunistic	0.00%	N/A
Real Return	10.00%	4.55%
Total	100.0%	

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

*Discount rate* - The discount rate used to measure the total OPEB liability was 5.70%. The projection of cash flows used to determine the single discount rate must include an assumption regarding future employer contributions made each year. Future contributions are projected assuming that each participating employer in each insurance plan contributes the actuarially determined employer contribution each future year calculated in accordance with the current funding policy, as most recently revised by House Bill 8, passed during the 2021 legislative session. The assumed future employer contributions reflect the provisions of House Bill 362 (passed during the 2018 legislative session) which limit the increases to the employer contribution rates to 12% over the prior fiscal year through June 30, 2028, for the CERS plans.

The following table presents the District's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 5.70%, as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.70%) or 1-percentage-point higher (6.70%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
CERS	4.7%	5.7%	6.7%
District's proportionate share of net OPEB liability	494,676	370,034	266,996

*Sensitivity of the District's proportionate share of the collective net OPEB liability to changes in the healthcare cost trend rates* – The following presents the District's proportionate share of the collective net OPEB liability, as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using healthcare cost trend rates that were 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Systems' net pension liability	275,112	370,034	484,017

*OPEB plan fiduciary net position* – Detailed information about the OPEB plan's fiduciary net position is available in the separately issued CERS financial report.

**NOTE J – LEASES**

The District is committed under two noncancellable leases for copiers. The both leases began December 2019 for 63 months with a combined monthly payment of \$719. The total lease liability measured at present value is \$40,299. The ending balance at June 30, 2023 is \$14,502. The District has recognized an intangible right of use asset for the terms of the lease but the District will not acquire the equipment at the end of the lease annual requirements to amortize long-term obligations and related interest are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2024	8,147	486
2025	6,355	120
Total	<u>14,502</u>	<u>606</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The following assets and amortization have been recognized.

Intangible Right of Use Asset – Copiers	\$40,299
Accumulated Amortization	<u>(26,866)</u>
Net Ending Balance	<u>13,433</u>

**NOTE K – 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 L– 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 related which include Workers’ Compensation insurance.

**NOTE M – RISK MANAGEMENT**

The District is exposed to various risks of loss related to injuries to employees. To obtain insurance of workers’ compensation, errors and omissions, and general liability coverage, the District obtains quotes from commercial insurance companies. Currently the District maintains insurance coverage through the Ohio Casualty Insurance Association.

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 N– DEFICIT OPERATING BALANCES**

There were no deficit fund balances at June 30, 2023. The following funds have operations that resulted in a current year deficit of expenditures over revenues resulting in a corresponding reduction of fund balance:

General	360,503
Construction	121
Debt Service	491,438
District Activity	20,469
Food Service	31,743

**NOTE O – 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 (contingency).

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**NOTE P – TRANSFER OF FUNDS**

The following transfers were made during the year:

<b>Type</b>	<b>From Fund</b>	<b>To Fund</b>	<b>Purpose</b>	<b>Amount</b>
Matching	General	Special Revenue	Technology Match	9,455
Operating	Special Revenue	General	Indirect Costs	12,592
Operating	School Activity	District Activity	Operations	21,229
Operating	General	Construction	Operations	121
Operating	Building	Debt Service	Debt Service	<u>489,273</u>
		<b>Total Fund Transfers</b>		<u><u>532,670</u></u>

**NOTE Q – SUBSEQUENT EVENTS**

Management has reviewed subsequent events through November 15, 2023. There are no material subsequent events to disclose.

**NOTE R – ON-BEHALF PAYMENT**

For the year ended June 30, 2023, \$1,948,103 in on-behalf payments were made by the Commonwealth of Kentucky for the benefit of the District. Payments for life insurance, health insurance, Kentucky teacher retirement matching pension contributions, and administrative fees were paid by the State for the District. These payments were recognized as on-behalf payments and recorded in the appropriate revenue and expense accounts. These payments were recorded as follows:

Teachers Retirement System (GASB 68 Schedule A)	\$1,192,732
Teachers Retirement System (GASB 75)	26,159
Health Insurance	608,926
Life Insurance	896
Administrative Fee	7,164
HRA/Dental/Vision	36,225
Federal Reimbursement	(32,441)
Technology	78,283
SFCC Debt Service Payments	<u>30,159</u>
Total	<u><u>\$1,948,103</u></u>

**NOTE S – NET POSITION AND FUND BALANCE, AS RESTATED**

The beginning net position of the Governmental Activities was decreased by \$113,807 due to the Teacher Retirement System’s deferred outflows and deferred inflows being understated. Below are the details of the restatements:

	<b>Government</b>
	<u><b>Activities</b></u>
Net Position June 30, 2022	(1,144,069)
Understatement:	
Deferred Outflows	163,094
Deferred Inflows	<u>(276,901)</u>
Beginning Net Position, As Restated	<u><u>\$ (1,257,876)</u></u>



REQUIRED SUPPLEMENTARY  
INFORMATION

BURGIN INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Taxes	2,149,147	2,149,147	2,015,354	(133,793)
Other Local Sources	11,500	11,500	62,523	51,023
State Sources	3,000,818	3,000,818	3,423,849	423,031
Federal Sources	25,000	25,000	23,840	(1,160)
Other Sources	0	0	52,171	52,171
TOTAL REVENUES	<u>5,186,465</u>	<u>5,186,465</u>	<u>5,577,737</u>	<u>391,272</u>
EXPENDITURES:				
Instructional	2,805,620	2,805,620	3,621,827	(816,207)
Student Support Services	246,344	246,344	267,369	(21,025)
Staff Support Services	306,922	306,922	328,337	(21,415)
District Administration	360,533	360,533	394,236	(33,703)
School Administration	378,124	378,124	346,169	31,955
Business Support Services	203,303	203,303	252,961	(49,658)
Plant Operation & Maintenance	500,452	500,452	441,892	58,560
Student Transportation	208,918	208,918	203,401	5,517
Debt Service	29,877	29,877	29,877	0
Other	146,372	146,372	9,576	136,796
TOTAL EXPENDITURES	<u>5,186,465</u>	<u>5,186,465</u>	<u>5,895,645</u>	<u>(709,180)</u>
NET CHANGE IN FUND BALANCE	0	0	(317,908)	(317,908)
FUND BALANCES - BEGINNING	<u>0</u>	<u>0</u>	<u>526,905</u>	<u>526,905</u>
FUND BALANCES - ENDING	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>208,997</u></u>	<u><u>208,997</u></u>

See independent auditor's report and accompanying notes to financial statements.

BURGIN INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL - SPECIAL REVENUE FUND  
FOR THE YEAR ENDED JUNE 30, 2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
State Sources	326,392	326,392	300,149	(26,243)
Federal Sources	549,645	549,645	724,564	174,919
Other Sources	133,454	133,454	36,624	(96,830)
<b>TOTAL REVENUES</b>	<u>1,009,491</u>	<u>1,009,491</u>	<u>1,061,337</u>	<u>51,846</u>
EXPENDITURES:				
Instructional	1,110,301	1,110,301	982,202	128,099
Student Support Services	0	0	0	0
Staff Support Services	0	0	0	0
District Administration	1,152	1,152	0	1,152
School Administration	0	0	0	0
Business Support Services	0	0	0	0
Plant Operation & Maintenance	0	0	0	0
Student Transportation	0	0	0	0
Central Office	0	0	0	0
Community Service Operations	48,358	48,358	66,543	(18,185)
Facility Acquisition & Construction	0	0	0	0
Other	121,597	121,597	12,592	109,005
<b>TOTAL EXPENDITURES</b>	<u>1,281,408</u>	<u>1,281,408</u>	<u>1,061,337</u>	<u>220,071</u>
<b>NET CHANGE IN FUND BALANCE</b>	(271,917)	(271,917)	0	271,917
<b>FUND BALANCES - BEGINNING</b>	<u>271,917</u>	<u>271,917</u>	<u>0</u>	<u>271,917</u>
<b>FUND BALANCES - ENDING</b>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>543,834</u></u>

See accompanying auditor's report and accompanying notes to financial statements.

BURGIN INDEPENDENT SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
TEACHERS' RETIREMENT SYSTEM  
FOR THE YEAR ENDED JUNE 30

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
District's proportion of net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
District's proportionate share of the net pension liability	\$ -	-	-	-	-	-	-	-	-
State of Kentucky's share of the net pension liability associated with the district	<u>\$ 12,930,430</u>	<u>15,488,946</u>	<u>19,315,786</u>	<u>18,001,268</u>	<u>9,149,143</u>	<u>9,542,076</u>	<u>10,530,860</u>	<u>9,999,851</u>	<u>13,072,266</u>
<b>TOTAL</b>	<b><u>12,930,430</u></b>	<b><u>15,488,946</u></b>	<b><u>19,315,786</u></b>	<b><u>18,001,268</u></b>	<b><u>9,149,143</u></b>	<b><u>9,542,076</u></b>	<b><u>10,530,860</u></b>	<b><u>9,999,851</u></b>	<b><u>13,072,266</u></b>
District's covered-employee payroll	\$ 2,077,886	2,183,903	2,226,972	2,362,260	2,346,926	2,561,252	2,639,188	2,930,258	3,099,530
District's proportionate share of the net pension liability as a percentage of its covered-payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	45.59%	44.70%	57.04%	39.80%	59.30%	58.80%	58.27%	65.59%	56.41%

*Note: Schedule is intended to show information for the last 10 fiscal years. Additional years are not displayed.*

BURGIN INDEPENDENT SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
COUNTY EMPLOYEES RETIREMENT SYSTEM  
FOR THE YEAR ENDED JUNE 30

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
District's proportion of net pension liability	0.023568%	0.024138%	0.023730%	0.022786%	0.025398%	0.026041%	0.024368%	0.019534%	0.018753%
District's proportionate share of the net pension liability	\$ 765,000	1,037,859	1,168,375	1,333,735	1,546,816	1,831,475	1,869,005	1,245,446	1,355,657
State of Kentucky's share of the net pension liability associated with the district	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<u><u>\$ 765,000</u></u>	<u><u>1,037,859</u></u>	<u><u>1,168,375</u></u>	<u><u>1,333,735</u></u>	<u><u>1,546,816</u></u>	<u><u>1,831,475</u></u>	<u><u>1,869,005</u></u>	<u><u>1,245,446</u></u>	<u><u>1,355,657</u></u>
District's covered-employee payroll	\$ 563,194	567,992	559,439	655,580	684,286	687,309	538,614	558,923	579,480
District's proportionate share of the net pension liability as a percentage of its covered-payroll	135.84%	182.73%	208.85%	203.44%	226.05%	226.47%	347.00%	222.83%	233.94%
Plan fiduciary net position as a percentage of the total pension liability	65.96%	63.46%	55.50%	53.30%	53.54%	50.45%	47.81%	57.33%	52.42%

*Note: Schedule is intended to show information for the last 10 fiscal years. Additional years are not displayed.*

BURGIN INDEPENDENT SCHOOL DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CONTRIBUTIONS TO THE  
 TEACHERS RETIREMENT SYSTEM  
 FOR THE YEAR ENDED JUNE 30

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Contractually required contributions (actuarially determined)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 2,077,886	\$ 2,183,603	\$ 2,226,972	\$ 2,362,260	2,346,926	2,561,252	2,639,188	2,930,258	3,099,530
Contributions as a percentage of Covered employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

*Note: Schedule is intended to show information for the last 10 fiscal years. Additional years are not displayed.*

BURGIN INDEPENDENT SCHOOL DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CONTRIBUTIONS TO THE  
 COUNTY EMPLOYEES RETIREMENT SYSTEM  
 FOR THE YEAR ENDED JUNE 30

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Contractually required contributions (actuarially determined)	\$ 71,807	\$ 70,545	\$ 78,042	\$ 94,928	\$ 110,991	\$ 132,651	\$ 103,952	\$ 118,324	\$ 135,534
Contributions in relation to the actuarially determined contributions	<u>71,807</u>	<u>70,545</u>	<u>78,042</u>	<u>94,928</u>	<u>110,991</u>	<u>132,651</u>	<u>103,952</u>	<u>118,324</u>	<u>135,534</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 563,194	\$ 567,992	\$ 559,439	\$ 655,580	\$ 684,286	\$ 687,309	\$ 538,614	\$ 558,923	\$ 579,480
Contributions as a percentage of Covered employee payroll	12.75%	12.42%	13.95%	14.48%	16.22%	19.30%	19.30%	21.17%	23.40%

*Note: Schedule is intended to show information for the last 10 fiscal years. Additional years are not displayed.*

BURGIN INDEPENDENT SCHOOL DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE  
 OF THE NET OPEB LIABILITY - MEDICAL INSURANCE  
 COUNTY EMPLOYEES RETIREMENT SYSTEM  
 FOR THE YEAR ENDED JUNE 30

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
District's proportion of net OPEB liability	0.022786%	0.025397%	0.026034%	0.024361%	0.019529%	0.018750%
District's proportionate share of the net OPEB liability	458,077	450,919	437,880	588,244	373,873	370,034
State of Kentucky's share of the net OPEB liability associated with the district	-	-	-	-	-	-
<b>TOTAL</b>	<u><u>458,077</u></u>	<u><u>450,919</u></u>	<u><u>437,880</u></u>	<u><u>588,244</u></u>	<u><u>373,873</u></u>	<u><u>370,034</u></u>
District's covered-employee payroll	655,580	684,286	687,309	538,614	558,923	579,480
District's proportionate share of the net OPEB liability as a percentage of its covered-payroll	69.87%	65.89%	63.71%	109.21%	66.89%	63.86%
Plan fiduciary net position as a percentage of the total OPEB liability	52.40%	57.62%	60.44%	51.67%	62.91%	47.76%

*Note: Schedule is intended to show information for the last 10 fiscal years. Additional years are not displayed.*



BURGIN INDEPENDENT SCHOOL DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE  
 OF THE NET OPEB LIABILITY - MEDICAL INSURANCE PLAN  
 TEACHERS' RETIREMENT SYSTEM  
 FOR THE YEAR ENDED JUNE 30

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
District's proportion of net OPEB liability	0.0309%	0.0309%	0.0373%	0.0399%	0.0411%	0.0734%
District's proportionate share of the net OPEB liability	1,257,000	1,251,000	1,092,000	1,007,000	882,000	1,391,000
State of Kentucky's share of the net OPEB liability associated with the district	<u>1,027,000</u>	<u>1,078,000</u>	<u>882,000</u>	<u>807,000</u>	<u>716,000</u>	<u>457,000</u>
<b>TOTAL</b>	<b><u><u>2,284,000</u></u></b>	<b><u><u>2,329,000</u></u></b>	<b><u><u>1,974,000</u></u></b>	<b><u><u>1,814,000</u></u></b>	<b><u><u>1,598,000</u></u></b>	<b><u><u>1,848,000</u></u></b>
District's covered-employee payroll	\$ 2,362,260	\$ 2,346,926	\$ 2,561,252	\$ 2,639,188	\$ 2,930,258	\$ 3,099,530
District's proportionate share of the net OPEB liability as a percentage of its covered-payroll	53.21%	52.96%	42.64%	38.16%	30.10%	44.88%
Plan fiduciary net position as a percentage of the total OPEB liability	21.18%	25.50%	32.60%	39.05%	51.74%	47.76%

*Note: Schedule is intended to show information for the last 10 fiscal years. Additional years are not displayed.*

BURGIN INDEPENDENT SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE  
OF THE NET OPEB LIABILITY - LIFE INSURANCE PLAN  
TEACHERS' RETIREMENT SYSTEM  
FOR THE YEAR ENDED JUNE 30

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
District's proportion of net OPEB liability	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
District's proportionate share of the net OPEB liability	-	-	-	-	-	-
State of Kentucky's share of the net OPEB liability associated with the district	<u>36,000</u>	<u>18,000</u>	<u>20,000</u>	<u>24,000</u>	<u>10,000</u>	<u>23,000</u>
<b>TOTAL</b>	<b><u><u>36,000</u></u></b>	<b><u><u>18,000</u></u></b>	<b><u><u>20,000</u></u></b>	<b><u><u>24,000</u></u></b>	<b><u><u>10,000</u></u></b>	<b><u><u>23,000</u></u></b>
District's covered-employee payroll	\$ 2,362,260	\$ 2,346,926	\$ 2,561,252	\$ 2,639,188	\$ 2,930,258	\$ 3,099,530
District's proportionate share of the net OPEB liability as a percentage of its covered-payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	79.99%	75.00%	73.40%	71.57%	89.15%	73.97%

*Note: Schedule is intended to show information for the last 10 fiscal years. Additional years are not displayed.*

BURGIN INDEPENDENT SCHOOL DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CONTRIBUTIONS TO THE MEDICAL INSURANCE PLAN  
 COUNTY EMPLOYEES RETIREMENT SYSTEM  
 FOR THE YEAR ENDED JUNE 30

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Contractually required contributions (actuarially determined)	\$ 30,812	\$ 35,993	\$ 32,716	\$ 25,638	\$ 32,306	\$ 19,635
Contributions in relation to the actuarially determined contributions	<u>30,812</u>	<u>35,993</u>	<u>32,716</u>	<u>25,638</u>	<u>32,306</u>	<u>19,635</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 655,580	\$ 684,286	\$ 687,309	\$ 538,614	\$ 558,923	\$ 579,480
Contributions as a percentage of Covered employee payroll	4.70%	5.26%	4.76%	4.76%	5.78%	3.39%

*Note: Schedule is intended to show information for the last 10 fiscal years. Additional years are not displayed.*

BURGIN INDEPENDENT SCHOOL DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CONTRIBUTIONS TO THE MEDICAL INSURANCE PLAN  
 TEACHERS RETIREMENT SYSTEM  
 FOR THE YEAR ENDED JUNE 30

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Contractually required contributions (actuarially determined)	\$ 64,272	\$ 70,408	\$ 76,838	\$ 79,174	\$ 87,908	\$ 92,986
Contributions in relation to the actuarially determined contributions	<u>64,272</u>	<u>70,408</u>	<u>76,838</u>	<u>79,174</u>	<u>87,908</u>	<u>92,986</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 2,362,260	\$ 2,346,926	\$ 2,561,252	\$ 2,639,188	\$ 2,930,258	\$ 3,099,530
Contributions as a percentage of Covered employee payroll	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%

*Note: Schedule is intended to show information for the last 10 fiscal years. Additional years are not displayed.*

BURGIN INDEPENDENT SCHOOL DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CONTRIBUTIONS TO THE LIFE INSURANCE PLAN  
 TEACHERS RETIREMENT SYSTEM  
 FOR THE YEAR ENDED JUNE 30

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Contractually required contributions (actuarially determined)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 2,362,260	\$ 2,346,926	\$ 2,561,252	\$ 2,639,188	\$ 2,930,258	\$ 3,099,530
Contributions as a percentage of Covered employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

*Note: Schedule is intended to show information for the last 10 fiscal years. Additional years are not displayed.*

BURGIN INDEPENDENT SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
FOR THE YEAR ENDED JUNE 30, 2023

**TEACHERS' RETIREMENT SYSTEM**

**NOTE A – CHANGES OF ASSUMPTIONS**

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

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

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

In 2017, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 4.20% to 4.49%. • In 2018, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 4.49% to 7.50%.

In the 2020 experience study, rates of withdrawal, retirement, disability, mortality, and rates of salary increases were adjusted to reflect actual experience more closely. The expectation of mortality was changed to the Pub2010 Mortality Tables (Teachers Benefit-Weighted) projected generationally with MP-2020 with various set forwards, set-backs, and adjustments for each of the groups; service retirees, contingent annuitants, disabled retirees, and actives. The assumed long-term investment rate of return was changed from 7.50 percent to 7.10 percent and the price inflation assumption was lowered from 3.00 percent to 2.50 percent. In addition, the calculation of the SEIR results in an assumption change from 7.50% to 7.10%.

**NOTE B – METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS**

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

Actuarial Cost Method	Entry age, normal
Amortization Period	Level percentage of payroll, closed
Remaining amortization period	30-year closed period that began fiscal year 2011 to amortize the unfunded liability
Asset valuation method	5-year asset smoothing method
Inflation	2.50 percent
Salary Increase	3.00 to 7.50 percent
Ultimate Investment rate of return	7.10 per annum, compounded annually, including inflation

**NOTE C – CHANGES OF BENEFITS**

There were no changes in benefits for TRS pension.

BURGIN INDEPENDENT SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
FOR THE YEAR ENDED JUNE 30, 2023

**COUNTY EMPLOYEES RETIREMENT SYSTEM**

**NOTE A – CHANGES OF ASSUMPTIONS**

2015

The following changes were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2015:

The assumed investment rate of return was decreased from 7.75% to 7.50%.

The assumed inflation rate was reduced from 3.5% to 3.255%.

The assumed rate of wage inflation was reduced from 1.00% to .75%.

Payroll growth assumption was reduced from 4.5% to 4%.

The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females).

For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females). For disabled members, the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement.

The assumed rates of Retirement, Withdrawal and Disability were updated to more accurately reflect experience.

2016

There were no changes of assumptions for the year ended June 30, 2016.

2017

The following changes were made by the KRS Board of Trustees and reflected in the valuation performed as of June 30, 2017:

The assumed rate of inflation was reduced to 2.30% from 3.25%

The assumed salary increases were reduced to 3.05%, average, from 4.00%, average including inflation

The assumed investment rate of return was reduced to 6.25% from 7.50%

2018

There were no changes in assumptions.

2019

The following changes were made by the KRS Board of Trustees and reflected in the valuation performed as of June 30, 2019:

BURGIN INDEPENDENT SCHOOL DISTRICT  
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE  
 OF THE NET PENSION LIABILITY  
 FOR THE YEAR ENDED JUNE 30, 2023

**COUNTY EMPLOYEES RETIREMENT SYSTEM (CONTINUED)**

2019

The projected salary increase was changed to 3.3-11.5% from 3.05%

The asset valuation method was changed to 20% of the difference between the market value assets and the expected actuarial value of assets if recognized from 5-year smoothed market.

The payroll growth rate was changed to 2.0% from 4.0%.

The investment rate of return was change to 6.25% from 7.5%.

The inflation rate was changed to 2.3% from 3.25%.

2020

There were no changes of assumptions for the year ended June 30, 2020.

2021

There were no changes of assumptions for the year ended June 30, 2021.

2022

There were no changes of assumptions for the year ended June 30, 2022.

**NOTE B – METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS**

The following actuarial methods and assumptions were used to determine the rates reported in that schedule:

Valuation Date	June 30, 2020
Experience Study	July 1, 2008 – June 30, 2013
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of pay
Remaining Amortization Period	30 years, Closed
	<i>Gains/losses incurring after 2019 will be amortized over separate 20-year amortization basis</i>
Payroll Growth Rate	2.00%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30 percent
Salary Increase	3.30-11.50 percent, varies by service
Investment Rate of Return	6.25 percent
Phase-In Provision	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018 for CERS

The retiree mortality is a System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.



**NOTE C – CHANGES OF BENEFITS**

There were no changes in benefits for CERS non-hazardous pensions.

BURGIN INDEPENDENT SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE  
OF THE NET OPEB LIABILITY  
FOR THE YEAR ENDED JUNE 30, 2023

**TEACHERS' RETIREMENT SYSTEM**

**NOTE A – CHANGES OF ASSUMPTIONS**

2017

There were no changes in assumptions.

2018

There were no changes in assumptions.

2019

There were no changes in assumptions.

2020

Health Care Cost Trend Rates were updated for the June 30, 2019 valuation.

2021

Health Trust and Life Trust

In the 2020 experience study, rates of withdrawal, retirement, disability, mortality, and rates of salary increases were adjusted to reflect actual experience more closely. The expectation of mortality was changed to the Pub2010 Mortality Tables (Teachers Benefit-Weighted) projected generationally with MP-2020 with various set forwards, set-backs, and adjustments for each of the groups; service retirees, contingent annuitants, disabled retirees, and actives.

The assumed long-term investment rate of return was changed from 8.00% for the Health Trust and 7.50% for the Life Trust to 7.10%. The price inflation assumption was lowered from 3.00% to 2.50%.

The rates of member participation and spousal participation were adjusted to reflect actual experience more closely.

2022

There were no changes in assumptions.

**NOTE B – METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS**

The Health Trust is not funded based on an actuarially determined contribution, but instead is funded based on statutorily determined amounts.

**NOTE C – CHANGES OF BENEFITS**

There were no changes of benefits.

BURGIN INDEPENDENT SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE  
OF THE NET OPEB LIABILITY  
FOR THE YEAR ENDED JUNE 30, 2023

**COUNTY EMPLOYEES RETIREMENT SYSTEM**

**NOTE A – CHANGES OF ASSUMPTIONS**

2017

The assumed investment return was changed from 7.5% to 6.2%

The price inflation assumption was changed from 3.25% to 2.30% which resulted in a .95% decrease in the salary increase assumption at all years of service

The payroll growth assumption (\*applicable for the amortization of unfunded actuarial accrued liabilities) was changed from 4.0% to 2.0%

For the non-hazardous plan, the single discount rate changed from 6.89% to 5.84%. For the hazardous plan the single discount rate changed from 7.37% to 5.96%

2018

There were no changes in assumptions.

2019

The investment rate of return was changed to 6.25% from 7.0%.

The projected salary increases changed to 3.05-11.55% from 4.0%.

The inflation rate changed to 2.3% from 3.25%.

The payroll growth rate changed to 2.0% from 4.0%.

2020

There were no changes in assumptions.

2021

The single discount rates used to calculate the total OPEB liability changed since the prior year. The assumed increase in future health care costs, or trend assumption, was reviewed during the June 30, 2020 valuation process and was updated to better reflect the plan's long-term healthcare costs.

2022

The Initial trend rate for Pre-65 was changes to 6.20% and for Post-65 the change was to 9.00%.

BURGIN INDEPENDENT SCHOOL DISTRICT  
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE  
 OF THE NET OPEB LIABILITY  
 FOR THE YEAR ENDED JUNE 30, 2023

**COUNTY EMPLOYEES RETIREMENT SYSTEM (CONTINUED)**

**NOTE B – METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS**

*Methods and assumptions used in the actuarially determined contributions* – The actuarially determined contribution rates, as a percentage of payroll, used to determine the actuarially determined contribution amounts in the Schedule of Employer Contributions are calculated as of the indicated valuation date. The following actuarial methods and assumptions (from the indicated actuarial valuations) were used to determine contribution rates reported in that schedule for the year ending June 30, 2022:

Valuation Date	June 30, 2021
Experience Study	July 1, 2013 – June 30, 2018
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of pay
Remaining Amortization Period	30 years, closed
	<i>Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases</i>
Payroll Growth Rate	2.00%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%
Salary Increase	3.30%-10.30%, varies by service
Investment Rate of Return	6.25 %
Mortality	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019
Healthcare cost trend rates	
Pre - 65	Initial trend starting at 6.20% at January 1, 2024 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Post - 65	Initial trend starting at 9.0% at January 1, 2024 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years.
Phase-In Provision	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018.

**NOTE C – CHANGES OF BENEFITS**

There were no changes in benefits for CERS, non-hazardous OPEB.

OTHER SUPPLEMENTARY  
INFORMATION

BURGIN INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2023

	<u>DEBT SERVICE FUND</u>	<u>SEEK CAPITAL OUTLAY FUND</u>	<u>SCHOOL ACTIVITY FUND</u>	<u>DISTRICT ACTIVITY FUND</u>	<u>TOTAL NON-MAJOR GOVERNMENT FUNDS</u>
ASSETS:					
Cash & Cash Equivalents	55,536	85,949	80,524	36,691	258,700
<b>TOTAL ASSETS</b>	<b><u>55,536</u></b>	<b><u>85,949</u></b>	<b><u>80,524</u></b>	<b><u>36,691</u></b>	<b><u>258,700</u></b>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable					0
<b>Total Liabilities</b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0</u></b>
Fund Balances:					
Restricted for:					
School Activities			80,524	36,691	117,215
SFCC Escrow		85,949			85,949
Debt Service	55,536				55,536
Unassigned Fund Balance					0
<b>Total Fund Balances</b>	<b><u>55,536</u></b>	<b><u>85,949</u></b>	<b><u>80,524</u></b>	<b><u>36,691</u></b>	<b><u>258,700</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>55,536</u></b>	<b><u>85,949</u></b>	<b><u>80,524</u></b>	<b><u>36,691</u></b>	<b><u>258,700</u></b>

See independent auditor's report and accompanying notes to financial statements.

BURGIN INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCES  
 NON-MAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2023

	DEBT SERVICE FUND	SEEK CAPITAL OUTLAY FUND	SCHOOL ACTIVITY FUND	DISTRICT ACTIVITY FUND	TOTAL NON-MAJOR GOVERNMENT FUNDS
REVENUES:					
Intergovernmental - State	30,159	45,300			75,459
Earnings on Investments			550		550
Other Sources			200,593		200,593
<b>TOTAL REVENUES</b>	<u>30,159</u>	<u>45,300</u>	<u>201,143</u>	<u>0</u>	<u>276,602</u>
EXPENDITURES:					
Instructional			177,544	20,469	198,013
Support Services					
Instructional Staff Support			5,136		5,136
Other Non-Instructional			2,195		2,195
Debt Service:					
Principal	360,000				360,000
Interest	161,597				161,597
<b>TOTAL EXPENDITURES</b>	<u>521,597</u>	<u>0</u>	<u>184,875</u>	<u>20,469</u>	<u>726,941</u>
EXCESS(DEFICIT) REVENUES OVER EXPENDITURES	(491,438)	45,300	16,268	(20,469)	(450,339)
OTHER FINANCING SOURCES(USES):					
Operating Transfers In	489,273			21,229	510,502
Operating Transfers Out			(21,229)		(21,229)
<b>TOTAL OTHER FINANCING SOURCES(USES)</b>	<u>489,273</u>	<u>0</u>	<u>(21,229)</u>	<u>21,229</u>	<u>489,273</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(2,165)</u>	<u>45,300</u>	<u>(4,961)</u>	<u>760</u>	<u>38,934</u>
FUND BALANCES - BEGINNING	57,701	40,649	85,485	35,931	219,766
FUND BALANCES - ENDING	<u>55,536</u>	<u>85,949</u>	<u>80,524</u>	<u>36,691</u>	<u>258,700</u>

See independent auditor's report and accompanying notes to financial statements.

BURGIN INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES  
 SCHOOL ACTIVITY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2023

	FUND BALANCE JULY 1, 2022	REVENUES	EXPENDITURES	FUND BALANCE JUNE 30, 2023
Burgin School Activity Funds	85,485	201,143	206,104	80,524
Total Activity Funds (Due to Student Groups)	85,485	201,143	206,104	80,524

See independent accountant's report and accompanying notes to financial statements.



BURGIN INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE  
SCHOOL ACTIVITY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2023

	CASH BALANCE JULY 1, 2022	RECEIPTS	DISBURSEMENTS	CASH BALANCE JUNE 30, 2023	ACCOUNTS RECEIVABLE JUNE 30, 2023	ACCOUNTS PAYABLE JUNE 30, 2023	FUND BALANCE JUNE 30, 2023
Principals Fund	877	694	833	738	0	0	738
A.R.T.S. Program	112	0	0	112	0	0	112
PTO Donations	250	0	32	218	0	0	218
Student Coke	28	0	0	28	0	0	28
Faculty Coke	18	0	0	18	0	0	18
Technology/Handbook Fines	614	345	0	959	0	0	959
Master Lock/DAF	0	40	40	0	0	0	0
Parking Tags/DAF	0	500	500	0	0	0	0
School Pictures	1,257	703	776	1,184	0	0	1,184
Flower Fund	2	310	60	252	0	0	252
Tackett Class	25	0	25	0	0	0	0
Hudgins Class	20	0	0	20	0	0	20
Hall Class	32	186	204	14	0	0	14
Renner Class	227	256	259	224	0	0	224
Williams Class	47	0	0	47	0	0	47
Sexton Class	101	438	457	82	0	0	82
Wardrip Class	26	189	215	0	0	0	0
Harmon Class	86	747	831	2	0	0	2
Booker Class	0	25	0	25	0	0	25
Currens Class	0	216	120	96	0	0	96
Poland Class	35	0	0	35	0	0	35
Henson Class	139	225	198	166	0	0	166
Boyd Class	148	576	611	113	0	0	113
N. Short Class	140	8	0	148	0	0	148
Wilson Class	192	732	847	77	0	0	77
Mason Class	8	0	0	8	0	0	8
Robinson Class	1	0	0	1	0	0	1
Jackson Class	0	304	301	3	0	0	3
Yates Class	0	412	412	0	0	0	0
High School Fee	0	3,964	3,964	0	0	0	0
Student Laptop Purchase	0	4,930	4,930	0	0	0	0
Middle School Fee	0	4,380	4,380	0	0	0	0
Primary Fee	0	5,370	5,370	0	0	0	0
General Athletic	11,366	39,185	37,103	13,448	0	0	13,448
BG Conference	948	0	0	948	0	0	948
Concessions	9,679	6	1,709	7,976	0	0	7,976
Little League Basketball	2,132	4,508	4,000	2,640	0	0	2,640
HS Boys Basketball	524	11,846	11,554	816	0	0	816
HS Girls Basketball	3,812	28,337	29,442	2,707	0	0	2,707
MS Boys Basketball	1,975	1,864	2,949	890	0	0	890
MS Girls Basketball	1,679	1,666	1,513	1,832	0	0	1,832
HS Baseball	298	2,692	2,725	265	0	0	265
Track Team	604	1,723	1,216	1,111	0	0	1,111
Cross Country	1,136	1,000	1,480	656	0	0	656
MS Cross Country	476	953	165	1,264	0	0	1,264
Soccer	815	265	788	292	0	0	292
Softball	4,380	4,960	4,980	4,360	0	0	4,360
MS Softball	1,194	600	0	1,794	0	0	1,794
MS Cheerleading	496	550	845	201	0	0	201

HS Cheerleading	550	11,517	11,413	654	0	0	654
MS Baseball	1,652	600	160	2,092	0	0	2,092
Volleyball	452	2,724	1,875	1,301	0	0	1,301
Fishing Team	3,659	9,780	7,602	5,837	0	0	5,837
Golf	0	218	0	218	0	0	218
Academis Team	256	0	0	256	0	0	256
FBLA	215	12,462	11,883	794	0	0	794
Greenhouse	1,846	0	383	1,463	0	0	1,463
Science Club	351	40	25	366	0	0	366
Spanish Club	252	418	179	491	0	0	491
Student Council	705	690	549	846	0	0	846
Book Club	255	0	0	255	0	0	255
STLP Club	37	0	0	37	0	0	37
Key Club	179	0	0	179	0	0	179
Dance Club	12	0	0	12	0	0	12
Aviation Club	1	0	0	1	0	0	1
Art Club	881	0	0	881	0	0	881
Y-Club	757	5,157	5,715	199	0	0	199
MS Y-Club	27	1,367	1,394	0	0	0	0
T.A.S.A.	230	0	230	0	0	0	0
FFA	334	3,518	3,582	270	0	0	270
Good News club	1,322	0	432	890	0	0	890
Natl Honor Society	37	290	29	298	0	0	298
MS Natl Honor Society	136	0	0	136	0	0	136
MS Academic Team	381	0	0	381	0	0	381
Elementary Academy	62	0	0	62	0	0	62
Gifted/Talented 9-12	431	0	4	427	0	0	427
Elementary Music	170	2,341	2,200	311	0	0	311
Book Drive	17	761	761	17	0	0	17
Book Fair	0	5,136	5,136	0	0	0	0
Yearbook	2,864	3,208	4,123	1,949	0	0	1,949
MS Activities Fundraising	382	3,977	4,204	155	0	0	155
Music Fundraiser	4,207	9,610	12,074	1,743	0	0	1,743
PE Fundraising	4,350	2,442	2,369	4,423	0	0	4,423
Seniors 2023	8,651	7,872	16,523	0	0	0	0
Seniors 2024	1,860	8,115	5,913	4,062	0	0	4,062
Seniors 2025	1,258	560	0	1,818	0	0	1,818
Seniors 2026	292	2,645	1,528	1,409	0	0	1,409
Enrichment Field Trip	26	960	960	26	0	0	26
HS Misc Field Trips	431	1,500	1,509	422	0	0	422
Math Field Trips	58	0	0	58	0	0	58
8th Grade Field Trips	0	1,713	1,698	15	0	0	15
MS Misc Field Trips	0	3,356	3,356	0	0	0	0
Total All Funds	85,485	228,682	233,643	80,524	0	0	80,524
Interfund Transfers	0	(27,539)	(27,539)	0	0	0	0
Total	85,485	201,143	206,104	80,524	0	0	80,524

BURGIN INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2023

<u>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE</u>	<u>CFDA NUMBER</u>	<u>PASS THROUGH NUMBER (if applicable)</u>	<u>MUNIS PROJECT NUMBER</u>	<u>EXPENDITURES</u>
<u>U.S. Department of Education</u>				
Passed-Through Department of Education				
Title I - Grants to Local Educational Agencies	84.010	3100002	310I	2,120
Title I - Grants to Local Educational Agencies	84.010	3100002	310J	93,866
Title I Grants to Local Educational Agencies Total				95,986
Small, Rural School Achievement Program	84.358A	3140002	346I	221
Small, Rural School Achievement Program	84.358A	3140002	346J	39,476
Small, Rural School Achievement Program Total				39,697
Supporting Effective Instruction State Grants	84.367	3230002	401F	14,075
Supporting Effective Instruction State Grants	84.367	3230002	401I	133
Supporting Effective Instruction State Grants Total				14,208
Perkins Voc.	84.048	3710006	348GA	496
Perkins Voc.	84.048	3710006	348J	2,624
Perkins Voc. Total				3,120
Title IV, Part A-Student Support and Academic Enrichment	84.424	552I	552I	1,017
Title IV, Part A-Student Support and Academic Enrichment	84.424	552J	552J	9,922
Title IV, Part A Total				10,939
IDEA - Special Education - Grants to States	84.027	3810002	337F	20
IDEA - Special Education - Grants to States	84.027	3810002	337I	9,534
IDEA - Special Education - Grants to States	84.027	3810002	337J	97,857
COVID - 19- Special Education-Grants to States	84.027X	4910002	478I	747
COVID - 19- Special Education-Preschool Grants	84.173X	4910002	488I	641
IDEA - Special Education - Preschool Grants	84.173	3800002	343I	169
IDEA - Special Education - Preschool Grants	84.173	3800002	343J	2,926
Special Education Cluster				111,894
COVID-19 - Elementary and Secondary School Emergency Relief	84.425U	4300002	473G	18,154
COVID-19 - Elementary and Secondary School Emergency Relief	84.425U	4300002	473GB	575
COVID-19 - Elementary and Secondary School Emergency Relief	84.425U	4300002	473GL	110,866
COVID-19 - Elementary and Secondary School Emergency Relief	84.425U	4300002	476GS	24,068
COVID-19 - Elementary and Secondary School Emergency Relief	84.425D	4000002	554G	18,999
COVID-19 - Elementary and Secondary School Emergency Relief	84.425D	4000002	554GD	195,123
COVID-19 - Elementary and Secondary School Emergency Relief	84.425D	4000002	554GS	28,173
COVID-19 - Elementary and Secondary School Emergency Relief	84.425D	4000002	571G	5,300
COVID-19 - Governor's Emergency Education Relief Fund	84.425C	GEER-20	564GF	61,996
COVID-19 Education Stabilization Fund Total				463,254
Total U.S. Department of Education				739,098
<u>US Department of the Treasury</u>				
Passed through Kentucky Department of Education				
Covid-19 - Last Mile Internet	21.019	CARES-20	663G	200
<u>U.S. Department of Agriculture</u>				
Passed-Through State Department of Education				
Summer Meal Program	10.559	7690024-23	7690024-23	595
National School Lunchroom	10.555	7750002-22	7750002-22	44,480
National School Lunchroom	10.555	7750002-23	7750002-23	139,456
National School Lunchroom	10.555	9980000-22	9980000-22	16,525
National School Lunchroom	10.555	9980000-23	9980000-23	10,015
School Breakfast Program	10.553	7760005-22	7760005-22	19,519
School Breakfast Program	10.553	7760005-23	7760005-23	57,290
PEBT Administrative Funds	10.649	9990000-21	9990000-21	628
Child Nutrition Cluster				288,508
State Administration of Child Expenses	10.560	7700001-21	7700001-21	272
Pass-Through State Department of Agriculture				
Food Distribution	10.565	057502-10	057502-10	21,630
Total U.S. Department of Agriculture				310,410
Total Federal Financial Assistance				1,049,708

BURGIN INDEPENDENT SCHOOL DISTRICT  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2023

**NOTE A – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Spencer County School District under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Spencer County School District, it is not intended to and does not present the financial position, changes in net asset, or cash flows of Spencer County School District.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE C – FOOD DISTRIBUTION**

Nonmonetary assistance is reported in the schedule at the fair value of the commodities disbursed.

**NOTE D – DE MINIMIS COST RATE**

The District did not elect to use the 10 percent de minimis cost rate as allowed under the Uniform Guidance.

**NOTE E – SUBRECIPIENTS**

There were no subrecipients during the fiscal year.

BURGIN INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED JUNE 30, 2023

**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of audit issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ Yes      X   No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_\_\_ Yes      X   None Reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes      X   No

**Federal Awards**

Internal control over major programs?

- Material weakness(es) identified? \_\_\_\_\_ Yes      X   No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_\_\_ Yes      X   None Reported

Type of auditor’s report issued on compliance for major programs (unmodified):

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? \_\_\_\_\_ Yes      X   No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.425C/84.425D/84.425U	COVID-19 Education Stabilization Fund

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

Auditee qualified as low-risk auditee? \_\_\_\_\_ Yes      X   No

**Section II – Financial Statement of Findings**

No matters were reported.

**Section III – Federal Award Findings and Questioned Costs**

No matters were reported.

BURGIN INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
JUNE 30, 2023

There were no prior year audit findings.

# MONTGOMERY & COMPANY, P.L.L.C

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November 15, 2023

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

Members of the Board of Education  
Burgin Independent School District  
140 Burgin-Danville Road  
Burgin, KY 40310

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and *Appendix I to the Independent Auditor's Contract – Audit Extension Request*, *Appendix II to the Independent Auditor's Contract – Instructions for Submission of the Audit Contract, Audit Acceptance Statement, AFR and Balance Sheet, Statement of Certification, and Audit Report*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Burgin Independent School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Burgin Independent School District's basic financial statements, and have issued my report thereon dated November 15, 2023.

## **Report on Internal Control over Financial Reporting**

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

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

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Burgin Independent School District's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. In addition, the results of my tests disclosed no material instances of noncompliance of specific state statutes or regulation identified in *Appendix II of the Independent Auditor's Contract – State Audit Requirements*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of my 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.

Sincerely,

*Montgomery & Company, L.L.C.*

Certified Public Accountants



# MONTGOMERY & COMPANY, P.L.L.C

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November 15, 2023

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

Members of the Board of Education  
Burgin Independent School District  
140 Burgin-Danville Road  
Burgin, KY 40310

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

#### ***Opinion on Each Major Federal Program***

I have audited Burgin Independent School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Burgin Independent School District's major federal programs for the year ended June 30, 2023. Burgin Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In my opinion, Burgin Independent School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

#### ***Basis for Opinion on Each Major Federal Program***

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United State of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and *Appendix I to the Independent Auditor's Contract – Audit Extension Request*, *Appendix II to the Independent Auditor's Contract – Instructions for Submission of the Audit Contract*, *Audit Acceptance Statement*, *AFR and Balance Sheet*, *Statement of Certification*, and *Audit Report*. My responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of my report.

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

### ***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibility for the Audit of Compliance***

My objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Burgin Independent School District's compliance based on my audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Burgin Independent School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance I:

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

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

### **Report on Internal Control Over Compliance**

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

*internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

My audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Sincerely,

*Montgomery & Company, L.L.C.*

Certified Public Accountants

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270-995-2474

Joseph A. Montgomery, CPA

Email [joe.montgomery@jamcpas.com](mailto:joe.montgomery@jamcpas.com)

November 15, 2023

## MANAGEMENT LETTER

Members of the Board of Education  
Burgin Independent School District  
140 Burgin-Danville Road  
Burgin, KY 40310

In planning and performing my audit of the financial statements of Burgin Independent School District for the year ended June 30, 2023, I considered its internal control in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements. My professional standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. I feel that the District's financial statements are free of material misstatement. However, I offer the following suggestions that I feel will strengthen your organization's internal control structure.

In addition, I have reviewed recommendations made by the prior auditors in the audit report for the year ended June 30, 2023, and I have reviewed management's responses to those recommendations. My findings based upon those prior year recommendations are also summarized below.

### **Prior Year Recommendations – School Activity Funds:**

None

### **Prior Year Recommendations – District:**

None

### **Current Year Recommendations – District:**

#### **2023-1 – Current Year Recommendation:**

During the course of the audit it was noted that there was one instance where a maintenance expenditure did not have a properly approved purchase order for the transaction. I recommend that management ensure that all purchases that require a purchase order have a properly approved purchase order prior to the purchase.

#### **Management Response :**

We will inform all staff that a properly approved purchase order is required prior to committing district funds.

## **Current Year Recommendations – School Activity Funds:**

### **2023-1 – Current Year Recommendation:**

During the course of the audit it was noted that there were three instances where the multiple receipt form was used for concession sales rather than the sales from concessions form. I suggest that management inform all staff, sponsors and coaches to use the proper form for concession sales.

### **Management Response:**

All staff, sponsors and coaches have been informed that they are to use the proper form for concession sales.

I would like to offer my assistance throughout the year if and when new or unusual situations arise. My awareness of new developments when they occur would help to ensure that the District is complying with requirements such as those mentioned above.

I will review the status of this comment during my next audit engagement. I have already discussed this comment and suggestion with various District personnel, and I will be pleased to perform any additional study of this matter or to assist you in implementing the recommendation.

Sincerely,

*Montgomery & Company, L.L.C.*

Certified Public Accountants

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Joseph A. Montgomery, CPA

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November 15, 2023

Members of the Board of Education  
Burgin Independent School District  
140 Burgin-Danville Road  
Burgin, KY 40310

I have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Burgin Independent School District for the year ended June 30, 2023. Professional standards require that I provide you with information about my responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of my audit. I have communicated such information in my letter to you dated April 9, 2023. Professional standards also require that I communicate to you the following information related to my audit.

## Significant Audit Matters:

### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting polices used by Burgin Independent School District are described in Note A to the financial statements. As described in Note A to the financial statements, the District changed policies related to leases by adopting Statement of Governmental Accounting Standards No. 96, Subscription-Based Information Technology Arrangements, in 2023. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the Statement of Activities. No other new accounting policies were adopted and the application of existing policies was not changed during 2023. I noted no transactions entered into by Burgin Independent School District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the sick leave liability is based on current pay rates and those currently eligible for retirement. I evaluated the key factors and assumptions used to develop the sick leave liability in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

### *Difficulties Encountered in Performing the Audit*

I encountered no significant difficulties in dealing with management in performing and completing my audit.

### *Corrected and Uncorrected Misstatements*

Professional standards require me to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to my satisfaction, that could be significant to the financial statements or the auditor's report. I am pleased to report that no such disagreements arose during the course of my audit.

### *Management Representations*

I have requested certain representations from management that are included in the management representation letter dated November 15, 2023.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Burgin Independent School District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with me to determine that the consultant has all the relevant facts. To my knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

I generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Burgin Independent School District's auditor. However, these discussions occurred in the normal course of my professional relationship and my responses were not a condition to my retention.

### Other Matters

I applied certain limited procedures to management's discussion and analysis and budgetary comparison information, which are required supplementary information (RSI) that supplements the basic financial statements. My procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

I was not engaged to report on the budgetary comparison information on pages 54 and 55, or on the schedules of the district's proportionate share of net pension liabilities and other post-employment benefit plans on pages 56-57 and 60-62, or on the schedules of contributions to the County Employees Retirement System and Teachers Retirement System pension plans or the County Employees Retirement System and Teachers Retirement System other post-employment benefit plans on pages 58-59 and 63-65,

which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, I do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the information and use of Members of the Board of Education and management of Burgin Independent School District and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

*Montgomery & Company, L.L.C.*

Certified Public Accountants