

**AUGUSTA INDEPENDENT SCHOOL DISTRICT
FINANCIAL STATEMENTS
JUNE 30, 2025**

Independent Auditor's Report.....	1-3
Management's Discussion and Analysis	4-8
Basic Financial Statements	
<i>Government-Wide Financial Statements</i>	
Statement of Net Position.....	9
Statement of Activities.....	10
<i>Fund Financial Statements</i>	
Balance Sheet – Governmental Funds	11
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	12
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	13
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to Statement of Activities.....	14
Statement of Net Position – Proprietary Funds.....	15
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	16
Statement of Cash Flows – Proprietary Funds	17
Statement of Net Position – Fiduciary Fund	18
Statement of Additions and Deductions - Fiduciary Fund <i>Notes to the Financial Statements</i>	20-50
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund	51
Budgetary Comparison Schedule – Special Revenue Fund.....	52
Notes to Budgetary Comparison Schedules.....	53
Schedule of District's Proportionate Share of the Net Pension Liability and Contributions – CERS.....	54
Schedule of District's Proportionate Share of the Net Pension Liability and Contributions – TRS.....	55
Schedule of District's Proportionate Share of the Net OPEB Liability and Contributions – CERS.....	56

Schedule of District's Proportionate Share of the Net OPEB Liability and Contributions – TRS Medical Insurance Fund	57
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Schedule of District's Proportionate Share of the Net OPEB Liability and Contributions – TRS Life Insurance Fund	58
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Supplementary Information

Combining Balance Sheet – Nonmajor Governmental Funds	59
---	----

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds.....	60
---	----

Statement of School Activity Funds	61
--	----

Schedule of Expenditures of Federal Awards.....	62-63
---	-------

Notes to the Schedule of Expenditures of Federal Awards.....	64
--	----

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on and Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	65-66
---	--------------

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by Uniform Guidance	67-69
---	--------------

Schedule of Findings and Questioned Costs	70
--	-----------

Summary Schedule of Prior Audit Findings.....	71
--	-----------

Management Letter	72-73
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INDEPENDENT AUDITOR'S REPORT

Kentucky State Committee for School District Audits
Members of the Board of Education
Augusta Independent School District
Augusta, Kentucky

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Augusta Independent School District (District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2025 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 of Opinions

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

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 District's ability to continue

as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension schedules, and OPEB schedules as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or

historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, combining and individual school activity fund financial statements, and 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 our opinion, the combining and individual nonmajor fund financial statements, combining and individual school activity 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*, we have also issued our report dated December 10, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 the District's internal control over financial reporting and compliance.

Maddox & Associates CPAs Inc.

Fort Thomas, Kentucky
December 10, 2025

As management of the Augusta 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, 2025. We encourage readers to consider the information presented here in conjunction with additional information found within the body of this report.

FINANCIAL HIGHLIGHTS

The assets and deferred outflows of the District were more than its liabilities and deferred outflows at the close of the most recent fiscal year by \$1,624,701 (net position). The unrestricted net position, which represents the amounts available to meet the District's ongoing obligations to citizens and creditors, was a deficit of (\$362,911). The District is committed to provide postemployment benefits to its employees. As a result, the District has recognized substantial liabilities in the financial statements for these benefits. As of year-end, the District has liabilities of for postemployment benefits of \$1,338,715 which caused the deficit balance in the unrestricted net position. The District's total net position increased by \$1,450,401 .

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis provided here are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) the notes to the financial statements.

Government-wide Financial Statements

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

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

The *statement of activities* presents information showing how the District 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 the related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, district and school administration, business and plant operations, student transportation, and operation of non-instructional services. Fixed assets and debt is also supported by taxes and intergovernmental revenues. The government-wide financial statements can be found on pages 9-10 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. This is the state mandated accounting system including a 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 funds, proprietary funds, and fiduciary funds. The proprietary fund is for food service operations. The fiduciary fund is a trust fund established by benefactors to aid in student education, welfare, and teacher support. All other activities of the District are included in the governmental funds. The basic governmental fund financial statements can be found on pages 11-19 of this report.

Notes to the Financial Statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20-50 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Net Position

	Governmental Activities		Business-Type Activities	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Assets				
Current assets	\$ 1,586,144	\$ 1,535,988	\$ 5,917	\$ 40,932
Noncurrent assets	3,937,242	2,964,190	10,259	9,398
Total assets	5,523,386	4,500,178	16,176	50,330
Deferred outflows	588,065	731,164	49,888	77,819
Liabilities				
Current liabilities	561,047	752,170	-	187
Noncurrent liabilities	3,169,226	31,880,128	137,857	161,514
Total liabilities	3,730,273	32,632,298	137,857	161,701
Deferred inflows	629,734	746,944	54,950	84,418
Net position				
Net investment in capital assets	1,902,420	566,959	6,021	6,435
Restricted	211,935	232,350	(132,764)	(124,405)
Unrestricted	(362,911)	(247,209)	-	0
Total net position	\$ 1,751,444	\$ 552,100	\$ (126,743)	\$ (117,970)

Augusta Independent School District
 Management's Discussion and Analysis
 Year Ended June 30, 2025

Change in Net Position

	Governmental Activities		Business-Type Activities	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Revenues:				
Local revenue sources	\$ 1,029,675	\$ 1,041,166	\$ 17,187	\$ 11,319
State revenue sources	3,770,800	3,468,994	1,930	17,056
Federal revenue sources	1,626,560	562,279	252,177	277,224
Total revenues	\$ 6,427,035	\$ 5,072,439	\$ 271,294	\$ 305,599
Expenses:				
Instruction	3,010,231	2,770,842	-	-
Student support	290,242	251,200	-	-
Instruction staff	6,741	56,308	-	-
District administrative	431,737	444,141	-	-
School administrative	239,605	241,872	-	-
Business support	165,540	156,341	-	-
Plant operations	303,584	658,856	-	-
Student transportation	181,966	137,733	-	-
Food service	-	-	280,067	347,849
Community services	54,964	47,203	-	-
Facility construction	-	-	-	-
Building construction	3,405	113,985	-	-
Building improvements	210,590	36,309	-	-
Interest on long-term debt	69,256	83,488	-	-
Total expenses	\$ 4,967,861	\$ 4,998,278	\$ 280,067	\$ 347,849
Transfers				
Change in net position	\$ 1,459,174	\$ 74,161	\$ (8,773)	\$ (42,250)

GOVERNMENTAL FUND FINANCIAL ANALYSIS

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the District's government funds reported combined fund balances of \$1,393,761 a change of \$81,445 from the prior year.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,176,414 . The total general fund balance increased \$98,454 .

Augusta Independent School District
Management's Discussion and Analysis
Year Ended June 30, 2025

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year, the District had \$3,834,404 in capital assets net of depreciation. Net capital assets changed by \$998,935 .

	Governmental Activities		Business-Type Activities	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Land and improvements	\$ (59,972)	\$ (57,787)	\$ -	\$ -
Buildings and improvements	3,129,845	2,830,531	-	-
Technology equipment	14,054	14,185	-	-
Vehicles	742,586	37,659	-	-
General equipment	1,870	4,446	6,021	6,435
Construction in progress	-	-	-	-
Total capital assets, net	\$ 3,828,383	\$ 2,829,034	\$ 6,021	\$ 6,435

Long-Term Obligations

At the end of the fiscal year, the District had \$3,515,338 in long-term liabilities. Long-term liabilities changed by (\$201,311).

	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Compensated absences	\$ 301,906	\$ 5,389	\$ -	\$ -
Operating leases	-	32,988	-	-
Financed purchases	-	-	-	-
Bonds payable	2,012,574	2,348,686	-	-
Net OPEB liability	518,760	571,200	7,933	62,632
Net pension liability	682,098	722,996	129,924	110,615
Total long-term liabilities	\$ 3,515,338	\$ 3,681,259	\$ 137,857	\$ 173,247

GENERAL FUND BUDGET

Kentucky state statutes and the Kentucky Department of Education require school districts to adopt a budget that has a minimum 2% contingency. The District adopted a general fund budget that had a contingency of 23%.

Augusta Independent School District
Management's Discussion and Analysis
Year Ended June 30, 2025

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

General fund revenue for the District for 2025 is budgeted to decrease approximately \$2,000,000. Expenditures are budgeted to increase approximately \$2,000,000 over the prior year. The 2025 budget has a 2% contingency.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Finance Officer, Timothy Litteral, 307 Bracken St., Augusta, KY 41002

Augusta Independent School District
 Statement of Net Position
 June 30, 2025

	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 1,461,945	\$ 3,581	\$ 1,465,526
Receivables	124,199	-	124,199
Inventory	-	2,336	2,336
Noncurrent assets			
Net OPEB asset - CERS	22,248	4,238	26,486
Capital assets, net	3,914,994	6,021	3,921,015
Total assets	5,523,386	16,176	5,539,562
Deferred outflows of resources			
Loss on refunding	24,992	-	24,992
OPEB related	398,672	20,189	418,861
Pension related	164,401	29,699	194,100
Total deferred outflows of resources	588,065	49,888	637,953
Liabilities			
Current liabilities			
Accounts payable	175,759	-	175,759
Accrued salaries and benefits	738	-	738
Unearned revenue	15,886	-	15,886
Accrued interest payable	22,552	-	22,552
Lease liability	-	-	-
Bonds payable	346,112	-	346,112
Noncurrent liabilities			
Compensated absences	301,906	-	301,906
Bonds payable	1,666,462	-	1,666,462
Net OPEB liability - TRS	518,760	7,933	526,693
Net pension liability	682,098	129,924	812,022
Total liabilities	3,730,273	137,857	3,868,130
Deferred inflows of resources			
OPEB related	555,062	40,726	595,788
Pension related	74,672	14,224	88,896
Total deferred inflows of resources	629,734	54,950	684,684
Net position			
Net investment in capital assets	1,902,420	6,021	1,908,441
Restricted (deficit)	211,935	(132,764)	79,171
Unrestricted (deficit)	(362,911)	-	(362,911)
Total net position (deficit)	\$ 1,751,444	\$ (126,743)	\$ 1,624,701

The notes to the financial statements are an integral part of this statement.

Augusta Independent School District
 Statement of Activities
 Year Ended June 30, 2025

	Expenses	Charges for Services	Operating Grants and Contribution	Capital Grants and Contributions	Revenue over Expenses
Governmental Activities					
Instruction	\$ 3,010,231	\$ -	\$ 1,640,809	\$ -	\$ (1,369,422)
Support services:					
Student	290,242	-	111,284	-	(178,958)
Instructional staff	6,741	-	5,117	-	(1,624)
District administration	431,737	-	103,561	-	(328,176)
School administration	239,605	-	91,439	-	(148,166)
Business	165,540	-	49,050	-	(116,490)
Plant operation	303,584	-	49,276	-	(254,308)
Student transportation	181,966	-	25,248	-	(156,718)
Community service	54,964	-	56,907	-	1,943
Interest on long-term debt	69,256	-	-	309,419	240,163
Total governmental activities	4,967,861	-	2,343,281	309,419	(2,315,161)
Business-Type Activities					
Food service	280,067	17,187	254,107	-	(8,773)
Total business-type activities	280,067	17,187	254,107	-	(8,773)
Total school district	\$ 5,247,928	\$ 17,187	\$ 2,597,388	\$ 309,419	(2,323,934)
			Governmental Activities	Business-Type Activities	
Revenue over expenses			\$ (2,315,161)	\$ (8,773)	\$ (2,323,934)
General Revenues					
Property taxes			547,041	-	547,041
Motor vehicle taxes			40,354	-	40,354
Utilities tax			192,322	-	192,322
State and federal aid			712,476	-	712,476
SEEK			2,026,288	-	2,026,288
Federal direct revenue			5,896	-	5,896
Investment earnings			27,542	-	27,542
Other			221,866	-	221,866
Total general revenues			3,774,335	-	3,774,335
Change in net position			1,459,174	(8,773)	1,450,401
Net position (deficit) - beginning of year as restated			292,270	(117,970)	174,300
Net position (deficit) - end of year			\$ 1,751,444	\$ (126,743)	\$ 1,624,701

The notes to the financial statements are an integral part of this statement.

Augusta Independent School District
 Balance Sheet – Governmental Funds
 June 30, 2025

	General Fund	Special Revenue Fund	Construction Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 1,246,604	\$ -	\$ 169,605	\$ 45,736	\$ 1,461,945
Receivables	45,042	79,157	-	-	124,199
Interfund receivable	64,221	-	-	-	64,221
Total assets	\$ 1,355,867	\$ 79,157	\$ 169,605	\$ 45,736	\$ 1,650,365
Liabilities					
Accounts payable	\$ 176,709	\$ (950)	\$ -	\$ -	\$ 175,759
Accrued salaries and benefits	738	-	-	-	738
Unearned revenue	-	15,886	-	-	15,886
Interfund payable	-	64,221	-	-	64,221
Total liabilities	177,447	79,157	-	-	256,604
Fund balances					
Restricted	-	-	169,605	42,330	211,935
Committed	1,472	-	-	-	1,472
Assigned	534	-	-	-	534
Unassigned	1,176,414	-	-	3,406	1,179,820
Total fund balances	1,178,420	-	169,605	45,736	1,393,761
Total liabilities and fund balances	\$ 1,355,867	\$ 79,157	\$ 169,605	\$ 45,736	\$ 1,650,365

The notes to the financial statements are an integral part of this statement.

Augusta Independent School District
Reconciliation of the Balance Sheet – Governmental Funds
to the Statement of Net Position
June 30, 2025

Total fund balances - governmental funds	\$ 1,393,761
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets	3,914,994
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Deferred outflow and inflow of resources are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows - loss on refunding	24,992
Deferred outflows - OPEB	398,672
Deferred outflows - pensions	164,401
Deferred inflows - OPEB	(555,062)
Deferred inflows - pension	(74,672)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Accrued interest payable	(22,552)
Lease liability	0
Bonds payable	(2,012,574)
Compensated absences	(301,906)
Net OPEB liability (asset)	(496,512)
Net pension liability	(682,098)

Net position of governmental activities	\$ 1,751,444
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The notes to the financial statements are an integral part of this statement.

Augusta Independent School District
 Statement of Revenues, Expenditures and Changes in Fund
 Balances – Governmental Funds
 Year Ended June 30, 2025

	General Fund	Special Revenue Fund	Construction Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
From local sources:					
Property taxes	\$ 468,158	\$ -	\$ -	\$ 78,883	\$ 547,041
Motor vehicle taxes	40,354	-	-	-	40,354
Utility taxes	192,322	-	-	-	192,322
Earnings on investments	18,405	-	7,784	1,353	27,542
Other local revenue	37,741	19,924	-	164,201	221,866
Intergovernmental state:					
SEEK	1,725,144	-	-	301,144	2,026,288
On-behalf	1,037,141	-	-	309,419	1,346,560
Other	48,713	349,239	-	-	397,952
Intergovernmental federal	690,000	930,664	-	-	1,620,664
Federal direct	5,896	-	-	-	5,896
Total revenues	4,263,874	1,299,827	7,784	855,000	6,426,485
Expenditures					
Instruction	1,860,872	995,548	-	159,135	3,015,555
Support services:					
Student	250,650	43,095	-	-	293,745
Instruction staff	6,741	-	-	-	6,741
District administrative	437,221	-	-	-	437,221
School administrative	242,633	-	-	-	242,633
Business support	166,569	-	-	-	166,569
Plant operation	622,042	-	-	-	622,042
Student transpiration	889,673	-	-	-	889,673
Community services	-	56,907	-	-	56,907
Building construction	-	-	3,405	-	3,405
Building improvements	-	210,590	-	-	210,590
Debt service					
Principal	-	-	-	337,000	337,000
Interest	-	-	-	63,509	63,509
Total expenditures	4,476,401	1,306,140	3,405	559,644	6,345,590
Excess of revenues over (under) expenditures	(212,527)	(6,313)	4,379	295,356	80,895
Other financing sources (uses)					
Transfers in	316,744	5,763	-	91,090	413,597
Transfers out	(5,763)	-	-	(407,834)	(413,597)
Sale of assets	-	550	-	-	550
Total other financing sources (uses)	310,981	6,313	0	(316,744)	550
Net change in fund balances	98,454	-	4,379	(21,388)	81,445
Fund balances - beginning	1,079,966	-	165,226	67,124	1,312,316
Fund balances - end of year	\$ 1,178,420	\$ -	\$ 169,605	\$ 45,736	\$ 1,393,761

Augusta Independent School District
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances – Governmental Funds
to the Statement of Activities
Year Ended June 30, 2025

Net change in fund balances - total governmental funds \$ 81,445

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

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	1,300,600
Depreciation expense	(301,251)

The issuance of long-term debt provides current financial resources to governmental funds, but the proceeds increase long-term liabilities in the statement of net position. -

Repayment of long-term debt are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 337,000

Some expenses reported in the statement of activities do not require current financial resources and, therefore, are not reported as expenditures in the funds.

Lease amortization	
Bond discount and deferred refunding amortization	(10,562)
Change in accrued interest payable	4,815
Change in compensated absences	(36,687)
Change in OPEB liabilities and deferred amounts	95,177
Change in pension liabilities and deferred amounts	(11,363)

Change in net position of governmental activities	\$ 1,459,174
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The notes to the financial statements are an integral part of this statement.

Augusta Independent School District
 Statement of Net Position – Proprietary Fund
 June 30, 2025

	Food Service
Assets	
Current assets	
Cash and cash equivalents	\$ 3,581
Inventories for consumption	2,336
Total current assets	5,917
Noncurrent assets	
Net OPEB asset - CERS	4,238
Capital assets, net	6,021
Total noncurrent assets	10,259
Total assets	16,176
Deferred outflows of resources	
OPEB related	20,189
Pension related	29,699
Total deferred outflows of resources	49,888
Liabilities	
Current liabilities	
Accounts payable	-
Total current liabilities	-
Long-term liabilities	
Net OPEB liability	7,933
Net pension liability	129,924
Total long-term liabilities	137,857
Total liabilities	137,857
Deferred inflows of resources	
OPEB related	40,726
Pension related	14,224
Total deferred inflow of resources	54,950
Net position	
Net investment in capital assets	6,021
Restricted	(132,764)
Total net position (deficit)	\$ (126,743)

The notes to the financial statements are an integral part of this statement.

Augusta Independent School District
 Statement of Revenue, Expenses, and Changes
 In Fund Net Position – Proprietary Fund
 Year Ended June 30, 2025

	Food Service
Operating revenues	
Food service	\$ 17,187
Total operating revenues	17,187
Operating expenses	
Salaries and wages	102,155
Employee benefits	(5,817)
Purchased services	6,758
Materials and supplies	175,934
Other operating expenses	623
Depreciation	414
Total operating expenses	280,067
Operating loss	(262,880)
Non operating revenues	
Operating grants - state	1,930
Operating grants - federal	240,016
Donated commodities	12,161
Total other financing sources (uses)	254,107
Net change in fund balances	(8,773)
Fund balances - beginning of year	(117,970)
Fund balances - end of year	\$ (126,743)

The notes to the financial statements are an integral part of this statement.

Augusta Independent School District
 Statement of Cash Flows – Proprietary Fund
 Year Ended June 30, 2025

	Food Service
Cash flows from operating activities	
Cash received:	
From food service sales	\$ 17,187
Cash paid:	
To employees	(122,807)
To suppliers	(173,930)
For operating expenses	(7,381)
Net cash used in operating activities	<u>(286,931)</u>
Cash flows from noncapital financing activities	
Non operating grants	254,107
Net cash provided by noncapital financing activities	<u>254,107</u>
Net increase in cash	(32,824)
Cash - beginning of year	36,405
Cash - end of year	<u>\$ 3,581</u>
Reconciliation of operating loss to net cash used in operating activities	
Operating loss	\$ (262,880)
Adjustments to reconcile operating loss to net cash in operating activities	
Depreciation	414
Changes in:	
Inventory	2,191
Payables	(187)
Deferred outflows	27,931
Deferred inflows	(29,468)
Net OPEB liability	(17,142)
Net pension liability	(7,790)
Net cash used in operating activities	<u>\$ (286,931)</u>
Noncash activities	
Commodities received from federal	<u>\$ 12,161</u>
On-behalf payments received state	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

Augusta Independent School District
Statement of Changes in Net Position – Fiduciary Fund
Year Ended June 30, 2025

	Trust Fund
Assets	
Cash and cash equivalents	\$ 35,881
Total assets	<u>\$ 35,881</u>
Net Position	
Restricted	35,881
Total net position	<u>35,881</u>
Total liabilities and net position	<u>\$ 35,881</u>

The notes to the financial statements are an integral part of this statement.

Augusta Independent School District
Statement of Changes in Net Position – Fiduciary Fund
Year Ended June 30, 2025

	Trust Fund
Additions	
Interest income	\$ 3,692
Total operating revenues	<u>3,692</u>
Deductions	
Community services	2,000
Total operating expenses	<u>2,000</u>
Change in net position	1,692
Net position - beginning of year	<u>34,189</u>
Net position - end of year	<u>\$ 35,881</u>

The notes to the financial statements are an integral part of this statement.

NOTE 1: ACCOUNTING POLICIES

Reporting Entity

The Augusta 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 education within the jurisdiction of Augusta Independent School District (District). The District receives funding from local, state and federal government sources and must comply with the commitment requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by Section 2100 of the GASB 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 Board. The financial statements presented herein do not include funds of groups or organizations, which although associated with the school system, have not originated with the Board; such as Band Boosters, Parent-Teacher Associations, and others.

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

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

Augusta Independent Board of Education Finance Corporation – The Board authorized the establishment of the Augusta Independent Board of Education Finance Corporation (Corporation), (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS 58.180) as an agency of 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

The District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

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.

The statement of net position presents the financial condition of the District as a whole. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function.

NOTE 1: ACCOUNTING POLICIES (CONTINUED)

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 governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to determine legal compliance. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental and proprietary fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds, if any, are presented in a single column.

Governmental Fund Types

The *General Fund* is the primary operating fund of the District. This used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Kentucky. This is a major fund of the District.

The *Special Revenue Fund* accounts for proceeds of specific revenue sources (other than expendable trusts 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 state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally-funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report. This is a major fund of the District.

The *District Activity Fund* is a special revenue fund that accounts for funds received at the school level.

The *School Activity Fund* is a special revenue fund that accounts for activities of student groups and other types of activities requiring clearing accounts. These funds are accounted for in accordance with the *Uniform Program of Accounting for School Activity Funds*.

The *Capital Outlay Fund* is the Support Education Excellence in Kentucky (SEEK) fund and receives those funds designated by the state as capital outlay funds and is restricted for use in financing projects identified by the district's facility plan.

The *Building Fund* is the Facility Support Program of Kentucky (FSPK) fund and 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.

The *Construction Fund* is used to account for proceeds from sales of bonds and other revenues to be used for authorized construction. This is a major fund of the District.

NOTE 1: ACCOUNTING POLICIES (CONTINUED)

The *Debt Service Fund* is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest and related cost, as required by state law.

Proprietary Fund Types (Enterprise Funds)

The *Food Service Fund* accounts 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. This is a major fund of the District.

Fiduciary Fund Types

Fiduciary funds account for assets held by the District in a trustee capacity for the benefit of others and cannot be used to support District activities.

Measurement Focus and Basis of Accounting

Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The District also reports a fiduciary fund which focuses on net position and changes in net position.

Fund Financial Statements

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. The District considers revenues to be available if they are collected within sixty days of year end. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

However, debt service expenditures as well as expenditures related to long-term compensated absences and postemployment benefits are recorded only when payment is due.

Assets, Liabilities, Deferred Inflows/Outflows, and Net Position/Fund Balance

Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with an initial maturity date of ninety days or less.

NOTE 1: ACCOUNTING POLICIES (CONTINUED)

The District is authorized by state statute to invest in the following subject to additional requirements of KRS 66.480:

- Obligations of the United States and of its Agencies and instrumentalities
- Certificates of Deposit
- Bankers Acceptances
- Commercial Paper
- Bonds and Securities of other State and Local Governments
- Mutual Funds, Exchange Traded Funds, Individual Equity Securities and High-quality Corporate bonds managed by a professional investment manager

Investments

Investments with a maturity of less than one year are stated at cost. Investments with a maturity greater than one year are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

Receivables

Accounts receivables are presented, when necessary, net of an allowance for doubtful accounts. No allowance has been recorded for the current fiscal year.

Capital Assets

General capital and leased assets are those assets that 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 in both the business-type activities column of the government-wide statement of net position and in the respective funds.

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

All reported capital assets are depreciated except for land. 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:

Description	Estimated Lives
Buildings	50 Years
Improvements	20 Years
Infrastructure	40 Years
Vehicles	7 Years
General equipment	7 Years

NOTE 1: ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows

Deferred outflows of resources represent a consumption of net position that applies to a future period, and therefore, are deferred until that time. The District recognized deferred outflows of resources related to pensions and other postemployment benefits on the government-wide financial statements.

Payables and Accrued Liabilities

All payables and accrued liabilities are reported on the government-wide financial statements and fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences, contractually required pension and OPEB contributions that will be paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds and other long-term obligations are recognized as a liability on the governmental fund financial statements when due.

Compensated Absences

Compensated absences are payments to employees for accumulated sick leave. These amounts also include the related employer's share of applicable taxes and retirement contributions. District employees may accumulate unused sick leave up to a specified amount depending on their date of hire. Sick leave is payable to employees upon termination or retirement at 30.00% of the current rate of pay on the date of termination or retirement. The District uses the termination method to calculate the compensated absences amounts. The entire compensated absence liability is reported on the government-wide financial statements. The current portion is the amount estimated to be used in the following year. An expenditure is recognized in the governmental fund as payments come due each period, for example, as a result of employee resignations and retirements. Compensated absences not recorded at the fund level represent a reconciling item between the fund level and government-wide presentations.

Long-Term Obligations

All long-term debt to be repaid from governmental resources is reported as liabilities in the government-wide statements. Long-term debt consists of bonds, notes, and lease liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds. Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as an other financing source and payment of principal and interest are reported as expenditures.

Pensions

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

NOTE 1: ACCOUNTING POLICIES (CONTINUED)

Other Post Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County Employee Retirement System (CERS) and additions to/deductions from CERS' fiduciary net position have been determined on the same basis of as they are reported by CERS. For this purpose, benefit payments are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Deferred Inflows

Deferred inflows of resources represent an acquisition of net position that applies to a future period and, are therefore, deferred until that time. The District recognized deferred inflows of resources related to pension and other postemployment benefits on the government-wide financial statements. In the governmental funds, certain revenue transactions have been reported as unavailable revenue. Revenue that is earned by not available is reported as a deferred inflow of resources until such time as the revenue becomes available.

Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

Restricted net position consists of restricted net assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use by external parties or by law through enabling legislation.

Unrestricted net position is the amount of net amount of assets, deferred outflows, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable. Amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

NOTE 1: ACCOUNTING POLICIES (CONTINUED)

Restricted. Amounts that can be spent only for specific purposes because of constitutional provisions, enabling legislation, state or federal laws, or externally imposed conditions by grantors or creditors.

Committed. Amounts that can be used only for specific purposes determined by a formal action by District Council ordinance.

Assigned. Amounts that are designated for a specific purpose but are not spendable until a budget ordinance is passed or a there is majority passed vote by District Council.

Unassigned. All amounts not included in other spendable classifications.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the District's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the District's policy is to first apply the expenditure toward restricted fund balance, and then to committed, assigned, and unassigned fund balances in that order.

Revenues and Expenditures/Expenses

Property Taxes

Property taxes are levied in September on the assessed value listed as of the prior January 1 for all the 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 District levies a utility gross receipts license tax on telephone communication services, cablevision services, electric power, water, and gas furnished within the District's boundaries.

Revenues

Amounts reported as program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided or fines imposed by a given function or segment, and (2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Expenses/Expenditures

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

NOTE 1: ACCOUNTING POLICIES (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. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the basic financial statements.

Interfund Balances

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

Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the District administration and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the fiscal year.

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 the amounts reported in the basic financial statements and accompanying notes. Actual results could differ from those estimates.

Budgetary Process

An annual budget is adopted for each governmental fund by ordinance prior to July 1. The budget can be amended by subsequent ordinance. Expenditures may not legally exceed budgeted appropriations at the function level.

Subsequent Events

The District evaluated subsequent events for potential recognition and disclosure through December 10, 2025, the date the financial statements were available to be issued.

Augusta Independent School District

Notes to Financial Statements

Year Ended June 30, 2025

NOTE 2: CASH AND INVESTMENTS

At year end, the District's bank balance was \$1,640,520 and the carrying amount was \$1,501,407 . The bank balance was fully covered by FDIC insurance and collateralized securities held by the financial institution, but not in the name of the District.

Fund	General Checking	General Savings	School Checking	Total
General	\$ 996,604	\$ 250,000	\$ -	\$ 1,246,604
Special revenue	-	-	-	-
District activity	3,406	-	-	3,406
Student activity	-	-	42,330	42,330
Construction	169,605	-	-	169,605
Food service	3,581	-	-	3,581
Trust	35,881	-	-	35,881
Total funds	\$ 1,209,077	\$ 250,000	\$ 42,330	\$ 1,501,407
Bank balance	\$ 1,346,712	\$ 250,000	\$ 43,808	\$ 1,640,520
Outstanding items	(137,635)	-	(1,478)	(139,113)
Book balance	\$ 1,209,077	\$ 250,000	\$ 42,330	\$ 1,501,407
Governmental funds				\$ 1,461,945
Proprietary fund				3,581
Fiduciary fund				35,881
Total funds				\$ 1,501,407

Custodial credit risk- deposits. This is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District's deposit policy for custodial credit risk requires compliance with state statute depository restrictions.

NOTE 3: RECEIVABLES

	General Fund	Special Revenue Fund
Taxes	\$ 25,549	\$ -
Accounts	-	-
Intergovernmental federal	-	79,157
Total receivables	\$ 25,549	\$ 79,157

Augusta Independent School District
 Notes to Financial Statements
 Year Ended June 30, 2025

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year is summarized below:

	Balance 7/1/2024	Increases	Decreases	Balance 6/30/2025
Governmental Activities				
Land	\$ 5,198	\$ -	\$ -	\$ 5,198
Land improvements	86,611	-	-	86,611
Buildings and improvements	7,610,348	544,800	-	8,155,148
Technology equipment	97,443	-	715	96,728
Vehicles	130,947	755,800	-	886,747
General equipment	170,063	-	-	170,063
Construction in progress	-	-	-	-
Total at historical cost	8,100,610	1,300,600	715	9,400,495
Less accumulated depreciation				
Land and improvements	62,985	2,185	-	65,170
Buildings and improvements	4,779,817	245,486	-	5,025,303
Technology equipment	83,258	131	715	82,674
Vehicles	93,288	50,873	-	144,161
General equipment	165,617	2,576	-	168,193
Total accumulated depreciation	5,184,965	301,251	715	5,485,501
Capital assets - net	\$ 2,915,645	\$ 999,349.00	\$ -	\$ 3,914,994

	Balance 7/1/2024	Increases	Decreases	Balance 6/30/2025
Business-type Activities				
Buildings and improvements	\$ 427,600	\$ -	\$ -	\$ 427,600
Technology equipment	1,985	-	-	1,985
General equipment	84,518	-	-	84,518
Total at historical cost	514,103	-	-	514,103
Less accumulated depreciation				
Buildings and improvements	427,600	-	-	427,600
Technology equipment	1,985	-	-	1,985
General equipment	78,083	414	-	78,497
Total accumulated depreciation	507,668	414	-	508,082
Capital assets - net	\$ 6,435	\$ (414.00)	\$ -	\$ 6,021

Augusta Independent School District
 Notes to Financial Statements
 Year Ended June 30, 2025

NOTE 4: CAPITAL ASSETS - CONTINUED

Depreciation was charged to following government functions:

Depreciation was charged to the following functions:

	Governmental	Business-type
Instruction	\$ 16,363	\$ -
Student support	1,658	
Plant operations	232,357	-
Student transportation	50,873	
Food service	-	414
Depreciation expense	\$ 301,251	\$ 414

NOTE 5: LONG-TERM LIABILITIES

Long-term liability activity for the year is summarized below:

Governmental Activities	Amount					
	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025	Due Within One Year	Long- Term
Bonds payable, net	\$ 2,348,686	\$ -	\$ 336,112	\$ 2,684,798	\$ 346,112	\$ 2,338,686
Compensated absences	5,389	296,517	-	301,906	-	301,906
Net OPEB liability	571,200	-	-	571,200	32,000	539,200
Net pension liability	722,996	-	40,898	682,098	10,000	672,098
Total long-term liabilities	\$ 3,648,271	\$ 296,517	\$ 377,010	\$ 4,240,002	\$ 388,112	\$ 3,851,890

Business-type Activities	Amount					
	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025	Due Within One Year	Long- Term
Net OPEB liability	\$ 215,907	\$ -	\$ 215,907	\$ 0	\$ -	\$ -
Net pension liability	791,007	2,112	-	793,119	-	793,119
Total long-term liabilities	\$ 1,006,914	\$ 2,112	\$ 215,907	\$ 793,119	\$ -	793,119

Augusta Independent School District
 Notes to Financial Statements
 Year Ended June 30, 2025

NOTE 5: LONG-TERM LIABILITIES - CONTINUED

Bonds Payable

Bond activity for the year is summarized below:

Governmental Activities	Balance			Balance June 30, 2025	Amount	
	July 1, 2024	Additions	Reductions		Due Within One Year	Long- Term
Series 2015	\$ 845,000	\$ -	\$ 50,000	\$ 795,000	\$ 50,000	\$ 745,000
Series 2016	985,000	-	245,000	740,000	255,000	485,000
Series 2021	234,000	-	33,000	201,000	32,000	169,000
Series 2023	300,000	-	9,000	291,000	10,000	281,000
Total bonds	2,364,000	-	337,000	2,027,000	347,000	1,680,000
Bond discount	(15,314)	-	(888)	(14,426)	(888)	(13,538)
Bonds payable, net	\$ 2,348,686	\$ -	\$ 336,112	\$ 2,012,574	\$ 346,112	\$ 1,666,462

The District issues general obligations bonds to provide funds for the acquisition of equipment and the construction of facilities. The bonds are direct obligations and pledge the full faith and credit of the District. General obligations outstanding at year end are as follows:

Issue	Proceeds	Rates	Balance
			June 30, 2025
2015	\$ 1,055,000	3.250%	\$ 795,000
2016	2,665,000	2.000% - 2.200%	740,000
2021	3,449,000	0.950%	201,000
2023	300,000	4.000% - 4.500%	291,000
Total	\$ 7,469,000		\$ 2,027,000

Augusta Independent School District
 Notes to Financial Statements
 Year Ended June 30, 2025

NOTE 5: LONG-TERM LIABILITIES - CONTINUED

Debt service requirements for the District's general obligation bonds are as follows:

	Augusta Independent		School Facility		Total Debt Service	
	School District		Construction Commission			
	Principal	Interest	Principal	Interest		
2026	\$ 73,056	\$ 20,401	\$ 273,944	\$ 34,869	\$ 402,270	
2027	76,792	18,610	275,208	29,149	399,759	
2028	78,823	16,708	262,177	23,152	380,860	
2029	66,558	14,594	49,442	17,208	147,802	
2030	61,996	12,804	53,004	15,921	143,725	
2031-2035	305,735	35,551	200,265	59,119	600,670	
2036-2040	66,699	1,084	103,301	30,041	201,125	
2041-2045	-	-	80,000	9,135	89,135	
Total payments	<u>\$ 729,659</u>	<u>\$ 119,752</u>	<u>\$ 1,297,341</u>	<u>\$ 218,594</u>	<u>\$ 2,365,346</u>	
			Total principal payments		\$ 2,027,000	
			Total interest payments		338,346	
			Total debt service		<u>\$ 2,365,346</u>	

Compensated absences

Employees accrue sick time and personal leave based on classification and years of service. The accrued time is available for use as needed. Upon retirement from the school system, employees will receive from the District an amount equal to 30.00% of the value of accumulated sick leave. Under GASB 101, the District has accrued a compensated absence liability for the amount that is more likely than not to be used for time off or otherwise paid. The compensated absences liability at year end is \$301,906 .

NOTE 6: PENSION PLANS

The District's participates in the following retirement systems:

County Employees' Retirement System (CERS).

CERS is a component unit of the Commonwealth of Kentucky and covers employees whose position does not require a college degree or teaching certification.

Teachers' Retirements System (TRS)

TRS is a blended component unit of the Commonwealth of Kentucky and covers employees whose position requires a teaching certification or otherwise requires a college degree.

Pension plan fiduciary net position

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

NOTE 6A – CERS PENSION PLAN

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, death, and disability benefits to plan members. District employees participating in CERS are provided benefits through the nonhazardous plan. Employees are vested in the plan after five years of service. For retirement purposes, non-hazardous employees are grouped into three tiers based on hire date:

Tier 1	Participation date	Before September 1, 2008
	Unreduced retirement	27 years of service or 65 years old
	Reduced retirement	At least 5 years of service and 55 years old
		At least 25 years of service and any age
Tier 2	Participation date	September 1, 2008 to December 31, 2013
	Unreduced retirement	At least 5 years of service and 65 years old, or age 57+ with sum of service years plus age equal 87
	Reduced retirement	At least 10 years of service and 60 years old
Tier 3	Participation date	On or after January 1, 2014
	Unreduced retirement	At least 5 years of service and 65 years old, or age 57+ with sum of service years plus age equal 87
	Reduced retirement	Not available

Contributions

Employees – Tier 1 plan members are required to contribute 5% of their creditable compensation. Employees who begin participation on or after September 1, 2008 (Tier 2 and Tier 3) are required to contribute an additional 1%.

Employers – The contribution rate for the current year was 19.71%. The District made all required contributions for fiscal year in the amount of \$85,353 .

NOTE 6A – CERS PENSION PLAN – CONTINUED

Pension Liability

At June 30, 2025, the District reported a liability of \$812,022 for its proportionate share of the net pension liability for CERS. The net pension liability for the plan was measured as of June 30, 2023, 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 0.1373%.

Pension Expense

For the year ended June 30, 2025, the District recognized pension expense of \$901,311 related to CERS.

Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow	Deferred Inflow	Net Deferral
Change in liability experience	\$ 39,303	\$ -	
Change of assumptions	-	36,687	
Change in investment experience	-	52,208	
Change in proportionate share of contributions	<u>71,494</u>	-	
	110,797	<u>\$ 88,895</u>	<u>\$ 21,902</u>
Subsequent contributions	<u>85,353</u>		
Total	<u><u>\$ 196,150</u></u>		

The contributions subsequent to the measurement date of \$85,353 will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. The net deferral of \$21,902 will be recognized in pension expense as follows:

Year ending June 30	Net Deferral
2026	\$ 36,990
2027	16,616
2028	(20,070)
2029	<u>(11,634)</u>
	<u><u>\$ 21,902</u></u>

NOTE 6A – CERS PENSION PLAN – CONTINUED

Actuarial Assumptions

The total pension liability, net pension liability, and sensitivity information as of June 30, 2024 were based on an actuarial valuation date of June 30, 2023. The total pension liability was rolled forward from the valuation date to the plan's fiscal year ending June 30, 2024, using generally accepted actuarial principles. There have been no assumption, method, or plan provision changes that would materially impact the total pension liability since June 30, 2023.

The significant actuarial assumptions are:

Payroll growth rate	2.00%
Investment return	6.50%
Inflation	2.30%
Salary increase	3.30% to 10.30%

Long-term Expected Rate of Return

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 tables below:

Asset Class	Target Allocation	Long-term
		Expected Nominal Return
Public equity	50.00%	5.90%
Private Equity	10.00%	11.73%
Core Bonds	10.00%	2.45%
Specialty credit/high yield	10.00%	3.65%
Cash	0.00%	1.39%
Real Estate	7.00%	4.99%
Real Return	13.00%	5.15%
Expected real return	100.00%	4.69%
Long-term inflation assumption		2.50%

NOTE 6A – CERS PENSION PLAN – CONTINUED

Discount Rate

The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan employees and employers will be made at statutory contribution rates. The long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability.

Sensitivity of District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the District's proportionate share of the net pension liability calculated using the discount rate as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Current		
	1% Decrease 5.50%	Discount Rate 6.50%	1% Increase 7.50%
District's proportionate share of the CERS net pension liability	\$ 1,046,829	\$ 812,022	\$ 617,194

NOTE 6B- TRS PENSION PLAN

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

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.

NOTE 6B- TRS PENSION PLAN - CONTINUED

Participants 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. KTRS 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.

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

Contributions

Contribution rates are established by Kentucky Revised Statutes (KRS). Non-university employees are required to contribute 12.855% of their salaries to the System. University employees are required to contribute 10.400% of their salaries. KRS 161.580 allows each university to reduce the contribution of its employees by 2.215%; therefore, university employees contribute 8.185% of their salary to KTRS.

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.

Pension Liability

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 State's proportionate share of the TRS net pension liability associated with the district is \$24,124,188 .

NOTE 6B- TRS PENSION PLAN – CONTINUED

Pension Expense

For the year ended June 30, 2025, the District recognized pension expense of \$481,019 related to TRS. The District also recognized revenue of \$481,019 for TRS support provided by the Commonwealth.

Deferred Outflows of Resources and Deferred Inflows of Resources

The District did not report any deferred outflows of resources or deferred inflows of resources related to the TRS plan.

Actuarial Assumptions

The assumption for the municipal bond index rate increased from 3.66% to 3.94%.

The significant actuarial assumptions are:

Inflation	2.50%
Salary increases	3.00% to 7.50%
Investment return	7.10%
Post-retirement adjustment	1.50%
Municipal bond index rate	3.94%
Single equivalent interest rate	7.10%

Long-term Expected Rate of Return

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.

NOTE 6B- TRS PENSION PLAN – CONTINUED

Asset Class	Target Allocation	Long-term Expected Nominal Return
Large Cap U.S. Equity	35.40%	5.00%
Small Cap U.S. Equity	2.60%	5.50%
Developed International Equity	15.70%	5.50%
Emerging Markets Equity	5.30%	6.10%
Fixed Income	15.00%	1.90%
High Yield Bonds	2.00%	3.80%
Other Categories	8.00%	3.60%
Real Estate	7.00%	3.20%
Private Equity	7.00%	8.00%
Cash	2.00%	1.60%
Expected real return	100.00%	4.60%
Long-term inflation assumption		2.50%

Discount rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions from plan employees and employers will be made at statutory contribution rates. The long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability.

NOTE 7: OPEB PLANS

NOTE 7A – CERS OPEB PLAN

Plan Description

The CERS Insurance Fund is a cost-sharing, multiple-employer defined benefit OPEB plan which provides group health insurance benefits for plan members that are regular full-time members employed in positions of each participating county, city, and school board, and any additional eligible local agencies electing to participate in the System. OPEB benefits may be extended to beneficiaries of plan members under certain circumstances. The Plan is administered by the CERS Board of Trustees and is divided into a divided into non-hazardous duty and hazardous duty classifications.

NOTE 7A – CERS OPEB PLAN - CONTINUED

Benefits Provided

The CERS Insurance Fund provides hospital and medical benefits to eligible plan members receiving benefits from CERS. The eligible non-Medicare retirees are covered by the Department of Employee Insurance (DEI) plans. Premium payments are submitted to DEI. The KRS board contracts with Humana to provide health care benefits to the eligible Medicare retirees. The CERS Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance.

Contributions

Employee Contributions. Tier 1 plan members are not required to contribute. Employees who begin participation on or after September 1, 2008 (Tier 2 and Tier 3) are required to contribute 1.0% of creditable compensation to an account created for payment of health insurance benefits.

Employer Contributions – The contribution rate for the current year was 0.00%. The District made all required contributions for the fiscal year in the amount of \$0 .

Implicit Subsidy

The fully-insured premiums paid for the Kentucky Employees' Health Plan are blended rates based on the combined experience of active and retired members. Because the average cost of providing health care benefits to retirees under age 65 is higher than the average cost of providing health care benefits to active employees, there is an implicit employer subsidy for the non-Medicare eligible retirees. GASB No. 75 requires that the liability associated with this implicit subsidy is included in the calculation of the total OPEB liability.

OPEB Asset

At June 30, 2025, the District reported an asset of \$26,486 for its proportionate share of the net OPEB liability for CERS . The net OPEB liability for the plan was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on the District's share of 2024 contributions to the OPEB plan relative to the 2024 contributions of all participating employers, actuarially determined. At June 30, 2023 the District's proportionate share was 0.13734%.

OPEB Expense

For the year ended June 30, 2025, the District recognized OPEB expense of (\$406,501) related to CERS.

Deferred Inflows of Resources and Deferred Outflows of Resources

At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Augusta Independent School District
 Notes to Financial Statements
 Year Ended June 30, 2025

NOTE 7A – CERS OPEB PLAN - CONTINUED

	Deferred Outflow	Deferred Inflow	Net Deferral
Change in liability experience	\$ 13,029	\$ 184,785	
Change of assumptions	21,281	16,572	
Change in investment experience	-	21,432	
Change in proportionate share of contributions	41,376	8,999	
	75,686	<u>\$ 231,788</u>	<u>\$ (156,102)</u>
Subsequent contributions	-		
Total	<u>\$ 75,686</u>		

The contributions subsequent to the measurement date of \$51,432 will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. The net deferral of (\$156,102) will be recognized as pension expense as follows:

Year ending June 30	Net
	Deferral
2026	\$ (65,624)
2027	(48,872)
2028	(39,692)
2029	(1,914)
	<u><u>\$ (156,102)</u></u>

Actuarial Assumptions

There was a change in the investment return assumption from 5.70% to 5.93%. The total pension liability as of June 30, 2023 was determined using these updated assumptions.

Employer fiscal year end	2025
Plan year end	2024
Payroll growth rate	2.00%
Investment return	6.50%
Inflation	2.30%
Salary increase	3.30% to 10.30%

Long-term Expected Rate of Return

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.

NOTE 7A – CERS OPEB PLAN - CONTINUED

The target allocation and best estimates of arithmetic real rate of return for each major asset class is summarized in the tables below.

Asset Class	Target Allocation	Long-term Expected Nominal Return	
		50.00%	5.90%
Public equity	50.00%	5.90%	
Private Equity	10.00%	11.73%	
Core bonds	10.00%	2.45%	
Specialty credit/high yield	10.00%	3.65%	
Cash	0.00%	1.39%	
Real estate	7.00%	4.99%	
Real return	13.00%	5.15%	
Expected real return	100.00%	5.75%	
Long-term inflation assumption		2.50%	

Discount rate

The discount rate used to measure the total pension liability was 5.99%. The projection of cash flows used to determine the discount rate assumed that contributions from plan employees and employers will be made at statutory contribution rates. The long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability.

Sensitivity of District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following table presents the District's proportionate share of the net OPEB liability calculated using the discount rate as well as what the District's proportionate share of the net OPEB 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:

District's proportionate share of the CERS net OPEB liability (asset)	Current		
	1% Decrease 4.99%	Discount Rate 5.99%	1% Increase 6.99%
	\$ 31,755	\$ (26,486)	\$ (69,932)

NOTE 7A – CERS OPEB PLAN - CONTINUED

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the District's proportionate share of the net OPEB liability calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	Current		
	1% Decrease	Trend Rate	1% Increase
District's proportionate share of the CERS net OPEB liability (asset)	\$ (56,503)	\$ (26,486)	\$ 14,978

NOTE 7B – TRS OPEB PLAN

General Information About the Plan

Plan Description – Health Insurance Trust

District employees, in positions requiring a four-year degree 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 health and life insurance benefits for specified employees of local school districts and other public educational agencies in the state.

Benefits Provided – Health Insurance Trust

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 KTRS Medicare Eligible Health Plan.

Contributions – Health Insurance Trust

The member postemployment medical contribution is 3.75% of salary. The employer postemployment health insurance contribution is 0.75% of member salaries. Also, employers (other than the state) contribute 3% of members' salaries and the state contributes the net cost of health insurance premiums for new retirees after June 30, 2010, in the non-Medicare eligible group. If a member leaves covered employment before accumulating five years of credited service accumulated member contributions to the retirement trust are refunded with interest upon the member's request. The District made all required contributions for the fiscal year in the amount of \$51,432 .

NOTE 7B – TRS OPEB PLAN – CONTINUED

Implicit Subsidy

The fully-insured premiums paid for the Kentucky Employees' Health plan are blended rates based on the combined experience of active and retired members. Because the average cost of providing health care benefits to retirees under age 65 is higher than the average cost of providing health care benefits to active employees, there is an implicit employer subsidy for the non-Medicare eligible retirees. This implicit subsidy is included in the calculation of the total OPEB liability.

Plan Description – Life Insurance Trust

TRS administers the Life Insurance Trust as provided by KRS 161.655 to provide life insurance benefits to retired and active 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 – Life Insurance Trust

TRS provides a life insurance benefit of \$5,000 for members who are retired for service or disability and \$2,000 for active contributing members who began participating before January 1, 2022. For TRS 4 members, the life insurance benefit payable upon the death of a member is \$5,000 for active contributing members and \$10,000 for retired or disabled members.

Contributions – Life Insurance Trust

The Commonwealth of Kentucky contributes 0.08% of salary for the life insurance trust.

OPEB Liabilities

TRS – Health Insurance Trust

At June 30, 2025, the District reported a liability of \$524,000 for its proportionate share of the net OPEB liability for TRS. The net OPEB liability for the plan was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on the District's share of 2023 contributions to the OPEB plan relative to the 2023 contributions of all participating employers, actuarially determined. At June 30, 2023 the District's proportionate share was 0.14151%.

TRS - Life Insurance Trust

At June 30, 2025, the District did not report a liability for its proportionate share of the net OPEB liability for CERS because the commonwealth of Kentucky provides the OPEB support directly to TRS on behalf of the District.

OPEB Expense

TRS – Health Insurance Trust

For the year ended June 30, 2025, the District recognized OPEB expense of (\$2,086,585) related to TRS.

NOTE 7B – TRS OPEB PLAN – CONTINUED***TRS - Life Insurance Trust***

The District did report an expense related to the TRS – Life Insurance Trust because the Commonwealth of Kentucky provides the pension support directly to TRS on behalf of the District.

Deferred Outflows of Resources and Deferred Inflows of Resources***TRS – Health Insurance Trust***

	Deferred Outflow	Deferred Inflow	Net Deferral
Change in liability experience	\$ -	\$ 157,000	
Change of assumptions	133,000	-	
Change in investment experience	-	17,000	
Change in proportionate share of contributions	154,000	190,000	
	287,000	<u>\$ 364,000</u>	<u>\$ (77,000)</u>
Subsequent contributions	51,432		
Total	<u>\$ 338,432</u>		

The contributions subsequent to the measurement date of \$51,432 will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. The net deferral of (\$77,000) will be recognized in pension expense as follows:

Year ending June 30	Net Deferral
2026	\$ (29,000)
2027	2,000
2028	-
2029	(19,000)
2030	(22,000)
Thereafter	(9,000)
	<u>\$ (77,000)</u>

Combined CERS and TRS Health Trust

The combined deferred outflows of resources and deferred inflows of resources for the CERS plan in Note 6A above and the TRS Health Trust are as follows:

NOTE 7B – TRS OPEB PLAN – CONTINUED

	Deferred Outflow	Deferred Inflow	Net Deferral
Change in liability experience	\$ 13,029	\$ 341,785	
Change of assumptions	154,281	16,572	
Change in investment experience	-	38,432	
Change in proportionate share of contributions	195,376	198,999	
	362,686	<u>\$ 595,788</u>	<u>\$ (233,102)</u>
Subsequent contributions	51,432		
Total	<u>\$ 414,118</u>		

Actuarial assumptions

There were no changes to the actuarial assumptions from the prior year. Assumptions used to determine the net OPEB liability are as follows:

TRS

Employer fiscal year end	2025
Plan year end	2024
Inflation	2.50%
Salary increases	3.00% to 7.50%
Investment return	7.10%
Post-retirement adjustment	1.50%
Municipal bond index rate	3.94%
Single equivalent interest rate	7.10%

Long-term expected rate of return

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 tables below.

NOTE 7B – TRS OPEB PLAN – CONTINUED

Asset Class	TRS - Health Insurance Trust		TRS - Life Insurance Trust	
	Target Allocation	Long-term		Target Allocation
		Expected Nominal Return	Expected Nominal Return	
Large Cap U.S. Equity	35.40%	5.00%	40.00%	5.00%
Small Cap U.S. Equity	2.60%	5.50%	0.00%	0.00%
Developed International Equity	15.00%	5.50%	15.00%	5.50%
Emerging Markets Equity	5.00%	6.10%	5.00%	6.10%
Fixed Income	9.00%	1.90%	21.00%	1.90%
High Yield Bonds	8.00%	3.80%	0.00%	0.00%
Other Categories	9.00%	3.70%	5.00%	3.70%
Real Estate	6.50%	3.20%	7.00%	3.20%
Private Equity	8.50%	8.00%	5.00%	8.00%
Cash	1.00%	1.60%	2.00%	1.60%
Expected real return	100.00%	4.60%	100.00%	4.37%
Long-term inflation assumption		2.50%		2.50%

Discount rate

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 assumed that the employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be depleted. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following table presents the District's proportionate share of the net OPEB liability calculated using the discount rate as well as what the District's proportionate share of the net OPEB 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:

District's proportionate share of the TRS net OPEB liability	Current		
	1% Decrease	Discount Rate	1% Increase
	6.10%	7.10%	8.10%
District's proportionate share of the TRS net OPEB liability	\$ 696,000	\$ 524,000	\$ 381,000

NOTE 7B – TRS OPEB PLAN – CONTINUED**Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate**

The following presents the District's proportionate share of the net OPEB liability calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	Current Trend Rate	<u>1% Increase</u>
District's proportionate share of the TRS net OPEB liability	354,000	524,000	735,000

NOTE 8: ON-BEHALF

For the year ended June 30, 2025, payments made by the Commonwealth of Kentucky on behalf of the District for insurance benefits, retirement benefits, technology, and debt service. The following amounts were recorded in the Statement of Activities and the Statement of Revenue, Expenditures, and Changes in Fund Balance:

	Fund
General	\$ 1,037,141
Debt service	309,419
Food service	-
	<u><u>\$ 1,346,560</u></u>

	Type
TRS retirement fund	\$ 481,019
TRS medical insurance fund	43,457
TRS life insurance fund	1,301
Health insurance less federal reimbursement	466,098
Life insurance	584
Administrative fee	4,672
HRA/Dental/Vision insurance	17,675
Technology	22,335
Debt service	<u>309,419</u>
	<u><u>\$ 1,346,560</u></u>

NOTE 9: FUND TRANSFERS

The following transfers were made during the year:

From	To	Purpose	Amount
General fund	Special revenue	Technology Match	\$ 5,763
Capital outlay	General fund	Capital funds	28,988
Building	General fund	Capital funds	287,756
Building	Debt service	Debt service	91,090
		<u>Total transfers</u>	<u>\$ 413,597</u>

Transfers are reported in financial statements as follows:

	Transfers In	Transfers Out	Net Transfer
Governmental funds	\$ 413,597	\$ 413,597	\$ -
Proprietary fund	-	-	-
	<u>\$ 413,597</u>	<u>\$ 413,597</u>	<u>\$ -</u>

NOTE 10: CONTINGENCIES

Grants. The District receives funding from federal and state agencies in the form of grants. These funds are to be used for designated purposes only. If the federal or state grantor finds that funds have not been used for the intended purposes, the grantor may request a refund of monies advanced or refuse to reimburse the District for its expenditures. The amount of such future refunds and unreimbursed expenditures, if any, is not expected to be significant. Continuation of the District's grant programs is contingent upon the grantors satisfaction that the funds provided are being spent as intended and the grantors intent to continue their programs.

Litigation. The District is party to various legal proceedings which normally occur in governmental operations. It is neither possible to determine the outcome of these proceedings nor possible to estimate the effects adverse decisions may have on the future expenditures or revenue sources of the District. In the opinion of District management and its legal counsel these legal proceedings are not likely to have a material adverse impact on the accompanying financial statements. Therefore, no provision for any liability that may result upon adjudication of any cases has been made in the accompanying financial statements.

NOTE 11: RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The District has obtained insurance coverage through a commercial insurance company. In addition, the District has effectively managed risk through various employee education and prevention programs. All risk general liability management activities are accounted for in the General Fund. Expenditures and claims are recognized when probable that a loss has occurred, and the amount of loss can be reasonably estimated.

Augusta Independent School District
Notes to Financial Statements
Year Ended June 30, 2025

Management estimates that the amount of actual or potential claims against the District as of June 30, 2025, will not materially affect the financial condition of the District. Therefore, the General Fund contains no provision for estimated claims. No claim has exceeded insurance coverage amounts in the past three fiscal year.

NOTE 12: DEFICIT FUND BALANCE AND CURRENT YEAR DEFICIT

There are no funds that have a deficit balance at year-end.

The following fund(s) had a current year net decrease in fund balance:

Building fund \$ (26,464)

NOTE 13 ADJUSTMENTS TO RESTATEMENTS OF BEGINNING BALANCES

During the fiscal year ended June 30, 2025, beginning net position of governmental activities was restated due to a change in accounting principle.

	Government-Side Governmental Activities
June 30, 2024, as previously reported	\$ 552,100
Change in accounting principle	
GASB 101 implementation	<u>(259,830)</u>
June 30, 2024, as restated	<u><u>\$ 292,270</u></u>

NOTE 14: CHANGE IN ACCOUNTING PRINCIPLE

For 2024, the District implemented Government Accounting Standards Board (GASB) Statement No. 100, Accounting Changes and Error Corrections and GASB Statement No. 101, Compensated Absences.

GASB 100 will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision-useful, understandable, and comprehensive information for users about accounting changes and error corrections. The implementation of GASB 100 did not have any effect on beginning net position/ fund balance.

GASB 101 will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. The implementation of GASB 101 resulted in recognizing additional compensated absence liabilities of \$33,743 and caused the beginning net position of governmental activities to decrease by \$259,830

REQUIRED SUPPLEMENTARY INFORMATION

Augusta Independent School District
 Budgetary Comparison Schedule – General Fund
 Year Ended June 30, 2025

	Budgeted Amounts		Variance	
	Original	Final	Actual	Final to Actual
Revenues				
From local sources:				
Property taxes	\$ 432,000	\$ 432,000	\$ 468,158	\$ 36,158
Motor vehicle taxes	44,000	44,000	40,354	(3,646)
Utility taxes	179,000	179,000	192,322	13,322
Earnings on investments	14,000	14,000	18,405	4,405
Other local revenue	30,064	30,064	37,741	7,677
Intergovernmental state:				
SEEK	1,695,000	1,695,000	1,725,144	30,144
On-behalf	961,390	961,390	1,037,141	75,751
Other	43,563	43,563	48,713	5,150
Federal direct	14,000	14,000	5,896	(8,104)
Total revenues	3,413,017	3,413,017	4,263,874	160,857
Expenditures				
Instruction	1,762,744	1,762,744	1,860,872	(98,128)
Support services:				
Student	273,503	273,503	250,650	22,853
Instruction staff	72,056	72,056	6,741	65,315
District administrative	437,640	437,640	437,221	419
School administrative	250,780	250,780	242,633	8,147
Business support	157,211	157,211	166,569	(9,358)
Plant operation and maintenance	414,988	414,988	622,042	(207,054)
Student transpiration	165,345	165,345	889,673	(724,328)
Debt service				
Contingency	1,063,713	1,063,713	-	1,063,713
Total expenditures	4,597,980	4,597,980	4,476,401	121,579
Excess of revenues over (under) expenditures				
	(1,184,963)	(1,184,963)	(212,527)	972,436
Other financing sources (uses)				
Transfers in	125,000	125,000	316,744	191,744
Transfers out	(5,750)	(5,750)	(5,763)	(13)
Sale of assets	2,000	2,000	-	-
Total other financing sources (uses)	121,250	121,250	310,981	191,731
Net change in fund balances	(1,063,713)	(1,063,713)	98,454	1,164,167
Fund balances - beginning	1,063,713	1,063,713	3,976,632	2,912,919
Fund balances - end of year	\$ -	\$ -	\$ 4,075,086	\$ 4,077,086

Augusta Independent School District
 Budgetary Comparison Schedule – Special Revenue Fund
 Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance Final to Actual
	Original	Final		
Revenues				
From local sources:				
Other local revenue	\$ 10,148	\$ 10,148	\$ 19,924	\$ 9,776
Intergovernmental state:				
Other	337,145	337,145	349,239	12,094
Intergovernmental federal	225,971	225,971	930,664	704,693
Total revenues	573,264	573,264	1,299,827	726,563
Expenditures				
Instruction	475,581	475,581	995,548	(519,967)
Support services:				
Student	43,095	43,095	43,095	-
Community services	62,731	62,731	56,907	5,824
Total expenditures	581,407	581,407	1,306,140	(724,733)
Excess of revenues over (under) expenditures	(8,143)	(8,143)	(6,313)	1,830
Other financing sources (uses)				
Transfers in	5,750	5,750	5,763	13
Total other financing sources (uses)	5,750	5,750	6,313	13
Net change in fund balances	(2,393)	(2,393)	-	1,843
Fund balances - beginning	-	-	-	-
Fund balances - end of year	\$ (2,393)	\$ (2,393)	\$ -	\$ 1,843

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 accounting method and GAAP 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).

In accordance with state law, the District prepares a general school budget based upon the amount of revenue to be raised by local taxation, including the rate of levy and from estimates of other Local, State and Federal revenues. The budget contains estimated expenditures for current expenses, debt service, capital outlay and other necessary expenses. The budget must be approved by the Board.

The District must formally and publicly examine estimated revenues and expenditures for the subsequent fiscal year by January 31 of each calendar year.

The District must prepare an annual allocation to schools by March 1 of each year for the following fiscal year. This allocation must include the amount for certified and classified staff based on the District's staffing policy and the amount for instructional supplies, materials, travel and equipment.

The District must adopt a tentative working budget for the subsequent fiscal year by May 30 of each year. This budget must contain a minimum 2.00% contingency.

Finally, the District must adopt a final working budget and submit it to the Kentucky Department of Education by September 30 of the current fiscal year.

The Board has the ability to amend the working budget.

Augusta Independent School District

Schedule of District's Share of Net Pension Liability and Contributions – CERS

June 30, 2025

Schedule of District's Proportionate Share of the Net Pension Liability - CERS

Year ended June 30	Measurement period June 30	District's proportion of the net pension liability	District's proportionate share of the net pension liability	District's covered payroll	District's proportionate share of the net pension liability as a percentage of the total covered payroll	Plan fiduciary net position as a percentage of the total pension liability
		June 30	June 30	June 30	June 30	June 30
2025	2024	0.0136%	\$ 812,022	\$ 409,649	198.22%	61.61%
2024	2023	0.0134%	\$ 860,710	\$ 392,316	219.39%	57.48%
2023	2022	0.0102%	\$ 737,432	\$ 392,316	187.97%	52.42%
2022	2021	0.0114%	\$ 724,544	\$ 281,908	257.01%	55.95%
2021	2020	0.0111%	\$ 851,898	\$ 286,585	297.26%	47.81%
2020	2019	0.0105%	\$ 739,736	\$ 286,996	257.75%	50.45%
2019	2018	0.0097%	\$ 588,567	\$ 259,543	226.77%	53.54%
2018	2017	0.0186%	\$ 694,319	\$ 254,682	272.62%	53.32%
2017	2016	0.0124%	\$ 609,574	\$ 294,834	206.75%	55.50%
2016	2015	0.0170%	\$ 546,927	\$ 295,330	185.19%	59.97%

Schedule of District's Contributions - CERS

Year ended June 30	Contractually required contribution		Contribution deficiency (excess)		District's covered payroll	Contributions as a percentage of covered payroll
	Actual contribution	Actual contribution	(excess)	(excess)	June 30	June 30
2025	\$ 85,353	\$ 85,353	\$ -	\$ -	\$ 433,044	19.71%
2024	\$ 95,612	\$ 95,612	\$ -	\$ -	\$ 409,649	23.34%
2023	\$ 91,802	\$ 91,802	\$ -	\$ -	\$ 392,316	23.40%
2022	\$ 59,680	\$ 59,680	\$ -	\$ -	\$ 281,908	21.17%
2021	\$ 55,310	\$ 55,310	\$ -	\$ -	\$ 286,585	19.30%
2020	\$ 55,390	\$ 55,390	\$ -	\$ -	\$ 286,996	19.30%
2019	\$ 42,098	\$ 42,098	\$ -	\$ -	\$ 259,543	16.22%
2018	\$ 36,878	\$ 36,878	\$ -	\$ -	\$ 254,682	14.48%
2017	\$ 41,130	\$ 41,130	\$ -	\$ -	\$ 294,834	13.95%
2016	\$ 36,680	\$ 36,680	\$ -	\$ -	\$ 295,330	12.42%

Augusta Independent School District

Schedule of District's Share of Net Pension Liability and Contributions - TRS

June 30, 2025

Schedule of District's Proportionate Share of the Net Pension Liability - TRS

Year ended June 30	Measurement period June 30	District's proportion of the net pension liability		District's proportionate share of the net pension liability associated with the District		District's covered payroll	District's proportionate share of the net pension liability as a percentage of the total covered payroll		Plan fiduciary net position as a percentage of the total pension liability
		of the net pension liability	share of the net pension liability	share of the net pension	liability associated with the District		as a percentage	covered payroll	
2025	2023	0.0000%	\$ -	\$ 7,400,679	\$ 1,099,433	\$ 1,099,433	0.00%		60.36%
2024	2023	0.0000%	\$ -	\$ 7,898,495	\$ 1,543,167	\$ 1,543,167	0.00%		57.68%
2023	2022	0.0000%	\$ -	\$ 7,658,525	\$ 1,543,167	\$ 1,543,167	0.00%		56.41%
2022	2021	0.0000%	\$ -	\$ 6,016,932	\$ 1,444,800	\$ 1,444,800	0.00%		65.59%
2021	2020	0.0000%	\$ -	\$ 6,277,301	\$ 1,464,418	\$ 1,464,418	0.00%		58.27%
2020	2019	0.0000%	\$ -	\$ 6,079,809	\$ 1,403,133	\$ 1,403,133	0.00%		58.76%
2019	2018	0.0000%	\$ -	\$ 5,824,015	\$ 1,387,067	\$ 1,387,067	0.00%		59.30%
2018	2017	0.0000%	\$ -	\$ 11,389,956	\$ 1,360,133	\$ 1,360,133	0.00%		39.83%
2017	2016	0.0000%	\$ -	\$ 12,893,317	\$ 1,269,533	\$ 1,269,533	0.00%		35.22%
2016	2015	0.0000%	\$ -	\$ 10,113,739	\$ 1,438,279	\$ 1,438,279	0.00%		42.49%
2015	2014	0.0000%	\$ -	\$ 8,823,040	\$ 1,377,477	\$ 1,377,477	0.00%		45.59%

Schedule of District's Contributions - TRS

Year ended June 30	Contractually required contribution		Contribution deficiency (excess)	District's covered payroll	Contributions	
	Actual contribution	Contractually required contribution			as a percentage of covered payroll	as a percentage of covered payroll
2025	\$ -	\$ -	\$ -	\$ 1,714,400	0.00%	0.00%
2024	\$ -	\$ -	\$ -	\$ 1,099,433	0.00%	0.00%
2023	\$ -	\$ -	\$ -	\$ 1,543,167	0.00%	0.00%
2022	\$ -	\$ -	\$ -	\$ 1,444,800	0.00%	0.00%
2021	\$ -	\$ -	\$ -	\$ 1,464,418	0.00%	0.00%
2020	\$ -	\$ -	\$ -	\$ 1,403,133	0.00%	0.00%
2019	\$ -	\$ -	\$ -	\$ 1,387,067	0.00%	0.00%
2018	\$ -	\$ -	\$ -	\$ 1,360,133	0.00%	0.00%
2017	\$ -	\$ -	\$ -	\$ 1,269,533	0.00%	0.00%
2016	\$ -	\$ -	\$ -	\$ 1,438,279	0.00%	0.00%
2015	\$ -	\$ -	\$ -	\$ 1,377,477	0.00%	0.00%
2014	\$ -	\$ -	\$ -	\$ 1,341,022	0.00%	0.00%

Augusta Independent School District

Schedule of District's Share of Net OPEB Liability and Contributions - CERS

June 30, 2025

Schedule of District's Proportionate Share of the Net OPEB Liability - CERS

Year ended June 30	Measurement period June 30	District's proportion of the net OPEB liability	District's proportionate share of the net OPEB liability (asset)	District's covered payroll	District's proportionate share of the net OPEB liability as a percentage of the total covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
		0.0136%	\$ (26,486)	\$ 409,649	-6.47%	104.89%
2025	2024	0.0136%	\$ (26,486)	\$ 409,649	-6.47%	104.89%
2024	2023	0.0134%	\$ (18,520)	\$ 392,316	-4.72%	104.23%
2023	2022	0.1020%	\$ 201,279	\$ 281,908	71.40%	60.95%
2022	2021	0.0114%	\$ 217,520	\$ 286,585	75.90%	58.41%
2021	2020	0.0111%	\$ 268,128	\$ 286,996	93.43%	51.67%
2020	2019	0.0106%	\$ 177,497	\$ 259,543	68.39%	60.44%
2019	2018	0.0097%	\$ 171,582	\$ 254,682	67.37%	57.62%
2018	2017	0.0119%	\$ 238,467	\$ 294,834	80.88%	52.39%

Schedule of District's Contributions - CERS

Year ended June 30	Contributions				
	Contractually required contribution	Actual contribution	Contribution deficiency (excess)	District's covered payroll	as a percentage of covered payroll
2025	\$ -	\$ -	\$ -	\$ 433,044	0.00%
2024	\$ -	\$ -	\$ -	\$ 409,649	0.00%
2023	\$ 13,300	\$ 13,300	\$ -	\$ 392,316	3.39%
2022	\$ 16,294	\$ 16,294	\$ -	\$ 281,908	5.78%
2021	\$ 13,641	\$ 13,641	\$ -	\$ 286,585	4.76%
2020	\$ 13,661	\$ 13,661	\$ -	\$ 286,996	4.76%
2019	\$ 13,652	\$ 13,652	\$ -	\$ 259,543	5.26%
2018	\$ 11,970	\$ 11,970	\$ -	\$ 254,682	4.70%
2017	\$ 13,945	\$ 13,945	\$ -	\$ 294,834	4.73%

Augusta Independent School District

Schedule of District's Share of Net OPEB Liability and Contributions – TRS Medical Insurance Plan

June 30, 2025

Schedule of District's Proportionate Share of the Net OPEB Liability - TRS Medical Insurance Plan

Year ended June 30	Measurement period June 30	District's proportion of the net OPEB liability		District's proportionate share of the net OPEB liability associated with the District		District's covered payroll	District's proportionate share of the net OPEB liability as a percentage of the total covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
		of the net OPEB liability	share of the net OPEB liability	net OPEB liability	associated with the District			
2025	2024	0.0235%	\$ 524,000	\$ 466,000	\$ 1,099,433	47.66%	59.81%	
2024	2023	0.0244%	\$ 595,000	\$ 502,000	\$ 1,543,167	38.56%	52.97%	
2023	2022	0.0327%	\$ 811,000	\$ 266,000	\$ 1,444,400	56.15%	47.75%	
2022	2021	0.0248%	\$ 531,000	\$ 431,000	\$ 1,464,418	36.26%	51.47%	
2021	2020	0.0239%	\$ 602,000	\$ 482,000	\$ 4,103,133	14.67%	32.58%	
2020	2019	0.0239%	\$ 699,000	\$ 565,000	\$ 1,387,066	50.39%	32.58%	
2019	2018	0.0229%	\$ 795,000	\$ 685,000	\$ 1,360,133	58.45%	25.54%	
2018	2017	0.0222%	\$ 793,000	\$ 647,000	\$ 1,269,533	62.46%	21.18%	

Schedule of District's Contributions - TRS Medical Insurance Plan

Year ended June 30	Contractually required contribution		Contribution deficiency (excess)	Contributions	
	Actual contribution	Contractually required contribution		District's covered payroll	as a percentage of covered payroll
2025	\$ 51,432	\$ 51,432	\$ -	\$ 1,714,400	3.00%
2024	\$ 32,983	\$ 32,983	\$ -	\$ 1,099,433	3.00%
2023	\$ 46,295	\$ 46,295	\$ -	\$ 1,543,167	3.00%
2022	\$ 43,332	\$ 43,332	\$ -	\$ 1,444,400	3.00%
2021	\$ 43,932	\$ 43,932	\$ -	\$ 1,464,418	3.00%
2020	\$ 42,094	\$ 42,094	\$ -	\$ 4,103,133	1.03%
2019	\$ 41,612	\$ 41,612	\$ -	\$ 1,387,066	3.00%
2018	\$ 40,804	\$ 40,804	\$ -	\$ 1,360,133	3.00%
2017	\$ 38,086	\$ 38,086	\$ -	\$ 1,269,533	3.00%

Augusta Independent School District

Schedule of District's Share of Net OPEB Liability and Contributions – TRS Life Insurance Plan

June 30, 2025

Schedule of District's Proportionate Share of the Net OPEB Liability - TRS Life Insurance Plan

Year ended	Measurement period	District's proportion of the net OPEB liability		State's proportionate share of the net OPEB liability associated with the District		District's covered payroll as a percentage of covered payroll		Plan fiduciary net position as a percentage of the total OPEB liability
		of the net OPEB liability	share of the net OPEB liability	net OPEB liability	associated with the District	District's covered payroll	as a percentage of covered payroll	
June 30	June 30							
2025	2024	0.0000%	\$ -	\$ 11,000	\$ 1,099,433	0.00%	80.57%	
2024	2023	0.0000%	\$ -	\$ 12,000	\$ 1,543,167	0.00%	76.91%	
2023	2022	0.0000%	\$ -	\$ 13,000	\$ 1,444,400	0.00%	73.97%	
2022	2021	0.0000%	\$ -	\$ 6,000	\$ 1,464,418	0.00%	89.15%	
2021	2020	0.0000%	\$ -	\$ 15,000	\$ 4,103,133	0.00%	71.57%	
2020	2019	0.0000%	\$ -	\$ 13,000	\$ 1,387,066	0.00%	73.40%	
2019	2018	0.0000%	\$ -	\$ 12,000	\$ 1,360,133	0.00%	74.97%	
2018	2017	0.0000%	\$ -	\$ 9,000	\$ 1,269,533	0.00%	79.99%	

Schedule of District's Contributions - TRS Life Insurance Plan

Year ended	Contractually required		Contribution deficiency (excess)	Contributions	
	June 30	contribution		District's covered payroll	as a percentage of covered payroll
June 30					
2025	\$ -	\$ -	\$ -	\$ 1,714,400	0.00%
2024	\$ -	\$ -	\$ -	\$ 1,099,433	0.00%
2023	\$ -	\$ -	\$ -	\$ 1,543,167	0.00%
2022	\$ -	\$ -	\$ -	\$ 1,444,400	0.00%
2021	\$ -	\$ -	\$ -	\$ 1,464,418	0.00%
2020	\$ -	\$ -	\$ -	\$ 4,103,133	0.00%
2019	\$ -	\$ -	\$ -	\$ 1,387,066	0.00%
2018	\$ -	\$ -	\$ -	\$ 1,360,133	0.00%
2017	\$ -	\$ -	\$ -	\$ 1,269,533	0.00%

SUPPLEMENTARY INFORMATION

Augusta Independent School District
 Combining Balance Sheet – Nonmajor Funds
 June 30, 2025

	District Activity Fund	Student Activity Fund	Capital Outlay Fund	Building Fund	Debt Service Fund	Total Non-Major Governmental Funds
Assets						
Cash and cash equivalents	\$ 3,406	\$ 42,330	\$ -	\$ -	\$ -	\$ 45,736
Total assets	\$ 3,406	\$ 42,330	\$ -	\$ -	\$ -	\$ 45,736
Fund balances						
Restricted	\$ -	\$ 42,330	\$ -	\$ -	\$ -	\$ 42,330
Unassigned	3,406	-	-	-	-	3,406
Total fund balances	3,406	42,330	-	-	-	45,736
Total liabilities and fund balances	\$ 3,406	\$ 42,330	\$ -	\$ -	\$ -	\$ 45,736

Augusta Independent School District
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balance – Nonmajor Funds
 Year Ended June 30, 2025

	District Activity Fund	Student Activity Fund	Capital Outlay Fund	Building Fund	Debt Service Fund	Total Non-Major Governmental Funds
Revenues						
From local sources:						
Property taxes	\$ -	\$ -	\$ -	\$ 78,883	\$ -	\$ 78,883
Earnings on investments	-	-	-	1,353	-	1,353
Other local revenue	13,558	150,643	-	-	-	164,201
Intergovernmental state:						
SEEK	-	-	28,988	272,156	-	301,144
On-behalf	-	-	-	-	309,419	309,419
Total revenues	13,558	150,643	28,988	352,392	309,419	855,000
Expenditures						
Instruction	11,786	147,349	-	-	-	159,135
Support services:						
Principal	-	-	-	-	337,000	337,000
Interest	-	-	-	-	63,509	63,509
Total expenditures	11,786	147,349	-	-	400,509	559,644
Excess of revenues over (under) expenditures	1,772	3,294	28,988	352,392	(91,090)	295,356
Other financing sources (uses)						
Transfers in	-	-	-	-	91,090	91,090
Transfers out	-	-	(28,988)	(378,846)	-	(407,834)
Total other financing sources (uses)	-	-	(28,988)	(378,846)	91,090	(316,744)
Net change in fund balances	1,772	3,294	-	(26,454)	-	(21,388)
Fund balances - beginning	1,634	39,036	-	26,454	-	67,124
Fund balances - end of year	\$ 3,406	\$ 42,330	\$ -	\$ -	\$ -	\$ 45,736

Augusta Independent School District
 Statement of School Activity Funds
 Year Ended June 30, 2025

Fund Name	Cash Balance				Cash Balance	
	June 30, 2024	Receipts	Expenditure	Transfers	June 30, 2025	
Student enhancement	\$ 3,624	\$ 18,577	\$ 16,389	\$ 733	\$ 6,545	
Faculty enhancement	2,856	5,267	3,377	-	4,746	
Drama club	3,018	1,000	1,351	-	2,667	
Beta club	480	961	1,392	-	49	
Blessing box/helping hand	35	-	35	-	-	
FCCLA	138	-	182	1,000	956	
FBLA	235	-	42	-	193	
Champions	3,088	1,170	2,032	-	2,226	
Band	2,647	4,045	5,604	-	1,088	
Athletics	-	83,646	74,456	(3,755)	5,435	
Robotics	858	-	-	(858)	-	
Class of 2025	12,729	4,433	17,008	-	154	
Class of 2029	2,548	2,189	580	-	4,157	
Class of 2028	309	-	-	-	309	
Class of 2027	2,209	2,681	1,970	-	2,920	
Class of 2026	1,195	6,498	3,777	2,755	6,671	
Class of 2030	40	4,431	2,529	-	1,942	
Class of 2031	32	-	-	-	32	
Library	1,132	5,639	5,447	125	1,449	
Yearbook/newspaper	-	1,055	513	(180)	362	
Journalism	-	769	860	180	89	
Senior trip deposit	-	3,800	3,800	-	-	
Gear up	1,863	4,200	6,005	-	58	
Transition lab	-	282	-	-	282	
Due to student groups	\$ 39,036	\$ 150,643	\$ 147,349	\$ -	\$ 42,330	

Augusta Independent School District
 Schedule of Federal Expenditures
 Year Ended June 30, 2025

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster</u>	<u>Federal Assistance Listing</u>	<u>Pass Through Grantor's Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Education</u>			
<i>Passed through Kentucky Department of Education</i>			
Special Education Cluster (IDEA)			
Special Education_Grants to States (IDEA, Part B)	84.027	3810002 23	15,607
	84.027	3810002 24	63,239
Special Education_Preschool Grants (IDEA, Preschool)	84.173	3800002 23	2,551
	84.173	3800002 24	7,135
			<u>88,532</u>
Title I Grants to Local Educational Agencies	84.010	3100002 23	21,881
	84.010	3100002 24	82,607
			<u>104,488</u>
Perkins Vocational Education	84.048	3710002 23	138
	84.048	3710002 24	1,732
			<u>1,870</u>
Title VRural and Low-Income Schools	84.358	3140002 24	22,407
			<u>22,407</u>
Title II Supporting Effective Instruction State Grants	84.367	3230002 24	11,064
			<u>11,064</u>
Title IV Student Support and Academic Enrichment	84.424	3420002 24	6,991
			<u>6,991</u>
Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act	84.425U	4300002 21	618,802
			<u>618,802</u>
Total U.S Department of Education			<u>854,154</u>

Augusta Independent School District
 Schedule of Federal Expenditures
 Year Ended June 30, 2025

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster</u>	<u>Federal Assistance Listing</u>	<u>Pass Through Grantor's Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Agriculture</u>			
<i>Passed through Kentucky Department of Education</i>			
Child Nutrition Cluster			
School Breakfast Program	10.553	7760005 24	11,075
	10.553	7760005 25	56,403
National School Lunch Program	10.555	7750002 24	21,383
	10.555	7750002 25	150,471
			<u>239,332</u>
State Administrative Expenses for Child Nutrition	10 560	7700001 23	684
			<u>684</u>
<i>Passed through Kentucky Department of Agriculture</i>			
Commodities	10.555	Commodities	12,161
			<u>12,161</u>
			<u>252,177</u>
<u>U.S. Department of Labor</u>			
<i>Passed through TENCO</i>			
WIOA Youth Activities	17.259	TENCO	76,510
			<u>76,510</u>
			<u>76,510</u>
Total U.S. Department of Labor			
<u>U.S. Environmental Protection Agency</u>			
Clean School Bus Program	66.045		690,000
			<u>690,000</u>
			<u>690,000</u>
Total U.S. Environmental Protection Agency			
Total Expenditures of Federal Awards			<u>\$ 1,872,841</u>

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal grant activity of Augusta Independent School District (District) under programs of the federal government for the year ended June 30, 2025. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3: INDIRECT COST RATE

The District has elected not to use the 15% de minimis indirect cost rate allowed under Uniform Guidance.

NOTE 4: SUBRECIPIENTS

The District did not provide federal funds to subrecipients for the year ended June 30, 2025.

NOTE 5: COMMODITIES

Nonmonetary assistance is recorded in the schedule at the fair value of the USDA commodities received and disbursed.

NOTE 6: FEDERAL AWARDS RECONCILIATION

Federal revenues reported on the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	\$ 1,620,664
Federal grants reported on the Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund	240,016
Donated commodities reported on the Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund	12,161
<hr/> Schedule of expenditures of federal awards	<hr/> \$ 1,872,841

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



Kentucky State Committee for School District Audits
Members of the Board of Education
Augusta Independent School District
Augusta, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Augusta Independent School District (District) as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise the District basic financial statements and have issued our report thereon dated December 10, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

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*

Report on Compliance and Other Matters

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

We noted certain matters that we reported to management of the District in a separate letter dated December 10, 2025.

Purpose of this Report

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

Maddox & Associates CPAs Inc.

Augusta, Kentucky

December 10, 2025

Augusta Independent School District
Independent Auditor's Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by Uniform Guidance
June 30, 2025

Kentucky State Committee for School District Audits
Members of the Board of Education
Augusta Independent School District
Augusta, Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Program

We have audited Augusta Independent School District's (District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2025. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities of those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Augusta Independent School District
Independent Auditor's Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by Uniform Guidance
June 30, 2025

Auditor's Responsibilities

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will not 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 the 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*, the Uniform Guidance and the audit requirements prescribed by the Kentucky State Committee for School District Audits, in the *Auditor Responsibilities and State Compliance Requirements* sections contained in the Kentucky Public School Districts' Audit Contract and Requirements, we:

- 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 the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Augusta Independent School District
Independent Auditor's Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by Uniform Guidance
June 30, 2025

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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Our 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 our 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.

Maddox & Associates CPAs Inc.

Fort Thomas, Kentucky
December 10, 2025

Augusta Independent School District
Schedule of Findings and Questioned Costs
June 30, 2025

1. SUMMARY OF AUDITOR'S RESULTS	
Type of Financial Statement Opinion	Unmodified
Were there any material weaknesses in internal control reported at the financial statement level?	No
Were there any significant deficiencies in internal control reported at the financial statement level?	No
Was there any reported material noncompliance at the financial statement level?	No
Were there any material weaknesses in internal control reported for major federal programs?	No
Were there any significant deficiencies in internal control reported for major federal programs?	No
Type of Major Programs' Compliance Opinion	Unmodified
Are there any reportable findings under 2 CFR 200.516(a)?	No
Major Programs	AL#
Clean School Bus Program	66.045
Dollar Threshold: Type A/B Programs	Type A: > \$750,000 Type B: all others
Low risk auditee under 2 CFR 200.520	Yes

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED
None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
None

Augusta Independent School District
Schedule of Prior Findings and Questioned Costs
June 30, 2025

NO PRIOR FINDINGS

Augusta Independent School District

Management Letter

Year Ended June 30, 2025

Kentucky State Committee for School District Audits

Members of the Board of Education

Augusta Independent School District

Augusta, Kentucky

In planning and performing our audit of the financial statements of Augusta Independent School District (District) for the year ended June 30, 2025, we considered the District's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of matters that our opportunities for strengthening internal controls and operating efficiencies. The memorandum that accompanies this letter summarizes our comments and recommendations regarding these matters. Any uncorrected comments from the prior year have been listed in this letter. A separate report dated December 10, 2025 contains our report on the District's internal control. This letter does not affect our report dated December 10, 2025 on the financial statements of the District.

We will review the status of these comments during our next audit engagement. We have already discussed the comments and recommendation with various District personnel, and we will be pleased to discuss them in further detail at our convenience, to perform additional study of these matters, or to assist you in implementing the recommendations.

Maddox & Associates CPAs Inc.

December 10, 2025

Augusta Independent School District
Management Letter
Year Ended June 30, 2025

Central Office

No matters are reportable

Augusta Independent School

No matters are reportable

Prior Year Comments

Prior year comments 2024-01, 2024-02, and 2024-03 were not repeated in the current year.