

**BURGIN INDEPENDENT
SCHOOL DISTRICT
AUDIT REPORT
JUNE 30, 2025**

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November 15, 2025

INDEPENDENT AUDITOR'S REPORT

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

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 Burgin Independent School District as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Burgin Independent School District's basic financial statements as listed in the table of contents.

In 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 Burgin Independent School 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 for 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, *Appendix I to the Independent Auditor's Contract – Audit Extension Request*, *Appendix II to the Independent Auditor's Contract – Instructions for Submission of the Audit Contract, Audit Acceptance Statement, AFR and Balance Sheet, Statement of Certification, and Audit Report*. 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 Burgin Independent School 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 I have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note A to the financial statements, in 2025, the District adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*, and GASB Statement No. 102, *Certain Risk Disclosures*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of Financial Statement

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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

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

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

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, schedules of the district's proportionate share of net pension liabilities, and the schedules of the district's proportionate share of net other post-employment benefits on pages 4 through 10, 55 through 58, and 61 through 63 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Burgin Independent School District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, and the statement of receipts, disbursements and fund balance – School Activity Fund 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 and the statement of receipts, disbursements and fund balance – School Activity Fund 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 my report dated November 15, 2025, on our consideration of Burgin Independent School 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 Burgin Independent School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Burgin Independent School District's internal control over financial reporting and compliance.

Sincerely,

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

Certified Public Accountants

BURGIN INDEPENDENT SCHOOL DISTRICT
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2025

As management of the Burgin Independent School District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the financial statements.

FINANCIAL HIGHLIGHTS

- The beginning General Fund balance was \$115,611. The ending fund balance was \$527,559. General fund revenues increased \$607,603 and expenditures increased by \$14,500 as compared with the prior year.
- The District had \$7,672,968 in revenue and \$6,908,078 in expenses.
- The District, through routine debt service, reduced bond debt through the Debt Service Fund. Total bond and lease principal payments for fiscal year 2025 were \$365,466 and the District paid an additional \$147,153 in interest payments.
- The District's total net position increased \$1,208,986 to \$632,293. Current assets increased \$853,308 non-current assets decreased \$349,656, and total liabilities decreased \$832,089.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

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

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

The district-wide financial statements can be found on pages 11 - 12 of this report.

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found on pages 22 - 55 of this report.

DISTRICT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by \$632,293 as of June 30, 2025

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

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

Net Position for the period ending June 30, 2025 and June 30, 2024

A comparison of June 30, 2025 and June 30, 2024 government wide net position is as follows:

	Governmental Activities		Business – Type Activities		Total Primary Government	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Current and Other Assets	\$2,327,868	\$1,511,807	\$130,559	93,312	\$2,458,427	\$1,605,119
Net Capital Assets	6,734,068	7,049,564	248,283	282,443	6,982,351	7,332,007
Deferred Outflows	<u>880,238</u>	<u>1,178,765</u>	<u>50,576</u>	<u>66,258</u>	<u>930,814</u>	<u>1,245,023</u>
Total Assets and Def Outflows	<u>9,942,174</u>	<u>9,740,136</u>	<u>429,418</u>	<u>442,013</u>	<u>10,371,592</u>	<u>10,182,149</u>
Current Liabilities	651,055	590,603	2,151	450	653,206	591,053
Non-Current Liabilities	7,653,693	8,508,927	151,948	190,956	7,805,641	8,699,883
Deferred Inflows	<u>1,183,619</u>	<u>1,350,141</u>	<u>96,833</u>	<u>117,765</u>	<u>1,280,452</u>	<u>1,467,906</u>
Total Liabilities and Def Inflows	<u>9,488,367</u>	<u>10,449,671</u>	<u>250,932</u>	<u>309,171</u>	<u>9,739,299</u>	<u>10,758,842</u>
Net Position						
Net Investment in Capital Assets	383,743	426,728	248,283	282,443	632,026	709,171
Restricted	1,571,216	1,218,274	(69,797)	(149,601)	1,501,419	1,068,673
Unrestricted	<u>(1,501,152)</u>	<u>(2,354,537)</u>			<u>(1,501,152)</u>	<u>(2,354,537)</u>
Total Net Position	<u>453,807</u>	<u>(709,535)</u>	<u>178,486</u>	<u>132,842</u>	<u>632,293</u>	<u>(576,693)</u>

Deferred outflows decreased by \$314,209 and total liabilities decreased \$832,89. Deferred inflows decreased by \$187,454.

The following table presents a comparison of revenues, expenses and changes in net position for the fiscal years ended June 30, 2025 and June 30, 2024.

	Governmental Activities		Business – Type Activities		Total Primary Government	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
REVENUES						
Program revenues						
Charges for services	\$12,824	\$18,299	17,871	18,692	30,695	37,261
Operating grants and contributions	632,836	957,197	412,958	411,614	1,045,794	1,368,811
Capital grants	435	1,086			435	1,086
General revenues						
Property taxes	2,603,377	2,248,489			2,603,377	2,248,489
Motor vehicle taxes	243,289	255,601			243,289	255,601
Utility Taxes	168,558	158,680			168,558	158,680
Other taxes		164				164
Investment earnings	73,582	73,072			73,582	73,072
Fed & State and formula grants	3,666,546	3,250,637			3,666,546	3,250,637
Miscellaneous	271,521	293,437			271,521	293,437
Special Items						
Fund Transfer						
Gain (loss) on sale of assets		1,500				1,500
Total revenues	<u>7,672,968</u>	<u>7,258,162</u>	<u>430,829</u>	<u>430,576</u>	<u>8,103,797</u>	<u>7,688,738</u>
EXPENSES						
Program Activities						
Instructional	4,347,274	4,549,179			4,347,274	4,549,179
Student support	18,510	136,000			18,510	136,000
Instructional staff Support	296,288	258,208			296,288	258,208
District administrative support	370,753	338,519			370,753	338,519
School administrative support	274,104	285,930			274,104	285,930
Business support	206,770	241,003			206,770	241,003
Plant operations and maintenance	629,617	623,490			629,617	623,490
Student transportation	210,054	238,352			210,054	238,352
Community service activities	66,518	60,162			66,518	60,162
Other Non-Instructional						
Facilities Acquisition & Construction						
Debt Service	153,750	161,749			153,750	161,749
Business-type Activities						
Food service			385,185	407,535	385,185	407,535
Total expenses	<u>6,573,638</u>	<u>6,892,592</u>	<u>385,185</u>	<u>407,535</u>	<u>6,958,823</u>	<u>7,300,127</u>
Increase in net position	<u>1,099,330</u>	<u>365,470</u>	<u>45,644</u>	<u>23,041</u>	<u>1,144,974</u>	<u>388,611</u>

On-behalf amounts are included in the above figures. On-behalf payments are payments the state makes on behalf of employees to the various agencies for health and life insurance, benefits, administration fees, technology and debt service. The total on-behalf payments for 2025 and 2024 were \$1,669,844 and \$1,716,513 respectively.

Governmental Activities

For the governmental program expenses, instructional expenses comprise 66% of total expenses, support services equate to 31%, and interest and other expenses make up the remaining 3% of the total.

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

	Governmental Activities Total		Governmental Activities Net	
	Cost of Services		Cost of Services	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Instructional	\$4,347,274	\$4,549,179	\$(3,767,007)	\$(3,638,262)
Support Services	2,006,096	2,121,502	(2,005,430)	(2,120,868)
Other	66,518	60,162	(1,791)	3,783
Interest Costs	153,750	161,749	(153,315)	(160,663)
Facilities				
Acquisition & Cons				
Total Expenses	<u>\$6,573,638</u>	<u>\$6,892,592</u>	<u>\$(5,927,543)</u>	<u>\$(5,916,010)</u>

Business-Type Activities

The business type activities consist of the food service program. This program had total revenues of \$430,829 and expenses of \$385,185 for fiscal year 2025. These revenues were made up of \$17,871 charges for services and \$412,958 federal and state operating grants. These business-type activities receive no support from tax revenues, and, as such, the District will continue to monitor these activities and make the necessary adjustments to the operations of these activities.

The School District's Funds

The information relative to the School District's Funds starts on page 13. These funds use the modified accrual basis of accounting to account for each fund's revenues and expenses. The combined revenue for all governmental funds for 2025 was \$7,672,968 and expenditures were \$6,908,078. The most significant net change in fund balance was in the general fund with an increase of \$411,948, due to an increase of revenue and a mild increase of expenses.

General Fund Budgetary Highlights

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

The most significant budgeted fund is the General Fund. The general fund had budgeted revenues of \$4,066,119 with actual results being \$6,007,708. Budgeted expenditures were \$4,128,526 compared to actual expenditures of \$5,595,760. The most significant cause of the variance between budget and actual was the state on-behalf payments in the amount of \$1,669,844 which are not budgeted.

Future Budgetary Implications

In Kentucky, the public schools fiscal year is July 1 – June 30; other programs, i.e. some federal programs operate on a different fiscal calendar, but are reflected in the District overall budget. By law, the budget must have a minimum 2% contingency. The District adopted a budget for 2024-2025 with an 2.47% contingency. The District has adopted a budget for 2025-2026 with an 12% contingency.

The Board's obligation for contribution to the Kentucky Retirement System for classified employees for FY 2025 is 18.62%. The Teachers Retirement contribution remained the same at 3% on all non-federal employees and 13.750%, 16.105% and 17.105% for employees paid by federal grant.

The SEEK base funding changed from \$4,326 per pupil in FY 202-24 to \$4,586 per pupil in FY 2024-25. The General Fund will be closely monitored to support District staffing.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the 2025 fiscal year, the District had invested \$6,903,878 in a broad range of capital assets, including equipment, buses, buildings, and land net of accumulated depreciation. This amount represents a net decrease of \$394,654. Depreciation expense for the year was \$(394,655).

The table on the following page shows capital assets net of depreciation for the governmental activities, business-type activities and total primary government for fiscal years ended June 30, 2024 and 2025.

	Governmental Activities (Net of Depreciation)		Business - Type Activities (Net of Depreciation)		Total Primary Government (Net of Depreciation)	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Land and Improvements	92,134	93,108			92,134	93,108
Buildings and Improvements	6,418,298	6,742,611	-	-	6,418,298	6,742,611
Technology	18,500	24,706			18,500	24,706
Vehicles	73,240	96,393	-	-	73,240	96,393
General Equipment	53,423	59,271	248,283	282,443	301,706	341,714
Total	<u>\$6,655,595</u>	<u>\$7,016,089</u>	<u>\$248,283</u>	<u>\$ 282,443</u>	<u>\$6,903,878</u>	<u>\$7,298,532</u>

The table below shows the changes in capital assets for fiscal years ended June 30, 2024 and 2025.

	Governmental Activities		Business - Type Activities		Total Primary Government	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Beginning Balance	\$7,016,089	\$7,365,494	\$282,443	316,604	\$7,298,532	\$7,682,098
Additions		21,617				21,617
Retirements						
Depreciation	(360,494)	(371,022)	(34,160)	(34,161)	(394,654)	(405,183)
Ending Balance	<u>\$6,655,595</u>	<u>\$7,016,089</u>	<u>\$248,283</u>	<u>\$282,443</u>	<u>\$6,903,878</u>	<u>\$7,298,532</u>

Long-Term Debt

At year-end the District had \$6,220,000 in bonds outstanding and \$62,487 in capital lease obligations. Bonded debt principal paid for the year ended June 30, 2025 was \$336,773 and capital lease obligation principal paid was \$25,472.00. A total of \$354,753 is due within one year.

Contacting the District's Financial Management

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

BURGIN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS:			
Cash & Cash Equivalents - Note C	2,271,227	104,474	2,375,701
Accounts Receivable:			
Accounts	6,550		6,550
Taxes - Current	38,810		38,810
Taxes - Delinquent	6,616		6,616
Intergovernmental - Federal	4,665	16,648	21,313
Inventories for Consumption		9,437	9,437
Total Current Assets	2,327,868	130,559	2,458,427
Noncurrent Assets			
Net OPEB Benefit	28,737		28,737
Subscription - Based IT Asset - Net of Amortization - Note G	49,736		49,736
Depreciable Capital Assets - Net of Accumulated Depreciation - Note I	6,655,595	248,283	6,903,878
Total Noncurrent Assets	6,734,068	248,283	6,982,351
TOTAL ASSETS	9,061,936	378,842	9,440,778
Deferred Outflows Related to Bond Refundings	21,196		21,196
Deferred Outflows Related to Other Post Employment Benefits	671,045	13,921	684,966
Deferred Outflows Related to Pensions	187,997	36,655	224,652
TOTAL DEFERRED OUTFLOWS	880,238	50,576	930,814
TOTAL ASSETS AND DEFERRED OUTFLOWS	9,942,174	429,418	10,371,592
LIABILITIES:			
Current Liabilities:			
Accounts Payable	23,593	2,151	25,744
Advances from Grantors	89,702		89,702
Bond Obligations - Note E	340,000		340,000
SBITA - Subscription Liability - Note G	9,574		9,574
Lease Liabilities - Note F	17,980		17,980
Accrued Salaries and Compensated Absences - Note A and Note H	123,784		123,784
Accrued Interest Payable	46,422		46,422
Total Current Liabilities	651,055	2,151	653,206
Noncurrent Liabilities:			
Bond Obligations - Note E	5,824,629		5,824,629
SBIT - Subscription Liability - Note G	35,162		35,162
Lease Liabilities - Note F	44,507		44,507
Net Pension Liability	805,662	150,907	956,569
Net Other Post Employment Benefits Liability	908,000	1,041	909,041
Accrued Compensated Absences - Note A and Note H	35,733		35,733
Total Noncurrent Liabilities	7,653,693	151,948	7,805,641
TOTAL LIABILITIES	8,304,748	154,099	8,458,847
Deferred Inflows Related to Other Post Employment Benefits	919,682	52,515	972,197
Deferred Inflows Related to Pensions	263,937	44,318	308,255
TOTAL DEFERRED INFLOWS	1,183,619	96,833	1,280,452
TOTAL LIABILITIES AND DEFERRED INFLOWS	9,488,367	250,932	9,739,299
NET POSITION:			
Net Investment in Capital Assets	383,743	248,283	632,026
Restricted for:			
School Activities	165,589		165,589
Capital Projects	250,827		250,827
SFCC Escrow	1,154,800		1,154,800
Food Service		(69,797)	(69,797)
Unrestricted	(1,501,152)		(1,501,152)
TOTAL NET POSITION	453,807	178,486	632,293
TOTAL LIABILITIES AND NET POSITION	9,942,174	429,418	10,371,592

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

BURGIN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

FUNCTION/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET(EXPENSE) REVENUE AND CHANGES IN NET POSITION		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
GOVERNMENTAL ACTIVITIES:							
Instructional	4,347,274	12,158	568,109		(3,767,007)		(3,767,007)
Support Services:							
Student Support Services	18,510				(18,510)		(18,510)
Staff Support Services	296,288				(296,288)		(296,288)
District Administration	370,753				(370,753)		(370,753)
School Administration	274,104				(274,104)		(274,104)
Business Support Services	206,770				(206,770)		(206,770)
Plant Operation & Maintenance	629,617				(629,617)		(629,617)
Student Transportation	210,054	666			(209,388)		(209,388)
Community Service Operations	66,518		64,727		(1,791)		(1,791)
Interest on Long-Term Debt	153,750			435	(153,315)		(153,315)
TOTAL GOVERNMENTAL ACTIVITIES	6,573,638	12,824	632,836	435	(5,927,543)		(5,927,543)
BUSINESS-TYPE ACTIVITIES:							
Food Service	385,185	17,871	412,958			45,644	45,644
TOTAL BUSINESS-TYPE ACTIVITIES	385,185	17,871	412,958	0	0	45,644	45,644
TOTAL SCHOOL DISTRICT	6,958,823	30,695	1,045,794	435	(5,927,543)	45,644	(5,881,899)
GENERAL REVENUES:							
Taxes:							
Property					2,603,377		2,603,377
Motor Vehicle					243,289		243,289
Utility					168,558		168,558
State Aid - Formula Grants					3,666,546		3,666,546
Investment Earnings					73,582		73,582
Miscellaneous					271,521		271,521
TOTAL GENERAL REVENUES & TRANSFERS					7,026,873	0	7,026,873
CHANGE IN NET POSITION					1,099,330	45,644	1,144,974
NET POSITION, BEGINNING OF YEAR - RESTATED NOTE T					(645,523)	132,842	(512,681)
NET POSITION - ENDING					453,807	178,486	632,293

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

BURGIN INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	GENERAL FUND	SPECIAL REVENUE	CONSTRUCTION FUND	BUILDING FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS:						
Cash & Cash Equivalents	615,484	85,037	250,827	1,154,800	165,079	2,271,227
Accounts Receivable:						
Taxes - Current	38,810					38,810
Taxes - Delinquent	6,616					6,616
Accounts	5,773				777	6,550
Intergovernmental - Federal		4,665				4,665
TOTAL ASSETS	<u>666,683</u>	<u>89,702</u>	<u>250,827</u>	<u>1,154,800</u>	<u>165,856</u>	<u>2,327,868</u>
LIABILITIES AND FUND BALANCE:						
Liabilities:						
Accounts Payable	23,326				267	23,593
Accrued Salaries & Benefits	115,798					115,798
Advances from Grantors		89,702				89,702
Total Liabilities	<u>139,124</u>	<u>89,702</u>	<u>0</u>	<u>0</u>	<u>267</u>	<u>229,093</u>
Fund Balance:						
Restricted for:						
School Activities					165,589	165,589
SFCC Escrow				1,154,800		1,154,800
Capital Projects			250,827			250,827
Committed for:						
Sick Leave	79,114					79,114
Unassigned Fund Balance	448,445					448,445
Total Fund Balance	<u>527,559</u>	<u>0</u>	<u>250,827</u>	<u>1,154,800</u>	<u>165,589</u>	<u>2,098,775</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>666,683</u>	<u>89,702</u>	<u>250,827</u>	<u>1,154,800</u>	<u>165,856</u>	<u>2,327,868</u>

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

BURGIN INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2025

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

TOTAL GOVERNMENTAL FUND BALANCE		2,098,775
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
Cost of Capital Assets	12,068,870	
Accumulated Depreciation	<u>(5,413,275)</u>	6,655,595
SBIT Right to Use Asset - Net of Amortization		49,736
Deferred Outflows Related to Bond Refundings are not current assets and therefore are not reported as assets in governmental funds.		21,196
Deferred Outflows on Related to Pensions are not a current asset and therefore are not reported as assets in governmental funds.		187,997
Deferred Outflows Related to Other Post Employment Benefits are not a current and therefore are not reported as assets in governmental funds.		671,045
Long-term liabilities (including bonds payable) are not due and payable in the current period and therefore are not reported as liabilities in the funds.		
Long-term liabilities at year end consist of:		
Bonds Payable	(6,220,000)	
Unamortized Bond Discounts	(5,675)	
Unamortized Bond Premium	61,046	
SBIT - Subscription Liability	(44,736)	
Lease Liabilities	(62,487)	
Net Pension Liability	(805,662)	
Net Other Post Employment Benefits Liability	(879,263)	
Accrued Interest on Bonds	(46,422)	
Accrued Sick Leave	<u>(43,719)</u>	(8,046,918)
Deferred Inflows Related to Other Post Employment Benefits are not a current liabilities and therefore are not reported as liabilities in governmental funds.		(919,682)
Deferred Inflows on Related to Pensions are not a current liability and therefore are not reported as liabilities in governmental funds.		<u>(263,937)</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		<u><u>453,807</u></u>

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

BURGIN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	GENERAL	SPECIAL REVENUE	CONSTRUCTION FUND	BUILDING FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:						
Taxes:						
Property	2,042,708			560,669		2,603,377
Motor Vehicle	243,289					243,289
Utility	168,558					168,558
Earnings on Investments	60,373		7,852		5,357	73,582
Intergovernmental - State	3,308,783	341,172		308,772	49,426	4,008,153
Intergovernmental - Federal	23,167	268,497				291,664
Other Sources	53,329	32,677			198,339	284,345
TOTAL REVENUES	5,900,207	642,346	7,852	869,441	253,122	7,672,968
EXPENDITURES:						
Instructional	3,703,396	581,892			180,982	4,466,270
Support Services:						
Student Support Services	19,248					19,248
Staff Support Services	301,250				5,166	306,416
District Administration	381,915					381,915
School Administration	286,669					286,669
Business Support Services	214,418					214,418
Plant Operation & Maintenance	465,288					465,288
Student Transportation	193,501					193,501
Community Service Operations		66,298				66,298
Debt Service:						
Principal	19,119				340,000	359,119
Interest	1,783				147,153	148,936
TOTAL EXPENDITURES	5,586,587	648,190	0	0	673,301	6,908,078
EXCESS(DEFICIT) REVENUES OVER EXPENDITURES	313,620	(5,844)	7,852	869,441	(420,179)	764,890
OTHER FINANCING SOURCES(USES):						
Operating Transfers In - Note Q	107,501	9,172			450,190	566,863
Operating Transfers Out - Note Q	(9,173)	(3,328)		(471,205)	(83,157)	(566,863)
TOTAL OTHER FINANCING SOURCES	98,328	5,844	0	(471,205)	367,033	0
NET CHANGE IN FUND BALANCES	411,948	0	7,852	398,236	(53,146)	764,890
FUND BALANCES - BEGINNING	115,611	0	242,975	756,564	218,735	1,333,885
FUND BALANCES - ENDING	527,559	0	250,827	1,154,800	165,589	2,098,775

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

BURGIN INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

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

NET CHANGES - GOVERNMENTAL FUNDS		764,890
Governmental funds report capital outlays as expenditures because they use current financial resources. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital exceeds depreciation expense for the year.		
Depreciation Expense	(360,494)	
Capital Outlays	-	(360,494)
SBIT Right to Use		5,000
Bond and Capital Lease proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.		
Lease Liability Paid	25,466	
Bond Principal Paid	340,000	365,466
Generally, expenditures recognized in this fund financial statement are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred.		
District Pension Contributions	104,223	
Cost of Benefits Earned Net of Employee Contributions	11,934	
District Other Post Employment Benefits Contributions	87,565	
Cost of Benefits Earned Net of Employee Contributions - OPEB	70,505	
Amortization Right of Use Asset	(5,757)	
Amortization Bond Discount	(4,186)	
Amortization Bond Premium	959	
Amortization-Deferred Outflow on Bond Refundings	(3,583)	
Accrued Interest Payable	2,116	
Accrued Sick Leave	60,692	
		324,468
CHANGES - NET POSITION GOVERNMENTAL FUNDS		1,099,330

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

BURGIN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2025

	<u>FOOD SERVICE</u>
ASSETS:	
Current Assets:	
Cash & Cash Equivalents	104,474
Accounts Receivable	16,648
Inventories for Consumption	<u>9,437</u>
Total Current Assets	130,559
Noncurrent Assets:	
Furniture & Equipment	485,914
Less: Accumulated Depreciation	<u>(237,631)</u>
Total Noncurrent Assets	<u>248,283</u>
TOTAL ASSETS	<u><u>378,842</u></u>
Deferred Outflows Related to Other Post Employment Benefits	13,921
Deferred Outflows Related to Pensions	<u>36,655</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u><u>429,418</u></u>
LIABILITIES:	
Current Liabilities:	
Accounts Payable	<u>2,151</u>
Total Current Liabilities	2,151
Noncurrent Liabilities:	
Net Other Post Employment Benefits Liability	1,041
Net Pension Liability	<u>150,907</u>
Total Noncurrent Liabilities	<u>151,948</u>
TOTAL LIABILITIES	<u><u>154,099</u></u>
Deferred Inflows Related to Other Post Employment Benefits	52,515
Deferred Inflows Related to Pensions	<u>44,318</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS	<u><u>250,932</u></u>
Net Position:	
Net Investment in Capital Assets	248,283
Restricted	<u>(69,797)</u>
Total Net Position	<u>178,486</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>429,418</u></u>

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

BURGIN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	<u>FOOD SERVICE</u>
OPERATING REVENUES:	
Lunchroom Sales	16,427
Other Operating Revenues	<u>1,444</u>
TOTAL OPERATING REVENUES	17,871
OPERATING EXPENSES:	
Salaries & Benefits	109,104
Materials & Supplies	233,225
Depreciation - Note I	34,161
Other Operating Expenses	<u>8,695</u>
TOTAL OPERATING EXPENSES	<u>385,185</u>
OPERATING INCOME(LOSS)	(367,314)
NONOPERATING REVENUES(EXPENSES):	
Federal Grants	377,185
State Grants	27,396
Donated Commodities	<u>8,377</u>
TOTAL NONOPERATING REVENUE	<u>412,958</u>
INCOME(LOSS) BEFORE CAPITAL CONTRIBUTIONS	45,644
CAPITAL CONTRIBUTIONS	<u>-</u>
CHANGE IN NET POSITION	45,644
TOTAL NET POSITION - BEGINNING	<u>132,842</u>
TOTAL NET POSITION - ENDING	<u><u>178,486</u></u>

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

BURGIN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	FOOD SERVICE FUND
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received from:	
Lunchroom Sales	16,427
Other Activities	1,444
Cash Paid to/for:	
Employees	(128,794)
Supplies	(226,832)
Other Activities	(6,994)
Net Cash Provided (Used) by Operating Activities	(344,749)
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES:	
Federal Grants	392,469
State Grants	2,828
Net Cash Provided by Non-Capital and Related Financing Activities	395,297
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	-
CASH FLOWS FROM INVESTING ACTIVITIES	-
Net Increase (Decrease) in Cash and Cash Equivalents	50,548
Balances, Beginning of Year	53,926
Balances, End of Year	104,474
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating Loss	(367,314)
Adjustments to Reconcile Operating Loss to Net Cash Provided (Used) by Operating Activities	
Depreciation	34,161
State On-Behalf Payments	24,568
Donated Commodities	8,377
Change in Assets, Deferred Outflows, Liabilities and Deferred Inflows:	
Deferred Outflows	15,682
Deferred Inflows	(20,932)
Net Pension Liability	(38,841)
Net Other Post Employment Benefits	(167)
Inventory	(1,984)
Accounts Payable	1,701
Net Cash Provided (Used) by Operating Activities	(344,749)
Schedule of Non-Cash Transactions:	
Donated Commodities	8,377
State On-Behalf Payments	24,568

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

BURGIN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2025

	PRIVATE PURPOSE TRUST FUND
ASSETS:	
Cash and Cash Equivalents - Note C	18,551
Investments - Note D	251,550
TOTAL ASSETS	<u>270,101</u>
LIABILITIES:	
Due to Student Groups	
TOTAL LIABILITIES	<u>0</u>
NET POSITION HELD IN TRUST	<u>270,101</u>

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

BURGIN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	<u>PRIVATE PURPOSE TRUST FUNDS</u>
ADDITIONS:	
Earnings on Investments	40,829
DEDUCTIONS:	
Instructional Grants	
Trust Fees	
TOTAL DEDUCTIONS	<u>0</u>
Changes in Net Position	40,829
NET POSITION HELD IN TRUST - BEGINNING OF YEAR	<u>229,272</u>
NET POSITION HELD IN TRUST - END OF YEAR	<u><u>270,101</u></u>

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

BURGIN INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

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

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

Burgin Independent Board of Education Finance Corporation – In a prior year, the Board of Education resolved to authorize the establishment of the Burgin Independent School District Finance Corporation (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS Section 58.180) (the “Corporation”) as an agency for the District for financing the costs of school building facilities. The members of the Board also comprise the Corporation’s Board of Directors.

Basis of Presentation

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

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

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

The District has the following funds:

I. Governmental Fund Types

- A. The General Fund is the main operating fund of the Board. It accounts for financial resources used for general types of operations. This is a budgeted fund, and any fund balances are considered as resources available for use. This is a major fund of the District.
- B. The Special Revenue (Grant) Funds account for proceeds of specific revenue sources (other than expendable trust or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of the specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally funded grant programs are identified in the Schedule of Expenditures of Federal Awards and related notes. This is a major fund of the District.
- C. Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment (other than those financed by Proprietary Fund).
 - 1. The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund receives those funds designated by the state as Capital Outlay funds and is restricted for use in financing projects identified in the District's facility plan. This is a major fund of the District.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

II. Proprietary Fund Types (Enterprise Fund)

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

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

III. Fiduciary Fund Type (Private Purpose Trust Fund)

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

Basis of Accounting

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

Revenues – Exchange and Nonexchange Transactions – Revenues resulting from exchange transactions, in which each party receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within 60 days of the fiscal year-end.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

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

Property Taxes

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

The property tax rates assessed for the year ended June 30, 2025, to finance the General Fund operations were \$0.795 per \$100 valuation for real property, \$0.795 per \$100 valuation for business personal property, and \$0.546 per \$100 valuation for motor vehicles.

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

Capital Assets

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

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

Interfund Balances

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

Compensated Absences

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

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

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

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

Budgetary Process

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

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

Cash and Cash Equivalents

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

Inventories

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

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

The food service fund uses the specific identification method.

Investments

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

Accrued Liabilities and Long-Term Obligations

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

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

Fund Balance

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

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

<u>Fund Balance Type</u>	<u>Amount</u>	<u>Action</u>
General Fund	79,114	Long-Term Sick Leave Commitment

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

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

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

Net Position

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

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, those revenues are primarily charges for meals provided by the various schools.

Contributions of Capital

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Interfund Activity

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

Pensions

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

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

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

Postemployment Benefits Other Than Pensions

Teachers' Retirement System – For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Teachers' Retirement System of the State of Kentucky (TRS) and additions to/deductions from TRS's fiduciary net position have been determined on the same basis as they are reported by TRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

County Employees Retirement System - For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County Employees Retirement System of the State of Kentucky (CERS) and additions to/deductions from CERS's fiduciary net position have been determined on the same basis as they are reported by CERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

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

Changes in Accounting Principle

Effective July 1, 2024 the District adopted Government Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences* and No. 102, *Certain Risk Disclosures*. GASB 101 enhances the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. GASB 102 provides users of governmental financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. Adoption of the provisions related GASB 102 did not have a material impact on the District's financial statements. GASB 101 requires retrospective application, see Note T for restatement of beginning net position.

NOTE B – ESTIMATES

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

NOTE C – CASH AND CASH EQUIVALENTS

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

At year-end, the carrying amount of the District's total cash and cash equivalents was \$2,394,252. Of the total cash balance, \$250,000 was covered by Federal Depository Insurance, \$18,551 was covered by Securities Investor Protection Corporation, and \$2,125,701 was covered by collateral agreements and collateral held by the pledging banks' trust departments in the District's. Cash equivalents are funds temporarily invested in securities with maturity of 90 days or less.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Cash and cash equivalents at June 30, 2025, consisted of the following:

	Bank Balance	Book Balance
Farmers National Bank	2,409,725	2,375,701
Raymond James	<u>18,551</u>	<u>18,551</u>
Total Cash and Cash Equivalents	<u>2,428,276</u>	<u>2,394,252</u>
Breakdown per financial statements:		
Governmental Funds		2,271,227
Proprietary Funds		<u>104,474</u>
Subtotal		2,375,701
Fiduciary Funds		<u>18,551</u>
Total Cash and Cash Equivalents All Funds		<u>2,394,252</u>

NOTE D – INVESTMENTS

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

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

Investments at June 30, 2025, consist of the following:

	<u>Cost</u>	<u>Fair Value</u>
Money Market Funds	\$ 18,551	\$ 18,551
Common Stock	31,126	79,316
Mutual Funds	4,375	5,565
Exchange Traded Funds	<u>103,006</u>	<u>166,669</u>
	<u>\$ 151,212</u>	<u>\$ 270,101</u>

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

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

NOTE E – LONG TERM OBLIGATIONS

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

The District has “participation agreements” with the Kentucky School Facility Construction Commission. The Commission was created by the Kentucky Legislature for the purpose of assisting local school districts in meeting school construction needs. The table sets forth the amount to be paid by the Board and the Commission for each year until maturity of all bonds issued. The Kentucky School Construction Commission’s participation is limited to the biennial budget period of the Commonwealth of Kentucky with the right reserved by the Kentucky School Construction Commission to terminate the commitment to pay the agreed participation every two years. The obligation of the Kentucky School Construction Commission to make the agreed payments automatically renews each two years for a period of two years unless the Kentucky School Construction Commission gives notice of its intention not to participate not less than sixty days prior to the end of its biennium.

The bonds may be called prior to maturity and redemption premiums are specified in each issue. Assuming no bonds are called prior to scheduled maturity, the maturity, the minimum obligations of the District, including amounts to be paid by the Commission at June 30, 2025, for debt service (principal and interest) are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Participation</u>	<u>District's Portion</u>
2025-26	340,000	140,108	1,561	478,547
2026-27	350,000	134,266	1,561	482,705
2027-28	360,000	128,085	1,562	486,523
2028-29	360,000	121,623	1,562	480,061
2029-30	365,000	115,160	1,562	478,598
2030-31	375,000	108,623	1,563	482,060
2031-32	410,000	99,431	1,368	508,063
2032-33	420,000	89,144	1,368	507,776
2033-34	430,000	81,119	1,367	509,752
2034-35	445,000	70,906	1,368	514,538
2035-36	455,000	60,338	1,368	513,970
2036-37	465,000	48,963	1,368	512,595
2037-38	475,000	37,338	1,368	510,970
2038-39	480,000	25,463	1,368	504,095
2039-40	<u>490,000</u>	<u>12,863</u>	<u>1,368</u>	<u>501,495</u>
	<u>6,220,000</u>	<u>1,273,428</u>	<u>21,680</u>	<u>7,471,748</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Long-term liability activity for the year ended June 30, 2025, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Primary Government					
Governmental Activities:					
Revenue Bonds Payable	6,560,000	0	340,000	6,220,000	340,000
Add: Bond Premium	6,634	0	959	5,675	959
Less: Bond Discount	<u>(65,232)</u>	<u>0</u>	<u>(4,186)</u>	<u>(61,046)</u>	<u>(4,186)</u>
Net Revenue Bonds Payable	6,501,402	0	336,773	6,164,629	336,773
Lease Obligation	87,959	0	25,472	62,487	17,980
SBIT- Subscription Liability	0	44,709	0	44,709	9,574
Net OPEB Liability	1,073,000	0	165,000	908,000	0
Net Pension Liability	1,042,286	0	236,624	805,662	0
Compensated Absences					
as Restated – Note T	<u>112,849</u>	<u>44,668</u>	<u>0</u>	<u>157,517</u>	<u>121,784</u>
Total Governmental Activities:	8,817,796	89,377	763,869	8,143,004	486,113
Proprietary Activities					
Net OPEB Liability	1,208	0	167	1,041	0
Net Pension Liability	<u>189,748</u>	<u>0</u>	<u>38,841</u>	<u>150,907</u>	<u>0</u>
Total Long-Term Liabilities	<u>9,089,452</u>	<u>89,377</u>	<u>802,877</u>	<u>8,294,952</u>	<u>486,113</u>

NOTE F – LEASE LIABILITIES

The District is the lessee of buses under leases expiring in fiscal year 2030. The assets and liabilities under the leases are recorded at the present value of the minimum lease payments or the fair value of the asset. The assets are amortized over its estimated productive life. Amortization of assets under these leases is included in depreciation expense for fiscal year 2025.

The following is a summary of property held under leases:

<u>Classes of Property</u>	<u>Book Value as of June 30, 2025</u>
Gross amount of assets	185,543
Accumulated Amortization	<u>(120,953)</u>
	<u>64,590</u>

The following is a schedule by years of the future principal payments under leases as of June 30, 2025:

<u>Year Ending June 30,</u>	<u>Lease Payable</u>
2026	19,326
2027	19,334
2028	10,235
2029	8,445
2029-2030	<u>8,448</u>
Net minimum lease payments	65,788
Amount representing interest	<u>(3,301)</u>
Present value of net minimum lease payments	<u>62,487</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

NOTE G – SBITA LIABILITY

The District recorded \$49,736 as an intangible right-to-use software in the Governmental Activities non-current assets on the statement of net position and an SBITA liability of \$44,736. Under GASB Statement No. 96, the arrangement for software met the criteria of a SBITA; thus, requiring it to be recorded by the District as an intangible asset and a SBITA liability. The asset will be amortized over the five year term of the software agreement.

A summary of the principal and interest amounts for the arrangement is:

Year	Principal	Interest
2026	9,574	326
2027	8,167	1,733
2028	8,569	1,331
2029	8,991	908
2030	<u>9,435</u>	<u>465</u>
Total	<u>44,736</u>	<u>4,763</u>

NOTE H – EMPLOYEE COMPENSATED ABSENCES

The liability for compensated absences is recorded in the government-wide financial statements. For governmental funds, the liability is recorded only when it has matured due to employee resignation or retirement. The following table shows the changes in the compensated absence liability:

	Current Portion	Long-Term Portion	Total
Beginning Balance - Restated	2,840	110,009	112,849
Net Increase (Decrease)	<u>118,944</u>	<u>(74,276)</u>	<u>44,668</u>
Ending Balance	<u>121,784</u>	<u>35,733</u>	<u>157,517</u>

NOTE I - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2025, was as follows:

	BEGINNING BALANCE	ADDITIONS	RETIREMENTS	ENDING BALANCE
GOVERNMENTAL ACTIVITIES:				
Non-Depreciable Assets:				
Construction	-			-
Depreciable Assets:				
Land Improvements	285,361			285,361
Buildings & Building Improvements	10,658,526			10,658,526
Technology Equipment	360,401			360,401
Vehicles	660,684			660,684
General Equipment	103,898			103,898
TOTAL AT HISTORICAL COST	12,068,870	-	-	12,068,870
LESS ACCUMULATED DEPRECIATION FOR:				
Land Improvements	192,253	974		193,227
Buildings & Building Improvements	3,915,915	324,313		4,240,228
Technology Equipment	335,695	6,206		341,901
Vehicles	564,291	23,153		587,444
General Equipment	44,627	5,848		50,475
TOTAL ACCUMULATED DEPRECIATION	5,052,781	360,494	-	5,413,275
GOVERNMENTAL ACTIVITIES CAPITAL NET	7,016,089	(360,494)	-	6,655,595
PROPRIETARY ACTIVITIES:				
Depreciable Assets:				
Technology Equipment	1,600			1,600
General Equipment	484,315			484,315
TOTALS AT HISTORICAL COST	485,915	-	-	485,915
LESS ACCUMULATED DEPRECIATION FOR:				
Technology Equipment	1,600			1,600
General Equipment	201,871	34,161		236,032
TOTAL ACCUMULATED DEPRECIATION	203,471	34,161	-	237,632
PROPRIETARY ACTIVITIES CAPITAL NET	282,444	(34,161)	-	248,283
DEPRECIATION EXPENSE CHARGED TO GOVERNMENTAL FUNCTIONS AS FOLLOWS:				
Instructional				160,220
Staff Support				485
District Administration				2,565
Business Support Services				990
Plant Operation & Maintenance				172,861
Student Transportation				23,153
Community Service Operations				220
TOTAL				360,494

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE J – RETIREMENT PLANS

The District's employees are provided with two pension plans, based on each position's college degree

requirement. The County Employees Retirement System covers employees whose position does not require a college degree or teaching certification. The Kentucky Teachers Retirement System covers positions requiring teaching certification or otherwise requiring a college degree.

General information about the County Employees Retirement System Non-Hazardous ("CERS")

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

	Required Contributions
Tier 1	5%
Tier 2	5% +1% for insurance
Tier 3	5% +1% for insurance

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

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

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

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

Employees that retire before age 60 with less than 27 years of service receive reduced retirement benefits. Non-university employees with an account established prior to July 1, 2002 receive monthly payments equal to two (2) percent (service prior to July 1, 1983) and two and one-half (2.5) percent (service after July 1, 1983) of their final average salaries for each year of credited service. New employees (including second retirement accounts) after July 1, 2002 will receive monthly benefits equal to 2% of their final average salary for each year of service if, upon retirement, their total service less than ten years. New employees after July 1, 2002 who retire with ten or more years of total service will receive monthly benefits equal to 2.5% of their final average salary for each year of service, including the first ten years.

In addition, employees who retire July 1, 2004 and later with more than 30 years of service will have their multiplier increased for all years over 30 from 2.5% to 3.0% to be used in their benefit calculation. Effective July 1, 2008, the System has been amended to change the benefit structure for employees hired on or after that date.

Final average salary is defined as the member's five (5) highest annual salaries for those with less than 27 years of service. Employees at least age 55 with 27 or more years of service may use their three (3) highest annual salaries to compute the final average salary. TRS also provides disability benefits for vested employees at the rate of sixty (60) percent of the final average salary. A life insurance benefit, payable upon the death of a member, is \$2,000 for active contributing employees and \$5,000 for retired or disabled employees.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

Contributions—Contribution rates are established by Kentucky Revised Statutes (KRS). University members contribute 10.40% of salary to the retirement system. Non-university members contribute 12.855% of salary to the retirement system. Member contributions are picked up by the employer.

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

Medical Insurance Plan

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

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

Funding policy—In order to fund the post-retirement healthcare benefit, six percent (6%) of the gross annual payroll of employees before July 1, 2008 is contributed. Three percent (3%) is paid by member contributions and three quarters percent (.75%) from Commonwealth appropriation and two and one quarter percent (2.25%) from the employer. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

At June 30, 2025, the District reported a liability of \$956,569 for its proportionate share of the net pension liability for CERS. The District did not report a liability for the District's proportionate share of the net pension liability for TRS because the Commonwealth of Kentucky provides the pension support directly to TRS on behalf of the District. The amount recognized by the District as its proportionate share of the net pension liability, the related Commonwealth support, and the total portion of the net pension liability that was associated with the District were as follows:

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

District's proportionate share of the CERS net pension liability	\$ 956,569
Commonwealth's proportional share of the TRS net pension liability associated with the District	<u>13,104,678</u>
	<u>\$ 14,061,247</u>

The net pension liability for each plan was measured as of June 30, 2024 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, 2024, the District's proportion was 0.015995% percent.

For the year ended June 30, 2025, the District recognized pension benefit of \$411,82 related to CERS and \$851,766 related to TRS. The District also recognized revenue of \$851,766 for TRS support provided by the Commonwealth. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 46,300	\$ -
Changes of assumptions	-	43,218
Net difference between projected and actual earnings on pension plan investments	65,695	127,197
Changes in proportion and differences between District contributions and proportionate share of contributions	8,432	137,840
District contributions subsequent to the measurement date	<u>104,225</u>	<u>-</u>
Total	<u>\$ 224,652</u>	<u>\$ 308,255</u>

\$104,225 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2026	(114,869)
2027	(35,610)
2028	(23,642)
2029	(13,707)
2030	-

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Actuarial assumptions—The total pension liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Teachers' Retirement System (TRS)

The total pension liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2022
Long-term Investment Rate of Return, net of pension plan investment expense, including inflation	7.10%
Municipal Bond Index Rate	
Prior Measurement Date	3.66%
Measurement Date	2.13%
Salary increases, including inflation	3.00-7.50%, includes inflation
Post-retirement benefit increases	1.50% annually
Inflation rate	2.75%
Single Equivalent Interest Rate, net of pension plan investment expense, including inflation	
Prior Measurement Date	7.50%
Measurement Date	7.10%

Mortality rates were based on the Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees, and active members. The actuarial assumptions used were based on the results of an actuarial experience study for the 5-year period ending June 30, 2020, adopted by the board on September 20, 2021. The assumed long-term investment rate of return was changed from 7.50 percent to 7.10 percent and the price inflation assumption was increased from 2.5 percent to 2.75 percent. The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index.

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

Asset Class	Target Allocation	Long-Term Expected Real Rates of Return
Large Cap U.S. Equity	35.40%	5.0%
Small Cap U.S. Equity	2.60%	5.5%
Developed International Equity	15.70%	5.5%
Emerging Markets Equity	5.30%	6.1%
Fixed Income	15.00%	1.9%
High Yield Bonds	2.00%	3.8%
Other Additional Categories	8.00%	3.6%
Real Estate	7.00%	3.2%
Private Equity	7.00%	8.0%
Cash	2.0%	1.6%
Total	100.0%	

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

County Employees' Retirement System (CERS)

The total pension liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2022
Experience Study	July 1, 2013-June 30, 2018
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay
Remaining Amortization Period	30 years, closed
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Payroll Growth Rate	2.0%
Investment rate of return	6.25%
Projected salary increases	3.30 to 10.30%, varies by service
Inflation rate	2.30%

The mortality table used was the system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale base year of 2019.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity		
Public Equity	50.00%	4.15%
Private Equity	10.00%	9.10%
Fixed Income		
Core Fixed Income	10.00%	2.85%
Specialty Credit	10.00%	3.82%
Cash	0.00%	1.70%
Inflation Protected		
Real Estate	7.00%	4.90%
Real Return	13.00%	5.35%
Expected Real Return	100.0%	4.69%
Long Term Inflation Assumption		2.50%
Expected Nominal Return for Portfolio		7.19%

Discount rate—For CERS, projection of cash flows used to determine the discount rate of 6.5% assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in Statute as amended by House Bill 362 (passed in 2018) over the remaining 30 years (closed) amortization period of the unfunded actuarial accrued liability.

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

	1% Decrease	Current Discount Rate	1% Increase
CERS	5.5%	6.5%	7.5%
District's proportionate share of net pension liability	1,233,173	956,569	727,060
TRS	6.10%	7.10%	8.10%
District's proportionate share of net pension liability	0	0	0

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

NOTE K – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Teachers' Retirement System of Kentucky

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

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

Medical Insurance Plan

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

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

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

At June 30, 2025, the Burgin Independent District reported a liability of \$908,000 for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2025, the District's proportion was .040716 percent, compared to .0441 percent at June 30, 2024.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

District's proportionate share of the net OPEB liability	\$ 908,000
State's proportionate share of the net OPEB liability associated with the District	<u>809,000</u>
Total	<u>\$ 1,717,000</u>

For the year ended June 30, 2025, the District recognized OPEB expense of \$96,264 and revenue of \$75,322 for support provided by the State. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 273,000
Changes of assumptions	231,000	-
Net difference between projected and actual earnings on pension plan investments	-	29,000
Changes in proportion and differences between District contributions and proportionate share of contributions	289,000	316,000
District contributions subsequent to the measurement date	<u>87,565</u>	<u>-</u>
Total	<u>607,565</u>	<u>618,000</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$87,565 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year ended June 30:	
2026	\$ (34,000)
2027	23,000
2028	1,000
2029	(40,000)
2030	(36,000)
Thereafter	(12,000)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Actuarial assumptions – The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Long-term investment rate of return net of OPEB plan investment expense, including inflation.	
Health Trust	7.10%
Life Trust	7.10%
Salary increases, including wage	
Inflation	3.00 – 7.50%
Inflation	2.50%
Real wage growth	0.25%
Wage Inflation	2.75%
Health Trust Health Care Cost Trends	
Medical Trend	6.50% for FY 2024 decreasing to an ultimate rate of 4.50% by FY 2031
Medicare Part B Premiums	5392% for FY 2024 with an ultimate rate of 4.50% by 2035
Municipal Bond Index Rate	3.94%
Single Equivalent Interest Rate, net of OPEB plan investment expense, including price inflation	
Health Trust	7.10%
Life Trust	7.10%
Year FNP is projected to be depleted	
Health Trust	N/A
Life Trust	N/A

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

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends) used in the June 30, 2024 valuation of the Health Trust were based on a review of recent plan experience done concurrently with the June 30, 2024 valuation. The health care cost trend assumption was updated for the June 30, 2024 valuation and was shown as an assumption change in the TOL roll forward, while the change in initial per capita claims costs were included with experience in the TOL roll forward.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
U.S Large Cap Equity	35.4%	5.0%
U.S. Small Cap	2.6%	5.5%
Developed Int'l Equity	15.0%	5.5%
Emerging Markets Equity	5.0%	6.1%
Fixed Income	9.0%	1.9%
High Yield Bonds	8.0%	3.8%
Other Additional Categories	9.0%	3.7%
Real Estate	6.5%	3.2%
Private Equity	8.5%	8.0%
Cash (LIBOR)	1.00%	1.6%
	100.00%	

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

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

	1% Decrease	Current Discount Rate	1% Increase
TRS	6.10%	7.10%	8.10%
District's proportionate share of net OPEB liability	1,206,000	908,000	660,000

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

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of net OPEB liability	613,000	908,000	1,273,000

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

Life Insurance Plan

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

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

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

At June 30, 2025, the Kentucky School District did not report a liability for its proportionate share of the collective net OPEB liability for life insurance benefits because the State of Kentucky provides the OPEB support directly to TRS on behalf of the District. The amount recognized by the District as its proportionate share of the OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District’s proportionate share of the net OPEB liability	-0-
State’s proportionate share of the net OPEB liability associated with the District	<u>18,000</u>
Total	<u>\$ 18,000</u>

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
U.S. Equity	40.00%	5.2%
International Equity	15.00%	5.5%
Emerging Markets Equity	5.0%	6.1%
Fixed Income	21.00%	1.9%
Real Estate	7.00%	3.2%
Private Equity	5.00%	8.0%
Additional Categories	5.00%	4.0%
Cash (LIBOR)	2.00%	1.6%
	100.00%	

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

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

County Employees' Retirement System of Kentucky

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

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

Medical Insurance Plan

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

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

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

Contributions – Due to the CERS post-retirement healthcare benefit plan being fully funded the requirement for employers to contribute as a percent of gross annual payroll was suspended for the year ended June 30, 2025.

At June 30, 2025, the Burgin Independent District reported a benefit of \$27,696 for its proportionate share of the collective net OPEB benefit that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2024, and the total OPEB benefit used to calculate the collective net OPEB benefit was based on a projection of the District’s long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2025, the District’s proportion was .016011 percent, compared to .019201 percent at June 30, 2024.

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

District’s proportionate share of the net OPEB asset	\$ 27,696
State’s proportionate share of the net OPEB liability associated with the District	<u>-0-</u>
Total	<u>\$ 27,696</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2025, the District recognized OPEB benefit of \$106,458. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 15,365	\$ 217,912
Changes of assumptions	25,096	19,542
Net difference between projected and actual earnings on pension plan investments	24,345	49,619
Changes in proportion and differences between District contributions and proportionate share of contributions	5,087	67,124
District contributions subsequent to the measurement date	<u>7,508</u>	<u>-</u>
Total	<u><u>77,401</u></u>	<u><u>354,197</u></u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$7,508 resulting from District contributions of \$0 subsequent to the measurement date and before the end of the fiscal year and implicit subsidy of \$7,508, will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year ended June 30:	
2026	\$ (120,716)
2027	(82,517)
2028	(71,423)
2029	(9,648)
2030	-
Thereafter	-

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Actuarial assumptions – The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2022
Investment rate of return	6.25%
Salary Increases	3.30% to 10.30%, varies by service
Inflation	2.30%
Payroll Growth Rate	2.00%
Healthcare cost trend rates	
Pre - 65	Initial trend starting at 6.20% at January 1, 2024, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years
Post - 65	Initial trend starting at 9.00% in 2024, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years
Mortality	
Pre-retirement	PUB-2010 General Mortality table
Post-retirement (non-disabled)	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019
Post-retirement (disabled)	PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity		
Public Equity	50.00%	4.15%
Private Equity	10.00%	9.10%
Liquidity		
Core Bonds	10.00%	2.85%
Special Credit	10.00%	3.82%
Cash	0.00%	1.70%
Inflation Protected		
Real Estate	7.00%	4.90%
Real Return	13.00%	5.35%
Expected Real Return	100.0%	4.69%
Long Term Inflation Assumption		2.50%
Expected Nominal Return		7.19%

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Discount rate - The discount rate used to measure the total OPEB liability/benefit was 5.93%. The projection of cash flows used to determine the single discount rate must include an assumption regarding future employer contributions made each year. Future contributions are projected assuming that each participating employer in each insurance plan contributes the actuarially determined employer contribution each future year calculated in accordance with the current funding policy, as most recently revised by House Bill 8, passed during the 2021 legislative session. The assumed future employer contributions reflect the provisions of House Bill 362 (passed during the 2018 legislative session) which limit the increases to the employer contribution rates to 12% over the prior fiscal year through June 30, 2028, for the CERS plans.

The following table presents the District's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 5.99%, as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.99%) or 1-percentage-point higher (6.99%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
CERS	4.99%	5.99%	6.99%
District's proportionate share of net OPEB liability	37,448	(27,696)	(82,469)

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

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Systems' net pension liability	(66,633)	(27,696)	17,663

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

NOTE L – CONTINGENCIES

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE M– INSURANCE AND RELATED ACTIVITIES

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

NOTE N – RISK MANAGEMENT

The District is exposed to various risks of loss related to injuries to employees. To obtain insurance of workers' compensation, errors and omissions, and general liability coverage, the District obtains quotes from commercial insurance companies. Currently the District maintains insurance coverage through commercial insurance policies. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE O– DEFICIT OPERATING BALANCES

There were no deficit fund balances at June 30, 2025. The following funds have operations that resulted in a current year deficit of expenditures over revenues resulting in a corresponding reduction of fund balance:

Special Revenue	5,844
Debt Service	484,463
District Activity	3,224

NOTE P – COBRA

Under COBRA, employers are mandated to notify terminated employees of available continuing insurance coverage. Failure to comply with this requirement may put the School District at risk for a substantial loss (contingency).

NOTE Q – TRANSFER OF FUNDS

The following transfers were made during the year:

Type	From Fund	To Fund	Purpose	Amount
Matching	General	Special Revenue	Technology Match	9,172
Operating	Special Revenue	General	Indirect Costs	3,328
Operating	School Activity	District Activity	Operations	17,718
Operating	School Activity	General	Operations	3,659
Operating	Building	General	Operations	100,514
Operating	Capital Outlay	Debt Service	Debt Service	61,780
Operating	Building	Debt Service	Debt Service	<u>370,692</u>
		Total Fund Transfers		<u><u>566,863</u></u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE R – SUBSEQUENT EVENTS

Management has reviewed subsequent events through November 15, 2025. There are no material subsequent events to disclose.

NOTE S – ON-BEHALF PAYMENT

For the year ended June 30, 2025, \$1,669,844 in on-behalf payments were made by the Commonwealth of Kentucky for the benefit of the District. Payments for life insurance, health insurance, Kentucky teacher retirement matching pension contributions, and administrative fees were paid by the State for the District. These payments were recognized as on-behalf payments and recorded in the appropriate revenue and expense accounts. These payments were recorded as follows:

Teachers Retirement System (GASB 68 Schedule A)	\$851,766
Teachers Retirement System (GASB 75)	77,577
Health Insurance	689,210
Life Insurance	823
Administrative Fee	6,572
HRA/Dental/Vision	27,475
Federal Reimbursement	(8,698)
Technology	23,557
SFCC Debt Service Payments	<u>1,562</u>
Total	<u>\$1,669,844</u>

NOTE T – RESTATEMENT OF NET POSITION

The beginning net position of the Governmental Activities was increased by \$64,012 due to the impact of the implementation of GASB 101. Below are the details of the restatement:

	Government
	<u>Activities</u>
Net Position June 30, 2024	\$ (709,535)
GASB 101 Retrospective Application	<u>64,012</u>
Beginning Net Position, As Restated	\$ <u>(645,523)</u>

REQUIRED SUPPLEMENTARY
INFORMATION

BURGIN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Taxes	2,351,017	2,351,017	2,454,555	103,538
Other Local Sources	92,200	92,200	113,702	21,502
State Sources	1,573,368	1,573,368	3,308,783	1,735,415
Federal Sources	22,000	22,000	23,167	1,167
Other Sources	27,534	27,534	107,501	79,967
TOTAL REVENUES	4,066,119	4,066,119	6,007,708	1,941,589
EXPENDITURES:				
Instructional	2,428,820	2,428,820	3,703,396	(1,274,576)
Student Support Services	32,527	32,527	19,248	13,279
Staff Support Services	213,202	213,202	301,250	(88,048)
District Administration	290,035	290,035	381,915	(91,880)
School Administration	204,907	204,907	286,669	(81,762)
Business Support Services	138,790	138,790	214,418	(75,628)
Plant Operation & Maintenance	444,454	444,454	465,288	(20,834)
Student Transportation	210,022	210,022	193,501	16,521
Debt Service	20,902	20,902	20,902	0
Other	144,867	144,867	9,173	135,694
TOTAL EXPENDITURES	4,128,526	4,128,526	5,595,760	(1,467,234)
NET CHANGE IN FUND BALANCE	(62,407)	(62,407)	411,948	474,355
FUND BALANCES - BEGINNING	62,407	62,407	115,611	53,204
FUND BALANCES - ENDING	-	-	527,559	527,559

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

BURGIN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Other Local Sources	12,038	12,038	0	(12,038)
State Sources	320,729	320,729	341,172	20,443
Federal Sources	303,916	303,916	268,497	(35,419)
Other Sources	9,172	9,172	41,849	32,677
TOTAL REVENUES	645,855	645,855	651,518	5,663
EXPENDITURES:				
Instructional	598,833	598,833	581,892	16,941
Student Support Services			0	0
Staff Support Services			0	0
District Administration			0	0
School Administration			0	0
Business Support Services			0	0
Plant Operation & Maintenance			0	0
Student Transportation			0	0
Central Office			0	0
Community Service Operations	51,030	51,030	66,298	(15,268)
Facility Acquisition & Construction			0	0
Other	3,328	3,328	3,328	0
TOTAL EXPENDITURES	653,191	653,191	651,518	1,673
NET CHANGE IN FUND BALANCE	(7,336)	(7,336)	0	7,336
FUND BALANCES - BEGINNING	4,792	4,792	0	4,792
FUND BALANCES - ENDING	(2,544)	(2,544)	0	12,128

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

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

	2016	2017	2018	2019	2020
District's proportion of net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%
District's proportionate share of the net pension liability	-	-	-	-	-
State of Kentucky's share of the net pension liability associated with the district	15,488,946	19,315,786	18,001,268	9,149,143	9,542,076
TOTAL	15,488,946	19,315,786	18,001,268	9,149,143	9,542,076
District's covered-employee payroll	2,183,903	2,226,972	2,362,260	2,346,926	2,561,252
District's proportionate share of the net pension liability as a percentage of its covered-payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	44.70%	57.04%	39.80%	59.30%	58.80%
	2021	2022	2023	2024	2025
District's proportion of net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%
District's proportionate share of the net pension liability	-	-	-	-	-
State of Kentucky's share of the net pension liability associated with the district	10,530,860	9,999,851	13,072,266	14,250,176	13,104,678
TOTAL	10,530,860	9,999,851	13,072,266	14,250,176	13,104,678
District's covered-employee payroll	2,639,188	2,930,258	3,099,530	3,098,077	2,918,835
District's proportionate share of the net pension liability as a percentage of its covered-payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	58.27%	65.59%	56.41%	57.70%	60.36%

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

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

	2016	2017	2018	2019	2020
District's proportion of net pension liability	0.024138%	0.023730%	0.022786%	0.025398%	0.026041%
District's proportionate share of the net pension liability	1,037,859	1,168,375	1,333,735	1,546,816	1,831,475
State of Kentucky's share of the net pension liability associated with the district	-	-	-	-	-
TOTAL	1,037,859	1,168,375	1,333,735	1,546,816	1,831,475
District's covered-employee payroll	567,992	559,439	655,580	684,286	687,309
District's proportionate share of the net pension liability as a percentage of its covered-payroll	182.73%	208.85%	203.44%	226.05%	226.47%
Plan fiduciary net position as a percentage of the total pension liability	63.46%	55.50%	53.30%	53.54%	50.45%
	2021	2022	2023	2024	2025
District's proportion of net pension liability	0.024368%	0.019534%	0.018753%	0.009201%	0.015995%
District's proportionate share of the net pension liability	1,869,005	1,245,446	1,355,657	1,232,034	956,569
State of Kentucky's share of the net pension liability associated with the district	-	-	-	-	-
TOTAL	1,869,005	1,245,446	1,355,657	1,232,034	956,569
District's covered-employee payroll	538,614	558,923	579,480	518,157	528,784
District's proportionate share of the net pension liability as a percentage of its covered-payroll	347.00%	222.83%	233.94%	237.80%	180.90%
Plan fiduciary net position as a percentage of the total pension liability	47.81%	57.33%	52.42%	57.48%	61.61%

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

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

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Contractually required contributions (actuarially determined)	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 2,183,603	\$ 2,226,972	\$ 2,362,260	2,346,926	2,561,252
Contributions as a percentage of Covered employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Contractually required contributions (actuarially determined)	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	2,639,188	2,930,258	3,099,530	3,098,077	2,918,835
Contributions as a percentage of Covered employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%

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

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

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Contractually required contributions (actuarially determined)	\$ 70,545	\$ 78,042	\$ 94,928	\$ 110,991	\$ 132,651
Contributions in relation to the actuarially determined contributions	<u>70,545</u>	<u>78,042</u>	<u>94,928</u>	<u>110,991</u>	<u>132,651</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 567,992	\$ 559,439	\$ 655,580	\$ 684,286	\$ 687,309
Contributions as a percentage of Covered employee payroll	12.42%	13.95%	14.48%	16.22%	19.30%
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Contractually required contributions (actuarially determined)	\$ 103,952	\$ 118,324	\$ 135,534	\$ 120,938	\$ 104,223
Contributions in relation to the actuarially determined contributions	<u>103,952</u>	<u>118,324</u>	<u>135,534</u>	<u>120,938</u>	<u>104,223</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 538,614	\$ 558,923	\$ 579,480	\$ 518,157	\$ 528,784
Contributions as a percentage of Covered employee payroll	19.30%	21.17%	23.40%	23.34%	19.71%

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

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

	2018	2019	2020	2021	2022
District's proportion of net OPEB liability	0.022786%	0.025397%	0.026034%	0.024361%	0.019529%
District's proportionate share of the net OPEB liability	458,077	450,919	437,880	588,244	373,873
State of Kentucky's share of the net OPEB liability associated with the district	-	-	-	-	-
TOTAL	458,077	450,919	437,880	588,244	373,873
District's covered-employee payroll	655,580	684,286	538,614	558,923	579,480
District's proportionate share of the net OPEB liability as a percentage of its covered-payroll	69.87%	65.89%	63.71%	109.21%	66.89%
Plan fiduciary net position as a percentage of the total OPEB liability	52.40%	57.62%	60.44%	51.67%	62.91%
	2023	2024	2025		
District's proportion of net OPEB liability	0.018750%	0.192010%	0.016011%		
District's proportionate share of the net OPEB liability	370,034	(26,510)	(27,696)		
State of Kentucky's share of the net OPEB liability associated with the district	-	-	-		
TOTAL	370,034	(26,510)	(27,696)		
District's covered-employee payroll	518,157	518,157	528,784		
District's proportionate share of the net OPEB liability as a percentage of its covered-payroll	63.86%	0.00%	0.00%		
Plan fiduciary net position as a percentage of the total OPEB liability	47.76%	104.23%	104.89%		

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

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

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
District's proportion of net OPEB liability	0.0309%	0.0309%	0.0373%	0.0399%	0.0411%
District's proportionate share of the net OPEB liability	1,257,000	1,251,000	1,092,000	1,007,000	882,000
State of Kentucky's share of the net OPEB liability associated with the district	<u>1,027,000</u>	<u>1,078,000</u>	<u>882,000</u>	<u>807,000</u>	<u>716,000</u>
TOTAL	<u><u>2,284,000</u></u>	<u><u>2,329,000</u></u>	<u><u>1,974,000</u></u>	<u><u>1,814,000</u></u>	<u><u>1,598,000</u></u>
District's covered-employee payroll	\$ 2,362,260	\$ 2,346,926	\$ 2,561,252	\$ 2,639,188	\$ 2,930,258
District's proportionate share of the net OPEB liability as a percentage of its covered-payroll	53.21%	52.96%	42.64%	38.16%	30.10%
Plan fiduciary net position as a percentage of the total OPEB liability	21.18%	25.50%	32.60%	39.05%	51.74%
	<u>2023</u>	<u>2024</u>	<u>2025</u>		
District's proportion of net OPEB liability	0.0734%	0.0441%	0.0760%		
District's proportionate share of the net OPEB liability	1,391,000	1,073,000	908,000		
State of Kentucky's share of the net OPEB liability associated with the district	<u>457,000</u>	<u>905,000</u>	<u>809,000</u>		
TOTAL	<u><u>1,848,000</u></u>	<u><u>1,978,000</u></u>	<u><u>1,717,000</u></u>		
District's covered-employee payroll	\$ 3,099,530	\$ 3,098,077	\$ 2,918,835		
District's proportionate share of the net OPEB liability as a percentage of its covered-payroll	44.88%	34.63%	31.11%		
Plan fiduciary net position as a percentage of the total OPEB liability	47.76%	53.00%	59.81%		

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

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

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
District's proportion of net OPEB liability	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
District's proportionate share of the net OPEB liability	-	-	-	-	-
State of Kentucky's share of the net OPEB liability associated with the district	<u>36,000</u>	<u>18,000</u>	<u>20,000</u>	<u>24,000</u>	<u>10,000</u>
TOTAL	<u><u>36,000</u></u>	<u><u>18,000</u></u>	<u><u>20,000</u></u>	<u><u>24,000</u></u>	<u><u>10,000</u></u>
District's covered-employee payroll	\$ 2,362,260	\$ 2,346,926	\$ 2,561,252	\$ 2,639,188	\$ 2,930,258
District's proportionate share of the net OPEB liability as a percentage of its covered-payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	79.99%	75.00%	73.40%	71.57%	89.15%
	<u>2023</u>	<u>2024</u>	<u>2025</u>		
District's proportion of net OPEB liability	0.0000%	0.0000%	0.0000%		
District's proportionate share of the net OPEB liability	-	-	-		
State of Kentucky's share of the net OPEB liability associated with the district	<u>23,000</u>	<u>22,000</u>	<u>18,000</u>		
TOTAL	<u><u>23,000</u></u>	<u><u>22,000</u></u>	<u><u>18,000</u></u>		
District's covered-employee payroll	\$ 3,099,530	\$ 3,098,077	\$ 2,918,835		
District's proportionate share of the net OPEB liability as a percentage of its covered-payroll	0.00%	0.00%	0.00%		
Plan fiduciary net position as a percentage of the total OPEB liability	73.97%	76.9	80.56%		

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

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

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Contractually required contributions (actuarially determined)	\$ 30,812	\$ 35,993	\$ 32,716	\$ 25,638	\$ 32,306
Contributions in relation to the actuarially determined contributions	<u>30,812</u>	<u>35,993</u>	<u>32,716</u>	<u>25,638</u>	<u>32,306</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 655,580	\$ 684,286	\$ 538,614	\$ 558,923	\$ 579,480
Contributions as a percentage of Covered employee payroll	4.70%	5.26%	4.76%	4.76%	5.78%
	<u>2023</u>	<u>2024</u>	<u>2025</u>		
Contractually required contributions (actuarially determined)	\$ 19,635	\$ -	\$ -		
Contributions in relation to the actuarially determined contributions	<u>19,635</u>	<u>-</u>	<u>-</u>		
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		
Covered employee payroll	\$ 518,157	\$ 518,157	\$ 528,784		
Contributions as a percentage of Covered employee payroll	3.39%	0.00%	0.00%		

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

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

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Contractually required contributions (actuarially determined)	\$ 64,272	\$ 70,408	\$ 76,838	\$ 79,174	\$ 87,908
Contributions in relation to the actuarially determined contributions	<u>64,272</u>	<u>70,408</u>	<u>76,838</u>	<u>79,174</u>	<u>87,908</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 2,362,260	\$ 2,346,926	\$ 2,561,252	\$ 2,639,188	\$ 2,930,258
Contributions as a percentage of Covered employee payroll	3.00%	3.00%	3.00%	3.00%	3.00%
	<u>2023</u>	<u>2024</u>	<u>2025</u>		
Contractually required contributions (actuarially determined)	\$ 92,986	\$ 92,942	\$ 87,565		
Contributions in relation to the actuarially determined contributions	<u>92,986</u>	<u>92,942</u>	<u>87,565</u>		
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		
Covered employee payroll	\$ 3,099,530	\$ 3,098,077	\$ 2,918,835		
Contributions as a percentage of Covered employee payroll	3.00%	3.00%	3.00%		

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

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

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Contractually required contributions (actuarially determined)	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 2,362,260	\$ 2,346,926	\$ 2,561,252	\$ 2,639,188	\$ 2,930,258
Contributions as a percentage of Covered employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%
	<u>2023</u>	<u>2024</u>	<u>2025</u>		
Contractually required contributions (actuarially determined)	\$ -	\$ -	\$ -		
Contributions in relation to the actuarially determined contributions	<u>-</u>	<u>-</u>	<u>-</u>		
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		
Covered employee payroll	\$ 3,099,530	\$ 3,098,077	\$ 2,918,835		
Contributions as a percentage of Covered employee payroll	0.00%	0.00%	0.00%		

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

BURGIN INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2025

TEACHERS RETIREMENT SYSTEM

NOTE A – CHANGES OF ASSUMPTIONS

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

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

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

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

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

In the 2021, 2022, 2023 and 2024 there were no changes in assumptions.

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

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

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

NOTE C – CHANGES OF BENEFITS

There were no changes in benefits for TRS pension.

BURGIN INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2025

COUNTY EMPLOYEES RETIREMENT SYSTEM

NOTE A – CHANGES OF ASSUMPTIONS

2015

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

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

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

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

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

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

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

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

2016

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

2017

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

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

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

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

2018

There were no changes in assumptions.

2019

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

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

BURGIN INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2025

COUNTY EMPLOYEES RETIREMENT SYSTEM (CONTINUED)

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

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

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

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

2021, 2022, 2023 and 2024

There were no changes of assumptions for these years.

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

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

Valuation Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of pay
Remaining Amortization Period	30 years, Closed
	<i>Gains/losses incurring after 2019 will be amortized over separate 20-year amortization basis</i>
Payroll Growth Rate	2.00%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30 percent
Salary Increase	3.30-10.30 percent, varies by service
Investment Rate of Return	6.50 percent
Phase-In Provision	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018 for CERS

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

NOTE C – CHANGES OF BENEFITS

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

BURGIN INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
FOR THE YEAR ENDED JUNE 30, 2025

TEACHERS' RETIREMENT SYSTEM

NOTE A – CHANGES OF ASSUMPTIONS

2017

There were no changes in assumptions.

2018

There were no changes in assumptions.

2019

There were no changes in assumptions.

2020

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

2021

Health Trust and Life Trust

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

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

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

2022

There were no changes in assumptions.

2023

There were no changes in assumptions

2024

The health care trend rates, as well as the morbidity factors, were updated to reflect future anticipated experience.

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

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

NOTE C – CHANGES OF BENEFITS

There were no changes of benefits.

BURGIN INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
FOR THE YEAR ENDED JUNE 30, 2025

COUNTY EMPLOYEES RETIREMENT SYSTEM

NOTE A – CHANGES OF ASSUMPTIONS

2017

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

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

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

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

2018

There were no changes in assumptions.

2019

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

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

The inflation rate changed to 2.3% from 3.25%.

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

2020

There were no changes in assumptions.

2021

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

2022

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

2023

The Initial trend rate for Pre-65 was changes to 6.30% and for Post-65 the change was to 6.3%.

2024

There were no changes in assumptions.

BURGIN INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
FOR THE YEAR ENDED JUNE 30, 2025

COUNTY EMPLOYEES RETIREMENT SYSTEM (CONTINUED)

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

Methods and assumptions used in the actuarially determined contributions – The actuarially determined contribution rates, as a percentage of payroll, used to determine the actuarially determined contribution amounts in the Schedule of Employer Contributions are calculated as the of the indicated valuation date. The following actuarial methods and assumptions (from the indicated actuarial valuations) were used to determine contribution rates reported in that schedule for the year ending June 30, 2024:

Valuation Date	June 30, 2022
Experience Study	July 1, 2013 – June 30, 2018
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of pay
Remaining Amortization Period	30 years, closed
	<i>Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases</i>
Payroll Growth Rate	2.00%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%
Salary Increase	3.30%-10.30%, varies by service
Investment Rate of Return	6.25 %
Mortality	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019
Healthcare cost trend rates	
Pre - 65	Initial trend starting at 6.20% at January 1, 2024 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years.
Post - 65	Initial trend starting at 9.00 % at January 1, 2024 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years.
Phase-In Provision	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018.

NOTE C – CHANGES OF BENEFITS

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

OTHER SUPPLEMENTARY INFORMATION

BURGIN INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025

	DEBT SERVICE FUND	SEEK CAPITAL OUTLAY FUND	SCHOOL ACTIVITY FUND	DISTRICT ACTIVITY FUND	TOTAL NON-MAJOR GOVERNMENT FUNDS
ASSETS:					
Cash & Cash Equivalents			96,152	68,927	165,079
Accounts Receivable			547	230	777
TOTAL ASSETS	<u>0</u>	<u>0</u>	<u>96,699</u>	<u>69,157</u>	<u>165,856</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable				267	267
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>267</u>	<u>267</u>
Fund Balances:					
Restricted for:					
School Activities	<u>0</u>	<u>0</u>	<u>96,699</u>	<u>68,890</u>	<u>165,589</u>
Total Fund Balances	<u>0</u>	<u>0</u>	<u>96,699</u>	<u>68,890</u>	<u>165,589</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>0</u>	<u>0</u>	<u>96,699</u>	<u>69,157</u>	<u>165,856</u>

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

BURGIN INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	DEBT SERVICE FUND	SEEK CAPITAL OUTLAY FUND	SCHOOL ACTIVITY FUND	DISTRICT ACTIVITY FUND	TOTAL NON-MAJOR GOVERNMENT FUNDS
REVENUES:					
Intergovernmental - State	1,562	47,864			49,426
Earnings on Investments	1,128		4,229		5,357
Other Sources			198,339		198,339
TOTAL REVENUES	<u>2,690</u>	<u>47,864</u>	<u>202,568</u>	<u>0</u>	<u>253,122</u>
EXPENDITURES:					
Instructional			177,758	3,224	180,982
Support Services					
Staff Support Services			5,166		5,166
Debt Service:					
Principal	340,000				340,000
Interest	147,153				147,153
TOTAL EXPENDITURES	<u>487,153</u>	<u>0</u>	<u>182,924</u>	<u>3,224</u>	<u>673,301</u>
EXCESS(DEFICIT) REVENUES OVER EXPENDITURES	(484,463)	47,864	19,644	(3,224)	(420,179)
OTHER FINANCING SOURCES(USES):					
Operating Transfers In	432,471			17,719	450,190
Operating Transfers Out		(61,780)	(21,377)		(83,157)
TOTAL OTHER FINANCING SOURCES(USES)	<u>432,471</u>	<u>(61,780)</u>	<u>(21,377)</u>	<u>17,719</u>	<u>367,033</u>
NET CHANGE IN FUND BALANCES	<u>(51,992)</u>	<u>(13,916)</u>	<u>(1,733)</u>	<u>14,495</u>	<u>(53,146)</u>
FUND BALANCES - BEGINNING	<u>51,992</u>	<u>13,916</u>	<u>98,432</u>	<u>54,395</u>	<u>218,735</u>
FUND BALANCES - ENDING	<u>0</u>	<u>0</u>	<u>96,699</u>	<u>68,890</u>	<u>165,589</u>

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

BURGIN INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES
 SCHOOL ACTIVITY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2025

	FUND BALANCE JULY 1, 2024	REVENUES	EXPENDITURES	FUND BALANCE JUNE 30, 2025
Burgin School Activity Funds	<u>98,432</u>	<u>202,568</u>	<u>204,301</u>	<u>96,699</u>
Total Activity Funds (Due to Student Groups)	<u><u>98,432</u></u>	<u><u>202,568</u></u>	<u><u>204,301</u></u>	<u><u>96,699</u></u>

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

BURGIN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE
SCHOOL ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	CASH BALANCE JULY 1, 2024	RECEIPTS	DISBURSEMENTS	CASH BALANCE JUNE 30, 2025	ACCOUNTS RECEIVABLE JUNE 30, 2025	ACCOUNTS PAYABLE JUNE 30, 2025	FUND BALANCE JUNE 30, 2025
PRINCIPALS FUND	3,218	3,906	4,330	2,794	547	0	3,341
A.R.T.S. PROGRAM	112	-	-	112	0	0	112
PTO DONATIONS/FIELDTRIPS	122	280	145	257	0	0	257
DONATIONS/FIELDTRIPS	-	300	-	300	0	0	300
STUDENT COKE	28	-	-	28	0	0	28
FACULTY COKE	18	1,193	1,210	1	0	0	1
TECH/HANDBOOK FINES	1,194	150	-	1,344	0	0	1,344
MASTER LOCK FUND/DAF	-	30	30	0	0	0	0
PARKINGTAGS/DAF	-	675	675	0	0	0	0
SCHOOL PICTURES	1,681	784	-	2,465	0	0	2,465
FLOWER FUND	73	95	148	20	0	0	20
CLASS/HUDGINS	20	-	-	20	0	0	20
CLASS/SCHOMMER	33	1,355	1,318	70	0	0	70
CLASS/SANDERS	189	1,261	1,450	0	0	0	0
CLASS/GIBSON/ART	1,174	1,762	1,555	1,381	0	0	1,381
CLASS/FUND OF ART/GIBSON	-	60	55	5	0	0	5
CLASS/D.SEXTON	169	1,220	1,194	195	0	0	195
CLASS/HENDERSON	-	136	136	0	0	0	0
CLASS/HARMON	61	846	858	49	0	0	49
CLASS/POLAND	35	-	-	35	0	0	35
CLASS/HENSON	116	489	599	6	0	0	6
CLASS/BOYD	169	722	822	69	0	0	69
CLASS/ELEM MUSIC	179	742	50	871	0	0	871
CLASS/WILSON	155	-	151	4	0	0	4
DESIGN/MILBU	202	302	296	208	0	0	208
CLASSIE.TERRELL	8	-	4	4	0	0	4
CLASS/ROBINSON	11	-	-	11	0	0	11
CLASS/KERN/CL25	24	-	-	24	0	0	24
FEE HIGH SCHOOL/DAF	-	3,770	3,770	0	0	0	0
STUDENT LAPTOP/DAF	-	4,000	4,000	0	0	0	0
FEE MIDDLE SCHOOL/DAF	-	3,086	3,086	0	0	0	0
FEE PRJMARY/DAF	-	4,893	4,893	0	0	0	0
GENERAL ATHLETIC	13,285	31,976	37,777	7,484	0	0	7,484
BG CONFERENCE	948	-	-	948	0	0	948
CONCESSIONS	5,663	-	1,687	3,976	0	0	3,976
LITTLE LEAGUE/JR PRO BKB	2,654	2,990	3,869	1,775	0	0	1,775
HS BOYS BASKETBALL	108	12,507	10,940	1,675	0	0	1,675
HS GIRLS BASKETBALL	1,005	18,249	16,611	2,643	0	0	2,643
MS BOYS BASKETBALL	1,785	9,574	6,682	4,677	0	0	4,677
MS GIRLS BASKETBALL	1,998	2,330	1,572	2,756	0	0	2,756
HS BASEBALL	1,505	10,185	10,482	1,208	0	0	1,208
TRACK TEAM	427	1,601	1,792	236	0	0	236
CROSS COUNTRY	165	2,741	1,529	1,377	0	0	1,377
MS CROSS COUNTRY	-	400	200	200	0	0	200
SOCCER	192	-	180	12	0	0	12
SOFTBALL	3,446	6,860	6,909	3,397	0	0	3,397
MS SOFTBALL	2,394	-	-	2,394	0	0	2,394
MS CHEERLEADING	64	570	81	553	0	0	553

HS CHEERLEADING	1,418	6,948	8,189	177	0	0	177
MS BASEBALL	1,429	5,601	4,477	2,553	0	0	2,553
VOLLEYBALL	2,645	2,430	4,012	1,063	0	0	1,063
TENNIS	-	400	241	159	0	0	159
FISHING TEAM	5,981	2,402	5,220	3,163	0	0	3,163
GOLF	1,341	1,695	2,165	871	0	0	871
BOWLING	506	5,703	5,833	376	0	0	376
HS ACADEMIC TEAM	92	-	-	92	0	0	92
HSFBLA	2	4,976	4,860	118	0	0	118
MSFBLA	5,413	3,813	8,511	715	0	0	715
GREENHOUSE	5,127	4,253	2,388	6,992	0	0	6,992
SCIENCE CLUB	286	-	190	96	0	0	96
SPANISH CLUB	670	637	531	776	0	0	776
STUDENT COUNCIL	525	-	40	485	0	0	485
BOOK CLUB	255	-	-	255	0	0	255
STLPCLUB	37	-	-	37	0	0	37
KEY CLUB	179	-	-	179	0	0	179
DANCE TEAM	12	-	-	12	0	0	12
PEP CLUB	120	1,155	1,143	132	0	0	132
AVIATION/RADIO CLUB	1	500	496	5	0	0	5
ART CLUB	635	160	514	281	0	0	281
Y-CLUB	178	2,587	2,621	144	0	0	144
MS Y-CLUB	623	1,362	100	1,885	0	0	1,885
FFA	1,543	3,338	3,506	1,375	0	0	1,375
FFA JACKET SPONSORSHIPS	-	1,282	84	1,198	0	0	1,198
GOOD NEWS/FP KIDS CLUB	787	300	462	625	0	0	625
JA CAREER ASSOC CLUB	-	1,087	300	787	0	0	787
HS NATL HONOR SOCIETY	264	600	37	827	0	0	827
MS NATL HONOR SOCIETY	136	-	-	136	0	0	136
MS ACADEMIC TEAM	380	-	-	380	0	0	380
ELEM ACADEMIC TEAM	62	-	-	62	0	0	62
GIFTED/TALENTED 9-12	428	-	-	428	0	0	428
MUSIC/ELEMENTARY ARTS	60	-	-	60	0	0	60
THE PAW PRINT/SBE	-	2,673	2,019	654	0	0	654
BOOK FAIR/LIBRARY/DAF	-	6,697	6,697	0	0	0	0
YEARBOOK	949	1,805	1,599	1,155	0	0	1,155
MS ACTIVITIES FUNDRAISING	158	-	-	158	0	0	158
MUSIC FUNDR/BAND&CHOIR	4,284	3,466	6,452	1,298	0	0	1,298
PE FUNDRAISING	5,249	3,574	3,565	5,258	0	0	5,258
SENIORS 2025	5,682	5,900	11,582	0	0	0	0
SENIORS 2026	4,284	12,873	7,359	9,798	0	0	9,798
SENIORS 2027	620	5,796	3,228	3,188	0	0	3,188
SENIORS 2028	1,079	1,016	543	1,552	0	0	1,552
SENIORS 2029	-	410	-	410	0	0	410
FIELDTRIP BUS/GENERAL DAF	-	3,259	3,259	0	0	0	0
ENRICHMENT FIELDTRIP	26	-	18	8	0	0	8
HS MISC FIELDTRIPS	128	-	-	128	0	0	128
MATH FIELDTRIPS	58	-	-	58	0	0	58
8TH GRADE FIELDTRIP	-	2,455	2,455	0	0	0	0
MS MISC FIELDTRIPS	150	4,096	3,787	459	0	0	459
Total All Funds	98,432	237,289	239,569	96,152	547	0	96,699
Interfund Transfers	0	(35,268)	(35,268)	0	0	0	0
Total	98,432	202,021	204,301	96,152	547	0	96,699

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November 15, 2025

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

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

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, and *Appendix I to the Independent Auditor's Contract – Audit Extension Request*, *Appendix II to the Independent Auditor's Contract – Instructions for Submission of the Audit Contract*, *Audit Acceptance Statement*, *AFR and Balance Sheet*, *Statement of Certification*, and *Audit Report*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Burgin Independent School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Burgin Independent School District's basic financial statements, and have issued my report thereon dated November 15, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Sincerely,

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

Certified Public Accountants

MONTGOMERY & COMPANY, P.L.L.C

Certified Public Accountants

678 Metts Drive

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November 15, 2025

MANAGEMENT LETTER

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

In planning and performing my audit of the financial statements of Burgin Independent School District for the year ended June 30, 2025, I considered its internal control in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements. My professional standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. I feel that the District's financial statements are free of material misstatement. However, I offer the following suggestions that I feel will strengthen your organization's internal control structure.

Prior Year Recommendations – School Activity Funds:

2024-1 – Prior Year Recommendation:

During current year testing, two instances were noted of student names 6th grade and above being signed by the sponsor rather than the students when remitting funds. Students 6th grade and above must sign the multiple receipt form at the time funds are remitted in accordance with Redbook. I recommend the District adhere to Redbook policies regarding multiple receipt forms.

Current Year Status and Recommendation:

No such instances noted during current year testing.

Prior Year Recommendations – District:

None.

Current Year Recommendations – School Activity Funds:

None.

Current Year Recommendations – District:

None.

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

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

Sincerely,

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

Certified Public Accountant

MONTGOMERY & COMPANY, P.L.L.C

Certified Public Accountants

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November 15, 2025

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Burgin Independent School District for the year ended June 30, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of my audit. We have communicated such information in my letter to you dated April 13, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters:

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting polices used by Burgin Independent School District are described in Note A to the financial statements. The district implemented GASB No. 101, *Compensated Absences*, and GASB No. 102, *Certain Risk Disclosures*. We noted no transactions entered into by Burgin Independent School District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 15, 2025.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

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

We were not engaged to report on the budgetary comparison information on pages 55 and 56, or on the schedules of the district's proportionate share of net pension liabilities and other post-employment benefit plans on pages 57-58 and 61-63, or on the schedules of contributions to the County Employees Retirement System and Teachers Retirement System pension plans or the County Employees Retirement System and Teachers Retirement System other post-employment benefit plans on pages 59-60 and 64-66, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

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

Sincerely,

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

Certified Public Accountants