

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT

**BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2025
with
REPORT OF INDEPENDENT AUDITORS**

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Cloyd & Associates, PSC

*Certified Public Accountants
and
Business Advisors*

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Independent Auditor's Contract*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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



Auditors' Responsibilities for the Audit of the 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 judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the pension and other postemployment benefits liability and contributions information per the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report, dated December 1, 2025, on our consideration of District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Cloyd & Associates, PSC

Cloyd & Associates, PSC
London, Kentucky
December 1, 2025

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2025

The management of Barbourville Independent School District offers readers this narrative overview and analysis of the financial activities and educational programs of the District for the fiscal year ended June 30, 2025. We encourage readers to review the information presented here in conjunction with additional information found within the body of this audit.

This Management Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Discussion and Analysis - for State and Local Governments, issued June 1999; GASB Statement No. 37, Basic Financial Statement - and Management Discussion and Analysis - for State and Local Governments: Omnibus, an Governmental Accounting Standards Board (GASB) in their Statement No. 34, Basic Financial Statements - and Management's amendment to GASB Statements No. 21 and No. 34, issued in June 2001; and in GASB Statement No. 38, Certain Financial Statement Note Disclosures, issued in 2001. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

- The ending cash balance for the District was \$3,220,704 in 2025 and \$2,529,651 in 2024.
- The General Fund had \$6,729,633 in revenue, excluding interfund transfers. The General Fund revenue consists primarily of our state funding allocation (SEEK) at \$3,614,312 (53.71%); and local taxation of property, utilities, and taxes of \$894,600 (13.29%).
- Excluding interfund transfers, there was \$6,972,369 in General Fund expenditures.
- The District Food Service had revenues of \$822,454 and expenditures of \$746,787.
- Bonds are issued as the District renovates facilities consistent with long-range facilities plan that is established with the community's input and keeping with the Kentucky Department of Education stringent compliance regulations. The total debt related to facilities decreased by \$285,000 during the current fiscal year.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

The statement of net position presents 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 government-wide financial statements outline functions of the District that are primarily 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 asset acquisitions and related debt are also supported by taxes and intergovernmental revenues.

The government-wide financial statements can be found on the table of contents of this report.

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)-CONTINUED
YEAR ENDED JUNE 30, 2025

Fund financial statement. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. There 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, and fiduciary funds. Fiduciary funds are trust funds established by benefactors to aid in student education, welfare and teacher support. The proprietary funds are our food service and day care operations. All other activities of the District are included in the governmental funds. The basic governmental fund financial statements can be found on the table of contents 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 government-wide and fund financial statements. The financial statements can be found on can be found on the table of contents of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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 and construction in progress), less any related debt used to acquire those assets that are still outstanding. The District used 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

Fiscal year 2025 government-wide net position compared to 2024 is as follows:

	<u>2025</u>	<u>2024</u>
Current and other assets	\$ 3,824,288	\$ 3,189,713
Capital assets	7,794,869	7,931,304
Total Assets	<u><u>\$ 11,619,157</u></u>	<u><u>\$ 11,121,017</u></u>
 Deferred outflow of resources	 <u><u>\$ 1,088,922</u></u>	 <u><u>\$ 1,275,115</u></u>
 Current liabilities	 \$ 2,742,359	 \$ 397,051
Noncurrent liabilities	4,056,948	6,107,549
Total Liabilities	<u><u>\$ 6,799,307</u></u>	<u><u>\$ 6,504,600</u></u>
 Deferred inflow of resources	 <u><u>\$ 1,400,063</u></u>	 <u><u>\$ 1,816,666</u></u>
 Net investment in capital assets, net	 \$ 4,078,356	 \$ 3,899,178
Restricted net position	1,754,994	1,371,402
Unrestricted net position	(1,324,641)	(1,195,714)
Total Net Position	<u><u>\$ 4,508,709</u></u>	<u><u>\$ 4,074,866</u></u>

Net Position may serve over time as a useful indicator of a government's financial position. In the case of the District, governmental assets exceeded liabilities by approximately \$4,669,734; proprietary liabilities exceeded assets by \$161,025, and total assets exceeded liabilities by \$4,508,709 at June 30, 2025.

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2025

The following table presents a fund accounting comparison and summary of revenue and expense for Government Funds only for the fiscal years 2025 and 2024:

	2025	2024
Revenues and other financing sources		
Local revenue sources	\$ 2,101,317	\$ 1,822,849
State revenue sources	6,913,488	6,253,728
Federal revenue	1,619,540	2,103,010
Total revenue	10,634,345	10,179,587
Expenditures and other financing uses		
Instruction	5,895,840	5,151,599
Student support services	317,421	263,533
Instructional support	297,850	285,354
District administration	643,834	494,614
School administration	304,925	292,406
Business operations	400,221	403,765
Plant operation and maintenance	791,916	736,454
Student transportation	198,300	553,698
Community services	305,438	95,413
Student activities	463,854	476,761
Land/site acquisition	-	467,877
Architectural and engineering services	-	43,350
Debt service	444,376	477,552
Total expenditures	10,063,975	9,742,376
Excess revenues (expenditures)	570,370	437,211
Other financing sources (uses)		
Transfers in	990,382	553,280
Transfers out	(968,510)	(542,835)
Total other financing sources (uses)	21,872	10,445
Net change in fund balance	\$ 592,242	\$ 447,656

On-behalf payments are included in the above amounts. On-behalf, as defined by the KDE, are payments the state makes on behalf of employees to the various agencies for health and life insurance, retirement, and administration fees. The on-behalf payments are allocated to expense as mandated by the KDE and are credited to revenues; therefore, have no effect on the District's fund balance.

BUDGETARY IMPLICATION

In Kentucky, the public-school fiscal year is July 1 through June 30; other programs, such as, some federal programs operate on a different fiscal calendar, but are reflected in the District's overall budget. By law, the budget must have a minimum 2% contingency. The District adopted a working budget with \$823,000 in contingency.

Comments on Budget Comparisons

- The District's total general fund revenues, excluding transfers and capital lease proceeds, for the fiscal year ended June 30, 2025 were \$6,729,633.
- General fund budgeted revenue compared to actual revenue varied from line item to line item with the ending actual balance being \$465,360 more than budget or 7.43% more than budget.
- The total cost of all general fund programs and services, excluding transfers, for the fiscal year ended June 30, 2025 was \$6,972,369.
- General fund budgeted expenditures compared to actual expenditures varied from line item to line item with the ending actual balance being \$944,723 less than budget or 11.93% less than budget.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives.

Questions regarding this report should be directed to the Superintendent or the Director of Financial Services at 606-546-3120, or by mail at 140 School Street, Barbourville, KY 40906.

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

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 3,112,739	\$ 106,465	\$ 3,219,204
Accounts receivable:			
Taxes	29,369	-	29,369
Intergovernmental - State	7,998	-	7,998
Intergovernmental - Federal	456,302	-	456,302
Other	62,375	-	62,375
Inventory	-	10,001	10,001
Net OPEB asset - CERS	30,422	7,117	37,539
Capital Assets, net			
Nondepreciable	1,094,363	-	1,094,363
Depreciable	6,700,506	-	6,700,506
Total assets	11,494,074	123,583	11,617,657
DEFERRED OUTFLOW OF RESOURCES			
Deferred outflows from pension - CERS	284,159	66,482	350,641
Deferred outflows from OPEB - CERS	96,351	22,542	118,893
Deferred outflows from OPEB - KTRS	619,388	-	619,388
	<u>999,898</u>	<u>89,024</u>	<u>1,088,922</u>
Total assets and deferred outflows of resources	12,493,972	212,607	12,706,579
LIABILITIES			
Accounts payable	48,203	-	48,203
Advances from grantors	2,070	-	2,070
Current portion of lease obligations	29,238	-	29,238
Current maturities of bond obligations	295,000	-	295,000
Current portion of compensated absences	56,763	-	56,763
Interest payable	39,512	-	39,512
Net pension liability - CERS	1,066,158	249,415	1,315,573
Net OPEB liability - KTRS	956,000	-	956,000
Noncurrent portion of lease obligations	82,275	-	82,275
Noncurrent portion of compensated absences	664,673	-	664,673
Noncurrent maturities of bond obligations	3,310,000	-	3,310,000
Total liabilities	6,549,892	249,415	6,799,307
DEFERRED INFLOW OF RESOURCES			
Deferred inflows from pension - CERS	189,936	44,437	234,373
Deferred inflows from OPEB - CERS	347,410	81,280	428,690
Deferred inflows from OPEB - KTRS	737,000	-	737,000
	<u>1,274,346</u>	<u>125,717</u>	<u>1,400,063</u>
Total liabilities and deferred inflows of resources	7,824,238	375,132	8,199,370
NET POSITION			
Net investment in capital assets	4,078,356	-	4,078,356
Restricted for:			
Capital expenditures	1,735,080	-	1,735,080
Other	185,422	(162,525)	22,897
Unrestricted	<u>(1,329,124)</u>	<u>-</u>	<u>(1,329,124)</u>
Total net position	4,669,734	(162,525)	4,507,209
Total liabilities and net position	\$ 12,493,972	\$ 212,607	\$ 12,706,579

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

FUNCTIONS/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							
Instruction	\$ 6,017,854	\$ -	\$ 2,051,112	\$ -	\$ (3,966,742)	\$ -	\$ (3,966,742)
Student	317,421	-	108,189	-	(209,232)	-	(209,232)
Instructional support	297,850	-	101,519	-	(196,331)	-	(196,331)
District administration	643,834	-	219,443	-	(424,391)	-	(424,391)
School administration	304,925	-	103,930	-	(200,995)	-	(200,995)
Business support	400,221	-	136,410	-	(263,811)	-	(263,811)
Plant operations and maintenance	935,130	-	318,728	-	(616,402)	-	(616,402)
Student transportation	310,157	-	105,713	-	(204,444)	-	(204,444)
Community services	305,438	-	104,105	-	(201,333)	-	(201,333)
Interest on long-term debt	125,573	-	-	929,130	803,557	-	803,557
Total governmental activities	9,658,403	-	3,249,149	929,130	(5,480,124)	-	(5,480,124)
Business-type activities							
Food service	746,787	6,681	815,773	-	-	75,667	75,667
Trust fund	12,500	-	14,000	-	-	1,500	1,500
Total business-type activities	759,287	6,681	829,773	-	-	77,167	77,167
Total primary government	\$ 10,417,690	\$ 6,681	\$ 4,078,922	\$ 929,130	(5,480,124)	77,167	(5,402,957)
General revenues							
Taxes:							
Property					747,128	-	747,128
Motor vehicle					82,044	-	82,044
Utility					253,941	-	253,941
Earnings on investments					157,203	-	157,203
State grants					4,354,744	-	4,354,744
Other local amounts					861,007	-	861,007
Transfers in (out)					21,872	(21,872)	-
Total general revenues					6,477,939	(21,872)	6,456,067
Change in net position					997,815	55,295	1,053,110
Restated net position as of June 30, 2024					3,671,919	(216,320)	3,455,599
Net position as of June 30, 2025					\$ 4,669,734	\$ (161,025)	\$ 4,508,709

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT**BALANCE SHEET - GOVERNMENTAL FUNDS**

JUNE 30, 2025

	General Fund	Special Revenue Funds	Facility Support Program (FSPK) Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,192,237	\$ -	\$ 1,219,882	\$ 700,620	\$ 3,112,739
Accounts receivable:					
Taxes	29,369	-	-	-	29,369
Intergovernmental - State	-	7,998	-	-	7,998
Intergovernmental - Federal	-	456,302	-	-	456,302
Other	9	62,366	-	-	62,375
Interfund receivables	524,012	-	-	-	524,012
Total assets	\$ 1,745,627	\$ 526,666	\$ 1,219,882	\$ 700,620	\$ 4,192,795
LIABILITIES AND FUND BALANCES					
Liabilities					
Interfund payable	\$ -	\$ 524,012	\$ -	\$ -	\$ 524,012
Accounts payable	47,619	584	-	-	48,203
Advances from grantors	-	2,070	-	-	2,070
Total liabilities	47,619	526,666	-	-	574,285
Fund balances					
Restricted	56,763	-	1,219,882	700,620	1,977,265
Unassigned	1,641,245	-	-	-	1,641,245
Total fund balances	1,698,008	-	1,219,882	700,620	3,618,510
Total liabilities and fund balances	\$ 1,745,627	\$ 526,666	\$ 1,219,882	\$ 700,620	\$ 4,192,795

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

Total fund balances - governmental funds	\$ 3,618,510
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.	7,794,869
Deferred outflows of resources are not recorded in the government fund financials because they do not affect current resources but are recorded in the statement of net position	999,898
Bonds payable are not reported in the governmental fund balance sheet because they are not due and payable in the current period, but they are presented in the statement of net position.	(3,605,000)
Leases payable are not reported in the governmental fund balance sheet because they are not due and payable in the current period, but they are presented in the statement of net position.	(111,513)
The compensated absences are not reported in the governmental fund balance sheet because it is not due and payable in the current period, but it is presented in the statement of net position.	(721,436)
Net pension and net OPEB obligation is not reported in the governmental fund balance sheet because it is not due and payable in the current period, but it is presented in the statement of net position	(1,991,736)
Deferred inflows of resources are not recorded in the government fund financials because they do not affect current resources but are recorded in the statement of net position	(1,274,346)
Interest payable is not reported in the governmental fund balance sheet because it is not due and payable in the current period, but it is presented in the statement of net position.	<u>(39,512)</u>
Total net position - governmental activities	<u>\$ 4,669,734</u>

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

	General Fund	Special Revenue Funds	Facility Support Program (FSPK) Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
From local sources:					
Taxes					
Property	\$ 558,620	\$ -	\$ 188,508	\$ -	\$ 747,128
Motor vehicle	82,044	-	-	-	82,044
Utility	253,941	-	-	-	253,941
Earnings on Investments	135,883	-	21,320	-	157,203
Other local	257,267	106,087	-	497,653	861,007
Intergovernmental - State	5,441,878	542,475	740,432	188,697	6,913,482
Intergovernmental - Federal	-	1,619,540	-	-	1,619,540
Total revenues	6,729,633	2,268,102	950,260	686,350	10,634,345
Expenditures					
Current:					
Instruction	4,085,883	1,809,957	-	-	5,895,840
Student	222,606	94,815	-	-	317,421
Instructional support	118,571	179,279	-	-	297,850
District administration	643,834	-	-	-	643,834
School administration	304,925	-	-	-	304,925
Business support	400,221	-	-	-	400,221
Plant operations and maintenance	743,141	48,775	-	-	791,916
Student transportation	198,300	-	-	-	198,300
Community services	210,938	94,500	-	-	305,438
Student activities	-	-	-	463,854	463,854
Debt service	43,950	-	-	400,426	444,376
Total expenditures	6,972,369	2,227,326	-	864,280	10,063,975
Excess (deficit) of revenues over (under) expenditures	(242,736)	40,776	950,260	(177,930)	570,370
Other financing sources (uses)					
Transfers in	242,071	12,956	-	735,355	990,382
Transfers out	(12,956)	(53,732)	(837,096)	(64,726)	(968,510)
Total other financing sources (uses)	229,115	(40,776)	(837,096)	670,629	21,872
Net change in fund balance	(13,621)	-	113,164	492,699	592,242
Fund balance as of June 30, 2024	1,711,629	-	1,106,718	207,921	3,026,268
Fund balance as of June 30, 2025	\$ 1,698,008	\$ -	\$ 1,219,882	\$ 700,620	\$ 3,618,510

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

Net change in total fund balances - governmental funds \$ 592,242

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

Capital outlays are reported as expenditures in the governmental fund financial statements because they use current financial resources, but they are treated as assets in the statement of net position and depreciated over their estimated economic lives. The difference is the amount by which depreciation exceeds capital outlay expense for the year. (136,435)

Bond and lease payments are recognized as expenditures of current financial resources in the governmental fund financial statements, but are reductions of liabilities in the statement of net position. 325,919

Compensated absences are recognized by the amount earned in the statement of activities, but the governmental fund financial statements only recognize the obligations anticipated to be retired from existing financial resources. (102,169)

Interest payments are recognized as expenditures of current financial resources in the governmental fund financial statements, but are expensed as incurred in the statement of activities. 3,191

Pension expense is not recognized on the governmental fund financial statements but is recognized as an expense on the statement of activities 315,067

Change in net position - governmental activities \$ 997,815

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

	Food Service Fund
ASSETS	
Current assets	
Cash and cash equivalents	\$ 106,465
Inventory	<u>10,001</u>
Total current assets	<u>116,466</u>
Noncurrent assets	
Net OPEB - CERS asset	7,117
Capital assets	8,273
Less accumulated depreciation	<u>(8,273)</u>
Total noncurrent assets	<u>7,117</u>
Total assets	<u>123,583</u>
Deferred outflow of resources	
Deferred outflows from pensions	66,482
Deferred outflows from OPEB - CERS	<u>22,542</u>
	<u>89,024</u>
Total assets and deferred outflows of resources	<u>\$ 212,607</u>
LIABILITIES	
Current liabilities	
Accounts payable	\$ -
Total current liabilities	<u>-</u>
Noncurrent liabilities	
Net pension - CERS liability	<u>249,415</u>
	<u>249,415</u>
Total liabilities	<u>249,415</u>
Deferred inflow of resources	
Deferred inflows related to pension	44,437
Deferred inflows related to OPEB	<u>81,280</u>
	<u>125,717</u>
Total liabilities and deferred inflows of resources	<u>375,132</u>
NET POSITION	
Net investment in capital assets	-
Restricted for:	
Other	(162,525)
Unrestricted	<u>-</u>
Total net position	<u>(162,525)</u>
Total liabilities and net position	<u>\$ 212,607</u>

The accompanying notes are an integral part of these financial statements.

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUNDS**YEAR ENDED JUNE 30, 2025

	Food Service Fund
Operating revenues	
Lunchroom sales	\$ 6,681
Total operating revenues	<u>6,681</u>
Operating expenses	
Salaries and wages	244,256
Employee benefits	216,925
Materials and supplies	329,701
Pension expense	(44,095)
Depreciation	<u>-</u>
Total operating expenses	<u>746,787</u>
Operating loss	<u>(740,106)</u>
Nonoperating revenues	
Federal grants	692,438
State grants	76,399
Donated commodities	<u>46,936</u>
Total nonoperating revenues/(expenses)	<u>815,773</u>
Income before contributions, transfers, and special items	75,667
Transfers in (out)	<u>(21,872)</u>
Change in net position	53,795
Net position as of June 30, 2024	<u>(216,320)</u>
Net position as of June 30, 2025	<u><u>\$ (162,525)</u></u>

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2025

	<u>Food Service Fund</u>
Cash flows from operating activities	
Cash received from:	
Lunchroom sales	\$ 2,872
Cash paid to/for:	
Employees	(505,276)
Supplies	(238,920)
Net cash used in operating activities	<u>(741,324)</u>
Cash flows from non-capital financing activities	
Grants received	768,837
Transfer from (to) general fund	(21,872)
Net cash used in non-capital financing activities	<u>746,965</u>
Net increase in cash and cash equivalents	5,641
Cash and cash equivalents as of June 30, 2024	<u>100,824</u>
Cash and cash equivalents as of June 30, 2025	<u><u>\$ 106,465</u></u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income/ (loss)	\$ (740,106)
Adjustments to reconcile change in net position to net cash used in operating activities:	
(Increase) Decrease in accounts receivable	-
(Increase) Decrease in inventory	(250)
Increase (Decrease) in pension expense	(44,095)
Increase (Decrease) in accounts payable	(3,809)
Donated commodities	46,936
Depreciation	<u>-</u>
Net cash used in operating activities	<u><u>\$ (741,324)</u></u>
Schedule of non-cash transactions:	
Depreciation	-
Donated commodities	<u>46,936</u>
Total non-cash transactions	<u><u>\$ 46,936</u></u>

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION - TRUST FUND
JUNE 30, 2025

	Trust Fund
ASSETS	
Cash and cash equivalents	\$ 1,500
Total assets	<u>1,500</u>
LIABILITIES	
Accounts payable	<u>-</u>
Total liabilities	<u>-</u>
NET POSITION	
Restricted for: Scholarships	<u>1,500</u>
Total net position	<u>\$ 1,500</u>

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - TRUST FUND
YEAR ENDED JUNE 30, 2025

	Trust Fund
Additions	
Contributions	\$ 14,000
Total additions	<u>14,000</u>
Deductions	
Community Services - Scholarships	<u>12,500</u>
Total operating expenses	<u>12,500</u>
Change in net position	1,500
Net position as of June 30, 2024	<u>-</u>
Net position as of June 30, 2025	<u><u>\$ 1,500</u></u>

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

1. REPORTING ENTITY

The Barbourville 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 Barbourville Independent School District ("District"). The District receives funding from Local, State and Federal government sources and must comply with the commitment requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" as defined 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 activities relevant to the operation of the Board. The basic 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. Such funds or groups have been considered as prospective component units under GASB Statement Number 39, *Determining Whether Certain Organizations Are Component Units*, and have been determined to have insignificant assets, liabilities, equity, revenue and expenditures to be considered component units. In addition, the Board has the ability to exert little control over the fiscal activities of the funds or groups.

The basic 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 organization are included in the accompanying financial statements:

Barbourville Independent School District Finance Corporation – In a prior year, the Barbourville Independent Board of Education resolved to authorize the establishment of the Barbourville Independent School District Finance Corporation (a non-profit, non-stock, public and charitable corporation pursuant to Section 162.385 of the School Bond Act and Chapter 273 and Section 58.180 of the Kentucky Revised Statutes (the "Corporation") to act 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.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The District has elected to apply all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989 to its proprietary funds, unless those pronouncements conflict or contradict GASB pronouncements.

The following is a summary of the basis of presentation:

Government-wide Financial Statements - The statement of net position and the statement of revenues, expenses, and changes in net position 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, which normally are supported by tax revenues, and those that are considered business-type activities, which rely significantly on fees and charges for support.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

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

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. 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 total fund balances. 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.

Accounting principles generally accepted in the United States of America require that the General Fund be reported as a major fund. All other governmental and proprietary funds whose assets, liabilities, revenues, or expenditures comprise at least 10% of the total for the relevant fund category and at least 5% of the corresponding total for all governmental and proprietary funds combined must also be reported as major funds.

The District has the following funds:

I. Government Fund Types

The General Fund is the main operating fund of the District. It accounts for all revenues and expenditures of the District not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other funds are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund. This is a budgeted fund, and any fund balances are considered as resources available for use. This is always a major fund of the District.

The Special Revenue (Grant) Funds account for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of the specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally-funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report. This is a major fund of the District.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

I. Government Fund Types - continued

The District Activity Fund is used to account for funds that are legally restricted to expenditure for specified purposes imposed by external parties, enabling legislation, or by board action.

The Student Activity Fund is used to account for activities of student groups.

Capital Projects 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 Funds). The Capital Projects Funds account for revenue and expenditures from three sources:

1. The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund receives those funds designated by the state as Capital Outlay Funds and is restricted for use in financing projects identified in the District's facility plan.
2. The Facility Support Program of Kentucky (FSPK) 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 fund met the requirements of a major fund.
3. The Construction Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction and/or remodeling.

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest and related cost; and for the payment of interest on general obligation notes payable, as required by Kentucky law.

II. Proprietary Fund Types (Enterprise Funds)

The Food Service Fund is used to account for school food service activities, including the National School Lunch Program and the National School Breakfast Program, which are 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 Types (Trust Funds)

The Trust Fund is used to account for fund to be used for scholarships. Trust funds are general accounted for using the economic resources measurement focus and the accrual basis of accounting.

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.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Revenues, Exchange and Non-exchange 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 sixty days of the fiscal year-end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when 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 they can be recognized.

Unearned Revenue/Advances from Grantors - Unearned revenue and advances from grantors arise when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue or advances from grantors. The District reports liabilities on its statement of net position and governmental funds balance sheet. In both the government-wide and governmental fund statements, grants that are intended to finance future periods are reported as unearned revenue. In subsequent periods, the liabilities for unearned revenue and/or advances are removed from the statement of net position and governmental funds balance sheet and revenue is recognized.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on flow of current financial resources. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred except for (1) principal and interest on general long-term debt, which is recorded when due, and (2) the costs of accumulated unpaid vacation and sick leave, which are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees.

The fair value of donated commodities used during the year is reported in the statement of revenues, expenses, and changes in net position-proprietary funds as an expense with a like amount reported as donated commodities revenue.

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

Property Taxes

Property taxes are levied by September 30 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 (including exonerations) assessed for the year ended June 30, 2025, to finance the General Fund operations were \$.700 per \$100 valuation for real property, \$.708 per \$100 valuation for business personal property and \$.539 per \$100 valuation for motor vehicles.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

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, electric power, water, and natural, artificial and mixed gas.

The District also levies a utility gross receipts license tax in the amount of 4% of the gross receipts derived from the furnishings, within the county, of cablevision services.

Prepaid Assets

Payments made that will benefit periods beyond the end of the fiscal year are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Capital Assets

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

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

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and improvements	25-50 years
Land improvements	20 years
Technology equipment	5 years
School buses	10 years
Other vehicles	5 years
Audio-visual equipment	15 years
Food service equipment	12 years
Furniture and fixtures	7 years
Rolling stock	15 years
Other general equipment	10 years

Right of Use Assets

Right of use assets are recorded as defined in GASB 87, Leases, which established standards for leases that were previously classified as operating leases. The right of use assets are initially measured at an amount equal to the initial related lease liability plus any lease payments made prior to the lease term, less lease incentives, and ancillary charges necessary to place the lease into service. The right of use assets are amortized over the life of the related lease.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Interfund Receivables and Payables

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

Compensated Absences

Compensated absences consist of unpaid accumulated annual sick leave and vacation.

Sick leave eligibility and accumulation is specified in individual employment contracts. Upon retirement, employees may contractually receive a payment based on unused accumulated sick leave. District employees are granted vacation in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken within varying time periods.

Consistent with GASB Statement 101, *Accounting for Compensated Absences*, the liability has been calculated using the more than likely than not to be used as leave or settled at separation method and an accrual for that liability is in the Government-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year end.

For governmental fund financial statements the current portion, if any, of unpaid accrued sick leave is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "accumulated sick leave payable" in the general fund. The noncurrent portion of the liability is not reported.

Bonds and Related Premiums, Discounts, and Issuance Costs

In the government-wide financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premiums or discounts. Bond issuance costs are expensed when bonds are issued.

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Discounts related to debt issuance are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Budgetary Process

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 on the modified accrual basis of accounting (budgetary) as opposed to when susceptible to accrual (GAAP).
- Expenditures are recorded on the modified accrual basis of accounting (budgetary) as opposed to when susceptible to accrual (GAAP).

Once the budget is approved by the Board, it can be amended. Budgetary receipts represent original estimates modified for adjustments, if any, during the fiscal year. Budgetary disbursements represent original appropriations adjusted for budget transfers and additional appropriations, if any, approved during the fiscal year.

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

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Cash and Cash Equivalents

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

Receivables

The District recognizes revenues as receivables when they are measurable and receipt is probable. Concentration of credit risk with respect to the receivables from federal and state governments is limited due to the historical stability of those institutions. Federal and state grants to be used or expended as specified by the grantor are recognized as revenue and recorded as receivables as qualifying expenditures are made.

Inventories

On government-wide and governmental fund financial statements inventories of supplies and materials are stated at cost and are expensed when used.

The school Food Service Fund inventory consists of food, supplies and U.S. Government commodities.

The Food Service Fund inventory is stated at cost and uses the specific identification method.

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, 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 Balances

Fund balances are separated into five categories, as required by GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as follows:

Nonspendable fund balance is permanently nonspendable by decree of donor. Examples would be an endowment or that which may not be used for another purpose such as amounts used to prepay future expenses or already purchased inventory on hand.

Restricted fund balances arise when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Committed fund balances are those amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, which, for the District is the Board of Education. The Board of Education must approve by majority vote the establishment (and modification or rescinding) of a fund balance commitment.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Assigned fund balances are those amounts that are constrained by the government's *intent* to be used for specific purposes, but are neither restricted nor committed. The Board of Education allows program supervisors to complete purchase orders which result in the encumbrance of funds. Assigned fund balance also includes (a) all remaining amounts (except for negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed and (b) amounts in the general fund that are intended to be used for a specific purpose.

Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

The Board establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Board through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

This District would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

Encumbrances

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end, and outstanding encumbrances at year-end are appropriated in the next year. Encumbrances are considered a managerial assignment of fund balance at June 30, 2025, in the governmental funds balance sheet.

Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position 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. The District typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a future project.

Operating and Non-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. Non-operating revenues are not generated directly from the primary activity of the proprietary funds. For the School District those revenues come in the form of grants (federal and state), donated commodities, and earnings from investments.

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.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds 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.

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, designated fund balances, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Deferred Inflows and Deferred Outflows of Resources

Deferred inflows and deferred outflows are recorded on the government-wide and proprietary financial statements. The deferred outflows of resources presented were primarily created by differences in pension expectations, the prior refunding of revenue bonds, and deferral of pension contributions. Deferred inflows were primarily created by actuarial determinations of net pension liability changes.

Pensions and Other Post-employment Benefits

For purposes of measuring the net liabilities, the deferred outflows of resources and deferred inflows of resources, and expense related to pensions and other post-employment benefits (OPEB), information about the fiduciary net position of the pension / OPEB plans, and additions to / deductions from the pension / OPEB plans' fiduciary net position has been determined on the same basis as they are reported by the pension / OPEB plans. For this purpose, revenues are recognized when earned. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The primary government's proportionate share of pension amounts was further allocated to proprietary funds based on the salaries paid by each proprietary fund. Plan investments are reported at fair value.

Other Post-employment Benefits (OPEB)

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 the County Employees Retirement System Non-Hazardous (CERS) and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the pension plans. 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 investments contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

3. DEPOSITS AND INVESTMENTS

The District's deposits (demand deposit accounts) are carried at a cost which approximates fair value. At June 30, 2025, the book balance of the District's bank deposits and the bank balances were as follows:

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS-CONTINUED
YEAR ENDED JUNE 30, 2025

3. DEPOSITS AND INVESTMENTS-CONTINUED

	<u>Bank Balance</u>	<u>Book Balance</u>
Commercial Bank	\$ 3,695,019	\$ 3,220,704
	<u>\$ 3,695,019</u>	<u>\$ 3,220,704</u>

Breakdown per financial statements is as follows:

Governmental funds	\$ 3,112,739
Proprietary funds	<u>107,965</u>
	<u>\$ 3,220,704</u>

Due to the nature of the accounts and limitations imposed for the purposes of various funds, all cash balances are considered to be restricted except for the General Fund.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2025, none of the District's bank balances were exposed to custodial credit risk because of coverage by Federal Depository insurance, collateral agreements and collateral held by the pledging banks' trust departments in the District's name.

Investments

Funds of the District are public funds and, therefore, their investment is limited by statute to certain obligations of the United States or similar government agencies, cash instruments, and certain pooled investment funds as provided by KRS 66.480. At June 30, 2025, the District holds only demand deposits and certificates of deposit considered to be cash equivalents. Consequently, the District does not have investment related credit risk or interest risk.

Investments reported on the financial statements are nonparticipating interest-earning investment contracts purchased from a bank in the form of a Certificate of Deposit. Therefore, under GASB Statement No 72, Fair Value Measurement & Application these types of investments are exempt from fair value measurements.

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS-CONTINUED
YEAR ENDED JUNE 30, 2025

4. CAPITAL ASSETS

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

	June 30, 2024			June 30, 2025
	Balance	Additions	Retirements	Balance
Governmental Activities				
Land & land improvements	\$ 1,223,313	\$ -	\$ -	\$ 1,223,313
Buildings	6,214,643	3,423,979	-	9,638,622
Technology equipment	80,981	-	-	80,981
Vehicles	773,079	127,679	8,000	892,758
General equipment	66,155	-	1,423	64,732
Construction in progress	3,423,979	-	3,423,979	-
Total historical cost	11,782,150	3,551,658	3,433,402	11,900,406
Less accumulated depreciation	3,850,846	263,480	8,789	4,105,537
Governmental capital assets, net	\$ 7,931,304	\$ 3,288,178	\$ 3,424,613	\$ 7,794,869
Business-type Activities				
Technology equipment	-	-	-	-
General equipment	8,272	-	8,272	-
Total historical cost	8,272	-	8,272	-
Less accumulated depreciation	8,272	-	8,272	-
Business-type capital assets, net	\$ -	\$ -	\$ -	\$ -

Depreciation expense for business-type activities was entirely incurred in the operation of the School Food Services. Depreciation for governmental activities was charged to governmental functions as follows:

Instruction	\$ 13,100
Business	5,153
Plant operation and maintenance	148,220
Student transportation	97,007
	<u>\$ 263,480</u>

5. LONG-TERM DEBT

Leases Payable

The District has entered into lease agreements for buses which will become the property of the District when all the terms of the lease agreement are met. The following schedule presents the lease activity for the year ended June 30, 2025:

See table on next page

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS-CONTINUED
YEAR ENDED JUNE 30, 2025

5. LONG-TERM DEBT-CONTINUED

Description	Maturity	Interest Rates	Original Issue	Balance June 30, 2024	Debt Issued	Debt Paid	Balance June 30, 2025	Due Within One Year
KISTA 2021	3/1/31	3.50%	\$ 108,094	\$ 73,546	\$ -	\$ 10,687	\$ 62,859	\$ 10,827
KISTA 2018	3/1/28	3.50%	67,571	33,075	-	7,041	26,034	7,244
KISTA 2017	3/1/27	3.50%	121,247	35,505	-	12,885	22,620	11,167
			<u>\$ 296,912</u>	<u>\$ 142,126</u>	<u>\$ -</u>	<u>\$ 30,613</u>	<u>\$ 111,513</u>	<u>\$ 29,238</u>

The following presents a schedule by years of the future minimum lease payments under lease as of June 30, 2025:

Year	Principal	Interest	Total
2025-26	\$ 29,238	\$ 2,190	\$ 31,428
2026-27	29,887	1,553	31,440
2027-28	16,687	900	17,587
2028-29	17,061	593	17,654
2029-30	9,250	280	9,530
2030-31	9,390	141	9,531
Totals	<u>\$ 111,513</u>	<u>\$ 5,657</u>	<u>\$ 117,170</u>
	Less: amounts representing interest		<u>(5,657)</u>
	Net lease liability		<u>\$ 111,513</u>

Long-Term Obligations

The amounts shown in the accompanying basic financial statements as bond obligations represent the District's future obligations to make lease payments relating to the bonds issued by the Barbourville Independent School District Finance Corporation. The original amount of each issue, the issue date, and interest rates of bonded debt and lease obligations are summarized below:

Issue Date	Proceeds	Rates	Final Maturity
2018	\$ 475,000	3.250% - 3.500%	2038
2018A	\$ 2,995,000	2.150%-3.625%	2039
2020	\$ 1,315,000	2.00%	2030

The District, through the General Fund, including utility taxes, the Facilities Support Program of Kentucky (FSPK) Building Fund, and the Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund, is obligated to make payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Barbourville 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 entered into "participation agreements" with the Kentucky School Facility Construction Commission (Commission). The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs.

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS-CONTINUED
YEAR ENDED JUNE 30, 2025

5. LONG-TERM DEBT-CONTINUED

The participation agreements generally provide for the Commission to assist the District in meeting bond obligations and are renewable, at the Commission's option, bi-annually. In 2008, the District also entered into an agreement with the Urgent Needs Trust Fund. The Urgent Needs Trust Fund was established by the 2003 Kentucky General Assembly for the purpose of assisting school districts that have urgent and critical construction needs. The Urgent Needs Trust Fund is administered by the School Facility Construction Commission. Should the Kentucky General Assembly choose to not fund the Commission in the future, the District would be responsible for meeting the full requirements of the bond issues. The following table sets forth the amount to be paid by the District and the Commission for each year until maturity of all bond issues.

The liability for the total bond amount remains with the District and, as such, the total principal outstanding has been recorded in the financial statements.

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

Year	Barbourville Independent School District		Kentucky School Facility Construction Commission		Total	Total
	Principal	Interest	Principal	Interest	Principal	Interest
2025-26	\$ 198,319	\$ 81,460	\$ 96,681	\$ 27,290	\$ 295,000	\$ 108,750
2026-27	205,980	76,299	94,020	24,954	300,000	101,253
2027-28	208,492	70,950	101,508	22,625	310,000	93,575
2028-29	210,914	65,359	104,086	20,047	315,000	85,406
2029-30	218,243	59,524	106,757	17,376	325,000	76,900
2030-31	151,701	53,175	48,299	14,631	200,000	67,806
2031-32	160,104	48,108	49,896	13,035	210,000	61,143
2032-33	163,440	42,749	51,560	11,370	215,000	54,119
2033-34	171,788	37,092	48,212	9,718	220,000	46,810
2034-35	179,999	31,155	55,001	8,092	235,000	39,247
2035-36	183,110	25,028	56,890	6,241	240,000	31,269
2036-37	191,121	18,474	58,879	4,251	250,000	22,725
2037-38	204,676	11,300	55,324	2,256	260,000	13,556
2038-39	209,384	3,795	20,616	374	230,000	4,169
	<u>\$ 2,657,271</u>	<u>\$ 624,468</u>	<u>\$ 947,729</u>	<u>\$ 182,260</u>	<u>\$ 3,605,000</u>	<u>\$ 806,728</u>

A summary of the changes in long-term liabilities during the fiscal year ended June 30, 2025 is as follows:

See table on next page

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS-CONTINUED
YEAR ENDED JUNE 30, 2025

5. LONG-TERM DEBT-CONTINUED

School Building Revenue Bonds	Balance June 30, 2024	Additions	Deductions	Balance June 30, 2025
2018	\$ 355,000	\$ -	\$ 20,000	\$ 335,000
2018A	2,675,000	-	130,000	2,545,000
2020	860,000	-	135,000	725,000
Net Pension Liability (Asset)	1,314,036	1,537	-	1,315,573
Net OPEB - CERS Liability (Asset)	(28,250)	-	9,289	(37,539)
Net OPEB - KTRS Liability (Asset)	1,077,000	-	121,000	956,000
KSBIT Bonded Debt	10,306	-	10,306	-
Compensated absences	619,267	102,169	-	721,436
	<u>\$ 6,882,359</u>	<u>\$ 103,706</u>	<u>\$ 425,595</u>	<u>\$ 6,560,470</u>

The change in compensated absences is presented as a net change.

6. RETIREMENT PLANS

The District's employees are provided with two pension plans, based on each position's college degree requirement. The two pension plans are County Employees Retirement System (CERS) and the Kentucky Teachers Retirement System (KTRS).

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 of age 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 of age Or age 57+ and sum of service years plus age equal 87
	Reduced retirement	At least 10 years service and 60 years of age
Tier 3	Participation date	After December 31, 2013
	Unreduced retirement	At least 5 years service and 65 years of age Or age 57+ and sum of service years plus age equal 87
	Reduced retirement	Not available

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.

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS-CONTINUED
YEAR ENDED JUNE 30, 2025

6. RETIREMENT PLANS-CONTINUED

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

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

Funding Policy - Funding for the plan is provided through payroll withholdings and matching District contributions. The District contributes 19.71% of the employee's total compensation subject to contribution. Pension has a contribution rate of 19.71% and OPEB has a contribution rate of 0.00%.

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

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

Benefits provided—TRS provides retirement, health insurance, death and disability benefits to Plan employees and beneficiaries. Employees become vested when they complete five (5) years of credited service. For retirement purposes, employees are grouped into four tiers, based on hire date:

TRS 1	Participation Date	Before July 1, 2002
	Unreduced retirement	27 years service or at least 5 years service and 60 years old
	Reduced retirement	At least 5 years service and 55 years old with a reduction in retirement of 5% for each year under age 60 or under 27 years of service, whichever is less (up to 25%)
	Retirement factors	2.5% per year of service up to 30, 3.0% per year of service for each year over 30
	Final average salary	Average of the 5 highest annual salaries until a member reaches At least 27 years service and age 55, when the highest 3 annual Salaries are used
TRS 2	Participation Date	July 1, 2002 – June 30, 2008
	Unreduced retirement	27 years service or at least 5 years service and 60 years old
	Reduced retirement	At least 5 years service and 55 years old with a reduction in retirement of 5% for each year under age 60 or under 27 years of service, whichever is less (up to 25%)
	Retirement factors	2.0 - 2.5% per year of service up to 30, 3.0% per year of service for each year over 30

6. RETIREMENT PLANS – CONTINUED

TRS 3	Participation Date	July 1, 2008 – December 31, 2021
	Unreduced retirement	27 years service or at least 5 years service and 60 years old
	Reduced retirement	At least 10 years service and 55 years old with a reduction in retirement of 6% for each year under age 60 or under 27 years of service, whichever is less (up to 30%)
	Retirement factors	1.7 - 2.5% per year of service up to 30, 3.0% per year of service for each year over 30
	Final average salary	Average of the 5 highest annual salaries until a member reaches At least 27 years service and age 55, when the highest 3 annual Salaries are used
TRS 4	Participation Date	On or after January 1, 2022
	Unreduced retirement	Age 57 with 30 years service or at least 10 years service and 60 years old or at least 5 years service and 65 years old
	Reduced retirement	At least 10 years service and 57 years old with a reduction in retirement of 6% for each year under age 60 or under 27 years of service, whichever is less (up to 18%)
	Retirement factors	1.7 - 2.5% per year of service up to 30, 2.2 – 2.4% per year of service for each year over 30
	Final average salary	Average of the 5 highest annual salaries

KTRS also provides disability benefits for vested employees at a rate of sixty (60) percent of their 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.

Contributions—Contribution rates are established by Kentucky Revised Statutes (KRS). Non-university employees in TRS 1, TRS 2, and TRS 3 are required to contribute 12.855% of their salaries to the System. Non-university employees in TRS 4 are required to contribute 14.750% of their salaries to the system.

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 in TRS 1 and TRS 2, 14.105% of salaries for local school district and regional cooperative employees in TRS 3, and 10.750% of salaries for local school district and regional cooperative employees in TRS 4.

For local school district and regional cooperative employees whose salaries are federally funded, the employer contributes 16.105% of salaries for employees in TRS 1 And TRS 2, 17.105% of salaries for employees in TRS 3, and 10.750% of salaries for employees in TRS 4. If an employee leaves covered employment before accumulating five (5) years of credited service, accumulated employee pension contributions plus interest are refunded to the employee upon the member's request.

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

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

See table on next page

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS-CONTINUED
YEAR ENDED JUNE 30, 2025

6. RETIREMENT PLANS – CONTINUED

District's proportionate share of the CERS net pension liability (asset)	\$ 1,315,573
Commonwealth's proportionate share of the KTRS net pension liability (asset) associated with the District	13,708,932
	<u>\$ 15,024,505</u>

The net pension liability (asset) for each plan was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date.

The District's proportion of the net pension liability (asset) for CERS was based on the actual liability (asset) of the employees and former employees relative to the total liability (asset) of the System as determined by the actuary. At June 30, 2024, the District's proportion was 0.021998%.

For the year ended June 30, 2025, the District recognized pension expense (credit) of \$(124,897) related to CERS. For the year ended June 30, 2025, the District recognized pension expense of \$891,034 revenue of \$891,034 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 63,676	\$ -
Changes of assumptions	-	59,438
Net difference between projected and actual earnings on pension plan investments	90,350	174,935
Changes in proportion and differences between District contributions and proportionate share of contributions	60,812	-
District contributions subsequent to the measurement date	135,803	-
Total	<u>\$ 350,641</u>	<u>\$ 234,373</u>

The amount of \$135,803 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 (asset) 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 (credit) as follows:

<u>Year Ended June 30</u>	
2025	(15,438)
2026	47,269
2027	(32,515)
2028	(18,851)
	<u>\$ (19,535)</u>

6. RETIREMENT PLANS - CONTINUED

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

	CERS	KTRS
Inflation	2.30%	2.50%
Projected salary increases	3.30-10.30%	3.00-7.50%
Investment rate of return, net of investment expense & inflation	6.50%	7.10%
Municipal bond index rate		3.94%
Single equivalent interest rate		7.10%

For KTRS, 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.

Discount rate—For CERS, the discount rate used to measure the total pension liability (asset) was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan employees and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment return of 6.50%. The long-term investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability (asset).

For KTRS, the discount rate used to measure the total pension liability (asset) was 7.10%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at the actuarially determined contribution rates for all 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 (asset).

Sensitivity of CERS and KTRS proportionate share of net pension liability (asset) to changes in the discount rate—The following table presents the net pension liability (asset) of the District, calculated using the discount rates selected by each pension system, as well as what the District's net pension liability (asset) 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	5.50%	6.50%	7.50%
District's proportionate share of net pension liability (asset)	\$ 1,695,989	\$ 1,315,573	\$ 999,929
KTRS	6.10%	7.10%	8.10%
District's proportionate share of net pension liability (asset)	\$ -	\$ -	\$ -

Pension plan fiduciary net position—Detailed information about the CERS and the KTRS pension plans' fiduciary net position, projected benefits, and projected funding status is available in the separately issued financial reports at <http://kyret.ky.gov/> and <http://trs.ky.gov/>, respectively.

6. RETIREMENT PLANS - CONTINUED

The contribution requirement for CERS (both withholding and match) for the year ended June 30, 2025, 2024, and 2023 was \$174,997, \$202,470, and \$191,147, respectively. The contribution requirement for KTRS (both withholding and match) for the year ended June 30, 2025, 2024, and 2023 was \$692,047, \$636,906, and \$561,900, respectively. Per KTRS, all contributions made by the District are for health insurance and should not be considered contributions towards retirement. The District met their contribution requirements.

7. OTHER POST-EMPLOYMENT BENEFITS PLANS

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

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

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

Funding policy—In order to fund the post-retirement healthcare benefit, seven and one-half percent (7.50%) of the gross annual payroll of employees before July 1, 2008 is contributed. Three and three quarters percent (3.75%) is paid by member contributions and three quarters percent (.75%) from Commonwealth appropriation and three percent (3.0%) from the employer.

OPEB Liabilities (Assets), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At June 30, 2025, the District reported a liability (asset) of \$956,000 for its proportionate share of the collective net pension OPEB (asset) that reflected a reduction for state OPEB support provided to the District. The collective net pension OPEB (asset) was measured as of June 30, 2024, and the total OPEB liability (asset) used to calculate the collective net pension OPEB (asset) was based on 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, 2024 the District's proportion was .042884%.

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS-CONTINUED
YEAR ENDED JUNE 30, 2025

7. OTHER POST-EMPLOYMENT BENEFITS PLANS - CONTINUED

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

District's proportionate share of the KTRS net OPEB liability (asset)	\$ 956,000
Commonwealth's proportionate share of the KTRS net OPEB liability (asset) associated with the District	<u>852,000</u>
	<u>\$ 1,808,000</u>

For the year ended June 30, 2025, the District recognized OPEB expense of \$79,332 and revenue of \$79,332 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	\$ -	\$ 287,000
Changes of assumptions	243,000	-
Net difference between projected and actual earnings on pension plan investments	-	31,000
Changes in proportion and differences between District contributions and proportionate share of contributions	259,000	419,000
District contributions subsequent to the measurement date	<u>117,388</u>	<u>-</u>
Total	<u>\$ 619,388</u>	<u>\$ 737,000</u>

The amount of \$117,388 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) 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 (credit) as follows:

Year ended June 30:	
2026	\$ (78,000)
2027	(23,000)
2028	(31,000)
2029	(58,000)
2030	(45,000)
Thereafter	-
	<u>\$ (235,000)</u>

7. OTHER POST-EMPLOYMENT BENEFITS PLANS - CONTINUED

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

Investment rate of return	7.10%, net of OPEB plan investment expense, including inflation
Projected salary increases	3.00-7.50%, including inflation
Inflation rate	2.50%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Healthcare cost trend rates	
Under 65	6.50% for FY 2024 decreasing to an ultimate rate of 4.50% by FY 2031
Medicare Part B	5.92% for FY 2024 with an ultimate rate of 4.50% by FYE 2035
Municipal Bond Index Rate	3.94%
Discount Rate	7.10%
Single Equivalent Interest Rate	7.10%, net of OPEB plan investment expense, including inflation

The long-term expected rate of return on OPEB plan investments was determined using a log-normal distributions analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB 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.

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
KTRS	6.10%	7.10%	8.10%
District's proportionate share of net OPEB liability (asset)	\$ 1,270,000	\$ 956,000	\$ 696,000

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 are contributed by the state.

7. OTHER POST-EMPLOYMENT BENEFITS PLANS - CONTINUED

OPEB Liabilities (Assets), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At June 30, 2025, the District did not report a liability (credit) for its proportionate share of the collective net OPEB liability (asset) 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 (asset) that was associated with the District were as follows:

District's proportionate share of the KTRS net OPEB Life Insurance Plan liability (asset)	\$ -
Commonwealth's proportionate share of the KTRS net OPEB Life Insurance liability (asset) associated with the District	19,000
	<u>\$ 19,000</u>

For the year ended June 30, 2025, the District recognized OPEB expense of \$2,375 and revenue of \$2,375 for support provided by the State.

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

Investment rate of return	7.10%, net of OPEB plan investment expense, including inflation
Projected salary increases	3.00-7.50%, including inflation
Inflation rate	2.50%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Municipal Bond Index Rate	3.94%
Discount Rate	7.10%
Single Equivalent Interest Rate	7.10%, net of OPEB plan investment expense, including inflation

The remaining actuarial assumptions (e.g., initial per capita costs, rate of plan participation, rates of plan election, etc.) used in the June 30, 2024 valuation were based on a review of recent plan experience done concurrently with the June 30, 2024 valuation.

The long-term expected rate of return on OPEB 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 OPEB 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.

Discount rate – The Discount rate used to measure the total OPEB liability (asset) for life insurance was 7.10%. The projection of cash flows used to determine the discount rate assumed that the employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability (asset).

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS-CONTINUED
YEAR ENDED JUNE 30, 2025

7. OTHER POST-EMPLOYMENT BENEFITS PLANS - CONTINUED

The following table presents the District's proportionate share of the collective net OPEB liability (asset) 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 (asset) 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:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
KTRS	6.10%	7.10%	8.10%
State's proportionate share of net OPEB liability (asset) - Life Insurance	\$ 33,329	\$ 19,000	\$ 8,187

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

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 provided OPEBs through the County Employees Retirement System Non-Hazardous (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 hospital and medical insurance for eligible members receiving benefits from the pension plan. Employees are vested in the plan after five years' service. For plan purposes, employees are grouped into two groups, based on hire date. Members who reach a minimum vesting period of 10 years, and began participating 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. For members participating prior to July 1, 2003, are paid up to a maximum of \$13.18 per month for every year of earned service. The percentage of the maximum monthly benefit paid is based on years of service as follows:

<u>Years of Service</u>	<u>Paid by Insurance Fund (%)</u>
20+ years	100.00%
15-19 years	75.00%
10-14 years	50.00%
4-9 years	25.00%
Less than 4 years	0.00%

7. OTHER POST-EMPLOYMENT BENEFITS PLANS - CONTINUED

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

Tier 1	Participation date	Before September 1, 2008
	Contribution percentage	0.00%
Tier 2	Participation date	September 1, 2008 - December 31, 2013
	Contribution percentage	1.00%
Tier 3	Participation date	After December 31, 2013
	Contribution percentage	1.00%

OPEB Liabilities (Assets), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At June 30, 2025, the District reported a liability (asset) of \$(37,539) for its proportionate share of the collective net pension OPEB (asset) that reflected a reduction for state OPEB support provided to the District. The collective net pension OPEB (asset) was measured as of June 30, 2024, and the total OPEB liability (asset) used to calculate the collective net pension OPEB liability (asset) was based on 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, 2024 the District's proportion was .021702%.

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

District's proportionate share of the CERS net	
OPEB liability (asset)	\$ (37,539)
	<u>\$ (37,539)</u>

For the year ended June 30, 2025, the District recognized OPEB expense (credit) of \$(107,673). At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

See Table on Next Page

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS-CONTINUED
YEAR ENDED JUNE 30, 2025

7. OTHER POST-EMPLOYMENT BENEFITS PLANS - CONTINUED

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 20,827	\$ 295,367
Changes of assumptions	34,016	26,489
Net difference between projected and actual earnings on pension plan investments	32,999	67,256
Changes in proportion and differences between District contributions and proportionate share of contributions	31,051	39,578
District contributions subsequent to the measurement date	-	-
Total	<u>\$ 118,893</u>	<u>\$ 428,690</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$0 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 (asset) 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 (credit) as follows:

Year ended June 30:	
2025	\$ (123,513)
2026	(107,047)
2027	(78,323)
2028	(914)
	<u>\$ (309,797)</u>

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

Investment rate of return	6.50%, net of OPEB plan investment expense, including inflation
Projected salary increases	3.30-10.30%, including inflation
Inflation rate	2.30%
Payroll growth rate	2.00%
Healthcare cost trend rates	
Pre 65	6.20% for FY 2024 decreasing to an ultimate rate of 4.05% by FY 2035
Post 65	9.00% for FY 2024 with an ultimate rate of 4.05% by FYE 2035
Municipal Bond Index Rate	3.97%
Discount Rate	5.99%

7. OTHER POST-EMPLOYMENT BENEFITS PLANS - CONTINUED

The long-term expected rate of return on OPEB plan investments was determined using a log-normal distributions analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB 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.

Discount rate – The Discount rate used to measure the total OPEB liability (asset) was 5.99%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability (asset).

The following table presents the District's proportionate share of the collective net OPEB liability (asset) 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 (asset) 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 (asset)	\$ 50,759	\$ (37,539)	\$ (96,298)

Sensitivity of the District's proportionate share of the collective net OPEB liability (asset) to changes in the healthcare cost trend rates – The following presents the District's proportionate share of the collective net OPEB liability (asset), as well as what the District's proportionate share of the collective net OPEB liability (asset) 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>
CERS			
District's proportionate share of net OPEB liability (asset)	\$ (90,317)	\$ (37,539)	\$ 23,941

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

8. DEFERRED COMPENSATION

The District offers its employees participation in a deferred compensation program administered by the Kentucky Public Employees' Deferred Compensation Authority. This program offers a plan authorized by Section 457(b) of the Internal Revenue Code and a plan authorized by Section 401(k) of the Internal Revenue Code. Both plans are available to all employees and permit them to defer up to 25% of their compensation (subject to limits) until future years. The District makes no contributions to these plans.

9. OPERATING LEASES

The District has no operating leases requiring disclosure as right of use assets as defined by FASB Accounting Standards Codification Topic 842, Leases.

10. CONTINGENCIES

Grants - 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 on the grantor's review the funds are considered not to have been used for the intended purpose, the grantor may request a refund of funds advanced, or refuse to reimburse the District for its disbursements, and the collectability of any related receivables as of June 30, 2025 may be impaired. 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.

11. LITIGATION

The District is subject to legal actions in various states of litigation, the outcome of which is not determinable at this time. Management of the District and its legal counsel do not anticipate that there will be any material effect on the financial statements as a result of the cases presently in progress.

12. RISK MANAGEMENT

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. Settled claims resulting from these risks have created a potential liability as discussed in the *Litigation* disclosure above.

Contributions for Workers' Compensation coverage are based on premium rates established in conjunction with the insurance carrier, subject to claims experience modifications and discounts.

13. DEFICIT FUND BALANCES

The District had a deficit net position of \$162,525 in the Food Service Fund due to the recognition of a net pension and net OPEB liabilities. No other funds had deficit fund balances, but other funds may have deficit operating balances.

14. 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. There were no instances of noncompliance noted.

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS-CONTINUED
YEAR ENDED JUNE 30, 2025

15. TRANSFER OF FUNDS

The following transfers were made during the year:

Type	From Fund	To Fund	Purpose	Amount
Matching	General	Special Revenue	KETS	\$ 12,956
Operating	Special Revenue	General	Indirect Cost	53,732
Operating	Capital Outlay	Debt Service	Debt	64,726
Operating	Building	Construction	Construction	458,900
Operating	Building	Debt Service	Debt	211,729
Operating	Building	General	CFR request	166,467
Operating	Food Service	General	Indirect Cost	21,872

16. INTERFUND RECEIVABLES AND PAYABLES

At June 30, 2025, there were interfund receivables of \$524,012 in the General Fund and interfund payables of the same amount in the Special Revenue Fund in order to zero the cash balance in the Special Revenue Fund.

17. ON-BEHALF PAYMENTS

The Commonwealth of Kentucky pays certain expenses on behalf of the District. These expenses include employee health insurance, the employer match of Kentucky Teachers' Retirement System, certain other employee benefits, specific technology expense and debt service. These amounts are included in the fund financial statements; however.

The following payments for fringe benefits are included as revenues and expenses on the statement of revenues, expenses, and changes in net position:

Retirement contributions to the Teachers'	
Retirement System of Kentucky	\$ 891,034
OPEB contributions to the Teachers'	
Retirement System of Kentucky	81,707
Health and Life insurance	941,579
Other Less Federal	(53,942)
Technology	24,705
Debt Service	123,972
	<u>\$ 2,009,055</u>

18. FUND BALANCE DESIGNATIONS

The following funds had restricted fund balances as follows:

Fund	Amount	Purpose
General	\$ 56,763	Sick Leave
District Activity	\$ 38,749	School-level Activities
Student Activity	\$ 146,673	School-level Activities
Building	\$ 1,219,882	Bond Redemption
Construction	\$ 515,198	Future Construction

19. CHANGE IN ACCOUNTING PRINCIPLE

The District has adopted GASB Statement No. 101, Compensated Absences, effective July 1, 2024. Statement 101 aligns recognition and measurement guidance for all types of compensated absences under a unified model which will result in governments recognizing a liability that more appropriately reflects when they incur an obligation for compensated absences. The model also will lead to greater consistency in application and improved comparability across governments.

20. PRIOR PERIOD ADJUSTMENT

The adoption of GASB statement No. 101 has resulted in a prior period adjustment to the beginning net position for government-wide activities. The beginning net position was decreased by \$619,267.

21. SUBSEQUENT EVENTS

Management of the District has evaluated subsequent events through December 1, 2025, which was the date the report was available for release. No events have occurred subsequent to the date of the financial statements that would require adjustment to the financial statements or disclosure in the notes.

REQUIRED SUPPLEMENTARY INFORMATION

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

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
From local sources				
Taxes:				
Property	\$ 590,505	\$ 590,505	\$ 558,620	\$ (31,885)
Motor vehicle	79,616	79,616	82,044	2,428
Utility	255,000	255,000	253,941	(1,059)
Earnings on investments	115,000	115,000	135,883	20,883
Other local	112,650	112,650	257,267	144,617
Intergovernmental - State	5,111,502	5,111,502	5,441,878	330,376
Intergovernmental - Federal	-	-	-	-
Total revenues	<u>6,264,273</u>	<u>6,264,273</u>	<u>6,729,633</u>	<u>465,360</u>
Expenditures				
Current:				
Instruction	3,908,633	3,908,633	4,085,883	(177,250)
Student	234,066	234,066	222,606	11,460
Instructional support	121,191	121,191	118,571	2,620
District administration	1,534,879	1,534,879	643,834	891,045
School administration	347,542	347,542	304,925	42,617
Business support	429,510	429,510	400,221	29,289
Plant operations and maintenance	963,609	963,609	743,141	220,468
Student transportation	260,735	260,735	198,300	62,435
Food Service Operation	12,976	12,976	-	12,976
Community services	-	-	210,938	(210,938)
Land/site acquisition	10,000	10,000	-	10,000
Architectural/Engineering	50,000	50,000	-	50,000
Debt Service	43,951	43,951	43,950	1
Total expenditures	<u>7,917,092</u>	<u>7,917,092</u>	<u>6,972,369</u>	<u>944,723</u>
Excess (deficit) of revenues over (under) expenditures	(1,652,819)	(1,652,819)	(242,736)	1,410,083
Other financing sources (uses)				
Transfers in	42,942	42,942	242,071	199,129
Transfers out	(14,067)	(14,067)	(12,956)	1,111
Total other financing sources (uses)	<u>28,875</u>	<u>28,875</u>	<u>229,115</u>	<u>200,240</u>
Net change in fund balance	(1,623,944)	(1,623,944)	(13,621)	1,610,323
Fund balance as of June 30, 2024	-	-	1,711,629	1,711,629
Fund balance as of June 30, 2025	\$ (1,623,944)	\$ (1,623,944)	\$ 1,698,008	\$ 3,321,952

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

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
From local sources:				
Other local	\$ -	\$ -	\$ 106,087	\$ 106,087
Intergovernmental - State	540,216	540,216	542,475	2,259
Intergovernmental - Federal	960,854	\$ 960,854	1,619,540	658,686
Total revenues	1,501,070	1,501,070	2,268,102	767,032
Expenditures				
Current:				
Instruction	1,144,594	1,144,594	1,809,957	(665,363)
Student support services	82,090	82,090	94,815	(12,725)
Instructional support	146,511	146,511	179,279	(32,768)
Plant operation and maintenance	20,000	20,000	48,775	(28,775)
Community service	94,500	94,500	94,500	-
Total expenditures	1,487,695	1,487,695	2,227,326	(739,631)
Deficit of revenues under expenditures	13,375	13,375	40,776	27,401
Other financing sources				
Operating transfers in	14,067	14,067	12,956	(1,111)
Operating transfers out	(27,442)	(27,442)	(53,732)	(26,290)
Total other financing sources	(13,375)	(13,375)	(40,776)	(27,401)
Net change in fund balance	-	-	-	-
Fund balance as of June 30, 2024	-	-	-	-
Fund balance as of June 30, 2025	\$ -	\$ -	\$ -	\$ -

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGET AND ACTUAL - GENERAL

FUND AND SPECIAL REVENUE FUND

YEAR ENDED JUNE 30, 2025

The District's budgetary process accounts for transactions on the modified accrual basis of accounting which is consistent with accounting principles generally accepted in the United States of America. In accordance with state law, the District prepares a general school budget based upon the amount of revenue to be raised by local taxation, including the rate of levy, and from estimates of other Local, State, and Federal revenues. The budget contains estimated expenditures for current expenses, debt service, capital outlay, and other necessary expenses. The budget must be approved by the Board. The District must formally and publicly examine estimated revenues and expenses for the subsequent fiscal year by January 31 of each calendar year. Additionally, the District must submit a certified budget to the Kentucky Department of Education by March 15 of each calendar year, which includes the amount for certified and classified staff, based on the District's staffing policy, and the amount for the instructional supplies, materials, travel and equipment. Additionally, the District must adopt a tentative working budget for the subsequent fiscal year by May 30 of each calendar year. The budget must contain a 2% reserve but not greater than 10%. Finally, the District must adopt a final working budget and submit it to the Kentucky Department of Education by September 30 of each calendar year. The Board has the ability to amend the working budget.

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
COUNTY EMPLOYEES RETIREMENT SYSTEM
JUNE 30, 2025

	District's proportion of net pension liability (asset)	District's proportionate share of the net pension liability (asset)	District's covered-employee payroll	District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2025	0.021998%	\$ 1,315,573	\$ 683,216	192.56%	61.61%
2024	0.020479%	\$ 1,314,037	\$ 689,279	190.64%	57.48%
2023	0.020361%	\$ 1,471,899	\$ 588,480	250.12%	52.42%
2022	0.025406%	\$ 1,620,214	\$ 635,910	254.79%	57.33%
2021	0.020801%	\$ 1,595,419	\$ 594,162	268.52%	47.81%
2020	0.021798%	\$ 1,533,063	\$ 598,986	255.94%	50.45%
2019	0.023340%	\$ 1,421,660	\$ 550,664	258.17%	53.54%
2018	0.026169%	\$ 1,531,752	\$ 578,564	264.75%	53.30%
2017	0.024360%	\$ 1,199,273	\$ 637,144	188.23%	55.50%
2016	0.031550%	\$ 1,356,295	\$ 580,990	233.45%	59.97%

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
COUNTY EMPLOYEES RETIREMENT SYSTEM
YEAR ENDED JUNE 30, 2025

	Contractually required contribution	Contributions in relation to contractually required contribution	Contribution deficiency (excess)	District's covered-employee payroll	Contributions as a percentage of covered-employee payroll
2025	\$ 134,662	\$ 134,662	\$ -	\$ 683,216	19.71%
2024	\$ 160,878	\$ 160,878	\$ -	\$ 689,279	23.34%
2023	\$ 137,704	\$ 137,704	\$ -	\$ 588,480	23.40%
2022	\$ 134,622	\$ 134,622	\$ -	\$ 635,910	21.17%
2021	\$ 112,830	\$ 112,830	\$ -	\$ 594,162	19.30%
2020	\$ 115,604	\$ 115,604	\$ -	\$ 598,986	19.30%
2019	\$ 89,318	\$ 89,318	\$ -	\$ 550,664	16.22%
2018	\$ 83,776	\$ 83,776	\$ -	\$ 578,564	14.48%
2017	\$ 119,018	\$ 119,018	\$ -	\$ 637,144	18.68%
2016	\$ 98,761	\$ 98,761	\$ -	\$ 580,990	17.00%

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
COUNTY EMPLOYEES RETIREMENT SYSTEM - PENSION FUND
YEAR ENDED JUNE 30, 2025

Changes of Benefit Terms

None.

Changes of Assumptions

The inflation assumption used to calculate the total pension liability decreased from 2.50% to 2.30%.

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET) - MEDICAL INSURANCE PLAN

COUNTY EMPLOYEES RETIREMENT SYSTEM

JUNE 30, 2025

	<u>District's proportion of net OPEB liability (asset)</u>	<u>District's proportionate share of the net OPEB liability (asset)</u>	<u>District's covered-employee payroll</u>	<u>District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll</u>	<u>Plan fiduciary net position as a percentage of the total OPEB liability (asset)</u>
2025	0.021702%	\$ (37,539)	\$ 683,216	-5.49%	104.89%
2024	0.020357%	\$ (28,250)	\$ 689,279	-4.10%	104.23%
2023	0.020357%	\$ 401,749	\$ 588,480	68.27%	60.95%
2022	0.025406%	\$ 486,385	\$ 635,910	76.49%	62.91%
2021	0.020795%	\$ 502,136	\$ 594,162	84.51%	51.67%
2020	0.021792%	\$ 366,532	\$ 598,986	61.19%	60.44%
2019	0.023340%	\$ 414,450	\$ 550,664	75.26%	57.62%
2018	0.026169%	\$ 526,086	\$ 578,564	90.93%	52.39%

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - MEDICAL INSURANCE PLAN
COUNTY EMPLOYEES RETIREMENT SYSTEM
YEAR ENDED JUNE 30, 2025

	Contractually required contribution	Contributions in relation to contractually required contribution	Contribution deficiency (excess)	District's covered-employee payroll	Contributions as a percentage of covered-employee payroll
2025	\$ -	\$ -	\$ -	\$ 683,216	0.00%
2024	\$ -	\$ -	\$ -	\$ 689,279	0.00%
2023	\$ 19,949	\$ 19,949	\$ -	\$ 588,480	3.39%
2022	\$ 36,756	\$ 36,756	\$ -	\$ 635,910	5.78%
2021	\$ 27,827	\$ 27,827	\$ -	\$ 594,162	4.76%
2020	\$ 28,512	\$ 28,512	\$ -	\$ 598,986	4.76%
2019	\$ 28,965	\$ 28,965	\$ -	\$ 550,664	5.26%
2018	\$ 27,193	\$ 27,193	\$ -	\$ 578,564	4.70%

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
COUNTY EMPLOYEES RETIREMENT SYSTEM - MEDICAL INSURANCE PLAN
YEAR ENDED JUNE 30, 2025

Changes of Benefit Terms

None.

Changes of Assumptions

The Municipal Bond Index Rate increased from 3.66% to 3.94%.

The single discount rate used to measure total pension liability increased from 5.93% to 5.99%.

Healthcare Trend Rates for Pre - 65 decreased from 6.30% to 6.20%.

Healthcare Trend Rates for Post - 65 increased from 6.30% to 9.00%.

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
KENTUCKY TEACHERS RETIREMENT SYSTEM
JUNE 30, 2025

	State's proportion of the net pension liability (asset)	State's proportionate share of the net pension liability (asset)	Plan fiduciary net position as a percentage of the total pension liability
2025	100%	\$13,708,932	60.36%
2024	100%	\$14,247,109	57.68%
2023	100%	\$17,698,336	56.41%
2022	100%	\$11,534,796	65.59%
2021	100%	\$12,866,973	58.27%
2020	100%	\$13,062,367	58.80%
2019	100%	\$11,510,411	59.30%
2018	100%	\$23,101,007	39.83%
2017	100%	\$24,115,453	35.22%
2016	100%	\$20,149,987	42.49%

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF STATE CONTRIBUTIONS
KENTUCKY TEACHERS RETIREMENT SYSTEM
YEAR ENDED JUNE 30, 2025

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)
2025	\$ 891,034	\$ 891,034	\$ -
2024	\$ 856,979	\$ 856,979	\$ -
2023	\$ 1,316,203	\$ 1,316,203	\$ -
2022	\$ 920,747	\$ 920,747	\$ -
2021	\$ 931,339	\$ 931,339	\$ -
2020	\$ 983,011	\$ 983,011	\$ -
2019	\$ 834,019	\$ 834,019	\$ -
2018	\$ 820,762	\$ 820,762	\$ -
2017	\$ 396,797	\$ 396,797	\$ -
2016	\$ 416,730	\$ 416,730	\$ -

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
KENTUCKY TEACHERS RETIREMENT SYSTEM
YEAR ENDED JUNE 30, 2025

Changes of Benefit Terms

None.

Changes of Assumptions

The Municipal Bond Index Rate increased from 3.66% to 3.94%.

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET) - MEDICAL INSURANCE PLAN
KENTUCKY TEACHERS RETIREMENT SYSTEM
JUNE 30, 2025

	District's proportion of net OPEB liability (asset)	District's proportionate share of the net OPEB liability (asset)	State's proportionate share of the net OPEB liability (asset)	District's covered-employee payroll	District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2025	0.042884%	\$ 956,000	\$ 852,000	\$ 3,918,022	24.40%	59.81%
2024	0.044212%	\$ 1,077,000	\$ 908,000	\$ 3,526,479	30.54%	52.97%
2023	0.061717%	\$ 1,532,000	\$ 503,000	\$ 3,193,842	47.97%	47.75%
2022	0.047578%	\$ 1,021,000	\$ 829,000	\$ 3,090,349	33.04%	51.74%
2021	0.048998%	\$ 1,237,000	\$ 991,000	\$ 3,123,496	39.60%	39.05%
2020	0.051439%	\$ 1,506,000	\$ 1,216,000	\$ 3,078,371	48.92%	32.58%
2019	0.045776%	\$ 1,588,000	\$ 1,369,000	\$ 3,139,586	50.58%	25.50%
2018	0.045584%	\$ 1,625,000	\$ 1,328,000	\$ 2,913,540	55.77%	21.18%

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - MEDICAL INSURANCE PLAN
KENTUCKY TEACHERS RETIREMENT SYSTEM
YEAR ENDED JUNE 30, 2025

	Contractually required contribution	Contributions in relation to contractually required contribution	Contribution deficiency (excess)	District's covered-employee payroll	Contributions as a percentage of covered-employee payroll
2025	\$ 117,387	\$ 117,387	\$ -	\$ 3,918,022	3.00%
2024	\$ 105,794	\$ 105,794	\$ -	\$ 3,526,479	3.00%
2023	\$ 95,815	\$ 95,815	\$ -	\$ 3,193,842	3.00%
2022	\$ 92,710	\$ 92,710	\$ -	\$ 3,090,349	3.00%
2021	\$ 93,743	\$ 93,743	\$ -	\$ 3,123,496	3.00%
2020	\$ 92,351	\$ 92,351	\$ -	\$ 3,078,371	3.00%
2019	\$ 94,188	\$ 94,188	\$ -	\$ 3,139,586	3.00%
2018	\$ 87,406	\$ 87,406	\$ -	\$ 2,913,540	3.00%

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
KENTUCKY TEACHERS RETIREMENT SYSTEM - MEDICAL INSURANCE PLAN
YEAR ENDED JUNE 30, 2025

Changes of Benefit Terms

None.

Changes of Assumptions

The Municipal Bond Index Rate increased from 3.66% to 3.94%.

Healthcare Trend Rates decreased from 6.75% to 6.50%.

Healthcare Trend Rates for Medicare Part B premiums increased from 1.55% to 5.92%.

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT**SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET) - LIFE INSURANCE PLAN****KENTUCKY TEACHERS RETIREMENT SYSTEM****JUNE 30, 2025**

	<u>State's proportion of net OPEB liability (asset)</u>	<u>State's proportionate share of the net OPEB liability (asset)</u>	<u>Plan fiduciary net position as a percentage of the total OPEB liability</u>
2025	100%	\$ 19,000	80.56%
2024	100%	\$ 22,000	76.91%
2023	100%	\$ 30,000	73.97%
2022	100%	\$ 11,000	89.15%
2021	100%	\$ 30,000	71.57%
2020	100%	\$ 28,000	73.40%
2019	100%	\$ 23,000	75.00%
2018	100%	\$ 18,000	79.99%

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.
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BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF STATE CONTRIBUTIONS - LIFE INSURANCE PLAN
KENTUCKY TEACHERS RETIREMENT SYSTEM
YEAR ENDED JUNE 30, 2025

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)
2025	\$ 2,375	\$ 2,375	\$ -
2024	\$ 2,234	\$ 2,234	\$ -
2023	\$ 1,911	\$ 1,911	\$ -
2022	\$ 957	\$ 957	\$ -
2021	\$ 1,442	\$ 1,442	\$ -
2020	\$ 1,194	\$ 1,194	\$ -
2019	\$ 815	\$ 815	\$ -
2018	\$ 781	\$ 781	\$ -

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.
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BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
KENTUCKY TEACHERS' RETIREMENT SYSTEM - LIFE INSURANCE PLAN
JUNE 30, 2025

Changes of Benefit Terms

None.

Changes of Assumptions

The Municipal Bond Index Rate increased from 3.66% to 3.94%.

OTHER SUPPLEMENTARY INFORMATION

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

	District Activity Fund	Student Activity Fund	SEEK Capital Outlay Fund	Construction Fund	Debt Service Fund	Total Non-major Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 38,749	\$ 146,673	\$ -	\$ 515,198	\$ -	\$ 700,620
Accounts receivable	-	-	-	-	-	-
Total assets	\$ 38,749	\$ 146,673	-	\$ 515,198	\$ -	\$ 700,620
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	-	-	-	-	-	-
Fund Balances:						
Restricted	38,749	146,673	-	515,198	-	700,620
Total fund balances	38,749	146,673	-	515,198	-	700,620
Total liabilities and fund balances	\$ 38,749	\$ 146,673	-	\$ 515,198	\$ -	\$ 700,620

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

	District Activity Fund	Student Activity Fund	SEEK Capital Outlay Fund	Construction Fund	Debt Service Fund	Total Non-major Governmental Funds
Revenues						
From local sources:						
Student activity revenue	\$ 27,036	\$ 439,667	\$ -	\$ -	\$ -	\$ 466,703
Other	30,950	-	-	-	-	30,950
Intergovernmental - State	-	-	64,726	-	123,971	188,697
Total revenues	<u>57,986</u>	<u>439,667</u>	<u>64,726</u>	<u>-</u>	<u>123,971</u>	<u>686,350</u>
Expenditures						
Student activities	32,390	431,464	-	-	-	463,854
Debt service	-	-	-	-	400,426	400,426
Total expenditures	<u>32,390</u>	<u>431,464</u>	<u>-</u>	<u>-</u>	<u>400,426</u>	<u>864,280</u>
Other financing sources (uses)						
Transfers in	-	-	-	458,900	276,455	735,355
Transfers out	-	-	(64,726)	-	-	(64,726)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(64,726)</u>	<u>458,900</u>	<u>276,455</u>	<u>670,629</u>
Net change in fund balance	25,596	8,203	-	458,900	-	492,699
Fund balance as of June 30, 2024	<u>13,153</u>	<u>138,470</u>	<u>-</u>	<u>56,298</u>	<u>-</u>	<u>207,921</u>
Fund balance as of June 30, 2025	<u>\$ 38,749</u>	<u>\$ 146,673</u>	<u>\$ -</u>	<u>\$ 515,198</u>	<u>\$ -</u>	<u>\$ 700,620</u>

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - ELEMENTARY AND

MIDDLE SCHOOL ACTIVITY FUNDS

YEAR ENDED JUNE 30, 2025

<u>School/ Activity Fund</u>	<u>Cash and Equivalents June 30, 2024</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Cash Equivalents June 30, 2025</u>	<u>Accounts Receivable June 30, 2025</u>	<u>Accounts Payable June 30, 2025</u>	<u>Balances June 30, 2025</u>
Barbourville Elementary School	\$ 44,531	\$ 110,486	\$ 116,207	\$ 38,810	\$ -	\$ -	\$ 38,810
Totals	\$ 44,531	\$ 110,486	\$ 116,207	\$ 38,810	\$ -	\$ -	\$ 38,810

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BARBOURVILLE HIGH SCHOOL ACTIVITY FUND
YEAR ENDED JUNE 30, 2025

	Balances June 30, 2024	Receipts	Disbursements	Transfers in (out)	Cash and Cash Equivalents June 30, 2025	Accounts Receivable June 30, 2025	Accounts Payable June 30, 2025	Balances June 30, 2025
Bookstore	\$ 2,992	\$ 10,426	\$ 10,464	\$ 2,236	\$ 5,190	\$ -	\$ -	\$ 5,190
Dual Credit	103	-	-	-	103	-	-	103
Resource Officer	-	986	1,869	883	-	-	-	-
Start Up	-	300	300	-	-	-	-	-
Concessions	2,613	48,487	28,953	(21,229)	918	-	-	918
Attend Concessions	508	6,848	5,429	(806)	1,121	-	-	1,121
Special In/Out Fundraiser	-	9,539	9,290	(249)	-	-	-	-
FCCLA	65	-	-	-	65	-	-	65
Beta	713	30,963	29,393	90	2,373	-	-	2,373
First Priority	180	350	469	-	61	-	-	61
KYA	224	-	-	-	224	-	-	224
HS KUNA	1	-	-	-	1	-	-	1
Student Council	610	255	245	-	620	-	-	620
Service Club	50	-	-	-	50	-	-	50
FPS	52	-	-	-	52	-	-	52
Academic Team	87	-	154	70	3	-	-	3
STLP	293	-	-	-	293	-	-	293
Olympiad	903	4,360	5,060	-	203	-	-	203
Business Education	-	620	775	500	345	-	-	345
4-H Club	-	1,000	-	-	1,000	-	-	1,000
Spanish	8	-	8	-	-	-	-	-
Music	3,441	3,792	3,845	306	3,694	-	-	3,694
PE	112	-	-	-	112	-	-	112
ART	68	-	-	-	68	-	-	68
JAG	1,002	10,341	11,912	816	247	-	-	247
Spanish Club	150	-	-	8	158	-	-	158
Pep Club	2,402	200	610	(1,570)	422	-	-	422
Class of 2025	17,151	6,185	22,672	(664)	-	-	-	-
Class of 2026	15,791	9,618	3,264	806	22,951	-	-	22,951
Class of 2027	3,023	11,989	4,770	-	10,242	-	-	10,242
Class of 2028	-	3,843	1,500	-	2,343	-	-	2,343
Boys Varsity Basketball	5,530	16,113	14,293	(3,060)	4,290	-	-	4,290
Girls Varsity Basketball	7,014	7,358	9,575	(441)	4,356	-	-	4,356
Dance Team	4,503	33,770	35,830	2,203	4,646	-	-	4,646
Varsity Cheerleaders	596	22,705	13,552	3,174	12,923	-	-	12,923
Varsity Boys Baseball	113	13,937	13,048	444	1,446	-	-	1,446
Varsity Softball	4,396	5,790	8,968	1,027	2,245	-	-	2,245
Boys Golf	1,391	-	784	1,224	1,831	-	-	1,831
Girls Golf	1	-	-	-	1	-	-	1
Swim	28	-	-	-	28	-	-	28
Girls Volleyball	2,720	5,464	3,980	333	4,537	-	-	4,537
Archery	6,582	1,946	2,034	(56)	6,438	-	-	6,438
Cross Country	170	-	1,386	2,216	1,000	-	-	1,000
Soccer	2,473	5	530	(271)	1,677	-	-	1,677

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BARBOURVILLE HIGH SCHOOL ACTIVITY FUND

YEAR ENDED JUNE 30, 2025

	Balances June 30, 2024	Receipts	Disbursements	Transfers in (out)	Cash and Cash Equivalents June 30, 2025	Accounts Receivable June 30, 2025	Accounts Payable June 30, 2025	Balances June 30, 2025
Athletic Trainer	43	650	1,000	350	43	-	-	43
Bass Fishing Team	2,606	1,267	2,715	-	1,158	-	-	1,158
Tennis	509	-	1,018	816	307	-	-	307
Wrestling	1,285	-	-	-	1,285	-	-	1,285
Athletic DAF	-	3,733	4,030	297	-	-	-	-
Arbiter Sports	-	17,912	28,459	10,547	-	-	-	-
General Athletics	9	2,882	2,882	-	9	-	-	9
Library	65	11,542	11,597	-	10	-	-	10
Yearbook	885	906	1,764	-	27	-	-	27
Charitable Gaming	478	23,099	16,830	-	6,747	-	-	6,747
Total accounts	<u>\$ 93,939</u>	<u>\$ 329,181</u>	<u>\$ 315,257</u>	<u>\$ -</u>	<u>\$ 107,863</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 107,863</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025

Federal Grantor Pass-Through Grantor Program Title	Federal ALN	Pass-Through Grantor's Number	Expenditures
US Department of Agriculture			
<i>Child Nutrition Cluster</i>			
Passed Through State Department of Education:			
National School Lunch Program	10.555	51-4500	\$ 443,720
School Breakfast Program	10.553	51-4500	216,493
National School Lunch Program (NSLP) - Commodities	10.555	51-4950	46,936
<i>Total US Department of Agriculture - Child Nutrition Cluster</i>			<u>707,149</u>
Fresh Fruits and Vegetable Program (FFVP)	10.582	51-4500	29,471
State Administrative Expenses for Child Nutrition	10.560	51-4500	2,757
			<u>32,228</u>
<i>Total US Department of Agriculture</i>			<u>\$ 739,377</u>
US Department of Education			
Passed Through State Department of Education			
Title I Grants to Local Educational Agencies	84.010	3100002-23	\$ 49,369
Title I Grants to Local Educational Agencies	84.010	3100002-24	343,159
<i>Total Title I</i>			<u>392,528</u>
<i>Special Education Cluster</i>			
Special Education Grants to States	84.027	3810002-23	156,693
			<u>156,693</u>
Special Education Preschool Grants	84.173	3800002-23	9,092
<i>Special Education Cluster Total</i>			<u>9,092</u>
<i>Total Special Education Cluster</i>			<u>165,785</u>
Career and Technical Education	84.048	3710002-23	11,746
			<u>11,746</u>
Full Service Community Schools	84.215KJ	220-518KJ	213,023
Full Service Community Schools	84.215LJ	220-518LJ	56,369
Full Service Community Schools	84.215LP	220-518LP	236,925
			<u>506,317</u>
Rural Education	84.358	3140002-23	14,204
Rural Education	84.358	3140002-24	945
			<u>15,149</u>
Supporting Effective Instruction State Grants	84.367	3230002-23	9,239
Supporting Effective Instruction State Grants	84.367	3230002-24	25,229
			<u>34,468</u>
Student Support and Academic Enrichment Grant	84.424	3420002-21	1,034
Student Support and Academic Enrichment Grant	84.424	3420002-22	16,790
			<u>17,824</u>
Fund for the Improvement of Education			
Fiscal Year 23	84.215G	220-578X	3,140
			<u>3,140</u>
American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	4300002-23	141,438
			<u>141,438</u>
PRI Attendance Incentive	84.168	528LP	5,000
			<u>5,000</u>

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025

Federal Grantor Pass-Through Grantor Program Title	Federal ALN	Pass-Through Grantor's Number	Expenditures
Passed through Berea College			
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	33-540-379X	326,145
			<u>326,145</u>
Total US Department of Education			<u>\$ 1,619,540</u>
Total Expenditure of Federal Awards			<u>\$ 2,358,917</u>

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the Barbourville Independent School District (District) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Because this schedule presents only a selected portion of the operations of the District, it is not intended to, and it does not, present to financial position, changes in net position, or cash flows of the District.

2. IN-KIND COMMODITIES

Nonmonetary assistance is reported in the schedule at the fair value of the commodities disbursed. The District no longer maintains a separate commodities inventory due to changes in program regulations. Commodities are included under the Child Nutrition Cluster. The valued amount of commodities received for June 30, 2025 was \$46,936.

3. CLUSTER PROGRAMS

The following ALNs are considered cluster programs:

Special Education Cluster	
Special Education Grants to States	84.027
Special Education – Preschool Grants	84.173
Child Nutrition Cluster	
National School Lunch Program	10.555
National School Breakfast Program	10.553
Special Milk Program for Children	10.556
Summer Food Services for Children	10.559

4. INDIRECT COST RATES

The District has elected not to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

5. SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principle in OMB Circular A-87, *Cost Principles for State and local Governments*, or the cost principles contained in Title 2 U.S. *Code of Federal Regulations* part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein, certain types of expenditures are not allowable for reimbursement.



Cloyd & Associates, PSC

*Certified Public Accountants
and
Business Advisors*

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Independent Auditor's Contract*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Barbourville Independent School District (District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Barbourville Independent School District's basic financial statements, and have issued our report thereon dated December 1, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the 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 the 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 test disclosed no instances of material noncompliance with specific state statutes or regulations identified in 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.

Cloyd & Associates, PSC

Cloyd & Associates, PSC
London, Kentucky
December 1, 2025



Cloyd & Associates, PSC

*Certified Public Accountants
and
Business Advisors*

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Independent Auditor's Contract-State Audit Requirements*. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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



Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified. Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Cloyd & Associates, PSC

Cloyd & Associates, PSC
London, Kentucky
December 1, 2025

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – MAJOR PROGRAMS
YEAR ENDED JUNE 30, 2025

Section I – Summary of Auditor's Results

Financial Statements

Type of auditors' report issued		Unmodified	
Internal control over financial reporting:			
Material weakness identified	<u> </u>	Yes	<u> ✓ </u> No
Significant deficiencies identified that are not considered to be material weaknesses	<u> </u>	Yes	<u> ✓ </u> None reported
Noncompliance material to financial statement noted	<u> </u>	Yes	<u> ✓ </u> No

Federal Awards

Internal control over major programs:			
Material weaknesses identified	<u> </u>	Yes	<u> ✓ </u> No
Significant deficiencies identified that are not considered to be material weaknesses	<u> </u>	Yes	<u> ✓ </u> None reported
Type of auditors' report issued on compliance for major programs		Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	<u> </u>	Yes	<u> ✓ </u> No

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>ALN</u>
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Child Nutrition Cluster	
National School Lunch Program	10.555
School Breakfast Program	10.553
Summer Milk Program for Children	10.556
Summer Food Services for Children	10.559

Dollar threshold used to distinguish between Type A and Type B program	\$750,000
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Auditee qualified as low risk	<u> ✓ </u> Yes	<u> </u> No
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(continued)

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – MAJOR PROGRAMS - CONTINUED
YEAR ENDED JUNE 30, 2025

Section II – Financial Statement Findings

None

Section III – Federal Award Findings

None

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2025

Status of Prior Year Findings

There were no prior year audit findings

MANAGEMENT LETTER COMMENTS



Cloyd & Associates, PSC

*Certified Public Accountants
and
Business Advisors*

Members of the Board of Education
Barbourville Independent School District
Barbourville, Kentucky

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

During our audit, if we noted any matters we feel need reporting that are opportunities for strengthening internal controls and operating efficiency, they will be included on the following pages. This letter does not affect our report thereon dated December 1, 2025, on the basic financial statements of Barbourville Independent School District.

Respectfully,

Cloyd & Associates, PSC

Cloyd & Associates, PSC
London, Kentucky
December 1, 2025

BARBOURVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT LETTER COMMENTS
JUNE 30, 2025

Prior Year Comments – School Activity Funds

There were no comments made during the prior year.

Current Year Comments –School Activity Funds

Barbourville Elementary

1. Several instances of invoices not being signed. Invoices must be signed by the individual who received the goods or services.

Management Response: We have notified the school bookkeeper, as well as the school Principal, of this issue. They have been instructed to have all invoices signed by the individual receiving the goods and services before paying the invoice. We have made them aware we will be checking these items going forward to ensure they are meeting the requirements for the payment of invoices.

Barbourville High School

1. Several instances of invoices not being signed or marked as paid. Invoices must be signed by the individual who received the goods or services. Invoices must also be marked as paid, with the check number and date noted on the invoice.

Management Response: We have notified the school bookkeeper, as well as the school Principal, of this issue. They have been instructed to have all invoices signed by the individual receiving the goods and services before paying the invoice. We have made them aware we will be checking these items going forward to ensure they are meeting the requirements for the payment of invoices. In addition, the bookkeeper has been instructed to always mark the invoice as paid, with the check number and date noted on the invoice.

2. In the Charitable Gaming account, there were several instances of the receipt number not being written on the deposit slip. The deposit slip shall note the receipt numbers in the deposit.

Management Response: We have notified the bookkeeper of the Charitable Gaming account to always write the receipt number on the deposit slip, as to ensure the receipt matches up with the deposit. We have made them aware we will be checking these items going forward to ensure they meet the requirements as set forth.