

BURGIN INDEPENDENT SCHOOL DISTRICT

**BASIC FINANCIAL STATEMENTS,
AND SUPPLEMENTAL INFORMATION,
AND INDEPENDENT AUDITOR'S REPORT**

FOR THE YEAR ENDED JUNE 30, 2013

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**W. DUDLEY SHRYOCK, CPA, PSC
CERTIFIED PUBLIC ACCOUNTANT
P.O. BOX 542
145 COLLEGE STREET
LAWRENCEBURG, KY 40342
(502) 839-8112**

MEMBER AICPA

MEMBER KY SOCIETY OF CPA'S

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Burgin Independent School District as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 Appendix I of the Independent Auditor's Contract – General Audit Requirements, Appendix II of the Independent Auditor's Contract – State Audit Requirements, and Appendix III of the Independent Auditor's Contract – Audit Extension Request, and Appendix IV of the Independent Auditor's Contract – Instructions for Submission of the Audit Report. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Burgin Independent School District, as of June 30, 2013, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3–7 and 33–34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Burgin Independent School District's basic financial statements. The introductory section, and combining and individual nonmajor fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2013, on our consideration of the Burgin Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Burgin Independent School District's internal control over financial reporting and compliance.

W. Dudley Shryock, CPA, PSC

Lawrenceburg, Kentucky
October 9, 2012

BURGIN INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013

As management of the Burgin Independent School District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with the additional information found within the body of the audit.

FINANCIAL HIGHLIGHTS

- Cash, money market accounts, and certificates of deposit increased by \$256,163.
- Fund 7000 (a fiduciary fund) investments and cash, primarily stemming from the Ruby Proctor Grant, decreased to \$162,730 from \$209,100. Investments increased in value, while withdrawals for instructional use were \$65,623 during the year.
- Receivables declined by \$2,401 with \$18,888 at the beginning of the year and \$16,487 at the end of the year. Cafeteria inventory went from \$2,286 to \$5,898; a difference of \$3,612.
- Capital assets (net of depreciation) experienced a net decrease from \$4,845,712 to \$4,639,570. Construction projects were in process during the fiscal year and will be added to capital assets upon completion. A detailed schedule of the acquisitions and disposals is included in the notes to the financial statements (page 30).
- Accounts payable and deferred revenue moved from \$40,678 to \$12,944.
- Bonded debt decreased from \$3,992,809 to \$4,788,929, for a difference of \$796,120. A detailed schedule is displayed on page 27.
- Net Position decreased from \$1,368,744 to \$700,433 (\$668,311 net decrease for the year).
- Revenues for FYE 6/30/2013 were \$4,437,199 as compared to \$4,228,936 for the previous year. Expenditures totaled \$5,105,510 and \$4,203,335, respectively. Change in net position went from a positive \$25,601 in fiscal 2012 to a negative \$668,311 for fiscal 2013.

BURGIN INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013

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) governmental-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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 principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, operation and maintenance of plant, student transportation and operations of non-instructional services. Fixed assets and related debt is also supported by taxes and intergovernmental revenues.

The government-wide financial statements can be found on pages 8 and 9 of this report.

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

The basic governmental fund financial statements can be found on pages 10-18 of this report.

BURGIN INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013

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 notes to the financial statements can be found on pages 19-32 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$700,433 as of June 30, 2013.

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 uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

Net Position for the Period Ending June 30, 2013

Comparative data for 2013 and 2012 is presented for evaluation purposes and is intended to be refined each year targeting specific performance goals and actual results.

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Current Assets	\$910,995	\$639,883
Noncurrent Assets	<u>4,639,570</u>	<u>4,845,712</u>
Total Assets	<u>\$5,550,565</u>	<u>\$5,485,595</u>
Current Liabilities	\$ 223,962	\$ 219,558
Noncurrent Liabilities	<u>4,626,170</u>	<u>3,897,293</u>
Total Liabilities	<u>\$4,850,132</u>	<u>\$4,116,851</u>
Net Position		
Assigned - capital assets (net of debt)	\$ (149,359)	\$ 852,903
Assigned - capital projects	147,049	44,117
Assigned - accrued sick leave	48,706	83,364
Assigned - inventory	5,898	2,286
Unassigned	<u>648,139</u>	<u>386,074</u>
Total Net Position	<u>\$700,433</u>	<u>\$1,368,744</u>

BURGIN INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013

The following are significant current year transactions that have had an impact on the Statement of Net Position.

Comments on Budget Comparisons

- General fund budget to actual comparison varied favorably by \$458,649. Actual expenditures were more than budget by \$419,140, while actual revenue exceeded budget by \$841,737. Transfers made up the difference of \$1,547 over budget. Accrual changes amounted to \$34,505.
- Special Revenue budget to actual comparison showed no variance due to deferred revenue assumptions. Actual revenue was more than budget by \$(66,544) and actual expenditures were over budget by \$7,159.

The following table presents a summary of revenue and expense for the fiscal year ended:

Revenues:	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Ad Valorem Taxes	\$ 1,473,936	\$ 1,279,134
Utilities Tax	117,556	113,110
Interest Income	1,625	5,232
Other Revenues from Local Sources	89,329	83,007
Revenue from State Programs	2,326,103	2,249,229
Restricted Federal Revenue through State	188,638	224,026
School Food Service	240,012	233,469
Gain (Loss) on Disposal of Capital Assets	-0-	-0-
Transfer to Fiduciary Fund	-0-	-0-
Other	-0-	<u>41,729</u>
Total Revenues	<u>\$4,437,199</u>	<u>\$4,228,936</u>
Expenses:		
Instruction	\$2,431,308	\$2,484,005
Student Support Services	92,424	91,171
Instructional Staff Support Services	178,221	192,466
District Administration Support Services	207,529	201,089
School Administration Support Services	222,255	213,738
Business Support Services	139,738	124,604
Plant Operations & Maintenance	183,174	296,061
Student Transportation	139,172	202,311
Community Services	17,562	16,359
Facilities Acquisition & Construction	943,397	(243,202) *
Interest	126,722	155,912
Depreciation	228,686	193,048
Sick Leave	13,601	21,737
School Food Service	<u>181,721</u>	<u>254,036</u>
Total Expenses	<u>\$5,105,510</u>	<u>\$4,203,335</u>
Excess Revenues over Expenses	<u>\$(668,311)</u>	<u>\$25,601</u>

BURGIN INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013

BUDGETARY IMPLICATIONS

In Kentucky, the public school fiscal year is July 1-June 30; other programs, i.e. federal budgets, operate on a different fiscal calendar, but are reflected in the district overall budget. By law the budget must have a minimum 2% contingency. The District adopted a general fund budget for FY 2014 with \$338,063 in contingency (11%). The beginning cash balance for the fiscal year beginning July 1, 2013 was \$1,037,602.

The District has worked diligently to get its facilities and transportation equipment into excellent condition. A construction project with three phases, funded by general obligation revenue bonds, should provide facilities into the foreseeable future. Additionally, technology equipment was purchased to keep pace with ever changing advancements in electronics. These expenditures were necessary to place the District in position for the coming years. The District believes it is in outstanding financial condition to meet the educational needs of its students for the next 5 to 10 years.

Questions regarding this report should be directed to the Superintendent, Richard W. Webb, Director of Financial Services (859)748-4000 or by mail at Post Office Box B, Burgin, Kentucky 40310.

**BURGIN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2013**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
<u>Current Assets</u>			
Cash and cash equivalents	\$ 218,201	\$ 39,126	\$ 257,327
Investments	617,546	-	617,546
Receivables (net of allowances for uncollectibles):			
Property taxes	7,225	-	7,225
Utilities taxes	8,893	-	8,893
Other	-	-	-
Intergovernmental - state	-	-	-
Intergovernmental - federal	370	13,736	14,106
Inventories	-	5,898	5,898
Total Current Assets	<u>852,235</u>	<u>58,760</u>	<u>910,995</u>
<u>Non Current Assets</u>			
Land	12,192	-	12,192
Capital assets	7,172,098	75,987	7,248,085
Accumulated depreciation	<u>(2,554,541)</u>	<u>(66,166)</u>	<u>(2,620,707)</u>
Total Non Current Assets	<u>4,629,749</u>	<u>9,821</u>	<u>4,639,570</u>
Total Assets	<u>\$ 5,481,984</u>	<u>\$ 68,581</u>	<u>\$ 5,550,565</u>
Liabilities			
<u>Current Liabilities</u>			
Accounts payable	\$ -	\$ -	\$ -
Deferred revenue	12,944	-	12,944
Portion due or payable within one year:			
Bond obligations	185,000	-	185,000
KISTA bond obligations	<u>26,018</u>	<u>-</u>	<u>26,018</u>
Total Current Liabilities	<u>223,962</u>	<u>-</u>	<u>223,962</u>
<u>Noncurrent Liabilities</u>			
Portion due or payable after one year:			
Bond obligations	4,490,000	-	4,490,000
KISTA bond obligations	87,911	-	87,911
Accrued sick leave	<u>48,259</u>	<u>-</u>	<u>48,259</u>
Total Long Term Liabilities	<u>4,626,170</u>	<u>-</u>	<u>4,626,170</u>
Total Liabilities	<u>\$ 4,850,132</u>	<u>\$ -</u>	<u>\$ 4,850,132</u>
Net Position			
Assigned for capital assets, net of related debt	\$ (159,180)	9,821	(149,359)
Restricted - Future construction	147,049	-	147,049
Assigned for inventories	-	5,898	5,898
Unassigned	643,983	52,862	696,845
Total Net Position	<u>\$ 631,852</u>	<u>\$ 68,581</u>	<u>\$ 700,433</u>

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

**BURGIN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
Instruction	\$ 2,431,308	\$ -	\$ 377,862	\$ -	\$ (2,053,446)	\$ -	\$ (2,053,446)
Support services:							
Students	92,424	-	-	-	(92,424)	-	(92,424)
Instructional staff	178,221	-	983	-	(177,238)	-	(177,238)
District administration	256,388	-	-	-	(256,388)	-	(256,388)
School administration	222,255	-	-	-	(222,255)	-	(222,255)
Business and other support services	139,738	-	-	-	(139,738)	-	(139,738)
Operation and maintenance of plant	183,174	-	-	-	(183,174)	-	(183,174)
Student transportation	139,172	-	-	-	(139,172)	-	(139,172)
Community services	17,562	-	17,562	-	0	-	0
Operation of facilities services	943,397	-	-	-	(943,397)	-	(943,397)
Debt service	126,722	-	-	-	(126,722)	-	(126,722)
Bond fees	0	-	-	-	0	-	0
Depreciation	228,686	-	-	-	(228,686)	-	(228,686)
Accrual for sick leave liability	(35,105)	-	-	-	35,105	-	35,105
Total governmental activities	<u>4,923,942</u>	<u>-</u>	<u>396,407</u>	<u>-</u>	<u>(4,527,535)</u>	<u>-</u>	<u>(4,527,535)</u>
Business-type activities:							
Food service	181,721	88,461	151,551	-	-	58,291	58,291
Total business-type activities	<u>181,721</u>	<u>88,461</u>	<u>151,551</u>	<u>-</u>	<u>-</u>	<u>58,291</u>	<u>58,291</u>
Total primary government	<u>\$ 5,105,663</u>	<u>\$ 88,461</u>	<u>\$ 547,958</u>	<u>\$ 0</u>	<u>\$ (4,527,535)</u>	<u>\$ 58,291</u>	<u>\$ (4,469,244)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes					\$ 1,352,443	\$ -	\$ 1,352,443
Motor vehicle					121,493	-	121,493
Utilities					117,556	-	117,556
Intergovernmental revenues:							
State & Federal					2,118,334	-	2,118,334
Investment earnings					1,625	-	1,625
Gain (Loss) on disposal of capital assets					-	-	-
Other local revenues					89,480	-	89,480
Transfers (Net to Fiduciary Fund)					8,349	(8,347)	2
Total general revenues and transfers					<u>3,809,280</u>	<u>(8,347)</u>	<u>3,800,933</u>
Change in net position					(718,255)	49,944	(668,311)
Net position, June 30, 2012					<u>1,350,107</u>	<u>18,637</u>	<u>1,368,744</u>
Net position, June 30, 2013					<u>\$ 631,852</u>	<u>\$ 68,581</u>	<u>\$ 700,433</u>

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

**BURGIN INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013**

	General Fund	Special Revenue Funds	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 58,578	\$ 12,574	\$ 147,049	\$ 218,201
Investments	617,546	-	-	617,546
Receivables (net of allowances for uncollectibles):				
Property taxes	7,225	-	-	7,225
Utilities tax	8,893	-	-	8,893
Other	-	-	-	-
Intergovernmental - state	-	-	-	-
Intergovernmental - federal	-	370	-	370
Total assets	<u>\$ 692,242</u>	<u>\$ 12,944</u>	<u>\$ 147,049</u>	<u>\$ 852,235</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Deferred revenue	-	12,944	-	12,944
Total liabilities	<u>0</u>	<u>12,944</u>	<u>-</u>	<u>12,944</u>
Fund balances:				
Committed - Accrued sick leave	\$ 48,706	\$ -	\$ -	\$ 48,706
Restricted - Future construction	-	-	147,049	147,049
Unassigned	643,536	-	-	643,536
Total fund balances	<u>692,242</u>	<u>-</u>	<u>147,049</u>	<u>839,291</u>
Total liabilities and fund balances	<u>\$ 692,242</u>	<u>\$ 12,944</u>	<u>\$ 147,049</u>	<u>\$ 852,235</u>

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

**BURGIN INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION**

June 30, 2013

Fund balances—total governmental funds	\$ 839,291
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	4,629,749
Some liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds.	(4,788,929)
Accrued sick leave	<u>(48,259)</u>
Net position of governmental activities	<u>\$ 631,852</u>

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

BURGIN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
From local sources:				
Taxes -				
Property	\$ 1,110,991	\$ -	\$ 241,452	\$ 1,352,443
Motor vehicles	121,493	-	-	121,493
Utilities	117,556	-	-	117,556
Tuition and fees	8,049	-	-	8,049
Interest income	1,452	-	173	1,625
Other local revenues	81,431	-	-	81,431
Intergovernmental - State	1,990,245	207,769	128,089	2,326,103
Intergovernmental - Indirect federal	-	188,638	-	188,638
Total revenues	<u>3,431,217</u>	<u>396,407</u>	<u>369,714</u>	<u>4,197,338</u>
Expenditures:				
Current:				
Instruction	2,047,957	383,351	-	2,431,308
Support services:				
Student	92,424	-	-	92,424
Instructional staff	177,238	983	-	178,221
District administration	256,388	0	-	256,388
School administration	222,255	-	-	222,255
Business	139,738	-	-	139,738
Plant operation and maintenance	183,174	-	-	183,174
Student transportation	139,172	0	-	139,172
Community services	-	17,562	-	17,562
Facilities acquisition and construction	-	-	931,263	931,263
Debt service	-	-	335,602	335,602
Total expenditures	<u>3,258,346</u>	<u>401,896</u>	<u>1,266,865</u>	<u>4,927,107</u>
Excess (deficiency) of revenues over expenditures	<u>172,871</u>	<u>(5,489)</u>	<u>(897,151)</u>	<u>(729,769)</u>
Other financing sources (uses):				
Proceeds from sale of bonds	-	-	966,666	966,666
Transfers in	8,347	5,489	306,810	320,646
Transfers out	(38,905)	-	(273,393)	(312,298)
Total other financing sources and uses	<u>(30,558)</u>	<u>5,489</u>	<u>1,000,083</u>	<u>975,014</u>
Net change in fund balances	142,313	-	102,932	245,245
Fund balances, June 30, 2012	<u>549,929</u>	<u>-</u>	<u>44,117</u>	<u>594,046</u>
Fund balances, June 30, 2013	<u>\$ 692,242</u>	<u>\$ -</u>	<u>\$ 147,049</u>	<u>\$ 839,291</u>

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

**BURGIN INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013**

Net change in fund balances—total governmental funds \$ 245,245

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Fixed asset additions	26,200	
Fixed asset retirements & disposals	0	
Current year depreciation expense	(228,686)	
Accumulated depreciation retired/disposed	0	(202,486)

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

Compensated absences 6/30/2013	(48,259)	
Compensated absences 6/30/2012	83,364	35,105

Rounding 1

Bond and capital lease payments are recognized as expenditures of current financial resources in the fund financial statement but are reductions of liabilities in the statement of net assets.

KISTA Bond Principal Payments	28,880	
Bond Principal Payments	180,000	
Bond Proceeds	(1,005,000)	
KISTA Bond Proceeds	0	

Change in net position of governmental activities \$ (718,255)

**BURGIN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013**

	<u>Food Service Fund</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 39,126
Receivables (net of allowances for uncollectibles)	
Accounts	13,736
Inventories	<u>5,898</u>
Total current assets	<u>58,760</u>
Noncurrent assets:	
Capital assets	75,987
Accumulated depreciation	<u>(66,166)</u>
Total noncurrent assets	<u>9,821</u>
Total assets	<u><u>\$ 68,581</u></u>
Liabilities	
Current liabilities:	
Accounts payable	<u>\$ -</u>
Total current liabilities	<u>-</u>
Total liabilities	<u>-</u>
Net Position	
Assigned for inventories	5,898
Assigned for capital assets, net of related debt	9,821
Unassigned	<u>52,862</u>
Total net position	<u><u>\$ 68,581</u></u>

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

**BURGIN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Food Service Fund</u>
Operating revenues:	
Lunchroom sales	\$88,028
Miscellaneous Revenue	433
Total operating revenues	<u>\$88,461</u>
Operating expenses:	
Salaries and wages	\$58,455
Employee benefits	25,392
Purchased prof and tech services	20
Purchased property services	359
Other purchased services	71
Materials and supplies	94,994
Inventory adjustment	(3,612)
Depreciation	3,657
Other operating expenses	2,385
Total operating expenses	<u>\$181,721</u>
Operating loss	<u>(\$93,260)</u>
Nonoperating revenues :	
Federal grants	\$137,222
Investment income	0
State grants	14,329
Total nonoperating revenue	<u>\$ 151,551</u>
Net profit before operating transfers	\$58,291
Operating transfers	<u>(8,347)</u>
Net Income (Loss)	<u>\$ 49,944</u>
Net position, June 30, 2012	18,637
Net position, June 30, 2013	<u>\$ 68,581</u>

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

**BURGIN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Food Service Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
<u>Cash received from:</u>	
Lunchroom sales	\$ 88,028
Misc revenue	433
<u>Cash paid to/for:</u>	
Payments to suppliers and providers of goods and services	(95,444)
Payments to employees & benefits	(83,847)
Other payments	(2,385)
Net cash provided by (used for) operating activities	<u><u>\$ (93,215)</u></u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Government grants	\$ 137,815
Operating transfers	(8,347)
Net cash provided (used) by Noncapital Activities	<u><u>\$ 129,468</u></u>
 CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES:	
Purchases of capital assets	\$ 0
Net cash provided by (used for) capital and related financing activities	<u><u>\$ 0</u></u>
 CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest received on investments	\$ 0
Net cash provided by investing activities	<u><u>\$ 0</u></u>
Net increase (decrease) in cash and cash equivalents	\$ 36,253
Cash and cash equivalents, June 30, 2012	<u>2,873</u>
Cash and cash equivalents, June 30, 2013	<u><u>\$ 39,126</u></u>
 Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income	\$ (93,260)
Adjustments to reconcile operating income (loss) to net cash from operating activities:	
Depreciaton	3,657
Changes in Assets & Liabilities:	
Accounts receivable	-
Inventory	(3,612)
Accounts payable	-
Net cash provided (used) by Operating Activities	<u><u>\$ (93,215)</u></u>
 Schedule of non-cash transactions:	
On-behalf payments	\$ 11,900

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

**BURGIN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2013**

	<u>Proctor Grant Agency Funds</u>	<u>School Activity Funds Agency Funds</u>	<u>Total Agency Funds</u>
Assets			
Cash and cash equivalents	\$ 888	\$ 55,253	\$ 56,141
Investments	161,842	-	161,842
Accounts receivable	-	-	-
Total assets	<u>\$ 162,730</u>	<u>\$ 55,253</u>	<u>\$ 217,983</u>
Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Due to agency	<u>162,730</u>	<u>55,253</u>	<u>217,983</u>
Total liabilities	<u>162,730</u>	<u>55,253</u>	<u>217,983</u>
Net position held in trust	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

BURGIN INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

(1) REPORTING ENTITY

The Burgin Independent Board of Education (the "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 the Burgin Independent School District (the "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 Board is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards as 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 Board, for financial reporting purposes, includes all of the funds and account groups relevant to the operation of the Burgin Independent School District. The financial statements presented herein do not include funds of groups and organizations, which although associated with the school system, have not originated within the Board itself such as Band Boosters, Parent-Teacher Associations, etc.

The financial statements of the Board 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.

Burgin Independent School District Finance Corporation

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

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Burgin Independent School District substantially comply with the rules prescribed by the Kentucky Department of Education for local school districts.

Basis of Presentation

The basic financial statements include both government-wide statements and fund financial statements. The government-wide statements focus on the District as a whole, while the fund financial statements focus on major funds. Each presentation provides valuable information that can be analyzed and compared between years and between governments to enhance the usefulness of the information.

BURGIN INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Government-wide statements provide information about the primary government (the "District"). The statements include a statement of net position and a statement of activities. These statements report the financial activities of the overall government, except for fiduciary activities. They also distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties.

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

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities and segment of its business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does allocate some indirect expenses to programs or functions. 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, including internally dedicated resources and all taxes, are reported as general revenues, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

Fund financial statements—provide information about the District's funds, including fiduciary funds. Separate statements are presented for the governmental, proprietary, and fiduciary fund categories. The emphasis of fund financial statements is on major funds, each displayed in a separate column. All remaining funds are aggregated and reported as nonmajor funds. Fiduciary funds are aggregated and reported by fund type.

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

The District has the following funds:

I. **Governmental Fund Types**

- (A) The General Fund is the primary operating fund of the District. It accounts for financial resources used for general types of operations. This is a

BURGIN INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

budgeted fund and any unrestricted fund balances are considered as resources available for use. This is a major fund of the District.

- (B) The Special Revenue 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 specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. This is a major fund of the District.
- (C) Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment (other than those financed by Proprietary Funds).
 - 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) Fund 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.
 - 3. The Technology Fund accounts for the Kentucky Education Technology System (KETS) allocation and local district matching funds restricted for the purchase of technology consistent with the District's approved technology plan.
 - 4. The School Construction Fund and Education Building Funds account for proceeds from sales of bonds and other revenues to be used for authorized construction expenditures.

II. Proprietary Funds (Enterprise Fund)

The School Food Service Fund is used to account for school food service activities, including the National School Lunch Program, which is conducted in cooperation with the U.S. Department of Agriculture (USDA). The District applies all GASB pronouncements 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 (includes agency and trust funds)

The Activity Funds account for activities of student groups and other types of activities requiring clearing accounts. These funds are accounted for in accordance with *Uniform Program of Accounting for School Activity Funds*.

BURGIN INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Basis of Accounting

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

Revenues – Exchange and Non-exchange Transactions – Revenues resulting from exchange transactions, in which each party receives essentially equal value, are 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.

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

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

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

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditure) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable.

Property Taxes

Property taxes collected are recorded as revenues in the fund for which they were levied. The District's ad valorem property tax is levied each October on the assessed value listed as

BURGIN INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

of the prior January 1 for all real and business personal property located in the District. The assessed value of property upon which the levy for the 2012 fiscal year was based is as follows: real estate \$199,036,527, tangible personal property \$3,585,253, PSC real estate \$4,163,758 and PSC \$12,699,573.

The tax rates assessed for the year ended June 30, 2013 to finance general fund operations were \$.588 per \$100 of valuation for real, tangible, PSC real, and PSC tangible property.

Taxes are due on October 31 and become delinquent by February 1 following the October 1 levy date. Current tax collections for the year ended June 30, 2013 were 99.4% of the tax levy. The PSC property tax collection rate was skewed by collections from prior periods.

In-Kind

Local contributions, which include contributed services provided by individuals, private organizations and local governments, are used to match federal and state administered funding on various grants. The District also receives commodities from U.S.D.A. The amounts of such services and commodities are recorded in the accompanying financial statements at their estimated fair market values.

Cash and Cash Equivalents

The Board considers demand deposits, money market funds, and other investments with an original maturity of 6 months or less, to be cash equivalents.

Inventories

Supplies and materials are charged to expenditures when purchased with the exception of the Proprietary Funds, which records inventory using the accrual basis of accounting. Inventories are stated at the lower of cost or market, on the first-in, first-out basis.

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 one thousand dollars with the exception of computers, digital cameras and real property for which there is no threshold. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life are not.

All reported capital assets, other than land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using

BURGIN INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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
Infrastructure	20 years
Technology equipment	5 years
Vehicles	5-10 years
Food service equipment	5-12 years
Other general	7-10 years

Interfund Balances

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

Budgetary Process

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

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

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

Once the budget is approved, it can be amended. Amendments are presented to the Board at their regular meetings.

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

Accrued Liabilities and Long-Term Obligations

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

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, the noncurrent portion of capital leases, accumulated sick leave, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, all payments made within sixty days

BURGIN INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

after year-end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

Fund Balance Reserves

The District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for inventories and fixed assets.

Net Position

Net position represent 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 are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Operating Revenues and Expenses

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

Contributions of Capital

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

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 management to make estimates and assumptions that affect reported amounts of assets, liabilities, designated fund balances, and

BURGIN INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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

(3) DEBT OBLIGATIONS

The amount shown in the accompanying financial statements as bond obligations represents the Board's future obligations to make lease payments relating to the bonds issued by the Burgin Independent School District Finance Corporation ("BISDFC"), aggregating \$5,570,000.

Bonds

The General Fund, Facilities Support Program (FSPK) Fund and the SEEK Capital Outlay Fund are obligated to make lease payments. The lease agreements provide among other things, (1) for rentals sufficient to satisfy debt service requirements on bonds issued by the Fiscal Court and the BISDFC to construct school facilities and (2) the Board with the option to purchase the properties under leases at any time by retiring the bonds then outstanding. The proceeds from certain refunding issues have been placed in escrow accounts to be used to service the related debt.

The original amount of present outstanding issues, the issue dates, and interest rates are summarized below:

<u>Issue</u>	<u>Original Amount</u>	<u>Interest Rates</u>
Issue of 2001	640,000	Avg 4.48%
Issue of 2004	1,580,000	1.15-4.50 %
Issue of 2011	2,345,000	1.00-4.30 %
Issue of 2012	<u>1,005,000</u>	1.00-2.75%
	<u>\$ 5,570,000</u>	
KISTA Bonds 2005	\$ 120,315	3.0% - 3.625%
KISTA Bonds 2006B	67,732	3.5% - 3.875%
KISTA Bonds 2011	<u>80,716</u>	1.0% - 4.000%
	<u>\$ 324,462</u>	

The bonds may be called prior to maturity at dates and redemption premiums specified in each issue.

A summary of activity in bond obligations is as follows:

<u>Description</u>	<u>Balance at June 30, 2012</u>	<u>Issued</u>	<u>Payments</u>	<u>Balance at June 30, 2013</u>
General obligation bonds	\$ 3,850,000	\$ 1,005,000	\$ 180,000	\$ 4,675,000
KISTA Bonds	<u>142,809</u>	<u>-0-</u>	<u>28,880</u>	<u>113,929</u>
	<u>\$ 3,992,809</u>	<u>\$ 1,005,000</u>	<u>\$ 208,880</u>	<u>\$ 4,788,929</u>

BURGIN INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

In connection with the bond issue of 2004, the Board entered into a participation agreement with the Kentucky School Facilities Construction Commission, whereby the Commission has agreed to provide amounts on an annual basis (reflected in the following table) toward the payment of principal and interest requirements on the bonds. The agreement is in effect for a period of two years. The obligation of the Commission to make said payments shall automatically renew every two years, unless the Commission provides the Board notice of its intention not to participate within sixty days prior to the expiration of the two year period.

Assuming no issues are called prior to scheduled maturity and that the Kentucky School Facilities Construction Commission continues to renew its agreement, the minimum obligations at June 30, 2013 for debt service (principal and interest) are as follows:

Fiscal Year	Kentucky School Facilities Construction Commission		Burgin School District		Total
	Principal	Interest	Principal	Interest	
2014	18,546	10,244	166,454	158,534	353,779
2015	19,232	9,561	165,768	153,988	348,549
2016	19,940	8,851	180,060	149,058	357,909
2017	20,677	8,115	184,323	143,819	356,934
2018	21,460	7,331	193,540	138,372	360,704
2019	22,317	6,474	192,683	132,057	353,531
2020	23,209	5,583	211,791	125,668	366,251
2021	24,164	4,627	210,836	118,653	358,280
2022	25,190	3,601	224,810	111,019	364,620
2023	26,324	2,469	223,676	102,521	354,990
2024	27,506	1,285	232,494	93,610	354,895
2025	146	48	244,854	84,302	329,350
2026	152	42	249,848	74,688	324,730
2027	159	36	264,841	65,132	330,168
2028	164	30	269,836	55,038	325,068
2029	172	23	279,828	44,457	324,480
2030	178	16	289,822	33,464	323,480
2031	186	8	444,814	21,622	466,630
2031	-	-	195,000	-	195,000
	<u>\$ 249,722</u>	<u>\$ 68,343</u>	<u>\$ 4,425,278</u>	<u>\$ 1,806,004</u>	<u>\$ 6,549,347</u>

KISTA Bonds		
Year	Principal	Interest
2014	26,018	3,712
2015	26,851	2,926
2016	14,458	2,062
2017	14,911	1,618
2018	8,316	1,132
Thereafter	23,375	1,749
	<u>113,929</u>	<u>13,200</u>

BURGIN INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

(4) ACCUMULATED UNPAID SICK LEAVE BENEFITS

Board policy provides for payment of unused sick leave upon retirement: "The Board shall compensate certified employees at the time of retirement at the rate of 30% of the daily salary for each unused sick day, provided they supply the required proof of retirement from the Kentucky Teachers' Retirement System. Calculations are based on the employee's last annual salary." (KRS 161.155(8), OA 83-191). At June 30, 2013, this amount totaled \$48,259 for those certified employees with 27 or more years of experience. Normal sick pay benefits generally are not accrued until employees are absent. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the School District's past experience of making termination payments. The District follows a policy of funding the estimated portion payable in one year based upon a historical average as a reservation of the General Fund balance.

(5) RETIREMENT PLANS

A. Kentucky Teachers Retirement System:

The Burgin Independent School District contributes to the Teachers' Retirement System of Kentucky (KTRS), a cost-sharing, multiple employer defined benefit pension plan. KTRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems and other public educational agencies in Kentucky. KTRS requires that members of KTRS occupy a position requiring either a four (4) year college degree or certification by KY Department of Education (KDE). Job classifications that permit experience to substitute for either of these requirements do not participate in KTRS.

KTRS 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). KTRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. That report can be obtained by writing to Kentucky Teachers' Retirement System, 479 Versailles Road, Frankfort, KY 40601 or from the KTRS web site at <http://www.ktrs.ky.gov/>.

Funding policy - Contribution rates are established by KRS. Members who established an account in a state retirement system before July 2008 are required to contribute 10.355% of their salaries to KTRS. Members after July 2008 contribute an additional 0.5%. The Commonwealth of Kentucky is required to contribute 13.105% of salaries for members in a state retirement system before July 1, 2008 and 14.105% of salaries for members who started their account after July 1, 2008. The federal program for any salaries paid by that program pays the matching contributions.

Medical Insurance Plan

Plan description - In addition to the pension benefits described above, Kentucky Revised Statute 161.675 requires KTRS to provide access to post-employment healthcare benefits to eligible members and dependents. The KTRS Medical Insurance benefit 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 members under the age of 65 through the Kentucky Employees Health Plan administered by the Kentucky Department of Employee Insurance. Once retired members and eligible spouses attain age 65 and are Medicare eligible, coverage is obtained through the KTRS Medicare Eligible Health Plan.

BURGIN INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Funding policy – In order to fund the post-employment healthcare benefit, active member contributions are matched by the state at .75% of members' gross salaries. Those who became members before July 1, 2008 contribute 1.25% of salary to the plan. Member contributions are 1.75% of salary for those who became members after July 1, 2008. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan. Additionally, under the Shared Responsibility Plan, the local school district employers pay 0.5% of members' salary for the 2012-2013 fiscal year.

The Burgin Independent School District total payroll for the year was \$2,448,806. The payroll for employees covered under KTRS was \$1,884,060. For the year ended June 30, 2013, the Commonwealth contributed \$282,946 to KTRS for the benefit of participating employees. The School District's contributions to KTRS for the year ending June 30, 2013 were \$34,333, which represents those employees covered by federal programs.

B. County Employee's Retirement System:

For employees that do not qualify for KTRS, the District contributes to the Kentucky Employee's Retirement System ("KERS"), a cost-sharing, multiple-employer defined benefit pension plan administered by the Kentucky General Assembly. KERS covers substantially all regular full-time members employed in non-hazardous duty positions of each county and school board, and any additional eligible local agencies electing to participate in the KERS. KERS provides for retirement, disability, and death benefits to plan members. Cost of living adjustments are provided at the discretion of the State legislature.

The KERS issues a publicly available financial report included in the Kentucky Retirement Systems Annual Report that includes financial statements and the required supplementary information for KERS. That report may be obtained by writing to Kentucky Retirement Systems, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky, 40601, or by calling (502) 564-4646.

Medical Insurance Plan

Plan description - In addition to the pension benefits described above, Kentucky Revised Statutes require KERS to provide access to post-employment healthcare benefits to eligible members and dependents. The KERS Medical Insurance benefit is a cost-sharing multiple employer defined benefit plan. Changes made to the medical plan may be made by the KERS 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 KERS Medical Insurance Fund offers coverage to members under the age of 65 through the Kentucky Employees Health Plan administered by the Kentucky Department of Employee Insurance. Once retired members and eligible spouses attain age 65 and are Medicare eligible, coverage is obtained through the KERS Medicare Eligible Health Plan.

Funding policy – Plan members are required to contribute 5% of their annual creditable compensation, (employees who begin participation on or after September 1, 2008 are required to contribute 6% of annual creditable compensation) and the District is required to contribute 18.95% of the employee's total compensation. The contribution requirements of KERS members and the District are established and may be amended by the CERS Board of Trustees.

The Burgin Independent School District's total payroll for the year was \$2,448,806. The payroll for employees covered by KERS was \$538,963. The School District's matching contributions to KERS for the year ending June 30, 2013 were \$105,368.

BURGIN INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

(6) CASH AND CASH EQUIVALENTS - INVESTMENTS

At June 30, 2013, the general ledger reconciled carrying amount of the Board's cash and cash equivalents was \$931,013. Bank statement balances totaled \$1,011,912 including school activity funds. Of the total bank balances at June 30, 2013, \$250,000 was insured by the FDIC and \$761,912 (including school activity fund) was secured by collateral held by the pledging bank in the District's name. The bank pledged securities with a book value of \$3,007,835 and a fair market value of \$3,199,166.

General Fund cash and cash equivalents at June 30, 2013 consisted of an interest bearing checking account and a money market account. Investments stem from the estate of Ms. Ruby Proctor left to Burgin Independent School District to be administered by the Superintendent; the principal shall be invested in trust-grade instruments and the annual earnings/interest distributed to classroom teachers. To be eligible for a "Proctor Grant" the teachers must submit an entry application for a creative, innovative, effective proposal and plan for a special classroom project that goes beyond the standard curriculum. Ms. Proctor urged that those involved in this program be liberal in creativity, to stir the imagination of the students and to build character and a love of learning.

Due to the nature of the accounts and certain limitations imposed on the use of funds, each bank account within the following funds is considered to be restricted: SEEK Capital Outlay Fund, Facility Support Program (FSPK) Fund, Technology Fund, Education Building Fund, Special Revenue (Grant) Funds, School Construction Fund, School Food Service Funds, and School Activity Funds.

(7) CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

<u>Governmental Activities</u>	<u>June 30, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2013</u>
Land & Improvements	\$ 203,022	\$ -	\$ -	\$ 203,022
Buildings and improvements	6,111,911	-	-	6,111,911
Technology equipment	268,894	26,200	-	295,094
Vehicles	544,003	-	-	544,003
General	<u>30,260</u>	<u>-</u>	<u>-</u>	<u>30,260</u>
Totals at historical cost	<u>7,158,090</u>	<u>26,200</u>	<u>-</u>	<u>7,184,290</u>
Less: accumulated depreciation -				
Land Improvements	(160,562)	(3,084)	-	(163,646)
Buildings and improvements	(1,576,216)	(158,769)	-	(1,734,985)
Technology equipment	(207,560)	(32,007)	-	(239,566)
Vehicles	(358,730)	(32,687)	-	(391,417)
General	<u>(22,788)</u>	<u>(2,139)</u>	<u>-</u>	<u>(24,927)</u>
Total accumulated depreciation	<u>(2,325,856)</u>	<u>(228,686)</u>	<u>-</u>	<u>(2,554,541)</u>
Governmental Activities				
Capital Assets – Net	<u>\$ 4,832,234</u>	<u>\$ (202,486)</u>	<u>\$ -</u>	<u>\$ 4,629,748</u>

BURGIN INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Business—Type Activities

Food service equipment	\$ 75,987	\$ -	\$ -	\$ 75,987
Totals at historical cost	<u>75,987</u>	<u>-</u>	<u>-</u>	<u>75,987</u>
Less: accumulated depreciation				
Food service and equipment	<u>(62,509)</u>	<u>(3,657)</u>	<u>-</u>	<u>(66,166)</u>
Total accumulated depreciation	<u>(62,509)</u>	<u>(3,657)</u>	<u>-</u>	<u>(66,166)</u>
Business-Type Activities				
Capital Assets – Net	<u>\$ 13,478</u>	<u>\$ (3,657)</u>	<u>\$ -</u>	<u>\$ 9,821</u>

(8) CONTINGENCIES

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

(9) INSURANCE AND RELATED ACTIVITIES

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

(10) RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To obtain insurance for workers' compensation, errors and omissions, and general liability coverage, the District participates in the Kentucky School Boards Insurance Trust Liability Insurance Fund. These public entity risk pools operate as common risk management and insurance programs for all school districts and other tax supported educational agencies of Kentucky who are members of the Kentucky School Boards Association. The District pays an annual premium to each fund for coverage. Contributions to the Workers' Compensation Fund are based on premium rates established by such fund in conjunction with the excess insurance carrier, subject to claims experience modifications and a group discount amount. Dividends may be declared, but are not payable until twenty-four (24) months after the expiration of the self-insurance term. The Liability Insurance Fund pays insurance premiums of the participating members established by the insurance carrier. The Trust can terminate coverage if it is unable to obtain acceptable excess general liability coverage and for any reason by giving ninety (90) days notice. In the event the Trust terminated coverage, any amount remaining in the Fund (after payment of operational and administrative costs and claims for which coverage was provided) would be returned to the member on a pro rata basis.

BURGIN INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

The District purchases unemployment insurance through the Kentucky School Boards Insurance Trust Unemployment Compensation Fund; however, risk has not been transferred to such fund. In addition, the District continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(11) COBRA

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

(12) ON-BEHALF PAYMENTS

For fiscal year 2013, the Commonwealth of Kentucky contributed payments on behalf of the Burgin Independent School District in the amount of \$695,596 as follows:

<u>Plan/Description</u>	<u>Amount</u>
Kentucky Teachers Retirement System	\$ 234,089
Health/Life/Flex Insurance Plan	445,266
Federal Reimbursement	(12,551)
SFCC	28,792
Technology	48,858

These amounts are included the District-Wide Statement of Activities as State Revenue and an expense allocated to the different functions in the same proportion as full-time employees.

(13) TRANSFER OF FUNDS

The following transfers were made during the year:

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
Food Service	General Fund	Indirect Cost	\$ 8,347
General Fund	Special Revenue	Program Match	\$ 5,489
General Fund	Debt Service Fund	Debt Service	\$ 33,416
Capital Outlay Fd	Debt Service Fund	Debt Service	\$ 62,709
Bldg Fund	Debt Service Fund	Debt Service	\$ 210,685

BURGIN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Tentative Budget Original</u>	<u>Working Budget Final</u>		
Revenues:				
Taxes -				
Property	\$ 993,155	\$ 1,094,964	\$ 1,110,991	\$ 16,027
Motor vehicles	95,000	95,000	121,493	26,493
Utilities	85,000	85,000	117,556	32,556
Tuition and fees	-	-	8,049	8,049
Interest income	5,000	5,000	1,452	(3,548)
Other local revenues	4,200	56,035	81,431	25,396
Intergovernmental - State	1,183,990	1,253,481	1,990,245	736,764
Intergovernmental - Indirect federal	-	-	-	-
Total revenues	<u>\$ 2,366,345</u>	<u>\$ 2,589,480</u>	<u>\$ 3,431,217</u>	<u>\$ 841,737</u>
Expenditures:				
Current:				
Instruction	\$ 1,588,221	\$ 1,625,615	\$ 2,047,957	\$ (422,342)
Support services:				
Student	77,363	78,048	92,424	(14,376)
Instructional staff	165,214	164,408	177,238	(12,830)
District administration	205,659	206,976	256,388	(49,412)
School administration	171,200	173,000	222,255	(49,255)
Business	115,710	116,498	139,738	(23,240)
Plant operation and maintenance	279,146	284,052	183,174	100,878
Student transportation	141,187	141,750	139,172	2,578
Community services	-	-	-	-
Debt service	-	-	-	-
Contingency	250,540	232,993	-	232,993
Total expenditures	<u>\$ 2,994,240</u>	<u>\$ 3,023,340</u>	<u>\$ 3,258,346</u>	<u>\$ (467,999)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (627,895)</u>	<u>\$ (433,860)</u>	<u>\$ 172,871</u>	<u>\$ 373,738</u>
Other financing sources (uses):				
Proceeds from sale of bonds	\$ -	\$ -	\$ -	\$ -
Transfers in	8,000	8,000	8,347	347
Transfers out	(40,105)	(40,105)	(38,905)	1,200
Total other financing sources and uses	<u>\$ (32,105)</u>	<u>\$ (32,105)</u>	<u>\$ (30,558)</u>	<u>\$ 1,547</u>
Net change in fund balances	\$ (660,000)	\$ (465,965)	\$ 142,313	\$ 375,285
Committed accrued sick leave, June 30, 2012	-	-	83,364	83,364
Fund balances, June 30, 2012	<u>660,000</u>	<u>466,565</u>	<u>466,565</u>	<u>-</u>
Fund balances, June 30, 2013	<u>\$ -</u>	<u>\$ 600</u>	<u>\$ 692,242</u>	<u>\$ 458,649</u>

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

BURGIN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Tentative Budget	Working Budget		
	Original	Final		
Revenues:				
Intergovernmental - State	\$ 197,700	\$ 197,700	\$ 207,769	\$ 10,069
Intergovernmental - Indirect federal	265,251	265,251	188,638	(76,613)
Total revenues	\$ 462,951	\$ 462,951	\$ 396,407	\$ (66,544)
Expenditures:				
Current:				
Instruction	\$ 375,370	\$ 375,370	\$ 383,351	\$ (7,981)
Support services:				
Instructional Staff	1,305	1,305	983	322
District administration	500	500	0	500
Student transportation	0	0	0	0
Community services	17,562	17,562	17,562	0
Total expenditures	\$ 394,737	\$ 394,737	\$ 401,896	\$ (7,159)
Excess (deficiency) of revenues over expenditures	\$ 68,214	\$ 68,214	\$ (5,489)	\$ (73,703)
Other financing sources (uses):				
Transfers in	\$ 6,689	\$ 6,689	\$ 5,489	\$ (1,200)
Transfers out	-	-	-	-
Total other financing sources and use	\$ 6,689	\$ 6,689	\$ 5,489	\$ (1,200)
Net change in fund balances	\$ 74,903	\$ 74,903	\$ -	\$ (74,903)
Fund balances, June 30, 2012	\$ -	\$ -	\$ -	\$ -
Fund balances, June 30, 2013	\$ 74,903	\$ 74,903	\$ -	\$ (74,903)

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

**BURGIN INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NON-MAJOR CAPITAL PROJECT FUNDS
 JUNE 30, 2013**

	FSPK Building Fund	SEEK Capital Outlay Fund	Construction Fund	Debt Service Fund	Total Capital Project Funds
ASSETS:					
Cash and cash equivalents	\$ -	\$ -	\$ 147,049	\$ -	\$ 147,049
Accounts receivable	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 147,049</u>	<u>\$ -</u>	<u>\$ 147,049</u>
LIABILITIES AND FUND BALANCE:					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balances:					
Restricted - Future Construction	\$ -	\$ -	\$ 147,049	\$ -	\$ 147,049
Total fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 147,049</u>	<u>\$ -</u>	<u>\$ 147,049</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 147,049</u>	<u>\$ -</u>	<u>\$ 147,049</u>

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

**BURGIN INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NON-MAJOR CAPITAL PROJECT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013**

	FSPK Building Fund	SEEK Capital Outlay Fund	Construction Fund	Debt Service Fund	Total Capital Project Funds
REVENUES:					
From local sources -					
Property taxes	\$ 241,452	\$ -	\$ -	\$ -	\$ 241,452
Earnings on investments	-	-	173	-	173
Intergovernmental - State	57,994	41,303	-	28,792	128,089
Total revenues	<u>\$ 299,446</u>	<u>\$ 41,303</u>	<u>\$ 173</u>	<u>\$ 28,792</u>	<u>\$ 369,714</u>
EXPENDITURES:					
Building Renovations	\$ 111,473	\$ -	\$ 819,790	\$ -	\$ 931,263
Debt service	-	-	-	335,602	335,602
Total expenditures	<u>\$ 111,473</u>	<u>\$ -</u>	<u>\$ 819,790</u>	<u>\$ 335,602</u>	<u>\$ 1,266,865</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 187,973</u>	<u>\$ 41,303</u>	<u>\$ (819,617)</u>	<u>\$ (306,810)</u>	<u>\$ (897,151)</u>
OTHER FINANCING SOURCES (USES):					
Proceeds from sale of bonds	\$ -	\$ -	\$ 966,666	\$ -	\$ 966,666
Operating transfers in	-	-	-	306,810	306,810
Operating transfers out	(210,684)	(62,709)	-	-	(273,393)
Total other financing sources (uses)	<u>\$ (210,684)</u>	<u>\$ (62,709)</u>	<u>\$ 966,666</u>	<u>\$ 306,810</u>	<u>\$ 1,000,083</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>\$ (22,711)</u>	<u>\$ (21,406)</u>	<u>\$ 147,049</u>	<u>\$ -</u>	<u>\$ 102,932</u>
FUND BALANCE JUNE 30, 2012	<u>\$ 22,711</u>	<u>\$ 21,406</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,117</u>
FUND BALANCE JUNE 30, 2013	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 147,049</u>	<u>\$ -</u>	<u>\$ 147,049</u>

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

**BURGIN INDEPENDENT BOARD OF EDUCATION
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
SCHOOL ACTIVITY FUND
FOR THE YEAR ENDED JUNE 30, 2013**

	Cash Balance July 1, 2012	Transfers & Receipts	Transfers & Disburse- ments	Cash Balance June 30, 2013	Accts. Receiv. 6/30/13	Accts. Payable 6/30/13	Deposits Held In Custody for Students 6/30/13
Principals Fund	766.00	1,221.96	1,478.16	509.80	0.00	0.00	509.80
Kayre Grant	0.00	0.00	0.00	0.00	0.00	0.00	0.00
AP Fees/Testing	259.00	665.00	98.00	826.00	0.00	0.00	826.00
Outside Chargeable	200.00	0.00	0.00	200.00	0.00	0.00	200.00
A, R, T, S Program	0.00	300.00	0.00	300.00	0.00	0.00	300.00
Public Relations	0.00	0.00	0.00	0.00	0.00	0.00	0.00
PTO Donations	45.02	200.00	0.00	245.02	0.00	0.00	245.02
Cont Recovery	5,947.85	440.00	3,954.18	2,433.67	0.00	0.00	2,433.67
Grant-N.-Irvine	0.00	0.00	0.00	0.00	0.00	0.00	0.00
PTO Donations	150.00	500.00	610.07	39.93	0.00	0.00	39.93
Student Coke	46.84	35.25	0.00	82.09	0.00	0.00	82.09
Faculty Coke	58.52	147.05	164.45	41.12	0.00	0.00	41.12
Student Snacks	12.77	358.00	0.00	370.77	0.00	0.00	370.77
Student Pencil/Pen	41.25	0.00	0.00	41.25	0.00	0.00	41.25
Master Lock Fund	0.76	72.00	0.00	72.76	0.00	0.00	72.76
Parking Tags	171.41	250.00	0.00	421.41	0.00	0.00	421.41
School Pictures	1,936.45	2,292.82	2,219.68	2,009.59	0.00	0.00	2,009.59
Flower Fund	134.59	410.00	276.00	268.59	0.00	0.00	268.59
Enrichment Fund	283.14	0.00	0.00	283.14	0.00	0.00	283.14
Guided Reading	174.28	890.40	161.40	903.28	0.00	0.00	903.28
PA System Donation	0.00	0.00	0.00	0.00	0.00	0.00	0.00
AG Grant/Fuel	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Donations	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BFC Grants	0.00	2,015.85	1,053.12	962.73	0.00	0.00	962.73
Burgin Family	853.23	1,706.63	2,472.88	86.98	0.00	0.00	86.98
Frysc Backpack Snacks	514.93	5,904.25	5,524.55	894.63	0.00	0.00	894.63
General Athletic	1,892.75	32,063.15	32,667.82	1,288.08	0.00	0.00	1,288.08
BG Conference	1,680.34	1,500.00	1,115.00	2,065.34	0.00	0.00	2,065.34
Concessions	0.00	14,229.41	8,940.71	5,288.70	0.00	0.00	5,288.70
HS Boys Basketball	0.00	7,813.76	7,291.71	522.05	0.00	0.00	522.05
HS Girls Basketball	510.29	10,785.00	8,967.59	2,307.70	0.00	0.00	2,307.70
MS Boys Basketball	11.53	1,175.00	928.90	257.63	0.00	0.00	257.63
MS Girls Basketball	476.53	774.00	1,196.19	54.34	0.00	0.00	54.34
HS Baseball	278.65	2,621.00	2,198.00	701.65	0.00	0.00	701.65
Track Team	101.81	2,536.00	1,772.46	865.35	0.00	0.00	865.35
Cross Country	0.15	2,866.00	2,124.47	741.68	0.00	0.00	741.68
Diamond Athletic	0.00	2,675.00	2,675.00	0.00	0.00	0.00	0.00
Softball	487.98	5,145.29	5,633.27	0.00	0.00	0.00	0.00
Fee Accounts (Sum)	4,864.57	29,062.53	24,034.67	9,892.43	0.00	0.00	9,892.43
Golf	0.00	719.50	719.50	0.00	0.00	0.00	0.00
MS Cheerleading	1,521.86	3,048.72	2,425.15	2,145.43	0.00	0.00	2,145.43
HS Cheerleading	1,037.78	3,995.62	4,737.29	296.11	0.00	0.00	296.11
MS Baseball	806.95	247.00	771.98	281.97	0.00	0.00	281.97
Volleyball	1,731.38	1,407.76	3,139.14	0.00	0.00	0.00	0.00
Soccer Team	708.70	3,210.00	3,585.04	333.66	0.00	0.00	333.66
Band	277.92	552.89	784.72	46.09	0.00	0.00	46.09
Fellowship Christian	0.78	0.00	0.78	0.00	0.00	0.00	0.00
FCCLA/FHA Club	98.65	2,317.44	2,122.68	293.41	0.00	0.00	293.41
Greenhouse	1,601.11	3,323.95	3,179.68	1,745.38	0.00	0.00	1,745.38
FCCLA/REG 15	4,364.01	4,089.94	8,453.95	0.00	0.00	0.00	0.00
Science Club	9.00	0.00	0.00	9.00	0.00	0.00	9.00
Spanish Club	0.00	945.71	929.51	16.20	0.00	0.00	16.20
Speech & Drama	353.91	1,000.00	627.84	726.07	0.00	0.00	726.07
Student Council	18.21	0.00	0.00	18.21	0.00	0.00	18.21
Y Club - MS	65.26	0.00	65.26	0.00	0.00	0.00	0.00
MS Comm Changers Club	0.00	185.07	116.34	69.23	0.00	0.00	69.23
Pap Club	274.00	0.00	0.00	274.00	0.00	0.00	274.00
Art Club	643.20	0.00	0.00	643.20	0.00	0.00	643.20
T.A.T.U Club	0.00	47.04	0.00	47.04	0.00	0.00	47.04
Car Club	84.79	0.00	84.79	0.00	0.00	0.00	0.00
Martial Arts Club	79.00	0.00	79.00	0.00	0.00	0.00	0.00
FFA	1,932.61	6,010.79	7,825.93	117.47	0.00	0.00	117.47
MS First Priority Club	0.00	0.00	0.00	0.00	0.00	0.00	0.00
HS First Priority Club	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Good News Club	623.08	1,093.00	648.83	1,067.25	0.00	0.00	1,067.25
Archery Club	55.74	0.00	55.70	0.04	0.00	0.00	0.04
Natl Honor Society	877.04	220.00	405.20	691.84	0.00	0.00	691.84
MS Academic Team	86.80	0.00	0.00	86.80	0.00	0.00	86.80
Elementary Academic	474.38	0.00	0.00	474.38	0.00	0.00	474.38
Gifted/Talented	445.00	374.56	95.20	724.36	0.00	0.00	724.36
Book Drive	38.25	0.00	0.00	38.25	0.00	0.00	38.25
Liberty Coffee Shop	0.00	34.00	14.81	19.19	0.00	0.00	19.19
Book Fair	275.17	4,997.42	4,577.71	694.88	0.00	0.00	694.88
Technology Fund	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Yearbook	1,895.49	4,496.67	4,677.53	1,714.63	0.00	0.00	1,714.63
Music Fundraising	740.41	2,327.86	3,068.27	0.00	0.00	0.00	0.00
Multimedia Fundraising	60.06	7.75	0.00	67.81	0.00	0.00	67.81
Art Fundraising	1,185.60	634.00	1,271.62	547.98	0.00	0.00	547.98
Family Consumer	0.00	500.00	243.72	256.28	0.00	0.00	256.28
PE Fundraising	0.00	779.91	0.00	779.91	0.00	0.00	779.91
Project Graduation	998.44	5,135.59	5,263.76	870.27	0.00	0.00	870.27
Seniors 2008	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Seniors 2009	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Seniors 2010	0.00	35.00	35.00	0.00	0.00	0.00	0.00
Seniors 2011	0.00	56.00	56.00	0.00	0.00	0.00	0.00
Seniors 2012	0.00	203.00	203.00	0.00	0.00	0.00	0.00
Seniors 2013	1,357.56	4,647.14	6,004.70	0.00	0.00	0.00	0.00
Seniors 2014	490.48	4,693.64	3,262.90	1,921.22	0.00	0.00	1,921.22
Seniors 2015	181.43	191.80	0.00	373.23	0.00	0.00	373.23
Seniors 2016	463.60	209.55	0.00	673.15	0.00	0.00	673.15
Seniors 2017	270.00	0.00	21.65	248.35	0.00	0.00	248.35
Seniors 2018	0.00	456.85	0.00	456.85	0.00	0.00	456.85
Seniors 1019	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Fieldtrip Bus/General	0.00	5,027.95	5,027.95	0.00	0.00	0.00	0.00
Enrichment Fieldtrip	920.58	0.00	0.00	920.58	0.00	0.00	920.58
Fieldtrip Florida	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7th Grade Cinci Zoo	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Renaissance FTP	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8th Grade Fieldtrip	499.27	3,724.00	3,741.96	481.31	0.00	0.00	481.31
MS Misc Fieldtrips	0.00	951.00	846.81	104.19	0.00	0.00	104.19
Puerto Rico Fieldtrip	628.55	0.00	628.55	0.00	0.00	0.00	0.00
Totals	50,076.69	202,533.97	197,357.73	55,252.93	0.00	0.00	55,252.93

SUPPLEMENTAL INFORMATION

**W. DUDLEY SHRYOCK, CPA, PSC
CERTIFIED PUBLIC ACCOUNTANT
P.O. BOX 542
145 COLLEGE STREET
LAWRENCEBURG, KY 40342
(502) 839-8112**

MEMBER AICPA

MEMBER KY SOCIETY OF CPA's

**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
Burgin Independent School District
Burgin, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Kentucky State Committee for School District Audits in Appendix I of the Independent Auditor's Contract – General Audit Requirements, Appendix II of the Independent Auditor's Contract – State Audit Requirements, and Appendix III of the Independent Auditor's Contract – Audit Extension Request, and Appendix IV of the Independent Auditor's Contract – Instructions for Submission of the Audit Report, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Burgin Independent School District, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Burgin Independent School District's basic financial statements, and have issued our report thereon dated October 9, 2013.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Burgin Independent School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain opportunities for improvement in the management letter included as pages 40-41.

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.

W. Dudley Shryock, CPA, PSC

Lawrenceburg, Kentucky
October 9, 2013

**W. DUDLEY SHRYOCK, CPA, PSC
CERTIFIED PUBLIC ACCOUNTANT
P.O. BOX 542
145 COLLEGE STREET
LAWRENCEBURG, KY 40342
(502) 839-8112**

MEMBER AICPA

MEMBER KY SOCIETY OF CPA's

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

In planning and performing our audit of the general purpose financial statements of Burgin Independent School District (the "District") for the year ended June 30, 2013, we considered the District's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the general purpose financial statements and not to provide assurance on the internal control structure.

During our audit, we did not become aware of any matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters, if any. A separate report dated October 9, 2013, contains our report on internal control over financial reporting which disclosed no internal control related matters which were considered to be material weaknesses. This letter does not affect our report dated October 9, 2013, on the financial statements of the District.

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

W. Dudley Shryock, CPA, PSC

Lawrenceburg, Kentucky
October 9, 2013

**BURGIN INDEPENDENT SCHOOL DISTRICT
MANAGEMENT LETTER POINTS
FOR THE YEAR ENDED JUNE 30, 2013**

Auditor's Comments

The School Food Service balance sheet should include the inventory on hand at June 30 (the end of the fiscal year). This allows the true cost of material and supplies to be allocated to the period in which it is consumed.

Management Response

Inventory adjustments were made as the auditor suggested. Future periods will include the inventory adjustment at year end.

**BURGIN INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013**

Status of previous management letter comments:

None