

BURGIN INDEPENDENT SCHOOL DISTRICT

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

FOR THE YEAR ENDED JUNE 30, 2012

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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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Burgin Independent School District as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Burgin Independent School District's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Burgin Independent School District, as of June 30, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2012, 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 7 through 33 and 33 through 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Burgin Independent School District's financial statements as a whole. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



W. Dudley Shryock, CPA, PSC
Lawrenceburg, Kentucky
October 8, 2012

**BURGIN INDEPENDENT PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2012**

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, 2012. 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 and certificates of deposit decreased by \$2,721,881, primarily due to funds held for construction projects being spent during the fiscal year.
- Fund 7000 (a fiduciary fund) investments and cash, primarily stemming from the Ruby Proctor Grant, increased to \$209,100 from \$190,608. \$20,000 came from a separate grant during the current fiscal year. There were no withdrawals during the year.
- Receivables declined by \$31,004 with \$49,892 at the beginning of the year and \$18,888 at the end of the year. Cafeteria inventory went from \$6,032 to \$2,286; a difference of \$3746.
- Capital assets (net of depreciation) experienced a net increase from \$2,141,391 to \$4,845,712. Construction projects were completed during the fiscal year and added to capital assets schedule. 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 \$37,436 to \$40,678.
- Bonded debt decreased from \$4,095,699 to \$3,992,809, for a difference of \$102,890. A detailed schedule is displayed on page 27.
- Net assets increased from \$1,343,143 to \$1,368,744 (\$25,601 net increase for the year).
- Revenues and transfers for FYE 6/30/2012 were \$4,228,936 as compared to \$4,174,912 for the previous year. Expenditures totaled \$4,203,335 and \$4,415,641, respectively. Change in net assets went from a negative \$240,729 in fiscal 2011 to a positive \$25,601 for fiscal 2012.
- The District applied for and received a grant in the amount of \$60,894 to be used toward purchasing a hybrid bus. The balance of \$80,716 was paid by the District.

BURGIN INDEPENDENT PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2012

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 assets presents information on all of the district's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2012

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 assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$1.369 million as of June 30, 2012.

The largest portion of the District's net assets 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 Assets for the Period Ending June 30, 2012

Comparative data for 2012 and 2011 is presented for evaluation purposes and is intended to be refined each year targeting specific performance goals and actual results.

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Current Assets	\$639,883	\$3,396,514
Noncurrent Assets	<u>4,845,712</u>	<u>2,141,391</u>
Total Assets	<u>\$5,485,595</u>	<u>\$5,537,905</u>
Current Liabilities	\$ 219,558	\$ 212,313
Noncurrent Liabilities	<u>3,897,293</u>	<u>3,982,449</u>
Total Liabilities	<u>\$4,116,851</u>	<u>\$4,194,762</u>
Net Assets		
Assigned - capital assets (net of debt)	\$ 852,903	\$ (1,954,308)
Assigned - capital projects	44,117	2,576,348
Assigned - accrued sick leave	83,364	67,384
Assigned - inventory	2,286	6,032
Unassigned	<u>386,074</u>	<u>647,687</u>
Total Net Assets	<u>\$1,368,744</u>	<u>\$1,343,143</u>

BURGIN INDEPENDENT PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2012

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

Comments on Budget Comparisons

- General fund budget to actual comparison varied favorably by \$157,884. Actual expenditures were more than budget by \$643,384, while actual revenue exceeded budget by \$786,288. Transfers made up the difference of \$14,980 over budget.
- Special Revenue budget to actual comparison showed no variance due to deferred revenue assumptions. Actual revenue was more than budget by \$25,155 and actual expenditures were over budget by \$25,155.

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

Revenues:	<u>June 30, 2011</u>	<u>June 30, 2012</u>
Ad Valorem Taxes	\$ 1,313,581	\$ 1,279,134
Utilities Tax	117,137	113,110
Interest Income	11,326	5,232
Other Revenues from Local Sources	74,326	83,007
Revenue from State Programs	2,313,156	2,249,229
Restricted Federal Revenue through State	250,645	224,026
School Food Service	227,655	233,469
Gain (Loss) on Disposal of Capital Assets	(712)	-0-
Transfer to Fiduciary Fund	(160,800)	-0-
Other	<u>28,598</u>	<u>41,729</u>
Total Revenues	\$4,174,912	\$4,228,936
Expenses:		
Instruction	\$2,452,141	\$2,484,005
Student Support Services	98,907	91,171
Instructional Staff Support Services	204,773	192,466
District Administration Support Services	200,908	201,089
School Administration Support Services	204,790	213,738
Business Support Services	117,717	124,604
Plant Operations & Maintenance	279,773	296,061
Student Transportation	129,337	202,311
Community Services	18,158	16,359
Facilities Acquisition & Construction	236,315	(243,202) *
Interest	77,520	155,912
Depreciation	176,464	193,048
Sick Leave	12,697	21,737
School Food Service	<u>206,141</u>	<u>254,036</u>
Total Expenses	\$4,415,641	\$4,203,335
Excess Revenues over Expenses	<u>\$(240,729)</u>	<u>\$25,601</u>

*Some of FY2011 expenditures capitalized in FY2012.

BURGIN INDEPENDENT PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2012

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 2013 with \$232,993 in contingency (8%). The beginning cash balance for the fiscal year beginning July 1, 2012 was \$827,810.

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 ASSETS
JUNE 30, 2012

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
<u>Current Assets</u>			
Cash and cash equivalents	\$ 49,528	\$ 2,873	\$ 52,401
Investments	566,308	-	566,308
Receivables (net of allowances for uncollectibles):			
Property taxes	8,053	-	8,053
Utilities taxes	8,264	-	8,264
Other	-	-	-
Intergovernmental - state	-	-	-
Intergovernmental - federal	2,571	-	2,571
Inventories	-	2,286	2,286
Total Current Assets	<u>634,724</u>	<u>5,159</u>	<u>639,883</u>
<u>Non Current Assets</u>			
Land	12,192	-	12,192
Capital assets	7,145,898	75,987	7,221,885
Accumulated depreciation	<u>(2,325,856)</u>	<u>(62,509)</u>	<u>(2,388,365)</u>
Total Non Current Assets	<u>4,832,234</u>	<u>13,478</u>	<u>4,845,712</u>
Total Assets	<u>\$ 5,466,958</u>	<u>\$ 18,637</u>	<u>\$ 5,485,595</u>
Liabilities			
<u>Current Liabilities</u>			
Accounts payable	\$ 20,060	\$ -	\$ 20,060
Deferred revenue	20,618	-	20,618
Portion due or payable within one year:			
Bond obligations	150,000	-	150,000
KISTA bond obligations	<u>28,880</u>	<u>-</u>	<u>28,880</u>
Total Current Liabilities	<u>219,558</u>	<u>-</u>	<u>219,558</u>
<u>Noncurrent Liabilities</u>			
Portion due or payable after one year:			
Bond obligations	3,700,000	-	3,700,000
KISTA bond obligations	113,929	-	113,929
Accrued sick leave	<u>83,364</u>	<u>-</u>	<u>83,364</u>
Total Long Term Liabilities	<u>3,897,293</u>	<u>-</u>	<u>3,897,293</u>
Total Liabilities	<u>\$ 4,116,851</u>	<u>\$ -</u>	<u>\$ 4,116,851</u>
Net Assets			
Assigned for capital assets, net of related debt	\$ 839,425	13,478	852,903
Assigned - Future construction	44,117	-	44,117
Committed - Accrued sick leave	83,364	-	83,364
Assigned for inventories	-	2,286	2,286
Unassigned	<u>383,201</u>	<u>2,873</u>	<u>386,074</u>
Total Net Assets	<u>\$ 1,350,107</u>	<u>\$ 18,637</u>	<u>\$ 1,368,744</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, 2012**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
Instruction	\$ 2,484,005	\$ 0	\$ 406,166	\$ -	\$ (2,077,839)	\$ -	\$ (2,077,839)
Support services:							
Students	91,171	-	-	-	(91,171)	-	(91,171)
Instructional staff	192,466	-	1,540	-	(190,926)	-	(190,926)
District administration	201,089	-	274	-	(200,815)	-	(200,815)
School administration	213,738	-	-	-	(213,738)	-	(213,738)
Business and other support services	124,604	-	-	-	(124,604)	-	(124,604)
Operation and maintenance of plant	296,061	-	-	-	(296,061)	-	(296,061)
Student transportation	202,311	-	-	-	(202,311)	-	(202,311)
Community services	16,359	-	16,359	-	0	-	0
Operation of facilities services	(243,202)	-	-	-	243,202	-	243,202
Debt service	155,912	-	-	-	(155,912)	-	(155,912)
Bond fees	0	-	-	-	0	-	0
Depreciation	193,048	-	-	-	(193,048)	-	(193,048)
Accrual for sick leave	21,737	-	-	-	(21,737)	-	(21,737)
Total governmental activities	<u>3,949,299</u>	<u>-</u>	<u>424,339</u>	<u>-</u>	<u>(3,524,960)</u>	<u>-</u>	<u>(3,524,960)</u>
Business-type activities:							
Food service	254,036	94,456	139,013	-	-	(20,567)	(20,567)
Total business-type activities	<u>254,036</u>	<u>94,456</u>	<u>139,013</u>	<u>-</u>	<u>-</u>	<u>(20,567)</u>	<u>(20,567)</u>
Total primary government	<u>\$ 4,203,335</u>	<u>\$ 94,456</u>	<u>\$ 563,352</u>	<u>\$ 0</u>	<u>\$ (3,524,960)</u>	<u>\$ (20,567)</u>	<u>\$ (3,545,527)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes					\$ 1,159,196	\$ -	\$ 1,159,196
Motor vehicle					119,938	-	119,938
Utilities					113,110	-	113,110
Intergovernmental revenues:							
State & Federal					2,048,916	-	2,048,916
Investment earnings					5,220	12	5,232
Gain (Loss) on disposal of capital assets					-	-	0
Other local revenues					83,007	-	83,007
SFCC contributions toward bond principal & interest					28,797	-	28,797
Transfers (Net to Fiduciary Fund)					23,980	(11,048)	12,932
Total general revenues and transfers					<u>3,582,164</u>	<u>(11,036)</u>	<u>3,571,128</u>
Change in net assets					57,204	(31,603)	25,601
Net assets, June 30, 2011					<u>1,292,903</u>	<u>50,240</u>	<u>1,343,143</u>
Net assets, June 30, 2012					<u>\$ 1,350,107</u>	<u>\$ 18,637</u>	<u>\$ 1,368,744</u>

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

**BURGIN INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012**

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Cash and cash equivalents	\$ (12,636)	\$ 18,047	\$ 44,117	\$ 49,528
Investments	566,308	-	-	566,308
Receivables (net of allowances for uncollectibles):				
Property taxes	8,053	-	-	8,053
Utilities tax	8,264	-	-	8,264
Other	-	-	-	-
Intergovernmental - state	-	-	-	-
Intergovernmental - federal	-	2,571	-	2,571
Total assets	<u>\$ 569,989</u>	<u>\$ 20,618</u>	<u>\$ 44,117</u>	<u>\$ 634,724</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 20,060	\$ -	\$ -	\$ 20,060
Deferred revenue	-	20,618	-	20,618
Total liabilities	<u>20,060</u>	<u>20,618</u>	<u>-</u>	<u>40,678</u>
Fund balances:				
Committed - Accrued sick leave	\$ 83,364	\$ -	\$ -	\$ 83,364
Assigned - Future construction	-	-	44,117	44,117
Unassigned	466,565	-	-	466,565
Total fund balances	<u>549,929</u>	<u>-</u>	<u>44,117</u>	<u>594,046</u>
Total liabilities and fund balances	<u>\$ 569,989</u>	<u>\$ 20,618</u>	<u>\$ 44,117</u>	<u>\$ 634,724</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 ASSETS
JUNE 30, 2012**

Fund balances—total governmental funds	\$ 594,046
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	4,832,234
Some liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds.	(3,992,809)
Accrued sick leave	<u>(83,364)</u>
Net assets of governmental activities	<u>\$ 1,350,107</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, 2012**

	<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	\$ 912,188	\$ -	\$ 247,008	\$ 1,159,196
Motor vehicles	119,938	-	-	119,938
Utilities	113,110	-	-	113,110
Tuition and fees	5,700	-	-	5,700
Interest income	4,287	-	933	5,220
Other local revenues	77,307	-	-	77,307
Intergovernmental - State	1,980,343	200,313	68,573	2,249,229
Intergovernmental - Indirect federal	-	224,026	-	224,026
Total revenues	<u>3,212,873</u>	<u>424,339</u>	<u>316,514</u>	<u>3,953,726</u>
Expenditures:				
Current:				
Instruction	2,070,835	413,170	-	2,484,005
Support services:				
Student	91,171	-	-	91,171
Instructional staff	190,926	1,540	-	192,466
District administration	200,815	274	-	201,089
School administration	213,738	-	-	213,738
Business	124,604	-	-	124,604
Plant operation and maintenance	296,061	-	-	296,061
Student transportation	202,311	0	-	202,311
Community services	-	16,359	-	16,359
Facilities acquisition and construction	-	-	2,577,281	2,577,281
Debt service	39,257	-	271,464	310,721
Total expenditures	<u>3,429,718</u>	<u>431,343</u>	<u>2,848,745</u>	<u>6,709,806</u>
Excess (deficiency) of revenues over expenditures	<u>(216,845)</u>	<u>(7,004)</u>	<u>(2,532,231)</u>	<u>(2,756,080)</u>
Other financing sources (uses):				
Proceeds from sale of bonds	-	-	-	-
Transfers in	23,980	7,004	-	30,984
Transfers out	(7,004)	-	-	(7,004)
Establish reservation for accrued sick leave	-	-	-	-
Total other financing sources and uses	<u>16,976</u>	<u>7,004</u>	<u>-</u>	<u>23,980</u>
Net change in fund balances	(199,869)	-	(2,532,231)	(2,732,100)
Fund balances, June 30, 2011	<u>749,798</u>	<u>-</u>	<u>2,576,348</u>	<u>3,326,146</u>
Fund balances, June 30, 2012	<u>\$ 549,929</u>	<u>\$ -</u>	<u>\$ 44,117</u>	<u>\$ 594,046</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, 2012**

Net change in fund balances—total governmental funds \$ (2,732,100)

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	2,901,199	
Fixed asset retirements & disposals	(126,208)	
Current year depreciation expense	(193,048)	
Accumulated depreciation retired/disposed	<u>126,208</u>	
		2,708,151

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 6/30/2012	(83,364)	
Compensated absences 6/30/2011	<u>61,627</u>	
		(21,737)

Rounding 0

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		33,606
Bond Principal Payments		150,000
Bond Proceeds		0
KISTA Bond Proceeds		(80,716)
SFCC contribution toward principal & interest	28,797	
SFCC principal & interest paid	<u>(28,797)</u>	
		<u>0</u>

Change in net assets of governmental activities \$ 57,204

**BURGIN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012**

	<u>Food Service Fund</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 2,873
Receivables (net of allowances for uncollectibles)	-
Accounts	-
Inventories	<u>2,286</u>
Total current assets	<u>5,159</u>
Noncurrent assets:	
Capital assets	75,987
Accumulated depreciation	<u>(62,509)</u>
Total noncurrent assets	<u>13,478</u>
Total assets	<u><u>\$ 18,637</u></u>
Liabilities	
Current liabilities:	
Accounts payable	<u>\$ -</u>
Total current liabilities	<u>-</u>
Total liabilities	<u>-</u>
Net Assets	
Assigned for inventories	2,286
Assigned for capital assets, net of related debt	13,478
Unassigned	<u>2,873</u>
Total net assets	<u><u>\$ 18,637</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 ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

	Food Service Fund
Operating revenues:	
Lunchroom sales	\$93,198
Miscellaneous Revenue	1,258
Total operating revenues	\$94,456
Operating expenses:	
Salaries and wages	\$73,938
Employee benefits	29,496
Purchased prof and tech services	279
Purchased property services	3,431
Other purchased services	1,568
Materials and supplies	137,512
Inventory adjustment	3,746
Depreciation	3,830
Other operating expenses	236
Total operating expenses	\$254,036
Operating loss	(\$159,580)
Nonoperating revenues :	
Federal grants	\$123,708
Investment income	12
State grants	15,305
Total nonoperating revenue	\$ 139,025
Net profit before operating transfers	(\$20,555)
Operating transfers	(11,048)
Net Income (Loss)	\$ (31,603)
Net assets, June 30, 2011	50,240
Net assets, June 30, 2012	\$ 18,637

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, 2012**

	<u>Food Service Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
<u>Cash received from:</u>	
Lunchroom sales	\$ 93,198
Misc revenue	1,258
Government grants	139,013
<u>Cash paid to/for:</u>	
Payments to suppliers and providers of goods and services	(142,790)
Payments to employees & benefits	(103,434)
Operating transfers	(11,048)
Other payments	(236)
Net cash provided by (used for) operating activities	<u>\$ (24,039)</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>\$ 0</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest received on investments	\$ 12
Net cash provided by investing activities	<u>\$ 12</u>
Net increase (decrease) in cash and cash equivalents	\$ (24,027)
Cash and cash equivalents, June 30, 2011	<u>26,900</u>
Cash and cash equivalents, June 30, 2012	<u>\$ 2,873</u>

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

**BURGIN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2012**

	Proctor Grant Agency Funds	School Activity Funds Agency Funds	Total Agency Funds
	<u> </u>	<u> </u>	<u> </u>
Assets			
Cash and cash equivalents	\$ 7,068	\$ 50,077	\$ 57,145
Investments	202,032	-	202,032
Accounts receivable	-	-	-
Total assets	<u>\$ 209,100</u>	<u>\$ 50,077</u>	<u>\$ 259,177</u>
 Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Due to agency	<u>209,100</u>	<u>50,077</u>	<u>259,177</u>
Total liabilities	<u>209,100</u>	<u>50,077</u>	<u>259,177</u>
 Net assets 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
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

	Proctor Grant Agency Funds	School Activity Funds Agency Funds	Total Fiduciary Funds
	<u> </u>	<u> </u>	<u> </u>
REVENUES:			
From local sources -			
Student activities	\$ -	\$ 198,738	\$ 198,738
Interest & Change in Mkt Value	11,424	-	11,424
Contributions	20,000	-	20,000
From federal sources	-	-	-
Total revenues	<u>\$ 31,424</u>	<u>\$ 198,738</u>	<u>\$ 230,162</u>
EXPENDITURES:			
Instruction	\$ -	\$ -	\$ -
Student activities	-	188,687	188,687
Community services	-	-	-
Total expenditures	<u>\$ -</u>	<u>\$ 188,687</u>	<u>\$ 188,687</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 31,424</u>	<u>\$ 10,051</u>	<u>\$ 41,475</u>
OTHER FINANCING SOURCES (USES):			
Proceeds from sale of bonds	\$ -	\$ -	\$ -
Operating transfers in	-	-	-
Operating transfers out	(12,932)	-	(12,932)
Total other financing sources (uses)	<u>\$ (12,932)</u>	<u>\$ -</u>	<u>\$ (12,932)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ 18,492	\$ 10,051	\$ 28,543
DUE TO AGENCY, JUNE 30, 2011	<u>\$ 190,608</u>	<u>\$ 40,026</u>	<u>\$ 230,634</u>
DUE TO AGENCY, JUNE 30, 2012	<u>\$ 209,100</u>	<u>\$ 50,077</u>	<u>\$ 259,177</u>

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

BURGIN INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

(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, 2012

Government-wide statements provide information about the primary government (the "District"). The statements include a statement of net assets 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, 2012

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, 2012

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 assets 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, 2012

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 2011 fiscal year was based is as follows: real estate \$199,975,867, tangible personal property \$3,671,664, PSC real estate \$4,175,283 and PSC \$18,310,800.

The tax rates assessed for the year ended June 30, 2012 to finance general fund operations were \$.548 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, 2011 were 99.3% of the tax levy. The PSC property tax collection rate was somewhat less.

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 assets 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 assets 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, 2012

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 assets, 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, 2012

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 Assets

Net assets represent the difference between assets and liabilities. Net assets 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 assets 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, 2012

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 \$4,565,000.

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	<u>2,345,000</u>	1.00-4.30 %
	<u>\$ 4,565,000</u>	
KISTA Bonds 2001	\$ 55,699	3.5% - 4.700%
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, 2011</u>	<u>Issued</u>	<u>Payments</u>	<u>Balance at June 30, 2012</u>
General obligation bonds	\$ 4,000,000	\$ -0-	\$ 150,000	\$ 3,850,000
KISTA Bonds	<u>95,699</u>	<u>80,716</u>	<u>33,606</u>	<u>142,809</u>
	<u>\$ 4,095,699</u>	<u>\$ 80,716</u>	<u>\$ 183,606</u>	<u>\$ 3,992,809</u>

BURGIN INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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, 2012 for debt service (principal and interest) are as follows:

Year	Kentucky School Facilities Construction Commission		Burgin Independent School District		Total
	Principal	Interest	Principal	Interest	
2013	17,889	10,904	132,111	139,718	300,621
2014	18,546	10,244	136,454	135,792	301,036
2015	19,232	9,561	140,768	131,546	301,106
2016	19,940	8,851	150,060	126,865	305,716
2017	20,677	8,115	154,323	121,926	305,041
2018	21,460	7,331	158,540	116,780	304,111
2019	22,317	6,474	162,683	111,112	302,586
2020	23,209	5,583	171,791	105,278	305,861
2021	24,164	4,627	175,836	99,003	303,630
2022	25,190	3,601	184,810	92,017	305,618
2023	26,324	2,469	188,676	84,399	301,868
2024	27,506	1,285	197,494	76,258	302,543
2025	146	48	209,854	67,720	277,768
2026	152	42	214,848	58,876	273,918
2027	159	36	224,841	50,282	275,318
2028	164	30	229,836	41,288	271,318
2029	172	23	239,828	31,807	271,830
2030	178	16	249,822	21,914	271,930
2031	186	8	259,814	11,172	271,180
	<u>\$ 267,611</u>	<u>\$ 79,247</u>	<u>\$ 3,582,389</u>	<u>\$1,623,752</u>	<u>\$ 5,552,998</u>

KISTA Bonds

Year	Principal	Interest
2013	28,880	4,536
2014	26,018	3,712
2015	26,851	2,926
2016	14,458	2,062
2017	14,911	1,618
Thereafter	31,691	2,881
	<u>\$ 142,809</u>	<u>\$ 17,736</u>

BURGIN INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

(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, 2012, this amount totaled \$83,364 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, 2012

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 2011-2012 fiscal year.

The Burgin Independent School District total payroll for the year was \$2,422,174. The payroll for employees covered under KTRS was \$1,858,911. For the year ended June 30, 2012, the Commonwealth contributed \$255,672 to KTRS for the benefit of participating employees. The School District's contributions to KTRS for the year ending June 30, 2012 were \$29,723, 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 \$2,422,174. The payroll for employees covered by KERS was \$507,419. The School District's matching contributions to KERS for the year ending June 30, 2012 were \$97,088.

BURGIN INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

(6) CASH AND CASH EQUIVALENTS - INVESTMENTS

At June 30, 2012, the general ledger reconciled carrying amount of the Board's cash and cash equivalents was \$675,854. Bank statement balances totaled \$828,005 including school activity funds. Of the total bank balances at June 30, 2012, \$250,000 was insured by the FDIC and 578,005 (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 \$3,404,548 and a fair market value of \$3,754,027.

General Fund cash and cash equivalents at June 30, 2012 consisted of an interest bearing checking account and a money market account, plus short term certificates of deposit. 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, 2012, was as follows:

<u>Governmental Activities</u>	<u>June 30, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2012</u>
Land & Improvements	\$ 203,022	\$ -	\$ -	\$ 203,022
Buildings and improvements	3,373,001	2,738,910	-	6,111,911
Technology equipment	371,635	23,467	(126,208)	268,894
Vehicles	405,181	138,822	-	544,003
General	<u>30,260</u>	<u>-</u>	<u>-</u>	<u>30,260</u>
Totals at historical cost	<u>4,383,099</u>	<u>2,901,199</u>	<u>(126,208)</u>	<u>7,158,090</u>
Less: accumulated depreciation -				
Land Improvements	(156,246)	(4,316)	-	(160,562)
Buildings and improvements	(1,458,394)	(117,822)	-	(1,576,216)
Technology equipment	(299,312)	(34,456)	126,208	(207,560)
Vehicles	(324,415)	(34,315)	-	(358,730)
General	<u>(20,649)</u>	<u>(2,139)</u>	<u>-</u>	<u>(22,788)</u>
Total accumulated depreciation	<u>(2,259,016)</u>	<u>(193,048)</u>	<u>126,208</u>	<u>(2,325,856)</u>
Governmental Activities				
Capital Assets – Net	<u>\$ 2,124,083</u>	<u>\$ 2,708,151</u>	<u>\$ -0-</u>	<u>\$ 4,832,234</u>

BURGIN INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Business—Type Activities

Food service equipment	\$ 76,887	\$ -	\$ (900)	\$ 75,987
Totals at historical cost	<u>76,887</u>	<u>-</u>	<u>(900)</u>	<u>75,987</u>
Less: accumulated depreciation				
Food service and equipment	<u>(59,579)</u>	<u>(3,830)</u>	<u>900</u>	<u>(62,509)</u>
Total accumulated depreciation	<u>(59,579)</u>	<u>(3,830)</u>	<u>900</u>	<u>(62,509)</u>
Business-Type Activities				
Capital Assets – Net	<u>\$ 17,308</u>	<u>\$ (3,830)</u>	<u>\$ -</u>	<u>\$ 13,478</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, 2012

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 2012, the Commonwealth of Kentucky contributed payments on behalf of the Burgin Independent School District in the amount of \$705,986 as follows:

<u>Plan/Description</u>	<u>Amount</u>
Kentucky Teachers Retirement System	\$ 255,672
Health/Life/Flex Insurance Plan	455,488
Vocational	10,123
Federal Reimbursement	(15,297)

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	\$ 11,048
General Fund	Special Revenue	Program Match	\$ 7,004
Fiduciary Fund	General Fund	Grant	\$ 12,932

SUPPLEMENTAL INFORMATION

BURGIN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final</u>
	<u>Tentative Budget Original</u>	<u>Working Budget Final</u>		
Revenues:				
Taxes -				
Property	\$ 958,303	\$ 960,219	\$ 912,188	\$ (48,031)
Motor vehicles	95,000	95,000	119,938	24,938
Utilities	85,000	85,000	113,110	28,110
Tuition and fees	-	-	5,700	5,700
Interest income	15,000	15,000	4,287	(10,713)
Other local revenues	4,200	4,200	77,307	73,107
Intergovernmental - State	1,267,166	1,267,166	1,980,343	713,177
Intergovernmental - Indirect federal	-	-	-	-
Total revenues	<u>\$ 2,424,669</u>	<u>\$ 2,426,585</u>	<u>\$ 3,212,873</u>	<u>\$ 786,288</u>
Expenditures:				
Current:				
Instruction	\$ 1,546,278	\$ 1,564,010	\$ 2,070,835	\$ (506,825)
Support services:				
Student	73,142	73,142	91,171	(18,029)
Instructional staff	151,876	151,876	190,926	(39,050)
District administration	244,975	244,975	200,815	44,160
School administration	166,236	166,236	213,738	(47,502)
Business	129,183	119,183	124,604	(5,421)
Plant operation and maintenance	274,396	274,396	296,061	(21,665)
Student transportation	152,516	152,516	202,311	(49,795)
Community services	-	-	-	-
Debt service	75,000	40,000	39,257	743
Contingency	338,734	324,661	-	324,661
Total expenditures	<u>\$ 3,152,336</u>	<u>\$ 3,110,995</u>	<u>\$ 3,429,718</u>	<u>\$ (643,384)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (727,667)</u>	<u>\$ (684,410)</u>	<u>\$ (216,845)</u>	<u>\$ 142,904</u>
Other financing sources (uses):				
Proceeds from sale of bonds	\$ -	\$ -	\$ -	\$ -
Transfers in	9,000	9,000	23,980	14,980
Transfers out	(7,004)	(7,004)	(7,004)	-
Total other financing sources and uses	<u>\$ 1,996</u>	<u>\$ 1,996</u>	<u>\$ 16,976</u>	<u>\$ 14,980</u>
Net change in fund balances	\$ (725,671)	\$ (682,414)	\$ (199,869)	\$ 157,884
Fund balances, June 30, 2011	<u>725,671</u>	<u>682,414</u>	<u>749,798</u>	<u>67,384</u>
Fund balances, June 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 549,929</u>	<u>\$ 225,268</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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Tentative Budget	Working Budget		
	Original	Final		
Revenues:				
Intergovernmental - State	\$ 206,813	\$ 206,813	\$ 200,313	\$ (6,500)
Intergovernmental - Indirect federal	192,371	192,371	224,026	31,655
Total revenues	\$ 399,184	\$ 399,184	\$ 424,339	\$ 25,155
Expenditures:				
Current:				
Instruction	\$ 385,788	\$ 385,788	\$ 413,170	\$ (27,382)
Support services:				
Instructional Staff	1,314	1,314	1,540	(226)
District administration	500	500	274	226
Student transportation	0	0	0	0
Community services	18,586	18,586	16,359	2,227
Total expenditures	\$ 406,188	\$ 406,188	\$ 431,343	\$ (25,155)
Excess (deficiency) of revenues over expenditures	\$ (7,004)	\$ (7,004)	\$ (7,004)	\$ -
Other financing sources (uses):				
Transfers in	\$ 7,004	\$ 7,004	\$ 7,004	\$ -
Transfers out	-	-	-	-
Total other financing sources and use	\$ 7,004	\$ 7,004	\$ 7,004	\$ -
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances, June 30, 2011	\$ -	\$ -	\$ -	\$ -
Fund balances, June 30, 2012	\$ -	\$ -	\$ -	\$ -

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, 2012**

	FSPK Building Fund	SEEK Capital Outlay Fund	Construction Fund	Total Capital Project Funds
ASSETS:				
Cash and cash equivalents	\$ 22,711	\$ 21,406	\$ -	\$ 44,117
Accounts receivable	-	-	-	-
Total assets	\$ 22,711	\$ 21,406	\$ -	\$ 44,117
LIABILITIES AND FUND BALANCE:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Total liabilities	\$ -	\$ -	\$ -	\$ -
Fund Balances:				
Unassigned Fund Balance	22,711	21,406	-	44,117
Total fund balance	\$ 22,711	\$ 21,406	\$ -	\$ 44,117
Total liabilities and fund balance	\$ 22,711	\$ 21,406	\$ -	\$ 44,117

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, 2012**

	FSPK Building Fund	SEEK Capital Outlay Fund	Construction Fund	Total Capital Project Funds
REVENUES:				
From local sources -				
Property taxes	\$ 247,008	\$ -	\$ -	\$ 247,008
Earnings on investments	-	-	933	933
Intergovernmental - State	27,167	41,406	-	68,573
Total revenues	<u>\$ 274,175</u>	<u>\$ 41,406</u>	<u>\$ 933</u>	<u>\$ 316,514</u>
EXPENDITURES:				
Building Renovations	\$ -	\$ -	\$ 2,577,281	\$ 2,577,281
Debt service	251,464	20,000	-	271,464
Total expenditures	<u>\$ 251,464</u>	<u>\$ 20,000</u>	<u>\$ 2,577,281</u>	<u>\$ 2,848,745</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 22,711</u>	<u>\$ 21,406</u>	<u>\$ (2,576,348)</u>	<u>\$ (2,532,231)</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of bonds	\$ -	\$ -	\$ -	\$ -
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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>\$ (2,576,348)</u>	<u>\$ (2,532,231)</u>
FUND BALANCE JUNE 30, 2011	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,576,348</u>	<u>\$ 2,576,348</u>
FUND BALANCE JUNE 30, 2012	<u><u>\$ 22,711</u></u>	<u><u>\$ 21,406</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 44,117</u></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, 2012**

	Cash Balance July 1, 2011	Transfers & Receipts	Transfers & Disburse- ments	Cash Balance June 30, 2012	Accts. Receiv. 6/30/12	Accts. Payable 6/30/12	Deposits Held In Custody for Students 6/30/12
Principals Fund	3,762.49	1,878.66	4,875.15	766.00	0.00	0.00	766.00
Kayre Grant	0.00	0.00	0.00	0.00	0.00	0.00	0.00
AP Fees/Testing	85.00	1,284.00	1,110.00	259.00	0.00	0.00	259.00
Outside Chargeable	200.00	0.00	0.00	200.00	0.00	0.00	200.00
Public Relations	0.00	0.00	0.00	0.00	0.00	0.00	0.00
PTO Donations	0.00	500.00	454.98	45.02	0.00	0.00	45.02
Cont Recovery	4,186.76	5,833.13	4,072.04	5,947.85	0.00	0.00	5,947.85
Grant-N.-Irvine	0.00	2,000.00	2,000.00	0.00	0.00	0.00	0.00
PTO Donations	0.00	500.00	350.00	150.00	0.00	0.00	150.00
Student Coke	301.31	196.56	451.03	46.84	0.00	0.00	46.84
Faculty Coke	25.23	192.72	159.43	58.52	0.00	0.00	58.52
Student Snacks	12.77	0.00	0.00	12.77	0.00	0.00	12.77
Student Pencil/Pen	27.75	13.50	0.00	41.25	0.00	0.00	41.25
Master Lock Fund	1.10	128.00	128.34	0.76	0.00	0.00	0.76
Parking Tags	376.41	250.00	455.00	171.41	0.00	0.00	171.41
School Pictures	1,775.33	2,806.78	2,645.66	1,936.45	0.00	0.00	1,936.45
Flower Fund	0.59	1,285.50	1,151.50	134.59	0.00	0.00	134.59
Enrichment Fund	283.14	0.00	0.00	283.14	0.00	0.00	283.14
Guided Reading	174.28	0.00	0.00	174.28	0.00	0.00	174.28
PA System Donation	0.00	0.00	0.00	0.00	0.00	0.00	0.00
AG Grant/Fuel	0.00	1,000.00	1,000.00	0.00	0.00	0.00	0.00
Donations	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Burgin Family	42.75	1,287.06	476.58	853.23	0.00	0.00	853.23
Frysc Backpack Snacks	189.52	3,542.67	3,217.26	514.93	0.00	0.00	514.93
General Athletic	2,591.65	37,761.24	38,460.14	1,892.75	0.00	0.00	1,892.75
BG Conference	669.34	2,028.00	1,017.00	1,680.34	0.00	0.00	1,680.34
HS Boys Basketball	0.00	3,407.35	3,407.35	0.00	0.00	0.00	0.00
HS Girls Basketball	1,071.27	7,136.83	7,697.81	510.29	0.00	0.00	510.29
MS Boys Basketball	0.00	175.00	163.47	11.53	0.00	0.00	11.53
MS Girls Basketball	441.50	200.00	164.97	476.53	0.00	0.00	476.53
HS Baseball	114.63	3,267.60	3,103.58	278.65	0.00	0.00	278.65
Track Team	1,368.73	3,559.10	4,826.02	101.81	0.00	0.00	101.81
Cross Country	0.00	2,779.00	2,778.85	0.15	0.00	0.00	0.15
Diamond Athletic	0.00	2,237.23	2,237.23	0.00	0.00	0.00	0.00
Softball	2,400.65	2,726.01	4,638.68	487.98	0.00	0.00	487.98
Fee Accounts (Sum)	4,070.89	30,133.56	29,339.88	4,864.57	0.00	0.00	4,864.57
Golf	315.32	233.68	549.00	0.00	0.00	0.00	0.00
MS Cheerleading	454.15	2,588.13	1,520.42	1,521.86	0.00	0.00	1,521.86
HS Cheerleading	663.61	2,996.88	2,622.71	1,037.78	0.00	0.00	1,037.78
MS Baseball	0.00	2,416.57	1,609.62	806.95	0.00	0.00	806.95
Volleyball	190.98	4,848.98	3,308.58	1,731.38	0.00	0.00	1,731.38
Soccer Team	656.63	1,733.98	1,681.91	708.70	0.00	0.00	708.70
Band	101.80	709.00	532.88	277.92	0.00	0.00	277.92
Fellowship Christian	0.78	0.00	0.00	0.78	0.00	0.00	0.78
FCCLA/FHA Club	512.83	6,688.98	7,103.16	98.65	0.00	0.00	98.65
Greenhouse	645.83	1,274.00	318.72	1,601.11	0.00	0.00	1,601.11
FCCLA/REG 15	0.00	4,996.51	632.50	4,364.01	0.00	0.00	4,364.01
Science Club	9.00	80.00	80.00	9.00	0.00	0.00	9.00
Spanish Club	0.00	457.60	457.60	0.00	0.00	0.00	0.00
Speech & Drama	353.91	0.00	0.00	353.91	0.00	0.00	353.91
Student Council	18.21	0.00	0.00	18.21	0.00	0.00	18.21
Y Club - MS	65.26	0.00	0.00	65.26	0.00	0.00	65.26
Pep Club	566.00	0.00	292.00	274.00	0.00	0.00	274.00
Art Club	643.20	0.00	0.00	643.20	0.00	0.00	643.20
Car Club	84.79	0.00	0.00	84.79	0.00	0.00	84.79
Martial Arts Club	79.00	0.00	0.00	79.00	0.00	0.00	79.00
FFA	961.79	8,123.47	7,152.65	1,932.61	0.00	0.00	1,932.61
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	0.00	828.00	204.92	623.08	0.00	0.00	623.08
Archery Club	55.74	0.00	0.00	55.74	0.00	0.00	55.74
Natl Honor Society	777.73	862.85	763.54	877.04	0.00	0.00	877.04
MS Academic Team	86.80	0.00	0.00	86.80	0.00	0.00	86.80
Elementary Academic	269.78	204.60	0.00	474.38	0.00	0.00	474.38
Gifted/Talented	50.00	395.00	0.00	445.00	0.00	0.00	445.00
Book Drive	38.25	0.00	0.00	38.25	0.00	0.00	38.25
Book Fair	562.33	4,310.04	4,597.20	275.17	0.00	0.00	275.17
Technology Fund	0.00	70.00	70.00	0.00	0.00	0.00	0.00
Yearbook	702.73	4,664.52	3,471.76	1,895.49	0.00	0.00	1,895.49
Music Fundraising	409.64	1,500.95	1,170.18	740.41	0.00	0.00	740.41
Multimedia Fundraising	184.82	0.00	124.76	60.06	0.00	0.00	60.06
Art Fundraising	2,276.61	1,966.00	3,057.01	1,185.60	0.00	0.00	1,185.60
PE Fundraising	0.00	260.71	260.71	0.00	0.00	0.00	0.00
Project Graduation	779.53	6,950.59	6,731.68	998.44	0.00	0.00	998.44
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	0.00	0.00	0.00	0.00	0.00	0.00
Seniors 2011	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Seniors 2012	566.36	2,566.88	3,133.24	0.00	0.00	0.00	0.00
Seniors 2013	1,075.95	4,853.55	4,571.94	1,357.56	0.00	0.00	1,357.56
Seniors 2014	251.28	239.20	0.00	490.48	0.00	0.00	490.48
Seniors 2015	95.34	86.09	0.00	181.43	0.00	0.00	181.43
Seniors 2016	426.10	37.50	0.00	463.60	0.00	0.00	463.60
Seniors 2017	0.00	270.00	0.00	270.00	0.00	0.00	270.00
Fieldtrip Bus/General	0.00	3,942.26	3,942.26	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	2,100.00	2,100.00	0.00	0.00	0.00	0.00
8th Grade Fieldtrips	0.00	4,408.50	3,909.23	499.27	0.00	0.00	499.27
MS Misc Fieldtrips	0.00	1,035.00	1,035.00	0.00	0.00	0.00	0.00
Puerto Rico Fieldtrip	0.00	1,928.55	1,300.00	628.55	0.00	0.00	628.55
Totals	40,025.75	198,738.07	188,687.13	50,076.69	0.00	0.00	50,076.69

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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 the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Burgin Independent School District, as of and for the year ended June 30, 2012, which collectively comprise the Burgin Independent School District's basic financial statements and have issued our report thereon dated October 8, 2012. 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.

Internal Control Over Financial Reporting

Management of Burgin Independent School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Burgin Independent School District's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Burgin Independent School District's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of the members the Kentucky State Committee for School District Audits, the members of the Board of Education of Burgin Independent School District, the Kentucky Department of Education, management, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



W. Dudley Shryock, CPA, PSC
Lawrenceburg, Kentucky
October 8, 2012

**W. DUDLEY SHRYOCK, CPA, PSC
CERTIFIED PUBLIC ACCOUNTANT**

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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, 2012, 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 8, 2012, 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 8, 2012, 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

W. Dudley Shryock, CPA, PSC
Lawrenceburg, Kentucky
October 11, 2011

**BURGIN INDEPENDENT SCHOOL DISTRICT
MANAGEMENT LETTER POINTS
FOR THE YEAR ENDED JUNE 30, 2012**

Auditor's Comments

None

Management Response

N/A

**BURGIN INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012**

Status of previous management letter comments:

Management segregated the Proctor Endowment Grant into a fiduciary fund separate from the General Fund, as we recommended. This fund has its own balance sheet and operating statement in MUNIS. Burgin ISD accomplished this segregation during fiscal year 2011.