

CLOVERPORT INDEPENDENT SCHOOL DISTRICT

**REPORT ON AUDIT OF COMPREHENSIVE
ANNUAL FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULES**

FOR THE YEAR ENDED JUNE 30, 2025

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, 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 Commission for School District Audits in the *Auditor Responsibilities and State Compliance Requirements* sections contained in the Kentucky Public School Districts' Audits Contracts and Requirements. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis - Unaudited on pages 4 through 9; the budgetary comparison information on pages 46 through 48; and the pension and other post-employment benefit schedules and notes on pages 49 through 61 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information shown on pages 62 through 64 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2026 on our consideration of Cloverport Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cloverport Independent School District's internal control over financial reporting and compliance.

Drane & Company, PLLC

Drane & Company, PLLC
Certified Public Accountants

Hardinsburg, Kentucky

January 22, 2026

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
FOR THE YEAR ENDED JUNE 30, 2025**

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

FINANCIAL HIGHLIGHTS

- The June 30, 2025 cash balance for the District was \$2,366,216, as compared with the beginning cash balance of \$3,640,536. The ending cash balance consisted of General Fund of \$2,020,382, Special Revenue Fund of \$155,519, Debt Service Fund of \$342, Construction Fund of \$21,842, District Activity of \$1,297, Student Activity Fund of \$98,570, and Food Service Fund of \$68,264.
- District-wide net position increased by \$295,809, during the 2025 fiscal year. Long-term debt obligations had a net decrease of \$331,319.
- The General Fund had \$21,410,898 in revenue, which primarily consisted of the state program (SEEK), and property, utilities, and motor vehicle taxes, and \$24,208,416 in expenditures.
- General Fund revenue increased \$13,175,193 from last fiscal year and General Fund expenditures increased \$15,803,442.
- The financial statements reflected revenues of \$2,996,385 from on-behalf payments from the Commonwealth of Kentucky for District employees for retirement contributions, health and life insurance, administration fees, debt service, and technology, with a like amount of expenditures recorded.
- As a result of the adoption of GASB Statement 68 and GASB Statement 75, which significantly revised accounting for pension benefits and post-employment benefits other than pensions (OPEB), unrestricted net position of the business-type activities continues to show a deficit.
- As a result of the adoption of GASB Statement 84, agency funds are now reported in the special revenue funds and GASB 87 now requires certain leases which were previously "operating" are now capitalized and amortized.

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 are comprised of three components: 1) district-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

District-wide financial statements

The district-wide (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 a difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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

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

The district-wide financial statements can be found on pages 10 - 11 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 designated for specific activities or objectives. This is a state mandated uniform system 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. The funds of the District are divided into two categories: governmental and fiduciary. The only proprietary fund is the 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 12 - 17 of this report.

Notes to financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found on pages 18 - 50 of this report.

DISTRICT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$3,400,648 as of June 30, 2025.

The largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture, and equipment) less any related debt used to acquire those assets that is currently 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 because 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. The district-wide financial statements are grouped according to governmental activities and business-type activities.

Net Position for the Years Ended June 30, 2025 and 2024

The following table presents changes in net position for the fiscal years ended June 30, 2025 and 2024:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Revenues						
Program revenues:						
Charges for services	\$ -	\$ -	\$ 19,736	\$ 20,713	\$ 19,736	\$ 20,713
General revenues:						
Property taxes	309,597	307,582	-	-	309,597	307,582
Motor vehicle taxes	69,682	54,266	-	-	69,682	54,266
Other taxes	60,566	58,215	-	-	60,566	58,215
Investment earnings (loss)	196,517	75,908	8,796	651	205,313	76,559
State and formula grants	24,050,354	9,662,953	281,948	350,503	24,332,302	10,013,456
Other income	8,708,137	1,392,087	1,494	-	8,709,631	1,392,087
Total Revenues	33,394,853	11,551,011	311,974	371,867	33,706,827	11,922,878
Expenses						
Governmental Activities:						
Instructional	27,139,362	7,614,464	-	-	27,139,362	7,614,464
Student support	903,372	342,320	-	-	903,372	342,320
Instructional staff support	102,385	72,227	-	-	102,385	72,227
District administration support	492,514	397,458	-	-	492,514	397,458
School administration support	582,557	286,689	-	-	582,557	286,689
Business support	3,017,901	550,092	-	-	3,017,901	550,092
Plant operation and maintenance	550,805	393,201	-	-	550,805	393,201
Student transportation	176,991	190,361	-	-	176,991	190,361
Food service operations	-	-	-	-	-	-
Community service operations	44,196	36,340	-	-	44,196	36,340
Interest on long-term debt	103,520	87,501	-	-	103,520	87,501
Business-type Activities:						
Food service	-	-	297,415	318,984	297,415	318,984
Total Expenses	33,113,603	9,970,653	297,415	318,984	33,411,018	10,289,637
Increase (Decrease) in Net Position	\$ 281,250	\$ 1,580,358	\$ 14,559	\$ 52,883	\$295,809	\$1,633,241

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$2,597,224	\$3,904,328	\$80,022	\$106,810	\$2,682,157	\$4,071,138
Capital assets	6,069,277	6,031,338	69,774	74,888	6,139,051	6,106,226
Total Assets	8,666,501	9,935,666	149,796	181,698	8,821,208	10,177,364
Deferred outflows	791,887	510,075	37,061	55,421	828,948	565,496
Current liabilities	1,457,445	2,381,680	-	-	1,457,445	2,381,680
Noncurrent liabilities	3,981,979	4,271,887	169,663	212,302	4,151,642	4,484,189
Total Liabilities	5,439,424	6,653,567	169,663	212,302	5,609,087	6,865,869
Deferred inflows	618,316	672,776	83,582	100,853	701,898	773,629
Net Position						
Net investment in capital assets	3,161,135	2,804,918	69,774	74,888	3,230,909	2,879,806
Restricted/committed	484,941	416,945	-	-	484,941	416,945
Unrestricted	(245,428)	(102,465)	(131,251)	(150,924)	(376,679)	(253,389)
Total Net Position	\$ 3,400,648	\$ 3,119,398	\$(61,477)	\$(76,036)	\$3,339,171	\$3,043,362

On-behalf amounts are included in the above figures. On-behalf payments are made by the state on behalf of employees to the various agencies for health and life insurance, pension benefits, administration fees, technology, and debt service. The total on-behalf payments for 2025 and 2024 were \$2,996,385 and \$1,419,326 respectively.

Governmental Activities

Instructional expenses comprise 82% of total governmental expenses, support services equate to 17%, and interest and other expenses make up the remaining 1%.

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

	Governmental Activities Total Cost of Services		Governmental Activities Net Cost of Services	
	2025	2024	2025	2024
Instructional	\$27,139,362	\$7,614,464	\$(24,143,545)	\$(5,464,731)
Support Services	5,826,525	2,232,348	(5,420,231)	(1,934,177)
Other	44,196	36,340	(44,196)	(36,340)
Debt Costs	103,520	87,501	(103,520)	(87,501)
Total Expenses	\$33,113,603	\$9,970,653	\$(29,711,492)	\$(7,522,749)

Business-Type Activities

The business-type activity of the District consists of the food service program, which receives no support from tax revenues. The total of all revenue was \$311,974 and expenses accounted for \$292,238. Revenues consisted of \$19,736 in charges for services, \$8,796 in interest income, and \$281,948 in federal and state operating grants.

The School District's Funds

Information about the District's major funds begins on page 12. These funds are accounted for using the modified accrual basis of accounting. Governmental funds had total revenues and other financing sources (uses) of \$33,554,888 and expenditures of \$33,929,721 resulting in a net decrease in fund balances of \$374,833..

General Fund Budgetary Highlights

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

The most significant fund is the General Fund. The General Fund had budgeted revenues of \$7,695,274 with actual results being \$21,410,897 for a favorable difference of \$13,715,623. Budgeted expenditures were \$8,696,110 compared to actual expenditures of \$24,208,415, for a unfavorable difference of \$15,512,305.

Future Budgetary Implications

In Kentucky, the public school fiscal year is July 1 - June 30; other programs, i.e. some federal programs, operate on a different fiscal calendar but are reflected in the District's overall budget. By law, the budget must have a minimum 2% contingency. The District adopted a budget for fiscal year 2024-2025 with a contingency in excess of the state minimum requirement.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Long-Term Debt

At June 30, 2025, the school district had \$2,739,000 in bonds outstanding; of which \$1,412,484 is to be paid by the School Facilities Construction Commission (SFCC). A total of \$450,000 is due within one year, with \$99,053 due from the District and \$350,947 due from the SFCC.

Capital Assets

At the end of fiscal year 2025, the District had \$6,069,277 in net capital assets of governmental activities and \$69,744 in net capital assets of business-type activities invested in a broad range of capital assets, including equipment, buses, buildings, and land. This amount represents a net increase of \$37,939. Depreciation expense for the year was \$288,996 for the governmental activities and \$5,114 for the business-type activities. Capital additions consisted of \$139,247 in land, \$150,222 in vehicles and \$37,490 of new general equipment.

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

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
<u>Governmental Activities</u>				
Not Depreciated:				
Land	\$ 92,550	\$ 139,247	\$ -	\$ 231,797
Depreciated:				
Buildings and improvements	9,292,506	-	-	9,292,506
Technology equipment	392,231	-	3,146	389,085
Vehicles	541,604	150,222	-	691,826
General equipment	907,845	37,490	-	945,335
Subtotal	<u>11,134,186</u>	<u>187,712</u>	<u>3,146</u>	<u>11,318,752</u>
Less accumulated depreciation:				
Buildings	4,014,041	214,139	-	4,228,180
Technology equipment	371,977	17,386	3,122	386,241
Vehicles	418,163	27,125	-	445,288
General equipment	391,217	30,345	-	421,563
Subtotal	<u>5,195,398</u>	<u>288,996</u>	<u>3,122</u>	<u>5,481,272</u>
Capital Assets - Net	<u>\$6,031,338</u>	<u>\$ 37,963</u>	<u>\$ 24</u>	<u>\$6,069,277</u>
<u>Business-Type Activities</u>				
Depreciated:				
General equipment	\$ 323,828	\$ -	\$ -	\$ 323,828
Less accumulated depreciation:				
General equipment	248,940	5,114	-	254,054
Capital Assets - Net	<u>\$74,888</u>	<u>(\$ 5,114)</u>	<u>\$ -</u>	<u>\$69,774</u>

Virtual School

The District continues a contract with K12 to host a virtual school. As a result, its revenues have more than doubled from earlier years. To achieve this change, however, an increased amount of staff time is being devoted to administration of the program, particularly in the area of payroll and benefits.

Contacting the District's Financial Management

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

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

	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 2,299,987	\$ 68,264	\$ 2,368,251
Accounts receivable:			
Taxes	7,170	-	7,170
Intergovernmental	70,379	-	70,379
Inventory	-	11,758	11,758
Total Current Assets	2,377,536	80,022	2,457,558
Noncurrent Assets			
Investments	196,900	-	196,900
Net OPEB asset	22,788	4,911	27,699
Capital assets:			
Land and construction in process	231,797	-	231,797
Other capital assets, net of depreciation	5,824,717	69,774	5,894,491
Leased equipment	12,763	-	12,763
Total Noncurrent Assets	6,288,965	74,685	6,363,650
Total Assets	8,666,501	154,707	8,821,208
Deferred Outflows of Resources			
Deferred amount related to pensions	134,852	26,735	161,587
Deferred amount related to OPEB	622,254	10,326	632,580
Deferred amount on bond refundings	34,781	-	34,781
Total Deferred Outflows of Resources	791,887	37,061	828,948
Liabilities			
Current Liabilities			
Accounts payable	32,540	-	32,540
Accrued payroll and related expenses	698,277	-	698,277
Unearned revenue	225,115	-	225,115
Current portion of bond obligations	454,403	-	454,403
Current portion of equipment loans	25,580	-	25,580
Current portion of equipment lease	6,262	-	6,262
Interest payable	15,268	-	15,268
Total Current Liabilities	1,457,445	-	1,457,445
Noncurrent Liabilities			
Noncurrent portion of bond obligations	2,296,339	-	2,296,339
Noncurrent portion of equipment loans	153,904	-	153,904
Noncurrent portion of equipment lease	6,435	-	6,435
Noncurrent portion of accrued sick leave	18,036	-	18,036
Net pension liability	787,265	169,663	956,928
Net OPEB liability	720,000	-	720,000
Total Noncurrent Liabilities	3,981,979	169,663	4,151,642
Total Liabilities	5,439,424	169,663	5,609,087
Deferred Inflows of Resources			
Deferred amount related to pensions	149,584	32,237	181,821
Deferred amount related to OPEB	468,732	51,345	520,077
Total Deferred Inflows of Resources	618,316	83,582	701,898
Net Position (Deficit)			
Net investment in capital assets	3,161,135	69,774	3,230,909
Restricted	419,943	-	419,943
Committed	65,000	-	65,000
Unrestricted	(245,430)	(131,251)	(376,681)
Total Net Position (Deficit)	\$ 3,400,648	\$ (61,477)	\$ 3,339,171

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

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction	\$ 27,139,361	\$ -	\$ 2,995,817	\$ -	\$(24,143,544)	\$ -	\$ (24,143,544)
Support services:							
Student	903,372	-	162,996	-	(740,376)	-	(740,376)
Instructional staff	102,385	-	17,484	-	(84,901)	-	(84,901)
District administration	492,514	-	51,279	-	(441,235)	-	(441,235)
School administration	582,557	-	105,206	-	(477,351)	-	(477,351)
Business	3,017,901	-	42,997	-	(2,974,904)	-	(2,974,904)
Plant operations and maintenance	550,805	-	13,898	-	(536,907)	-	(536,907)
Student transportation	176,991	-	12,434	-	(164,557)	-	(164,557)
Community services	44,196	-	-	-	(44,196)	-	(44,196)
Interest on long-term debt	103,520	-	-	-	(103,520)	-	(103,520)
Total Governmental Activities	33,113,602	-	3,402,111	-	(29,711,491)	-	(29,711,491)
Business-Type Activities							
Food service	297,415	19,736	283,442	-	-	5,763	5,763
Total Business-Type Activities	297,415	19,736	283,442	-	-	5,763	5,763
Total Primary Government	\$ 33,411,017	\$ 19,736	\$ 3,685,553	\$ -	\$(29,711,491)	\$ 5,763	\$ (29,705,728)
General Revenues							
Taxes:							
Property					\$ 309,597	\$ -	\$ 309,597
Motor vehicle					69,682	-	69,682
Utility					60,566	-	60,566
State and formula grants					20,648,242	-	20,648,242
Investment income					196,517	8,796	205,313
Other income					8,708,138	-	8,708,138
Total General Revenues					29,992,742	8,796	30,001,538
Changes in Net Position					281,251	14,559	295,810
Net Position (Deficit) - Beginning of Year					3,119,397	(76,036)	3,043,361
Net Position (Deficit) - End of Year					\$ 3,400,648	\$ (61,477)	\$ 3,339,171

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

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Building Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Cash and cash equivalents	\$ 2,020,382	\$ 155,519	\$ -	\$ 122,051	\$ 2,297,952
Insurance reserve	2,035	-	-	-	2,035
Investments	196,900	-	-	-	196,900
Accounts receivable:					
Taxes	7,170	-	-	-	7,170
Intergovernmental	-	70,379	-	-	70,379
Total Assets	<u>\$ 2,226,487</u>	<u>\$ 225,898</u>	<u>\$ -</u>	<u>\$ 122,051</u>	<u>\$ 2,574,436</u>
Liabilities					
Accounts payable	\$ 32,540	\$ -	\$ -	\$ -	\$ 32,540
Accrued payroll and related expenses	698,277	-	-	-	698,277
Unearned revenue	-	225,115	-	-	225,115
Total Liabilities	<u>730,817</u>	<u>225,115</u>	<u>-</u>	<u>-</u>	<u>955,932</u>
Fund Balances					
Restricted	297,892	-	-	122,051	419,943
Committed	65,000	-	-	-	65,000
Assigned	1,231,735	783	-	-	1,232,518
Unassigned	(98,957)	-	-	-	(98,957)
Total Fund Balances	<u>1,495,670</u>	<u>783</u>	<u>-</u>	<u>122,051</u>	<u>1,618,504</u>
Total Liabilities and Fund Balances	<u>\$ 2,226,487</u>	<u>\$ 225,898</u>	<u>\$ -</u>	<u>\$ 122,051</u>	<u>\$ 2,574,436</u>

Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities

Total Governmental Fund Balances \$ 1,618,504

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets and leases used in governmental activities are not financial resources and therefore are not reported in the governmental funds. 6,069,277

Deferred outflows and inflows of resources are applicable to future periods and therefore are not reported in the governmental funds. 196,359

Certain liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:

Bond obligations	(2,750,742)
Equipment loans	(179,484)
Lease payable	(12,697)
Accrued sick leave	(18,036)
Interest payable	(15,268)
Net pension liability	(787,265)
Net OPEB liability (asset)	(720,000)

Total Net Position of Governmental Activities \$ 3,400,648

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Building Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues					
From local sources:					
Property taxes	\$ 283,293	\$ -	\$ 26,304	\$ -	\$ 309,597
Motor vehicle taxes	69,682	-	-	-	69,682
Utility taxes	60,566	-	-	-	60,566
Investment gain (loss)	187,177	2,975	-	6,365	196,517
Other income	161,937	8,430,368	-	115,833	8,708,138
Intergovernmental - state	20,605,086	269,553	2,027,052	722,520	23,624,211
Intergovernmental - indirect federal	-	360,800	-	-	360,800
Intergovernmental - direct federal	43,156	22,186	-	-	65,342
Total Revenues	<u>21,410,897</u>	<u>9,085,882</u>	<u>2,053,356</u>	<u>844,718</u>	<u>33,394,853</u>
Expenditures					
Instruction	18,970,388	8,141,545	-	96,600	27,208,533
Support services:					
Student	502,267	421,285	-	-	923,552
Instructional staff	103,702	-	-	4,305	108,007
District administration	475,015	-	-	-	475,015
School administration	217,893	363,018	-	-	580,911
Business	3,060,210	68,362	-	-	3,128,572
Plant operations and maintenance	505,708	45,585	-	-	551,293
Student transportation	317,741	-	-	-	317,741
Community services	-	53,708	-	-	53,708
Debt service:					
Payment of principal	40,951	-	-	446,000	486,951
Payment of interest and fiscal charges	14,539	-	-	80,898	95,437
Total Expenditures	<u>24,208,414</u>	<u>9,093,503</u>	<u>-</u>	<u>627,803</u>	<u>33,929,720</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(2,797,517)</u>	<u>(7,621)</u>	<u>2,053,356</u>	<u>216,915</u>	<u>(534,867)</u>
Other Financing Sources (Uses)					
Proceeds from issuance of debt	160,035	-	-	-	160,035
Operating transfers in	2,390,416	32,064	-	143,154	2,565,634
Operating transfers out	(19,506)	(23,701)	(2,183,309)	(339,118)	(2,565,634)
Total Other Financing Sources (Uses)	<u>2,530,945</u>	<u>8,363</u>	<u>(2,183,309)</u>	<u>(195,964)</u>	<u>160,035</u>
Net Changes in Fund Balances	(266,572)	742	(129,953)	20,951	(374,832)
Fund Balances - Beginning of Year	<u>1,762,242</u>	<u>41</u>	<u>129,953</u>	<u>101,100</u>	<u>1,993,336</u>
Fund Balances - End of Year	<u>\$ 1,495,670</u>	<u>\$ 783</u>	<u>\$ -</u>	<u>\$ 122,051</u>	<u>\$ 1,618,504</u>

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

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

Net Changes in Fund Balances - Total Governmental Funds \$ (374,832)

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

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay (\$326,936) exceeds depreciation (\$288,996). 37,940

Repayment of bond, loan and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. 478,312

Interest is recorded as an expenditure when due in the governmental funds and as it accrues in the Statement of Activities. 565

Proceeds from the sale of bonds is an other financing source in governmental funds but increase liabilities in the Statement of Net Position. (160,035)

In the Statement of Activities, sick leave is measured by the amount earned during the year. In governmental funds, however, expenditures for this item are measured by the amount actually paid. 6,148

Governmental funds report pension contributions as expenditures when made. In the Statement of Net Position, pension contributions are reported as deferred outflows of resources because the reported net pension liability is measured one year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities. 293,153

Change in Net Position of Governmental Activities \$ 281,251

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

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2025**

	Enterprise Fund
	Food Service
Assets	
Current Assets	
Cash and cash equivalents	\$ 68,264
Inventory	11,758
Total Current Assets	80,022
Noncurrent Assets	
Net OPEB asset	4,911
Capital assets	323,828
Less: accumulated depreciation	(254,054)
Total Noncurrent Assets	74,685
Total Assets	154,707
Deferred Outflows of Resources	
Deferred amount related to pensions	26,735
Deferred amount related to OPEB	10,326
Total Deferred Outflows of Resources	37,061
Liabilities	
Noncurrent Liabilities	
Net pension liability	169,663
Total Liabilities	169,663
Deferred Inflows of Resources	
Deferred amount related to pensions	32,237
Deferred amount related to OPEB	51,345
Total Deferred Inflows of Resources	83,582
Net Position (Deficit)	
Investment in capital assets	69,774
Unrestricted	(131,251)
Total Net Position (Deficit)	\$ (61,477)

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

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

	Enterprise Fund
	Food Service
Operating Revenues	
Lunchroom sales	\$ 19,736
Operating Expenses	
Salaries and benefits	95,653
Contract services	1,213
Materials and supplies	181,164
Depreciation	5,114
Other operating expenses	14,271
Total Operating Expenses	297,415
Operating Loss	(277,679)
Non-operating Revenues	
Federal grants	254,009
State grants	17,156
Interest income	8,796
Donated commodities	10,783
Other non-operating revenue	1,494
Total Non-operating Revenues	292,238
Changes in Net Position	14,559
Net Position (Deficit) - Beginning of Year	(76,036)
Net Position (Deficit) - End of Year	\$ (61,477)

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

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2025**

	Enterprise Fund
	Food Service
Cash Flows from Operating Activities	
Cash received from user charges	\$ 19,736
Cash payments to employees for services	(137,547)
Cash payments for contract services	(1,213)
Cash payments to suppliers for goods and services	(172,077)
Cash payments for other operating expenses	(14,271)
Net Cash Used by Operating Activities	(305,372)
Cash Flows from Noncapital and Related Financing Activities	
Federal grants	254,009
State grants	17,156
Other non-operating revenue	1,494
Net Cash Provided by Noncapital and Related Financing Activities	272,659
Cash Flows from Investing Activities	
Interest income	8,796
Net Decrease in Cash and Cash Equivalents	(23,917)
Cash and Cash Equivalents - Beginning of Year	92,181
Cash and Cash Equivalents - End of Year	\$ 68,264
Reconciliation of Operating Loss to Net Cash Used by Operating Activities	
Operating loss	\$ (277,679)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	5,114
Commodities used	10,783
Net changes in assets and liabilities:	
Inventory	(1,696)
Net OPEB asset	(343)
Deferred outflows	18,360
Net pension liability	(42,640)
Deferred inflows	(17,271)
Net Cash Used by Operating Activities	\$ (305,372)
Schedule of Noncash Transactions	
Donated commodities received from federal government	\$ 10,783
On-behalf payments for fringe benefits received from state government	17,156
Total Noncash Transactions	\$ 27,939

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

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

For financial reporting purposes, the accompanying financial statements include all of the operations over which the District is financially accountable. The District is financially accountable for organizations that make up its legal entity, as well as legally separate organizations that meet certain criteria. In accordance with GASB 14, "The Financial Reporting Entity," as amended by GASB 39, "Determining Whether Certain Organizations Are Component Units," the criteria for inclusion in the reporting entity involve those cases where the District or its officials appoint a voting majority of an organization's governing body, and is either able to impose its will on the organization and there is a potential for the organization to provide specific financial benefits to or to impose specific financial burdens on the District or the nature and significance of the relationship between the District and the organization is such that exclusion would cause the District's financial statements to be incomplete. Based on this criteria, the financial statements of the following organization are included in the accompanying basic financial statements as a blended component unit:

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

Basis of Presentation

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

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

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures, and changes in fund balances, which reports on the changes in fund balances. Proprietary funds are reported using the economic resources measurement focus. All assets and liabilities associated with the operation of these funds are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases and decreases in total net position. 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 Funds

- (A) The General Fund is the main operating fund of the District. It accounts for financial resources used for general types of operations. This is a budgeted fund, and any fund balances are considered as resources available for use. This is a major fund.
- (B) The Special Revenue Funds account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes.
 - 1. The Special Revenue Fund 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.
 - 2. The District Activity Fund accounts for funds that support co-curricular and extra-curricular activities not raised or expended by student groups. This is not a major fund.
 - 3. The Student Activity Fund accounts for funds raised and expended by student groups for co-curricular and extra-curricular activities. This is not a major fund.

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- (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 Capital Outlay Fund accounts for the SEEK capital outlay allotment required by state statute to be maintained in a separate account and used for projects approved by the commissioner of education. This is not a major fund.
 2. The Building Fund accounts for the equivalent tax rate of five cents (\$0.05) as required by state statute to be placed in a separate fund for the purpose of the Facilities Support Program of Kentucky (FSPK). Additional taxes levied may also be placed in this fund. This is not a major fund.
 3. The Construction Fund accounts for the costs arising out of the construction, renovation, or remodeling of any school facilities. Project accounting is employed to maintain integrity for the various sources of funds. This is not a major fund.
- (D) The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest and related costs. This is a major fund.

II. Proprietary Fund (Enterprise Fund)

The Food Service Fund is used to account for school food service activities, including the National School Lunch Program, which is conducted in cooperation with the U. S. Department of Agriculture (USDA).

Basis of Accounting

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

Revenues - Exchange and Nonexchange 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. Revenue from property taxes is recognized in the fiscal year for which the taxes are collected. 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, revenue from non-exchange transactions must also be available before it can be recognized.

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating revenues are those revenues that are generated directly from the primary activity of the Proprietary Funds. Those revenues are primarily charges for meals and related items provided by the various schools. Nonoperating revenues of the Proprietary Funds include grants, donations, and interest income.

When both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first, then unrestricted resources, as they are needed.

Unearned Revenue - Unearned 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 unearned revenue.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds as an expense with a like amount reported as donated commodities revenue.

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

Property Taxes

Property taxes are levied by the county on behalf of the school district each October on the assessed value listed as of the prior January 1, for all real and personal property in the county. The billings, which are mailed by November 1, are considered due upon receipt by the taxpayer; however, the actual date is based on a period ending 30 days after the tax bill mailing. A 2% discount is offered through November 30 and a penalty is assessed after December 31. Property taxes received after December 31 are considered to be delinquent and a lien can be filed against the property. Since the taxes are not levied and collected by the school district, the revenues to be generated by the annual levies are not recognized until the taxes are actually collected by the tax levying authority.

The property tax rates assessed for the year ended June 30, 2025 were \$.749 per \$100 valuation for real, personal and tangible property and \$.569 per \$100 valuation for motor vehicles.

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

Receivables

The District recognizes revenues as receivable when they are measurable and receipt is probable. Concentration of credit risk with respect to the receivables from federal, state, and local governments is limited due to the historical stability of those institutions; therefore, no allowance for doubtful accounts is recorded.

Cash and Cash Equivalents

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

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

General capital assets are those assets not specifically related to activities reported in the Proprietary Fund. 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 Fund are reported both in the business-type activities column of the government-wide Statement of Net Position and in the fund financial statements.

Purchased capital assets are carried at historical cost. Where cost cannot be determined from the available records, estimated historical cost has been used to record the estimated value of the assets. Donated fixed assets are recorded at acquisition value. Improvements are capitalized, but the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

The District maintains a capitalization threshold of \$10,000 for land or building improvements and portable buildings and \$5,000 (per unit cost) for all other assets, except there is no threshold for buildings, land, and vehicles. The District does not possess any infrastructure. All reported capital assets except land and construction in progress are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Life</u>
Technology equipment	5 years
Vehicles	5-10 years
Food service equipment	5-12 years
General equipment	5-20 years
Land improvements	10-20 years
Buildings	25-50 years

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as interfund receivables and payables. These generally arise from payments made from the General Fund on behalf of the Special Revenue Fund. The General Fund does not have the legal liability for the expenditure, so a payable from the fund having the legal liability is established at such time. Unless there are net residual amounts due between governmental and business-type activities, these amounts are eliminated in the Statement of Net Position.

Encumbrance Accounting

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of goods or services. For budgetary purposes, appropriations lapse at fiscal year-end and outstanding encumbrances at year-end are reappropriated in the next year. Outstanding encumbrances at year-end are included in assigned fund balance at June 30, 2025.

Budgetary Process

The Superintendent must submit the proposed budget for all funds to the Board members each year. The working budget is adopted by September 30 of each fiscal year, and amendments to the budget can be approved by the Board as needed. The budgetary data for the General Fund and Special Revenue Fund is presented on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Transfers

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 and expenses in proprietary funds.

Inventory

The only inventory maintained by the District consists of expendable supplies held for consumption and is accounted for in the Proprietary Fund. Inventory consists of donated and purchased foods held for resale and are expensed when used. Purchased food is valued at cost (first-in, first-out method) and the value of U.S. Government donated commodities is determined by the U.S. Department of Agriculture.

Prepaid Expenses

Payments made that will benefit periods beyond June 30, 2025 are recorded as prepaid expenses using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase, and an expenditure/expense is reported in the year in which services are consumed.

Pensions

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

Post-employment Benefits Other Than Pensions (OPEB)

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

Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District reports the deferred charge on refunding and deferred amounts related to pensions and OPEB in the government-wide Statement of Net Position in this category. A deferred charge on refunded debt results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred amounts related to pensions include pension contributions made during the current fiscal year but applicable to a future measurement period of the net pension liability. Deferred amounts related to OPEB include medical insurance contributions made during the current fiscal year but applicable to a future measurement period of the net OPEB liability.

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. The District reports the deferred amount related to pensions and OPEB in the government-wide Statement of Net Position in this category.

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, fund balances, and 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.

Net Position

The District classifies its net position into the following three categories:

- Net investment in capital assets - Consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position.
- Restricted - Restricted net position consists of restricted financial assets reduced by liabilities and deferred inflows of resources related to those assets. Limitations can be imposed on its 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.
- Unrestricted - If an amount does not meet the definition of net investment in capital assets or restricted, it is unrestricted.

Fund Equity

The fund balance for governmental funds is reported in classifications based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

- Nonspendable - amounts that are not in a spendable form (such as inventory and prepayments) or are required to be maintained intact.
- Restricted - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

Assigned - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

- Unassigned - amounts that are available for any purpose; positive amounts are reported only in the General Fund.

The District establishes (and modifies or rescinds) fund balance commitments by passage of a board order, which is done through motions made by the board of education members. Assigned fund balance is established by the Superintendent through adoption or amendment of the budget as intended for a specific purpose. Unassigned fund balances are reduced first, unless expenditures are incurred for a specific purpose for which fund balance has been restricted, committed, or assigned.

Payables, Accrued Liabilities, and Long-Term Obligations

Payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements and in the Proprietary Fund financial statements. In general, payables, accrued liabilities, and long-term obligations that will be paid from governmental funds are reported on the government-wide financial statements regardless of whether they will be liquidated with current resources. However, these amounts are not recognized as liabilities in the fund financial statements until due.

Accumulated Unpaid Sick Leave Benefits

The District's policies regarding sick leave permit employees to accumulate earned but unused sick leave. Upon retirement from the school system, a qualified employee will receive from the District an amount equal to 30% of the value of accumulated sick leave. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the School District's past experience of making termination payments. The entire compensated absence liability is reported on the government-wide financial statements.

NOTE B - FUND BALANCES

The assigned and restricted fund balances for the Governmental Funds were classified as follows:

	<u>Fund</u>	<u>Purpose</u>	<u>Amount</u>
Restricted	General	Science	\$ 196,900
	Special Revenue	Projects	783
	Debt Service	Debt service	342
	District Activity	Student activities	1,297
	Student Activity	Student activities	98,570
			<u>\$ 297,892</u>
Committed	General	Sick leave	<u>\$ 65,000</u>
Assigned	General	Purchase obligations	\$ 16,550
	General	Other	1,215,185
			<u>\$1,231,735</u>

NOTE C - CASH AND CASH EQUIVALENTS

At year end, the carrying amount of the District's cash and cash equivalents was \$2,366,216 and the bank balance was \$4,804,492. The bank balance was covered by federal depository insurance of \$250,000 and \$4,554,492 was pledged with securities held by the pledging banks' trust departments but not in the name of the District.

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE D - DEFICIT FUND BALANCES/NET POSITION

The proprietary fund ended the year with a deficit in net position. The governmental funds did not end the year with a deficit fund balance; however, the Capital Outlay, Construction, and District Activity Funds had operations resulting in current-year reductions of fund balance.

NOTE E - CAPITAL ASSETS

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

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
<u>Governmental Activities</u>				
Not Depreciated:				
Land	\$ 92,550	\$139,247	\$ -	\$ 231,797
Depreciated:				
Buildings	9,292,506	-		9,292,506
Technology equipment	392,231	-	3,146	389,085
Vehicles	541,604	150,222	-	691,826
General equipment	907,845	37,490	-	945,335
Subtotal	<u>11,134,186</u>	<u>187,712</u>	<u>3,146</u>	<u>11,318,752</u>
Less accumulated depreciation:				
Buildings	4,014,041	214,139	-	4,228,180
Technology equipment	371,977	17,386	3,122	386,241
Vehicles	418,163	27,125	-	445,288
General equipment	391,217	30,346	-	421,563
Subtotal	<u>5,195,398</u>	<u>288,996</u>	<u>3,122</u>	<u>5,481,272</u>
Capital Assets - Net	<u>\$ 6,031,338</u>	<u>\$ 37,963</u>	<u>\$ 24</u>	<u>\$ 6,069,277</u>
<u>Business-Type Activities</u>				
Depreciated:				
General equipment	\$ 323,828	-	\$ -	\$ 323,828
Less accumulated depreciation:				
General equipment	248,940	5,114		254,054
Capital Assets - Net	<u>\$ 74,888</u>	<u>(\$ 5,114)</u>	<u>\$ -</u>	<u>\$ 69,774</u>

Depreciation expense was charged to functions in the Statement of Activities as follows:

<u>Governmental Activities</u>	
Instruction	\$127,875
Support services:	
Student	3,507
Staff	1,389
District administration	28,048
School administration	987
Business	87,468
Plant operations and maintenance	11,294
Student transportation	28,372
Community service	56
	<u>\$288,996</u>
<u>Business-Type Activities</u>	
Food service	<u>\$ 5,114</u>

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE E - CAPITAL ASSETS (CONCLUDED)

In March 2022, the District entered into a lease arrangement for three copier/printers with Toshiba Corporation. The assets were placed in service in April with a present value of \$19,147 to be amortized over 63-months. The terms of the lease are stated in Note G.

NOTE F - INVESTMENTS

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

The District's investments consist of cash and mutual funds held with J.P. Morgan. Mutual funds were valued at the daily closing price as reported by the fund (level 1), and cash approximates fair value. The District has the following recurring fair value measurements as of June 30, 2025:

<u>Description</u>	<u>(Level 1)</u>	<u>Fair Value</u>
Mutual funds	\$194,608	\$194,608
Cash	2,292	2,292
	<u>\$196,900</u>	<u>\$196,900</u>

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. At year-end, the deposits of the District were either insured or collateralized with securities held by the pledging financial institution. The District has formally adopted deposit and investment policies that limit its allowable deposits or investments and address the specific types of risk to which the government is exposed.

Kentucky Revised Statute 66.480 and Board policy authorize the District to invest in direct obligations of the U.S. government; obligations backed by the full faith and credit of the U.S. government; obligations of any corporation of the U.S. government; certificates of deposit or other interest bearing accounts issued by any bank or savings and loan institution having a physical presence in Kentucky, provided that such investment is insured by the FDIC or collateralized by any obligations permitted by KRS 41.240(4); uncollateralized certificates of deposit issued by any bank or savings and loan institution having a physical presence in Kentucky rated in one of the three highest categories by a competent rating agency; bankers' acceptances for banks rated in one of the three highest categories by a competent rating agency; commercial paper rated in the highest category by a competent rating agency; bonds or certificates of indebtedness issued by the Commonwealth of Kentucky and of its agencies and instrumentalities; securities issued by any state or local government of the U.S., or any instrumentality of agency thereof, and rated in one of the three highest categories by a competent rating agency; certain mutual funds; certain individual equity securities; and certain individual high-quality corporate bonds.

NOTE G - LONG-TERM LIABILITIES

Governmental Activities

On March 9, 2019, the District entered into a contract with the Kentucky Interlocal School Transportation Association (KISTA) for the acquisition of a new school bus. Principal is due annually over a 10-year period in amounts ranging from \$7,939 to \$10,156. Interest is paid semi-annually at a 3% rate. The KISTA Pool Financing retains a security interest in the vehicle until the termination of the contract.

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE G - LONG-TERM LIABILITIES (CONTINUED)

Governmental Activities (Continued)

On June 4, 2024, the District entered into a contract with the Kentucky Interlocal School Transportation Association (KISTA) for the acquisition of a new school bus. Principal is due annually over a 10-year period in amounts ranging from \$14,630 to \$17,733. Interest is paid semi-annually at a rate from 3% to 3.75%. The KISTA Pool Financing retains a security interest in the vehicle until the termination of the contract.

As indicated in Note C, in March 2022, the District leased equipment with a present value of \$19,147. Subject to GASB 87, the liability is amortized over 63 monthly payments of \$544 (exclusive of \$180 in maintenance and supply charges) based on an interest rate of 2.73%. The vendor retains a security interest in the equipment until termination of the lease.

The District is obligated to make payments in amounts sufficient to satisfy debt service requirements on revenue bonds or refunding bonds of revenue bonds issued by the Cloverport Independent School District Finance Corporation to construct or renovate school facilities. The bonds payable are collateralized by the educational facilities constructed/renovated with bond proceeds. The District has an option to purchase the property under lease at any time by retiring the bonds then outstanding. Bonds are repaid principally from state and local revenues in the Building Fund. General Fund and Capital Outlay Fund revenues are available to pay for debt service if needed.

The projects financed by bonds are the property of the Cloverport Independent School District Finance Corporation (Corporation), which leases the facilities to the District. Rental payments are equal to the amounts the Corporation pays to amortize the bonds. The instruments are revenue bonds, constitute a limited indebtedness of the Corporation, and are secured by a statutory mortgage lien and pledge of the rental income derived by the Corporation from leasing the project to the District on a year-to-year basis. Should the District fail to make its required payments, it has granted the Commission the right to request that the Kentucky Department of Education withhold sufficient funds from the District to compensate for the shortfall.

The District has “participation agreements” with the Kentucky School Facility Construction Commission (SFCC). The SFCC was created by the Kentucky Legislature for the purpose of assisting local school districts in meeting school construction needs. The table below sets forth the amount to be paid by the District and the SFCC for each year until maturity of all bond issues. The liability for the total bond amount remains with the District and, as such, the total principal outstanding has been recorded in the government-wide financial statements.

The original amount of the bond issues, the issue dates, interest rates, and outstanding balances at June 30, 2025 are summarized below:

Bond Series	Interest Rates	Original Issue	Outstanding Balance
2015	2.1% to 3.3%	\$ 1,710,000	\$ 1,200,000
2016R	.95% to 2.1%	\$ 3,195,000	\$ 985,000
2020R	1.2%	\$ 573,000	\$ 347,000
2023	3%	\$ 214,000	\$ 207,000

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

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE G - LONG-TERM LIABILITIES (CONCLUDED)

Governmental Activities (Concluded)

Year Ending June 30	District		SFCC		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 99,053	\$ 39,989	\$ 350,947	\$ 32,227	\$ 450,000	\$ 72,216
2027	95,163	37,398	358,837	25,249	454,000	62,647
2028	98,067	34,831	364,933	18,115	463,000	52,946
2029	129,404	32,149	51,596	10,859	181,000	43,008
2030	136,735	28,413	53,265	9,851	190,000	38,264
2031-35	767,894	77,456	115,106	37,235	883,000	114,691
2036-41	-	-	61,000	20,991	61,000	20,991
2042-43	-	-	57,000	5,344	57,000	5,344
	<u>\$1,326,316</u>	<u>\$250,236</u>	<u>\$1,412,684</u>	<u>\$159,871</u>	<u>\$2,739,000</u>	<u>\$410,107</u>

Changes in long-term liabilities (including current portion) were as follows:

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025	Due In One Year
Bond obligations	\$3,185,000	\$ -	\$446,000	\$2,739,000	\$450,000
Premium	16,146	-	4,404	11,742	4,403
Total bonds	3,201,146	-	450,404	2,750,742	454,403
Equipment loans	54,306	160,035	34,857	179,484	25,580
Leased equipment	18,791	-	6,094	12,697	6,262
Accrued sick leave	24,184	-	6,148	18,036	-
Net pension liability	927,270	-	140,005	787,265	-
Net OPEB liability	521,000	199,000	-	720,000	-
	<u>\$4,746,697</u>	<u>\$359,035</u>	<u>\$637,506</u>	<u>\$4,468,224</u>	<u>\$486,245</u>

The Debt Service Fund is primarily responsible for paying bond obligations through funding from the Building Fund. The General Fund is primarily responsible for paying the lease and accrued sick leave.

Business-Type Activities

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025	Due In One Year
Net pension liability	\$212,302	-	\$42,639	\$169,663	-
Net OPEB liability (asset)	(4,568)	343	-	(4,911)	-
	<u>\$207,734</u>	<u>\$ 343</u>	<u>\$42,639</u>	<u>\$164,752</u>	<u>\$ -</u>

NOTE H - INTERFUND ACTIVITY

The following interfund transfers were made during the year:

From Fund	To Fund	Amount	Purpose
General	Special Revenue	\$ 19,507	On-behalf payments
Special Revenue	General	23,701	Reimbursement
Capital Outlay	General	323,720	Fixed assets
Capital Outlay	Special Revenue	12,557	Project expenditures
Capital Outlay	Debt Service	2,840	Debt service
Building	Debt Service	140,314	Debt service
Building	General	2,042,995	Fixed assets
		<u>\$2,565,634</u>	

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE H - INTERFUND ACTIVITY (CONCLUDED)

Most program costs in the Special Revenue Fund must be paid for by District funds before reimbursement is requested from the federal government. The General Fund temporarily covered program expenditures, so an interfund balance resulted from the time lag between the dates expenditures were made and the date that grant funds were received. As a result, the Special Revenue Fund owed the General Fund \$- at year-end.

NOTE I - ON-BEHALF PAYMENTS

For the year ended June 30, 2025, payments were made for life insurance, health insurance, health reimbursement accounts, TRS retirement contributions, administrative fees, and technology by the Commonwealth of Kentucky on behalf of the District. In addition, debt service payments (principal and interest) were made by KISTA and the SFCC on behalf of the District. These on-behalf payments were recorded as intergovernmental revenue and expenses or expenditures in the government-wide, General Fund, Proprietary Fund, and Debt Service Fund financial statements. The on-behalf payments received were as follows:

TRS retirement contributions – GASB 68	\$ 654,133
TRS MIF contributions – GASB 75	59,764
TRS LIF contributions – GASB 75	1,789
Health insurance	1,812,177
Life insurance	2,161
Administrative fee	17,292
Health reimbursement account	83,737
Federal reimbursement (paid by District)	(40,275)
Debt service (SFCC payments)	383,402
Technology (KEN, MUNIS, etc.)	<u>22,205</u>
Total On-Behalf Payments	<u><u>\$2,996,385</u></u>

The amount received for the fiscal year ended June 30, 2025 was allocated as follows:

General Fund/Governmental Activities	\$2,595,827
Proprietary Fund/Business-Type Activities	17,156
Debt Service Fund	<u>383,402</u>
Total On-Behalf Payments	<u><u>\$2,996,385</u></u>

NOTE J - INSURANCE AND 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, students, and guests; and natural disasters. To obtain insurance for workers' compensation, errors and omissions, general and automotive liability coverage, and other miscellaneous risks, the District purchases commercial insurance.

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

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE K - COMMITMENTS AND 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 grantor 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 contingent upon the grantors' satisfaction that the funds provided are being spent as intended, the grantors' intent to continue the programs, and the availability of funding.

Early in 2020, the United States was struck with the COVID-19 virus. It continues to impact economies around the globe. To ease the burden of the financial impact of COVID-19 on the District, the federal government disbursed funds as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). It is not possible to reliably estimate the duration and severity of the consequences of the pandemic, as well as their impact on the financial position of the District for future periods.

NOTE L - RETIREMENT PLANS

The District's employees are provided with two pension plans, based on each position's college degree requirement. The District also makes available 401(k) and 403(b) defined contribution pension plans for all employees. Employees are allowed to contribute to the plans up to the Internal Revenue Code maximum allowable amount. The District does not contribute to these plans.

1. Teachers' Retirement System of Kentucky

General Information about the Teachers' Retirement System of Kentucky

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

Benefits Provided

Members before July 1, 2008

Members become vested when they complete five years of credited service. To qualify for monthly retirement benefits, payable for life, members must either:

- 1) attain age 55 and complete 5 years of Kentucky service; or
- complete 27 years of Kentucky service.

Members on or after July 1, 2008 and before January 1, 2022

Members become vested when they complete five years of credited service. To qualify for monthly retirement benefits, payable for life, members must either:

- 1) attain age 60 and complete 5 years of Kentucky service; or
- 2) complete 27 years of Kentucky service; or
- 3) attain age 55 and complete 10 years of Kentucky service.

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE L - RETIREMENT PLANS (CONTINUED)

Members on or after January 1, 2022

To qualify for monthly retirement benefits, payable for life, members must either:

- 1) attain age 57 and complete 10 years of Kentucky service; or
- 2) attain age 65 and complete 5 years of Kentucky service.

The annual retirement allowance, or monthly benefit payment, varies based on participation dates in the system, length of service, and other factors. For all members, final average salary is the member's five highest annual salaries, except members who began participating prior to January 1, 2022, that are at least age fifty-five with twenty-seven or more years of service, may use their three highest annual salaries. More information can be found in the publicly available financial report mentioned above.

Other Benefits

TRS provides post-employment healthcare benefits to eligible members and dependents. See NOTE L for more information.

For members who began participating prior to January 1, 2022, TRS also provides disability benefits for vested members at the rate of 60% of the final average salary. Members who began participating on or after January 1, 2022, will receive a disability benefit to be determined by the board through administrative regulation.

A life insurance benefit payable upon the death of a member, is \$2,000 for active contributing members and \$5,000 for retired or disabled members for members who began participating before January 1, 2022. For members who entered on or after January 1, 2022, the life insurance benefit payable upon the death of a member is \$5,000 for active contributing members and \$10,000 for retired or disabled members.

Cost of living increases are 1.5% annually. Additional ad hoc increases and any other benefit amendments must be authorized by the General Assembly.

Contributions – Contribution rates are established by Kentucky Revised Statutes (KRS). Non-university members who began participating before January 1, 2022 are required to contribute 12.855% of their salaries to the System. The Commonwealth of Kentucky, as a non-employer contributing entity, pays matching contributions at the rate of 13.105% of salaries for local school district employees hired before July 1, 2008 and 14.105% for those hired on or after July 1, 2008 and before January 1, 2022. Other participating employers are required to contribute the percentage contributed by members plus an additional 3.25% of members' gross salaries.

For members who began participating on or after January 1, 2022, non-university members contribute 14.75% of their salaries to the System. Employers of non-university members, including the Commonwealth (as a non-employer contributing entity), contribute 10.75% of salary.

Member and employer contributions consist of retirement annuity contributions and other post-employment benefit contributions to the health insurance and life insurance trusts. The member post-employment health insurance contribution is 3.75% of salary. The employer post-employment health insurance contribution is 0.75% of member salaries. Also, employers (other than the state) contribute 3% of members' salaries and the state contributes the net cost of health insurance premiums for new retirees after June 30, 2010, in the non-Medicare eligible group. If a member leaves covered employment before accumulating five years of credited service, accumulated member contributions to the retirement trust are refunded with interest upon the member's request.

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE L - RETIREMENT PLANS (CONTINUED)

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

At June 30, 2025, the District did not report a liability for its proportionate share of the net pension liability because the Commonwealth of Kentucky provides the pension support directly to TRS on behalf of the District. For the year ended June 30, 2025, the District recognized \$654,133 in pension expense and in revenue in the government-wide financial statements for TRS support provided by the Commonwealth. The Commonwealth's proportionate share of the TRS net pension liability that was associated with the District was \$10,064,168.

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of June 30, 2023. The Commonwealth's proportionate share of the net pension liability associated with the District was based on the actual liability of the employees and former employees of the District relative to the total liability for non-university employers of TRS as determined by the actuary, which accounted for 0.0612% as of June 30, 2024.

Actuarial Assumptions – Actuarial valuation was determined using the following actuarial assumptions:

Valuation Date:	June 30, 2023
Actuarial Cost Method:	Entry age
Investment Rate of Return:	7.10%, net of pension plan investment expense, including inflation
Projected Salary Increases:	3.0 – 7.5%, including inflation
Inflation Rate:	2.5%
Post-Retirement Adjustment:	1.5%
Municipal Bond Index Rate:	3.94%
Single Equivalent Interest Rate:	7.1%

Mortality rates were based on the Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs and adjustments for each of the groups; service retirees, contingent annuitants, disabled retirees and active members. The actuarial assumptions used were based on the results of an actuarial experience study for the 5-year period ended June 30, 2020, adopted by the board on September 20, 2021. The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index.

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap U.S. Equity	35.4%	5.0%
Small Cap U.S. Equity	2.6%	5.5%
Developed International Equity	15.7%	5.5%
Emerging Markets Equity	5.3%	6.1%
Fixed Income	15.0%	1.9%
High Yield Bonds	2.0%	3.8%
Other Additional Categories	8.0%	3.6%
Real Estate	7.0%	3.2%
Private Equity	7.0%	8.0%
Cash	2.0%	1.6%
Total	100.0%	

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE L - RETIREMENT PLANS (CONTINUED)

For KTRS, the discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made in full at the current contribution rates and the employer contributions will be made at actuarially determined contribution rates for all future fiscal years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The District's proportionate share of the TRS net pension liability was \$0.

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued TRS financial report.

2. County Employees Retirement System

General Information about the County Employees Retirement System

Plan Description – Employees whose positions do not require a degree (classified personnel) are covered by the County Employees Retirement System (CERS), a cost-sharing multiple-employer defined benefit pension plan administered by the Kentucky Public Pensions Authority (KPPA), a component unit of the Commonwealth of Kentucky. Under the provisions of Kentucky Revised Statute Sections 78.782 and 61.645, the KPPA oversees the administration and operation of the personnel and accounting systems for the CERS. The governance of the CERS rests with a 9-member board of trustees. The KPPA issues a publicly available financial report that includes financial statements and required supplementary information for CERS. The report may be obtained by writing to the KPPA, 1260 Louisville Road, Frankfort, KY 40601 or from the KPPA website at www.kyret.ky.gov.

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

Tier 1 – Defined Benefit

Participation date:	Before September 1, 2008
Unreduced retirement:	27 years service or 65 years old
Reduced retirement:	At least 5 years service and 55 years old At least 25 years service and any age

Tier 2 – Defined Benefit

Participation date:	September 1, 2008 – December 31, 2013
Unreduced retirement:	At least 5 years service and 65 years old Age 57+ and sum of service years plus age = 87
Reduced retirement:	At least 10 years service and 60 years old

Tier 3 – Cash Balance

Participation date:	After December 31, 2013
Unreduced retirement:	At least 5 years service and 65 years old Age 57+ and sum of service years plus age = 87
Reduced retirement:	Not available

Contributions – Employees in all tiers contribute 5% of their salaries, and those in Tiers 2 and 3 contribute an additional 1% of their salaries for the insurance fund and it is non-refundable to the member. Participating employers contributed 19.71% (19.71% for pension and 0% for health insurance) of members' non-hazardous compensation for the year ended June 30, 2025.

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE L - RETIREMENT PLANS (CONTINUED)

Medical Insurance Plan – In addition to the pension benefits described above, Kentucky Revised Statute 61.702 requires CERS to provide post-retirement healthcare benefits to eligible members and dependents. See NOTE L for more information.

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

At June 30, 2025, the District reported a liability of \$956,928 for its proportionate share of the net pension liability for CERS. The total pension liability, net pension liability, and sensitivity information as of June 30, 2024, were based on an actuarial valuation date of June 30, 2023. The total pension liability was rolled forward from the valuation date to the plan's fiscal year ended June 30, 2024, using generally accepted actuarial principles. The District's proportion of the net pension liability was based on the actual contributions of the District relative to the total contributions of all participating members of CERS during the measurement period July 1, 2023 through June 30, 2024. At June 30, 2024, the District's proportion was 0.016001%, a decrease of 0.001759% from its proportion measured at June 30, 2024.

For the year ended June 30, 2025, the District recognized pension expense of \$39,330 for CERS.

The District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 46,317	\$ -
Changes of assumptions	-	43,234
Net difference between projected and actual earnings on pension plan investments	-	61,526
Changes in proportion and differences between District contributions and proportionate share of contributions	2,794	77,061
District contributions subsequent to the measurement date	112,476	-
	\$161,587	\$181,821

\$112,476 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2026	\$(83,235)
2027	(12,112)
2028	(23,651)
2029	(13,712)

Actuarial assumptions – The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions:

Inflation Rate:	2.50%
Payroll Growth Rate:	2.00%
Projected Salary Increases:	3.30% to 10.30%, varies by service for CERS non-hazardous
Investment Rate of Return:	6.50%

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE L - RETIREMENT PLANS (CONTINUED)

The mortality table used for active members was a Pub-2010 General Mortality table, for the non-hazardous system, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010. The mortality table used for non-disabled retired members was a system-specific mortality table based on mortality experience from 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023. The mortality table used for the disabled members was PUB-2010 Disabled Mortality table, with rates multiplied by 150% for both male and female rates, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010.

The long-term expected rates of return were determined by using a building-block method in which best estimated ranges of expected future real rates of return were developed for each asset class. The ranges were combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class, as provided by KPPA, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity		
Public Equity	50.00%	4.15%
Private Equity	10.00%	9.10%
Fixed Income		
Core Fixed Income	10.00%	2.85%
Specialty Credit	10.00%	3.82%
Cash	0.00%	1.70%
Inflation Protected		
Real Estate	7.00%	4.90%
Real Return	13.00%	5.35%
Total	100.00%	

Discount Rate – The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in Statute as last amended by House Bill 362 (passed in 2018) over the remaining 27 years (closed) amortization period of the unfunded actuarial accrued liability. The discount rate determination does not use a municipal bond rate.

Sensitivity of Proportionate Share of Net Pension Liability to Changes in the Discount Rate – The following table presents the District’s proportionate share of the net pension liability calculated using the discount rate of 6.50%, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease 5.50%	Current Discount 6.50%	1% Increase 7.50%
District’s proportionate share of the net pension liability	\$1,233,636	\$956,928	\$727,333

Pension Plan Fiduciary Net Position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued CERS financial report.

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE L - RETIREMENT PLANS (CONCLUDED)

Pension Contributions Payable – The District’s accrued payroll and employee benefits included \$21,662 (\$17,279 employer and \$4,383 employee) of outstanding pension contributions payable to CERS for the year ended June 30, 2025.

NOTE M - OTHER POST-EMPLOYMENT BENEFITS

1. Teachers’ Retirement System of Kentucky Insurance Fund

General Information about the Teachers’ Retirement System of Kentucky Insurance Fund

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

The District reports a liability, deferred outflows of resources, deferred inflows of resources, and expense as a result of its statutory requirement to contribute to the TRS Medical Insurance Plans. Life insurance benefits are also provided, but no information is recorded in the District’s financial records, as there is no statutory requirement to contribute to the TRS Life Insurance Plans. The following information is about the TRS plans.

A) Medical Insurance Plan

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

Benefits provided – To be eligible for medical benefits, the member must have retired either for service or disability and a required amount of service credit. The TRS medical plan offers members who are not eligible for Medicare and under age 65 coverage through the Kentucky Employees Health Plan (KEHP) administered by the Kentucky Department of Employee Insurance. Once retired members and eligible spouses attain age 65 and/or are eligible for Medicare, coverage is obtained through the Medicare Eligible Health Plan administered by TRS.

Contributions are made on behalf of TRS retired members toward payment of health insurance premiums. The amount of the member’s contribution is based on a table approved by the TRS Board of Trustees. Retired members pay premiums in excess of the monthly contribution. The Commonwealth bears risk for excess claims expenses that exceed the premium equivalents charged for the KEHP.

Contributions – In order to fund the post-retirement healthcare benefit, 7.5% of the gross annual payroll of members is contributed – 3.75% is paid by member contributions, .75% is from Commonwealth appropriation, and 3% is from the employer. The Commonwealth contributes the net cost of health insurance premiums for members who retired on or after July 1, 2010 who are in the non-Medicare eligible group. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE M - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2025, the District reported a liability of \$720,000 for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2024, the District's proportion was 0.032306%.

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

District's proportionate share of the net OPEB liability	\$ 720,000
Commonwealth's proportionate share of the net OPEB liability associated with the District	<u>642,000</u>
Total	<u><u>\$1,362,000</u></u>

For the year ended June 30, 2025, the District recognized OPEB expense of \$4,758 and revenue of \$59,764 for support provided by the Commonwealth. The District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$114,185
Changes of assumptions	96,740	-
Net difference between projected and actual earnings on OPEB plan investments	-	12,159
Changes in proportion and differences between District contributions and proportionate share of contributions	186,608	104,141
District contributions subsequent to the measurement date	<u>290,283</u>	<u>-</u>
	<u><u>\$573,631</u></u>	<u><u>\$230,485</u></u>

\$290,282 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the collective net OPEB liability in the year ending June 30, 2026. Deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Amount
2026	\$ (7,930)
2027	17,974
2028	13,216
2029	3,172
2030	12,159
Thereafter	14,272

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE M - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Actuarial assumptions – The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date:	June 30, 2023
Investment Rate of Return:	7.10%, net of OPEB plan investment expense, including inflation
Projected Salary Increases:	3.00% - 7.50%, including wage inflation
Inflation Rate:	2.50%
Real Wage Growth:	0.25%
Wage Inflation:	2.75%
Municipal Bond Index Rate:	3.94%
Discount Rate:	7.10%
Single Equivalent Interest Rate:	7.10%, net of OPEB plan investment expense, including price inflation
Healthcare Cost Trend Rates:	
Medical trend:	6.50% for fiscal year 2024, decreasing to an ultimate rate of 4.5% by fiscal year 2031
Medicare Part B premiums:	5.92% for fiscal year 2024, with an ultimate rate of 4.5% by fiscal year 2035

Mortality rates were based on the Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees and active members. The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation and rates of plan election used in the June 30, 2023 valuation were based on the results of the most recent actuarial experience study for the system, which covered the five-year period ending June 30, 2020, adopted by the board on September 20, 2021. The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends) used in the June 30, 2023, valuation of the health trust were based on a review of recent plan experience done concurrently with the June 30, 2023 valuation. The health care cost trend rate assumption was updated for the June 30, 2023 valuation and was shown as an assumption change in the total OPEB liability (TOL) roll-forward while the change in initial per capita claims costs were included with experience in the TOL roll-forward. The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Board of Governors of the Federal Reserve System.

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate Of Return</u>
US Large Cap Equity	35.4%	5.0%
US Small Cap Equity	2.6%	5.5%
Developed International Equity	15.0%	5.5%
Emerging Markets Equity	5.0%	6.1%
Fixed Income	9.0%	1.9%
High Yield Bonds	8.0%	3.8%
Other Additional Categories	9.0%	3.7%
Real Estate	6.5%	3.2%
Private Equity	8.5%	8.0%
Cash	1.0%	1.6%
Total	<u>100%</u>	

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE M - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Discount rate – The discount rate used to measure the total OPEB liability as of the measurement date was 7.10%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB Statement No. 74.

Sensitivity of Proportionate Share of Net OPEB Liability to Changes in the Discount Rate – The following table presents the District’s proportionate share of the collective net OPEB liability of TRS, calculated using the discount rate of 7.10%, as well as what the District’s proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	<u>1% Decrease 6.10%</u>	<u>Current Discount 7.10%</u>	<u>1% Increase 8.10%</u>
District’s proportionate share of the collective net OPEB liability	\$505,903	\$720,000	\$277,004

Sensitivity of Proportionate Share of Net OPEB Liability to Changes in the Healthcare Cost Trend Rate – The following table presents the District’s proportionate share of the collective net OPEB liability calculated using the healthcare cost trend rate, as well as what the District’s proportionate share of the collective net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
District’s proportionate share of the collective net OPEB liability	\$256,916	\$720,000	\$533,921

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

B) Life Insurance Plan

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

Benefits provided – A life insurance benefit payable upon the death of a member, is \$2,000 for active contributing members and \$5,000 for members who are retired for service or disability for members who began participating before January 1, 2022. For members who entered on or after January 1, 2022, the life insurance benefit payable upon the death of a member is \$5,000 for active contributing members and \$10,000 for retired or disabled members.

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

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2025, the District did not report a liability for its proportionate share of the collective net OPEB liability for life insurance benefits because the Commonwealth of Kentucky provides the OPEB support directly to TRS on behalf of the District. For the year ended June 30, 2025, the District recognized \$1,789 in OPEB expense and in revenue in the government-wide financial statements for TRS support provided by the Commonwealth.

The Commonwealth’s proportionate share of the TRS net OPEB liability for the life insurance plan that was associated with the District was \$15,000.

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE M - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Actuarial assumptions – The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date:	June 30, 2023
Investment Rate of Return:	7.10%, net of OPEB plan investment expense, including inflation
Projected Salary Increases:	3.00% - 7.50%, including wage inflation
Inflation Rate:	2.50%
Real Wage Growth:	0.25%
Wage Inflation:	2.75%
Municipal Bond Index Rate:	3.94%
Discount Rate:	7.10%
Single Equivalent Interest Rate:	7.10%, net of OPEB plan investment expense, including inflation

Mortality rates were based on the Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees and active members. The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation and rates of plan election used in the June 30, 2023 valuation were based on the results of the most recent actuarial experience study for the system, which covered the five-year period ended June 30, 2020, adopted by the board on September 20, 2021. The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Board of Governors of the Federal Reserve System.

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Geometric Real Rate of Return</u>
US Equity	40.0%	5.2%
International Equity	15.0%	5.5%
Emerging Markets Equity	5.0%	6.1%
Fixed Income	21.0%	1.9%
Real Estate	7.0%	3.2%
Private Equity	5.0%	8.0%
Additional Categories	5.0%	4.0%
Cash	2.0%	1.6%
Total	<u>100%</u>	

Discount rate – The discount rate used to measure the total OPEB liability as of the measurement date was 7.10%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB Statement No. 74.

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

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE M - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Medical Insurance Plan

Plan Description – County Employees Retirement System (CERS) Nonhazardous Insurance Funds are cost-sharing multiple-employer defined benefit other post-employment benefits (OPEB) plans for members that cover all regular full-time members employed in nonhazardous positions of any state department, board, agency, county, city, school board, and any additional eligible local agencies electing to participate. The plan provides for health insurance benefits to plan members, and it may be extended to beneficiaries of plan members under certain circumstances. It is administered by the Kentucky Public Pensions Authority (KPPA), a component unit of the Commonwealth of Kentucky. Under the provisions of Kentucky Revised Statute Sections 78.782 and 61.645, the KPPA oversees the administration and operation of the personnel and accounting systems for the CERS. The governance of the CERS rests with a 9-member board of trustees.

Plan Description – County Employees Retirement System (CERS) Nonhazardous Insurance Funds are cost-sharing multiple-employer defined benefit other post-employment benefits (OPEB) plans for members that cover all regular full-time members employed in nonhazardous positions of any state department, board, agency, county, city, school board, and any additional eligible local agencies electing to participate. The plan provides for health insurance benefits to plan members, and it may be extended to beneficiaries of plan members under certain circumstances. It is administered by the Kentucky Public Pensions Authority (KPPA), a component unit of the Commonwealth of Kentucky. Under the provisions of Kentucky Revised Statute Sections 78.782 and 61.645, the KPPA oversees the administration and operation of the personnel and accounting systems for the CERS. The governance of the CERS rests with a 9-member board of trustees.

The KPPA issues a publicly available financial report that includes financial statements and required supplementary information for CERS. The report may be obtained by writing to the KPPA, Perimeter Park West, 1260 Louisville Road, Frankfort, KY 40601 or from the KPPA website at www.kyret.ky.gov.

Benefits Provided – CERS provides health insurance benefits to plan employees and beneficiaries when applicable. For members participating prior to July 1, 2003, KPPA pays a percentage of the monthly premium for single coverage based upon the service credit accrued at retirement. Members participating on or after July 1, 2003, and before September 1, 2008, are required to earn at least 10 years of service credit in order to be eligible for insurance benefits at retirement. Members participating on or after September 1, 2008 are required to earn at least 15 years of service credit in order to be eligible for insurance benefits at retirement. The monthly health insurance contribution will be \$10 for each year of earned service increased by the CPI prior to July 1, 2009, and by 1.5% annually from July 1, 2009.

The eligible non-Medicare retirees are covered by the Department of Employee Insurance (DEI) plans. KPPA submits the premium payments to DEI. The KPPA Board contracts with Humana to provide health care benefits to the eligible Medicare retirees through a Medicare Advantage Plan.

Contributions – Employees in Tiers 2 and 3 (see Note L) contribute an additional 1% of their salaries for health insurance. This amount is credited to the Insurance Fund and is non-refundable to the member. Participating employers contributed 19.71% (19.71% for pension and 0% for health insurance) of members' non-hazardous compensation for the year ended June 30, 2025.

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE M - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

2. County Employees Retirement System Insurance Fund

General Information about the County Employees Retirement System Insurance Fund

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

At June 30, 2025, the District reported an asset of \$27,699 for its proportionate share of the net OPEB liability (asset) for CERS. The total OPEB liability, net OPEB liability (asset), and sensitivity information as of June 30, 2023, were based on an actuarial valuation date of June 30, 2023.

The total OPEB liability was rolled forward from the valuation date of June 30, 2023 to the plan's fiscal year ended June 30, 2023, using generally accepted actuarial principles. The District's proportion of the net OPEB liability (asset) was based on the actual contributions of the District relative to the total contributions of all participating members of CERS during the measurement period July 1, 2023 through June 30, 2024. At June 30, 2024, the District's proportion was 0.016013%, a decrease of 0.001747% from its proportion measured at June 30, 2023.

For the year ended June 30, 2025, the District recognized OPEB expense of \$(92,605) for CERS. The District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$15,367	\$217,939
Changes of assumptions	25,099	19,545
Net difference between projected and actual earnings on OPEB plan investments	-	25,278
Changes in proportion and differences between District contributions and proportionate share of contributions	10,974	26,830
District contributions and implicit subsidy subsequent to the measurement date	7,509	-
	<u>\$58,949</u>	<u>\$289,592</u>

\$7,509 reported as deferred outflows of resources related to OPEB resulting from District contributions and implicit subsidy subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2026	\$(93,267)
2027	(71,244)
2028	(67,145)
2029	(6,496)
2030	-
Thereafter	-

Actuarial assumptions – The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions:

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE M - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Valuation Date:	June 30, 2023
Inflation Rate:	2.50%
Payroll Growth Rate:	2.00%
Projected Salary Increases:	3.30 – 10.30%, varies by service
Investment Rate of Return:	6.50%
Healthcare Trend Rates (under age 65):	Initial trend starting at 7.10% at January 1, 2026 and gradually decreasing to an ultimate trend rate of 4.25% over a period of 14 years
Healthcare Trend Rates (age 65 and over):	Initial trend starting at 8.00% in 2026, then gradually decreasing to an ultimate trend rate of 4.25% over a period of 9 years

The mortality table used for active members was a Pub-2010 General Mortality table for the non-hazardous system, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010. The mortality table used for non-disabled retired members was a system-specific mortality table based on mortality experience from 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023. The mortality table used for the disabled members was PUB-2010 Disabled Mortality table, with rates multiplied by 150% for both male and female rates, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010.

The long-term expected rate of return was determined by using a building-block method in which best-estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as provided by KPPA, are summarized in the table in Note L (target allocations and real rates of return are the same for the CERS Pension and Insurance Funds).

Discount Rate – The discount rate used to measure the total OPEB liability was 5.99%. The single discount rate is based on the expected rate of return on OPEB plan investments of 6.50%, and a municipal bond rate of 3.97%, as reported in Fidelity Index’s “20-Year Municipal GO AA Index” as of June 30, 2024. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the plan’s fiduciary net position and future contributions were projected to be sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the retirement system. However, the cost associated with the implicit employer subsidy was not included in the calculation of the System’s actuarially determined contributions, and any cost associated with the implicit subsidy will not be paid out of the System’s trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

The projection of cash flows used to determine the single discount rate must include an assumption regarding future employer contributions made each year. The future contributions are projected assuming that each participating employer in each insurance plan contributes the actuarially determined employer contribution each future year calculated in accordance with the current funding policy.

Sensitivity of Proportionate Share of Net OPEB Liability to Changes in the Discount Rate – The following table presents the District’s proportionate share of the net OPEB liability (asset) calculated using the discount rate of 5.99%, as well as what the District’s proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE M - OTHER POST-EMPLOYMENT BENEFITS (CONCLUDED)

	1% Decrease 4.99%	Current Discount 5.99%	1% Increase 6.99%
District's proportionate share of the net OPEB liability (asset)	\$(66,641)	\$(27,699)	\$17,665

Sensitivity of Proportionate Share of Net OPEB Liability to Changes in the Healthcare Cost Trend Rate – The following table presents the District's proportionate share of the net OPEB liability (asset) calculated using the healthcare cost trend rate, as well as what the District's proportionate share of the net OPEB liability (asset) would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease	Current Rate	1% Increase
District's proportionate share of the net OPEB liability (asset)	\$21,651	\$22,788	\$23,016

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

OPEB Contributions Payable – The District's accrued payroll and employee benefits included \$480 of outstanding OPEB contributions payable to CERS for the year ended June 30, 2025.

NOTE N - RESTRICTED NET POSITION

Restricted net position of the Governmental Activities included \$196,900 for the science program, \$99,867 for student activities, \$783 for capital projects, and \$342 for debt service.

REQUIRED SUPPLEMENTARY INFORMATION

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Budgeted Amounts</u>			Variance Favorable (Unfavorable) Final to Actual
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
From local sources:				
Property taxes	\$ 269,500	\$ 279,500	\$ 283,293	\$ 3,793
Motor vehicle taxes	55,000	55,000	69,682	14,682
Utility taxes	60,000	60,000	60,566	566
Investment gain (loss)	70,000	50,000	187,177	137,177
Other income	173,000	163,000	161,937	(1,063)
Intergovernmental - state	2,787,990	7,037,774	20,605,086	13,567,312
Intergovernmental - direct federal	50,000	50,000	43,156	(6,844)
Total Revenues	<u>3,465,490</u>	<u>7,695,274</u>	<u>21,410,897</u>	<u>13,715,623</u>
Expenditures				
Instruction	1,781,999	6,167,966	18,970,388	(12,802,422)
Support services:				
Student	375,242	307,971	502,267	(194,296)
Instructional staff	138,853	105,763	103,702	2,061
District administration	604,038	669,331	475,015	194,316
School administration	192,464	120,503	217,893	(97,390)
Business	296,700	829,412	3,060,210	(2,230,798)
Plant operations and maintenance	297,634	301,612	505,708	(204,096)
Student transportation	180,457	165,652	317,741	(152,089)
Community services	900	900	-	900
Debt service	27,000	27,000	55,490	(28,490)
Total Expenditures	<u>3,895,287</u>	<u>8,696,110</u>	<u>24,208,414</u>	<u>(15,512,304)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(429,797)</u>	<u>(1,000,836)</u>	<u>(2,797,517)</u>	<u>(1,796,681)</u>
Other Financing Sources (Uses)				
Proceeds from issuance of debt	-	-	160,035	160,035
Operating transfers in	-	567,210	2,390,416	1,823,206
Operating transfers out	(10,203)	(10,203)	(19,506)	(9,303)
Total Other Financing Sources (Uses)	<u>(10,203)</u>	<u>557,007</u>	<u>2,530,945</u>	<u>1,973,938</u>
Net Changes in Fund Balance	(440,000)	(443,829)	(266,572)	177,257
Fund Balance - Beginning of Year	440,000	443,829	1,762,242	1,318,413
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,495,670</u>	<u>\$ 1,495,670</u>

See accompanying notes to budgetary comparison schedules.

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable (Unfavorable) Final to Actual</u>
Revenues				
From local sources:				
Contributions	\$ 38,389	\$ 22,500	\$ -	\$ (22,500)
Miscellaneous revenue	2,500,000	6,050,000	8,430,368	2,380,368
Investment gain (loss)	(364)	-	2,975	2,975
Intergovernmental - state	200,006	272,169	269,553	(2,616)
Intergovernmental - federal	289,240	251,007	382,986	131,979
Total Revenues	<u>3,027,271</u>	<u>6,595,676</u>	<u>9,085,882</u>	<u>2,490,206</u>
Expenditures				
Instruction	2,566,612	6,431,504	8,141,545	(1,710,041)
Support services:				
Student	147,163	53,095	421,285	(368,190)
School administration	228,782	-	363,018	(363,018)
Business	48,141	57,930	68,362	(10,432)
Plant operations and maintenance	25,137	44,920	45,585	(665)
Community services	38,665	51,190	53,708	(2,518)
Total Expenditures	<u>3,054,500</u>	<u>6,638,639</u>	<u>9,093,503</u>	<u>(2,454,864)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(27,229)</u>	<u>(42,963)</u>	<u>(7,621)</u>	<u>35,342</u>
Other Financing Sources (Uses)				
Operating transfers in	27,274	31,432	32,064	632
Operating transfers out	-	-	(23,701)	(23,701)
Total Other Financing Sources (Uses)	<u>27,274</u>	<u>31,432</u>	<u>8,363</u>	<u>(23,069)</u>
Net Changes in Fund Balance	45	(11,531)	742	12,273
Fund Balance - Beginning of Year	-	-	41	41
Fund Balance - End of Year	<u>\$ 45</u>	<u>\$ (11,531)</u>	<u>\$ 783</u>	<u>\$ 12,314</u>

See accompanying notes to budgetary comparison schedules.

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - BUILDING FUND
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable (Unfavorable) Final to Actual</u>
Revenues				
From local sources:				
Property taxes	\$ 21,573	\$ 25,734	\$ 26,304	\$ 570
Intergovernmental - state	130,284	642,738	2,027,052	1,384,314
Total Revenues	<u>151,857</u>	<u>668,472</u>	<u>2,053,356</u>	<u>1,384,884</u>
Expenditures				
Payment of interest and fiscal charges	-	668,472	-	668,472
Total Expenditures	<u>-</u>	<u>668,472</u>	<u>-</u>	<u>668,472</u>
Excess (Deficiency) of Revenues over Expenditures	151,857	-	2,053,356	2,053,356
Other Financing Sources (Uses)				
Operating transfers out	<u>(151,857)</u>	<u>-</u>	<u>(2,183,309)</u>	<u>-</u>
Net Changes in Fund Balances	-	-	(129,953)	2,053,356
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>129,953</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,053,356</u>

See accompanying notes to budgetary comparison schedules.

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT
NOTES TO BUDGETARY COMPARISON SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE A - BASIS OF PRESENTATION

The Budgetary Comparison Schedules for the General Fund and Special Revenue Fund present the original legally adopted budget, the final legally adopted budget, the actual data on the GAAP basis, and variances between the final budget and actual data.

NOTE B - BUDGET VIOLATIONS

There were significant budget violations whereby expenditures exceeded budget for the fiscal year.

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

Last 10 Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<u>Kentucky Teachers' Retirement System</u>										
District's proportion of the net pension liability	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commonwealth's proportionate share of the net pension liability associated with the District	\$ 10,064,168	\$ 6,962,023	\$ 7,214,481	\$ 6,013,158	\$ 6,680,945	\$ 6,471,627	\$ 6,182,664	\$ 14,698,850	\$ 16,945,747	\$ 13,545,177
District's covered payroll	\$ 2,426,175	\$ 1,609,674	\$ 1,673,702	\$ 1,649,664	\$ 1,677,873	\$ 1,660,820	\$ 1,598,669	\$ 1,784,297	\$ 1,921,219	\$ 1,954,742
District's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	60.364%	57.684%	56.406%	65.591%	58.272%	58.765%	59.278%	39.832%	35.220%	42.492%
<u>County Employees Retirement System</u>										
District's proportion of the net pension liability	0.016001%	0.017760%	0.017582%	0.016237%	0.016907%	0.023078%	0.022992%	0.026907%	0.026980%	0.023600%
District's proportionate share of the net pension liability	\$ 956,928	\$ 1,139,572	\$ 1,271,005	\$ 1,035,236	\$ 1,296,753	\$ 1,623,086	\$ 1,400,283	\$ 1,574,949	\$ 1,328,534	\$ 1,014,681
District's covered payroll	\$ 502,355	\$ 514,791	\$ 486,171	\$ 409,151	\$ 437,368	\$ 585,710	\$ 569,643	\$ 656,252	\$ 628,528	\$ 552,635
District's proportionate share of the net pension liability as a percentage of its covered payroll	190.49%	221.37%	261.43%	253.02%	296.49%	277.11%	245.82%	239.99%	211.37%	183.61%
Plan fiduciary net position as a percentage of the total pension liability	61.607%	57.476%	52.418%	57.328%	47.814%	50.447%	53.542%	53.325%	55.503%	59.968%

Notes: The data provided in this schedule is based on the measurement date of each System's net pension liability, which is as of June 30th of the prior fiscal year; therefore, the District's covered payroll above differs from year payroll as reported in the Schedule of Pension Contributions.

See accompanying notes to pension and OPEB schedules.

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS**

Last 10 Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>Kentucky Teachers' Retirement System</u>										
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 9,859,674	\$ 2,426,175	\$ 1,609,674	\$ 1,673,702	\$ 1,649,664	\$ 1,677,873	\$ 1,660,820	\$ 1,598,669	\$ 1,784,297	\$ 1,921,219
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<u>County Employees Retirement System</u>										
Contractually required contribution	\$ 112,476	\$ 117,250	\$ 120,461	\$ 110,750	\$ 78,966	\$ 84,412	\$ 95,002	\$ 82,484	\$ 91,547	\$ 78,063
Contributions in relation to the contractually required contribution	(112,476)	(117,250)	(120,461)	(110,750)	(78,966)	(84,412)	(95,002)	(82,484)	(91,547)	(78,063)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 570,655	\$ 502,355	\$ 514,791	\$ 486,171	\$ 409,151	\$ 437,368	\$ 585,710	\$ 569,643	\$ 656,252	\$ 628,528
Contributions as a percentage of covered payroll	19.71%	23.34%	23.40%	22.78%	19.30%	19.30%	16.22%	14.48%	13.95%	12.42%

Notes: The District is not contractually required to make contributions to the Kentucky Teachers' Retirement System; therefore, no amounts are reported.

Contractually required contributions listed above for CERS exclude the portion allocated to the CERS insurance fund.

The data provided in this schedule is based on the corresponding fiscal year and differs from the covered payroll reported in the Schedule of the Proportionate Share of the Net Pension Liability.

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE PROPORTIONATE SHARE OF THE
NET OPEB LIABILITY - MEDICAL INSURANCE PLAN**

Last 8 Fiscal Years*

	2025	2024	2023	2022	2021	2020	2019	2018
<u>Kentucky Teachers' Retirement System</u>								
District's proportion of the collective net OPEB liability	0.032306%	0.021406%	0.030772%	0.024543%	0.025136%	0.025076%	0.024114%	0.028414%
District's proportionate share of the collective net OPEB liability	\$ 720,000	\$ 521,000	\$ 764,000	\$ 527,000	\$ 634,000	\$ 734,000	\$ 837,000	\$1,013,000
Commonwealth's proportionate share of the collective net OPEB liability associated with the District	\$ 642,000	\$ 439,000	\$ 251,000	\$ 428,000	\$ 508,000	\$ 593,000	\$ 721,000	\$ 828,000
District's covered payroll	\$ 2,426,175	\$ 1,609,674	\$ 1,673,702	\$ 1,649,664	\$ 1,677,873	\$ 1,660,820	\$ 1,598,669	\$ 1,784,297
District's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	29.68%	32.37%	45.65%	31.95%	37.79%	44.20%	52.36%	56.77%
Plan fiduciary net position as a percentage of the total OPEB liability	59.81%	52.97%	47.80%	51.70%	39.10%	32.60%	25.50%	21.20%
<u>County Employees Retirement System</u>								
District's proportion of the net OPEB liability	0.016013%	0.017760%	0.017579%	0.016234%	0.016902%	0.023072%	0.022941%	0.026907%
District's proportionate share of the net OPEB liability	\$ (27,699)	\$ (29,786)	\$ 346,924	\$ 310,792	\$ 408,132	\$ 388,061	\$ 407,313	\$ 540,923
District's covered payroll	\$ 502,355	\$ 514,791	\$ 486,171	\$ 409,151	\$ 437,368	\$ 585,710	\$ 569,643	\$ 656,252
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	-5.51%	-5.79%	71.36%	75.96%	93.32%	66.25%	71.50%	82.43%
Plan fiduciary net position as a percentage of the total OPEB liability	104.894%	104.235%	60.948%	62.907%	51.670%	60.438%	57.622%	52.394%

Notes: The data provided in this schedule is based on the measurement date of each System's net OPEB liability, which is as of June 30th of the prior fiscal year; therefore, the District covered payroll reported above differs from the District's fiscal year payroll as reported in the Schedule of OPEB Contributions - Medical Insurance Plan.

* This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

See accompanying notes to pension and OPEB schedules.

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS - MEDICAL INSURANCE PLAN
Last 8 Fiscal Years***

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Kentucky Teachers' Retirement System</u>								
Contractually required contribution	\$ 290,282	\$ 67,085	\$ 48,290	\$ 50,214	\$ 49,505	\$ 50,336	\$ 49,826	\$ 47,912
Contributions in relation to the contractually required contribution	(290,282)	(67,085)	(48,290)	(50,214)	(49,505)	(50,336)	(49,826)	(47,912)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 9,859,674	\$ 2,426,175	\$ 1,609,674	\$ 1,673,702	\$ 1,649,664	\$ 1,677,873	\$ 1,660,820	\$ 1,598,669
Contributions as a percentage of covered payroll	2.94%	2.77%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
<u>County Employees Retirement System</u>								
Contractually required contribution	\$ -	\$ -	\$ 17,451	\$ 20,273	\$ 19,476	\$ 20,819	\$ 30,808	\$ 26,773
Contributions in relation to the contractually required contribution	-	-	(17,451)	(20,273)	(19,476)	(20,819)	(30,808)	(26,773)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 570,655	\$ 502,355	\$ 514,791	\$ 486,171	\$ 409,151	\$ 437,368	\$ 585,710	\$ 569,643
Contributions as a percentage of covered payroll	0.00%	0.00%	3.39%	4.17%	4.76%	4.76%	5.26%	4.70%

Notes: Contractually required contributions listed above for CERS exclude the portion allocated to the CERS pension fund.

The data provided in this schedule is based on the corresponding fiscal year and differs from the covered payroll reported in the Schedule of Proportionate Share of the Net OPEB Liability - Medical Insurance Plan.

* This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

See accompanying notes to pension and OPEB schedules.

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE PROPORTIONATE SHARE OF THE
NET OPEB LIABILITY - LIFE INSURANCE PLAN**

Last 8 Fiscal Years*

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Kentucky Teachers' Retirement System</u>								
District's proportion of the collective net OPEB liability	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
District's proportionate share of the collective net OPEB liability \$	-	-	-	-	-	-	-	-
Commonwealth's proportionate share of the collective net OPEB liability associated with the District	\$ 15,000	\$ 11,000	\$ 12,000	\$ 6,000	\$ 15,000	\$ 14,000	\$ 12,000	\$ 11,000
District's covered payroll	\$2,426,175	\$1,609,674	\$1,673,702	\$1,649,664	\$1,677,873	\$1,660,820	\$1,598,669	\$1,784,297
District's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	80.60%	76.90%	74.00%	89.20%	71.60%	73.40%	75.00%	80.00%

Notes: The data provided in this schedule is based on the measurement date of the System's net OPEB liability, which is as of June 30th of the prior fiscal year; therefore, the District's covered payroll reported above differs from the District's fiscal year payroll as reported in the Schedule of OPEB Contributions - Life Insurance Plan.

* This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

See accompanying notes to pension and OPEB schedules.

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS - LIFE INSURANCE PLAN**

Last 8 Fiscal Years*

	2025	2024	2023	2022	2021	2020	2019	2018
<u>Kentucky Teachers' Retirement System</u>								
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$9,859,674	\$2,426,175	\$1,609,674	\$1,673,702	\$1,649,664	\$1,677,873	\$1,660,820	\$1,598,669
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Notes: The District is not contractually required to make contributions to the Kentucky Teachers' Retirement System; therefore, no amounts are reported.

The data provided in this schedule is based on the corresponding fiscal year and differs from the covered payroll reported in the Schedule of the Proportionate Share of the Net OPEB Liability - Life Insurance Plan.

* This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT
NOTES TO PENSION AND OPEB SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE A - TEACHERS' RETIREMENT SYSTEM OF KENTUCKY

1. Pension Plan

Changes in benefit terms: There were no changes in benefit terms for fiscal years 2015 through 2025, except a new benefit tier was added for members joining the system on and after January 1, 2022.

Changes in assumptions:

- 2016 - For the measurement date of June 30, 2015, the SEIR was changed from 5.23% to 4.88%. The Municipal Bond Index Rate (MBIR) was changed from 4.35% to 3.82%.
- 2017 - For the measurement date of June 30, 2016, the SEIR was changed from 4.88% to 4.2%. The MBIR was changed from 3.82% to 3.01%.
- 2018 - For the measurement date of June 30, 2017, the SEIR was changed from 4.2% to 4.49%. The MBIR was changed from 3.01% to 3.56%. The inflation rate was changed from 3.5% to 3%. The range for projected salary increases was changed from 4 - 8.2% to 3.5% - 7.3%. In the 2016 valuation, rates of withdrawal, retirement, disability, mortality and salary increase were adjusted to more closely reflect actual experience. In the 2016 valuation and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Tables projected to 2025 with projection to 2025 with projection scale BB, set forward two years for males and one year for females rather than the RP-2000 Mortality Tables projected to 2020 with projection scale AA, which was used prior to 2016.
- 2019 - For the measurement date of June 30, 2018, the SEIR was changed from 4.49% to 7.5%. The MBIR was changed from 3.56% to 3.89%.
- 2020 - For the measurement date of June 30, 2019, the MBIR was changed from 3.89% to 3.5%.
- 2021 - For the measurement date of June 30, 2020, there was no change.
- 2022 - For the measurement date of June 30, 2021, the 2020 experience study, rates of withdrawal, retirement, disability, mortality and salary increase were adjusted to more closely reflect actual experience. The expectation of mortality was changed to the Pub2010 Mortality Tables (Teachers Benefit-Weighted) projected generationally with MP-2020 with various set forwards, set-backs and adjustments for each of the groups: service retirees, contingent annuitants, disabled retirees and actives. The assumed long-term investment rate of return was changed from 7.5% to 7.1% and the price inflation assumption was lowered from 3% to 2.5%. The MBIR was changed from 3.5% to 2.13%. The SEIR was changed from 7.5% to 7.1%. The range for projected salary increases was changed from 3.5% - 7.3% to 3% - 7.5%.
- 2023 - For the measurement date of June 30, 2022, the MBIR was changed from 2.13% to 3.37%.

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT
NOTES TO PENSION AND OPEB SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE A - TEACHERS' RETIREMENT SYSTEM OF KENTUCKY (CONTINUED)

- 2024 - For the measurement date of June 30, 2023, the MBIR was changed from 3.37% to 3.66%.
- 2025 - For the measurement date of June 30, 2024, the MBIR was changed from 3.66% to 3.94%.

2. Medical Insurance Plan

Changes in benefit terms: There were no changes in benefit terms for fiscal years 2018 through 2025, except for the following:

- 2018 - For the measurement date of June 30, 2017, with the passage of House Bill 471, the eligibility for non-single subsidies (NSS) for the Kentucky Employees Health Plan (KEHP) participating members who retired prior to July 1, 2010 is restored, but the Commonwealth will only finance, via its KEHP "shared responsibility" contributions, the costs of the NSS related to those KEHP-participating members who retired on or after July 1, 2010.
- 2023 - For the measurement date of June 30, 2022, a new benefit tier was added for members joining the system on and after January 1, 2022.

Changes in assumptions:

- 2018 - For the measurement date of June 30, 2017, the MBIR was changed from 3.01% to 3.56%.
- 2019 - For the measurement date of June 30, 2018, the MBIR was changed from 3.56% to 3.89%.
- 2020 - For the measurement date of June 30, 2019, the MBIR was changed from 3.89% to 3.5%.
- 2021 - For the measurement date of June 30, 2020, the MBIR was changed from 3.5% to 2.2%.
- 2022 - For the measurement date of June 30, 2021, the 2020 experience study, rates of withdrawal, retirement, disability, mortality and salary increase were adjusted to more closely reflect actual experience. The expectation of mortality was changed to the Pub2010 Mortality Tables (Teachers Benefit-Weighted) projected generationally with MP-2020 with various set forwards, set-backs and adjustments for each of the groups: service retirees, contingent annuitants, disabled retirees and actives. The assumed long-term investment rate of return was changed from 8% to 7.1% and the price inflation assumption was lowered from 3% to 2.5%. The MBIR was changed from 2.2% to 2.13%. The SEIR was changed from 8% to 7.1%. The range for projected salary increases was changed from 3.5% - 7.2% to 3% - 7.5%. Real wage growth changed from 0.5% to 0.25%, and wage inflation changed from 3.5% to 2.75%. The rates of member participation and spousal participation were adjusted to more closely reflect actual experience.

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT
NOTES TO PENSION AND OPEB SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE A - TEACHERS' RETIREMENT SYSTEM OF KENTUCKY (CONTINUED)

- 2023 - For the measurement date of June 30, 2022, the MBIR was changed from 2.13% to 3.37%. The health care trend rates were updated to reflect future anticipated experience.
- 2024 - For the measurement date of June 30, 2023, the MBIR was changed from 3.37% to 3.66%.
- 2025 - For the measurement date of June 30, 2024, the MBIR was changed from 3.66% to 3.94%. The health care trend rates, as well as morbidity factors, were updated to reflect future anticipated experience.

3. Life Insurance Plan

Changes in benefit terms: There were no changes in benefit terms for fiscal years 2018 through 2025, except for the following:

- 2023 - For the measurement date of June 30, 2022, a new benefit tier was added for members joining the system on and after January 1, 2022.

Changes in assumptions:

- 2018 - For the measurement date of June 30, 2017, the MBIR was changed from 3.01% to 3.56%.
- 2019 - For the measurement date of June 30, 2018, the MBIR was changed from 3.56% to 3.89%.
- 2020 - For the measurement date of June 30, 2019, the MBIR was changed from 3.89% to 3.5%. The inflation rate was changed from 3.5% to 3%. The range for projected salary increases was changed from 4 - 8.1% to 3.5% - 7.45%. Wage inflation was changed from 4% to 3.5%.
- 2021 - For the measurement date of June 30, 2020, the MBIR was changed from 3.5% to 2.2%. The range for projected salary increases was changed from 3.5% - 7.45% to 3.5% - 7.2%.
- 2022 - For the measurement date of June 30, 2021, the 2020 experience study, rates of withdrawal, retirement, disability, mortality and salary increase were adjusted to more closely reflect actual experience. The expectation of mortality was changed to the Pub2010 Mortality Tables (Teachers Benefit-Weighted) projected generationally with MP-2020 with various set forwards, set-backs and adjustments for each of the groups: service retirees, contingent annuitants, disabled retirees and actives. The assumed long-term investment rate of return was changed from 7.5% to 7.1% and the price inflation assumption was lowered from 3% to 2.5%. The MBIR was changed from 2.2% to 2.13%. The SEIR was changed from 7.5% to 7.1%. The range for projected salary increases was changed from 3.5% - 7.2% to 3% - 7.5%. Real wage growth changed from 0.5% to 0.25%, and wage inflation changed from 3.5% to 2.75%. The rates of member participation and spousal participation were adjusted to more closely reflect actual experience.

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT
NOTES TO PENSION AND OPEB SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE A - TEACHERS' RETIREMENT SYSTEM OF KENTUCKY (CONCLUDED)

- 2023 - For the measurement date of June 30, 2022, there were no changes in assumptions.
- 2024 - For the measurement date of June 30, 2023, the MBIR was changed to 3.66%.
- 2025 - For the measurement date of June 30, 2024, the MBIR was changed from 3.66% to 3.94%.

NOTE B - COUNTY EMPLOYEES RETIREMENT SYSTEM

1. Pension Plan

Changes in benefit terms: There were no changes in benefit terms for fiscal years 2015 through 2025, except for the following:

- 2021 - For the measurement date of June 30, 2020, with the passage of House Bill 271, provisions were removed that reduced the monthly payment to a surviving spouse of a member whose death was due to a duty-related injury upon remarriage of the spouse.
- 2022 - For the measurement date of June 30, 2021, the passage of Senate Bill 169, passed during the 2021 legislative session, increased the disability benefits for members who become "total and permanently disabled" in the line of duty or as a result of a duty-related disability.
- 2024 - For the measurement date of June 30, 2023, the passage of House Bill 506, passed during the 2023 legislative session, reinstated the partial lump-sum optional form of payment for members who retire on and after January 1, 2024, with the lump-sum payment options expanded to include 48 or 60 times the member's monthly retirement allowance. It also reduced the minimum required separation period before a retiree may become reemployed and continue to receive their retirement allowance from three months to one month.

Changes in assumptions:

- 2016 - For the measurement date of June 30, 2015, the investment rate of return was changed from 7.75% to 7.5%. The projected salary increase was changed from 4.5% to 4%. The inflation rate was changed from 3.5% to 3.25%. The assumed rate of wage inflation was changed from 1% to 0.75%. The assumed rates of retirement, withdrawal, and disability were updated to more accurately reflect experience.
- 2017 - For the measurement date of June 30, 2016, there was no change.
- 2018 - For the measurement date of June 30, 2017, the investment rate of return was changed from 7.5% to 6.25%. The projected salary increase was changed from 4% to 3.05%. The inflation rate was changed from 3.25% to 2.3%. The payroll growth rate changed from 4% to 2%.
- 2019 - For the measurement date of June 30, 2018, there was no change.

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT
NOTES TO PENSION AND OPEB SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE B - COUNTY EMPLOYEES RETIREMENT SYSTEM (CONTINUED)

- 2020 - For the measurement date of June 30, 2019, the projected salary increase was changed from 3.05% average to a range of 3.3% to 10.3%, depending on service.
- 2021 - For the measurement date of June 30, 2020, there was no change.
- 2022 - For the measurement date of June 30, 2021, there was no change.
- 2023 - For the measurement date of June 30, 2022, there was no change.
- 2024 - For the measurement date of June 30, 2023, the inflation rate was changed from 2.3% to 2.5%. The investment rate of return was changed from 6.25% to 6.5%.
- 2025 - For the measurement date of June 30, 2024, there was no change.

2. Medical Insurance Plan

Changes in benefit terms: There were no changes in benefit terms for fiscal years 2018 through 2025, except for the following:

- 2023 - House Bill (HB) 297 passed during the 2022 legislative session and included language allowing the Systems to provide health insurance coverage through the Kentucky Employees Health Plan (KEHP) for retired reemployed retirees who are Medicare-eligible and affected by the Medicare Secondary Payer Act. Senate Bill 209 increases the non-Medicare eligible subsidy by \$5 for each year worked beyond the defined career threshold for members eligible for the fixed-dollar retiree health subsidy. The annual increase will only occur if the most recent actuarial valuation determines the funding level of the retiree health benefits is at least 90% and will remain at that level for the year. Additionally, the bill allows members eligible for the fixed-dollar health subsidy to be reimbursed for health insurance premiums other than those administered by KPPA.
- 2024 - For the measurement date of June 30, 2023, the passage of House Bill 506, passed during the 2023 legislative session, reinstated the partial lump-sum optional form of payment for members who retire on and after January 1, 2024, with the lump-sum payment options expanded to include 48 or 60 times the member's monthly retirement allowance. It also reduced the minimum required separation period before a retiree may become reemployed and continue to receive their retirement allowance from three months to one month.

Changes in assumptions:

- 2018 - For the measurement date of June 30, 2017, the investment rate of return was changed from 7.5% to 6.25%. The projected salary increase was changed from 4% to 3.05%. The inflation rate was changed from 3.25% to 2.3%. The payroll growth rate changed from 4% to 2%.
- 2019 - For the measurement date of June 30, 2018, the healthcare initial trend rates for those under age 65 changed from 7.25% to 7%, and the healthcare initial trend rates for those age 65 and over changed from 5.1% to 5%.

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT
NOTES TO PENSION AND OPEB SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE B - COUNTY EMPLOYEES RETIREMENT SYSTEM (CONCLUDED)

- 2020 - For the measurement date of June 30, 2019, the projected salary increase was changed from 3.05% average to a range of 3.3% to 10.3%, depending on service.
- 2021 - For the measurement date of June 30, 2020, the healthcare initial trend rates for those under age 65 changed from 7% to 6.4%, and the healthcare initial trend rates for those age 65 and over changed from 5% to 2.9%.
- 2022 - For the measurement date of June 30, 2021, the healthcare initial trend rates for those under age 65 changed from 6.4% to 6.3%, and the healthcare initial trend rates for those age 65 and over changed from 2.9% to 6.3%.
- 2023 - For the measurement date of June 30, 2022, the healthcare initial trend rates for those under age 65 changed from 6.3% to 6.2%, and the healthcare initial trend rates for those age 65 and over changed from 6.3% to 9.0%.
- 2024 - For the measurement date of June 30, 2023, the inflation rate was changed from 2.3% to 2.5%. The investment rate of return was changed from 6.25% to 6.5%. The healthcare initial trend rates for those under age 65 changed from 6.2% to 6.8%, and the healthcare initial trend rates for those age 65 and over changed from 9.0% to 8.5%.
- 2025 - For the measurement date of June 30, 2024, the healthcare initial trend rates for those under age 65 changed from 6.8% to 7.1%, and the healthcare initial trend rates for those age 65 and over changed from 8.5% to 8.0%. The discount rate used to calculate total OPEB liability increased from 5.93% to 5.99%.

SUPPLEMENTARY INFORMATION

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2025**

	<u>Capital Outlay Fund</u>	<u>Construction Fund</u>	<u>Debt Service Fund</u>	<u>Special Revenue Funds</u>		<u>Total Nonmajor Governmental Funds</u>
				<u>District Activity Fund</u>	<u>Student Activity Fund</u>	
<u>Assets</u>						
Cash and cash equivalents	\$ -	\$ 21,842	342	\$ 1,297	\$ 98,570	\$ 122,051
Total Assets	<u>\$ -</u>	<u>\$ 21,842</u>	<u>\$ 342</u>	<u>\$ 1,297</u>	<u>\$ 98,570</u>	<u>\$ 122,051</u>
<u>Liabilities</u>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Fund Balances</u>						
Restricted for debt service	-	-	342	-	-	342
Restricted for capital projects	-	21,842	-	-	-	21,842
Restricted for student activities	-	-	-	1,297	98,570	99,867
Total Fund Balances	<u>-</u>	<u>21,842</u>	<u>342</u>	<u>1,297</u>	<u>98,570</u>	<u>122,051</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 21,842</u>	<u>\$ 342</u>	<u>\$ 1,297</u>	<u>\$ 98,570</u>	<u>\$ 122,051</u>

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

	Capital Outlay Fund	Construction Fund	Debt Service Fund	Special Revenue Funds		Total Nonmajor Governmental Funds
				District Activity Fund	Student Activity Fund	
Revenues						
From local sources:						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest income	-	2,134	342	-	3,889	6,365
Other income	-	-	-	-	115,833	115,833
Intergovernmental - state	339,118	-	383,402	-	-	722,520
Total Revenues	339,118	2,134	383,744	-	119,722	844,718
Expenditures						
Instruction	-	-	-	-	96,600	96,600
Support services:						
Instructional staff services	-	-	-	-	4,305	4,305
Payment of principal	-	-	446,000	-	-	446,000
Payment of interest and fiscal charges	-	-	80,898	-	-	80,898
Total Expenditures	-	-	526,898	-	100,905	627,803
Excess of Revenues over Expenditures	339,118	2,134	(143,154)	-	18,817	216,915
Other Financing Sources (Uses)						
Operating transfers in	-	-	143,154	-	-	143,154
Operating transfers out	(339,118)	-	-	-	-	(339,118)
Total Other Financing Sources (Uses)	(339,118)	-	143,154	-	-	(195,964)
Net Changes in Fund Balances	-	2,134	-	-	18,817	20,951
Fund Balances - Beginning of Year	-	19,708	342	1,297	79,753	101,100
Fund Balances - End of Year	\$ -	\$ 21,842	\$ 342	\$ 1,297	\$ 98,570	\$ 122,051

CLOVERPORT INDEPENDENT SCHOOLS
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND FUND BALANCES
SCHOOL ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

Accounts:	Cash Balances July 1, 2024	Receipts	Disbursements	Transfers In (Out)	Cash Balances June 30, 2025	Fund Balances June 30, 2025
Ace Academy	\$ 115	\$ -	\$ 319	\$ 204	\$ -	\$ -
Ace Extra	372	-	-	-	372	372
Aces Academic	157	-	-	-	157	157
Aces Baseball	6,362	-	-	-	6,362	6,362
ACES Organization	2,295	33	-	-	2,328	2,328
Aces Pep Club	118	-	-	-	118	118
Archery	1,400	983	1,174	155	1,364	1,364
Athletic Account	7,718	16,069	16,898	10,271	17,160	17,160
Athletics Wall of Fame	79	-	-	-	79	79
Backpack Food Program	572	-	10	-	562	562
Band/Music	440	-	-	-	440	440
Beta Club	5,305	6,929	7,016	100	5,318	5,318
Bishop Room	61	1,019	1,051	401	430	430
Booty Room	8	-	-	(8)	-	-
Boys Will Be Boys	17	-	-	-	17	17
Chinese Classroom	119	304	354	25	94	94
Clark Room	265	-	-	(265)	-	-
Cliburn Room	505	-	-	160	665	665
Community Education	730	221	82	150	1,019	1,019
Concession Stand	1,500	11,186	5,711	(5,475)	1,500	1,500
Cox Room	83	-	197	201	87	87
Cport Aces Community Service	431	-	-	-	431	431
Cross Country	508	-	104	-	404	404
Dollar General Literacy	297	-	-	-	297	297
Dudgeon Room	-	-	-	690	690	690
Dupont Room	300	-	148	185	337	337
Elementary Beta Club	378	-	-	-	378	378
Fall Festival	-	9,037	1,176	(7,861)	-	-
Fall Festival Donations	-	1,325	-	(1,325)	-	-
Family Resource	3,794	2,584	1,939	150	4,589	4,589
FBLA-KYVA	-	172	-	-	172	172
Flower Fund - Staff	83	230	112	-	201	201
Freeman Room	340	1,004	978	326	692	692
G Cox	164	-	128	191	227	227
Gifted/Talented	140	-	-	-	140	140
Girl Power	104	-	-	-	104	104
GRIT Team	559	190	-	-	749	749
Grossman Room	-	-	-	55	55	55
High School Cheerleaders	1,095	-	282	-	813	813
High School Traditions	6,176	5,243	6,588	309	5,140	5,140
HOSA-KYVA	-	432	180	-	252	252
HS Boys Basketball	5,176	1,700	4,690	-	2,186	2,186
HS Girls Basketball	5,149	6,100	5,749	-	5,500	5,500
HS Track & Field	-	-	-	30	30	30
Junior Beta Club	990	4,184	5,204	70	40	40
Leadership	222	-	-	-	222	222
Library	155	2,784	2,904	-	35	35
Life Skills	2,030	470	560	19	1,959	1,959
Miss T Scholarship	5,941	-	-	-	5,941	5,941
Mitchell Butler Scholarship	-	1,500	1,500	-	-	-
Monarch Room	4	-	-	-	4	4
Moore Room	136	-	128	148	156	156
MS Boys Basketball	449	-	-	-	449	449
MS Cheerleaders	340	-	-	78	418	418
MS Girls Basketball	239	-	-	-	239	239
MS Springston	141	67	603	520	125	125
Operating Account	4,153	4,636	1,346	(2,021)	5,422	5,422
Physical Education	46	-	-	-	46	46
Powers Room	98	-	127	170	141	141
Project Graduation	3,790	12,568	7,176	-	9,182	9,182
Reading for Education	1,191	-	-	924	2,115	2,115
Smith Room	345	1,019	1,079	436	721	721
Staff Generated	240	176	275	-	141	141
STLP	476	-	-	-	476	476
Student Rewards	976	-	942	5,420	5,454	5,454
Tennis	166	-	166	-	-	-
The Real Thing	-	17,005	12,210	(4,795)	-	-
Tisher Room	237	-	-	50	287	287
Track	542	-	220	-	322	322
TSA-KYVA	-	334	200	-	134	134
Volleyball	225	1,401	999	-	627	627
Widmer Room	-	1,054	1,195	301	160	160
Y Club	215	6,194	6,420	11	-	-
Yearbook	3,501	1,567	2,774	-	2,294	2,294
	<u>\$ 79,763</u>	<u>\$ 119,720</u>	<u>\$ 100,914</u>	<u>\$ -</u>	<u>\$ 98,569</u>	<u>\$ 98,569</u>

**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***



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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
Cloverport Independent School District
Cloverport, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Cloverport Independent School District (District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 22, 2026.

Report on Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as item 2025-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

We noted certain additional matters that we have reported to management in a separate letter dated January 22, 2026.

Cloverport Independent School District's Response to Finding

The District's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 result 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.

Drane & Company, PLLC

Drane & Company, PLLC
Certified Public Accountants

Hardinsburg, Kentucky

January 22, 2026

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2025**

Finding: 2025-001 (Repeat)

<i>Condition:</i>	Material adjustments were required as part of the audit process. Beginning General Fund balance differed from the ending balance from the prior year. A number of entries were omitted related to the purchase and financing of a new school bus. Long-term sick leave payable was overstated and a transfer to the Debt Service Fund was misclassified.
<i>Criteria:</i>	A key element of financial reporting is the ability of management to select and apply the appropriate accounting principles to prepare financial statements in accordance with generally accepted accounting principles.
<i>Cause:</i>	The General Fund error was due to not reversing a liability adjustment from the previous year. The District was not aware of the number of accounts affected by a fixed asset purchased through debt. The amount of sick leave recorded was an estimate to include the virtual school rather than based on a formula applicable to only the District employees. Incorrect accounts were utilized in moving funds to make debt payments.
<i>Effect:</i>	Beginning Fund 1 balance was understated by \$575,161. The amount of \$160,035 was omitted from revenues and expenditures in the acquisition of the bus. The liability for sick leave was overstated by \$256,954. Expenditures and transfers in were overstated and understated respectively by \$143,154.
<i>Recommendation:</i>	Accounting staff should obtain expertise as needed to understand the technical aspects of transactions outside the normal activities of recording the finances of the District and utilize outside assistance when needed.
<i>Management Response:</i>	<i>We will closely review accounting guidance for year-end entries and make sure we are following all regulations. We will discuss with our audit firm how to process new bus acquisition entries correctly moving forward. Though all teachers, virtual and in-person, are district employees, we understand that since K12 will be paying for the sick leave liability of any retiring virtual teachers, it would be more accurate to reflect just the amount of the in-person school's sick leave liability in our financial records. The debt payment entries were done manually, before we realized that the year end closing completed that process. We believe letting MUNIS move the debt service funds will result in accurate accounts used for expenditures and transfers.</i>

MANAGEMENT LETTER POINTS



DRANE & COMPANY, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

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Superintendent and
Members of the Board of Education
Cloverport Independent School District
Cloverport, Kentucky

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

However, during our audit we became aware of matters that are opportunities for strengthening internal control and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those immaterial matters. A separate report dated January 22, 2026 contains our report on internal control. This letter does not affect our report dated January 22, 2026 on the basic financial statements of the Cloverport Independent School District.

We will review the status of these comments during our next audit engagement. We have already discussed many of 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.

Drane & Company, PLLC

Drane & Company, PLLC
Certified Public Accountants

Hardinsburg, Kentucky

January 22, 2026

**CLOVERPORT INDEPENDENT SCHOOL DISTRICT
MANAGEMENT LETTER POINTS
FOR THE YEAR ENDED JUNE 30, 2025**

PRIOR YEAR

CENTRAL OFFICE

Disbursements

This area continued to improve. Of 60 items tested, only 3 invoices appeared to have been paid after the due date. One had no receiving report and sales tax was paid in 3 instances. We recommend that efforts continue being made to ensure invoices are paid by the due date with sales tax omitted and that all required support is present.

Management Response:

We will discuss with all finance staff the importance of making sure we are obtaining invoices and sending out payments in a timely manner. We will also reiterate that receipt of items must be acknowledged and that all accompanying documents need to be preserved with the record of payment.

SCHOOL ACTIVITY FUNDS

Cloverport Independent School

Receipts

Of 25 items tested, there were 4 multiple receipt forms with various issues, including students not signing their own names, omitting some names altogether or utilizing the multiple receipt form as the only support where the donor acceptance form should have been present. More improvement was noted with the inventory worksheets. We recommend that more effort be made to adhere to the Redbook guidelines and the proper completion of forms.

Management Response:

We will review the Redbook guidelines with staff to make sure they understand the importance of completing the Multiple Receipt Form correctly. I will discuss with the school bookkeeper that multiple receipt forms that are not completed correctly need to be returned to the staff member for corrections. We will also work on making sure we catch every receipt that needs an accompanying donation acceptance form.

Credit Cards

All Credit Card Sign-In/Out Forms were completed properly. Only one instance involved the card being checked out for three days with no explanation of the extended possession. We recommend that should the card be needed for longer than the maximum allowable, an adequate explanation be documented and that someone other than the user sign as witness upon its return.

Management Response:

We will make notes of overnight stays with the credit card so that it is clear to auditors why the card was signed out for an extended amount of time.