

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

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December 17, 2025

INDEPENDENT AUDITOR'S REPORT

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, Appendix I to the Independent Auditor's Contract – Audit Extension Request, Appendix II to the Independent Auditor's Contract – Instructions for Submission of the Audit Contract, Audit Acceptance Statement, AFR and Balance Sheet, Statement of Certification, and Audit Report. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Elizabethtown Independent School District and to meet our 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.

Change in Accounting Principle

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of Financial Statement

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedules of the district's proportionate share of net pension liabilities, and the schedules of the district's proportionate share of net other post-employment benefits on pages 4 through 10, 56 through 59, and 62 through 64 be presented to

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Elizabethtown Independent School District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, the statement of receipts, disbursements and fund balance – High School Activity Fund, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued my report dated December 17, 2025, on our consideration of Elizabethtown Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Elizabethtown Independent School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Elizabethtown Independent School District's internal control over financial reporting and compliance.

Sincerely,

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

Certified Public Accountants

**ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT – ELIZABETHTOWN, KENTUCKY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2025**

The discussion and analysis of Elizabethtown Independent School District’s financial performance provides an overall review of the School District’s financial activities for the fiscal year ended June 30, 2025. The intent of this discussion and analysis is to review the School District’s financial performance as a whole. Readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the School District’s financial performance.

FINANCIAL HIGHLIGHTS

- The beginning cash and investment balance for the District was \$21.1 million. Ending cash and investments were \$44.6 million.
- Following the completion of the District long-range plan for facilities, there is a focus on investing in plant management with the age and size of our facilities reflective of this need.
- The District’s General Fund balance decreased by \$230,000.
- The General Fund had \$28.1 million in operating revenue, which primarily consisted of the state program (SEEK), state on-behalf payments for retirement and health insurance and property, utilities, and motor vehicle taxes. Excluding inter-fund transfers, there were \$28.7 million in General Fund operating expenditures.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22 - 54 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, net position was \$20.9 million 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 and construction in progress), less any related debt used to acquire those assets that is outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

Net Position for the periods ending June 30, 2025 and 2024
(Table 1)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Current and Other Assets	\$ 44,311,752	\$ 21,271,224	\$ -	\$ 1,036,433	\$ 44,311,752	\$ 22,307,657
Capital Assets	33,152,649	30,805,656	-	231,250	33,152,649	31,036,906
Total Assets	77,464,401	52,076,880	-	1,267,683	77,464,401	53,344,563
Deferred Outflows	3,888,879	5,044,942	-	602,835	3,888,879	5,647,777
Long-term Debt	51,155,148	29,161,146	-	1,457,564	51,155,148	30,618,710
Other Liabilities	3,065,206	2,210,491	-	658	3,065,206	2,211,149
Total Liabilities	54,220,354	31,371,637	-	1,458,222	54,220,354	32,829,859
Deferred Inflows	5,775,779	6,900,831	-	902,381	5,775,779	7,803,212
Net Position		-		-		
Net investment in capital assets	14,845,452	11,302,469	-	131,491	14,845,452	11,433,960
Restricted	35,466,675	12,687,007	-	(359,146)	35,466,675	12,327,861
Unrestricted	(28,954,980)	(5,140,122)	-	(262,430)	(28,954,980)	(5,402,552)
Total Net Position	\$ 21,357,147	\$ 18,849,354	\$ -	\$ (490,085)	\$ 21,357,147	\$ 18,359,269

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

Total Assets increased approximately \$25 million. The increase was due to an increase in Cash and Investments of \$23.5 million, primarily from bond issuance for the remodel of TK Stone Middle School and an increase in Capital Assets of \$2.3 million.

Total Liabilities increased by \$22.5 million. Bonds are issued as the District constructs and/or renovates facilities consistent with a long-range facility plan that is established with community input and in keeping with the Kentucky Department of Education's stringent compliance regulations. The District's net bond debt increased by \$23.5 million in FY25.

The following Table 2 presents a summary of changes in net position for the fiscal years ended June 30, 2025 and 2024.

**Changes in Net Position
(Table 2)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
REVENUES:						
Program Revenues:						
Charges for services	\$ 460,905	\$ 277,899	\$ 104,730	\$ 115,569	\$ 565,635	\$ 393,468
Operating grants and contributions	4,039,918	4,516,567	1,810,088	1,738,229	5,850,006	6,254,796
Capital grants and contributions	37,083	1,593,659	-	-	37,083	1,593,659
General Revenues:						
Property taxes	7,874,078	7,550,265	-	-	7,874,078	7,550,265
Motor vehicle taxes	524,892	539,043	-	-	524,892	539,043
Utility taxes	924,021	908,998	-	-	924,021	908,998
Revenue in lieu of taxes	5,965	15,103	-	-	5,965	15,103
Gain on disposal of capital assets	20	665	-	-	20	665
Investment earnings	1,156,769	1,069,021	42,545	64,599	1,199,314	1,133,620
State and federal grants	21,014,890	19,439,457	-	-	21,014,890	19,439,457
Miscellaneous	578,203	880,958	-	-	578,203	880,958
Total Revenues	36,616,744	36,791,635	1,957,363	1,918,397	38,574,107	38,710,032
EXPENSES						
Program Activities:						
Instruction	20,523,657	19,727,838	-	-	20,523,657	19,727,838
Student support	1,311,253	1,236,791	-	-	1,311,253	1,236,791
Instructional staff support	1,260,749	1,258,834	-	-	1,260,749	1,258,834
District administrative support	1,319,706	1,115,088	-	-	1,319,706	1,115,088
School administrative support	1,864,700	1,689,926	-	-	1,864,700	1,689,926
Business support	945,445	789,751	-	-	945,445	789,751
Plant operation and maintenance	4,180,344	3,650,202	-	-	4,180,344	3,650,202
Student transportation	1,301,586	993,160	-	-	1,301,586	993,160
Community service activities	233,062	184,408	-	-	233,062	184,408
Other	-	16,850	-	-	-	16,850
Interest costs	1,088,580	794,952	-	-	1,088,580	794,952
Business-type Activities:						
Food service	-	-	1,838,820	1,850,712	1,838,820	1,850,712
Total Expenses:	34,029,082	31,457,800	1,838,820	1,850,712	35,867,902	33,308,512
Transfers	120,473	88,658	(120,473)	(88,658)	-	-
Increase in net position	2,708,135	5,422,493	(1,930)	(20,973)	2,706,205	5,401,520
Net position, beginning (restated)	18,649,012	13,426,861	(490,085)	(469,112)	18,158,927	12,957,749
Net position, ending	\$ 21,357,147	\$ 18,849,354	\$ (492,015)	\$ (490,085)	\$ 20,865,132	\$ 18,359,269

Governmental Activities

Total revenues remained stable from 2024 to 2025. Changes to grant funding for FY2025 included the conclusion of Federal Pandemic Grants, along with increases in SEEK funding and State On-Behalf payments. Property tax revenues also increased due to the District levying a tax rate that generated a 4% increase in revenue.

Total expenses increased by approximately \$2.8 million. Instruction-related expenses rose by nearly \$1 million, reflecting salary increases. Instruction comprises 60.5% of governmental program expenses. Plant Operations and Maintenance expenses increased by approximately \$500,000, primarily due to higher repair and maintenance costs across the District.

Business Type Activities

The business-type activities include the food service and daycare operations. These programs had total revenues of \$1,957,363 and expenses of \$1,838,820 for fiscal year 2025. Of the revenues, \$104,730 was charges for services, \$1,810,088 was from State and Federal grants and \$42,545 was from investment earnings. Business activities receive no support from tax revenues. The School District will continue to monitor the charges and costs of this activity. If it becomes necessary, the School District will increase the charges for these activities.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**Governmental Activities Total
(Table 3)**

	Cost of Services		Net Cost of Services	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Instruction	\$ 20,523,657	\$ 19,727,838	\$ 1,713,267	\$ 13,610,783
Support Services	12,183,783	10,733,752	11,346,250	7,961,162
Community Services & Other	233,062	184,408	(39,198)	(99,434)
Facilities Acquisition and Construction	-	16,850	-	-
Interest costs	1,088,580	794,952	1,051,497	269,292
Total Expenses	<u>\$ 34,029,082</u>	<u>\$ 31,457,800</u>	<u>\$ 14,071,816</u>	<u>\$ 21,741,803</u>

Capital Assets

At the end of the fiscal year 2025, the School District had approximately \$33.1 million invested in land, building and improvements, vehicles, equipment, and construction in process, which included \$33 million in governmental activities. Table 3 shows the fiscal year 2025 and 2024 balances.

**Capital Assets
(Table 4)
(Net of Depreciation)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Land and Land Improvements	\$ 267,795	\$ 267,795	\$ -	\$ -	\$ 267,795	\$ 267,795
Buildings and Improvements	27,420,923	28,333,537	-	-	27,420,923	28,333,537
Technology	25,420	28,109	-	-	25,420	28,109
Vehicles	573,037	492,621	-	-	573,037	492,621
General Equipment	343,936	386,950	158,555	131,491	502,491	518,441
Total	28,631,111	29,509,012	158,555	131,491	28,789,666	29,640,503
Construction in Progress	4,387,927	1,184,754	-	-	4,387,927	1,184,754
Total	<u>\$ 33,019,038</u>	<u>\$ 30,693,766</u>	<u>\$ 158,555</u>	<u>\$ 131,491</u>	<u>\$ 33,177,593</u>	<u>\$ 30,825,257</u>

Table 5 shows changes in capital assets for 2025 and 2024.

Change in Capital Assets (Table 5)

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Beginning Balance	\$30,693,766.00	\$29,549,899	\$ 131,491.00	\$145,989	30,825,257	\$ 29,695,888
Additions	4,198,152	2,820,017	46,293	10,348	4,244,445	2,830,365
Retirements	-	-	-	-	-	-
Depreciation	(1,872,880)	(1,676,150)	(19,229)	(24,846)	(1,892,109)	(1,700,996)
Ending balance	<u>\$ 33,019,038</u>	<u>\$ 30,693,766</u>	<u>\$ 158,555</u>	<u>\$ 131,491</u>	<u>\$ 33,177,593</u>	<u>\$ 30,825,257</u>

Debt

As of June 30, 2025, the School District had \$42.8 million in bonds outstanding, of this amount \$3.1 million is to be paid from KSFCC funding provided by the State of Kentucky. A total of \$.81 million is due within one year.

The School District's Funds

Information about the School District's major funds starts on page 13. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$67.1 million and expenditures and other financing uses of \$44.6 million.

General Fund-Budget Highlights

The School District's budget is prepared according to Kentucky law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. The State Department of Education requires a zero-based budget with any budgeted remaining fund balance shown as a contingency expense in the budget process.

For the General Fund, revenues were budgeted at \$20.4 million, with actual amounts of \$28.8 million. Budgeted expenditures of \$26.9 million compare with actual expenditures of \$29 million. The most significant fluctuation is for unbudgeted on-behalf payments.

Future Budgetary Implications

In Kentucky, the public schools fiscal year is July 1 - June 30; other programs, i.e. some federal programs operate on a different fiscal calendar, but are reflected in the District's overall budget. By law, the budget must have a minimum 2% contingency. The District adopted a budget for 2025-26 with a 25.7% contingency. Significant Board action that impacts the finances includes pay increases for all employees, additional spending for facility repairs outside of bonded building and renovation projects, as well as continued funding of instructional initiatives.

The District's primary concern for the future are projected costs of personnel to include the cost of employer contributed pension. For the 2025-2026 budget year, the cost of personnel to include benefits is 76% of the general fund budget.

District Challenges for the Future

Elizabethtown Independent School District's financial status ended strongly in the last fiscal year due to the support of Federal Funds. However, as we look forward, we expect unfunded mandates and the national economic climate to have an impact on our District, as well as reduction in federal support funding.

The District is experiencing increased personnel costs associated with preschool and special needs programs that have not been funded in full through state or federal programs. In addition, retirement costs of TRS and CERS continue to increase.

Increased costs have, in the past, been offset due to increased student enrollment producing additional state funding and continued increases in business and residential property subject to tax within the School District. Our property tax base remained steady; however, our School District, like all Kentucky School Districts, is limited to a 4% annual growth in property tax revenue on existing property.

With careful planning and monitoring of our finances, Elizabethtown Independent Schools' goal is to continue to provide a quality education for our students and a secure financial future for the School District.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information, contact Adam Hinton, Director of Finance, 219 Helm Street, Elizabethtown, Kentucky, 42701, (270) 765-6146.

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

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS:			
Cash & Cash Equivalents - Note C	36,730,280	672,844	37,403,124
Investments	6,894,860		6,894,860
Prepaid Expenses	5,830		5,830
Accounts Receivable:			
Taxes - Current	225,310		225,310
Taxes - Delinquent	15,623		15,623
Accounts	30,418		30,418
Intergovernmental - State	1,847		1,847
Intergovernmental - Federal	407,584	65,740	473,324
Inventories for Consumption		26,737	26,737
Total Current Assets	44,311,752	765,321	45,077,073
Noncurrent Assets - Note F			
Net OPEB Asset - CERS	125,361	42,116	167,477
Right to Use SBIT Asset - Net of Amortization - Note S	8,250		8,250
Non-Depreciable Capital Assets	4,655,722		4,655,722
Depreciable Capital Assets - Net of Accumulated Depreciation	28,363,316	158,555	28,521,871
Total Noncurrent Assets	33,152,649	200,671	33,353,320
TOTAL ASSETS	77,464,401	965,992	78,430,393
Deferred Outflows Related to Pensions	1,062,382	319,405	1,381,787
Deferred Outflows Related to Other Post Employment Benefits	2,826,497	91,856	2,918,353
TOTAL ASSETS AND DEFERRED OUTFLOWS	81,353,280	1,377,253	82,730,533
LIABILITIES:			
Current Liabilities:			
Accounts Payable	1,582,090	1,549	1,583,639
Accrued Salaries & Compensated Absences - Note A & Note R	119,221		119,221
Advances from Grantors	98,974		98,974
Bond Obligations - Note D	818,000		818,000
Lease Liabilities - Note E	38,517		38,517
Accrued Interest Payable	408,404		408,404
Total Current Liabilities	3,065,206	1,549	3,066,755
Noncurrent Liabilities:			
Bond Obligations - Note D	42,042,275		42,042,275
Net Pension Liability	4,630,744	1,153,761	5,784,505
Net Other Post Employment Benefits Liability	3,820,000		3,820,000
Compensated Absences - Note A & Note R	662,129		662,129
Total Noncurrent Liabilities	51,155,148	1,153,761	52,308,909
TOTAL LIABILITIES	54,220,354	1,155,310	55,375,664
Deferred Inflows Related to Pensions	1,241,761	328,567	1,570,328
Deferred Inflows Related to Other Post Employment Benefits	4,534,018	385,391	4,919,409
TOTAL LIABILITIES AND DEFERRED INFLOWS	59,996,133	1,869,268	61,865,401
NET POSITION:			
Net Investment in Capital Assets	14,845,452	158,555	15,004,007
Restricted for:			
Capital Projects	23,351,027		23,351,027
SFCC Escrow	4,468,156		4,468,156
School Activities	582,713		582,713
Debt Service	6,956,129		6,956,129
Grants	108,650		108,650
Food Service		(650,570)	(650,570)
Unrestricted	(28,954,980)		(28,954,980)
TOTAL NET POSITION	21,357,147	(492,015)	20,865,132
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	81,353,280	1,377,253	82,730,533

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

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

FUNCTION/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET(EXPENSE) REVENUE AND CHANGES IN NET POSITION		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
GOVERNMENTAL ACTIVITIES:							
Instructional	20,523,657	142,205	3,248,825		(17,132,627)		(17,132,627)
Support Services:							
Student Support Services	1,311,253	308,070	140,870		(862,313)		(862,313)
Staff Support Services	1,260,749		290,694		(970,055)		(970,055)
District Administration	1,319,706				(1,319,706)		(1,319,706)
School Administration	1,864,700				(1,864,700)		(1,864,700)
Business Support Services	945,445				(945,445)		(945,445)
Plant Operation & Maintenance	4,180,344		93,311		(4,087,033)		(4,087,033)
Student Transportation	1,301,586		4,588		(1,296,998)		(1,296,998)
Community Service Operations	233,062	10,630	261,630		39,198		39,198
Interest on Long-Term Debt	1,088,580			37,083	(1,051,497)		(1,051,497)
TOTAL GOVERNMENTAL ACTIVITIES	34,029,082	460,905	4,039,918	37,083	(29,491,176)		(29,491,176)
BUSINESS-TYPE ACTIVITIES:							
Food Service	1,838,820	104,730	1,810,088			75,998	75,998
TOTAL BUSINESS-TYPE ACTIVITIES	1,838,820	104,730	1,810,088	0	0	75,998	75,998
TOTAL SCHOOL DISTRICT	35,867,902	565,635	5,850,006	37,083	(29,491,176)	75,998	(29,415,178)
GENERAL REVENUES:							
Taxes:							
Property					7,874,078		7,874,078
Motor Vehicle					524,892		524,892
Utility					924,021		924,021
Other					5,965		5,965
State Aid - Formula Grants					21,014,890		21,014,890
Investment Earnings					1,156,769	42,545	1,199,314
Miscellaneous					577,203		577,203
Funds Transfer (Expense)					120,473	(120,473)	0
Loss Compensation					1,000		1,000
Gain (Loss) in Sale of Capital Assets					20		20
TOTAL GENERAL REVENUES & TRANSFERS					32,199,311	(77,928)	32,121,383
CHANGE IN NET POSITION					2,708,135	(1,930)	2,706,205
NET POSITION - BEGINNING AS RESTATED					18,649,012	(490,085)	18,158,927
NET POSITION - ENDING					21,357,147	(492,015)	20,865,132

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

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

	GENERAL FUND	SPECIAL REVENUE	BUILDING FUND	CONSTRUCTION FUND	DEBT SERVICE FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS:							
Cash & Cash Equivalents	6,876,510	24,676	3,572,573	24,716,956	61,269	1,478,296	36,730,280
Investments					6,894,860		6,894,860
Prepaid Expense	5,830						5,830
Accounts Receivable:							
Taxes - Current	225,310						225,310
Taxes - Delinquent	15,623						15,623
Accounts	30,418						30,418
Interfund Receivables	225,558						225,558
Intergovernmental - State		1,847					1,847
Intergovernmental - Federal		182,026			225,558		407,584
TOTAL ASSETS	<u>7,379,249</u>	<u>208,549</u>	<u>3,572,573</u>	<u>24,716,956</u>	<u>7,181,687</u>	<u>1,478,296</u>	<u>44,537,310</u>
LIABILITIES AND FUND BALANCE:							
Liabilities:							
Accounts Payable	215,236	925		1,365,929			1,582,090
Interfund Payables					225,558		225,558
Accrued Salaries & Benefits	42,907						42,907
Advances from Grantors		98,974					98,974
Total Liabilities	<u>258,143</u>	<u>99,899</u>	<u>0</u>	<u>1,365,929</u>	<u>225,558</u>	<u>0</u>	<u>1,949,529</u>
Fund Balance:							
Nonspendable	5,830						5,830
Restricted for:							
Debt Service					6,956,129		6,956,129
Capital Projects				23,351,027			23,351,027
SFCC Escrow			3,572,573			895,583	4,468,156
School Activities						582,713	582,713
Grants		108,650					108,650
Committed for:							
Accrued Compensated Absences	100,000						100,000
Construction Projects	650,000						650,000
Unassigned Fund Balance	6,365,276						6,365,276
Total Fund Balance	<u>7,115,276</u>	<u>108,650</u>	<u>3,572,573</u>	<u>23,351,027</u>	<u>6,956,129</u>	<u>1,478,296</u>	<u>42,581,951</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>7,373,419</u>	<u>208,549</u>	<u>3,572,573</u>	<u>24,716,956</u>	<u>7,181,687</u>	<u>1,478,296</u>	<u>44,531,480</u>

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

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

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

TOTAL GOVERNMENTAL FUND BALANCE		42,581,951
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
Cost of Capital Assets	69,363,891	
Accumulated Depreciation	<u>(36,344,853)</u>	33,019,038
Right to Use SBIT Asset - Net of Amortization		8,250
Deferred Outflows Related to Pensions are not current assets and therefore are not reported as assets in governmental funds.		1,062,382
Deferred Outflows Related to Other Post Employment Benefits are not current assets and therefore are not reported as assets in governmental funds.		2,826,497
Long-term liabilities (including bonds payable) are not due and payable in the current period and therefore are not reported as liabilities in the funds.		
Long-term liabilities at year end consist of:		
Bonds Payable	(41,724,000)	
Unamortized Bond Premiums	(1,286,526)	
Unamortized Bond Discounts	150,251	
Lease Liabilities	(38,517)	
Accrued Interest on Bonds	(408,404)	
Net Pension Liability	(4,630,744)	
Net Other Post Employment Benefits Liability	(3,694,639)	
Compensated Absences	<u>(738,443)</u>	(52,371,022)
Deferred Inflows Related to Pensions are not current liabilities and therefore are not reported as liabilities in governmental funds.		(1,241,761)
Deferred Inflows Related to Other Post Employment Benefits are not current liabilities and therefore are not reported as liabilities in governmental funds.		<u>(4,534,018)</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		<u><u>21,351,317</u></u>

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

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

	GENERAL	SPECIAL REVENUE	BUILDING FUND	CONSTRUCTION FUND	DEBT SERVICE FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:							
Taxes:							
Property	6,810,820		1,063,258				7,874,078
Motor Vehicle	524,892						524,892
Utility	924,021						924,021
Other	5,965						5,965
Earnings on Investments	455,870	4,944	215,350	258,495	126,121	95,989	1,156,769
Intergovernmental - State	18,975,060	1,370,945	1,692,514		156,838	227,562	22,422,919
Intergovernmental - Federal	67,796	2,145,648			455,529		2,668,973
Student Activities						592,308	592,308
Other Sources	309,145	29,049				107,606	445,800
TOTAL REVENUES	28,073,569	3,550,586	2,971,122	258,495	738,488	1,023,465	36,615,725
EXPENDITURES:							
Instructional	17,305,172	2,894,077				659,949	20,859,198
Support Services:							
Student Support Services	1,235,831	125,488				23,909	1,385,228
Staff Support Services	1,017,342	258,952				1,474	1,277,768
District Administration	972,012						972,012
School Administration	1,958,988						1,958,988
Business Support Services	960,248				1,500		961,748
Plant Operation & Maintenance	3,955,540	83,122				5,690	4,044,352
Student Transportation	1,276,726	4,087				17,420	1,298,233
Community Service Operations		233,062					233,062
Facilities Acquisition & Construction				3,973,017			3,973,017
Debt Service:							
Principal					757,000		757,000
Interest					776,502		776,502
TOTAL EXPENDITURES	28,681,859	3,598,788	-	3,973,017	1,535,002	708,442	38,497,108
EXCESS(DEFICIT) REVENUES OVER EXPENDITURES	(608,290)	(48,202)	2,971,122	(3,714,522)	(796,514)	315,023	(1,881,383)
OTHER FINANCING SOURCES(USES):							
Proceeds from Bond Issuance				23,130,000			23,130,000
Bond Premium Proceeds				1,269,692			1,269,692
Bond Issuance Discount				(90,207)			(90,207)
Loss Compensation	1,000						1,000
Proceeds from Sale of Assets	20						20
Operating Transfers In - Note N	719,269	46,037		3,707,681	1,617,830	26,887	6,117,704
Operating Transfers Out - Note N	(342,072)		(4,077,267)		(434,280)	(1,143,612)	(5,997,231)
TOTAL OTHER FINANCING SOURCES	378,217	46,037	(4,077,267)	28,017,166	1,183,550	(1,116,725)	24,430,978
NET CHANGE IN FUND BALANCES	(230,073)	(2,165)	(1,106,145)	24,302,644	387,036	(801,702)	22,549,595
FUND BALANCES - BEGINNING	7,351,179	110,815	4,678,718	(951,617)	6,569,093	2,279,998	20,038,186
FUND BALANCES - ENDING	7,121,106	108,650	3,572,573	23,351,027	6,956,129	1,478,296	42,587,781

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

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

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

NET CHANGES - GOVERNMENTAL FUNDS 22,549,595

Governmental funds report capital outlays as expenditures because they use current financial resources. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital exceeds depreciation expense for the year.

Depreciation Expense	(1,872,880)	
Capital Outlays	4,198,152	2,325,272
Right to Use SBIT Asset Purchase - Net of Amortization		8,250

Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.

Bond Issuance Proceeds	(24,309,485)	
Bond Principal Paid	757,000	
Lease Liability Paid	36,500	(23,515,985)

Generally, expenditures recognized in this fund financial statement are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred.

Amortization - Bond Premiums	23,536	
Amortization - Bond Discount	(15,047)	
District Pension Contributions	497,150	
Cost of Benefits Earned Net of Employee Contributions - Pension	55,617	
Accrued Interest Payable	(316,426)	
District Other Post Employment Benefits Contributions	418,990	
Cost of Benefits Earned Net of Employee Contributions - OPEB	530,961	
Accrued Sick Leave	146,222	1,341,003

CHANGES - NET POSITION GOVERNMENTAL FUNDS 2,708,135

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

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

	<u>ENTERPRISE FUNDS</u>		
	<u>FOOD SERVICE</u>	<u>DAY CARE FUND</u>	<u>TOTAL</u>
ASSETS:			
Current Assets:			
Cash & Cash Equivalents	661,303	11,541	672,844
Accounts Receivable	65,740		65,740
Inventories for Consumption	26,737		26,737
Total Current Assets	<u>753,780</u>	<u>11,541</u>	<u>765,321</u>
Noncurrent Assets:			
Net OPEB Asset	103,115		103,115
Buildings & Improvements	339,450		339,450
Furniture & Equipment	1,182,226		1,182,226
Less: Accumulated Depreciation	<u>(1,363,121)</u>		<u>(1,363,121)</u>
Total Noncurrent Assets	<u>261,670</u>	<u>0</u>	<u>261,670</u>
TOTAL ASSETS	<u>1,015,450</u>	<u>11,541</u>	<u>1,026,991</u>
Deferred Outflows Related to Other Post Employment Benefits	61,450	30,406	91,856
Deferred Outflows Related to Pensions	<u>214,608</u>	<u>104,797</u>	<u>319,405</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>1,291,508</u>	<u>146,744</u>	<u>1,438,252</u>
LIABILITIES:			
Current Liabilities:			
Accounts Payable	1,549		1,549
Total Current Liabilities	<u>1,549</u>	<u>0</u>	<u>1,549</u>
Noncurrent Liabilities:			
Net Other Post Employee Benefits Liability		60,999	60,999
Net Pension Liability	898,671	255,090	1,153,761
Total Noncurrent Liabilities	<u>898,671</u>	<u>316,089</u>	<u>1,214,760</u>
TOTAL LIABILITIES	<u>900,220</u>	<u>316,089</u>	<u>1,216,309</u>
Deferred Inflows Related to Other Post Employment Benefits	354,722	30,669	385,391
Deferred Inflows Related to Pensions	<u>266,186</u>	<u>62,381</u>	<u>328,567</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS	<u>1,521,128</u>	<u>409,139</u>	<u>1,930,267</u>
Net Position:			
Net Investment in Capital Assets	158,555		158,555
Restricted	<u>(388,175)</u>	<u>(262,395)</u>	<u>(650,570)</u>
Total Net Position	<u>(229,620)</u>	<u>(262,395)</u>	<u>(492,015)</u>
TOTAL LIABILITIES AND NET POSITION	<u>1,291,508</u>	<u>146,744</u>	<u>1,438,252</u>

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

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

	<u>ENTERPRISE FUNDS</u>		
	<u>FOOD SERVICE FUND</u>	<u>DAYCARE FUND</u>	<u>TOTAL</u>
OPERATING REVENUES:			
Lunchroom Sales	103,389		103,389
Charges for Services	1,341		1,341
TOTAL OPERATING REVENUES	<u>104,730</u>	<u>0</u>	<u>104,730</u>
OPERATING EXPENSES:			
Salaries & Benefits	645,421		645,421
Contract Services	25,523		25,523
Materials & Supplies	1,131,060		1,131,060
Depreciation - Note F	19,229		19,229
Other Operating Expenses	17,622	(35)	17,587
TOTAL OPERATING EXPENSES	<u>1,838,855</u>	<u>(35)</u>	<u>1,838,820</u>
OPERATING INCOME(LOSS)	(1,734,125)	35	(1,734,090)
NONOPERATING REVENUES(EXPENSES):			
Transfer Out to General Fund	(120,473)		(120,473)
Federal Grants	1,516,868		1,516,868
State Grants	141,697		141,697
Donated Commodities	151,523		151,523
Interest Income	42,545		42,545
TOTAL NONOPERATING REVENUE	<u>1,732,160</u>	<u>0</u>	<u>1,732,160</u>
INCOME(LOSS) BEFORE CAPITAL CONTRIBUTIONS	(1,965)	35	(1,930)
CAPITAL CONTRIBUTIONS	<u>0</u>	<u>0</u>	<u>0</u>
CHANGE IN NET POSITION	(1,965)	35	(1,930)
TOTAL NET POSITION - BEGINNING	<u>(227,655)</u>	<u>(262,430)</u>	<u>(490,085)</u>
TOTAL NET POSITION - ENDING	<u><u>(229,620)</u></u>	<u><u>(262,395)</u></u>	<u><u>(492,015)</u></u>

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

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

	FOOD SERVICE FUND	DAYCARE FUND	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from:			
Lunchroom Sales	103,389		103,389
Other Activities	1,341	35	1,376
Cash Paid to/for:			-
Employees	(760,778)		(760,778)
Supplies	(969,864)		(969,864)
Other Activities	(43,145)		(43,145)
Net Cash Provided (Used) by Operating Activities	(1,669,057)	35	(1,669,022)
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES:			
Transfer in (out) to/from General Fund	(120,473)		(120,473)
Interfund Payable Repaid			-
Federal Grants	1,475,658		1,475,658
State Grants	14,045		14,045
Net Cash Provided by Non-Capital and Related Financing Activities	1,369,230	-	1,369,230
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	-	-	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Capital Assets	(46,293)		(46,293)
Receipt of Interest Income	42,545	-	42,545
Net Cash Provided (Used) by Investing Activities	(3,748)	-	(3,748)
Net Increase (Decrease) in Cash and Cash Equivalents	(303,575)	35	(303,540)
Balances, Beginning of Year	964,878	11,506	976,384
Balances, End of Year	661,303	11,541	672,844
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating Income (Loss)	(1,734,125)	35	(1,734,090)
Adjustments to Reconcile Operating Loss to Net Cash Provided (Used) by Operating Activities			
Depreciation	19,229	-	19,229
State On-Behalf Payments	127,652	-	127,652
Donated Commodities	151,523	-	151,523
Change in Assets, Deferred Outflows, Liabilities and Deferred Inflows:			
Accounts Payable	891	-	891
Deferred Outflows	191,574	-	191,574
Deferred Inflows	(188,423)	-	(188,423)
Net Pension Liability	(242,804)	-	(242,804)
Net Other Post Employment Benefits	(3,356)	-	(3,356)
Inventory	8,782	-	8,782
Net Cash Provided (Used) by Operating Activities	(1,669,057)	35	(1,669,022)
Schedule of Non-Cash Transactions:			
Donated Commodities	151,523	-	151,523
State On-Behalf Payments	127,652	-	127,652

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

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

	<u>PRIVATE PURPOSE TRUST FUND</u>
ASSETS:	
Cash and Cash Equivalents	322,142
Accounts Receivable	<u>12,335</u>
TOTAL ASSETS	<u>334,477</u>
LIABILITIES:	
Scholarships Payable	<u>0</u>
TOTAL LIABILITIES	<u>0</u>
NET POSITION HELD IN TRUST	<u><u>334,477</u></u>

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2025

	PRIVATE PURPOSE TRUST FUNDS
ADDITIONS:	
Earnings on Investments	5,343
Donations	53,993
TOTAL ADDITIONS	59,336
DEDUCTIONS:	
Supplies	39,140
TOTAL DEDUCTIONS	39,140
Changes in Net Position	20,196
NET POSITION HELD IN TRUST - BEGINNING OF YEAR	314,281
NET POSITION HELD IN TRUST - END OF YEAR	334,477

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Elizabethtown Independent Board of Education (“Board”), a five-member group, is the level of government which has oversight responsibilities over all activities related to public elementary and secondary school

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

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

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

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

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

Basis of Presentation

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

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

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

The District has the following funds:

I. Governmental Fund Types

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

II. Proprietary Fund Types (Enterprise Fund)

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

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

III. Fiduciary Fund Type (Agency and Private Purpose Trust Funds)

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

Basis of Accounting

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

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

Property Taxes

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

The property tax rates assessed for the year ended June 30, 2025, to finance the General Fund operations were \$0.845 per \$100 valuation for real property, \$0.845 per \$100 valuation for business personal property, and \$0.538 per \$100 valuation for motor vehicles.

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

Capital Assets

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

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

Interfund Balances

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

Accumulated Unpaid Sick Leave Benefits

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

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

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

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

Budgetary Process

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

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

Cash and Cash Equivalents

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

Inventories

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

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

The food service fund uses the specific identification method.

Investments

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

Accrued Liabilities and Long-Term Obligations

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

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

Fund Balance

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end. Formal School Board action must be taken during an open meeting to establish, modify, or rescind a fund balance commitment.

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

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

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

<u>Fund Balance Type</u>	<u>Amount</u>	<u>Action</u>
General Fund	\$100,000	Long-Term Compensated Absences
General Fund	650,000	Construction Projects

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

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

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

Net Position

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

Operating Revenues and Expenses

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

Contributions of Capital

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Interfund Activity

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

Pensions

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

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

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

Postemployment Benefits Other Than Pensions

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

County Employees Retirement System - For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County Employees Retirement System of the State of Kentucky (CERS) and

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

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

Changes in Accounting Principle

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

NOTE B – ESTIMATES

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

NOTE C – CASH, CASH EQUIVALENTS AND INVESTMENTS

Deposits

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

At year-end, the carrying amount of the District's total cash and cash equivalents was \$37,725,266. Of the total cash balance, \$23,577,541 was covered by Federal Depository Insurance, with the remainder covered by collateral agreements and collateral held by the pledging banks' trust departments in the District's name. Cash equivalents are funds temporarily invested in securities with maturity of 90 days or less.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

	Bank Balance	Book Balance
Magnolia Bank	39,431,123	37,663,997
Wesbanco	<u>61,269</u>	<u>61,269</u>
Total	<u>39,492,392</u>	<u>37,725,266</u>
Breakdown per financial statements:		
Governmental Funds		36,730,280
Fiduciary Funds		322,142
Proprietary Funds		<u>672,844</u>
Total Cash		<u>37,725,266</u>

Investments

As of June 30, 2025, the District had the following investments and maturities:

	Fair Value	Average Credit Quality/Ratings (1)	Less Than 1
Money Market Mutual Funds	\$ 24,105	AAA-MF	\$ 24,105
U.S. Treasury Bills	<u>6,870,755</u>	AAA	<u>6,870,755</u>
Total Investments	<u>\$ 6,894,860</u>		<u>\$ 6,894,860</u>

(1) Ratings are provided where applicable to indicate associated *Credit Risk*. Not rates indicates the investment is not rated. Ratings are from Moody's Investors Service.

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Generally, the District's investing activities are under the custody of the District Finance Director. Investing policies comply with State Statutes. Kentucky Revised Statute 66.480 defines the following items as permissible investments:

- Obligations of the United States and of its agencies and instrumentalities;
- Obligations of any corporation of the United States Government;
- Obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or a United States government agency;
- Uncollateralized certificates of deposit issued by any bank or savings and loan institution rated in one (1) of the three (3) highest categories by a nationally recognized rating agency;
- Certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation or similar entity or which are collateralized, to the extent uninsured, by any obligations, including surety bonds, permitted by KRS 41.240(4)
- Bankers' acceptances for banks rated in one (1) of the three (3) highest categories by a nationally recognized rating agency;
- Commercial paper rated in the highest category by a nationally recognized rating agency;
- Bonds or certificates of indebtedness of this state and of its agencies and instrumentalities;
- Securities issued by a state or local government, or any instrumentality of agency thereof, in the United States, and rated in one (1) of the three (3) highest categories by a nationally recognized rating agency; and

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

- Shares of mutual funds, each of which shall have the following characteristics:
 1. The mutual fund shall be an open-end diversified investment company registered under the Federal Investment Company Act of 1940, as amended;
 2. The management company of the investment company shall have been in operation for at least five (5) years; and
 3. All of the securities in the mutual fund shall be eligible investments pursuant to this section.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The district does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. **Custodial Credit Risk** is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's securities are held in the District's name. No investments are reported at amortized cost. 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 are level 1 inputs.

NOTE D – LONG TERM OBLIGATIONS

The amount shown in the accompanying financial statements as bond obligations represents the District's future obligations to make payments relating to the bonds issued by the Elizabethtown Independent School District Finance Corporation in the original amount aggregating \$24,144,000.

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

2010 QSCB	6,425,000	5.45%
2010 QZAB	2,470,000	5.63%
2013	3,345,000	1.00% - 2.125%
2015R	4,825,000	1.00% - 3.00%
2015A	5,165,000	2.00% - 3.125%
2015B	535,000	1.40% - 3.20%
2022	979,000	1.00% - 2.75%
2023	400,000	4.00% - 4.50%

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

In 1995 the Board entered into "participation agreements" with the Kentucky School Facility Construction Commission. The Commission was created by the Kentucky Legislature for the purpose of assisting local school districts in meeting school construction needs. The table sets forth the amount to be paid by the Board and the Commission for each year until maturity of all bonds issued. The Kentucky School Construction Commission's participation is limited to the biennial budget period of the Commonwealth of Kentucky with the right reserved by the Kentucky School Construction Commission to terminate the commitment to pay the agreed participation every two years. The obligation of the Kentucky School Construction Commission to make the agreed payments automatically renews each two years for a period of two years unless the Kentucky School Construction Commission gives notice of its intention not to participate not less than sixty days prior to the end of its biennium.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

Year	Principal	Interest	Participation	U.S. Gov't Portion	District's Portion
2025-26	818,000	1,749,578	157,500	482,109	1,927,969
2026-27	1,233,000	1,772,501	157,482	482,109	2,365,910
2027-28	1,459,000	1,737,581	157,482	482,109	2,556,990
2028-29	10,284,000	1,452,684	1,161,562	241,055	10,334,067
2029-30	1,465,000	1,164,330	157,481		2,471,849
2030-31	1,526,000	1,117,493	157,482		2,486,010
2031-32	1,567,000	1,082,749	157,484		2,492,265
2032-33	1,653,000	1,011,921	157,482		2,507,438
2033-34	1,744,000	937,074	157,482		2,523,591
2034-35	1,841,000	858,093	157,481		2,541,611
2035-36	1,487,000	781,905	157,481		2,111,424
2036-37	1,563,000	709,005	157,482		2,114,524
2037-38	1,640,000	632,198	157,481		2,114,716
2038-39	1,721,000	551,448	157,513		2,114,934
2039-40	1,803,000	466,783	157,483		2,112,300
2040-41	1,874,000	395,263	157,500		2,111,762
2041-42	1,951,000	320,915	157,499		2,114,416
2042-43	1,965,000	243,400	95,231		2,113,169
2043-44	2,040,000	164,763	92,287		2,112,476
2044-45	<u>2,090,000</u>	<u>83,600</u>	<u>63,416</u>		<u>2,110,184</u>
	<u>41,724,000</u>	<u>17,233,281</u>	<u>3,932,293</u>	<u>1,687,382</u>	<u>53,337,606</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Primary Government					
Governmental Activities:					
Revenue Bond Payable	19,351,000	23,130,000	757,000	41,724,000	818,000
Add: Bond Premium	40,371	1,269,692	23,537	1,286,526	65,859
Less: Bond Discount	<u>(75,093)</u>	<u>(90,240)</u>	<u>(15,082)</u>	<u>(150,251)</u>	<u>(15,839)</u>
Net Revenue Bond Payable	19,316,278	24,309,452	765,455	42,860,275	868,020
Net Pension Liability	5,605,001	0	974,257	4,630,744	0
Lease Liabilities	75,019	0	36,502	38,517	38,517
Net OPEB Liability	4,366,000	0	546,000	3,820,000	0
Compensated Absences	<u>884,665</u>	<u>17,481</u>	<u>163,704</u>	<u>738,442</u>	<u>76,313</u>
Total Governmental Activities:	<u>30,246,963</u>	<u>24,326,933</u>	<u>2,485,918</u>	<u>52,087,978</u>	<u>982,850</u>
Proprietary Activities:					
Net OPEB Liability	60,999	0	0	60,999	0
Net Pension Liability	<u>1,396,565</u>	<u>0</u>	<u>242,804</u>	<u>1,153,761</u>	<u>0</u>
Total Long-Term Liabilities:	<u>31,704,527</u>	<u>24,326,933</u>	<u>2,728,722</u>	<u>53,302,738</u>	<u>982,850</u>

NOTE E – LEASE LIABILITIES PAYABLE

The District is the lessee of computers under a lease expiring on September 29, 2025. The assets and liabilities under leases are recorded at the present value of the minimum lease payments or the fair value of the asset. The assets are amortized over their estimated productive lives. Amortization of assets under leases is included in depreciation expense for fiscal year 2025.

The following is a summary of property held under lease:

<u>Classes of Property</u>	<u>Book Value as of June 30, 2025</u>
Computers	150,107
Accumulated Amortization	<u>(82,558)</u>
Total	<u>67,549</u>

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

<u>Year Ending June 30,</u>	<u>Lease Liabilities Payable</u>
2026	40,644
Amount representing interest	<u>(2,127)</u>
Present value of net minimum lease payments	<u>38,517</u>

Interest rates on the lease is 5.521%. The lease provides for the assets to revert to the District at the end of the lease with no further payment for purchase.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE F - CAPITAL ASSETS

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

	BEGINNING BALANCE	ADDITIONS	RETIREMENTS	ENDING BALANCE
GOVERNMENTAL ACTIVITIES:				
Non-Depreciable Assets:				
Land	267,795			267,795
Construction in Progress	1,184,754	3,824,309	(621,136)	4,387,927
Depreciable Assets:				
Buildings & Building Improvements	58,589,211	197,106	621,136	59,407,453
Technology Equipment	1,919,288	12,220		1,931,508
Vehicles	1,760,465	164,517		1,924,982
General Equipment	1,444,226			1,444,226
TOTAL AT HISTORICAL COST	65,165,739	4,198,152	-	69,363,891
LESS ACCUMULATED DEPRECIATION FOR:				
Buildings & Building Improvements	30,255,674	1,730,856		31,986,530
Technology Equipment	1,891,179	14,909		1,906,088
Vehicles	1,267,844	84,101		1,351,945
General Equipment	1,057,276	43,014		1,100,290
TOTAL ACCUMULATED DEPRECIATION	34,471,973	1,872,880	-	36,344,853
GOVERNMENTAL ACTIVITIES CAPITAL NET	30,693,766	2,325,272	-	33,019,038
PROPRIETARY ACTIVITIES:				
Depreciable Assets:				
Buildings & Building Improvements	339,450			339,450
General Equipment	1,135,931	46,293		1,182,224
TOTALS AT HISTORICAL COST	1,475,381	46,293	-	1,521,674
LESS ACCUMULATED DEPRECIATION FOR:				
Buildings & Building Improvements	339,450			339,450
General Equipment	1,004,440	19,229		1,023,669
TOTAL ACCUMULATED DEPRECIATION	1,343,890	19,229	-	1,363,119
PROPRIETARY ACTIVITIES CAPITAL NET	131,491	27,064	-	158,555
DEPRECIATION EXPENSE CHARGED TO GOVERNMENTAL FUNCTIONS AS FOLLOWS:				
Instructional				1,028,456
District Administration				368,663
Plant Operation & Maintenance				407,324
Student Transportation				68,437
TOTAL				1,872,880

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE G – RETIREMENT PLANS

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

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

Medical Insurance Plan

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

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

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

At June 30, 2025, the District reported a liability of \$5,784,505 for its proportionate share of the net pension liability for CERS. The District did not report a liability for the District's proportionate share of the net pension liability for TRS because the Commonwealth of Kentucky provides the pension support directly to TRS on behalf of the District. The amount recognized by the District as its proportionate share of the net pension liability, the related Commonwealth support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the CERS net pension liability	\$ 5,784,505
Commonwealth's proportional share of the TRS net pension liability associated with the District	<u>55,034,517</u>
	<u>\$ 60,819,022</u>

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The District's proportion of the net pension liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2024, the District's proportion was 0.096724% percent.

For the year ended June 30, 2025, the District recognized pension benefit of \$69,476 related to CERS and pension expense of \$3,577,065 related to TRS. The District also recognized revenue of \$3,577,065 for TRS support provided by the Commonwealth. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 279,981	\$ -
Changes of assumptions	-	261,346
Net difference between projected and actual earnings on pension plan investments	397,265	769,178
Changes in proportion and differences between District contributions and proportionate share of contributions	83,492	539,804
District contributions subsequent to the measurement date	621,049	-
Total	<u>\$ 1,381,787</u>	<u>\$ 1,570,328</u>

\$621,050 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2026	(481,925)
2027	(101,813)
2028	(142,967)
2029	(82,885)
2030	-

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Teachers' Retirement System (TRS)

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

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

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

County Employees' Retirement System (CERS)

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

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

Discount rate—For CERS, projection of cash flows used to determine the discount rate of 6.50% assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in Statute as amended by House Bill 362 (passed in 2018) over the remaining 30 years (closed) amortization period of the unfunded actuarial accrued liability.

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

	1% Decrease	Current Discount Rate	1% Increase
CERS	5.50%	6.50%	7.50%
District's proportionate share of net pension liability	7,457,172	5,784,505	4,396,632
TRS	6.10%	7.10%	8.10%
District's proportionate share of net pension liability	0	0	0

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE H – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Teachers' Retirement System of Kentucky

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

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

Medical Insurance Plan

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

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

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

At June 30, 2025, the Elizabethtown Independent District reported a liability of \$3,820,000 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 .324045 percent.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

District's proportionate share of the net OPEB liability	\$ 3,820,000
State's proportionate share of the net OPEB liability associated with the District	<u>3,403,000</u>
Total	<u>\$ 7,223,000</u>

For the year ended June 30, 2025, the District recognized OPEB expense of \$208,385 and revenue of \$317,030 for support provided by the State. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,147,000
Changes of assumptions	973,000	-
Net difference between projected and actual earnings on pension plan investments	-	123,000
Changes in proportion and differences between District contributions and proportionate share of contributions	1,042,000	1,656,000
District contributions subsequent to the measurement date	<u>418,990</u>	<u>-</u>
Total	<u>2,433,990</u>	<u>2,926,000</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$418,990 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year ended June 30:	
2026	\$ (310,000)
2027	(51,000)
2028	(95,000)
2029	(239,000)
2030	(203,000)
Thereafter	(13,000)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

Long-term investment rate of return net of OPEB plan investment expense, including inflation.	
Health Trust	7.10%
Life Trust	7.10%
Salary increases, including wage	
Inflation	3.00 – 7.50%
Inflation	2.50%
Real wage growth	0.25%
Wage Inflation	2.75%
Health Trust Health Care Cost Trends	
Medical Trend	6.50% for FY 2024 decreasing to an ultimate rate of 4.50% by FY 2031
Medicare Part B Premiums	3.92% for FY 2024 with an ultimate rate of 4.50% by 2035
Municipal Bond Index Rate	3.94%
Single Equivalent Interest Rate, net of OPEB plan investment expense, including price inflation	
Health Trust	7.10%
Life Trust	7.10%
Year FNP is projected to be depleted	
Health Trust	N/A
Life Trust	N/A

**Based on known expected increase in Medicare-eligible costs in the year following the valuation date, an increase rate of 20.00% was used for FYE 2021.*

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

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

Discount rate (SEIR)- The discount rate used to measure the TOL at June 30, 2024 was 7.10% for the Health Trust and 7.10% for the Life Trust. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection's basis was an actuarial valuation performed as of June 30, 2021.

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

	1% Decrease	Current Discount Rate	1% Increase
TRS	6.10%	7.10%	8.10%
District's proportionate share of net OPEB liability	5,075,000	3,820,000	2,780,000

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

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of net OPEB liability	2,580,000	3,820,000	5,360,000

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Life Insurance Plan

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

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

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

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

District's proportionate share of the net OPEB liability	-0-
State's proportionate share of the net OPEB liability associated with the District	<u>78,000</u>
Total	<u>\$ 78,000</u>

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

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

Discount rate (SEIR) - The discount rate used to measure the total OPEB liability for life insurance was 7.10%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection's basis was an actuarial valuation performed as of June 30, 2022.

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

County Employees' Retirement System of Kentucky

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

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

Medical Insurance Plan

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

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

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

Contributions – In order to fund the post-retirement healthcare benefit, five and seventy-eight one hundreds percent (3.39%) of the gross annual payroll of members is contributed for the year ended June 30, 2024 for CERS Non-Hazardous, which is the portion of the plan applicable to the District, and this portion is paid 100% paid by employer contributions. One percent (1.00%) is contributed by employees hired on or after September 1, 2008.

At June 30, 2025, the Elizabethtown Independent District reported an asset of \$167,478 for its proportionate share of the collective net OPEB asset that reflected a reduction for state OPEB support provided to the District. The collective net OPEB asset was measured as of June 30, 2024, and the total OPEB asset used to calculate the collective net OPEB asset 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 .096819 percent, compared to .109114 percent at June 30, 2023.

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

District’s proportionate share of the net OPEB asset	\$ 167,478
State’s proportionate share of the net OPEB liability associated with the District	<u>-0-</u>
Total	<u>\$ 167,478</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2025, the District recognized OPEB benefit of \$527,566. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 92,915	\$ 1,317,719
Changes of assumptions	151,755	118,173
Net difference between projected and actual earnings on pension plan investments	147,217	300,050
Changes in proportion and differences between District contributions and proportionate share of contributions	47,077	257,467
District contributions subsequent to the measurement date	<u>45,399</u>	<u>-</u>
Total	<u><u>484,363</u></u>	<u><u>1,993,409</u></u>

from the following sources:

Of the total amount reported as deferred outflows of resources related to OPEB, \$45,399 resulting from District contributions of \$0 subsequent to the measurement date and before the end of the fiscal year and implicit subsidy of \$45,399, will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year ended June 30:

2026	\$ (633,594)
2027	(476,975)
2028	(400,820)
2029	(43,056)
2030	-
Thereafter	-

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Discount rate - The discount rate used to measure the total OPEB liability was 5.99%. The projection of cash flows used to determine the single discount rate must include an assumption regarding future employer contributions made each year. Future contributions are projected assuming that each participating employer in each insurance plan contributes the actuarially determined employer contribution each future year calculated in accordance with the current funding policy, as most recently revised by House Bill 8, passed during the 2021 legislative session. The assumed future employer contributions reflect the provisions of House Bill 362 (passed during the 2018 legislative session) which limit the increases to the employer contribution rates to 12% over the prior fiscal year through June 30, 2028, for the CERS plans.

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
CERS	4.99%	5.99%	6.99%
District's proportionate share of net OPEB liability	226,449	(167,478)	(498,692)

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

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Systems' net pension liability	(402,931)	(167,478)	106,809

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

NOTE I – CONTINGENCIES

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE J – INSURANCE AND RELATED ACTIVITIES

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

NOTE K – RISK MANAGEMENT

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

NOTE L – DEFICIT OPERATING BALANCES

The Food Service Fund had a deficit net position of \$229,620 and the Day Care Fund had a deficit net position of \$262,395 at June 30, 2025. The following funds have operations that resulted in a current year deficit of expenditures over revenues resulting in a corresponding reduction of fund balance:

General	608,290
Special Revenue	48,202
Construction	3,714,522
District Activity	30,674
Debt Service	796,514

NOTE M – COBRA

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

NOTE N – TRANSFER OF FUNDS

The following transfers were made during the year:

Type	From Fund	To Fund	Purpose	Amount
Matching	General	Special Revenue	Technology Match	46,037
Operating	General	Debt Service	Debt Service	296,035
Operating	Building	Debt Service	Debt Service	1,321,795
Operating	Food Service	General	Indirect Costs	120,473
Operating	Building	Construction	Construction	2,755,472
Operating	Capital Outlay	General	Operations	164,517
Operating	Capital Outlay	Construction	Construction	952,208
Operating	Debt Service	General	Debt Service	434,280
Operating	School Activity	District Activity	Operations	26,887
Governmental Funds Transferred In				<u>6,117,704</u>
Operating	Food Service	General	Indirect Costs	<u>(120,473)</u>
Proprietary Funds Transferred				<u>(120,473)</u>
Total Transferred Funds				<u><u>5,997,231</u></u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE O – INTERFUND RECEIVABLES AND PAYABLES

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Debt Service	\$225,558

The interfund payables/receivables represent temporary financing that will be repaid within one year.

NOTE P – SUBSEQUENT EVENTS

Management has reviewed subsequent events through December 17, 2025 the date the financial statements were available for release. There are no material subsequent events to disclose.

NOTE Q – ON-BEHALF PAYMENT

For the year ended June 30, 2025, \$7,473,077 in on-behalf payments were made by the Commonwealth of Kentucky for the benefit of the District. Payments for life insurance, health insurance, Kentucky teacher retirement matching pension contributions, administrative fees, technology and debt service were paid by the State for the District. These payments were recognized as on-behalf payments and recorded in the appropriate revenue and expense accounts. These payments were as follows:

Teachers Retirement System (GASB 68 Schedule A)	\$3,577,065
Teachers Retirement System (GASB 75)	326,520
Health Insurance	3,249,559
Life Insurance	3,843
Administrative Fee	30,784
HRA/Dental/Vision	158,025
Federal Reimbursement	(91,203)
Technology	61,647
SFCC Debt Service Payments	<u>156,837</u>
Total	<u>\$7,473,077</u>

NOTE R – EMPLOYEE COMPENSATED ABSENCES

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

	Current Portion	Long-Term Portion	Total
Beginning Balance - Restated	36,388	848,277	884,665
Net Increase (Decrease)	<u>39,925</u>	<u>(186,148)</u>	<u>(146,223)</u>
Ending Balance	<u>76,313</u>	<u>662,129</u>	<u>738,442</u>

NOTE S – SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The District has recorded \$8,250 (\$11,000 net of \$2,750 accumulated amortization) as intangible right-to-use software in the Governmental Activities non-current assets on the statement of net position. Due to the implementation of GASB Statement No. 96, the arrangement for software meets the criteria of a SBITA; thus, requiring them to be recorded by the District as an intangible asset and if applicable SBITA liability. The assets will be amortized over the terms of the software agreements, 5 years. The subscription was fully paid at the time the software arrangement was entered into and thus no liability has been recorded.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE T – RESTATEMENT OF NET POSITION

The beginning net position of the Governmental Activities was decreased by \$200,342 due to the impact of the implementation of GASB 101. Below are the details of the restatement:

	Government <u>Activities</u>
Net Position June 30, 2024	\$ 18,849,354
GASB 101 Retrospective Application	<u>(200,342)</u>
Beginning Net Position, As Restated	\$ <u>18,649,012</u>

REQUIRED SUPPLEMENTARY INFORMATION

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

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Taxes	8,239,000	8,239,000	8,265,698	26,698
Other Local Sources	525,000	525,000	765,015	240,015
State Sources	11,583,647	11,583,647	18,975,060	7,391,413
Federal Sources	49,000	49,000	67,796	18,796
Other Sources	97,000	97,000	720,289	623,289
TOTAL REVENUES	20,493,647	20,493,647	28,793,858	8,300,211
EXPENDITURES:				
Instructional	12,831,958	12,831,958	17,305,172	(4,473,214)
Student Support Services	907,391	907,391	1,235,831	(328,440)
Staff Support Services	894,294	894,294	1,017,342	(123,048)
District Administration	803,738	803,738	972,012	(168,274)
School Administration	1,346,760	1,346,760	1,958,988	(612,228)
Business Support Services	772,008	772,008	960,248	(188,240)
Plant Operation & Maintenance	2,945,623	2,945,623	3,955,540	(1,009,917)
Student Transportation	836,629	836,629	1,276,726	(440,097)
Other	5,624,473	5,624,473	342,072	5,282,401
TOTAL EXPENDITURES	26,962,874	26,962,874	29,023,931	(2,061,057)
NET CHANGE IN FUND BALANCE	(6,469,227)	(6,469,227)	(230,073)	6,239,154
FUND BALANCES - BEGINNING	6,469,227	6,469,227	7,351,179	881,952
FUND BALANCES - ENDING	-	-	7,121,106	7,121,106

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

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

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Other Local Sources	5,000	5,000	75,086	70,086
State Sources	1,249,845	1,249,845	1,370,945	121,100
Federal Sources	1,366,433	1,366,433	2,145,648	779,215
Other Sources	55,000	55,000	4,944	(50,056)
TOTAL REVENUES	2,676,278	2,676,278	3,596,623	920,345
EXPENDITURES:				
Instructional	2,012,938	2,012,938	2,894,077	(881,139)
Student Support Services	49,495	49,495	125,488	(75,993)
Staff Support Services	259,863	259,863	258,952	911
District Administration			0	0
School Administration			0	0
Business Support Services			0	0
Plant Operation & Maintenance	83,313	83,313	83,122	191
Student Transportation	12,949	12,949	4,087	8,862
Day Care Operations			0	0
Site Improvement			233,062	(233,062)
Community Service Operations	237,720	237,720	0	237,720
Other			0	0
TOTAL EXPENDITURES	2,656,278	2,656,278	3,598,788	(942,510)
NET CHANGE IN FUND BALANCE	20,000	20,000	(2,165)	(22,165)
FUND BALANCES - BEGINNING			110,815	110,815
FUND BALANCES - ENDING	20,000	20,000	108,650	88,650

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

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

	2016	2017	2018	2019	2020
District's proportion of net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%
District's proportionate share of the net pension liability	-	-	-	-	-
State of Kentucky's share of the net pension liability associated with the district	81,324,585	104,912,414	95,684,588	46,923,403	49,934,109
TOTAL	81,324,585	104,912,414	95,684,588	46,923,403	49,934,109
District's covered-employee payroll	10,465,027	10,787,947	\$ 10,898,532	\$ 11,146,326	\$ 10,922,944
District's proportionate share of the net pension liability as a percentage of its covered-payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	42.49%	57.04%	39.80%	59.30%	58.80%
	2021	2022	2023	2024	2025
District's proportion of net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%
District's proportionate share of the net pension liability	-	-	-	-	-
State of Kentucky's share of the net pension liability associated with the district	50,207,357	46,018,028	58,850,270	58,088,993	55,034,517
TOTAL	50,207,357	46,018,028	58,850,270	58,088,993	55,034,517
District's covered-employee payroll	\$ 10,898,532	\$ 10,279,106	\$ 11,037,580	\$ 12,441,840	\$ 13,966,328
District's proportionate share of the net pension liability as a percentage of its covered-payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	58.27%	65.59%	56.41%	57.70%	60.36%

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

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

	2016	2017	2018	2019	2020
District's proportion of net pension liability	0.121655%	0.122055%	0.119186%	0.120125%	0.116919%
District's proportionate share of the net pension liability	5,230,281	6,009,501	6,976,324	7,315,980	8,222,966
State of Kentucky's share of the net pension liability associated with the district	-	-	-	-	-
TOTAL	<u>\$ 5,230,281</u>	<u>6,009,501</u>	<u>6,976,324</u>	<u>7,315,980</u>	<u>8,222,966</u>
District's covered-employee payroll	2,858,115	2,968,799	2,939,449	3,028,820	3,004,762
District's proportionate share of the net pension liability as a percentage of its covered-payroll	183.00%	202.40%	237.30%	241.50%	273.70%
Plan fiduciary net position as a percentage of the total pension liability	59.97%	55.50%	53.30%	53.54%	50.45%
	2021	2022	2023	2024	2025
District's proportion of net pension liability	0.119081%	0.112647%	0.104892%	0.109118%	0.096724%
District's proportionate share of the net pension liability	9,133,414	7,182,130	7,582,657	7,001,566	5,784,505
State of Kentucky's share of the net pension liability associated with the district	-	-	-	-	-
TOTAL	<u>9,133,414</u>	<u>7,182,130</u>	<u>7,582,657</u>	<u>7,001,566</u>	<u>5,784,505</u>
District's covered-employee payroll	3,105,819	2,938,927	2,963,475	3,100,764	3,150,934
District's proportionate share of the net pension liability as a percentage of its covered-payroll	294.10%	244.40%	255.90%	225.80%	183.58%
Plan fiduciary net position as a percentage of the total pension liability	47.81%	57.33%	52.42%	57.48%	61.61%

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

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

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Contractually required contributions (actuarially determined)	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 10,465,027	\$ 10,787,947	\$ 10,898,532	\$ 11,146,326	\$ 10,922,944
Contributions as a percentage of Covered employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Contractually required contributions (actuarially determined)	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 10,898,532	\$ 10,279,106	\$ 11,037,580	\$ 12,441,840	\$ 13,966,328
Contributions as a percentage of Covered employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%

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

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

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Contractually required contributions (actuarially determined)	\$ 368,725	\$ 410,053	\$ 438,573	\$ 487,372	\$ 599,432
Contributions in relation to the actuarially determined contributions	<u>368,725</u>	<u>410,053</u>	<u>438,573</u>	<u>487,372</u>	<u>599,432</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 3,968,799	\$ 2,939,449	\$ 3,028,820	\$ 3,004,762	\$ 3,105,819
Contributions as a percentage of Covered employee payroll	12.42%	13.95%	14.48%	16.22%	19.30%
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Contractually required contributions (actuarially determined)	\$ 567,213	\$ 627,368	\$ 767,486	\$ 723,809	\$ 621,049
Contributions in relation to the actuarially determined contributions	<u>567,213</u>	<u>627,368</u>	<u>767,486</u>	<u>723,809</u>	<u>\$ 621,049</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 2,938,927	\$ 2,963,475	\$ 3,279,855	\$ 3,100,764	\$ 3,150,934
Contributions as a percentage of Covered employee payroll	19.30%	21.17%	23.40%	23.34%	19.71%

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

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

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
District's proportion of net OPEB liability	0.119186%	0.120120%	0.116907%	0.119049%	0.112621%
District's proportionate share of the net OPEB liability	2,396,047	2,132,707	1,966,323	2,874,671	2,156,073
State of Kentucky's share of the net OPEB liability associated with the district	-	-	-	-	-
TOTAL	<u>2,396,047</u>	<u>2,132,707</u>	<u>1,966,323</u>	<u>2,874,671</u>	<u>2,156,073</u>
District's covered-employee payroll	2,939,449	3,028,820	3,004,762	2,938,927	2,963,475
District's proportionate share of the net OPEB liability as a percentage of its covered-payroll	81.51%	70.41%	65.44%	9256.00%	73.36%
Plan fiduciary net position as a percentage of the total OPEB liability	52.40%	57.62%	60.44%	51.67%	62.91%
	<u>2023</u>	<u>2024</u>	<u>2025</u>		
District's proportion of net OPEB liability	0.104887%	0.109114%	0.096819%		
District's proportionate share of the net OPEB liability	2,069,959	(150,650)	(167,478)		
State of Kentucky's share of the net OPEB liability associated with the district	-	-	-		
TOTAL	<u>2,069,959</u>	<u>(150,650)</u>	<u>(167,478)</u>		
District's covered-employee payroll	3,279,855	3,100,764	3,150,934		
District's proportionate share of the net OPEB liability as a percentage of its covered-payroll	69.85%	0.00%	0.00%		
Plan fiduciary net position as a percentage of the total OPEB liability	47.76%	104.23%	104.89%		

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

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

	2018	2019	2020	2021	2022
District's proportion of net OPEB liability	0.3414%	0.3456%	0.3469%	0.3433%	0.3428%
District's proportionate share of the net OPEB liability	6,699,000	6,441,000	5,617,000	4,811,000	4,059,000
State of Kentucky's share of the net OPEB liability associated with the district	5,473,000	5,551,000	4,536,000	3,854,000	3,296,000
TOTAL	<u>12,172,000</u>	<u>11,992,000</u>	<u>10,153,000</u>	<u>8,665,000</u>	<u>7,355,000</u>
District's covered-employee payroll	\$ 11,087,834	\$ 11,146,326	\$ 10,922,994	\$ 10,898,532	\$ 10,279,106
District's proportionate share of the net OPEB liability as a percentage of its covered-payroll	60.40%	57.79%	51.42%	44.14%	39.49%
Plan fiduciary net position as a percentage of the total OPEB liability	21.18%	25.50%	32.60%	39.05%	51.74%
	2023	2024	2025		
District's proportion of net OPEB liability	0.3336%	0.1793%	0.3199%		
District's proportionate share of the net OPEB liability	6,233,000	4,366,000	3,820,000		
State of Kentucky's share of the net OPEB liability associated with the district	2,048,000	3,680,000	3,403,000		
TOTAL	<u>8,281,000</u>	<u>8,046,000</u>	<u>7,223,000</u>		
District's covered-employee payroll	\$ 11,037,580	\$ 12,441,840	\$ 13,966,328		
District's proportionate share of the net OPEB liability as a percentage of its covered-payroll	56.47%	35.59%	27.35%		
Plan fiduciary net position as a percentage of the total OPEB liability	47.76%	53.00%	59.81%		

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

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

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
District's proportion of net OPEB liability	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
District's proportionate share of the net OPEB liability	-	-	-	-	-
State of Kentucky's share of the net OPEB liability associated with the district	<u>73,000</u>	<u>95,000</u>	<u>105,000</u>	<u>117,000</u>	<u>44,000</u>
TOTAL	<u><u>73,000</u></u>	<u><u>95,000</u></u>	<u><u>105,000</u></u>	<u><u>117,000</u></u>	<u><u>44,000</u></u>
District's covered-employee payroll	\$ 11,087,834	\$ 11,146,326	\$ 10,922,994	\$ 10,898,532	\$ 10,279,106
District's proportionate share of the net OPEB liability as a percentage of its covered-payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	79.99%	75.00%	73.40%	71.57%	89.15%
	<u>2023</u>	<u>2024</u>	<u>2025</u>		
District's proportion of net OPEB liability	0.0000%	0.0000%	0.0000%		
District's proportionate share of the net OPEB liability	-	-	-		
State of Kentucky's share of the net OPEB liability associated with the district	<u>102,000</u>	<u>91,000</u>	<u>78,000</u>		
TOTAL	<u><u>102,000</u></u>	<u><u>91,000</u></u>	<u><u>78,000</u></u>		
District's covered-employee payroll	\$ 11,037,580	\$ 12,441,840	\$ 13,966,328		
District's proportionate share of the net OPEB liability as a percentage of its covered-payroll	0.00%	0.00%	0.00%		
Plan fiduciary net position as a percentage of the total OPEB liability	73.97%	76.90%	80.56%		

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

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

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Contractually required contributions (actuarially determined)	\$ 136,057	\$ 151,560	\$ 145,444	\$ 145,299	\$ 179,864
Contributions in relation to the actuarially determined contributions	<u>136,057</u>	<u>151,560</u>	<u>145,444</u>	<u>145,299</u>	<u>179,864</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 2,939,449	\$ 3,028,820	\$ 3,004,762	\$ 2,938,927	\$ 2,963,475
Contributions as a percentage of Covered employee payroll	4.70%	5.26%	4.76%	4.76%	5.78%
	<u>2023</u>	<u>2024</u>	<u>2025</u>		
Contractually required contributions (actuarially determined)	\$ 108,610	\$ -	\$ -		
Contributions in relation to the actuarially determined contributions	<u>108,610</u>	<u>-</u>	<u>-</u>		
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		
Covered employee payroll	\$ 3,279,855	\$ 3,100,764	\$ 3,150,934		
Contributions as a percentage of Covered employee payroll	3.39%	0.00%	0.00%		

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

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

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Contractually required contributions (actuarially determined)	\$ 332,000	\$ 327,700	\$ 328,100	\$ 308,374	\$ 331,127
Contributions in relation to the actuarially determined contributions	<u>332,000</u>	<u>327,700</u>	<u>328,100</u>	<u>308,374</u>	<u>331,127</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 11,063,121	\$ 10,922,944	\$ 10,898,532	\$ 10,279,106	\$ 11,037,580
Contributions as a percentage of Covered employee payroll	3.00%	3.00%	3.00%	3.00%	3.00%
	<u>2023</u>	<u>2024</u>	<u>2025</u>		
Contractually required contributions (actuarially determined)	\$ 340,665	\$ 372,355	\$ 418,990		
Contributions in relation to the actuarially determined contributions	<u>340,665</u>	<u>372,355</u>	<u>\$ 418,990</u>		
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		
Covered employee payroll	\$ 11,355,501	\$ 12,441,840	\$ 13,966,328		
Contributions as a percentage of Covered employee payroll	3.00%	3.00%	3.00%		

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

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

	2018	2019	2020	2021	2022
Contractually required contributions (actuarially determined)	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contributions	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 11,063,121	\$ 10,922,944	\$ 10,898,532	\$ 10,279,106	\$ 11,037,580
Contributions as a percentage of Covered employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%
	2023	2024	2025		
Contractually required contributions (actuarially determined)	\$ -	\$ -	\$ -		
Contributions in relation to the actuarially determined contributions	-	-	-		
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		
Covered employee payroll	\$ 11,355,501	\$ 12,441,840	\$ 13,966,328		
Contributions as a percentage of Covered employee payroll	0.00%	0.00%	0.00%		

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

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

TEACHERS' RETIREMENT SYSTEM

NOTE A – CHANGES OF ASSUMPTIONS

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

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

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

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

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

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

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

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

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

NOTE C – CHANGES OF BENEFITS

There were no changes in benefits for TRS pension.

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

COUNTY EMPLOYEES RETIREMENT SYSTEM

NOTE A – CHANGES OF ASSUMPTIONS

2015

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

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

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

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

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

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

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

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

2016

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

2017

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

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

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

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

2018

There were no changes in assumptions.

2019

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

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

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

COUNTY EMPLOYEES RETIREMENT SYSTEM (CONTINUED)

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

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

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

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

2021, 2022, 2023 and 2024

There were no changes of assumptions for these years.

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

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

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

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

NOTE C – CHANGES OF BENEFITS

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

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

TEACHERS' RETIREMENT SYSTEM

NOTE A – CHANGES OF ASSUMPTIONS

2017

There were no changes in assumptions.

2018

There were no changes in assumptions.

2019

There were no changes in assumptions.

2020

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

2021

Health Trust and Life Trust

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

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

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

2022

There were no changes in assumptions.

2023

There were no changes in assumptions

2024

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

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

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

NOTE C – CHANGES OF BENEFITS

There were no changes of benefits.

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

COUNTY EMPLOYEES RETIREMENT SYSTEM

NOTE A – CHANGES OF ASSUMPTIONS

2017

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

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

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

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

2018

There were no changes in assumptions.

2019

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

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

The inflation rate changed to 2.3% from 3.25%.

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

2020

There were no changes in assumptions.

2021

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

2022

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

2023

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

2024

There were no changes in assumptions.

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

COUNTY EMPLOYEES RETIREMENT SYSTEM (CONTINUED)

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

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

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

NOTE C – CHANGES OF BENEFITS

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

OTHER SUPPLEMENTARY
INFORMATION

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

	SEEK CAPITAL OUTLAY FUND	DISTRICT ACTIVITY FUND	SCHOOL ACTIVITY FUND	TOTAL NON-MAJOR GOVERNMENT FUNDS
ASSETS:				
Cash & Cash Equivalents	<u>895,583</u>	<u>91,497</u>	<u>491,216</u>	<u>1,478,296</u>
TOTAL ASSETS	<u><u>895,583</u></u>	<u><u>91,497</u></u>	<u><u>491,216</u></u>	<u><u>1,478,296</u></u>
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts Payable	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances:				
Restricted for:				
SFCC Escrow	895,583			895,583
School Activities		91,497	491,216	582,713
Total Fund Balances	<u>895,583</u>	<u>91,497</u>	<u>491,216</u>	<u>1,478,296</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>895,583</u></u>	<u><u>91,497</u></u>	<u><u>491,216</u></u>	<u><u>1,478,296</u></u>

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

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

	SEEK CAPITAL OUTLAY FUND	DISTRICT ACTIVITY FUND	SCHOOL ACTIVITY FUND	TOTAL NON-MAJOR GOVERNMENT FUNDS
REVENUES:				
Intergovernmental - State	227,562			227,562
Student Activities		175	592,133	592,308
Earnings on Investments	70,124		25,865	95,989
Other Sources		2,650	104,956	107,606
TOTAL REVENUES	297,686	2,825	722,954	1,023,465
EXPENDITURES:				
Instructional		33,499	626,450	659,949
Student Support Services			23,909	23,909
Instructional Staff Support			1,474	1,474
Plant Operations and Maintenance			5,690	5,690
Student Transportation			17,420	17,420
TOTAL EXPENDITURES	0	33,499	674,943	708,442
EXCESS(DEFICIT) REVENUES OVER EXPENDITURES	297,686	(30,674)	48,011	315,023
OTHER FINANCING SOURCES(USES):				
Operating Transfers In		26,887		26,887
Operating Transfers Out	(1,116,725)		(26,887)	(1,143,612)
TOTAL OTHER FINANCING SOURCES(USES)	(1,116,725)	26,887	(26,887)	(1,116,725)
NET CHANGE IN FUND BALANCES	(819,039)	(3,787)	21,124	(801,702)
FUND BALANCES - BEGINNING	1,714,622	95,284	470,092	2,279,998
FUND BALANCES - ENDING	895,583	91,497	491,216	1,478,296

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

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

	FUND BALANCE JULY 1, 2024	REVENUES	EXPENDITURES	FUND BALANCE JUNE 30, 2025
Elizabethtown High School	363,247	538,597	516,204	385,640
T.K. Stone Middle School	81,342	141,264	144,863	77,743
Panther Academy	2,470	2,978	3,160	2,288
Morningside Elementary School	7,572	14,241	14,619	7,194
Helmwood Heights Elementary	15,461	25,874	22,984	18,351
Total Activity Funds (Due to Student Groups)	<u>470,092</u>	<u>722,954</u>	<u>701,830</u>	<u>491,216</u>

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

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

	CASH BALANCE JULY 1, 2024	RECEIPTS	DISBURSEMENTS	CASH BALANCE JUNE 30, 2025	ACCOUNTS RECEIVABLE JUNE 30, 2025	ACCOUNTS PAYABLE JUNE 30, 2025	FUND BALANCE JUNE 30, 2025
COCA COLA VENDING	-	6,524	3,426	3,098			3,098
ACADEMIC TEAM	700	-	-	700			700
ADULT VENDING	1,370	951	2,110	211			211
JROTC	-	7,107	6,960	147			147
Archery	5,411	6,146	5,660	5,897			5,897
AP ART CLUB	251	-	-	251			251
Athletic Concessions	-	17,405	6,279	11,126			11,126
Athletic Fees	34,005	38,275	5	72,275			72,275
Athletic Gate	97,222	131,535	148,472	80,285			80,285
Athletic Post Season	14,998	31,319	33,452	12,865			12,865
Athletics	11,362	58,392	67,571	2,183			2,183
Band	7,727	24,280	30,116	1,891			1,891
Baseball	164	25,916	14,550	11,530			11,530
Baseball Camp	3,268	1,040	3,248	1,060			1,060
Belle	7,617	9,140	16,267	490			490
Beta Club	180	36,594	36,787	(13)			(13)
Bowling	2,855	6,221	2,411	6,665			6,665
Boy's Basketball	2,628	17,590	19,294	924			924
Boy's Basketball Camp	4,312	1,950	212	6,050			6,050
Boy's Soccer	-	4,741	3,602	1,139			1,139
Boy's Soccer Camp	2,470	-	1,210	1,260			1,260
Building Rental & Grounds	3,329	6,995	9,832	492			492
Business Ed	3,822	750	414	4,158			4,158
Cheerleading Clinic	-	4,440	3,405	1,035			1,035
Cheerleading	5,878	21,851	24,797	2,932			2,932
Chorus	3	465	435	33			33
Chess Club	38	-	-	38			38
CHROMEBOOK DMG/RPR	7,569	17,685	18,437	6,817			6,817
Class of 1960 Scholarship	1,059	-	-	1,059			1,059
Class of 2005 Scholarship	1,000	-	-	1,000			1,000
Community Donations	4,948	3,551	2,968	5,531			5,531
Cross Country	10,214	2,597	5,326	7,485			7,485
Diversity Club	170	-	-	170			170
Drama Club	1,162	5,951	1,633	5,480			5,480
Environmental Club	113	-	-	113			113
E-SPORTS	(153)	-	-	(153)			(153)
Educators Rising	195	-	-	195			195
FCA	996	342	319	1,019			1,019
Fishing	1,008	1,720	-	2,728			2,728
Football	395	20,544	19,056	1,883			1,883
Freshmen Class	4,666	-	49	4,617			4,617
FBLA	621	3,761	1,155	3,227			3,227
Gifted and Talented	255	-	-	255			255
Girl's Basketball	1,133	13,689	13,516	1,306			1,306
Girl's Basketball Camp	2,803	2,730	3,851	1,682			1,682

Girl's Soccer	3,378	10,586	13,110	854			854
Girl's Soccer Camp	10,138	5	10,143	0			0
Golf	4,689	2,415	423	6,681			6,681
Guidance	4,096	9,589	13,381	304			304
HOSA (Allied health)	280	1,471	1,084	667			667
Interest	16,402	20,014	22,144	14,272			14,272
Junior Class	42	-	-	42			42
KYA/KUNA	374	29,951	30,248	77			77
KYA/KUNA Service Projects	-	480	80	400			400
Lacrosse	160	-	-	160			160
Library	960	2,174	69	3,065			3,065
Mathematics	2,186	-	-	2,186			2,186
Pep Club	345	968	451	862			862
Pictures	1,904	-	-	1,904			1,904
Project Graduation	1,385	14,100	12,496	2,989			2,989
Prom	2,528	10,400	4,108	8,820			8,820
Rewards Program	626	1,107	1,651	82			82
SADD	853	2,054	926	1,981			1,981
Science	-	2,170	448	1,722			1,722
Senior Class	259	2,437	2,031	665			665
Service Club	578	-	-	578			578
Social Committee	48	85	120	13			13
Social Studies	-	56	-	56			56
Softball	2,467	4,923	6,036	1,354			1,354
Sophomore Class	3,308	-	-	3,308			3,308
Spanish Club	376	-	-	376			376
SpecEd/Golden Paw	1	-	-	1			1
Student Vending	1,559	406	788	1,177			1,177
Student Council	8,682	8,363	7,594	9,451			9,451
SWEEP	-	22,900	22,900	0			0
Swimming	3,103	3,650	4,311	2,442			2,442
Panther Threads	5,742	16,836	15,019	7,559			7,559
Technology Student Assoc	12,688	10,680	6,017	17,351			17,351
Tennis	1,397	2,591	3,577	411			411
Tennis Camp	3,597	1,450	2,150	2,897			2,897
Textbook/Chromebook fee	75	-	-	75			75
Track	4,972	6,464	9,232	2,204			2,204
United Way	17	-	-	17			17
Volleyball	4,166	5,957	5,649	4,474			4,474
Volleyball camp	270	-	-	270			270
Winterguard	3,496	8,362	11,614	244			244
Writing Club	90	-	-	90			90
Yearbook	8,246	2,027	75	10,198			10,198
Young Democrats Club	-	225	-	225			225
Total All Funds	363,247	737,093	714,700	385,640	0	0	385,640
Interfund Transfers	0	(198,496)	(198,496)	0	0	0	0
Total	363,247	538,597	516,204	385,640	0	0	385,640

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE</u>	<u>FEDERAL ALN NUMBER</u>	<u>PASS THROUGH NUMBER (if applicable)</u>	<u>PROVIDED TO SUBRECIPIENTS</u>	<u>EXPENDITURES</u>
<u>U.S. Department of Education</u>				
Passed-Through Department of Education				
Title I Part A- Grants to Local Educational Agencies	84.010	3100002-23		17,611
Title I Part A- Grants to Local Educational Agencies	84.010	3100002-24		184,753
Title I Part A- Grants to Local Educational Agencies	84.010	3100002-25		<u>477,646</u>
Title I Part A Cluster				680,010
Title II- Supporting Effective Instruction State Grants	84.367	3230002-25		86,911
IDEA - Special Education - Grants to State	84.027	3810002-23		21,448
IDEA - Special Education - Grants to State	84.027	3810002-24		199,437
IDEA - Special Education - Grants to State	84.027	3810002-25		335,490
IDEA - Special Education - Preschool Grants	84.173	3800002-23		453
IDEA - Special Education - Preschool Grants	84.173	3800002-24		11,418
IDEA - Special Education - Preschool Grants	84.173	3800002-25		<u>8,930</u>
Special Education Cluster				577,176
English Language Acquisition State Grants	84.365	330002-24		5,563
English Language Acquisition State Grants	84.365	330002-25		<u>601</u>
English Language Acquisition State Grants				6,164
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425U	4300002		666,366
Adult Education - Basic Grants To States	84.002	3840001-24		1,898
Perkins Voc.	84.048	3710002-24		2,429
Perkins Voc.	84.048	3710002-25		<u>30,595</u>
Perkins Voc.				33,024
Passed Through Green River Regional Education Cooperative				
School Safety National Activities	84.184	GRREC-19		
Title IV, Part A-Student Support and Academic Enrichment	84.424	342002-23		9,362
Title IV, Part A-Student Support and Academic Enrichment	84.424	342002-24		<u>38,430</u>
Title IV Total				47,792
Total U.S. Department of Education				<u>2,099,341</u>
<u>U.S. Department of Health and Human Services</u>				
Passed-Through Department of Education				
Promoting Adolescent Health	93.110	PMH-23		<u>31,983</u>
U.S. Department of Defense				
Junior Reserve Officer Training Corp	12.556	Direct		18,128
<u>U.S. Department of Agriculture</u>				
Passed-Through State Department of Education				
National School Lunchroom	10.555	7750002-24		197,056
National School Lunchroom	10.555	7750002-25		839,628
School Breakfast Program	10.553	7760005-24		73,583
School Breakfast Program	10.553	7760005-25		308,301
Summer Food Service Program	10.559	7690024-24		5,142
Summer Food Service Program	10.559	7740023-24		<u>49,555</u>
Child Nutrition Cluster				1,473,265
State Administrative Expense Funds	10.560	7700001-24		2,392
Pass-Through State Department of Agriculture				
Food Distribution	10.565	057502-10		<u>151,523</u>
Total U.S. Department of Agriculture				1,627,180
Total Federal Financial Assistance				<u><u>3,776,632</u></u>

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

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Elizabethtown Independent School District under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Elizabethtown Independent School District, it is not intended to and does not present the financial position, changes in net asset, or cash flows of Elizabethtown Independent School District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting for proprietary funds and the modified accrual basis of accounting for governmental funds. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are present where available.

NOTE C – FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair value of the commodities disbursed.

NOTE D – DE MINIMIS COST RATE

The District did not elect to use the 15 percent de minimis cost rate as allowed under the Uniform Guidance.

NOTE E – SUBRECIPIENTS

There were no subrecipients during the fiscal year.

ELIZABETHTOWN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025

Section I – Summary of Auditor’s Results

Financial Statements

Type of audit issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ Yes X None Reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs?

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ Yes X None Reported

Type of auditor’s report issued on compliance for major programs (unmodified):

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? _____ Yes X No

Identification of major programs:

<u>ALN Number</u>	<u>Name of Federal Program or Cluster</u>
84.027/84.173	IDEA Cluster
10.553/10.555/10.559	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? X Yes _____ No

Section II – Financial Statement of Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

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

There were no prior year audit findings.

MONTGOMERY & COMPANY, P.L.L.C

Certified Public Accountants

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December 17, 2025

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and *Appendix I to the Independent Auditor's Contract – Audit Extension Request*, *Appendix II to the Independent Auditor's Contract – Instructions for Submission of the Audit Contract*, *Audit Acceptance Statement*, *AFR and Balance Sheet*, *Statement of Certification*, and *Audit Report*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Elizabethtown Independent School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Elizabethtown Independent School District's basic financial statements, and have issued our report thereon dated December 17, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sincerely,

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

Certified Public Accountants

MONTGOMERY & COMPANY, P.L.L.C

Certified Public Accountants

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December 17, 2025

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Elizabethtown Independent School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Elizabethtown Independent School District's major federal programs for the year ended June 30, 2025. Elizabethtown Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United State of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and *Appendix I to the Independent Auditor's Contract – Audit Extension Request*, *Appendix II to the Independent Auditor's Contract – Instructions for Submission of the Audit Contract*, *Audit Acceptance Statement*, *AFR and Balance Sheet*, *Statement of Certification*, and *Audit Report*. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Elizabethtown Independent School District and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Elizabethtown Independent School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibility for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Sincerely,

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

Certified Public Accountants

MONTGOMERY & COMPANY, P.L.L.C

Certified Public Accountants

678 Metts Drive

Lebanon, KY 40033

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Joseph A. Montgomery, CPA

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December 17, 2025

MANAGEMENT LETTER

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

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

Prior Year Recommendations - School Activity Funds:

None.

Prior Year Recommendation - District:

None.

Current Year Recommendations - School Activity Funds:

2025-1 Current Year Recommendation:

During FY25 testing, two instances were noted at Elizabethtown High School where funds were received by the sponsor and held multiple days prior to remitting to the treasurer. All monies collected by a teacher or sponsor shall be given to the school treasurer on the day collected -- or if the money is collected after school business hours -- on the next business day. We recommend that funds be remitted and deposited in accordance with Redbook guidelines.

Management's Response:

We will remind all teachers/staff/sponsors of the Redbook procedures for collecting funds and remitting those funds to the school treasurer.

Current Year Recommendations - District:

None

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

Sincerely,

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

Certified Public Accountants

MONTGOMERY & COMPANY, P.L.L.C

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December 17, 2025

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

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

Significant Audit Matters:

Qualitative Aspects of Accounting Practices

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

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

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

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 17, 2025.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

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

We were not engaged to report on the budgetary comparison information on pages 56 and 57, or on the schedules of the district's proportionate share of net pension liabilities and other post-employment benefit plans on pages 58-59 and 62-64, or on the schedules of contributions to the County Employees Retirement System and Teachers Retirement System pension plans or the County Employees Retirement System and Teachers Retirement System other post-employment benefit plans on

pages 60-61 and 65-67, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

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

Sincerely,

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

Certified Public Accountants