

**Financial Statement and Reports
Required by the Single Audit Act**

Kenton County School District

June 30, 2025

The logo for LBMC, consisting of the letters "LBMC" in white, sans-serif font, centered within a solid blue square.

**KENTON COUNTY SCHOOL DISTRICT
FINANCIAL STATEMENTS
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June 30, 2025**

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Independent Auditors' Report

Members of the Board
Kenton County School District
Fort Wright, Kentucky

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Kentucky Public School Districts' Audit Contract and Requirements* prescribed by the Kentucky State Committee for School District Audits. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principles

As discussed in Note 5 to the financial statements, effective July 1, 2024, the District adopted Governmental Accounting Standards Board ("GASB") Statement No. 101, *Compensated Absences*, and GASB Statement No. 102, *Certain Risk Disclosures*. Our opinion is not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 GAAS, *Government Auditing Standards*, and *Kentucky Public School Districts' Audit Contract and Requirements* prescribed by the Kentucky State Committee For School District Audits will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and *Kentucky Public School Districts' Audit Contract and Requirements*, we:

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

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

Required Supplementary Information

GAAP requires that the Management's Discussion and Analysis (Unaudited) on pages 4 through 14, budgetary comparison information on pages 64 through 65, and the pension and other postemployment benefits liability and contributions information on pages 66 through 80 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Combining Nonmajor fund financial statements on pages 81 through 83, Statement of Receipts, Disbursements and Fund Balance Bond and Interest Redemption Funds on page 84, Statements of Revenues, Expenditures and Changes in Fund Balance and Due to Student Groups on pages 85 through 88, and Schedule of Expenditures of Federal Awards, as required by Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* on Pages 89 through 91, 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 related 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 statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Combining Nonmajor Fund information, Statement of Receipts, Disbursements and Fund Balance Bond and Interest Redemption Funds, Statements of Revenues, Expenditures and Changes in Fund Balance and Due to Student Groups 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 our report dated February 2, 2026 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

L B M C, P C

Louisville, Kentucky

February 2, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

**Kenton County School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2025
Unaudited**

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

DISTRICT BACKGROUND

Kenton County School District, located in Northern Kentucky just across the Ohio River from Cincinnati, is the sixth largest district in the state. During the 2024-25 fiscal year, Kenton County schools served approximately 14,000 students in preschool through twelfth grade across 18 schools, including 3 high schools, a technology academy, 3 middle schools, 10 elementary schools and one P-8 school. The District employs over 2,000 staff members and remains committed to providing a world-class education ensuring ALL students are transition ready and prepared for the 21st-century economy.

Guided by the philosophy that a district's success is defined by *more than a test score*, Kenton County School District utilizes a robust Community Based Accountability System (CBAS) to drive continuous improvement. This holistic approach is supported by over 100 stakeholders ranging from students and parents to business leaders and board members who serve on Pillar Action Teams to review data and refine strategies. The District's commitment to being *truly data-driven* ensures accountability across six core areas: Student Learning and Progress; Student Safety & Well-Being; Student Readiness; Student, Family and Community Engagement; World Class Staff; and Fiscal/Operational Systems. The 2024-25 school year was another successful year for students and staff. Highlights in each area include:

- **Student Learning and Progress:** 4-year graduation rates are up 2.3% at 97.9% and postsecondary readiness with the past two years has increased 15%. Kenton County School District outperformed the state on the ACT in all areas. Thirteen of the 18 schools performed at the Very High or High overall level. All three levels (elementary, middle and high) performed at the High overall level. The percentage of students scoring Proficient and Distinguished is at or above the state in all content areas and all levels with the exception of High School Science.
- **Student Safety & Well-Being:** Kenton County School District employed a school resource officer in every school. The District has 123 AED devices district-wide, ranking #2 in Kentucky and all schools passed the state safety assessment. The District partners with five school-based therapy agencies servicing all schools in the District.
- **Student Readiness:** 68 Kenton County School District students earned an associate's degree. 981 students participated in dual credit courses, taking 4,621 classes and earned 13,863 hours of college credit. The class of 2025 earned \$29 million in scholarships.
- **Student, Family and Community Engagement:** 570 extra and co-curricular opportunities were offered throughout the schools with approximately 79% of the students participating. The schools in the District have increased collaboration with community partners for a total of 206 different community partnerships, doubling the prior year.
- **World Class Staff:** The average monthly percentage of high-quality staff retained has been 99.36% within the 2025 school year. The District ranks #1 in the region and #4 in Kentucky for teacher salaries.

**Kenton County School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2025
Unaudited (Continued)**

- **Fiscal/Operational Systems:** \$20.4 million increase in net position for the year indicating strong revenue sources and fiscal responsibility with spending. Construction accomplishments for 2025 include completing the Support Operations Center building and starting construction on a new Central Office. The District energy efficiency program has saved \$1.2 million for the school year.

FINANCIAL HIGHLIGHTS

Net Position increased \$20.4 million reflecting an increase in General revenues and capital assets.

Total Revenues were \$208 million for the year. General revenues accounted for \$182 million, 87 percent of the total, while program specific revenues, in the form of charges for services and sales, grants, and contributions, accounted for \$26 million or 13 percent of total revenues. The District incurred \$188 million in total expenses.

Governmental Fund Revenues were \$200.6 million with \$155 million accounted for in the General Fund. Local tax revenues increased to \$90.4 million while state SEEK revenues increased by \$3 million. Federal grant program revenue collections decreased \$4.7 million due to expired Coronavirus Response & Relief grants.

Governmental Fund Expenditures totaled \$228.2 million during 2025 with General Fund expenses comprising \$149 million of that total. Construction fund expenditures accounted for another \$36 million during the year. \$42.8 million of the \$85.9 million Total Fund Balance is either restricted or committed to capital/construction projects or operating obligations. The Unassigned Fund Balance at the end of the year is \$43 million. The General Fund ended the year with a reserve balance of \$48 million which represents 28% of the non- construction budget for the year.

District facility activity during 2025 included the final phases on the new Transportation and Operations Support building finished in March, 2025, and substantial progress on the construction of the central office building. Renovation projects for several schools are in the design phase as well.

School General Obligation Bonds totaling \$46.4 million were issued during the year to finance the construction of the New Central Office and for the RC Hinsdale Renovation.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) district-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

District-wide financial statements. The District-wide 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. This financial perspective is provided via the Statement of Net position and the Statement of Activities.

The Statement of Net Position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Net Position is one indication of financial health and position to support future operations. Over time, increases or decreases in net position may serve as a useful indicator of whether the

**Kenton County School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2025
Unaudited (Continued)**

financial position of the District is improving or deteriorating. Other non-financial factors, such as changes in the District's property tax base and the condition of school facilities, also contribute to evaluating the District's overall financial position.

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, the revenues and expenses reported in this statement for some items will result in cash flows in future fiscal periods.

The District-wide financial statements are divided into two categories, governmental activities and business-type activities. Governmental activities include functions of the District that are principally supported by property taxes and intergovernmental revenues and include instruction, support services, operation and maintenance of plant, student transportation and operation of non-instructional services. Fixed assets and related debt are also supported by taxes and intergovernmental revenues. Business-type activities are those that charge a fee to assist in covering the cost of the service. Food Service is the only business-type activity reported in these financial statements.

The district-wide financial statements can be found on pages 15 and 16 of this report.

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

The basic governmental fund financial statements can be found on pages 17 through 24 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 district-wide and fund financial statements. The notes to the financial statements can be found on pages 25 through 63 of this report.

**Kenton County School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2025
Unaudited (Continued)**

DISTRICT-WIDE FINANCIAL ANALYSIS

The following is a summary of net position for the fiscal years ended June 30, 2025 and 2024.

	<u>2025</u>	<u>2024</u>
Current assets	\$ 98,621,805	\$ 79,316,538
Noncurrent assets	345,881,481	321,981,026
Total assets	<u>444,503,286</u>	<u>401,297,564</u>
Deferred outflows	<u>26,139,962</u>	<u>33,848,372</u>
Current liabilities	31,991,892	33,187,737
Noncurrent liabilities	314,453,827	289,970,076
Total liabilities	<u>346,445,719</u>	<u>323,157,813</u>
Deferred inflows	<u>37,498,132</u>	<u>45,683,386</u>
Net position		
Investment in capital assets (net of debt)	77,634,024	87,686,992
Restricted	38,113,714	20,378,768
Unrestricted	<u>(29,048,341)</u>	<u>(41,761,023)</u>
Total net position, as restated	<u><u>\$ 86,699,397</u></u>	<u><u>\$ 66,304,737</u></u>

Due to state pension plan and OPEB liabilities reflected on the District's balance sheet, Net Position may not be the best indicator of a government's financial position. In the case of the District, assets plus deferred outflows exceeded liabilities plus deferred inflows of resources by \$86.7 million as of June 30, 2025. Unrestricted Net Position is (\$29) million which includes recognition of the District's proportionate share of the pension and other post-employment benefits (OPEB) liabilities at year end. Without the effect of the pension and OPEB net liabilities, unrestricted net position would be approximately \$42 million. See notes 8 and 9 in the Notes to the Financial Statements.

The pension and OPEB liabilities are related to the state pension funds which are legislated and controlled by the state of KY and at this time are not fully funded. Fully funding the state's pension and benefit plans is a recurring agenda item for the KY legislature. Future remedies may include changes to benefit calculations, employee and/or employer contribution rates and investment strategies. The District has always paid its entire employer contribution based on the rates enacted by each pension body.

**Kenton County School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2025
Unaudited (Continued)**

Capital Assets

The primary driver of the District's net position is its investment in capital assets, which ranges from land and buildings to vehicles, equipment, and construction in progress, less related debt. These tangible assets form the infrastructure necessary to serve our students and the wider community effectively. It is important to recognize, however, that these are not liquid resources and cannot be used to pay down the debt attached to them. As such, the District must utilize other revenue sources to satisfy these financial obligations.

A major milestone for the 2024-2025 fiscal year was the completion and activation of the new Support Operations Facility. Previously under construction, this facility is now fully operational, consolidating critical district functions including the bus garage, maintenance workshop, district storage, and technology department workspaces. Approximately \$33.6 million was transferred from construction in progress to depreciable assets upon its completion, representing a significant investment in the District's operational efficiency.

Construction is well underway for the new central office building, with over \$15.8 million invested in the project during the 2024-25 fiscal year alone. Scheduled for completion in early 2026, this ground-up construction will replace the office space currently leased from the Sanitation District. Once finished, the facility will provide dedicated administrative offices, meeting rooms, a public training room, and virtual learning classrooms. The project remains a primary focus of the District's capital plan, reinforcing a commitment to strategic growth and long-term cost savings.

Significant improvements also began at RC Hinsdale Elementary with the launch of Phase II renovations. Following the property acquisitions in the prior year, the District invested approximately \$3.7 million in 2024-25 into site and building improvements. This phase addresses critical infrastructure needs, including the realignment of circulation roads to resolve traffic issues, parking expansion, and essential HVAC upgrades, ensuring a safer and more modern environment for students and staff.

Additionally, the District substantially finalized the capitalization of the multi-year comprehensive renovation at Scott High School. With the final phases, the project has fully delivered on its promise to enhance classroom spaces, the auditorium, and the natatorium. The natatorium remains a unique regional resource, hosting competitive events and community programs. Looking ahead, the District has initiated early design and planning phases for future renovations at Piner Elementary, White's Tower Elementary, Kenton Elementary, Ryland Elementary and the River Ridge site expansion for traffic and parking, ensuring a continuous pipeline of facility improvements.

During the 2024-25 school year, the Kenton County School District's Transportation Department transported over 10,000 students and traveled over 1.6 million miles. In order to accomplish this, the District maintains a fleet of 119 buses. The fleet composition reflects the District's commitment to meeting diverse transportation needs: 42 buses are high-capacity 84-passenger models, supporting efficient routing for larger student groups; 48 buses are standard 72-passenger units, providing reliable service across most routes; and 29 buses are specially equipped to accommodate students with special needs, reinforcing accessibility and equity in transportation services. This balanced mix enables the District to optimize route efficiency while maintaining compliance with safety and accessibility standards.

**Kenton County School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2025
Unaudited (Continued)**

Debt

As of June 30, 2025, the District reported \$255.8 million in outstanding bonds, which are serviced through the Debt Service Fund. The Kentucky School Facility Construction Commission (KSFCC) continues to provide critical support, contributing \$15.5 million toward these obligations. This partnership helps reduce the local tax burden while enabling the District to maintain and improve its facilities. Additional details on debt service are provided in Note 17 of the financial statements.

On September 12, 2024, Series 2024A general obligation bonds in the amount of \$24,985,000 were issued for the construction of a Central Office and Virtual Learning Center. The current interest bonds bear interest at 4.00% and mature through September 1, 2039. Interest payments are due semiannually on March 1 and September 1 each year.

On June 18, 2025, Series 2025 general obligation bonds in the amount of \$21,440,000 were issued for the renovation of R.C. Hinsdale Elementary. The current interest bonds bear interest at 5.00% and mature through June 1, 2034. Interest payments are due semiannually on June 1 and December 1 each year.

To address transportation needs efficiently, the District remains engaged in the KISTA bus lease/purchase program, a cost-effective strategy for fleet modernization. Outstanding KISTA obligations totaled \$6.49 million at year-end, managed through the General Fund. This approach reflects the District's commitment to balancing operational requirements with fiscal responsibility.

In alignment with GASB Statement No. 96, the District has evaluated subscription-based technology arrangements to ensure proper classification and reporting. These assets and related liabilities are presented in the district-wide financial statements, with further information in Notes 20 and 21. Additionally, lease obligations under GASB Statement No. 87 include a four-year technology lease initiated in 2024, with right-to-use assets and liabilities appropriately recorded.

The District's overall debt management strategy focuses on leveraging favorable financing options while maintaining capacity for future capital projects, ensuring that long-term obligations do not compromise operational flexibility or educational priorities.

**Kenton County School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2025
Unaudited (Continued)**

The following table presents a summary of revenues and expenses for the fiscal years ended June 30, 2025 and 2024.

	<u>2025</u>	<u>2024</u>
Revenues		
Program revenues		
Charges for services	\$ 1,707,570	\$ 2,694,688
Operating grants	17,474,562	25,572,871
Capital grants	<u>7,106,993</u>	<u>5,797,002</u>
Total grant revenues	<u>26,289,125</u>	<u>34,064,561</u>
General Revenues		
Taxes	90,461,637	86,536,390
Grants and entitlements	85,939,394	78,306,381
Earnings on investments	3,885,679	4,561,165
Miscellaneous	<u>2,023,678</u>	<u>706,541</u>
Total general revenues	<u>182,310,388</u>	<u>170,110,477</u>
Total revenues	208,599,513	204,175,038
Expenses		
Instructional	99,859,288	100,266,916
Student support services	11,192,845	10,886,731
Staff support	6,671,641	6,683,272
District administration	3,069,907	2,877,294
School administration	10,912,031	10,398,283
Business support	4,178,375	3,687,238
Plant operations	23,751,674	21,279,333
Student transportation	9,842,268	9,561,255
Food service operation	7,986,433	7,354,671
Other	2,932,781	1,396,786
Interest on long-term debt	<u>7,807,610</u>	<u>7,506,055</u>
Total expenses	<u>188,204,853</u>	<u>181,897,834</u>
Change in net position, as restated	<u>\$ 20,394,660</u>	<u>\$ 22,277,204</u>

**Kenton County School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2025
Unaudited (Continued)**

Governmental Activity

Governmental revenues in 2025 increased by approximately \$5.1 million compared to 2024. The largest contributor to this increase was taxes relating to property, franchise and motor vehicle, which rose by \$4.0 million. This continues the trend of growth in the local tax base. Utility taxes remained relatively stable, while interest and investment earnings decreased by \$0.6 million due to falling interest rates.

State SEEK program revenues increased by \$3.1 million reflecting the increase in per pupil state funding. On-behalf revenues increased slightly by \$1.4 million, and other state revenues grew by \$1.9 million due to additional state allocations and grants. Miscellaneous revenues saw an increase over the prior year due to increases in state in lieu of revenue, student activity and reimbursement revenue.

On the expense side, total governmental activities expenses increased by \$10 million over the prior year. The largest increases were in instructional costs, which rose by \$4 million, and plant operations and maintenance, which grew by \$3.3 million, due to inflationary pressures and facility upkeep. Transportation and administrative costs also saw moderate increases. Facilities acquisition and construction expenses rose by \$1.5 million, indicating continued investment in infrastructure.

Despite higher expenses, the District ended 2025 with a positive change in net position of \$22.9 million for governmental activity, though this was lower than the \$26.1 million governmental activity increase in 2024. The smaller surplus reflects the combined effect of rising operational costs and a more moderate revenue growth compared to the prior year's significant gains.

Business-Type Activity

The only business-type activity of the District is the food service operation. This program experienced revenues of \$7.8 million and expenditures of \$8.4 million during fiscal year 2025. Beginning in 2025, the District was able to enroll all schools in the federal Community Eligibility Provision (CEP) Program. CEP is a non-pricing meal service option for schools and school districts in low-income areas. CEP allows eligible schools and districts to serve breakfast and lunch at no cost to all enrolled students without collecting household applications. Instead, schools that adopt CEP are reimbursed using a formula based on the percentage of students categorically eligible for free meals based on their participation in other specific means-tested programs. The CEP meal reimbursement revenue was \$6.3 million in 2025 while student paid breakfast and lunch fees were eliminated. Expenditures reflected some equipment replacement and inflationary increases but continue to be well managed. The 2025 fiscal year ended with a decrease of \$624 thousand to net position.

The Food Service Program continues to offer students excellent nutrition through a variety of breakfast and lunch meal choices. Meals are prepared and served each school day and several weeks during summer instructional programs. The food service operation is self-operating and funded without assistance from the General Fund. The business activity receives no support from tax revenues.

In accordance with Implementation of Government Accounting Standards Board Statement No. 68, *Accounting and Reporting for Pensions*, and Government Accounting Standards Board Statement No. 75, *Accounting and Reporting for Postemployment Benefits Other than OPEBs*, food service financial results include provisions for deferred outflows and inflows related to both the state net pension and postemployment benefits other than OPEBs liabilities.

**Kenton County School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2025
Unaudited (Continued)**

The District's Funds

The District's governmental funds are accounted for using the modified accrual basis of accounting. Fund financial statements are included on pages 17 – 24. The District accounts include eight different funds with the General Fund reflecting the most activity. Total governmental fund revenues, including on-behalf payments, were \$200.6 million with expenditures of \$228 million.

Government Fund tax revenues increased by \$3.9 million in 2025 due to increased property and motor vehicle valuations in Kenton County. Both the General and Building Fund reflected this increase. District and Student Activity Funds also experienced increased revenue activity as extra and co-curricular events returned to the weekly school agendas. Federal grant reimbursements decreased by \$4.8 million in 2025 accounting for 7% of government collected revenue. State SEEK and grant funding increased by \$3.0 million comprising 20% of 2025 government fund collected revenue. The District's property tax base remains strong and increased by \$1 billion (9.2%) providing a stable source of operating revenue. The distribution of government fund revenues remains 51% from state/federal sources and 49% generated from local sources.

Government Fund expenditures totaled \$228 million, a increase of \$10 million from 2024. General Fund expenditures increased \$8.4 million. Salary and benefit costs increased \$4.5 million reflecting a 5% increase in the salary schedules and the experience step rate increase of approximately 1.5%. Salary and benefits cost represent approximately 85% of the General Fund expenditures each year. The District is committed to hiring and retaining the most qualified personnel. The current compensation schedule is competitive with other Northern Kentucky Districts as well as Ohio and Indiana. This has helped attract highly qualified applicants and retain staff who have been trained by the District. Special Revenue expenditures decreased \$4.5 million as Coronavirus Response & Relief grants expired with final expenditures occurring during 2025. The majority of this decrease occurred in federal grants. Construction expenditures were \$5 million higher as multiple capital improvement projects were in their most active phases of construction.

The General Fund ended the year with a fund balance at June 30, 2025 of \$48 million. This fund receives approximately 94% of annual cash revenue from local taxes and state SEEK revenue which can vary with the local economic environment and state budget initiatives. The fund balance will be critical in maintaining instructional programs and facilities as state funding priorities are reviewed every biennium in Kentucky.

The Special Revenue Fund expended and received \$1.5 million from federal Coronavirus Relief Acts. The funds paid for additional instruction programs after school and during the summer months as well as, health supplies and student technology devices. These funds are now expired.

BUDGETARY IMPLICATIONS

The 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. By law, this fund budget must include a minimum 2% contingency. The Board adopted a 2025 working budget with \$32 million in contingency (24%). The 2025 General Fund budget is included in the Supplementary Information section of this report. It should be noted that state on-behalf revenues and expenditures of \$37.8 million are not budgeted but are included in the actual results column of the report.

**Kenton County School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2025
Unaudited (Continued)**

For the General Fund, total budgeted revenues and other financing sources were \$116.9 million and actual revenues, excluding on-behalf payments were \$120.6 million. General Fund budgeted expenditures, excluding contingency, were \$117 million while actual expenditures, excluding on-behalf totaled \$114.9 million. The favorable variances in actual revenue and expenditures resulted in the addition of \$6.2 million to the fund balance at the end of the year.

On-Behalf Payments

The District recorded on-behalf payments in the General Fund in 2025 totaling \$37.8 million and \$559 thousand in the District Academy Fund as required by KDE. On-behalf payments represent amounts paid on behalf of the Kenton County School District by the Commonwealth of Kentucky for employee health insurance, Teachers' Retirement, post-employment benefits and technology services. These revenues and expenditures are not budgeted but are required to be reflected in the annual financial fund reports as a revenue and expenditure. As a result, it should be noted that large variances between budgeted and actual amounts for the General Fund are the result of this inconsistency.

CURRENT ISSUES

District operations and schedules were normal during the 2025 school year. Students are performing well as the effects of the health emergency are diminishing. Student achievement is strong and improving each year. Social and emotional well-being are also showing signs of improvement. The district added some new instructional programs at all student levels and expanded the use of technology in all schools. Teachers and students have embraced the enhancements and incorporated them into the daily instruction process. Funding from the American Rescue Plan completely expired during the 2025 school year and helped shape some of the enhancements that were retained and funded by grant or general funding sources.

The local economy remains active which creates a challenging environment to attract certain workers. Staffing shortages had less of an impact on overall staffing in the district and only affected a few types of positions needed by the District. The District also experienced more teacher applicants than previous years. Compensation plans, certification alternatives and aggressive recruiting of certified teachers are helping fill vacancies and maintain effective instruction and district operations. Certain measures were passed by the 2024 General Assembly to address the state wide teacher and other personnel shortages experienced by all Ky school districts. The district continues to experience rising utility, food and service costs due to inflation, the same as any other business in the nation. Fortunately, the property tax base continues to provide adequate tax revenue to offset the expected cost increases.

The 2024 KY General Assembly raised the SEEK revenue to \$4,326 and \$4,586 per student for 2025 and 2026 respectively and increased funding for student transportation and school resource officers. Full-day Kindergarten instruction is funded via SEEK revenue while Preschool remains funded for half-day via a state grant. The District operates full-day Preschool with the additional half-day funded via the General Fund. The SEEK process continues to redistribute revenue via the 30 cent adjustment process so districts in areas of rising property values do not retain the benefit of all local tax revenue increases.

**Kenton County School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2025
Unaudited (Continued)**

State operating grants provide funding for specialized instructional and safety programs. These include Extended School Services, Preschool, Safe Schools, Read To Achieve, Family Resource Centers, and Ky Education Technology programs. The state revenue projections indicate that these programs will continue to be funded. Federal Title I and IDEA remain steady resources to supplement instruction for special student populations and schools.

Capital improvements to existing school buildings and new construction continue throughout the District with 2025 projects funded with general obligation bonds. The 2024 General Assembly authorized school districts to issue general obligation bonds to fund future construction projects in order to benefit from market interest rates. This option was utilized on the September, 2024 and June, 2025 bond issues, both of which were issued at a premium. The District continues to participate in an annual financial review with Moody's rating service to secure a specific district issuer rating.

The financial position of the state's pension plans continues to affect the District's financial obligations. Both the Teachers' Retirement and County Employees Retirement Systems are underfunded at this time. The District has always paid its required contribution as determined by the plans. In accordance with the requirements of Governmental Accounting Standards Board Statements 68 and 75, the District has recorded its proportionate share of certain financial aspects of the pension plans in which its employees participate.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

Questions about this report or additional financial information needs should be directed to Dr. Henry Webb, Superintendent, or Ms. Susan Bentle, Treasurer, at 859-344-8888, or by mail at 2044 Tuscanyview Dr., Covington, KY 41017.

DISTRICT-WIDE FINANCIAL STATEMENTS

KENTON COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2025

	Governmental Activities	Business-type Activities	TOTAL
Assets			
Cash and cash equivalents	\$ 61,872,155	\$ 3,568,599	\$ 65,440,754
Investments	30,000,300		30,000,300
Accounts receivable	2,736,401	43,617	2,780,018
Lease deposit	36,298		36,298
Inventories	201,896	162,539	364,435
Net OPEB asset		94,516	94,516
SBITA assets, net of amortization	1,852,493		1,852,493
Leased assets, net of amortization	1,784,831		1,784,831
Land and other nondepreciable assets	34,789,841		34,789,841
Capital assets, net of accumulated depreciation	306,530,365	829,435	307,359,800
Total Assets	439,804,580	4,698,706	444,503,286
Deferred Outflows of Resources			
Deferred savings from refunding bonds	915,619		915,619
Deferred Outflows from Pension	7,714,730	960,329	8,675,059
Deferred Outflows from OPEB	16,243,825	305,459	16,549,284
Total Deferred Outflows	24,874,174	1,265,788	26,139,962
Liabilities			
Accounts payable	6,814,513	21,132	6,835,645
Accrued interest payable	2,418,870		2,418,870
Accrued liabilities	1,765,986	3,029	1,769,015
Unearned revenue	353,441	54,808	408,249
Current maturities of			
school building revenue/general obligation bonds	16,510,000		16,510,000
compensated absences	1,638,765	76,558	1,715,323
equipment finance obligations	1,279,502		1,279,502
SBITA liabilities	392,680		392,680
Leased asset liability	662,608		662,608
Net pension liability	34,016,854	4,234,415	38,251,269
Net OPEB liability	20,566,298		20,566,298
Long-term maturities of			-
school building revenue/general obligation bonds	243,236,687		243,236,687
equipment finance obligations	5,214,429		5,214,429
compensated absences	5,241,990	170,500	5,412,490
SBITA liabilities	651,510		651,510
Leased asset liability	1,121,144		1,121,144
Total Liabilities	341,885,277	4,560,442	346,445,719
Deferred Inflows of Resources			
Deferred Inflows from Pension	7,855,773	977,886	8,833,659
Deferred Inflows from OPEB	27,256,704	1,407,769	28,664,473
Total Deferred Inflows	35,112,477	2,385,655	37,498,132
Net Position			
Net investment in capital assets	76,804,589	829,435	77,634,024
Nonspendable fund balance - inventories	201,896		201,896
Restricted for			
Capital projects and construction	36,017,651		36,017,651
Grants and awards	21,909		21,909
District Activities	422,058		422,058
School Activities	1,450,200		1,450,200
Unrestricted (deficit)	(27,237,303)	(1,811,038)	(29,048,341)
Total Net Position	\$ 87,681,000	\$ (981,603)	\$ 86,699,397

See Accompanying Notes to Financial Statements

KENTON COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025

Functions/Programs	Total District-wide Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities							
Instruction	\$ 99,859,288	\$ 212,167	\$ 9,825,951		\$ (89,821,170)		\$ (89,821,170)
Support Services:							
Student	11,192,845		1,301,535		(9,891,310)		(9,891,310)
Instructional staff	6,671,641				(6,671,641)		(6,671,641)
District administrative	3,069,907				(3,069,907)		(3,069,907)
School administrative	10,912,031				(10,912,031)		(10,912,031)
Business support services	4,178,375				(4,178,375)		(4,178,375)
Plant operation and maintenance	23,751,674	148,604			(23,603,070)		(23,603,070)
Transportation	9,842,268	871,068			(8,971,200)		(8,971,200)
Community services	2,782,737	26,552	61,039		(2,695,146)		(2,695,146)
Other instructional	150,044				(150,044)		(150,044)
Facilities acquisition & construction				\$ 6,730,278	6,730,278		6,730,278
Interest	7,807,610				(7,807,610)		(7,807,610)
Total governmental activities	180,218,420	1,258,391	11,188,525	6,730,278	(161,041,226)		(161,041,226)
Business-type activities							
School food services	7,986,433	449,179	6,286,037	376,715	-	\$ (874,502)	(874,502)
Total business-type activities	7,986,433	449,179	6,286,037	376,715	-	(874,502)	(874,502)
Total activities	\$ 188,204,853	\$ 1,707,570	\$ 17,474,562	\$ 7,106,993	\$ (161,041,226)	\$ (874,502)	\$ (161,915,728)
General revenues:							
Taxes							
Property taxes					\$ 83,594,313		\$ 83,594,313
Utility taxes					6,867,324		6,867,324
State and federal sources							
SEEK program revenues					40,847,671		40,847,671
On behalf revenues					38,320,347	\$ 502,358	38,822,705
Other state revenues and grants					6,206,409	62,609	6,269,018
Interest and investment earnings					3,732,877	152,802	3,885,679
Gain/(Loss) on disposition of capital assets					156,632		156,632
Miscellaneous					1,867,046		1,867,046
Fund Transfer					467,335	(467,335)	-
Total general revenues					182,059,954	250,434	182,310,388
Change in net position					21,018,728	(624,068)	20,394,660
Net position, beginning of year					71,191,933	(232,334)	70,959,599
Change in accounting principle					(4,529,661)	(125,201)	(4,654,862)
Net position, beginning of year, as restated					66,662,272	(357,535)	66,304,737
Net position, end of year					\$ 87,681,000	\$ (981,603)	\$ 86,699,397

See Accompanying Notes to Financial Statements

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

KENTON COUNTY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENT FUNDS
June 30, 2025

	General Fund	Special Revenue Fund	Construction Fund	Total Nonmajor Gov't Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 17,811,003	\$ -	\$ 39,092,216	\$ 4,968,936	\$ 61,872,155
Investments	30,000,300		-	-	30,000,300
Accounts and grants receivable	1,266,154	1,463,266		6,981	2,736,401
Inventory	201,896				201,896
Lease Deposit	36,298				36,298
Total Assets	\$ 49,315,651	\$ 1,463,266	\$ 39,092,216	\$ 4,975,917	\$ 94,847,050
Liabilities					
Accounts Payable	\$ 636,291	\$ 1,155,079	\$ 5,691,062	\$ 487,160	\$ 7,969,592
Accrued Liabilities	610,907			-	610,907
Unearned Revenue	45,254	308,187		-	353,441
Total Liabilities	1,292,452	1,463,266	5,691,062	487,160	8,933,940
Fund Balances					
Nonspendable	201,896			-	201,896
Restricted	21,909		33,401,154	4,066,699	37,489,762
Committed	1,615,642			422,058	2,037,700
Assigned	3,085,269				3,085,269
Unassigned	43,098,483			-	43,098,483
Total Fund Balances	48,023,199	-	33,401,154	4,488,757	85,913,110
Total Liabilities and Fund Balances	\$ 49,315,651	\$ 1,463,266	\$ 39,092,216	\$ 4,975,917	\$ 94,847,050

See Accompanying Notes to Financial Statements

KENTON COUNTY SCHOOL DISTRICT
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2025

Total Governmental Fund Balances	\$	85,913,110
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental fund balance sheet		341,320,206
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Leased assets and related liabilities used in governmental activities are not financial resources and therefore are not reported as assets and liabilities in the governmental fund balance sheet		1,079
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SBITA assets and related liabilities used in governmental activities are not financial resources and therefore are not reported as assets and liabilities in the governmental fund balance sheet		808,303
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Deferred savings from refunding bonds are not financial resources and therefore are not reported as assets in the governmental funds balance sheet.		915,619
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Deferred outflows and inflows from pension are not financial resources and therefore are not reported as assets in the governmental funds balance sheet.		(141,043)
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Deferred outflows and inflows from OPEB are not financial resources and therefore are not reported as assets in the governmental funds balance sheet.		(11,012,879)
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Long-term liabilities, including bonds payable, are not due and payable in the government funds balance sheet. Long-term liabilities at year-end consist of:

Bonds & Equipment Finance Payable		(266,240,618)
Accrued Interest - Bonds Payable		(2,418,870)
Compensated Absences		(6,880,755)
Net Pension Liability		(34,016,854)
Net OPEB Liability		(20,566,298)
		(330,123,395)

Net Position of Governmental Activities	\$	87,681,000
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See Accompanying Notes to Financial Statements

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

	General Fund	Special Revenue Fund	Construction Fund	Total Nonmajor Gov't Funds	Total Governmental Funds
Revenues					
Local sources					
Property taxes	\$ 55,320,304			\$ 19,974,207	\$ 75,294,511
Motor Vehicle taxes	8,299,802				8,299,802
Utilities taxes	6,867,324				6,867,324
Tuition and fees	212,167				212,167
Transportation Revenue	871,068				871,068
Other local revenues	694,819			2,648,917	3,343,736
Grants from local agencies and donors		\$ 61,039			61,039
State sources					
SEEK program	40,847,671			1,293,028	42,140,699
FSPK program				3,513,652	3,513,652
KSFCC allocation				1,923,598	1,923,598
Other state revenues	38,904,555	5,062,256		559,945	44,526,756
Federal sources	640,365	9,185,587			9,825,952
Interest Income on Investments	2,655,122		1,028,318	49,437	3,732,877
Total Revenues	155,313,197	14,308,882	1,028,318	29,962,784	200,613,181
Expenditures					
Instruction	86,904,555	9,827,742		5,308,775	102,041,072
Student support services	11,386,143	551,561		1,385	11,939,089
Instructional staff support services	4,901,975	2,088,694		7,907	6,998,576
District administrative support services	3,081,349	30,454			3,111,803
School administrative support services	11,339,913			281,959	11,621,872
Business support services	4,342,260				4,342,260
Plant operations and maintenance	15,535,280	488,075		36,939	16,060,294
Transportation	10,197,827			1,117	10,198,944
Community services	63,258	1,303,411			1,366,669
Educational Specific		150,044			150,044
Building renovations			36,180,877		36,180,877

See Accompanying Notes to Financial Statements
Continued

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

	General Fund	Special Revenue Fund	Construction Fund	Total Nonmajor Gov't Funds	Total Governmental Funds
Expenditures (Continued)					
Debt Service					-
Principal	1,250,781			15,470,000	16,720,781
Interest	173,992			7,255,215	7,429,207
Bond Issuance Costs			126,226	-	126,226
Total Expenditures	<u>149,177,333</u>	<u>14,439,981</u>	<u>36,307,103</u>	<u>28,363,297</u>	<u>228,287,714</u>
Excess (deficit) of revenues over expenditures	6,135,864	(131,099)	(35,278,785)	1,599,487	(27,674,533)
Other financing sources (uses)					
Proceeds of revenue bond sales			46,425,000		46,425,000
Premium on Bonds Sold			1,946,795		1,946,795
Proceeds from Sale of Assets	156,632				156,632
Proceeds from Capital Equipment Financing	1,621,406				1,621,406
Transfers in	1,903,579	284,087	1,449,884	23,556,221	27,193,771
Transfers out	<u>(3,548,382)</u>	<u>(152,988)</u>	<u>-</u>	<u>(23,025,065)</u>	<u>(26,726,435)</u>
Total other financing sources (uses)	<u>133,235</u>	<u>131,099</u>	<u>49,821,679</u>	<u>531,156</u>	<u>50,617,169</u>
Net change in fund balances	6,269,099	-	14,542,894	2,130,643	22,942,636
Fund balances, beginning of year	<u>41,754,100</u>		<u>18,858,260</u>	<u>2,358,114</u>	<u>62,970,474</u>
Fund balances, end of year	<u>\$ 48,023,199</u>	<u>\$ -</u>	<u>\$ 33,401,154</u>	<u>\$ 4,488,757</u>	<u>\$ 85,913,110</u>

Continued from Previous Page

See Accompanying Notes to Financial Statements

KENTON COUNTY 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

Net Change in Fund Balances - Total Governmental Funds	\$	22,942,636
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which depreciation expense exceeds capital outlays for the year as well as differences in gains and losses on capital asset sales		22,489,496
Bond proceeds are recorded as revenues in the fund financial statements but are additions to liabilities in the statement of net position.		(46,425,000)
Capital equipment lease proceeds are recorded as revenues in the fund financial statements but are additions to liabilities in the statement of net position		(1,621,406)
Capital lease payments and bond payments are recognized as expenditures of current financial resources in the fund financial statement but are reductions of liabilities in the statement of net position.		16,720,781
Accrued bond interest payable is not reported as a liability in the fund financial statements but is recorded in the statement of net position		(240,017)
Bond premiums are not reported as a part of long-term debt in the fund financial statements but are recorded in the statement of net position		(1,614,539)
Capitalized savings from bond refundings are not reported in the fund financial statements but must be amortized over the remaining life of the bonds in the statement of activities.		(379,109)
Pension related expenses do not require the use of current financial resources. Therefore, the changes are not reported as expenditures in the fund financial statements but are reported in the District-wide statements.		3,750,347
OPEB related expenses do not require the use of current financial resources. Therefore, the changes are not reported as expenditures in the fund financial statements but are reported in the District-wide statements.		5,628,497
SBITA assets are reported as expenditures in the fund financial statements but are presented as assets and liabilities in the statement of activities and amortized over time.		737,021
Leased assets are reported as expenditures in the fund financial statements but are presented as assets and liabilities in the statement of activities and amortized over time.		(23,412)
The change in compensated absences is not reported as a expenditure in the fund financial statements but is recorded in the statement of activities.		(946,567)

Change in Net Position of Governmental Activities	\$	21,018,728
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See Accompanying Notes to Financial Statements

PROPRIETARY FUND FINANCIAL STATEMENTS

KENTON COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION -PROPRIETARY FUNDS
June 30, 2025

	<u>Food Service</u>
Assets	
Cash and cash equivalents	\$ 3,568,599
Accounts Receivable	43,617
Inventories	<u>162,539</u>
Total Current Assets	3,774,755
Noncurrent Assets	
Net OPEB asset	94,516
Capital assets	2,904,116
Less: Accumulated Depreciation	<u>(2,074,681)</u>
Capital Assets, net	829,435
Total Noncurrent Assets	923,951
Deferred Outflows of Resources	
Pension Contributions	960,329
OPEB Contributions	<u>305,459</u>
Total Deferred Outflows	<u>1,265,788</u>
Total Assets	<u>\$ 5,964,494</u>
Liabilities	
Accounts payable	\$ 21,132
Unearned revenue	54,808
Accrued payroll	3,029
Compensated absences	247,058
Net pension liability	<u>4,234,415</u>
Total Liabilities	4,560,442
Deferred Inflows of Resources	
Deferred Inflows from pension Contributions	977,886
Deferred Inflows from OPEB Contributions	<u>1,407,769</u>
Total Deferred Inflows	2,385,655
Net Position	
Net investment in capital assets	829,435
Unrestricted (Deficit)	<u>(1,811,038)</u>
Total Net Position (Deficit)	<u>(981,603)</u>
Total Liabilities & Net Position	<u>\$ 5,964,494</u>

anying Notes to Financial Statements

KENTON COUNTY SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2025

	<u>Food Service</u>
Operating revenues	
Lunchroom sales	\$ 376,692
Other operating revenues	<u>72,487</u>
Total operating revenues	449,179
 Operating expenses	
Salaries and wages	3,157,566
Contract Services	204,526
Materials and supplies	4,505,759
Depreciation	74,948
Other Expenses	<u>510,969</u>
Total operating expenses	<u>8,453,768</u>
Operating loss	(8,004,589)
 Non-operating revenues (expenses)	
Federal grants	6,286,036
Donated commodities	376,716
On-behalf revenues	502,358
State grants	62,609
Investment income	<u>152,802</u>
Total non-operating revenues	<u>7,380,521</u>
Change in Net Position	(624,068)
 Net Position, beginning of year, as originally reported	(232,334)
Effect of adoption of GASB 101 for Compensated Absences	<u>(125,201)</u>
Net Position, beginning of year, as restated	<u>(357,535)</u>
Net Position, end of year	<u>\$ (981,603)</u>

See Accompanying Notes to Financial Statements

KENTON COUNTY SCHOOL DISTRICT
Statement of Cash Flows – Proprietary Fund
Proprietary Fund
For the Year Ended June 30, 2025

Cash Flows from Operating Activities	
Cash Received From:	
Lunchroom Sales	\$ 414,943
Other Activities	72,487
Cash Paid To/For:	
Employees	(3,146,022)
Supplies	(4,980,822)
Net cash used by operating activities	<u>(7,639,414)</u>
Cash Flows from Capital and Related Financing Activity	
Purchases of capital assets	(138,148)
Cash Flows from Investing Activity	
Investment income	152,802
Cash Flows from Noncapital Financing Activity	
Cash received from non-operating revenues	<u>6,348,645</u>
Net decrease in Cash and Cash Equivalents	(1,276,115)
Balances - beginning of year	<u>4,844,714</u>
Balances - end of year	<u><u>\$ 3,568,599</u></u>
Reconciliation of Operating Loss to Net Cash Used	
by Operating Activities	
Operating Loss	\$ (8,004,589)
Adjustments to Reconcile Operating Income to Net Cash	
Used by Operating Activities:	
Donated Commodities	376,716
On-behalf payments	502,358
Depreciation	74,948
Change in Assets and Liabilities:	
Accounts receivable	38,251
Inventory	(4,474)
Accounts payable	(131,810)
Accrued Payroll	(1,099)
Compensated Absences	40,845
Pension Deferrals and Net Liability	(214,302)
OPEB Deferrals and Net Liability	(316,258)
Net Cash Used by Operating Activities	<u><u>\$ (7,639,414)</u></u>
SCHEDULE OF NON-CASH TRANSACTIONS	
Donated commodities received from federal government	\$ 376,716
On-behalf payments	\$ 502,358

See Accompanying Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS

**Kenton County School District
Notes to Financial Statements
Year Ended June 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Kenton County Board of Education (the "Board"), a five member group, is the level of government which has oversight responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the Kenton County School District ("District"). The District receives funding from local, state and federal government sources and must comply with the commitment requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards. Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to develop policies which may influence operations, and primary accountability for fiscal matters.

The District, for financial purposes, includes all of the funds and account groups relevant to the operation of the Kenton County 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 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 organization are included in the accompanying financial statements:

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

Basis of Presentation

District-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 district-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 district-wide statements and the statements for governmental funds.

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The district-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 total fund balance. Proprietary funds and fiduciary funds are reported using the economic resources measurement focus.

The District has the following funds:

- i. Governmental Fund Types
 - a) The General Fund is the primary operating fund of the District. It accounts for financial resources used for general types of operations. This is a budgeted fund and any unrestricted fund balances are considered as resources available for use. This is a major fund of the District.
 - b) The Special Revenue Fund accounts for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally funded grant programs are identified in the schedule of expenditures of federal awards included in this report on pages 86-88. This is a major fund of the District.
 - c) Special Revenue Activity Fund is used to support co-curricular activities and are not raised and expended by student groups. District activity funds accounted for in the District bank account are not subject to the Redbook and may be expended with more flexibility than

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

school activity funds but must meet the “educational purpose” standard for all District expenditures.

d) Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment (other than those financed by Proprietary Funds).

1. The Support Education Excellence in Kentucky (“SEEK”) Capital Outlay Fund receives those funds designated by the state as Capital Outlay funds and is restricted for use in financing projects identified in the District's facility plan.

2. The Facility Support Program of Kentucky Fund (“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. The District is committed to construction contracts in the amount of \$23,921,846 for ongoing projects. This is a major fund of the District.

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

ii. Debt Service Fund

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

iii. Proprietary Fund (Enterprise Fund)

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

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

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

The District's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The GASB is responsible for establishing GAAP for state and local government through its pronouncements (Statements and Interpretations).

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

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

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

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

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Budgetary Process

Budgetary Basis of Accounting: The District's budgetary process accounts for certain transactions on a basis other than GAAP of the United States of America. 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").

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.

Investments

The District records investments at their quoted market prices in district-wide financial statements and the fund financial statements. All realized gains and losses in fair value are recorded in the statement of activities and the statement of revenue, expenditures and changes in fund balances.

Fair Value Measurements

GAAP has established a three-level hierarchy for fair value measurements based on transparency of valuation inputs as of the measurement date. The hierarchy is based on the lowest level of input that is significant to the fair value measurement. The three levels are defined as follows: Level 1 inputs are unadjusted quoted prices for identical assets in active markets; Level 2 inputs are observable quoted prices for similar assets in active markets; Level 3 inputs are unobservable and reflect management's best estimate of what market participants would use as fair value.

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories

Supplies and materials are charged to expenditures when purchased, except for inventories in the Proprietary Fund, which are capitalized at the lower of cost or market.

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 district-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 district-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of one thousand dollars, with the exception of computers, digital cameras and real property, for which there is no threshold. The District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed.

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:

Governmental Activities	
<u>Description</u>	<u>Estimated Lives</u>
Buildings and improvements	25-50 years
Land improvements	20 years
Technology equipment	5 years
Vehicles	5-10 years
General equipment	10 years
Food service equipment	10-12 years
Furniture and fixtures	7 years
Other	10 years

Compensated Absences

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 the benefits will more likely than not result in termination payments. The liability is based on the District's

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

experience of making termination payments. The entire compensated absence liability is reported on the district-wide financial statements.

Interfund Balances

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

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the district-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 finance 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 Reserves

Beginning with fiscal year 2012 the District implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on the District's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable fund balance - amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;

Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government), through constitutional provisions, or by enabling legislation.

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Committed fund balance – amounts constrained to specific purposes by the District itself, using its decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the District takes the action to remove or change the constraint.

Assigned fund balance – amounts the District intends to use for specific purpose (such as encumbrances); intent can be expressed by the District or by an official or body to which the District delegates the authority.

Unassigned fund balance – amounts that are available for purpose; positive amounts are reported only in the General fund.

It is the Board's practice to liquidate funds when conditions have been met releasing these funds from legal, contractual, Board or managerial obligations, using restricted funds first, followed by committed funds, assigned funds, then unassigned funds.

Encumbrances are not liabilities and are not recorded as expenditures until receipt of material or service. Encumbrances remaining open at the end of the fiscal year are automatically re-budgeted in the following fiscal year. Encumbrances are considered a managerial assignment of fund balance in the governmental funds balance sheet.

Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the 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 District, those revenues are primarily charges for meals provided by the various schools.

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 as non-operating 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.

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pensions

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

Postemployment Benefits Other than Pensions (OPEB)

For purposes of measuring the District's OPEB 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, benefits 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.

Leases

The District adopted GASB Statement No. 87, *Leases*, during the fiscal year ended June 30, 2022. The District is a lessee for various noncancellable leases of equipment and vehicles.

Short-Term Leases

For leases with a maximum possible term of 12 months or less at commencement, the District recognizes expense/expenditure based on the provisions of the lease contract.

Leases Other than Short-Term

For all other leases, the District recognizes a lease liability and an intangible right-to-use lease asset in the applicable columns of the District-wide (governmental or business-type activities) and proprietary fund financial statements.

Measurement of Lease Amounts

At lease commencement, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount

**Kenton County School District
Notes to Financial Statements
Year Ended June 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

of the lease liability, less lease payments made at or before the lease commencement date, plus any initial direct costs ancillary to placing the underlying asset into service, less any lease incentives received at or before the lease commencement date. Subsequently, the lease asset is amortized into depreciation and amortization expense on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. If the District is reasonably certain of exercising a purchase option contained in a lease, the lease asset will be amortized over the useful life of the underlying asset.

Key Estimates and Judgements

Key estimates and judgements include how the District determines (1) the discount rate it uses to calculate the present value of the expected lease payments, (2) lease term, and (3) lease payments.

- The District generally uses its estimated incremental borrowing rate as the discount rate for leases unless the rate that the lessor charges is known.
- The lease term includes the noncancellable period of the lease plus any additional periods covered by either the District or lessor option to (1) extend for which it is reasonably certain to be exercised, or (2) terminate for which it is reasonably certain not to be exercised. Period in which both the District and the lessor have a unilateral option to terminate (or if both parties have to agree to extend) are excluded from the lease term.
- Payments are evaluated by the District to determine if they should be included in the measurement of the lease liability, including those payments that require a determination of whether they are reasonably certain of being made.

Remeasurement of Lease Amounts

The District monitors changes in circumstances that may require measurement of a lease. When certain changes occur that are expected to significantly affect the amount of the lease liability, the liability is remeasured, and a corresponding adjustment is made to the lease asset.

Presentation in Statement of Net Position

Lease assets are reported with capital assets and lease liabilities are reported with long-term debt in the statement of net position.

Subscription-Based Information Technology Arrangements

The District follows GASB Statement No. 96, Subscription-Based Information Technology Arrangements ("SBITA"), which provides accounting and financial reporting guidance for contracts that convey control of the right to use a vendor's IT software, alone or with related IT assets, for a defined subscription term.

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A SBITA results in recognition of a right-to-use subscription asset and a corresponding subscription liability at the commencement of the subscription term. The subscription liability is measured at the present value of expected subscription payments over the noncancellable term and any renewal periods the District is reasonably certain to exercise. The subscription asset includes the initial liability amount, pre-commencement payments, and any capitalizable implementation costs, net of vendor incentives.

The District excludes short-term SBITA's (maximum term of 12 months including renewal options) from recognition. Contracts lacking a defined term, perpetual software licenses, or agreements providing IT support services do not meet the definition of a SBITA.

Subscription liabilities are reduced as payments are made, with interest expense recognized over the subscription term. Subscription assets are amortized on a straight-line basis over the subscription term.

NOTE 2 ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, designated fund balances, and disclosure of contingent assets and liabilities at the date of the general purpose financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 3 CASH AND CASH EQUIVALENTS

The District maintains its cash in bank deposit accounts which, at times, exceed federally insured limits. The amounts exceeding the federally insured limits are covered by a collateral agreement and the collateral is held by the pledging banks' trust departments in the District's name. The District has not experienced any losses in such accounts and the District believes it is not exposed to any significant credit risk on cash and cash equivalents.

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2025

NOTE 4 CAPITAL ASSETS

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

	Balance June 30, 2024	Additions	Dispositions	Balance June 30, 2025
<u>Governmental activities</u>				
Land	\$ 12,092,199	\$ -	\$ -	\$ 12,092,199
Land improvements	7,211,294	61,389	31,571	7,241,112
Buildings & building improvements	411,881,633	33,173,692	728,154	444,327,171
Technology equipment	14,178,736	684,172	703,076	14,159,832
Vehicles	15,829,535		1,185,182	14,644,353
General equipment	6,497,435	1,797,903	60,645	8,234,693
Construction in progress	21,651,735	35,636,243	34,590,336	22,697,642
Total assets at historical cost	489,342,567	71,353,399	37,298,964	523,397,002
Less: Accumulated depreciation				
Land improvements	3,855,232	239,436	15,312	4,079,356
Buildings & building improvements	147,763,718	10,012,751	409,608	157,366,861
Technology equipment	8,306,611	1,726,812	677,269	9,356,154
Vehicles	7,677,098	1,457,753	1,162,158	7,972,693
General equipment	2,909,198	453,179	60,645	3,301,732
Total Accumulated depreciation	170,511,857	13,889,931	2,324,992	182,076,796
Government activities capital assets - net	\$ 318,830,710	\$ 57,463,468	\$ 34,973,972	\$ 341,320,206
<u>Business-Type activities</u>				
General equipment	\$ 2,858,447	\$ 138,148	\$ 175,872	\$ 2,820,723
Vehicles	59,923			59,923
Technology equipment	29,015		5,545	23,470
Total assets at historical cost	2,947,385	138,148	181,417	2,904,116
Accumulated depreciation				
Food service equipment	2,112,505	66,993	175,872	2,003,626
Vehicles	59,923			59,923
Technology equipment	8,722	7,955	5,545	11,132
Total accumulated depreciation	2,181,150	74,948	181,417	2,074,681
Business-type activities capital assets - net	\$ 766,235	\$ 63,200	\$ -	\$ 829,435

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2025

NOTE 4 CAPITAL ASSETS (Continued)

Depreciation expense by function for the fiscal year ended June 30, 2025 was as follows:

	<u>Governmental</u>	<u>Business-Type</u>
Instruction	\$ 3,604,157	\$ -
Student Support Services	16,927	-
Instructional staff support services	17,410	-
District administration support services	48,799	-
School Admin Support	21,544	-
Business support services	47,937	-
Plant operation and maintenance	8,625,948	-
Food service	-	74,948
Transportation	1,507,209	-
Community services	-	-
	<u>\$ 13,889,931</u>	<u>\$ 74,948</u>

NOTE 5 COMPENSATED ABSENCE LIABILITIES

In accordance with GAAP, the District has recorded a liability for compensated absences in the District-wide statement of net position. The liability recognizes accumulated and unused leave that is attributable to services already rendered and is more likely than not to be used for time off or paid in cash. Leave used but not yet paid also results in a recognized liability. Parental and military leave are not recognized until the leave begins.

District policies provide for carryover of all sick and personal leave unused balances at the end of the year. The carryover balances are available for use in the following year or cash payout to the employee upon retirement from the District at 30% of the current year value. The TRS and CERS retirement systems recognize the cash payouts for retirement benefit calculation. Both unused sick and personal leave benefits are forfeited upon resignation.

Calculation and Measurement:

The liability for compensated absences is estimated based on the employee's pay rate at the financial statement date and associated salary-related payments, such as Social Security and Medicare taxes. The government has determined that an employee's leave is "more likely than not" to be used or paid based on factors including past usage patterns and relevant employment policies.

Implementation of GASB 101:

The District adopted the requirements of GASB Statement No. 101, *Compensated Absences*, in the current reporting period. The implementation of this new standard required revaluing the prior period's compensated absences liability, and changes related to this transition are reported as a change in accounting principle in accordance with GASB Statement No. 100, see Note 22.

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2025

NOTE 6 LEASE LIABILITIES

KISTA Finance Lease

The District is financing the acquisition of buses through various Kentucky Interlocal School Transportation Association ("KISTA") agreements. The obligations under the KISTA agreements expire between 2026 and 2035. The assets and liabilities under KISTA liabilities are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The assets are depreciated over the lower of their related lease terms or their estimated productive lives. Depreciation of assets under KISTA liabilities is included in depreciation expense. These liabilities are recorded as equipment finance obligations on the district-wide financial statements.

Future minimum lease payments under KISTA liabilities as of June 30, 2025, for each of the next five years and in the aggregate are as follows:

Year Ending June 30,

2026	\$ 1,468,839
2027	1,301,889
2028	1,084,238
2029	922,638
2030	748,837
2031 - 2035	<u>1,745,560</u>
 Total minimum payments	 7,272,001
Less amount representing interest	<u>(778,070)</u>
Present value of minimum lease payments	<u>\$ 6,493,931</u>

Equipment Lease

Beginning on July 1, 2023, the District entered into long-term leases for Chromebooks. In accordance with GASB 87, the assets have been reflected in the financial statements as right-to-use assets along with the associated liability. The assets and liabilities are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The assets are amortized over the lower of their related lease terms or their estimated productive lives. Amortization of the assets under lease is included in Instruction expenditures.

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2025

NOTE 6 LEASE LIABILITIES (Continued)

Future minimum lease payments under the equipment lease as of June 30, 2025, for each of the next six years and in the aggregate are as follows:

Year Ending June 30,

2026	\$ 447,363
2027	447,363
2028	248,996
2029	248,996
2030	248,996
2031	<u>248,996</u>
Total minimum payments	1,890,710
Less amount representing interest	<u>(106,958)</u>
Present value of minimum lease payments	<u>\$ 1,783,752</u>

NOTE 7 LEASE OBLIGATIONS AND BONDED DEBT

School Building Revenue and General Obligation Bonds

The District issues general obligation and revenue bonds to finance the construction and renovation of school and administrative buildings. Revenue bonds were also issued in prior years to advance refund revenue bonds. General obligation bonds were issued in fiscal year 2025 for general government activities and are collateralized by the full faith, credit, and taxing power of the District.

The amount shown in the accompanying financial statements as lease obligations represents the District's future obligations to make lease payments relating to the revenue bonds issued.

On September 12, 2024, Series 2024A general obligation bonds in the amount of \$24,985,000 were issued for the construction of a Central Office and Virtual Learning Center. The current interest bonds bear interest at 4.00% and mature through September 1, 2039. Interest payments are due semiannually on March 1 and September 1 each year.

On June 18, 2025, Series 2025 general obligation bonds in the amount of \$21,440,000 were issued for the renovation of R.C. Hinsdale Elementary. The current interest bonds bear interest at 5.00% and mature through June 1, 2034. Interest payments are due semiannually on June 1 and December 1 each year.

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2025

NOTE 7 LEASE OBLIGATIONS AND BONDED DEBT (Continued)

The original amount of each bond, the issue date, and interest rates are summarized below:

Bond Type	Issue Date	Proceeds	Rates
School Revenue	March 7, 2013	\$ 30,545,000	2.000% - 3.000%
School Revenue	May 16, 2013	12,005,000	2.000% - 3.125%
School Revenue	March 5, 2014	4,170,000	1.000% - 4.000%
School Revenue	April 1, 2015	14,445,000	2.000% - 3.000%
School Revenue	April 10, 2015	8,895,000	2.000% - 3.000%
School Revenue	May 28, 2015	17,320,000	3.000% - 3.625%
School Revenue	March 9, 2016	25,190,000	2.000% - 4.000%
School Revenue	April 19, 2016	19,400,000	2.000% - 3.250%
School Revenue	June 5, 2017	5,125,000	2.000% - 3.550%
School Revenue	November 7, 2017	2,280,000	3.000%
School Revenue	April 18, 2018	13,945,000	2.000% - 4.000%
School Revenue	May 7, 2020	12,850,000	1.500% - 3.000%
School Revenue	September 30, 2020	7,670,000	1.500% - 1.750%
School Revenue	November 29, 2021	29,125,000	2.000% - 3.000%
School Revenue	February 2, 2022	48,385,000	2.000% - 5.000%
School Revenue	July 14, 2022	2,490,000	2.500% - 4.000%
School Revenue	August 2, 2023	34,950,000	2.000% - 3.000%
General Obligation	September 12, 2024	24,985,000	4.000%
General Obligation	June 18, 2025	21,440,000	5.000%

The District, through the General Fund (including utility taxes and the Support Education Excellence in Kentucky ("SEEK") Capital Outlay Fund) is obligated to make lease payments in amounts sufficient to satisfy debt service requirements on revenue and general obligation bonds issued by the Kenton County Fiscal Court and the Kenton County School District Finance Corporation to construct school facilities.

The District entered into "participation agreements" with the School Facility Construction Commission (the "Commission"). The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs. Note 17 sets forth the amount to be paid by the District and the Commission for each year until maturity of all bond issues. The liability for the total bond amount remains with the District and, as such, the total principal has been recorded in the financial statements.

All issues may be called prior to maturity and redemption premiums are specified in each issue. Assuming no bonds are called prior to scheduled maturity, the minimum obligations of the District, including amounts to be paid by the Commission, at June 30, 2025 for debt service (principal and interest) are reported in Note 17.

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2025

NOTE 8 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 ("CERS") covers employees whose position does not require a college degree or teaching certification. The Kentucky Teachers Retirement System ("TRS") covers positions requiring teaching certification or otherwise requiring a college degree.

General information about the County Employees Retirement System Non-Hazardous

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 and 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

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2025

NOTE 8 RETIREMENT PLANS (Continued)

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. One month's 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 75% of the decedent's monthly average rate of pay. If the surviving spouse remarries, the monthly rate will be recalculated to 25% of the decedent's monthly average. Any dependent child will receive 50% of the decedent's monthly final rate of pay up to 75% for all dependent children. Five years' service is required for nonservice-related disability benefits.

Contributions

Required contributions by the employee are based on the following tier:

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

For eligible members employed by local school districts, the district contributes 19.71% of salary. The contribution requirement for CERS for the year ended June 30, 2025, was \$5,383,789, which consisted of \$4,196,625 from the District and \$1,187,164 from the employees. Total contributions for the years ended June 30, 2024 and 2023 were \$5,899,616 and \$5,808,422, respectively. The contributions have been contributed in full for fiscal years 2025, 2024, and 2023.

General information about the Teachers' Retirement System of the State of Kentucky

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—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 Revised Statutes 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/employers/information/gasb-65-67/>.

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2025

NOTE 8 RETIREMENT PLANS (Continued)

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%. New employees hired after July 1, 2008 but before December 31, 2021 who retire with less than ten years will receive monthly benefits equal to 1.7% of their final average salary for each year of service, between ten and twenty years of service the multiplier is 2%. New employees hired between July 1, 2008 and December 21, 2021 with between 20 to 26 years of service will receive monthly benefits equal to 2.3% of their final average salary and over 30 years the multiplier increases to 3%. Lastly, new members hired after January 1, 2022 eligibility for retirement benefits requires age 57 and 10 years of KY service or age 65 and five years of KY service. The annual retirement benefit for those hired after January 1, 2022 is calculated using a multiplier times final average salary. The multiplier is based on a sliding scale rate from 1.7% up to 2.4% based on years of service up to and beyond 30 years.

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.

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2025

NOTE 8 RETIREMENT PLANS (Continued)

Contributions

Contribution rates are established by Kentucky Revised Statutes. For members who began participating before Jan. 1, 2022, non-university employees are required to contribute 12.855% of their salaries to the System. For members employed by local school districts, the state (as a non-employer contributing entity) contributes 13.105% of salary for those who joined before July 1, 2008, 14.105% for those who joined on or after July 1, 2008 and before January 1, 2022 and 10.75% for those who joined after January 1, 2022. For local school district and regional cooperative employees whose salaries are federally funded, the employer contributes 16.105%, 17.105% or 13.75% 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.

The contribution requirement for TRS for the year ended June 30, 2025, was \$12,636,560, which consisted of \$2,833,864 from the District and \$9,802,696 from the employees. Total contributions for the years ended June 30, 2024 and 2023 were \$12,292,078 and \$11,929,797, respectively. The contributions have been contributed in full for fiscal years 2025, 2024, and 2023.

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

At June 30, 2025, the District reported a liability 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	\$ 38,251,269
Commonwealth's proportionate share of the TRS net pension liability associated with the District	<u>310,818,668</u>
Total	<u>\$ 349,069,937</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.

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 0.639608% percent.

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2025

NOTE 8 RETIREMENT PLANS (Continued)

For the year ended June 30, 2025, the District recognized pension expense of \$153,038 related to CERS. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,851,432	
Changes of assumptions		\$ 1,728,206
Net difference between projected and actual earnings on pension plan investments	2,627,002	5,086,353
Changes in proportion and differences between District contributions and proportionate share of contributions		2,019,100
District contributions after the measurement date	<u>4,196,625</u>	
Total	<u>\$ 8,675,059</u>	<u>\$ 8,833,659</u>

\$4,196,625 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 Ending June 30	
2025	\$ (2,881,113)
2026	19,381
2027	(945,403)
2028	(548,091)
2029	-

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:

	CERS	TRS
Inflation	2.30%	2.50%
Projected salary increases	2.00%	3.00 – 7.50%
Investment rate of return, net of investment expense and inflation	6.50%	7.10%

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2025

NOTE 8 RETIREMENT PLANS (Continued)

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

For TRS, mortality rates were based on Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each 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 Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index.

For CERS, the long-term expected return on plan assets is reviewed against actual plan experience at least once every five years through the completion of an actuarial experience study. In general, the assumptions and methods used in the June 30, 2024 valuation are based on the most recent actuarial experience study performed as of June 30, 2022, submitted, and adopted by the Boards in May and June 2023. The future investment earnings of plan assets are assumed to accumulate at a rate of 6.50% per annum. This rate consists of a 2.50% price inflation component and a 4.69% real rate of return component. This assumption was adopted in 2023.

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.

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2025

NOTE 8 RETIREMENT PLANS (Continued)

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

<u>Asset Classes</u>	<u>TRS Target Allocation</u>	<u>TRS Long-Term Expected Real Rate of Return</u>	<u>CERS Target Allocation</u>	<u>CERS Long-Term Expected Real Rate of Return</u>
U.S. Equity	38.0%	5.00%	50.0%	4.15%
Developed International equity	15.7%	5.50%		
Emerging markets equity	5.3%	6.10%		
Core bonds			10.0%	2.85%
Private equity	7.0%	8.00%	10.0%	9.10%
High Yield	2.0%	3.80%	10.0%	3.82%
Fixed Income	15.0%	1.90%		
Additional categories	8.0%	3.60%		
Real estate	7.0%	3.20%	7.0%	4.90%
Real return			13.0%	5.35%
Cash	2.0%	1.60%	0.0%	1.70%
Total	<u>100.0%</u>		<u>100.0%</u>	

Discount rate

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

For TRS, the discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at statutorily required 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.

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2025

NOTE 8 RETIREMENT PLANS (Continued)

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:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1 % Increase</u>
CERS	5.50%	6.50%	7.50%
District's proportionate share of net pension liability	\$ 49,312,136	\$ 38,251,269	\$ 29,073,664
TRS	6.10%	7.10%	8.10%
District's proportionate share of net pension liability	\$ -	\$ -	\$ -

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.

NOTE 9 OPEB PLANS

General information about the Teachers' Retirement System OPEB Plan

Plan description

Teaching-certified employees of the Kenton County 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 provided 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 Statues 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.

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2025

NOTE 9 OPEB PLANS (Continued)

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 and three quarters 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.

General information about the County Employees Retirement System Non-Hazardous OPEB Plan

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.

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2025

NOTE 9 OPEB PLANS (Continued)

Benefits

CERS provides 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. See Note 8 for tier classifications.

Contributions

Required contributions by the employee are based on the tier disclosed in Note 8.

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

At June 30, 2025, the Kenton County School District reported a liability of \$20,471,782 for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2024, the District's proportion was 0.97 percent for TRS, which was an decrease of 0.06 percent of its proportion measured as of June 30, 2023. At June 30, 2024, the District's proportion was 0.64 percent for CERS, which was a decrease of 0.04 percent from its proportion measured as of 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 CERS net OPEB asset	\$ (1,107,218)
District's proportionate share of the TRS net OPEB liability	21,579,000
State's proportionate share of the net OPEB liability associated with the District	<u>19,224,000</u>
Total	<u><u>\$ 39,695,782</u></u>

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2025

NOTE 9 OPEB PLANS (Continued)

For the year ended June 30, 2025, the District recognized OPEB benefit of \$3,548,321 and revenue of \$1,790,918 for support provided by the State. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	TRS	CERS	TRS	CERS
Differences between expected and actual experience		\$ 614,272	\$6,480,000	\$8,711,626
Changes of assumptions	\$5,496,000	1,003,272		781,259
Net difference between projected and actual earnings on OPEB investments		973,273	692,000	1,983,675
Changes in proportion and differences between District contributions and proportionate share of contributions	6,201,000	4,660	8,965,000	1,050,913
District contributions after the measurement date	2,256,807			
Total	\$13,953,807	\$2,595,477	\$16,137,000	\$12,527,473

Of the total amount reported as deferred outflows of resources related to OPEB, \$2,256,807 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 Ending June 30	
	TRS	CERS
2026	\$ (1,501,000)	\$ (4,028,418)
2027	(92,000)	(3,079,799)
2028	(347,000)	(2,631,993)
2029	(1,226,000)	(191,785)
2030	(1,132,000)	-
Thereafter	(142,000)	-

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2025

NOTE 9 OPEB PLANS (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:

	TRS	CERS
Investment rate of return	7.10%, net of OPEB plan investment expense, including inflation	6.25%
Projected salary increases	3.00 -7.50%, including wage inflation	3.30% to 10.30%, varies by service
Inflation rate	2.50%	2.30%
Real wage growth	0.25%	
Wage inflation	2.75%	
Healthcare cost trend rates		
Under 65	6.50% for FY 2024 decreasing to an ultimate rate of 4.50% by FY 2031	Initial trend starting at 6.2% at January 1 2024 and gradually Decreasing to an ultimate trend Rate of 4.05% over a period of 12 years
Age 65 and older	5.92% for FY 2024 decreasing to an ultimate rate of 4.50% by FY 2035	Initial trend starting at 9.0% at January 1, 2024 and gradually Decreasing to an ultimate trend Rate of 4.05% over a period of 12 years
Medicare Part B Premium	5.92% for FY 2024 decreasing to an ultimate rate of 4.50% by 2035	
Municipal Bond Index Rate	3.94%	3.97%
Discount Rate	7.10%	5.99%
Single Equivalent Interest Rate	7.10%, net of OPEB plan investment expense, including price inflation	

For TRS, mortality rates were based on the Pub2010 (Teachers Amount-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees, and active members. The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the June 30, 2023 valuation were based on the results of the most actuarial experience studies for the system, which covered the five-year period ending June 30, 2020, adopted by the Board on September 20, 2021.

For CERS, mortality rates used for active members was PUB-2010 General Mortality table projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members was a system-specific mortality table based on a mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.

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

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2025

NOTE 9 OPEB PLANS (Continued)

the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

Asset Classes	Target Allocation	30 Year Expected Geometric Rate of Return
Large Cap U.S. equity	35.4%	5.00%
Small Cap U.S. equity	2.6%	5.50%
Fixed income	9.0%	1.90%
Developed international equity	15.0%	5.50%
Emerging markets	5.0%	6.10%
High yield bonds	8.0%	3.80%
Real estate	6.5%	3.20%
Private equity	8.5%	8.00%
Other additional categories	9.0%	3.70%
Cash	1.0%	1.60%
Total	100.00%	

Discount rate

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

For CERS, the discount rate used to measure the total OPEB liability was 5.99%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2025

NOTE 9 OPEB PLANS (Continued)

The following table presents the District's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate, 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 or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1 % Increase</u>
TRS Discount Rate	6.10%	7.10%	8.10%
District's Net OPEB Liability	\$ 28,667,000	\$ 21,579,000	\$ 15,704,000
CERS Discount Rate	4.99%	5.99%	6.99%
District's Net OPEB Liability	\$ 1,499,084	\$ (1,107,218)	\$ (3,296,920)

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 Health Care Trend Rate</u>	<u>1 % Increase</u>
TRS	6.10%	7.10%	8.10%
District's Net OPEB Liability	\$ 14,576,000	\$ 21,579,000	\$ 30,280,000
CERS	5.25%	6.25%	7.25%
District's Net OPEB Liability	\$ (2,663,833)	\$ (1,107,218)	\$ 706,128

OPEB plan fiduciary net position

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

Life Insurance Plan

Plan description

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.

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2025

NOTE 9 OPEB PLANS (Continued)

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 funded by the Life Insurance Fund (LIF) 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.

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

At June 30, 2025, the Kenton County 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 - LIF	\$ -
State's proportionate share of the net OPEB liability – LIF associated with the District	<u>439,000</u>
	<u>\$ 439,000</u>

For the year ended June 30, 2025, the District recognized OPEB expense of \$ 0.

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:

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

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2025

NOTE 9 OPEB PLANS (Continued)

Mortality rates were based on the Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees, and active members. The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the June 30, 2023 valuation were based on the results of the most actuarial experience studies, which covered the five-year period ending June 30, 2020, adopted by the Board on September 20, 2021.

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

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity	40.00%	5.20%
Fixed Income	21.00%	1.90%
Developed International Equity	15.00%	5.50%
Emerging Markets	5.00%	6.10%
Real Estate	7.00%	3.20%
Private Equity	5.00%	8.00%
Other Additional Categories	5.00%	4.00%
Cash	2.00%	1.60%
Total	<u>100.00%</u>	

Discount rate

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 assumed that the employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2025

NOTE 9 OPEB PLANS (Continued)

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:

	<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
TRS Discount Rate	6.10%	7.10%	8.10%
District's Net OPEB Liability	\$ -	\$ -	\$ -

OPEB plan fiduciary net position

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

NOTE 10 CONTINGENCIES

Grant Fund Approval

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 the grantor's review indicates that the funds have not 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 the programs.

NOTE 11 INSURANCE AND RELATED ACTIVITIES

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

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2025

NOTE 12 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To obtain insurance for property, errors and omissions, and general liability coverage, the District participates in the Bluegrass Risk Management Fund. This public entity risk pool operates as a common risk management and insurance program for a select group of 37 school districts. The Districts pays an annual premium to the fund, the fund contracts with various insurance carriers for insurance policies and pays the annual premiums for all participants. The fund is responsible for all claims with the participants responsible on a pro rata basis for any claims in excess of the premiums paid and policy proceeds.

The District is self-insured for unemployment insurance benefits. The District reimburses the state for any claims paid. The District purchases workers' compensation insurance through the Kentucky Employers Mutual Insurance. In addition, the District continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years

NOTE 13 DEFICIT OPERATING/FUND BALANCES

The following funds have operations that resulted in a current year deficit of revenues over expenditures, resulting in a corresponding reduction of fund balance:

Food Service Fund	\$ (624,068)
District Activity Fund	(2,852)
Scott High School	(10,382)
Taylor Mill Elementary	(5,156)
Ryland Heights Elementary	(4,354)
Ft. Wright Elementary	(3,237)
River Ridge Elementary	(2,186)
Piner Elementary	(1,113)
J.A. Caywood Elementary	(560)

NOTE 14 COBRA

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

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2025

NOTE 15 TRANSFER OF FUNDS

The following transfers were made during the year.

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General Fund	Special Revenue Fund	KETS Match	\$ 261,632
General Fund	Debt Service Fund	Debt Service	802,410
General Fund	Academy Fund	Operating	2,484,340
Student Activity Fund	Special Revenue Fund	Operating	22,455
Student Activity Fund	District Activity Fund	Operating	260,491
Capital Outlay Fund	General Fund	Operating	1,293,028
Building Fund	Construction Fund	Construction	1,449,884
Building Fund	Debt Service Fund	Debt Service	19,999,207
Special Revenue Fund	General Fund	Indirect Costs	143,216
Special Revenue Fund	District Activity Fund	Operating	9,773
Food Service Fund	General Fund	Indirect Costs	467,335
		Total	<u>\$ 27,193,771</u>

NOTE 16 ON BEHALF PAYMENTS

For the year ended June 30, 2025, total payments of \$40,746,303 were made for life insurance, health insurance, TRS matching and administrative fees by the Commonwealth of Kentucky on behalf of the District. These payments were recognized as on-behalf payments and recorded in the appropriate revenue and expense accounts on the statement of activities.

General Fund	\$ 37,760,402
Debt Service Fund	1,923,598
Food Service Fund	502,358
Academy Fund	<u>559,945</u>
Total On-Behalf	<u>\$ 40,746,303</u>

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2025

NOTE 17 SCHEDULE OF LONG-TERM OBLIGATIONS

2013 - Ref, 2014, 2015 A - Ref, 2015 B - Ref, 2015 C, 2016 - Ref, 2016 B, 2017, 2017-Ref
2018, 2020, 2020 - Ref, 2021, 2022, and 2022 B, 2023, 2024, 2025

Fiscal Year	Kenton County School District			KY School Facilities Construction Commission			Total Requirements
	Principal	Interest	Total	Principal	Interest	Total	
2025-2026	\$ 15,032,053	\$ 7,892,060	\$ 22,924,113	\$ 1,477,947	\$ 467,409	\$ 1,945,356	\$ 24,869,469
2026-2027	14,445,866	7,487,582	21,933,448	1,349,134	426,016	1,775,150	23,708,598
2027-2028	14,752,027	7,036,797	21,788,824	1,297,973	386,416	1,684,389	23,473,213
2028-2029	15,015,943	6,511,480	21,527,423	1,339,057	345,331	1,684,388	23,211,811
2029-2030	13,234,309	5,990,105	19,224,414	1,255,691	304,086	1,559,777	20,784,191
2030-2031	13,056,110	5,566,637	18,622,747	1,293,890	265,887	1,559,777	20,182,524
2031-2032	12,852,512	5,150,253	18,002,765	1,332,488	227,289	1,559,777	19,562,542
2032-2033	13,258,396	4,754,738	18,013,134	1,371,604	188,173	1,559,777	19,572,911
2033-2034	13,257,751	4,334,700	17,592,451	1,157,249	147,418	1,304,667	18,897,118
2034-2035	13,402,498	3,911,916	17,314,414	1,192,502	112,164	1,304,666	18,619,080
2035-2036	13,206,770	3,474,076	16,680,846	1,163,230	74,573	1,237,803	17,918,649
2036-2037	13,324,747	3,035,285	16,360,032	250,253	37,776	288,029	16,648,061
2037-2038	13,392,469	2,587,762	15,980,231	257,531	30,498	288,029	16,268,260
2038-2039	13,090,460	2,122,413	15,212,873	224,540	22,768	247,308	15,460,181
2039-2040	13,534,019	1,676,636	15,210,655	230,981	16,327	247,308	15,457,963
2040-2041	9,975,492	1,262,556	11,238,048	114,508	9,644	124,152	11,362,200
2041-2042	10,322,204	915,070	11,237,274	117,796	6,355	124,151	11,361,425
2042-2043	6,421,205	561,087	6,982,292	18,795	2,963	21,758	7,004,050
2043-2044	6,575,265	288,027	6,863,292	19,735	2,023	21,758	6,885,050
2044-2045	2,209,279	110,464	2,319,743	20,721	1,036	21,757	2,341,500
	<u>\$ 240,359,375</u>	<u>\$ 74,669,644</u>	<u>\$ 315,029,019</u>	<u>\$ 15,485,625</u>	<u>\$ 3,074,152</u>	<u>\$ 18,559,777</u>	<u>\$ 333,588,796</u>

A summary of the changes in the principal of the outstanding bond obligations, the finance leases and the compensated absence liability for the District during the year ended June 30, 2025 is as follows:

	Balance			Amounts Due	
	July 1, 2024	Additions	Payments	Balance June 30, 2025	Within One Year
Bond Obligations	\$ 224,890,000	\$ 46,425,000	\$ 15,470,000	\$ 255,845,000	\$ 16,510,000
Bond Premiums, Net	2,287,148	1,946,795	332,256	3,901,687	-
Lease liabilities					
KISTA Liabilities	6,123,306	1,621,406	1,250,781	6,493,931	1,279,502
Right-to-use assets	1,208,766	973,998	399,012	1,783,752	662,608
Subscription liabilities	1,079,542	1,221,958	1,257,310	1,044,190	392,680
				-	
Compensated Absences	6,140,401	987,412		7,127,813	1,715,323
Total	<u>\$ 241,729,163</u>	<u>\$ 53,176,569</u>	<u>\$ 18,709,359</u>	<u>\$ 276,196,373</u>	<u>\$ 20,560,113</u>

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2025

NOTE 18 UNDIVIDED INTEREST IN THE IGNITE INSTITUTE

On July 1, 2019, the District acquired an undivided interest in the Ignite Institute ("Ignite"), which is a regional high school at the Roebling Innovation Center in Boone County, Kentucky which provides regional programs.

The District has agreed to contribute \$330,000 annually to Ignite to ensure its balance budget and contribute additional funds for any unforeseen costs needed to be incurred beyond the budget. The District is responsible for the transportation costs of the students in its district, and has contributed 26 initial staff. The District is entitled to 50% of the revenues raised for Ignite to offset its financial obligations. The District does not own any of the fixed assets of Ignite.

The agreement is in effect until either party desires to terminate its participation, a written notice is required two full school years prior to its termination process. If the other party desires termination, the District has the right to purchase the furniture, fixtures, equipment, and inventory at Ignite and to lease the premises at fair market rent for the purpose of continuing the program at Ignite.

The District has recorded its undivided interest in Ignite in its Academy Fund.

NOTE 19 INVESTMENTS AT FAIR VALUE

Current accounting and reporting standards define fair value, establish a three-level hierarchy for fair value measurements based on transparency of valuation inputs and require disclosures about fair value measurements. The hierarchy is based on the lowest level of input that is significant to the fair value measurement. The three levels are defined as follows:

Level 1 - Inputs are unadjusted quoted prices for identical assets in active markets.

Level 2 - Inputs are observable quoted prices for similar assets in active markets.

Level 3 - Inputs are unobservable and reflect our best estimate of what market participants would use as fair value.

Investments consisted of the following at June 30, 2025:

	Level 1	Level 2	Level 3	Total
US Treasury Bonds	<u>\$ 30,000,300</u>	\$	\$	<u>\$ 30,000,300</u>
Total investments	<u>\$ 30,000,300</u>	\$ -	\$ -	<u>\$ 30,000,300</u>

The following is a description of the valuation methodologies used for investments measured at fair value on a recurring basis and recognized in the accompanying statement of financial position, as well as the general classification pursuant to the valuation hierarchy. There were no valuations using Level 2 or 3 inputs.

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include brokered certificates of deposit. If quoted market prices are not available, then fair values are estimated by using pricing models or quoted prices of securities with similar characteristics.

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2025

NOTE 20 SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The District has various subscription-based information technology arrangements (SBITAs) which are used for educational and administrative purposes. These arrangements grant licenses to use the underlying IT assets of the vendors for periods expiring between June 2025 and June 2030. The District recognized an intangible asset and a corresponding liability for the value of the licenses during the term of the arrangements. These assets are amortized on a straight-line basis over the subscription term. The following table shows the District's change in subscription asset and liability accounts for the year ended June 30, 2025:

<u>Governmental Activities</u>	<u>Balance July 1, 2024</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2025</u>
Subscription assets	\$ 2,378,773	\$ 1,221,958		\$ 3,600,731
Accumulated amortization	<u>(1,227,949)</u>	<u>(520,289)</u>		<u>(1,748,238)</u>
SBITA asset, net of amortization	<u>\$ 1,150,824</u>	<u>\$ 701,669</u>		<u>\$ 1,852,493</u>
Subscription Liabilities	<u>\$ 1,079,542</u>	<u>\$ 1,221,958</u>	<u>\$ 1,257,310</u>	<u>\$ 1,044,190</u>

NOTE 21 RIGHT-TO-USE ASSETS

As discussed in Note 6, the District is a lessee for various non-cancellable leases of technology equipment.

A summary of lease asset activity during the year ended June 30, 2025 is as follows:

<u>Governmental Activities</u>	<u>Balance July 1, 2024</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2025</u>
Right-to-use lease assets:				
Technology Equipment	\$ 1,644,343	\$ 973,998		\$ 2,618,341
Accumulated amortization	<u>(411,086)</u>	<u>(422,424)</u>		<u>(833,510)</u>
Leased assets, net of amortization	<u>\$ 1,233,257</u>	<u>\$ 551,574</u>		<u>\$ 1,784,831</u>
Lease Liabilities	<u>\$ 1,208,766</u>	<u>\$ 973,998</u>	<u>\$ 399,012</u>	<u>\$ 1,783,752</u>

Kenton County School District
Notes to Financial Statements--Continued
Year Ended June 30, 2025

NOTE 22 CHANGE IN ACCOUNTING PRINCIPLE AND RELATED CHANGES TO CERTAIN BEGINNING BALANCES

Effective July 1, 2024, the District was required to adopt Governmental Accounting Standards Board ("GASB") Statement No. 101, *Compensated Absences*. This statement requires recognition of accumulated and unused leave that is attributable to services already rendered and is more likely than not to be used for time off or paid in cash and required revaluing the prior period's compensated absences liability for retrospective application. Since the District only presents one year of financial information, the beginning net position was adjusted to reflect the retrospective application. The adjustment resulted in a reduction of \$4,529,611 to the beginning net position for Governmental Activities on the Statement of Activities. The adjustment resulted in a reduction of \$125,201 to the beginning net position on the Statement of Revenues, Expenditures and Changes in Net Position for Proprietary funds and the Statement of Activities.

NOTE 23 RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

The GASB has issued several reporting standards that will become effective for fiscal year 2026 and later years' financial statements.

- Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability.
- Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets.
- Statement No. 105, *Subsequent Events*. The objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users.

The District is currently evaluating the impact that will result from adopting these GASB standards and is therefore unable to disclose the impact will have on the District's financial position and the results of its operations when the standards are adopted.

NOTE 24 SUBSEQUENT EVENTS

On November 25, 2025, the District issued 20 year general obligation bonds in the amount of \$16,740,000 to fund school building renovation projects at Whites Tower and Piner Elementary schools. Interest on the bond will accrue at 4% semiannually and is payable each June 1 and December 1, beginning June 1, 2026. The principal payments are due on an annual basis until December 1, 2045.

REQUIRED SUPPLEMENTARY INFORMATION

KENTON COUNTY SCHOOL DISTRICT

**Statement of Revenue, Expenditures and Changes in Fund Balance
Budget to Actual - General Fund
Year Ended June 30, 2025**

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Taxes	\$ 68,670,000	\$ 69,743,845	\$ 70,487,430	\$ 743,585
Earnings on investments	1,100,034	1,100,034	2,655,122	1,555,088
State sources	43,339,329	41,745,659	79,752,226	38,006,567
Federal sources	450,000	550,000	640,365	90,365
Other sources	3,314,602	3,836,127	5,459,671	1,623,544
Total revenues	116,873,965	116,975,665	158,994,814	42,019,149
Expenditures				
Instructional	64,719,325	64,856,021	86,904,555	(22,048,534)
Student support services	8,159,428	7,908,139	11,386,143	(3,478,004)
Staff support services	3,860,352	4,449,384	4,901,975	(452,591)
District administration	2,647,035	2,697,411	3,081,349	(383,938)
School administration	8,540,271	8,533,945	11,339,913	(2,805,968)
Business support services	3,709,843	3,682,130	4,342,260	(660,130)
Plant operation and maintenance	15,511,511	16,171,360	15,535,280	636,080
Student transportation	9,713,187	8,977,272	10,197,827	(1,220,555)
Community service operations	2,718	65,341	63,258	2,083
Other	30,010,295	37,413,288	4,973,155	32,440,133
Total expenditures	146,873,965	154,754,291	152,725,715	2,028,576
Net change in fund balance	(30,000,000)	(37,778,626)	6,269,099	44,047,725
Fund balance, July 1, 2024	30,000,000	37,778,626	41,754,100	3,975,474
Fund balance, June 30, 2025	\$ -	\$ -	\$ 48,023,199	\$ 48,023,199

KENTON COUNTY SCHOOL DISTRICT

Statement of Revenue, Expenditures and Changes in Fund Balance
Budget to Actual - Special Revenue Fund
Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues				
State sources	\$ 4,436,972	\$ 4,465,372	\$ 5,062,256	\$ 596,884
Federal sources	7,048,474	7,145,994	9,185,587	2,039,593
Other sources	277,500	305,915	345,126	39,211
Total revenues	11,762,946	11,917,281	14,592,969	2,675,688
Expenditures				
Instructional	8,598,529	8,747,903	9,827,742	(1,079,839)
Student support services	119,647	119,647	551,561	(431,914)
Staff support services	1,209,369	1,209,369	2,088,694	(879,325)
District administration	105,683	112,644	30,454	82,190
School administration	-	-	-	-
Plant operation and maintenance	87,092	87,092	488,075	(400,983)
Student transportation	-	-	-	-
Food service operation	-	-	-	-
Community service operations	1,254,920	1,252,920	1,303,411	(50,491)
Other	387,706	387,706	303,032	84,674
Total expenditures	11,762,946	11,917,281	14,592,969	(2,675,688)
Net change in fund balance	-	-	-	-
Fund balance, July 1, 2024	-	-	-	-
Fund balance, June 30, 2025	\$ -	\$ -	\$ -	\$ -

KENTON COUNTY SCHOOL DISTRICT

Schedule of the District's Proportionate Share of the TRS Net Pension Liability

June 30, 2025

Last 10 Fiscal Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
District's proportion of the net pension liability	0%	0%	0%	0%	0%
District's proportionate share of the net pension liability	\$0	\$0	\$0	\$0	\$0
State's proportionate share of the net pension liability associated with the District	<u>\$ 310,818,668</u>	<u>\$ 335,481,462</u>	<u>\$ 330,621,254</u>	<u>\$ 255,138,437</u>	<u>\$ 254,678,294</u>
Total	<u><u>\$ 310,818,668</u></u>	<u><u>\$ 335,481,462</u></u>	<u><u>\$ 330,621,254</u></u>	<u><u>\$ 255,138,437</u></u>	<u><u>\$ 254,678,294</u></u>
District's covered employee payroll	\$ 72,423,574	\$ 70,517,215	\$ 66,737,323	\$ 64,781,464	\$ 62,415,878
District's proportionate share of the net pension liability as a percentage of the District's covered employee payroll	0%	0%	0%	0%	0%
Plan fiduciary net position as a percentage of the total pension liability	60.36%	57.68%	56.41%	65.59%	59.27%
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	None	None	None	None	None
District's proportionate share of the net pension liability	\$0	\$0	\$0	\$0	\$0
State's proportionate share of the net pension liability associated with the District	<u>\$ 267,672,165</u>	<u>\$ 275,146,804</u>	<u>\$ 526,022,122</u>	<u>\$ 574,248,216</u>	<u>\$ 455,140,342</u>
Total	<u><u>\$ 267,672,165</u></u>	<u><u>\$ 275,146,804</u></u>	<u><u>\$ 526,022,122</u></u>	<u><u>\$ 574,248,216</u></u>	<u><u>\$ 455,140,342</u></u>
District's covered employee payroll	\$ 63,929,795	\$ 64,392,008	\$ 61,542,779	\$ 61,049,646	\$ 57,147,377
District's proportionate share of the net pension liability as a percentage of the District's covered employee payroll	0%	0%	0%	0%	0%
Plan fiduciary net position as a percentage of the total pension liability	58.76%	58.27%	39.83%	35.22%	42.49%

See Independent Auditors' Report

KENTON COUNTY SCHOOL DISTRICT

Schedule of the District Contributions to TRS Pension

June 30, 2025

Last 10 Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually required contributions	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contributions	-	-	-	-	-
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 75,285,250	\$ 72,423,574	\$ 70,517,215	\$ 66,737,323	\$ 64,781,464
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contributions	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contributions	-	-	-	-	-
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 64,392,008	\$ 63,929,795	\$ 62,415,878	\$ 61,542,779	\$ 61,049,646
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%

KENTON COUNTY SCHOOL DISTRICT

Schedule of the District's Proportionate Share of the CERS Net Pension Liability

June 30, 2025

Last 10 Fiscal Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
District's proportion of the net pension liability	0.639608%	0.678902%	0.688548%	0.716027%	0.745789%
District's proportionate share of the net pension liability	\$ 38,251,269	\$ 43,561,804	\$ 49,775,228	\$ 45,652,338	\$ 57,201,399
Total net pension liability	\$ 5,980,423,768	\$ 6,416,509,000	\$ 7,229,013,496	\$ 6,375,784,388	\$ 7,669,917,211
District's covered employee payroll	\$ 20,419,862	\$ 20,024,283	\$ 19,185,505	\$ 18,537,283	\$ 19,236,792
District's proportionate share of the net pension liability as a percentage of of employee covered payroll	187.32%	217.55%	259.44%	246.27%	297.35%
Plan fiduciary net position as a percentage of the total pension liability	61.61%	57.48%	52.42%	57.33%	47.81%
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.756928%	0.747597%	0.730802%	0.717592%	0.713744%
District's proportionate share of the net pension liability	\$ 53,235,083	\$ 45,530,936	\$ 42,776,088	\$ 35,331,499	\$ 30,687,590
Total net pension liability	\$ 7,033,044,552	\$ 6,090,304,793	\$ 5,853,307,482	\$ 4,923,618,237	\$ 4,299,525,565
District's covered employee payroll	\$ 19,064,764	\$ 18,445,837	\$ 17,847,065	\$ 16,968,535	\$ 16,656,667
District's proportionate share of the net pension liability as a percentage of of employee covered payroll	279.23%	246.84%	239.68%	208.22%	184.24%
Plan fiduciary net position as a percentage of the total pension liability	50.45%	53.54%	53.30%	55.50%	59.97%

See Independent Auditor's Report

KENTON COUNTY SCHOOL DISTRICT

Schedule of the District Contributions to CERS Pension

June 30, 2025

Last 10 Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually required contributions	\$ 4,196,625	\$ 4,765,617	\$ 4,699,868	\$ 4,069,465	\$ 3,564,709
Contributions in relation to the contractually required contributions	<u>(4,196,625)</u>	<u>(4,765,617)</u>	<u>(4,699,868)</u>	<u>(4,069,465)</u>	<u>(3,564,709)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 21,465,337	\$ 20,419,862	\$ 20,024,283	\$ 19,185,505	\$ 18,537,283
Contributions as a percentage of covered-employee payroll	19.55%	23.34%	23.47%	21.21%	19.23%
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contributions	\$ 3,712,733	\$ 3,113,580	\$ 3,425,254	\$ 3,365,129	\$ 2,943,161
Contributions in relation to the contractually required contributions	<u>(3,712,733)</u>	<u>(3,113,580)</u>	<u>(3,425,254)</u>	<u>(3,365,129)</u>	<u>(2,943,161)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 19,236,792	\$ 19,064,764	\$ 18,445,837	\$ 17,847,065	\$ 16,968,535
Contributions as a percentage of covered-employee payroll	19.30%	16.33%	18.57%	18.86%	17.34%

See Independent Auditors' Report

KENTON COUNTY SCHOOL DISTRICT

Notes to Required Supplementary Information - TRS Pension

Year Ended June 30, 2025

Pension:

Changes of benefit terms: A new benefit tier was added for members joining the System on and after January 1, 2022.

Changes of assumption: In 2014, the calculation of the Single Equivalent Interest Rate ("SEIR") resulted in an assumption change from 5.16% to 5.23%.

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

Changes of assumption: 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 for the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 4.88% to 4.20%.

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

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

Changes of assumption: In the 2020 experience study, rates of withdrawal, retirement, disability, mortality and rates of salary increases were adjusted to reflect actual experience more close. The expectation of mortality was changed to the Pub2010 Mortality Tables 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% to 7.10% and the price inflation assumption was lowered from 3% to 2.50%. In addition, the calculation of the SEIR results in an assumption change from 7.50% to 7.10%.

KENTON COUNTY SCHOOL DISTRICT

Notes to Required Supplementary Information - CERS Pension

Year Ended June 30, 2025

Pension

Changes of benefit terms: The following changes were made by the Kentucky Legislature and reflected in the valuation performed as of June 30 listed below: 2014: As cash balance plan was introduced for member whose participation date is on or after January 1, 2014.

Changes of assumption: The following changes were made by the Kentucky Legislature and reflected in the valuation performed as of June 30 listed below:

2015: The assumed investment rate of return was decreased from 7.75% to 7.50%. 2015: The assumed rate of inflation was reduced from 3.50% to 3.25%.

2015: The assumed rate of wage inflation was reduced from 1.00% to 0.75%. 2015: Payroll growth assumption was reduced from 4.50% to 4.00%.

2015: 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).

2015: 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 Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.

2015: The assumed rates of Retirement, Withdrawal and Disability were updated to more accurately reflect experience.

2017: The assumed investment rate of return was decreased from 7.50% to 6.25%.

2017: The assumed rate of inflation was reduced from 3.25% to 2.30%.

2017: The assumed rate of salary growth was reduced from 4.00% to 3.05%.

KENTON COUNTY SCHOOL DISTRICT

Schedule of the District's Proportionate Share of the TRS Net OPEB Liability - Life Insurance

June 30, 2025

Last 10 Fiscal Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
District's proportion of the collective trust OPEB liability	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
District's proportionate share of the collective net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportion of the collective net OPEB liability associated with the District	\$ 439,000	\$ 525,000	\$ 569,000	\$ 241,000	\$ 633,000
District's covered employee payroll	\$ 72,423,574	\$ 70,517,215	\$ 66,737,323	\$ 64,781,464	\$ 64,392,008
State's proportionate share of the collective net OPEB liability as a percentage of the District's covered payroll	0.61%	0.74%	0.85%	0.37%	0.98%
Plan fiduciary net position as a percentage of the total OPEB liability	80.56%	76.91%	73.97%	89.15%	71.57%
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the collective trust OPEB liability	0.0000%	0.0000%	0.0000%	*	*
District's proportionate share of the collective net OPEB liability	\$ -	\$ -	\$ -	*	*
State's proportion of the collective net OPEB liability associated with the District	\$ 571,000	\$ 513,000	\$ 274,000	*	*
District's covered employee payroll	\$ 63,929,795	\$ 62,415,878	\$ 61,542,779	*	*
State's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	0.89%	0.82%	0.45%	*	*
Plan fiduciary net position as a percentage of the total OPEB liability	73.40%	74.97%	79.99%	*	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See Independent Auditors' Report

KENTON COUNTY SCHOOL DISTRICT

Schedule of the District's Contributions to TRS OPEB - Life Insurance

June 30, 2025

Last 10 Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually required contributions	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contributions	-	-	-	-	-
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 75,285,250	\$ 72,423,574	\$ 70,517,215	\$ 66,737,323	\$ 64,781,464
Contributions as a percentage of covered employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contributions	\$ -	\$ -	\$ -	*	*
Contributions in relation to the contractually required contributions	-	-	-	*	*
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>*</u>	<u>*</u>
District's covered payroll	\$ 64,392,008	\$ 63,929,795	\$ 62,415,878	*	*
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	*	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

KENTON COUNTY SCHOOL DISTRICT

Notes to Required Supplementary Information - TRS OPEB Life Insurance

Year Ended June 30, 2025

OPEB:

Changes of benefit terms - None.

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, 2021
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll
Amortization period	23 years
Asset valuation method	Five-year smoothed value
Inflation	2.50%
Real wage growth	0.50%
Wage inflation	2.75%
Salary increases, including wage inflation	3.00% - 7.50%
Discount rate	7.10%

KENTON COUNTY SCHOOL DISTRICT

Schedule of the District's Proportionate Share of the TRS Net OPEB Liability - Medical Insurance

June 30, 2025

Last 10 Fiscal Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
District's proportion of the collective trust OPEB liability	0.968108%	1.032670%	1.402697%	1.040249%	1.035769%
District's proportionate share of the collective net OPEB liability	\$ 21,579,000	\$ 25,152,000	\$ 34,822,000	\$ 22,321,000	\$ 26,140,000
State's proportion of the collective net OPEB liability associated with the District	\$ 19,224,000	\$ 21,200,000	\$ 11,440,000	\$ 18,127,000	\$ 20,939,000
District's covered employee payroll	\$ 72,423,574	\$ 70,517,215	\$ 66,737,323	\$ 64,781,464	\$ 64,392,008
State's proportionate share of the collective net OPEB liability as a percentage of the District's covered payroll	26.54%	35.70%	52.20%	34.50%	40.60%
Plan fiduciary net position as a percentage of the total OPEB liability	59.81%	52.97%	47.75%	51.74%	39.05%
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the collective trust OPEB liability	1.040797%	1.000033%	1.025238%	*	*
District's proportionate share of the collective net OPEB liability	\$ 30,462,000	\$ 34,698,000	\$ 36,558,000	*	*
State's proportion of the collective net OPEB liability associated with the District	\$ 24,600,000	\$ 29,903,000	\$ 29,863,000	*	*
District's covered employee payroll	\$ 63,929,795	\$ 62,415,878	\$ 61,542,779	*	*
State's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	47.60%	55.60%	59.40%	*	*
Plan fiduciary net position as a percentage of the total OPEB liability	32.58%	25.54%	21.18%	*	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See Independent Auditors' Report

KENTON COUNTY SCHOOL DISTRICT

Schedule of the District's Contributions to TRS OPEB - Medical Insurance

June 30, 2025

Last 10 Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually required contributions	\$ 2,256,807	\$ 2,171,517	\$ 2,112,631	\$ 2,003,936	\$ 1,829,240
Contributions in relation to the contractually required contributions	<u>(2,256,807)</u>	<u>(2,171,517)</u>	<u>(2,112,631)</u>	<u>(2,003,936)</u>	<u>(1,829,240)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 75,285,250	\$ 72,423,574	\$ 70,517,215	\$ 66,737,323	\$ 64,781,464
Contributions as a percentage of covered employee payroll	3.00%	3.00%	3.00%	3.00%	2.82%
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contributions	\$ 1,930,293	\$ 1,916,935	\$ 1,823,422	*	*
Contributions in relation to the contractually required contributions	<u>(1,930,293)</u>	<u>(1,916,935)</u>	<u>(1,823,422)</u>	<u>*</u>	<u>*</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>*</u>	<u>*</u>
District's covered payroll	\$ 64,392,008	\$ 63,929,795	\$ 62,415,878	*	*
Contributions as a percentage of covered-employee payroll	3.00%	3.00%	2.92%	*	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

KENTON COUNTY SCHOOL DISTRICT

Schedule of the District's Proportionate Share of the CERS Net OPEB Liability - Medical Insurance

June 30, 2025

Last 10 Fiscal Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
District's proportion of the collective trust OPEB liability	0.640084%	0.678877%	0.688422%	0.715859%	0.745573%
District's proportionate share of the collective net OPEB liability (asset)	\$ (1,107,218)	\$ (937,303)	\$ 13,586,102	\$ 13,704,762	\$ 18,003,321
Commonwealth's proportion of the collective net OPEB liability (asset) associated with the District	\$ -	\$ -	\$ -	\$ -	\$ -
Total Net OPEB liability (asset)	\$ (1,107,218)	\$ (937,303)	\$ 13,586,102	\$ 13,704,762	\$ 18,003,321
District's covered employee payroll	\$ 20,419,862	\$ 20,024,283	\$ 19,185,505	\$ 18,537,283	\$ 19,236,792
District's proportionate share of the collective net OPEB liability (asset) as a percentage of the District's covered payroll	(5.42)%	(4.68)%	70.80%	73.90%	93.60%
Plan fiduciary net position as a percentage of the total OPEB liability	104.89%	104.23%	60.95%	62.91%	51.67%
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the collective trust OPEB liability	0.756739%	0.747575%	0.730802%	*	*
District's proportionate share of the collective net OPEB liability (asset)	\$ 12,728,009	\$ 13,273,046	\$ 14,691,620	*	*
Commonwealth's proportion of the collective net OPEB liability (asset) associated with the District	\$ -	\$ -	\$ -	*	*
Total Net OPEB liability	\$ 12,728,009	\$ 13,273,046	\$ 14,691,620	*	*
District's covered employee payroll	\$ 19,064,764	\$ 18,445,837	\$ 17,847,065	*	*
District's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	66.80%	72.00%	82.30%	*	*
Plan fiduciary net position as a percentage of the total OPEB liability	60.44%	57.62%	52.40%	*	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See Independent Auditors' Report

KENTON COUNTY SCHOOL DISTRICT

Schedule of the District's Contributions to CERS OPEB - Medical Insurance

June 30, 2025

Last 10 Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually required contributions	\$ -	\$ -	\$ 681,042	\$ 1,114,210	\$ 879,727
Contributions in relation to the contractually required contributions	<u>-</u>	<u>-</u>	<u>(681,042)</u>	<u>(1,114,210)</u>	<u>(879,727)</u>
Contribution Deficiency (Excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
District's covered employee payroll	\$ 21,465,337	\$ 20,419,862	\$ 20,024,283	\$ 19,185,505	\$ 18,537,283
Contributions as a percentage of covered employee payroll	0.00%	0.00%	3.40%	5.81%	4.75%
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contributions	\$ 915,671	\$ 1,002,807	\$ 871,263	*	*
Contributions in relation to the contractually required contributions	<u>(915,671)</u>	<u>(1,002,807)</u>	<u>(871,263)</u>	<u>*</u>	<u>*</u>
Contribution Deficiency (Excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>*</u></u>	<u><u>*</u></u>
District's covered payroll	\$ 19,236,792	\$ 19,064,764	\$ 18,445,837	*	*
Contributions as a percentage of covered-employee payroll	4.76%	5.26%	4.72%	*	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

KENTON COUNTY SCHOOL DISTRICT

Notes to Required Supplementary Information - TRS OPEB Medical Insurance

Year Ended June 30, 2025

Changes in benefit terms - None

The Health Trust is not funded based on actuarially determined contribution, but instead is funded based on statutorily determined amounts as noted in the assumed asset allocation for MIF.

KENTON COUNTY SCHOOL DISTRICT

Notes to Required Supplementary Information - CERS OPEB Medical Insurance

Year Ended June 30, 2025

Changes in assumptions: None

2018: Updated health care trend rates were implemented.

OTHER SUPPLEMENTARY INFORMATION

**KENTON COUNTY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENT FUNDS
June 30, 2025**

	Capital Outlay Fund	District Activity Fund	Student Activity Fund	Academy Fund	Building Fund	Debt Service Fund	Total Non-major Governmental Funds
Assets							
Cash and cash equivalents	\$ -	\$ 426,798	\$ 1,454,265	\$ 471,375	\$ 2,616,498	\$ -	\$ 4,968,936
Accounts and grants receivable	-	5,551	1,430		-	-	6,981
Total Assets	<u>\$ -</u>	<u>\$ 432,349</u>	<u>\$ 1,455,695</u>	<u>\$ 471,375</u>	<u>\$ 2,616,498</u>	<u>\$ -</u>	<u>\$ 4,975,917</u>
Liabilities							
Accounts Payable	\$ -	\$ 10,291	\$ 5,494	\$ 471,375	\$ -	\$ -	\$ 487,160
Total Liabilities	-	10,291	5,494	471,375	-	-	487,160
Fund Balances							
Restricted	-		1,450,201	-	2,616,498	-	4,066,699
Committed	-	422,058		-	-	-	422,058
Total Fund Balances	<u>-</u>	<u>422,058</u>	<u>1,450,201</u>	<u>-</u>	<u>2,616,498</u>	<u>-</u>	<u>4,488,757</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 432,349</u>	<u>\$ 1,455,695</u>	<u>\$ 471,375</u>	<u>\$ 2,616,498</u>	<u>\$ -</u>	<u>\$ 4,975,917</u>

See Independent Auditors' Report

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

	Capital Outlay Fund	District Activity Fund	Student Activity Fund	Academy Fund	Building Fund	Debt Service Fund	Total Non-major Governmental Funds
Revenues							
Local sources							
Property taxes					\$ 19,974,207		\$ 19,974,207
Other local revenues		\$ 76,211	\$ 2,311,966				2,388,177
Grants from local agencies and donors		45,455	215,285				260,740
Interest Income			49,437				49,437
							-
State sources							-
SEEK program	\$ 1,293,028						1,293,028
FSPK program					3,513,652		3,513,652
KSFCC allocation						\$ 1,923,598	1,923,598
Other state revenues				\$ 559,945			559,945
Total Revenues	1,293,028	121,666	2,576,688	559,945	23,487,859	1,923,598	29,962,784
Expenditures							
Instruction		347,434	2,199,015	2,762,326			5,308,775
Student support services		1,385		-			1,385
Instructional staff support services		7,907					7,907
School administrative support services		-		281,959			281,959
Plant operations and maintenance		36,939					36,939
Transportation		1,117					1,117
Debt Service:							
Principal						15,470,000	15,470,000
Interest						7,255,215	7,255,215
Total Expenditures	-	394,782	2,199,015	3,044,285	-	22,725,215	28,363,297
Excess (deficit) of revenues over expenditures	1,293,028	(273,116)	377,673	(2,484,340)	23,487,859	(20,801,617)	1,599,487

Continued

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

Continued from Previous Page

	Capital Outlay Fund	District Activity Fund	Student Activity Fund	Academy Fund	Building Fund	Debt Service Fund	Total Non-major Governmental Funds
Other financing sources (uses)							
Transfers in		270,264		2,484,340	-	20,801,617	23,556,221
Transfers out	(1,293,028)	-	(282,946)		(21,449,091)	-	(23,025,065)
Total other financing sources (uses)	(1,293,028)	270,264	(282,946)	2,484,340	(21,449,091)	20,801,617	531,156
Net change in fund balances	-	(2,852)	94,727	-	2,038,768	-	2,130,643
Fund balances, beginning of year	-	424,911	1,355,473	-	577,730	-	2,358,114
Fund balances, end of year	<u>\$ -</u>	<u>\$ 422,059</u>	<u>\$ 1,450,200</u>	<u>\$ -</u>	<u>\$ 2,616,498</u>	<u>\$ -</u>	<u>\$ 4,488,757</u>

See Independent Auditors' Report

KENTON COUNTY SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCES
BOND AND INTEREST REDEMPTION FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Issue of 2013	Issue of 2013-B	Issue of 2014E	Issue of 2015A-Ref	Issue of 2015B-Ref	Issue of 2015C	Issue of 2016-Ref	Issue of 2016	Issue of 2017E	Issue of 2017-Ref
Cash at July 1, 2024	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:										
Transfers and misc deposits	5,108,800	766,885	288,263	938,275	2,515,975	1,154,455	4,132,100	1,111,738	274,528	263,548
Disbursements:										
Bonds paid	4,960,000	550,000	200,000	775,000	2,365,000	775,000	3,490,000	665,000	160,000	235,000
Interest coupons	148,800	216,885	88,263	163,275	150,975	379,455	642,100	446,738	114,528	28,548
Total disbursements	5,108,800	766,885	288,263	938,275	2,515,975	1,154,455	4,132,100	1,111,738	274,528	263,548
Excess of receipts over disbursements										
Cash at June 30, 2025	-	-	-	-	-	-	-	-	-	-
Fund Balance at June 30, 2025	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Issue of 2018	Issue of 2020	Issue of 2020-Ref	Issue of 2021	Issue of 2022	Issue of 2022B	Issue of 2023	Issue of 2024	Issue of 2025	Total
Cash at July 1, 2024	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:										
Transfers and misc deposits	494,253	417,186	892,175	943,331	1,454,563	97,078	1,402,900	469,162	-	22,725,215
Disbursements:										
Bonds paid	30,000	85,000	785,000	325,000	60,000	5,000	5,000	-	-	15,470,000
Interest coupons	464,253	332,186	107,175	618,331	1,394,563	92,078	1,397,900	469,162	-	7,255,215
Total disbursements	494,253	417,186	892,175	943,331	1,454,563	97,078	1,402,900	469,162	-	22,725,215
Excess of receipts over disbursements										
Cash at June 30, 2025	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balance at June 30, 2025	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

See Independent Auditors' Report

Kenton County School District
Statement of Revenues, Expenditures and Changes in Fund Balance and Due To Student Groups
Dixie Heights High School
Year Ended June 30, 2025

	Fund Balance July 1, 2024	Receipts	Disbursements	Transfers, Net	Fund Balance July 1, 2025
Academic Team	\$ -	\$ 796	\$ 796	\$ -	\$ -
Archery Fund Raising	-	-	-	-	-
Art Club	736	160	265	-	631
Athletics, General	32,908	249,865	249,414	18,127	51,486
Band	13,207	37,013	43,896	-	6,324
BETA Club	335	500	698	-	137
Bowling Fund Raising	9	-	-	-	9
Boys Golf Fund Raising	2	-	-	-	2
Boys Soccer Fund Raising	942	-	679	-	263
Buddy Club		250	109	-	141
CBI Community Based Edu	1,981	612	550	-	2,043
Cheerleading Fundraising	1,600	78,974	63,582	(16,708)	284
Choir Club	5,615	2,587	1,255	-	6,947
Dixie Scholars Club	455	-	-	-	455
Drama Club	5,753	13,962	16,548	-	3,167
Drug Free Club	516	67	107	-	476
Earth Wise	464	-	-	(360)	104
Faculty	11	434	454	9	-
Faculty Flower Fund	75	197	210	(7)	55
FBLA Club	21	23,261	14,381	(151)	8,750
FEA Club	6	-	-	-	6
Fees	-	10,200	10,200	-	-
FFA	1,327	-	-	-	1,327
Football fund Raising	2,623	690	832	-	2,481
Foreign Language NHS	5,087	535	89	-	5,533
Forensic Team	8	2,095	2,372	269	-
Fund 21 Sweep Account	-	-	-	-	-
Gaming Club	-	-	-	-	-
Girls BK Fund Raising	18,299	11,900	12,930	(670)	16,599
Girls Soccer Fund Raising	9,703	-	6,072	-	3,631
Girls Track Fundraising	1,092	-	-	-	1,092
Ham Radio Tech Club	323	-	-	-	323
Hope Squad	-	1,471	1,225	473	719
IMPACT Club	-	-	-	-	-
Jr Class Dance/Activities	-	39,329	42,276	2,947	-
Mock Trial Team	65	-	-	-	65
NHS Club	454	840	1,052	-	242
Odyssey of the Mind Team	180	5,587	5,400	-	367
Other Dist/Stu Act Income	-	12,966	12,916	20	70
Random Acts of Kindness	207	3,603	3,485	-	325
Robotics	277	-	-	-	277
S.T.L.P. Club	447	-	-	-	447
SAGA	21	-	-	-	21
Sandfoss Memorial Scholarship	-	-	-	-	-
Scott Scholarship	-	12,543	12,543	-	-
Social Norms Club	78	-	-	-	78
Softball Fundraising	676	-	-	-	676
Sr Class Dance/Activities	37	22,121	21,726	-	432
Startup Cash	-	1,100	1,100	-	-
Student Ambassadors	473	990	649	(113)	701
Student Council	11,552	1,191	9,980	-	2,763
Student Enrichment	18,048	10,628	2,953	(937)	24,786
Swim and Dive Fund Raising	-	875	770	-	105
Technology Fee	150	-	-	-	150
TSA	30	60	-	-	90
Volleyball Fund Raising	4,996	4,853	6,337	(600)	2,912
Yearbook Club	5,907	2,736	2,955	(2,299)	3,389
Youth Service Center	1,321	988	783	-	1,526
Total	\$ 148,017	\$ 555,979	\$ 551,589	\$ -	\$ 152,407

See Independent Auditors' Report

Kenton County School District
Statement of Revenues, Expenditures and Changes in Fund Balance and Due To Student Groups
Scott High School
Year Ended June 30, 2025

	Fund Balance				Fund Balance
	July 1, 2024	Receipts	Disbursements	Transfers, Net	July 1, 2025
Academic Team	\$ 1,073	\$ -	\$ 538	\$ -	\$ 535
Adventure Crew Club	534	-	-	-	534
Archery	2,504	7,805	6,925	-	3,384
Athletics	16,205	185,881	168,683	(29,084)	4,319
Background check (Sweep)	478	20	-	(498)	-
Band (Marching Band)	7,261	4,173	3,236	2,400	10,598
Bowling	319	687	532	-	474
Boys Golf	829	-	-	-	829
Boys Tennis	111	-	-	-	111
Boys Track	270	2,051	1,347	-	974
Buddy Club	180	2,951	2,028	(623)	480
CBI Trips and Activities	(147)	297	793	643	-
Choir	683	1,245	1,569	-	359
CLASS OF 2024	2,684	-	(134)	(2,818)	-
CLASS OF 2025	8,314	12,145	20,458	-	1
CLASS OF 2026	2,987	20,817	15,200	1,370	9,974
CLASS OF 2027	1,000	201	7,000	5,951	152
CLASS OF 2028	-	-	-	1,500	1,500
Community Club	73	-	-	-	73
Cross Country	1,623	1,828	2,398	-	1,053
Dance Team	533	-	-	-	533
Drama	9,169	7,218	14,055	3,119	5,451
Family Assistance	5,092	714	1,207	-	4,599
Fellowship Christian Athletes	14	-	-	-	14
Field Trips	1,279	-	-	-	1,279
FFA Chapter	1,200	3,515	1,512	(15)	3,188
Floral & Greenhouse	339	2,081	672	(29)	1,719
Fund 21/Athletic Admissions	23	-	-	(23)	-
Fund 21/Athletic Donations	-	-	2,573	2,573	-
Fund 21/Athletic Other Activities	2,000	-	43,148	41,148	-
Fund 21/Library	-	-	830	830	-
Fund 21/Other Student Activities	-	-	12,778	12,778	-
Fund 21/Student Fees	-	-	965	965	-
Girls Basketball	2,507	8,334	8,976	(1,000)	865
Girls Golf	17	-	-	-	17
Girls Soccer	3,744	10,437	10,208	(604)	3,369
Girls Tennis	630	5,749	2,468	(2,693)	1,218
Girls Track	2,015	1,850	2,295	120	1,690
JROTC	6,568	2,540	1,570	(765)	6,773
Junior Statesman	1,627	13,475	14,227	-	875
Library	-	59	-	-	59
National Honor Society	796	375	120	(245)	806
PBIS	-	409	-	(409)	-
PSAT	-	956	-	(956)	-
SHS Scholarship Fund	34,159	12,543	10,000	-	36,702
Student Council	9,488	13,890	6,765	(9,358)	7,255
Student Fees (to Fund 21)	-	-	-	-	-
Student Support	9,480	8,391	8,614	2,312	11,569
Summer School	1,425	-	1,425	-	-
Swimming & Diving	6,461	10,777	10,839	450	6,849
Swimming Pool	4,817	15,097	305	(16,544)	3,065
Teacher Support	558	554	-	-	1,112
Tech Fees	-	3,444	-	(3,444)	-
Volleyball	1,151	-	-	(1,151)	-
Weight Room (Athletics)	-	7,700	-	(5,900)	1,800
Yearbook Club	669	5,707	173	-	6,203
Total	\$ 152,742	\$ 375,916	\$ 386,298	\$ -	\$ 142,360

See Independent Auditors' Report

Kenton County School District
Statement of Revenues, Expenditures and Changes in Fund Balance and Due To Student Groups
Simon Kenton High School
Year Ended June 30, 2025

	Fund Balance				Fund Balance
	July 1, 2024	Receipts	Disbursements	Transfers, Net	July 1, 2025
Academic Team	\$ 472	\$ 176	\$ 200	\$ 55	\$ 503
Archery Team	1,866	6,431	4,741	200	3,756
Art Club	223	70	110	(25)	158
Athletics	21,538	193,964	175,457	(9,133)	30,912
Background Check	-	170	-	(170)	-
Baseball	4,256	45,863	37,315	(3,070)	9,734
Basketball - Boys	13,959	24,155	27,614	(2,437)	8,063
Basketball - Girls	5	24,480	17,572	(2,525)	4,388
Bass Fishing Team	24	7,460	3,738	-	3,746
Bi-County FFA Scholarship	47,419	-	-	-	47,419
Bowling Team	6,132	1,275	1,472	-	5,935
Bridge Club	212	-	25	-	187
Change	-	250	250	-	-
Cheerleading	9,764	45,430	50,336	(25)	4,833
Choir Club	1,032	4,555	4,354	(397)	836
Chris Girard Memorial Scholarship	10,861	-	1,000	-	9,861
Community Based Class	872	496	977	-	391
Community Based Transportation	6,025	-	2,011	-	4,014
Cross County/Track	2,132	8,616	4,316	(2,153)	4,279
Dance Team	8,600	11,912	17,604	(1,566)	1,342
District Tech Fee/Sweep	-	430	730	300	-
Drama Club	7,842	12,710	8,832	(4,203)	7,517
Faculty Fund	65	192	-	-	257
FBLA	971	900	1,003	(631)	237
Field Trips	569	5,379	6,007	59	-
Fire Fund	27,000	-	-	-	27,000
First Priority	5	-	-	(5)	-
Football	2,134	31,359	32,804	(73)	616
French Club	55	-	-	(55)	-
Freshman Academy	3,125	1,290	1,866	-	2,549
Freshman Class of 2026	626	-	-	500	1,126
Freshman Class of 2027	123	653	392	500	884
Freshman Class of 2028	-	115	115	500	500
Fund 21 - Fees	-	6,521	6,521	-	-
Fund 21 - Other Ath Activity	-	3,036	23,928	20,892	-
Fund 21 - Other Dist Student Activity	-	10,971	19,358	8,387	-
Future Farmers of America	4,285	18,600	8,969	1,950	15,866
Golf - Boys	95	-	-	(25)	70
Golf - Girls	512	-	100	(25)	387
Greenhouse	19,401	8,076	-	(4,500)	22,977
Hall of Fame	15,644	-	-	-	15,644
Homecoming	38,987	25,605	21,452	(7,104)	36,036
Library Media Center	127	-	-	-	127
Nat'l Art Honor Society	55	100	115	-	40
NHS	369	2,700	1,511	-	1,558
Photo Club	45	-	(50)	-	95
Pioneer Pride	1,412	3,085	2,510	(665)	1,322
Pride Shop	9,276	5,113	6,364	3,995	12,020
Scholarship	27,334	47,000	31,500	-	42,834
Scott Scholarship	39,018	12,543	16,000	-	35,561
Soccer - Boys	618	-	-	(25)	593
Soccer - Girls	514	200	129	-	585
Softball	2,521	3,320	2,647	(800)	2,394
Soph Class of 2025	356	47,348	52,339	5,000	365
Strides for Stephanie	2,221	-	-	-	2,221
Student Incentives	26,735	22,267	3,419	-	45,583
Summer School	503	-	228	-	275
Swimming	1,391	1,256	3,275	628	-
Technology Fee	-	206	-	(130)	76
Tennis - Boys & Girls	5,055	10,863	13,362	(25)	2,531
Testing Fund	32,363	1,307	1,255	(1,500)	30,915
Track	3,432	4,747	2,871	-	5,308
Unified Bowling	148	1,500	599	(221)	828
Unified Track	630	-	-	-	630
Veteran's Day	81	22	92	-	11
Volleyball	2,309	5,620	1,263	(1,200)	5,466
Wrestling	-	600	-	-	600
Yearbook	2,115	-	-	(255)	1,860
Youth Service Center	408	2,422	650	(23)	2,157
Total	\$ 415,867	\$ 673,359	\$ 621,248	\$ -	\$ 467,978

See Independent Auditors' Report

Kenton County School District
Combined Statement of Revenues, Expenses and Changes in Due To Student Groups - Activity Funds
Year Ended June 30, 2025

	Turkey Foot Middle School	Twenhofel Middle School	Woodland Middle School	Summit View Academy	Beechgrove Elementary	J.A. Caywood Elementary	Fort Wright Elementary
Revenues from student activities	\$ 95,531	\$ 173,193	\$ 88,025	\$ 170,669	\$ 59,953	\$ 32,260	\$ 17,948
Non-instructional	86,199	154,363	73,009	158,836	57,220	32,820	21,185
Excess (deficit) of revenue	9,332	18,830	15,016	11,833	2,733	(560)	(3,237)
Due to student groups, June 30, 2024	54,058	205,630	69,316	84,245	27,227	13,848	21,207
Due to student groups, Jun 30, 2025	<u>\$ 63,390</u>	<u>\$ 224,460</u>	<u>\$ 84,332</u>	<u>\$ 96,078</u>	<u>\$ 29,960</u>	<u>\$ 13,288</u>	<u>\$ 17,970</u>

	Kenton Elementary	Piner Elementary	R.C. Hinsdale Elementary	River Ridge Elementary	Ryland Heights Elementary	Taylor Mill Elementary	White's Tower Elementary	Totals
Revenues from student activities	\$ 48,399	\$ 36,381	\$ 85,506	\$ 39,685	\$ 26,883	\$ 29,752	\$ 67,249	\$ 971,434
Non-instructional	46,486	37,494	80,133	41,871	31,237	34,908	67,065	922,826
Excess (deficit) of	1,913	(1,113)	5,373	(2,186)	(4,354)	(5,156)	184	48,608
Due to student groups, June 30, 2024	34,079	30,793	11,205	23,243	20,591	19,166	24,239	638,847
Due to student groups, June 30, 2025	<u>\$ 35,992</u>	<u>\$ 29,680</u>	<u>\$ 16,578</u>	<u>\$ 21,057</u>	<u>\$ 16,237</u>	<u>\$ 14,010</u>	<u>\$ 24,423</u>	<u>\$ 687,455</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

KENTON COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2025

	Federal Assistance Listing Number	Pass-Through Grantor's Number	Federal Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Passed through Kentucky Department of Education			
<u>Child Nutrition Cluster</u>			
School Breakfast Program	10.553	7760005	\$ 1,581,772
National School Lunch Program	10.555	7750002	4,637,071
National School Lunch Program - Food Commodities	10.555	4002553	376,715
Fresh Fruits & Vegetables Program	10.582	7720012	36,806
Summer Food Service Program	10.559	7690024	1,743
Summer Food Service Program	10.559	7740023	<u>15,080</u>
Total Child Nutrition			<u>\$ 6,649,187</u>
State Administrative Expenses for Child Nutrition	10.560	7700001	<u>13,564</u>
Total U.S. Department of Agriculture			<u>\$ 6,662,751</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Passed though Kentucky Department of Education			
<u>Title I</u>			
Title I Grants to Local Educational Agencies	84.010A	3100002 - 23	\$ 110,690
Title I Grants to Local Educational Agencies	84.010A	3100002 - 24	644,952
Title I Grants to Local Educational Agencies	84.010A	3100002 - 25	<u>1,784,510</u>
Program Total			<u>\$ 2,528,389</u>
AIM (Arts in Mind)	84.351A	315K	<u>\$ 42,237</u>
Career and Technical Education - Basic Grants to States (Perkins)	84.048	4621132 - 23	\$ 1,578
Career and Technical Education - Basic Grants to States (Perkins)	84.048	4621132 - 24	15,696
Career and Technical Education - Basic Grants to States (Perkins)	84.048	4621132 - 25	<u>164,206</u>
Program Total			<u>\$ 181,480</u>
Title I-D Neglected and Delinquent Children	84.013	313K	\$ 11,080
Title I-D Neglected and Delinquent Children	84.013	313L	<u>31,332</u>
Program Total			<u>\$ 42,412</u>

Continued

KENTON COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - Continued
June 30, 2025

	Federal Assistance Listing Number	Pass-Through Grantor's Number	Federal Expenditures
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Special Education Preschool Grants (IDEA Preschool)	84.173A	3800002 - 23	\$ 32,979
Special Education Preschool Grants (IDEA Preschool)	84.173A	3800002 - 24	133,719
Special Education Preschool Grants (IDEA Preschool)	84.173A	3800002 - 25	66,782
Special Education - Grants to States (IDEA, Part B)	84.027A	3810002 - 24	1,475,439
Special Education - Grants to States (IDEA, Part B)	84.027A	3810002 - 25	2,116,690
Special Education - Special Olympics	84.380	471J	506
Special Education - Special Olympics	84.380	471L	466
Program Total			\$ 3,826,581
<u>Title II</u>			
Improving Teacher Quality State Grants	84.367A	3230002 - 22	\$ 399
Improving Teacher Quality State Grants	84.367A	3230002 - 23	56,847
Improving Teacher Quality State Grants	84.367A	3230002 - 24	160,635
Improving Teacher Quality State Grants	84.367A	3230002 - 25	402,228
Program Total			\$ 620,109
<u>Title III</u>			
English Language Acquisition State Grants	84.365A	3300002 - 24	\$ 3,489
English Language Acquisition State Grants	84.365A	3300002 - 25	46,554
Program Total			\$ 50,043
<u>Title IV</u>			
Student Support & Academic Enrichment Grant (Part A)	84.424A	3420002 - 22	\$ 1,553
Student Support & Academic Enrichment Grant (Part A)	84.424A	3420002 - 23	30,462
Student Support & Academic Enrichment Grant (Part A)	84.424A	3420002 - 24	82,040
Student Support & Academic Enrichment Grant (Part A)	84.424A	3420002 - 25	101,385
Program Total			\$ 215,440
<u>Office of Safe and Supportive Schools</u>			
School Based Mental Health Grant Program	84.184H	534KW	\$ 10,027
School Based Mental Health Grant Program	84.184H	534LW	13,718
Program Total			\$ 23,745
Total U.S. Department of Education			<u>\$ 7,542,199</u>

Continued

KENTON COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - Continued
June 30, 2025

	Federal Assistance Listing Number	Pass-Through Grantor's Number	Federal Expenditures
<u>U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES</u>			
Passed through Kentucky Department of Education			
CECC Preschool Development Grant School Readiness	93.434	644F	\$ 171
Project AWARE - Northern KY Trauma Informed Schools	93.243	551LI	<u>56,329</u>
Total U.S. Department of Health & Human Services			<u>\$ 56,500</u>
<u>U.S. DEPARTMENT OF TREASURY</u>			
Passed through Kentucky Department of Education			
<u>American Rescue Plan Act of 2021 (ARPA)</u>			
ESSER III Funds	84.425U	473G	\$ 26,937
ESSER III Funds 20% Learning Loss	84.425U	473GL	1,492,761
ARP ESSER Homeless Children and Youth II	84.425W	476IC	24,626
Educational Cooperative ARP ESSER Deeper Learning	84.425U	563J	<u>43,559</u>
Program Total			<u>\$ 1,587,883</u>
Total U.S. Department of Treasury			<u>\$ 1,587,883</u>
Total Federal Expenditures of Federal Awards			<u>\$ 15,849,333</u>

See Notes to Schedule of Expenditures
of Federal Awards and Independent Auditors' Report

Kenton County School District
Notes to Schedule of Expenditures of Federal Awards
June 30, 2025

Note 1 BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Kenton County School District and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance").

Note 2 SUMMARY OF ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting in accordance with generally accepted accounting principles. 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.

Note 3 FOOD DISTRIBUTION

Nonmonetary assistance is reported in the Schedule at the fair value of the commodities received and disbursed. During the fiscal year ended June 30, 2025 the District received \$376,716 in donated food commodities.

Note 4 INDIRECT COST RATE

The District has not elected to use the 15% de minimis indirect costs rate as allowed under the Uniform Guidance.

Note 5 SUBRECIPIENTS

The District did not have any subrecipients during the year ended June 30, 2025.

REPORTS REQUIRED BY THE SINGLE AUDIT ACT

**Independent Auditors' 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***



**Independent Auditors' 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
Kenton County School District
Fort Wright, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Kentucky Public School Districts' Audit Contract and Requirements* prescribed by the Kentucky State Committee for School District Audits, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Kenton County School District (the "District") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 2, 2026.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

In addition, the results of our tests disclosed no material instances of noncompliance with specific statutes or regulations identified in the Kentucky Public School District's Audit Contract and Requirements prescribed by the Kentucky State Committee for School District Audits.

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

L B M C, P C

Louisville, Kentucky
February 2, 2026

**Independent Auditors' Report on Compliance For
Each Major Program; Report on Internal Control Over
Compliance; and Report on Schedule of Expenditures of
Federal Awards Required by the Uniform Guidance**



**Independent Auditors' Report on Compliance For
Each Major Program; Report on Internal Control Over
Compliance; and Report on Schedule of Expenditures of
Federal Awards Required by the Uniform Guidance**

Members of the Board
Kenton County School District
Fort Wright, Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Kenton County School District (the "District") compliance with the types of compliance requirements identified as subject to audit in the Office of Management and Budget ("OMB") *Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2025. The District's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"), 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"). 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 the 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 the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *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 the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2025, and the related notes to the financial statements which collectively comprise the District's basic financial statements. We issued our report thereon dated February 2, 2026, which contained unmodified opinions on these financial statements. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

L B M C, P C

Louisville, Kentucky
February 2, 2026

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Schedule of Findings and Questioned Costs

Kenton County School District

Year Ended June 30, 2025

Section I – Summary of Audit Results

1. The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the Kenton County School District (the "District").
2. No significant deficiencies relating to the audit of the financial statements were reported.
3. No instances of noncompliance material to the financial statements of the District were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control relating to the audit of the major federal award program are reported.
5. The auditors' report on compliance for the major federal program of the District expresses an unmodified opinion.
6. There were no audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a) of the Uniform Guidance.
7. The programs tested as major programs are as follows:

Federal Grantor/Pass-through Grantor/Program or Cluster Title

U.S. DEPARTMENT OF AGRICULTURE

Child Nutrition Center

School Breakfast Program	10.553
National School Lunch Program	10.555
National School Lunch Program - Food Commodities	10.555
Summer Food Service Program	10.559
Fresh Fruits & Vegetables Program	10.582

U.S. Department of Education

Title I Grants to Local Educational Agencies	84.010
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8. The threshold used for distinguishing Type A programs was \$750,000.
9. The District did not qualify to be audited as a low-risk auditee.

Schedule of Findings and Questioned Costs--Continued

Kenton County School District

Year Ended June 30, 2025

Section II - Findings – Financial Statement Audit

There are no findings to be reported.

Section III - Findings and Questioned Costs – Major Federal Programs Audit

There are no findings to be reported.

SCHEDULE OF PRIOR AUDIT FINDINGS

Schedule of Prior Audit Findings

Kenton County School District

Year Ended June 30, 2025

Section II - Findings – Financial Statement Audit

There are no findings to be reported.

Section III - Findings and Questioned Costs – Major Federal Programs Audit

There are no findings to be reported.