

LAUREL COUNTY SCHOOL DISTRICT

**BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2025**

with

REPORT OF INDEPENDENT AUDITORS

TABLE OF CONTENTS

Independent Auditor's Report.....	1
Management's Discussion and Analysis.....	4
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	10
Statement of Activities	11
Fund Financial Statements	
Balance Sheet – Governmental Funds	12
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position.....	13
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Statement of Activities	15
Statement of Net Position – Proprietary Funds.....	16
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	17
Statement of Cash Flows – Proprietary Funds	18
Notes to the Basic Financial Statements	19
Required Supplementary Information	
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	49
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Special Revenue Fund.....	50
Notes to Required Supplementary Information – Budget and Actual – General Fund and Special Revenue Fund	51
Schedule of the District's Proportionate Share of the Net Pension Liability (Asset) – County Employees Retirement System.....	52

TABLE OF CONTENTS - CONTINUED

Schedule of District Contributions – County Employees Retirement System	53
Notes to Required Supplementary Information – County Employees Retirement System – Pension Fund.....	54
Schedule of District's Proportionate Share of Net OPEB Liability (Asset) – County Employees Retirement System – Medical Insurance Plan	55
Schedule of District Contributions – County Employees Retirement System- Medical Insurance Plan	56
Note to Required Supplementary Information – County Employees Retirement System- Medical Insurance Plan	57
Schedule of the State's Proportionate Share of the Net Pension Liability (Asset) – Kentucky Teachers' Retirement System	58
Schedule of State Contributions – Kentucky Teacher's Retirement System	59
Notes to Required Supplementary Information – Kentucky Teacher's Retirement System	60
Schedule of the District's Proportionate Share of Net OPEB Liability (Asset) –Kentucky Teachers' Retirement System Medical Insurance Plan.....	61
Schedule of the District's Contributions – Kentucky Teachers' Retirement System – Medical Insurance Plan	62
Notes to Required Supplementary Information – Kentucky Teachers' System – Medical Insurance Plan	63
Schedule of the States' Proportionate Share of Net OPEB Liability (Asset) – Kentucky Teachers' Retirement System– Life Insurance Plan	64
Schedule of State Contributions – Kentucky Teachers' Retirement System – Life Insurance Plan.....	65
Note to Required Supplementary Information – Kentucky Teachers' Retirement System – Life Insurance Fund	66
Other Supplementary Information	
Combining Balance Sheet – Non-major Governmental Funds.....	67
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-major Governmental Funds.....	68
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – Elementary and Middle School Activity Funds.....	69
Statement of Revenues, Expenditures, and Changes in Fund Balances – South Laurel High School Activity Fund.....	70

TABLE OF CONTENTS - CONTINUED

Statement of Revenues, Expenditures, and Changes in Fund Balances – North Laurel High School Activity Fund.....	72
Schedule of Expenditures of Federal Awards	75
Notes to the Schedule of Expenditures of Federal Awards	76
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	77
Report on Compliance for each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance.....	79
Schedule of Findings and Questioned Costs – Major Programs.....	83
Schedule of Prior Year Audit Findings.....	85
Independent Auditors' Transmittal Letter for Management Letter Comments.....	87
Management Letter Comments.....	88



Cloyd & Associates, PSC

*Certified Public Accountants
and
Business Advisors*

INDEPENDENT AUDITORS' REPORT

Kentucky State Committee for
School District Audits
Members of the Board of Education
Laurel County School District
London, 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 Laurel County School District (District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Independent Auditor's Contract*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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



Auditors' Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements 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*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2025, 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 District's internal control over financial reporting and compliance.

Cloyd & Associates, PSC

Cloyd & Associates, PSC
London, Kentucky
December 12, 2025

LAUREL COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2025

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

FINANCIAL HIGHLIGHTS

The District's solid financial position is attributed to sound fiscal management and continuing review of all policies in search of ways to increase revenues and/or reduce costs. Our current financial position is strong and our budget for FY 2025 is solid and supports the educational needs of the students the District serves while at the same time can respond to the fluid nature of changes in the current economic landscape.

Bonds are issued as the District renovates and builds facilities consistent with long-range facilities plan that is established with community input and in keeping with Kentucky Department of Education (KDE) stringent compliance regulations. The District's net total bonded debt decreased by \$660,000 during the current fiscal year. In fiscal year 2025, excluding revenue from transfers and sales of assets, total government fund revenues were approximately \$122.75 million which primarily consisted of the state program (SEEK), property, utilities, and motor vehicle taxes and excluding construction costs of \$10.65 million, total government fund expenditures, net of transfers, were approximately \$116.79 million.

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

Government-wide financial statements. The 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.

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

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

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

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: Most of the District's basic activities are reported in these funds, which focus on how money flows into and out of these funds and the balances left at year-end that are available for spending. The funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The statements for these funds provide a short-term view of the District's general operations and the basic services they provide to help determine where financial resources may be found to finance the District's programs.

Proprietary Funds: These are business-type activities where the District charges students or parents for the services it provides. These funds are reported using the full accrual accounting method in the same way that all activities are reported in the Statement of Net position and Statement of Revenues, Expenses, and Changes in Net Position. School food service is the major activity considered as business-type activities in the District.

Fiduciary funds: These are trust funds used to account for resources held for the benefit of parties outside the District. These funds are not reflected in the District-wide financial statements because the resources of these funds are not available to support the District's own activities or programs. The basis of accounting for fiduciary funds is similar to that of proprietary funds.

The basic governmental fund financial statements can be found on the table of contents 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 the table of contents of this report.

DISTRICT-WIDE FINANCIAL ANALYSIS

Net position is an indicator of a district's financial position. Laurel County School District assets exceeded liabilities by \$64,190,981 as of June 30, 2025, an increase of \$9,042,952 from the previous year.

See table on next page

LAUREL COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - CONTINUED
YEAR ENDED JUNE 30, 2025

Net Position Comparison Statement	June 30, 2025	June 30, 2024	Change
Current assets	\$ 35,926,891	\$ 42,065,148	\$ (6,138,257)
Capital assets net of depreciation	<u>174,357,123</u>	<u>167,727,093</u>	<u>6,630,030</u>
Total Assets	210,284,014	209,792,241	491,773
Deferred outflows of resources	<u>17,155,437</u>	<u>21,607,534</u>	<u>(4,452,097)</u>
Total Deferred Outflow of Resources	17,155,437	21,607,534	(4,452,097)
Total Assets and Deferred Outflow of Resources	<u>\$ 227,439,451</u>	<u>\$ 231,399,775</u>	<u>\$ (3,960,324)</u>
Current liabilities	\$ 19,465,661	\$ 27,222,310	\$ (7,756,649)
Long-term liabilities	<u>122,278,936</u>	<u>123,493,518</u>	<u>(1,214,582)</u>
Total Liabilities	141,744,597	150,715,828	(8,971,231)
Deferred inflows	<u>21,503,873</u>	<u>25,535,918</u>	<u>(4,032,045)</u>
Total Deferred Inflow of Resources	21,503,873	25,535,918	(4,032,045)
Net Position			
Investment in capital assets, net of debt	101,299,091	93,976,495	7,322,596
Restricted	16,543,406	15,323,017	1,220,389
Unreserved Fund Balance	<u>(53,651,516)</u>	<u>(54,151,483)</u>	<u>499,967</u>
Total Net Position	<u>64,190,981</u>	<u>55,148,029</u>	<u>9,042,952</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 227,439,451</u>	<u>\$ 231,399,775</u>	<u>\$ (3,960,324)</u>

The largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment and construction in progress); less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

See table on next page

LAUREL COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - CONTINUED
YEAR ENDED JUNE 30, 2025

	June 30, 2024			June 30, 2025
	Balance	Additions	Retirements	Balance
Governmental Activities				
Land	\$ 4,392,866	\$ -	\$ -	\$ 4,392,866
Land Improvements	1,700,949	-	-	1,700,949
Buildings	206,327,644	460,894	98,752	206,689,786
Technology	184,421	-	147,135	37,286
Vehicles	12,552,526	769,127	304,977	13,016,676
General Equipment	1,009,928	104,298	22,201	1,092,025
Construction Work in Progress	21,110,880	10,463,542	-	31,574,422
Total historical cost	247,279,214	11,797,861	573,065	258,504,010
Less accumulated depreciation	85,015,919	5,028,365	478,347	89,565,937
Governmental capital assets, net	<u>\$ 162,263,295</u>	<u>\$ 6,769,496</u>	<u>\$ 94,718</u>	<u>\$ 168,938,073</u>
Business-type Activities				
Buildings	\$ 10,551,259	\$ -	\$ -	\$ 10,551,259
General Equipment	685,047	221,743	26,403	880,387
Total historical cost	11,236,306	221,743	26,403	11,431,646
Less accumulated depreciation	5,772,506	266,493	26,403	6,012,596
Business-type capital assets, net	<u>\$ 5,463,800</u>	<u>\$ (44,750)</u>	<u>\$ -</u>	<u>\$ 5,419,050</u>

Comments on General Fund Budget Comparisons

The District's total General Fund revenues for the fiscal year ended June 30, 2025, net of interfund transfers, sales of assets and beginning balance was \$85,250,943.

Total General Fund budgeted revenue compared to actual revenue varied from line item to line item with the ending actual revenue being \$6,516,444 more than budget or 8.28% more.

Total General Fund budgeted expenditures net of budgeted contingency and interfund transfers compared to actual expenditures were \$1,681,310 more than budget or 1.88% more. The major contributor to this increase was an increase in instruction expense due to state on-behalf disbursements.

The budget to actual comparison statements can be found on the pages referenced in the table of contents of this report.

The following table presents a summary of revenues and expenditures reported on the Annual Financial Report for the fiscal year ended June 30, 2025, excluding beginning balance and inter-fund transfers, compared to the fiscal year ended June 30, 2024.

See table on next page

LAUREL COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - CONTINUED
YEAR ENDED JUNE 30, 2025

	<u>FY 2025</u>	<u>FY 2024</u>	<u>Change</u>
REVENUES			
Local revenue sources	\$ 29,084,836	\$ 28,357,823	\$ 727,013
State revenue sources	77,603,083	72,412,601	5,190,482
Federal revenue sources	16,057,401	24,991,036	(8,933,635)
Total revenues	\$ 122,745,320	\$ 125,761,460	\$ (3,016,140)
EXPENDITURES			
Instruction	\$ 65,738,100	\$ 68,562,865	\$ (2,824,765)
Student support services	7,951,190	7,560,129	391,061
Instructional support	4,245,520	4,166,518	79,002
District administration	1,264,470	1,251,834	12,636
School administration	5,135,218	4,727,534	407,684
Business support	1,624,848	2,109,792	(484,944)
Plant operations	12,426,242	11,224,688	1,201,554
Student transportation	5,884,313	7,049,201	(1,164,888)
Community support	1,056,682	1,023,711	32,971
Other	111,856	90,345	21,511
Activity fund activities	1,805,855	2,093,418	(287,563)
Site improvement	10,652,489	15,635,525	(4,983,036)
Debt service	9,541,652	9,491,415	50,237
Total expenditures	127,438,435	134,986,975	(7,548,540)
Revenue in excess (deficit) of expenditures	\$ (4,693,115)	\$ (9,225,515)	\$ 4,532,400

The major factors in the above changes are the result of increased federal revenue and decreased state on behalf contributions in FY 2025.

BUDGETARY IMPLICATIONS

Kentucky's public-school fiscal year is July 1-June 30; other programs, i.e., some federal operate on a different fiscal calendar, but are reflected in the District overall budget for the current fiscal year. By statute the General Fund budget must maintain a minimum 2.0% unassigned fund balance, the District budgeted \$3,622,255 in contingency for the year ended June 30, 2025.

LOCAL ECONOMIC OUTLOOK

The economic forecast for the London/Laurel County area continues to be stable.

Census data from the University of Louisville indicates on average 7% population growth every five years for the next twenty-five years, however the growth in student ages (5-19) remains level until the year 2025 when the growth in this age group will begin to increase. Laurel County Schools FY 2025 student enrollment slightly increased compared with FY 2024 enrollment.

**LAUREL COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - CONTINUED
YEAR ENDED JUNE 30, 2025**

Laurel County has an intersection of a north/south interstate, I-75, and a major east/west highway. Economic strength can be found in the balance among manufacturing, professional services, retail trade, tourism, educational, health and social service, and transportation. The area's diverse economic infrastructure has insulated it from major economic downturns. Local government officials continue to be very proactive in attracting new employers to the area and have been successful in attracting new jobs to the area.

CONTACTING THE LAUREL COUNTY SCHOOL DISTRICT MANAGEMENT

Questions regarding this report should be directed to the Business Manager by phone (606) 862-4600 or by mail at 718 North Main Street, London, KY 40741.

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

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 14,247,738	\$ 5,520,482	\$ 19,768,220
Accounts receivable	13,452,848	26,006	13,478,854
Net OPEB asset	595,758	118,837	714,595
Supplies Inventory	1,808,956	156,266	1,965,222
Total current assets	30,105,300	5,821,591	35,926,891
Noncurrent Assets			
Capital assets	258,504,010	11,431,646	269,935,656
Less: Accumulated depreciation	89,565,937	6,012,596	95,578,533
Total noncurrent assets	168,938,073	5,419,050	174,357,123
Total assets	199,043,373	11,240,641	210,284,014
DEFERRED OUTFLOW OF RESOURCES			
Deferred outflows - Bond refundings	234,971	-	234,971
Deferred outflows - CERS OPEB	1,998,353	398,617	2,396,970
Deferred outflows - KTRS OPEB	7,082,000	-	7,082,000
Deferred outflows - CERS pension	6,203,975	1,237,521	7,441,496
Total deferred outflow of resources	15,519,299	1,636,138	17,155,437
Total assets and deferred outflows of resources	\$ 214,562,672	\$ 12,876,779	\$ 227,439,451
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 2,173,314	\$ 8,851	\$ 2,182,165
Checks written in excess of bank	1,972,216	-	1,972,216
Accrued payroll and withholding obligations	344,746	-	344,746
Interest payable	621,372	-	621,372
Current portion of bond obligations	7,570,000	-	7,570,000
Current portion of compensated absences	168,000	-	168,000
Unearned revenue	6,607,162	-	6,607,162
Total current liabilities	19,456,810	8,851	19,465,661
Noncurrent Liabilities			
Net pension liability - CERS	20,578,419	4,104,822	24,683,241
Net OPEB liability - CERS	-	-	-
Net OPEB liability - KTRS	12,653,000	-	12,653,000
Noncurrent portion of bonds obligations	65,090,000	-	65,090,000
Bond premium, net of amortization	633,003	-	633,003
Noncurrent portion of compensated absences	19,219,692	-	19,219,692
Total noncurrent liabilities	118,174,114	4,104,822	122,278,936
Total Liabilities	137,630,924	4,113,673	141,744,597
DEFERRED INFLOW OF RESOURCES			
Deferred inflows - CERS OPEB	6,296,513	1,255,978	7,552,491
Deferred inflows - KTRS OPEB	9,554,000	-	9,554,000
Deferred inflows - pension	3,666,097	731,285	4,397,382
Total deferred inflow of resources	19,516,610	1,987,263	21,503,873
Total Liabilities and deferred inflows of resources	157,147,534	6,100,936	163,248,470
NET POSITION			
Investment in capital assets, net of debt	95,880,041	5,419,050	101,299,091
Restricted for:			
Capital projects	11,827,137	-	11,827,137
Other purposes	3,359,476	1,356,793	4,716,269
Unrestricted	(53,651,516)	-	(53,651,516)
Total net position	57,415,138	6,775,843	64,190,981
Total liabilities and net position	\$ 214,562,672	\$ 12,876,779	\$ 227,439,451

LAUREL COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
Instruction	\$ 69,552,247	\$ 7,320	\$ 33,872,984	\$ -	\$ (35,671,943)	\$ -	\$ (35,671,943)
Support services:							
Student	7,951,190	-	2,088,061	-	(5,863,129)	-	(5,863,129)
Instruction staff	4,245,520	-	1,392,040	-	(2,853,480)	-	(2,853,480)
District administrative	1,277,447	-	464,013	-	(813,434)	-	(813,434)
School administrative	5,135,218	-	2,677,358	-	(2,457,860)	-	(2,457,860)
Business	1,624,848	-	821,304	-	(803,544)	-	(803,544)
Plant operation and maintenance	13,273,030	-	4,176,121	-	(9,096,909)	-	(9,096,909)
Student transportation	5,460,156	-	909,466	-	(4,550,690)	-	(4,550,690)
Other instructional	111,857	-	-	-	(111,857)	-	(111,857)
Community service activities	1,056,682	-	-	-	(1,056,682)	-	(1,056,682)
Student activity	1,805,855	-	-	-	(1,805,855)	-	(1,805,855)
Interest on long-term debt	2,278,551	-	-	696,803	(1,581,748)	-	(1,581,748)
Total governmental activities	113,772,601	7,320	46,401,347	696,803	(66,667,131)	-	(66,667,131)
Business-type Activities							
Food service	6,951,402	161,048	6,768,920	-	-	(21,434)	(21,434)
Other business activities	72,052	91,432	-	-	-	19,380	19,380
Total business-type activities	7,023,454	252,480	6,768,920	-	-	(2,054)	(2,054)
Total school district	\$ 120,796,055	\$ 259,800	\$ 53,170,267	\$ 696,803	(66,667,131)	(2,054)	(66,669,185)
General Revenues							
Property taxes					16,839,180	-	16,839,180
Motor vehicle taxes					3,398,975	-	3,398,975
Utility taxes					4,271,898	-	4,271,898
Other taxes					920,904	-	920,904
Investment earnings					984,415	-	984,415
State aid formula grants					46,562,333	-	46,562,333
Gains (losses) on sale of fixed assets					72,288	-	72,288
Transfers in/(out)					305,098	(305,098)	-
Other Local amounts					2,662,144	-	2,662,144
Total general revenues					76,017,235	(305,098)	75,712,137
Change in net position					9,350,104	(307,152)	9,042,952
Restated net position - beginning					48,065,034	7,082,995	55,148,029
Net position - ending					\$ 57,415,138	\$ 6,775,843	\$ 64,190,981

LAUREL COUNTY SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2025

	General Fund	Special Revenue	Building Fund	Construction Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 13,385,775	\$ 861,963	\$ 14,247,738
Accounts receivable	766,457	12,686,391	-	-	-	13,452,848
Supplies inventory	1,808,956	-	-	-	-	1,808,956
Interfund receivable	5,794,985	-	-	-	-	5,794,985
Total assets	8,370,398	12,686,391	-	13,385,775	861,963	35,304,527
LIABILITIES AND FUND BALANCES						
Liabilities						
Interfund payable	-	5,794,985	-	-	-	5,794,985
Checks written in excess of bank	1,972,216	-	-	-	-	1,972,216
Accounts payable	330,432	284,244	-	1,558,638	-	2,173,314
Accrued payroll and withholding obligations	344,746	-	-	-	-	344,746
Unearned revenue	-	6,607,162	-	-	-	6,607,162
Current portion of accumulated sick leave	168,000	-	-	-	-	168,000
Total liabilities	2,815,394	12,686,391	-	1,558,638	-	17,060,423
Fund Balances						
Nonspendable	1,808,956	-	-	-	-	1,808,956
Restricted	-	-	-	11,827,137	861,963	12,689,100
Committed	1,000,000	-	-	-	-	1,000,000
Assigned	550,520	-	-	-	-	550,520
Unassigned	2,195,528	-	-	-	-	2,195,528
Total fund balances	5,555,004	-	-	11,827,137	861,963	18,244,104
Total liabilities and fund balances	\$ 8,370,398	\$ 12,686,391	\$ -	\$ 13,385,775	\$ 861,963	\$ 35,304,527

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

Total fund balance per fund financial statements	\$ 18,244,104
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets net of depreciation are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net position.	168,938,073
Net OPEB asset is not reported in this fund financial statement because they are not current financial resources, but are reported in the statement of net position	595,758
Deferred outflows of resources are not reported in this fund financial statement because they are do not affect current economic resources, but they are presented in the statement of net position.	15,519,299
Deferred inflows of resources are not reported in this fund financial statement because they are do not affect current economic resources, but they are presented in the statement of net position.	(19,516,610)
Certain liabilities (such as bonds payable, premiums, the long-term portion of compensated absences, and accrued interest, net pension liability) are not reported in this fund financial statement because they are not due and payable but they are presented in the statement of net position.	<u>(126,365,486)</u>
Net position for governmental activities	<u>\$ 57,415,138</u>

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

	General Fund	Special Revenue	Building Fund	Construction Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
From local sources						
Property taxes	\$ 9,848,466	\$ -	\$ 6,990,714	\$ -	\$ -	\$ 16,839,180
Motor vehicle taxes	3,398,975	-	-	-	-	3,398,975
Utility taxes	4,271,898	-	-	-	-	4,271,898
Franchise fees	920,904	-	-	-	-	920,904
Earnings on investments	984,415	-	-	-	-	984,415
Revenue in lieu of taxes	67,385	-	-	-	-	67,385
Other local revenues	826,607	5,799	-	-	-	832,406
Student Activity revenue	-	-	-	-	1,769,673	1,769,673
State sources						
SEEK	39,691,869	-	6,807,654	-	759,613	47,259,136
Other	24,806,672	4,840,472	-	-	696,803	30,343,947
Federal - direct	7,041	-	-	-	-	7,041
Federal - indirect	426,711	15,623,649	-	-	-	16,050,360
Total revenues	85,250,943	20,469,920	13,798,368	-	3,226,089	122,745,320
Expenditures						
Instruction	50,016,076	15,722,024	-	-	-	65,738,100
Support services						
Student	7,872,287	78,903	-	-	-	7,951,190
Instruction staff	3,872,360	373,160	-	-	-	4,245,520
District administration	1,264,470	-	-	-	-	1,264,470
School administration	5,040,701	94,517	-	-	-	5,135,218
Business	1,548,827	76,021	-	-	-	1,624,848
Plant operation and maintenance	11,950,362	475,880	-	-	-	12,426,242
Student transportation	5,884,313	-	-	-	-	5,884,313
Student activity expenditures	-	-	-	-	1,805,855	1,805,855
Site improvement	-	-	-	10,652,489	-	10,652,489
Non-instructional	111,856	-	-	-	-	111,856
Community service activities	4,186	1,052,496	-	-	-	1,056,682
Debt service	-	-	-	-	9,541,652	9,541,652
Total expenditures	87,585,438	17,873,001	-	10,652,489	11,347,507	127,438,435
Excess (deficit) of revenues over expenditures	(2,314,495)	2,596,919	13,798,368	(10,652,489)	(8,121,418)	(4,693,115)
Other Financing Sources (Uses)						
Net proceeds from disposal of assets	119,745	-	-	-	-	119,745
Bond principal proceeds	-	-	-	6,545,000	-	6,545,000
Operating transfers in	1,481,643	153,219	-	8,332,518	8,844,849	18,812,229
Operating transfers out	(153,219)	(2,750,138)	(14,844,161)	-	(759,613)	(18,507,131)
Total other financing sources (uses)	1,448,169	(2,596,919)	(14,844,161)	14,877,518	8,085,236	6,969,843
Net change in fund balances	(866,326)	-	(1,045,793)	4,225,029	(36,182)	2,276,728
Fund balance, July 1, 2024	6,421,330	-	1,045,793	7,602,108	898,145	15,967,376
Fund balance, June 30, 2025	\$ 5,555,004	\$ -	\$ -	\$ 11,827,137	\$ 861,963	\$ 18,244,104

LAUREL COUNTY SCHOOL DISTRICT**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025**

Net change in total fund balances per fund financial statements	\$ 2,276,728
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 capital outlay exceeds depreciation for the year.	6,674,780
Amortization of deferred outflows created by refunding bonds are recognized as expense in the statement of activities but is not recognized in the fund financial statements	(205,730)
Amortization of bond premiums are recognized as revenue in the statement of activities but are not recognized in the fund financial statements	238,295
Bond and lease payments are recognized as expenditures of current financial resources in the fund financial statement but are reductions of liabilities in the Statement of Net Position.	7,263,100
Bond proceeds are recognized as revenue of current resources but are increases of liabilities in the Statement of Net Position.	(6,545,000)
Long term compensated absences is an increase of expense in the statement of activities but is not considered in the fund financial statements	(1,926,744)
Pension and OPEB expense is recognized in the statement of activities but not recognized in the fund financial statements	<u>1,574,675</u>
Change in net position of governmental activities	<u>\$ 9,350,104</u>

LAUREL COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2025

ASSETS	Food Service Fund	Day Care Fund	Other Funds	Total
Current Assets				
Cash and cash equivalents	\$ 5,136,157	\$ 198,280	\$ 186,045	\$ 5,520,482
Accounts receivable	22,706	-	3,300	26,006
Net OPEB asset	118,837	-	-	118,837
Inventory	156,266	-	-	156,266
Total current assets	<u>5,433,966</u>	<u>198,280</u>	<u>189,345</u>	<u>5,821,591</u>
Noncurrent Assets				
Capital assets	11,431,646	-	-	11,431,646
Less: Accumulated depreciation	(6,012,596)	-	-	(6,012,596)
Total noncurrent assets	<u>5,419,050</u>	<u>-</u>	<u>-</u>	<u>5,419,050</u>
Total assets	<u>10,853,016</u>	<u>198,280</u>	<u>189,345</u>	<u>11,240,641</u>
Deferred outflow of resources				
Deferred outflows OPEB	398,617	-	-	398,617
Deferred outflows - pension	1,237,521	-	-	1,237,521
Total deferred outflows of resources	<u>1,636,138</u>	<u>-</u>	<u>-</u>	<u>1,636,138</u>
Total assets and deferred outflows	<u>\$ 12,489,154</u>	<u>\$ 198,280</u>	<u>\$ 189,345</u>	<u>\$ 12,876,779</u>
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 8,851	\$ -	\$ -	\$ 8,851
Total current liabilities	<u>8,851</u>	<u>-</u>	<u>-</u>	<u>8,851</u>
Non-Current Liabilities				
Net OPEB liability	-	-	-	-
Net pension liability	4,104,822	-	-	4,104,822
Total non-current liabilities	<u>4,104,822</u>	<u>-</u>	<u>-</u>	<u>4,104,822</u>
Deferred inflow of resources				
Deferred inflows - OPEB	1,255,978	-	-	1,255,978
Deferred inflows - pension	731,285	-	-	731,285
Total deferred inflows of resources	<u>1,987,263</u>	<u>-</u>	<u>-</u>	<u>1,987,263</u>
NET POSITION				
Net investment in capital assets	5,419,050	-	-	5,419,050
Restricted for:				
Other	969,168	198,280	189,345	1,356,793
Unrestricted	-	-	-	-
Total net position	<u>6,388,218</u>	<u>198,280</u>	<u>189,345</u>	<u>6,775,843</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 12,489,154</u>	<u>\$ 198,280</u>	<u>\$ 189,345</u>	<u>\$ 12,876,779</u>

LAUREL COUNTY SCHOOL DISTRICT**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUNDS**

YEAR ENDED JUNE 30, 2025

	Food Service Fund	Day Care Operations	Other Funds	Total
Operating Revenues				
Food service sales	\$ 135,815	\$ -	\$ 4,379	\$ 140,194
Community service activities	-	1,608	64,795	66,403
Other operating revenues	25,233	-	20,650	45,883
Total operating revenues	<u>161,048</u>	<u>1,608</u>	<u>89,824</u>	<u>252,480</u>
Operating Expenses				
Salaries and wages	1,635,282	232	-	1,635,514
Employee benefits	165,892	6	-	165,898
On-behalf	381,414	-	-	381,414
Supplies and materials	4,502,321	9,426	62,388	4,574,135
Depreciation	266,493	-	-	266,493
Total operating expenses	<u>6,951,402</u>	<u>9,664</u>	<u>62,388</u>	<u>7,023,454</u>
Operating income (loss)	<u>(6,790,354)</u>	<u>(8,056)</u>	<u>27,436</u>	<u>(6,770,974)</u>
Nonoperating revenues (expenses)				
Federal grants	6,070,990	-	-	6,070,990
State grants	404,120	-	-	404,120
Donated commodities	293,810	-	-	293,810
Operating transfers in (out)	(305,098)	-	-	(305,098)
Total nonoperating revenues (expenses)	<u>6,463,822</u>	<u>-</u>	<u>-</u>	<u>6,463,822</u>
Gain/(loss) on disposal of assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Income	<u>(326,532)</u>	<u>(8,056)</u>	<u>27,436</u>	<u>(307,152)</u>
Total net position, July 1, 2024	<u>6,714,750</u>	<u>206,336</u>	<u>161,909</u>	<u>7,082,995</u>
Total net position, June 30, 2025	<u>\$ 6,388,218</u>	<u>\$ 198,280</u>	<u>\$ 189,345</u>	<u>\$ 6,775,843</u>

LAUREL COUNTY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2025

	Food Service Fund	Day Care Operations	Other Funds	Total
Cash Flows from Operating Activities				
Cash received from lunchroom sales	\$ 248,449	\$ -	\$ 4,379	\$ 252,828
Cash received from user charges	-	1,608	64,795	66,403
Cash received from other activities	-	-	17,350	17,350
Cash payments to employees for services	(2,461,551)	(12,482)	-	(2,474,033)
Cash payments to suppliers for goods and services	(4,292,417)	(9,426)	(62,544)	(4,364,387)
Net cash from operating activities	(6,505,519)	(20,300)	23,980	(6,501,839)
Cash Flows from Capital Financing Activities				
Acquisition of capital assets	(221,743)	-	-	(221,743)
Net cash from capital financing activities	(221,743)	-	-	(221,743)
Cash Flows from Noncapital Financing Activities				
Nonoperating grants received	6,475,110	-	-	6,475,110
Net cash from noncapital financing activities	6,475,110	-	-	6,475,110
Cash Flows from Investing Activities				
Operating transfers in	(305,098)	-	-	(305,098)
Net cash flows from investing activities	(305,098)	-	-	(305,098)
Net increase (decrease) in cash and cash equivalents	(557,250)	(20,300)	23,980	(553,570)
Cash and cash equivalents - beginning	5,693,407	218,580	162,065	6,074,052
Cash and cash equivalents - ending	\$ 5,136,157	\$ 198,280	\$ 186,045	\$ 5,520,482
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ (6,790,354)	\$ (8,056)	\$ 27,436	\$ (6,770,974)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Depreciation	266,493	-	-	266,493
Donated Commodities	293,810	-	-	293,810
Changes in assets and liabilities:				
Accounts receivable	87,401	-	(3,300)	84,101
Accounts payable	(22,421)	(12,244)	(157)	(34,822)
Pension assets and liabilities	(278,963)	-	-	(278,963)
Inventory	(61,485)	-	-	(61,485)
Net Cash Provided (Used) by Operating Activities	\$ (6,505,519)	\$ (20,300)	\$ 23,980	\$ (6,501,839)
Non-Cash Non-Capital Financing Activities				
Depreciation	\$ 266,493	\$ -	\$ -	\$ 266,493
Donated commodities received from federal government	\$ 293,810	\$ -	\$ -	\$ 293,810

1. REPORTING ENTITY

The Laurel County Board of Education ("Board"), a five-member group, is the level of government which has oversight responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of Laurel 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 activities relevant to the operation of the Laurel County Board of Education. The basic financial statements presented herein do not include funds of groups and organizations, which, although associated with the school system, have not originated within the Board itself such as Band Boosters, Parent-Teacher Associations, etc. Such funds or groups have been considered as prospective component units under GASB Statement Number 39, *Determining Whether Certain Organizations Are Component Units*, and have been determined to have insignificant assets, liabilities, equity, revenue and expenditures to be considered component units. In addition, the Board has the ability to exert little control over the fiscal activities of the funds or groups.

The basic 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:

Laurel County School District Finance Corporation - In a prior year the Laurel County Board of Education resolved to authorize the establishment of the Laurel 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 Section 58.180) (the "Corporation") as an agency for the District for financing the costs of school building facilities. The members of the Board also comprise the Corporation's Board of Directors.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The District has elected to apply all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989 to its proprietary funds, unless those pronouncements conflict or contradict GASB pronouncements.

The following is a summary of the basis of presentation:

Government-wide Financial Statements - The statement of net position and the statement of revenues, expenses, and changes in net position 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, which normally are supported by tax revenues, and those that are considered business-type activities, which rely significantly on fees and charges for support.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. 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 reconciliations with brief explanations to better identify the relationship between the district-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District. 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. Non-major 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 balances. Proprietary funds and fiduciary funds are reported using the economic resources measurement focus. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

Accounting principles generally accepted in the United States of America require that the General Fund be reported as a major fund. All other governmental and proprietary funds whose assets, liabilities, revenues, or expenditures comprise at least 10% of the total for the relevant fund category and at least 5% of the corresponding total for all governmental and proprietary funds combined must also be reported as major funds.

The District has the following funds:

I. Government Fund Types

The General Fund is the main operating fund of the District. It accounts for all revenues and expenditures of the District not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other funds are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund. This is a budgeted fund, and any fund balances are considered as resources available for use. This is a major fund of the District.

The Special Revenue (Grant) Funds account for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of the specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally-funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report. This is a major fund of the District.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

I. Government Fund Types – continued

The Student Activity Fund is a special revenue fund that accounts for school activity fund revenues and expenditures.

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). The Capital Project Funds account for revenue and expenditures from three sources:

1. The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund receives those funds designated by the state as Capital Outlay Funds and is restricted for use in financing projects identified in the District's facility plan.
2. The Facility Support Program of Kentucky (FSPK) 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. This fund is a major fund of the District.
3. The Construction Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction. The district has decided to treat this as a major fund of the District.

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.

II. Proprietary Fund Types (Enterprise Fund)

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

The Day Care Fund is used to account for the funds raised at schools providing after-school care for children.

Other Funds is used to account for funds raised by District vending, community donations and various other small projects within the District.

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

Basis of Accounting

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.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

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.

Non-exchange 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/Advances from Grantors - 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. The District reports unearned revenue on its statement of net position and governmental funds balance sheet. In both the district-wide and governmental fund statements, grants that are intended to finance future periods are reported as unearned revenue. In subsequent periods, the liability for unearned revenue is removed from the statement of net position and governmental funds balance sheet and revenue is recognized.

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 on the flow of current financial resources. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred except for (1) principal and interest on general long-term debt, which is recorded when due, and (2) the costs of accumulated unpaid vacation and sick leave, which are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees.

The fair value of donated commodities used during the year is reported in the statement of revenues, expenses, and changes in net position as an expense with a like amount reported as donated commodities revenue.

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

Property Taxes

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

The property tax rates assessed for the year ended June 30, 2025, to finance the General Fund operations were \$.449 per \$100 valuation for real property, \$.465 per \$100 valuation for business personal property and \$.463 per \$100 valuation for motor vehicles.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

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

Prepaid Assets

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

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 activity's 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 \$5,000. 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 not capitalized.

All reported capital assets, except land and construction-in-progress, 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:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and improvements	25-50 years
Land improvements	20 years
Technology equipment	5 years
School buses	10 years
Other vehicles	5 years
Audio-visual equipment	15 years
Food service equipment	12 years
Furniture and fixtures	20 years
Rolling stock	15 years
Other general equipment	10 years

Interfund Receivables and Payables

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.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

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 vesting method, in which leave amounts for both employees who are currently eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

The entire compensated absence liability includes the remaining 70% plus any accrued sick leave for people not eligible and is reported on the district-wide financial statements. For governmental fund financial statements, the amount of accumulated vacation and sick leave of employees has been recorded as an assigned portion of fund balance. The balance of the liability is not recorded.

For governmental fund financial statements the current portion, if any, of unpaid accrued sick leave is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "accumulated sick leave payable" in the General Fund. The noncurrent portion of the liability is not reported.

Bonds and Related Premiums, Discounts, and Issuance Costs

In the government-wide financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premiums or discounts. Bond issuance costs are expensed when bonds are issued.

In the governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Discounts related to debt issuance are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Budgetary Process

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

- Revenues are recorded on the modified accrual basis of accounting (budgetary) as opposed to when susceptible to accrual (GAAP).
- Expenditures are recorded on the modified accrual basis of accounting (budgetary) as opposed to when susceptible to accrual (GAAP).

Once the budget is approved by the Board, it can be amended. Amendments are presented to the Board at their regular meetings. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law. Budgetary receipts represent original estimates modified for adjustments, if any, during the fiscal year. Budgetary disbursements represent original appropriations adjusted for budget transfers and additional appropriations, if any, approved during the fiscal year.

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

Cash and Cash Equivalents

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

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Receivables

The District recognizes revenues as receivables when they are measurable, and receipt is probable. Concentration of credit risk with respect to the receivables from federal and state governments is limited due to the historical stability of those institutions. Federal and state grants to be used or expended as specified by the grantor are recognized as revenue and recorded as receivables as qualifying expenditures are made.

Inventories

On government-wide and governmental fund financial statements inventories of supplies and materials are stated at cost and are expensed when used. The School Food Service Fund inventory consists of food, supplies and U.S. Government commodities. The Food Service Fund inventory is stated at cost and uses the specific identification method; and the General Fund inventory is stated at cost and uses the first-in, first-out method.

Accrued Liabilities and Long-Term Obligations

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

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, 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. 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

Fund balances are separated into five categories, as required by GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as follows:

Nonspendable fund balance is permanently nonspendable by decree of donor. Examples would be an endowment or that which may not be used for another purpose such as amounts used to prepay future expenses or inventory already on hand.

Restricted fund balances arise when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Committed fund balances are those amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, which, for the District is the Board of Education. The Board of Education must approve by majority vote the establishment (and modification or rescinding) of a fund balance commitment.

Assigned fund balances are those amounts that are constrained by the government's *intent* to be used for specific purposes but are neither restricted nor committed. The Board of Education allows program supervisors to complete purchase orders which results in the encumbrance of funds. Assigned fund balance also includes (a) all remaining amounts (except for negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed and (b) amounts in the general fund that are intended to be used for a specific purpose.

Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

The Board establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Board through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

This District would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

Encumbrances

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end, and outstanding encumbrances at year-end are appropriated in the next year. Encumbrances are considered a managerial assignment of fund balance at June 30, 2025, 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 limitations are imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The District typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a future project.

Operating and Non-Revenues and Expenses

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

Non-operating revenues are not generated directly from the primary activity of the proprietary funds. For the School District those revenues come in the form of grants (federal and state), donated commodities, and earnings from investments.

Contributions of Capital

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

Interfund Activity

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

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the District's 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 financial statements, and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Deferred Inflows and Deferred Outflows of Resources

Deferred inflows and deferred outflows are recorded on the government-wide and proprietary financial statements. The deferred outflows of resources presented were primarily created by differences in pension expectations, the prior refunding of revenue bonds, and deferral of pension contributions. Deferred inflows were primarily created by actuarial determinations of net pension liability changes. Net position is significantly affected by the adjustment for deferred inflows and outflows.

Leases

GASB Statement No. 87, Leases was issued to improve accounting and financial reporting for leases by governments, by establishing standards for leases that were previously classified as operating leases. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset, thus requiring lessees to recognize a lease liability and an intangible right-to-use lease asset, and lessors to recognize a lease receivable and a deferred inflow of resources.

Pensions and Other Post-employment Benefits

For purposes of measuring the net liabilities, the deferred outflows of resources and deferred inflows of resources, and expense related to pensions and other post-employment benefits (OPEB), information about the fiduciary net position of the pension / OPEB plans, and additions to / deductions from the pension / OPEB plans' fiduciary net position has been determined on the same basis as they are reported by the pension / OPEB plans. For this purpose, revenues are recognized when earned. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The primary government's proportionate share of pension amounts was further allocated to proprietary funds based on the salaries paid by each proprietary fund. Plan investments are reported at fair value.

Other Post-employment Benefits (OPEB)

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

3. DEPOSITS AND INVESTMENTS

Deposits

The District's deposits (demand deposit accounts) are carried at cost, which approximates fair value. At June 30, 2025, the book balance of the District's bank deposits and the bank balances were as follows:

	<u>Bank Balance</u>	<u>Book Balance</u>
Cumberland Valley National Bank & Trust	\$ 16,480,193	\$ 16,983,205
Less: Checks Written in Excess of Bank	-	(1,972,216)
Commercial Bank	<u>2,541,221</u>	<u>2,785,015</u>
	<u>\$ 19,021,414</u>	<u>\$ 17,796,004</u>

LAUREL COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED
YEAR ENDED JUNE 30, 2025

3. DEPOSITS AND INVESTMENTS - CONTINUED

Breakdown per financial statements is as follows:

Governmental funds	\$	12,275,522
Proprietary funds		<u>5,520,482</u>
	\$	<u>17,796,004</u>

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2025, none of the District's bank balance was exposed to custodial credit risk because of coverage by Federal Depository insurance and by collateral agreements and collateral held by the pledging banks' trust departments in the District's name.

Due to the nature of the accounts and limitations imposed for the purposes of various funds, all cash balances are considered to be restricted except for the General Fund.

Investments

Funds of the District are public funds and, therefore, their investment is limited by statute to certain obligations of the United States or similar government agencies, cash instruments, and certain pooled investment funds as provided by KRS 66.480. At June 30, 2025, the District holds only demand deposits and certificates of deposit considered to be cash equivalents. Consequently, the District does not have investment related credit risk or interest risk.

Investments reported on the financial statements are nonparticipating interest-earning investment contracts purchased from a bank in the form of a Certificate of Deposit. Therefore, under GASB Statement No 72, Fair Value Measurement & Application these types of investments are exempt from fair value measurements.

5. CAPITAL ASSETS

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

See table on next page

LAUREL COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED JUNE 30, 2025

5. CAPITAL ASSETS – CONTINUED

	June 30, 2024			June 30, 2025
	Balance	Additions	Retirements	Balance
Governmental Activities				
Land	\$ 4,392,866	\$ -	\$ -	\$ 4,392,866
Land Improvements	1,700,949	-	-	1,700,949
Buildings	206,327,644	460,894	98,752	206,689,786
Technology	184,421	-	147,135	37,286
Vehicles	12,552,526	769,127	304,977	13,016,676
General Equipment	1,009,928	104,298	22,201	1,092,025
Construction Work in Progress	21,110,880	10,463,542	-	31,574,422
Total historical cost	247,279,214	11,797,861	573,065	258,504,010
Less accumulated depreciation	85,015,919	5,028,365	478,347	89,565,937
Governmental capital assets, net	<u>\$ 162,263,295</u>	<u>\$ 6,769,496</u>	<u>\$ 94,718</u>	<u>\$ 168,938,073</u>
Business-type Activities				
Buildings	\$ 10,551,259	\$ -	\$ -	\$ 10,551,259
General Equipment	685,047	221,743	26,403	880,387
Total historical cost	11,236,306	221,743	26,403	11,431,646
Less accumulated depreciation	5,772,506	266,493	26,403	6,012,596
Business-type capital assets, net	<u>\$ 5,463,800</u>	<u>\$ (44,750)</u>	<u>\$ -</u>	<u>\$ 5,419,050</u>

Depreciation expense for business-type activities was entirely incurred in the operation of the School Food Services. Depreciation for governmental activities was charged to governmental functions as follows:

Instruction	\$ 3,519,117
District administrative	12,977
Plant operation and maintenance	1,151,301
Student transportation	344,970
	<u>\$ 5,028,365</u>

6. LONG-TERM OBLIGATIONS

The original amount of each issue, the issue date, and interest rates of bonded debt and lease obligations are summarized below:

See table on next page

LAUREL COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED
YEAR ENDED JUNE 30, 2025

6. LONG-TERM OBLIGATIONS – CONTINUED

<u>Issue Date</u>	<u>Proceeds</u>	<u>Rates</u>	<u>Final Maturity</u>
2012	\$ 8,900,000	1.00% - 3.00%	2033
2014	\$ 9,825,000	2.00 - 3.50%	2030
2014	\$ 17,700,000	2.00% - 4.00%	2034
2015	\$ 15,465,000	4.00%	2027
2015	\$ 12,870,000	3.00% - 4.00%	2027
2015	\$ 14,260,000	3.28%	2036
2016	\$ 7,340,000	2.00%-2.50%	2031
2017	\$ 6,825,000	2.00%-3.25%	2038
2019	\$ 6,740,000	3.00%	2039
2021	\$ 7,320,000	2.00%	2042
2025	\$ 6,545,000	3.375%	2040

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

In 1987, the District entered into "participation agreements" with the Kentucky School Facility Construction Commission. The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs. The table below sets forth the amount to be paid by the District and the 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 outstanding has been recorded in the financial statements.

Generally, all bonds issued are secured by a statutory mortgage lien on the respective school buildings and appurtenant properties, including any subsequent additions thereto. The agreements contain a provision that in the event of default, action can be taken to compel specific performance. The bonds may be called prior to maturity and redemption premiums are specified in each issue. Assuming no bonds are called prior to scheduled maturity, the minimum obligations of the District, including amounts to be paid by the Commission at June 30, 2025 for debt service (principal and interest) are as follows:

See table on next page

LAUREL COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED
YEAR ENDED JUNE 30, 2025

6. LONG-TERM OBLIGATIONS – CONTINUED

Year	Laurel County School District		Kentucky School Facility Construction Commission		Total Principal	Total Principal & Interest
	Principal	Interest	Principal	Interest		
2025-26	\$ 7,004,232	\$ 2,077,717	\$ 565,768	\$ 132,141	\$ 7,570,000	\$ 17,349,858
2026-27	7,260,855	1,819,199	549,145	118,005	7,810,000	17,557,204
2027-28	5,962,775	1,575,983	482,225	105,306	6,445,000	14,571,289
2028-29	6,136,076	1,402,122	493,924	93,641	6,630,000	14,755,763
2029-30	6,318,748	1,218,912	506,252	81,483	6,825,000	14,950,395
2030-31	5,677,565	1,041,004	482,435	68,950	6,160,000	13,429,954
2031-32	4,983,524	878,480	341,476	57,706	5,325,000	11,586,186
2032-33	5,147,839	715,727	337,161	47,865	5,485,000	11,733,592
2033-34	4,534,498	553,316	255,502	39,155	4,790,000	10,172,471
2034-35	3,026,807	393,827	263,193	31,522	3,290,000	7,005,349
2035-36	3,125,401	297,569	259,599	23,858	3,385,000	7,091,427
2036-37	2,101,070	216,882	218,930	16,687	2,320,000	4,873,569
2037-38	2,167,999	152,883	202,001	10,144	2,370,000	4,903,027
2038-39	1,765,892	93,992	89,108	4,165	1,855,000	3,808,157
2039-40	1,310,910	39,458	39,090	1,867	1,350,000	2,741,325
2040-41	480,120	14,723	39,880	1,077	520,000	1,055,800
2041-42	496,089	4,961	33,911	339	530,000	1,065,300
	<u>\$ 67,500,400</u>	<u>\$ 12,496,755</u>	<u>\$ 5,159,600</u>	<u>\$ 833,911</u>	<u>\$ 72,660,000</u>	<u>\$ 158,650,666</u>

A summary of the changes in long-term liabilities during the fiscal year ended June 30, 2025 is as follows:

	Balance July 1, 2024	Additions	Deductions	Balance June 30, 2025
Bonded debt obligations	\$ 73,320,000	\$ 6,545,000	\$ 7,205,000	\$ 72,660,000
Bond premiums	871,299	-	238,296	633,003
Net pension obligation (asset)	24,384,372	298,869	-	24,683,241
Net OPEB liability (asset) - CERS	(524,666)	(189,929)	-	(714,595)
Net OPEB liability (asset) - KTRS	14,830,000	-	2,177,000	12,653,000
Compensated absences	17,460,947	1,926,745	-	19,387,692
	<u>\$ 130,341,952</u>	<u>\$ 8,580,685</u>	<u>\$ 9,620,296</u>	<u>\$ 129,302,341</u>

The change in compensated absences is presented as a net change.

7. RETIREMENT PLANS

The District's employees are provided with two pension plans, based on each position's college degree requirement as described below. The two pension plans are the County Employees Retirement System (CERS) and the Kentucky Teachers Retirement System.

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

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

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

Tier 1	Participation date	Before September 1, 2008
	Unreduced retirement	27 years service or 65 years old
	Reduced retirement	At least 5 years service and 55 years old At least 25 years service and any age
Tier 2	Participation date	September 1, 2008 - December 31, 2013
	Unreduced retirement	At least 5 years service and 65 years old Or age 57+ and sum of service years plus age equal 87
	Reduced retirement	At least 10 years service 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

Participating employees become eligible to receive health insurance benefit after at least 180 months of service. Death benefits are provided for both death after retirement and death prior to retirement.

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

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

Funding Policy – Funding for the plan is provided through payroll withholdings and matching District contributions. The District contributes 19.71% of the employee's total compensation subject to contribution. Pension has a contribution rate of 19.71% and OPEB has a contribution rate of 0.00%.

7. RETIREMENT PLANS – CONTINUED

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

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 (KTRS)—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. KTRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the KRS. KTRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. KTRS issues a publicly available financial report that can be obtained at <http://www.ktrs.ky.gov>

Benefits provided—TRS provides retirement, health insurance, death and disability benefits to Plan employees and beneficiaries. Employees become vested when they complete five (5) years of credited service. For retirement purposes, employees are grouped into four tiers, based on hire date:

TRS 1	Participation Date	Before July 1, 2002
	Unreduced retirement	27 years service or at least 5 years service and 60 years old
	Reduced retirement	At least 5 years service and 55 years old with a reduction in retirement of 5% for each year under age 60 or under 27 years of service, whichever is less (up to 25%)
	Retirement factors	2.5% per year of service up to 30, 3.0% per year of service for each year over 30
	Final average salary	Average of the 5 highest annual salaries until a member reaches At least 27 years service and age 55, when the highest 3 annual Salaries are used
TRS 2	Participation Date	July 1, 2002 – June 30, 2008
	Unreduced retirement	27 years service or at least 5 years service and 60 years old
	Reduced retirement	At least 5 years service and 55 years old with a reduction in retirement of 5% for each year under age 60 or under 27 years of service, whichever is less (up to 25%)
	Retirement factors	2.0 - 2.5% per year of service up to 30, 3.0% per year of service for each year over 30
TRS 3	Participation Date	July 1, 2008 – December 31, 2022
	Unreduced retirement	27 years service or at least 5 years service and 60 years old
	Reduced retirement	At least 10 years service and 55 years old with a reduction in retirement of 6% for each year under age 60 or under 27 years of service, whichever is less (up to 30%)
	Retirement factors	1.7 - 2.5% per year of service up to 30, 3.0% per year of service for each year over 30
	Final average salary	Average of the 5 highest annual salaries until a member reaches At least 27 years service and age 55, when the highest 3 annual Salaries are used

8. RETIREMENT PLANS – CONTINUED

TRS 4	Participation Date	On or after January 1, 2022 - Present
	Unreduced retirement	Age 57 with 30 years' service or at least 10 years' service and 60 years old or at least 5 years' service and 65 years old
	Reduced retirement	At least 10 years' service and 57 years old with a reduction in retirement of 6% for each year under age 60 or under 27 years of service, whichever is less (up to 18%)
	Retirement factors	1.7 - 2.5% per year of service up to 30, 2.2 – 2.4% per year of service for each year over 30
	Final average salary	Average of the 5 highest annual salaries

KTRS also provides disability benefits for vested employees at a rate of sixty (60) percent of their 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.

Contributions—Contribution rates are established by Kentucky Revised Statutes (KRS). Non-university employees in TRS 1, TRS 2, and TRS 3 are required to contribute 12.855% of their salaries to the System. Non-university employees in TRS 4 are required to contribute 14.750% of their salaries to the system.

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

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 (asset) for its proportionate share of the net pension liability (asset) for CERS in the amount of \$24,683,241. The District did not report a liability (asset) for the District's proportionate share of the net pension liability (asset) for KTRS because the Commonwealth of Kentucky provides the pension support directly to KTRS on behalf of the District. The amount recognized by the District as its proportionate share of the net pension liability (asset), the related Commonwealth support, and the total portion of the net pension liability (asset) that was associated with the District were as follows:

District's proportionate share of the CERS net pension liability (asset)	\$	24,683,241
Commonwealth's proportionate share of the KTRS net pension liability (asset) associated with the District		<u>182,709,965</u>
	\$	<u>207,393,206</u>

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

The District's proportion of the net pension liability (asset) for CERS was based on the actual liability (asset) of the employees and former employees relative to the total liability (asset) of the System as determined by the actuary. At June 30, 2024, the District's proportion was 0.412734%.

LAUREL COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED
YEAR ENDED JUNE 30, 2025

7. RETIREMENT PLANS – CONTINUED

For the year ended June 30, 2025, the District recognized pension expense (credit) of \$186,033 related to CERS and \$11,875,545 related to KTRS. The District also recognized revenue of \$11,875,545 for KTRS support provided by the Commonwealth.

At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,194,714	\$ -
Changes of assumptions	-	1,115,198
Net difference between projected and actual earnings on pension plan investments	1,695,184	3,282,184
Changes in proportion and differences between District contributions and proportionate share of contributions	1,856,860	-
District contributions subsequent to the measurement date	<u>2,694,738</u>	<u>-</u>
Total	<u><u>\$ 7,441,496</u></u>	<u><u>\$ 4,397,382</u></u>

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 (asset) 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:

<u>For the Year Ended June 30:</u>	
2025	\$ 357,920
2026	955,198
2027	(610,061)
2028	<u>(353,681)</u>
	<u><u>\$ 349,376</u></u>

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

LAUREL COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED JUNE 30, 2025

7. RETIREMENT PLANS – CONTINUED

	<u>CERS</u>	<u>KTRS</u>
Inflation	2.50%	2.50%
Projected salary increases	3.30-10.30%	3.00-7.50%
Investment rate of return, net of investment expense & inflation	6.50%	7.10%
Municipal bond index rate		3.94%
Single equivalent interest rate		7.10%

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

Discount rate—For CERS, the discount rate used to measure the total pension liability (asset) 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 (asset).

For KTRS, the discount rate used to measure the total pension liability (asset) 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 actuarially determined contribution rates for all fiscal years in the future. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (asset).

Sensitivity of CERS and KTRS proportionate share of net pension liability (asset) to changes in the discount rate—The following table presents the net pension liability (asset) of the District, calculated using the discount rates selected by each pension system, as well as what the District's net pension liability (asset) 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 (asset)	\$ 31,820,732	\$ 24,683,241	\$ 18,761,006
KTRS	6.10%	7.10%	8.10%
District's proportionate share of net pension liability (asset)	\$ -	\$ -	\$ -

7. RETIREMENT PLANS - CONTINUED

Pension plan fiduciary net position—Detailed information about the pension plans' fiduciary net position, is available in the separately issued financial reports of both CERS and KTRS.

The District's contribution to KTRS for the years ended June 30, 2025, 2024 and 2023 was \$1,984,946, and \$2,043,607 and \$1,890,174, respectively. The District's contribution (match only) for CERS for the years ended June 30, 2025, 2024 and 2023 was \$2,694,738, \$3,212,841, and \$3,124,864, respectively. The District met their contribution requirements.

8. OTHER POST-EMPLOYMENT BENEFITS PLAN

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

Plan description – Teaching-certified employees of the Kentucky School District are provided OPEBs through the Teachers' Retirement System of the State of Kentucky (TRS) – a cost-sharing multiple-employer defined benefit OPEB plan with a special funding situation established to provide retirement annuity plan coverage for local school districts and other public educational agencies in the state. TRS was created by the 1983 General Assembly and is governed by the Chapter 161 Section 220 through Chapter 161 Section 990 of the Kentucky Revised Statutes (KRS). TRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. TRS issues a publicly available financial report that can be obtained at <https://trs.ky.gov/financial-reports-information>.

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

Medical Insurance Plan

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

To be eligible for medical benefits, the member must have retired either for service or disability. The KTRS Medical Insurance Fund offers coverage to members under the age of 65 through the Kentucky Employees Health Plan administered by the Kentucky Department of Employee Insurance.

Funding Policy – In order to fund the post-retirement healthcare benefit, seven and one-half percent (7.50%) of the gross annual payroll of employees before July 1, 2008, is contributed. Three and three quarters percent (3.75%) is paid by member contributions and three quarters percent (.75%) from Commonwealth appropriation and three percent (3.00%) from the employer.

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

At June 30, 2025, the District reported a liability (asset) of \$12,653,000 for its proportionate share of the collective net OPEB liability (asset) that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability (asset) was measured as of June 30, 2024, and the total OPEB liability (asset) used to calculate the collective net OPEB liability (asset) was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2024, the District's proportion was 0.567640%.

8. OTHER POST-EMPLOYMENT BENEFITS PLAN – CONTINUED

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

District's proportionate share of the KTRS net OPEB liability (asset)	\$	12,653,000
Commonwealth's proportionate share of the KTRS net OPEB liability (asset) associated with the District		<u>11,272,000</u>
	\$	<u>23,925,000</u>

For the year ended June 30, 2025, the District recognized OPEB expense (credit) of \$1,050,087 and revenue of \$1,050,087 for support provided by the state. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows on resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 3,800,000
Changes of assumptions	3,222,000	-
Net difference between projected and actual earning on plan investments	-	406,000
Changes in proportion and differences between contributions and proportionate share of contributions	3,860,000	5,348,000
District contribution subsequent to the measurement date	-	-
Total	<u>\$ 7,082,000</u>	<u>\$ 9,554,000</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense (credit) as follows:

For the Year Ended June 30:

2026	\$ (931,000)
2027	(21,000)
2028	(102,000)
2029	(671,000)
2030	(655,000)
2031	<u>(92,000)</u>
	<u>\$ (2,472,000)</u>

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:

8. OTHER POST-EMPLOYMENT BENEFITS PLAN – CONTINUED

Investment rate of return	7.10%, net of OPEB plan investment expense including inflation
Projected salary increases	3.00-7.50%, including inflation
Inflation Rate	2.50%
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% FY 2031
Ages 65 and Older	6.50% for FY 2023 decreasing to an ultimate rate of 4.50% FY 2031
Medicare Part B	5.92% for FY 2024 with an ultimate rate of 4.50% by 2035
Municipal Bond Index Rate	3.94%
Discount Rate	7.10%
Single Equivalent Interest Rate	7.10%, net of OPEB plan investment expense, including inflation

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

Discount rate -The discount rates used to measure the total OPEB liability (asset) 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 (asset).

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

	1% decrease	Current	1% increase
KTRS	<u>6.10%</u>	<u>7.10%</u>	<u>8.10%</u>
District's proportionate share of net OPEB liability (asset)	\$ 16,809,000	\$ 12,653,000	\$ 9,208,000

8. OTHER POST-EMPLOYMENT BENEFITS PLAN – CONTINUED

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

	<u>1% decrease</u>	<u>Current trend rate</u>	<u>1% increase</u>
KTRS			
District's proportionate share of net OPEB liability (asset)	\$ 8,547,000	\$ 12,653,000	\$ 17,754,000

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

Life Insurance Plan

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

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

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

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

At June 30, 2025, the District did not report a liability for a proportionate share of the collective net OPEB liability (asset) 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 (asset) that was associated with the District were as follows:

District's proportionate share of the KTRS net OPEB Life Insurance Plan Liability (asset)	\$ -
Commonwealth's proportionate share of the KTRS net OPEB Life Insurance Liability (asset) associated with the District	257,000
Total	<u>\$ 257,000</u>

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

8. OTHER POST-EMPLOYMENT BENEFITS PLAN – CONTINUED

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

The remaining actuarial assumptions (e.g. initial per capita costs, rate of plan participation, rates of plan election, etc.) used in the June 30, 2024 valuation were based on a review of recent plan experience done concurrently with the June 30, 2024 valuation.

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

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

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

Plan Description- Employees whose positions do not require a degree beyond a high school diploma are provided OPEBs through the County Employees Retirement System Non-Hazardous (CERS), a cost-sharing multiple-employer defined benefit pension plan administered by the Kentucky Retirement System, an agent 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 an 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 hospital and medical insurance for eligible members receiving benefits from the pension plan. Employees are vested in the plan after five years' service. For plan purposes, employees are grouped into two groups, based on hire date. Members who reach a minimum vesting period of 10 years, and began participating on, or after, July 1, 2003, earn \$10 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. For members participating prior to July 1, 2003, are paid up to a maximum of \$13.18 per month for every year of earned service. The percentage of the maximum monthly benefit paid is based on years of service as follows:

Years of Service	Paid by Insurance Fund (%)
20+ years	100.00%
15-19 years	75.00%
10-14 years	50.00%
4-9 years	25.00%
Less than 4 years	0.00%

8. OTHER POST-EMPLOYMENT BENEFITS PLAN – CONTINUED

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

Tier 1	Participation date	Before September 1, 2008
	Contribution Percentage	0.00%
Tier 2	Participation date	September 1, 2008 - December 31, 2013
	Contribution Percentage	1%
Tier 3	Participation date	After December 31, 2013
	Contribution Percentage	1%

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

At June 30, 2025, the District reported a liability (asset) of (\$714,595) for its proportionate share of the collective net OPEB liability (asset) that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability (asset) was measured as of June 30, 2024, and the total OPEB liability (asset) used to calculate the collective net OPEB liability (asset) was based on 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 0.413108%.

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

District's proportionate share of the CERS net pension net OPEB liability (asset)	\$ (714,595)
Total	\$ (714,595)

For the year ended June 30, 2024, the District recognized OPEB expense (credit) of (\$1,863,499). 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
Differences between expected and actual experience	\$ 396,449	\$ 5,622,454
Changes of assumptions	647,509	504,222
Net difference between projected and actual earning on plan investments	628,147	1,280,257
Changes in proportion and differences between contributions and proportionate share of contributions	724,865	145,558
District contribution subsequent to the measurement date	-	-
Total	\$ 2,396,970	\$ 7,552,491

8. OTHER POST-EMPLOYMENT BENEFITS PLAN – CONTINUED

Of the total amount reported as deferred outflows of resources related to the OPEB, \$0 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 (asset) 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:

For the Year Ended June 30:

2025	\$ (2,208,188)
2026	(1,588,699)
2027	(1,361,932)
2028	<u>3,298</u>
	<u>\$ (5,155,521)</u>

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

Investment rate of return	6.50%, net of OPEB plan investment expense, including inflation
Projected salary increases	3.30-10.30%, including inflation
Inflation rate	2.30%
Healthcare cost trend rates	
Pre 65	6.20% for FY 2024 with an ultimate rate of 4.05% by 2035
Post 65	9.00% for FY 2024 with an ultimate rate of 4.05% by 2035
Payroll growth rate	2.00%
Municipal bond index rate	3.97%
Discount Rate	5.99%

Discount rate -The discount rate used to measure the total OPEB liability (asset) 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 (asset).

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

	1% decrease	Current discount rate	1% increase
	<u>4.99%</u>	<u>5.99%</u>	<u>6.99%</u>
CERS			
District's proportionate share			
of net OPEB liability (asset)	\$ 966,213	\$ (714,595)	\$ (2,127,821)

8. OTHER POST-EMPLOYMENT BENEFITS PLAN – CONTINUED

Sensitivity of the District's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rates- The following presents the District's proportionate share of the net OPEB liability (asset), as well as what the District's proportionate share of the net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% decrease</u>	<u>Current Trend Rate</u>	<u>1% increase</u>
CERS			
District's proportionate share of net OPEB liability (asset)	\$ (1,719,229)	\$ (714,595)	\$ 455,732

OPEB Plan Fiduciary Net Position- Detailed information about the CERS fiduciary net position is available in the separately issued Kentucky Retirement Systems Comprehensive Annual Financial Report.

9. DEFERRED COMPENSATION

The District offers its employees participation in a deferred compensation program administered by the Kentucky Public Employees' Deferred Compensation Authority. This program offers a plan authorized by Section 457(b) of the Internal Revenue Code and a plan authorized by Section 401(k) of the Internal Revenue Code. Both plans are available to all employees and permit them to defer up to 25% of their compensation (subject to limits) until future years. The District makes no contributions to these plans.

10. OPERATING LEASES

The District has no operating leases requiring disclosure as right-of-use assets as defined by FASB Accounting Standards Codification Topic 842, Leases. The District leases office copiers on an annual renewal basis under operating leases. For the year ended June 30, 2025, aggregate cost for equipment and copier rentals was approximately \$270,000.

11. CONTINGENCIES

The District receives funding from Federal, State, and Local government agencies and private contributions. These funds are to be used for designated purposes only. For government agency grants, if based on the grantor's review the funds are considered not to have been used for the intended purpose, the grantor may request a refund of funds advanced, or refuse to reimburse the District for its disbursements, and the collectability of any related receivables as of June 30, 2025, may be impaired. The amount of such future refunds and unreimbursed disbursements, if any, is not expected to be significant. Continuation of the District's grant programs is predicated upon the grantors' satisfaction that the funds provided are being spent as intended and the grantors' intent to continue their programs.

12. LITIGATION

The District is subject to legal actions in various states of litigation, the outcome of which is not determinable at this time. Management of the District and its legal counsel do not anticipate that there will be any material effect on the financial statements as a result of the cases presently in progress.

13. RISK MANAGEMENT

The District is exposed to various forms of loss of assets associated with the risks of fire, personal liability, theft, vehicular accidents, errors and omissions, fiduciary responsibility, etc. Each of these risk areas is covered through the purchase of commercial insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Contributions for worker's compensation coverage are based on premium rates established in conjunction with the insurance carrier, subject to claims experience modifications and discounts.

14. DEFICIT FUND BALANCES

The District did not have any funds with deficit balances, but it did have funds with current year operating deficits.

15. COBRA

Under COBRA, employers are mandated to notify terminated employees of available continuing insurance coverage. Failure to comply with this requirement may put the school district at risk for a substantial loss (contingency). There were no instances of noncompliance noted.

16. TRANSFER OF FUNDS

The following transfers were made during the year:

Type	From Fund	To Fund	Purpose	Amount
Operating	General	Special Revenue	KETS Grant	\$ 153,219
Operating	Special	Construction	Construction	\$ 2,750,138
Operating	Building	Debt Service	Debt Service	\$ 8,844,849
Operating	Building	General	COFT	\$ 416,932
Operating	Capital Outlay	General	COFT	\$ 759,613
Operating	Building	Construction	Construction	\$ 5,582,380
Operating	Food Service	General	Indirect Costs	\$ 305,098

17. INTERFUND RECEIVABLES AND PAYABLES

At June 30, 2025, there were interfund receivables of \$5,794,985 in the General Fund and interfund payables of the same amount in the Special Revenue Fund in order to zero the cash balance in the Special Revenue Fund.

18. ON-BEHALF PAYMENTS

The Commonwealth of Kentucky pays certain expenses on behalf of the District. These amounts are included in the fund financial statements.

For the year ended June 30, 2025, total payments of \$25,541,874 were made for life insurance, health insurance, KTRS matching and administrative fees, technology and debt service 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 revenues, expenses and changes in fund balances. The benefit allocation per category was as follows:

See table on next page

LAUREL COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED
YEAR ENDED JUNE 30, 2025

18. ON-BEHALF PAYMENTS - CONTINUED

Kentucky Teacher's Retirement System	\$ 12,957,065
Health and Life Insurance	11,952,187
Other Less Federal	(168,694)
Technology	104,513
Debt Service	<u>696,803</u>
Total	<u>\$ 25,541,874</u>

19. FUND BALANCE DESIGNATIONS

The following funds had non-spendable fund balances as follows:

<u>Fund</u>	<u>Amount</u>	<u>Purpose</u>
General	\$ 1,808,956	Supplies inventory

The following funds had restricted fund balances as follows:

<u>Fund</u>	<u>Amount</u>	<u>Purpose</u>
Construction	\$ 11,827,137	Future Construction
Student Activity	\$ 861,963	Student Activities

The following funds had committed fund balances as follows:

<u>Fund</u>	<u>Amount</u>	<u>Purpose</u>
General	\$ 1,000,000	Center for Innovation Operation

The following funds had assigned fund balances as follows:

<u>Fund</u>	<u>Amount</u>	<u>Purpose</u>
General	\$ 550,520	Purchase obligations

20. CHANGE IN ACCOUNTING PRINCIPLE

The District has adopted GASB Statement No. 101, Compensated Absences, effective July 1, 2024. Statement 101 aligns recognition and measurement guidance for all types of compensated absences under a unified model which will result in governments recognizing a liability that more appropriately reflects when they incur an obligation for compensated absences. The model also will lead to greater consistency in application and improved comparability across governments.

21. PRIOR PERIOD ADJUSTMENT

The adoption of GASB Statement No. 101 has resulted in a prior period adjustment to the beginning net position for government-wide activities. The beginning net position for government wide activities were decreased by \$16,479,854.

22. SUBSEQUENT EVENTS

Management of the District has evaluated subsequent events through December 12, 2025, which was the date the report was available for release. No events have occurred subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

LAUREL COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	
	Original	Final	General Fund	Variance with Final Budget Favorable (Unfavorable)
Revenues				
From local sources				
Property taxes	\$ 9,011,200	\$ 9,011,200	\$ 9,848,466	\$ 837,266
Motor vehicle taxes	2,900,000	2,900,000	3,398,975	498,975
Utility taxes	4,000,000	4,000,000	4,271,898	271,898
Franchise fees	800,000	800,000	920,904	120,904
Earnings on investments	1,000,000	1,000,000	984,415	(15,585)
Revenue in lieu of taxes	71,500	71,500	67,385	(4,115)
Other local revenues	211,997	211,997	826,607	614,610
State sources				
SEEK	39,684,381	39,684,381	39,691,869	7,488
Other	20,750,421	20,750,421	24,806,672	4,056,251
Federal - direct	55,000	55,000	7,041	(47,959)
Federal - indirect	250,000	250,000	426,711	176,711
Total revenues	78,734,499	78,734,499	85,250,943	6,516,444
Expenditures				
Instruction	48,928,465	48,928,465	50,016,076	(1,087,611)
Support services				
Student	7,865,923	7,865,923	7,872,287	(6,364)
Instruction staff	3,702,996	3,702,996	3,872,360	(169,364)
District administration	1,403,756	1,403,756	1,264,470	139,286
School administration	4,567,567	4,567,567	5,040,701	(473,134)
Business	2,219,243	2,219,243	1,548,827	670,416
Plant operations and maintenance	11,305,182	11,305,182	11,950,362	(645,180)
Student transportation	5,348,592	5,348,592	5,884,313	(535,721)
Non-instructional	277,570	277,570	111,856	165,714
Community service activities	5,200	5,200	4,186	1,014
Contingency	3,622,255	3,622,255	-	3,622,255
Total expenditures	89,246,749	89,246,749	87,565,438	1,681,311
Excess (deficit) of revenues over expenditures	(10,512,250)	(10,512,250)	(2,314,495)	8,197,755
Other Financing Sources (Uses)				
Net proceeds from sale of fixed assets	30,000	30,000	119,745	89,745
Operating transfers in	-	-	1,481,643	1,481,643
Operating transfers out	(173,000)	(173,000)	(153,219)	19,781
Total other financing sources (uses)	(143,000)	(143,000)	1,448,169	1,591,169
Excess (deficit) of revenues and other financing sources over expenditures and other financing uses	(10,655,250)	(10,655,250)	(866,326)	9,788,924
Fund balance, July 1, 2024	4,317,750	4,317,750	6,421,330	2,103,580
Fund balance, June 30, 2025	\$ (6,337,500)	\$ (6,337,500)	\$ 5,555,004	\$ 11,892,504

LAUREL COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	
	Original	Final	Special Revenue Fund	Variance with Final Budget Favorable (Unfavorable)
Revenues				
From local sources				
Other local revenues	\$ -	\$ -	\$ 5,799	\$ 5,799
State sources	4,631,790	4,631,790	4,840,472	208,682
Federal - indirect	7,962,993	7,962,993	15,623,649	7,660,656
Total revenues	12,594,783	12,594,783	20,469,920	7,875,137
Expenditures				
Instruction	10,556,240	10,556,240	15,722,024	(5,165,784)
Support services				
Student	96,627	96,627	78,903	17,724
Instruction staff	401,326	401,326	373,160	28,166
School administration	100,000	100,000	94,517	5,483
Business	-	-	76,021	(76,021)
Plant operation and maintenance	643,180	643,180	475,880	167,300
Community service activities	970,410	970,410	1,052,496	(82,086)
Total expenditures	12,767,783	12,767,783	17,873,001	(5,105,218)
Excess (deficit) of revenues over expenditures	(173,000)	(173,000)	2,596,919	2,769,919
Other Financing Sources (Uses)				
Operating transfers in	173,000	173,000	153,219	(19,781)
Operating transfers out	-	-	(2,750,138)	(2,750,138)
Total other financing sources (uses)	173,000	173,000	(2,596,919)	(2,769,919)
Excess (deficit) of revenues and other financing sources over expenditures and other financing uses	-	-	-	-
Fund balance, July 1, 2024	-	-	-	-
Fund balance, June 30, 2025	\$ -	\$ -	\$ -	\$ -

LAUREL COUNTY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

BUDGET AND ACTUAL - GENERAL FUND AND SPECIAL REVENUE FUND

YEAR ENDED JUNE 30, 2025

The District's budgetary process accounts for transactions on the modified accrual basis of accounting which is consistent with accounting principles generally accepted in the United States of America. In accordance with state law, the District prepares a general school budget based upon the amount of revenue to be raised by local taxation, including the rate of levy, and from estimates of other Local, State, and Federal revenues. The budget contains estimated expenditures for current expenses, debt service, capital outlay, and other necessary expenses. The budget must be approved by the Board. The District must formally and publicly examine estimated revenues and expenses for the subsequent fiscal year by January 31 of each calendar year. Additionally, the District must submit a certified budget to each school Site Based Decision Making Council by March 1 of each calendar year, which includes the amount for certified and classified staff, based on the District's staffing policy, and the amount for the instructional supplies, materials, travel and equipment. Additionally, the District must adopt a tentative working budget for the subsequent fiscal year by May 30 of each calendar year. The budget must contain a minimum 2% reserve. Finally, the District must adopt a final working budget and submit it to the Kentucky Department of Education by September 30 of each calendar year.

LAUREL COUNTY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
COUNTY EMPLOYEES RETIREMENT SYSTEM
JUNE 30, 2025

	District's proportion of net pension liability (asset)	District's proportionate share of the net pension liability (asset)	District's covered-employee payroll	District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2025	0.41%	\$ 24,683,241	\$ 13,614,937	181.30%	61.61%
2024	0.35%	\$ 24,384,272	\$ 13,737,748	177.50%	57.48%
2023	0.35%	\$ 25,472,441	\$ 11,664,280	218.38%	52.42%
2022	0.36%	\$ 22,859,100	\$ 9,816,499	232.86%	57.33%
2021	0.38%	\$ 28,953,170	\$ 9,212,261	314.29%	47.81%
2020	0.39%	\$ 27,456,162	\$ 9,728,211	282.23%	50.45%
2019	0.40%	\$ 24,929,262	\$ 9,919,217	251.32%	53.54%
2018	0.42%	\$ 24,627,030	\$ 10,204,931	241.32%	55.30%
2017	0.41%	\$ 20,419,452	\$ 9,806,437	208.22%	55.50%
2016	0.40%	\$ 17,191,718	\$ 9,927,552	173.17%	59.97%
2015	0.39%	\$ 12,704,000	\$ 9,073,895	140.01%	66.80%

LAUREL COUNTY SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
COUNTY EMPLOYEES RETIREMENT SYSTEM
YEAR ENDED JUNE 30, 2025

	Contractually required contribution	Contributions in relation to contractually required contribution	Contribution deficiency (excess)	District's covered-employee payroll	Contributions as a percentage of covered-employee payroll
2025	\$ 2,683,504	\$ 2,683,504	\$ -	\$ 13,614,937	19.71%
2024	\$ 3,206,390	\$ 3,206,390	\$ -	\$ 13,737,748	23.34%
2023	\$ 2,729,442	\$ 2,729,442	\$ -	\$ 11,664,280	23.40%
2022	\$ 2,078,153	\$ 2,078,153	\$ -	\$ 9,816,499	21.17%
2021	\$ 1,777,966	\$ 1,777,966	\$ -	\$ 9,212,261	19.30%
2020	\$ 1,877,545	\$ 1,877,545	\$ -	\$ 9,728,211	19.30%
2019	\$ 1,608,532	\$ 1,608,532	\$ -	\$ 9,919,217	16.22%
2018	\$ 1,477,674	\$ 1,477,674	\$ -	\$ 10,204,931	14.48%
2017	\$ 1,831,840	\$ 1,831,840	\$ -	\$ 9,806,437	18.68%
2016	\$ 1,691,071	\$ 1,691,071	\$ -	\$ 9,927,552	17.03%
2015	\$ 1,659,036	\$ 1,659,036	\$ -	\$ 9,389,507	17.67%

LAUREL COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
COUNTY EMPLOYEES RETIREMENT SYSTEM - PENSION FUND
YEAR ENDED JUNE 30, 2025

Changes of Benefit Terms

None.

Changes of Assumptions

The assumed rate of inflation was decreased from 2.50% to 2.30%.

LAUREL COUNTY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET OPEB LIABILITY (ASSET)- MEDICAL INSURANCE PLAN - COUNTY EMPLOYEES RETIREMENT SYSTEM
JUNE 30, 2025

	District's proportion of net OPEB liability (asset)	District's proportionate share of the net OPEB liability (asset)	District's covered-employee payroll	District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2025	0.41%	\$ (714,595)	\$ 13,614,937	-5.25%	104.89%
2024	0.38%	\$ (524,666)	\$ 13,737,748	-3.82%	104.20%
2023	0.36%	\$ 6,952,808	\$ 11,664,280	59.61%	60.95%
2022	0.36%	\$ 6,862,288	\$ 9,816,499	69.91%	62.91%
2021	0.38%	\$ 9,112,724	\$ 9,212,261	98.92%	51.67%
2020	0.39%	\$ 6,564,670	\$ 9,728,211	67.48%	60.44%
2019	0.40%	\$ 7,267,271	\$ 9,919,217	73.26%	57.62%
2018	0.42%	\$ 8,458,253	\$ 10,204,931	82.88%	52.40%

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

LAUREL COUNTY SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - COUNTY EMPLOYEES RETIREMENT SYSTEM - MEDICAL INSURANCE PLAN
YEAR ENDED JUNE 30, 2025

	Contractually required contribution	Contributions in relation to contractually required contribution	Contribution deficiency (excess)	District's covered-employee payroll	Contributions as a percentage of covered-employee payroll
2025	\$ -	\$ -	\$ -	\$ 13,614,937	0.00%
2024	\$ -	\$ -	\$ -	\$ 13,737,748	0.00%
2023	\$ 395,419	\$ 395,419	\$ -	\$ 11,664,260	3.39%
2022	\$ 567,394	\$ 567,394	\$ -	\$ 9,816,499	5.78%
2021	\$ 438,503	\$ 438,503	\$ -	\$ 9,212,261	4.76%
2020	\$ 463,063	\$ 463,063	\$ -	\$ 9,728,211	4.76%
2019	\$ 521,633	\$ 521,633	\$ -	\$ 9,919,217	5.26%
2018	\$ 479,632	\$ 479,632	\$ -	\$ 10,204,931	4.70%

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

LAUREL COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
COUNTY EMPLOYEES RETIREMENT SYSTEM - MEDICAL INSURANCE PLAN
YEAR ENDED JUNE 30, 2025

Changes of Benefit Terms

None.

Changes of Assumptions

The single discount rate changed from 5.93% to 5.99%.

Healthcare trend rates for Pre-65 decreased from 6.80% to 6.20%.

Healthcare trend rates for Post -65 increased from 8.50% to 9.00%.

LAUREL COUNTY SCHOOL DISTRICT
SCHEDULE OF THE STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
KENTUCKY TEACHERS' RETIREMENT SYSTEM
JUNE 30, 2025

	State's proportion of net pension liability (asset)	State's proportionate share of the net pension liability (asset)	Plan fiduciary net position as a percentage of the total pension liability
2025	100%	\$ 182,709,965	60.36%
2024	100%	\$ 197,561,701	57.68%
2023	100%	\$ 192,154,854	56.41%
2022	100%	\$ 143,828,443	65.59%
2021	100%	\$ 154,783,789	58.27%
2020	100%	\$ 154,900,730	58.80%
2019	100%	\$ 151,289,917	59.30%
2018	100%	\$ 308,181,587	39.83%
2017	100%	\$ 341,911,266	35.22%
2016	100%	\$ 266,172,227	42.49%
2015	100%	\$ 237,453,532	45.59%

LAUREL COUNTY SCHOOL DISTRICT
SCHEDULE OF STATE CONTRIBUTIONS - KENTUCKY TEACHERS' RETIREMENT SYSTEM
YEAR ENDED JUNE 30, 2025

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)
2025	\$ 11,875,545	\$ 11,875,545	\$ -
2024	\$ 11,883,582	\$ 11,883,582	\$ -
2023	\$ 17,532,425	\$ 17,532,425	\$ -
2022	\$ 11,480,871	\$ 11,480,871	\$ -
2021	\$ 11,203,571	\$ 11,203,571	\$ -
2020	\$ 11,657,133	\$ 11,657,133	\$ -
2019	\$ 10,962,108	\$ 10,962,108	\$ -
2018	\$ 10,972,140	\$ 10,972,180	\$ -
2017	\$ 5,625,852	\$ 5,625,852	\$ -
2016	\$ 6,317,791	\$ 5,504,802	\$ -
2015	\$ 5,595,663	\$ 3,188,146	\$ -

LAUREL COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
KENTUCKY TEACHERS RETIREMENT SYSTEM
YEAR ENDED JUNE 30, 2025

Changes of Benefit Terms

None.

Changes of Assumptions

The municipal bond index rate increased the 3.66% to 3.94%.

LAUREL COUNTY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET OPEB LIABILITY (ASSET)- KENTUCKY TEACHERS' RETIREMENT SYSTEM - MEDICAL INSURANCE PLAN
JUNE 30, 2025

	District's proportion of net OPEB liability (asset)	District's proportionate share of the net OPEB liability (asset)	State's proportionate share of the net OPEB liability (asset)	District's covered-employee payroll	District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability (asset)
2025	0.57%	\$ 12,653,000	\$ 11,272,000	\$ 44,208,791	28.62%	47.12%
2024	0.59%	\$ 14,830,000	\$ 12,499,000	\$ 44,627,756	33.23%	52.97%
2023	0.59%	\$ 20,330,000	\$ 6,679,000	\$ 42,019,038	48.38%	47.75%
2022	0.59%	\$ 12,651,000	\$ 10,274,000	\$ 40,633,738	31.13%	51.74%
2021	0.59%	\$ 14,799,000	\$ 11,854,000	\$ 38,353,885	38.59%	39.05%
2020	0.61%	\$ 17,748,000	\$ 14,333,000	\$ 38,332,248	46.30%	32.58%
2019	0.60%	\$ 20,740,000	\$ 17,874,000	\$ 38,048,286	54.51%	25.50%
2018	0.61%	\$ 21,580,000	\$ 17,627,000	\$ 38,037,880	56.73%	21.18%

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

LAUREL COUNTY SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - KENTUCKY TEACHERS' RETIREMENT SYSTEM - MEDICAL INSURANCE PLAN
YEAR ENDED JUNE 30, 2025

	Contractually required contribution	Contributions in relation to contractually required contribution	Contribution deficiency (excess)	District's covered-employee payroll	Contributions as a percentage of covered-employee payroll
2025	\$ 1,326,264	\$ 1,326,264	\$ -	\$ 44,208,791	3.00%
2024	\$ 1,338,833	\$ 1,338,833	\$ -	\$ 44,627,756	3.00%
2023	\$ 1,260,571	\$ 1,260,571	\$ -	\$ 42,019,038	3.00%
2022	\$ 1,219,012	\$ 1,219,012	\$ -	\$ 40,633,738	3.00%
2021	\$ 1,150,617	\$ 1,150,617	\$ -	\$ 38,353,885	3.00%
2020	\$ 1,149,967	\$ 1,149,967	\$ -	\$ 38,332,248	3.00%
2019	\$ 1,141,449	\$ 1,141,449	\$ -	\$ 38,048,286	3.00%
2018	\$ 1,141,136	\$ 1,141,136	\$ -	\$ 38,037,880	3.00%

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

LAUREL COUNTY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

KENTUCKY TEACHER'S RETIREMENT SYSTEM - MEDICAL INSURANCE PLAN YEAR ENDED JUNE 30, 2025

Changes of Benefit Terms

None

Changes of Assumptions

The municipal bond index rate increased from 3.66% to 3.94%.

Healthcare cost trends decreased from 6.75% to 6.50%.

Healthcare cost trends for Medicare Part B Premiums increased from 1.55% to 5.92%.

LAUREL COUNTY SCHOOL DISTRICT
SCHEDULE OF THE STATE'S PROPORTIONATE SHARE OF THE
NET OPEB LIABILITY (ASSET) - KENTUCKY TEACHERS' RETIREMENT SYSTEM - LIFE INSURANCE PLAN
JUNE 30, 2025

	State's proportion of net OPEB liability (asset)	State's proportionate share of the net OPEB liability (asset)	Plan fiduciary net position as a percentage of the total OPEB liability (asset)
2025	100%	\$ 257,000	80.56%
2024	100%	\$ 309,000	76.91%
2023	100%	\$ 332,000	73.97%
2022	100%	\$ 137,000	89.15%
2021	100%	\$ 358,000	71.57%
2020	100%	\$ 333,000	73.40%
2019	100%	\$ 307,000	75.00%
2018	100%	\$ 236,000	79.99%

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

LAUREL COUNTY SCHOOL DISTRICT

SCHEDULE OF STATE CONTRIBUTIONS - KENTUCKY TEACHERS' RETIREMENT SYSTEM - LIFE INSURANCE PLAN
YEAR ENDED JUNE 30, 2025

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)
2025	\$ 14,549	\$ 14,549	\$ -
2024	\$ 30,765	\$ 30,765	\$ -
2023	\$ 25,354	\$ 25,354	\$ -
2022	\$ 20,931	\$ 20,931	\$ -
2021	\$ 17,260	\$ 17,260	\$ -
2020	\$ 14,079	\$ 14,079	\$ -
2019	\$ 10,648	\$ 10,648	\$ -
2018	\$ 10,369	\$ 10,369	\$ -

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

LAUREL COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
KENTUCKY TEACHERS' RETIREMENT SYSTEM - LIFE INSURANCE PLAN
YEAR ENDED JUNE 30, 2025

Changes of Benefit Terms

None.

Changes of Assumptions

The municipal bond index rate increased 3.66% to 3.94%.

LAUREL COUNTY SCHOOL DISTRICT
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025

	Capital Outlay Fund	Student Activity Fund	Debt Service Fund	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ -	\$ 861,963	\$ -	\$ 861,963
Accounts receivable	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 861,963</u>	<u>\$ -</u>	<u>\$ 861,963</u>
LIABILITIES AND FUND BALANCES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Restricted				
Restricted	-	861,963	-	861,963
Total fund balances	<u>-</u>	<u>861,963</u>	<u>-</u>	<u>861,963</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 861,963</u>	<u>\$ -</u>	<u>\$ 861,963</u>

LAUREL COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

	Capital Outlay Fund	Student Activity Fund	Debt Service Fund	Total Nonmajor Governmental Funds
Revenues				
From local sources				
Property taxes	\$ -	\$ -	\$ -	\$ -
Student activity revenue	-	1,769,673	-	1,769,673
State sources				
SEEK	759,613	-	-	759,613
SFCC On-behalf	-	-	696,803	696,803
Total revenues	<u>759,613</u>	<u>1,769,673</u>	<u>696,803</u>	<u>3,226,089</u>
Expenditure				
Student activity expenditures	-	1,805,855	-	1,805,855
Debt service	-	-	9,541,652	9,541,652
Total expenditures	<u>-</u>	<u>1,805,855</u>	<u>9,541,652</u>	<u>11,347,507</u>
Excess (deficit) of revenues over expenditures	<u>759,613</u>	<u>(36,182)</u>	<u>(8,844,849)</u>	<u>(8,121,418)</u>
Other Financing Sources (Uses)				
Operating transfers in	-	-	8,844,849	8,844,849
Operating transfers out	(759,613)	-	-	(759,613)
Total other financing sources (uses)	<u>(759,613)</u>	<u>-</u>	<u>8,844,849</u>	<u>8,085,236</u>
Net change in fund balance	-	(36,182)	-	(36,182)
Fund balance July 1, 2024	<u>-</u>	<u>898,145</u>	<u>-</u>	<u>898,145</u>
Fund balance June 30, 2025	<u>\$ -</u>	<u>\$ 861,963</u>	<u>\$ -</u>	<u>\$ 861,963</u>

LAUREL COUNTY SCHOOL DISTRICT

COMBINED STATEMENT OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCES - ELEMENTARY AND MIDDLE SCHOOL ACTIVITY FUNDS

YEAR ENDED JUNE 30, 2025

School Activity Fund	Balances June 30, 2024	Receipts	Disbursements	Cash and Cash Equivalents June 30, 2025	Accounts Receivable June 30, 2025	Accounts Payable June 30, 2025	Balances June 30, 2025
Bush Elementary School	\$ 26,520	\$ 11,377	\$ 14,509	\$ 23,388	\$ -	\$ -	\$ 23,388
Camp Ground Elementary School	13,280	16,165	20,104	9,341	-	-	9,341
Cold Hill Elementary School	20,011	24,945	23,234	21,722	-	-	21,722
Colony Elementary School	8,672	49,378	30,321	27,729	-	-	27,729
Hazel Green Elementary School	6,292	35,570	31,313	10,549	-	-	10,549
Hunter Hills Elementary School	14,719	47,076	37,071	24,724	-	-	24,724
Johnson Elementary School	12,567	39,491	34,672	17,386	-	-	17,386
Keavy Elementary School	13,243	17,385	16,627	14,001	-	-	14,001
London Elementary School	31,908	40,081	36,849	35,140	-	-	35,140
North Laurel Middle School	108,903	222,037	212,820	118,120	-	-	118,120
South Laurel Middle School	135,001	166,756	192,136	109,621	-	-	109,621
Sublimity Elementary School	12,878	28,426	25,418	15,886	-	-	15,886
Wyan-Pine Elementary School	51,461	24,449	29,247	46,663	-	-	46,663
Totals	\$ 455,455	\$ 723,136	\$ 704,321	\$ 474,270	\$ -	\$ -	\$ 474,270

LAUREL COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
SOUTH LAUREL HIGH SCHOOL ACTIVITY FUND
YEAR ENDED JUNE 30, 2025

	Balances June 30, 2024	Receipts	Disbursements	Transfers in/(out)	Cash and cash equivalents June 30, 2025	Accounts Receivable June 30, 2025	Accounts Payable June 30, 2025	Balances June 30, 2025
SLHS Ambassador Team	\$ 1,106	\$ -	\$ -	\$ (238)	\$ 868	-	-	\$ 868
Agriculture	32,132	52,564	53,406	(4,426)	26,864	-	-	26,864
National Honor Society	235	405	385	(55)	200	-	-	200
Art Department	253	-	-	(178)	75	-	-	75
Athletics	5,527	142,890	115,547	(24,527)	8,343	-	-	8,343
Madrigal	10,651	9,540	19,756	3,576	4,011	-	-	4,011
Swim Team	46	2,170	1,850	-	366	-	-	366
J.R.O.T.C.	2,726	-	-	-	2,726	-	-	2,726
Beta Club	2,200	618	765	(184)	1,869	-	-	1,869
First Priority	1,059	-	-	(76)	983	-	-	983
Staffuly	-	40	-	322	362	-	-	362
4H Club	272	39	-	(311)	-	-	-	-
Academic Team	178	420	-	(26)	572	-	-	572
Fishing	7,488	2,303	6,621	-	3,170	-	-	3,170
Spanish Club	350	60	155	(7)	248	-	-	248
Field trips	-	-	28,001	28,001	-	-	-	-
F.B.L.A.	4,195	9,626	10,980	(661)	2,180	-	-	2,180
MU Alpha Theta	629	393	300	-	722	-	-	722
DECCA	194	-	-	(194)	-	-	-	-
General	5,326	1,149	2,860	-	3,615	-	-	3,615
PBIS	491	621	1,078	-	34	-	-	34
F.C.C.L.A	2,577	3,650	4,944	99	1,382	-	-	1,382
Fish and wildlife	-	1,350	498	(16)	836	-	-	836
Yearbook	10,149	3,892	2,214	(93)	11,734	-	-	11,734
Prom/Junior Class	10,012	6,894	5,074	-	11,832	-	-	11,832
Library Department	4,010	245	90	(294)	3,871	-	-	3,871
Senior Class	391	5,081	4,337	3,591	4,726	-	-	4,726
Archery Club	5,660	6,110	6,849	2,673	7,594	-	-	7,594
Track-Girls	5,577	7,556	11,113	(1,517)	503	-	-	503
Fashion Club (FCS)	531	-	-	-	531	-	-	531

Continued on next page

LAUREL COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -

SOUTH LAUREL HIGH SCHOOL ACTIVITY FUND -CONTINUED

YEAR ENDED JUNE 30, 2025

	Balances June 30, 2024	Receipts	Disbursements	Transfers in (out)	Cash and cash equivalents June 30, 2025	Accounts Receivable June 30, 2025	Accounts Payable June 30, 2025	Balances June 30, 2025
Baseball Club	1,063	31,300	28,796	1,500	5,067	-	-	5,067
Chorale Club	44	-	-	-	44	-	-	44
Cross Country Sports	1,770	326	1,273	(306)	517	-	-	517
F.M.D. Club	102	-	-	-	102	-	-	102
Varsity Cheerleaders	2,956	54,690	57,468	-	178	-	-	178
Laurelettes	15,037	9,079	8,786	(93)	15,237	-	-	15,237
School Store	201	19,206	12,805	878	7,480	-	-	7,480
Dance	3,240	2,895	2,106	-	4,029	-	-	4,029
Cross Country - Girls	1,667	192	1,304	-	555	-	-	555
Boys Basketball Club	588	2,189	-	(2,324)	453	-	-	453
Girls Basketball Club	3,216	2,957	8,245	3,799	1,727	-	-	1,727
Girl-Boy Basketball Fund	602	-	1,410	808	-	-	-	-
Football Club	828	2,707	3,354	(180)	1	-	-	1
Girls Golf Club	445	-	-	-	445	-	-	445
Golf Club	421	-	-	300	721	-	-	721
Boys Soccer	2,605	7,211	6,696	-	3,120	-	-	3,120
Girls Soccer	107	90	295	98	-	-	-	-
Special Education Dept.	39	-	-	-	39	-	-	39
Track Club	2,468	2,212	1,473	(2,200)	1,007	-	-	1,007
Girls Softball Club	3,573	200	3,918	146	1	-	-	1
Vending Machines	2,924	974	807	(250)	2,841	-	-	2,841
Volleyball Club	2,020	2,880	2,280	(1,649)	971	-	-	971
Boys Tennis	181	74	74	-	181	-	-	181
Guidance Department	-	11,887	2,597	(6,596)	2,694	-	-	2,694
Tennis Club (Girls)	226	-	-	-	226	-	-	226
Staff Vending	1,240	2,025	776	(1,358)	1,131	-	-	1,131
Special Games	4,871	-	-	(530)	4,341	-	-	4,341
SLHS YSC	315	-	121	-	194	-	-	194
Staff Generated	31	-	-	-	31	-	-	31
Band	590	9,626	6,969	(3,246)	1	-	-	1
AP Fees	-	640	7,657	7,017	-	-	-	-
3D printing club	-	100	-	-	100	-	-	100
Renn team	-	-	-	27	27	-	-	27
Student Fees	-	4,072	779	(1,300)	1,993	-	-	1,993
Total accounts	\$ 167,335	\$ 425,148	\$ 436,812	\$ -	\$ 155,671	\$ -	\$ -	\$ 155,671

See accompanying independent auditor's report.

LAUREL COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
NORTH LAUREL HIGH SCHOOL ACTIVITY FUND
YEAR ENDED JUNE 30, 2025

	Balances June 30, 2024	Receipts	Disbursements	Transfers in (out)	Cash and cash equivalent June 30, 2025	Accounts Receivable June 30, 2025	Accounts Payable June 30, 2025	Balances June 30, 2025
General	\$ 9,049	\$ 11,197	\$ 7,889	\$ (275)	\$ 12,082	\$ -	\$ -	\$ 12,082
Athletic Fund	2,467	69,529	51,312	(19,380)	1,304	-	-	1,304
Academic Team	-	-	275	275	-	-	-	-
Autism Awareness Club	1,017	-	642	-	375	-	-	375
Beta Club	3,814	2,950	1,110	-	5,654	-	-	5,654
Bus Transportation	11,564	2,196	37,985	32,803	8,578	-	-	8,578
Business Co-op Class	128	-	-	-	128	-	-	128
Charitable Gaming	27	2,720	2,160	-	587	-	-	587
Dance Team	3,680	9,325	16,893	5,521	1,633	-	-	1,633
Donation Incentives	4,699	9,267	7,174	(688)	6,104	-	-	6,104
Drama Club	9,475	16,044	19,052	(857)	5,610	-	-	5,610
COSPLAY Club	643	-	-	-	643	-	-	643
F.B.L.A.	135	-	28	-	107	-	-	107
F.C.A	421	-	300	-	121	-	-	121
F.C.C.L.A	1,902	3,587	5,492	50	47	-	-	47
FFA	8,014	41,375	42,767	-	6,622	-	-	6,622
First Priority	54	-	-	-	54	-	-	54
F.M.D Club	2,532	15,470	16,511	550	2,041	-	-	2,041
Fishing Club	-	13,809	10,656	-	3,153	-	-	3,153
Junior Class	4,945	8,900	9,254	-	4,591	-	-	4,591
KY JR Hist Soc	20	-	-	-	20	-	-	20
Library	603	303	-	-	906	-	-	906
Marching Band	3,573	8,732	12,148	(72)	85	-	-	85
National Honor Society	753	1,030	1,320	-	463	-	-	463
N.J.R.O.T.C	2,893	3,000	1,442	-	4,451	-	-	4,451
Pep Club	1,077	-	794	-	283	-	-	283
PBIS	-	4,271	2,965	(100)	1,206	-	-	1,206
Senior Class	175	-	-	-	175	-	-	175

Continued on next page

LAUREL COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -

NORTH LAUREL COUNTY HIGH SCHOOL ACTIVITY FUND - CONTINUED

YEAR ENDED JUNE 30, 2025

	Balances June 30, 2024	Receipts	Disbursements	Transfers in (out)	Cash and cash equivalent June 30, 2025	Accounts Receivable June 30, 2025	Accounts Payable June 30, 2025	Balances June 30, 2025
Singing Jags	1,717	10,485	9,419	(2,777)	6	-	-	6
Spanish Club	313	-	-	-	313	-	-	313
Student YMCA (Y-Club)	208	-	-	-	208	-	-	208
Yearbook	48,173	10,326	23,915	(5,899)	28,685	-	-	28,685
Youth Service Center	1,839	-	-	-	1,839	-	-	1,839
Student Vending	149	987	7,566	6,579	149	-	-	149
Teacher Vending	268	1,627	6,358	4,731	268	-	-	268
Athl Archery II	2,429	9,285	7,399	-	4,315	-	-	4,315
Athl Baseball	-	4,901	7,377	2,476	-	-	-	-
Athl Baseball II	11,564	32,057	29,220	-	14,401	-	-	14,401
Athl Basketball M	5,342	10,107	6,540	3,305	12,214	-	-	12,214
Athl Basketball M II	44,658	66,849	93,836	(4,808)	12,863	-	-	12,863
Athl Basketball W	-	6,491	8,773	2,282	-	-	-	-
Athl Basketball W II	8,750	51,757	41,245	5,655	24,917	-	-	24,917
Athl Cheer	-	15,632	4,255	(1,389)	9,988	-	-	9,988
Athl Concessions	1	30,138	16,319	(13,819)	1	-	-	1
Athl Football	14,506	18,704	16,212	(10,489)	6,509	-	-	6,509
Athl Golf-M	-	-	1,705	1,705	-	-	-	-
Athl Golf-W	1,318	3,687	6,465	2,628	1,168	-	-	1,168
Athl P/S Tournaments	248	-	-	-	248	-	-	248
Athl Socc-M	2,429	5,929	3,609	(2,273)	2,476	-	-	2,476
Athl Socc-M II	9,107	11,133	10,762	-	9,478	-	-	9,478
Athl Socc-W	1,725	2,683	3,085	(1,323)	-	-	-	-
Athl Socc-W II	752	10,890	8,052	(2,442)	1,148	-	-	1,148
Athl Softball	730	5,378	8,527	2,419	-	-	-	-
Athl Softball II	3,253	44,549	53,067	6,500	1,235	-	-	1,235
Athl Swim	500	7,749	6,091	(2,158)	-	-	-	-
Athl Tennis M-W	-	-	1,364	1,364	-	-	-	-
Athl Tennis II	6,164	8,316	7,475	(2,348)	4,657	-	-	4,657
Athl Track M-W	-	-	56	56	-	-	-	-
Athl Track II	13,648	8,820	3,408	(1,423)	17,637	-	-	17,637
Athl Volley Ball	3,395	5,516	6,095	(2,816)	-	-	-	-
Athl Volley Ball II	6,281	6,088	8,951	(997)	2,421	-	-	2,421
Athl XC II	12,228	-	1,807	(2,566)	7,855	-	-	7,855
Change Order	-	7,600	7,600	-	-	-	-	-

Total accounts	\$	<u>275,355</u>	\$	<u>621,389</u>	\$	<u>664,722</u>	\$	<u>-</u>	\$	<u>232,022</u>	\$	<u>-</u>	\$	<u>-</u>	\$	<u>232,022</u>
----------------	----	----------------	----	----------------	----	----------------	----	----------	----	----------------	----	----------	----	----------	----	----------------

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

LAUREL COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal ALN</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Education</u>			
Passed through the Kentucky Department of Education:			
Title I Grants to Local Educational Agencies	84.010	3210002 25	\$ 3,313,902
Title I Grants to Local Educational Agencies	84.010	3210002 24	76,168
			<u>3,390,070</u>
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	3160002 25	522,000
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	3160002 24	98,515
			<u>620,515</u>
<i>Special Education Cluster (IDEA)</i>			
Special Education--Grants to States	84.027	3810002 25	1,969,274
Special Education--Grants to States	84.027	3810002 24	1,150,221
			<u>3,119,495</u>
<i>Total Special Education Cluster</i>			<u>3,119,495</u>
Rural Education	84.358	3140002 25	27,000
Rural Education	84.358	3140002 24	368
			<u>27,368</u>
Education Stabilization Fund (COVID-19):			
Elementary and Secondary School Emergency Relief Fund (COVID-19)	84.425A	554G	2,215,801
American Rescue Plan - Elementary and Secondary School Emergency Relief Fund (COVID-19)	84.425U	473G	5,874,083
			<u>8,089,884</u>
Student Support and Academic Enrichment Grant	84.424	552X	373,801
			<u>373,801</u>
Total U.S. Department of Education			<u>15,621,133</u>
<u>U.S. Department of Agriculture</u>			
Passed through the Kentucky Department of Education			
<i>Child Nutrition Cluster</i>			
National School Lunch Program	10.555	7750002 22	4,399,011
School Breakfast Program	10.553	7760005 22	1,650,882
National School Lunch Program - Commodities	10.555	7750002 22	293,810
<i>Total Child Nutrition Cluster</i>			<u>6,343,703</u>
State Administrative Expenses for Child Nutrition	10.560	500355528	21,097
			<u>21,097</u>
Total U.S. Department of Agriculture			<u>6,364,800</u>
<u>U.S. Department of Defense</u>			
Direct Program			
ROTC Miscellaneous	12.000	5041X	2,516
			<u>2,516</u>
Total U.S. Department of Defense			<u>2,516</u>
Total federal expenditures			<u>\$ 21,988,449</u>

LAUREL COUNTY SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the Laurel 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Because this Schedule presents only a selected portion of the operations of the District, it is not intended to, and does not, present the financial position, changes in net position or cash flows of the District.

2. IN-KIND COMMODITIES

Nonmonetary assistance is reported in the schedule at the fair value of the commodities disbursed. The District no longer maintains a separate commodities inventory due to changes in program regulations. Commodities are included under the Child Nutrition Cluster. The valued amount of commodities received for June 30, 2025 is \$293,810.

3. CLUSTER PROGRAMS

The following CFDA numbers are considered cluster programs:

Special Education Cluster	
Special Education Grants to States	84.027
Special Education – Preschool Grants	84.173
Child Nutrition Cluster	
National School Lunch Program	10.555
National School Breakfast Program	10.553
Special Milk Program for Children	10.556
Summer Food Services for Children	10.559

4. INDIRECT COST RATE

The District has elected not to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

5. SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. 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.



Cloyd & Associates, PSC

*Certified Public Accountants
and
Business Advisors*

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

Kentucky State Committee for
School District Audits
Members of the Board of Education
Laurel County School District
London, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Independent Auditor's Contract*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Laurel County School District (District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 12, 2025.

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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses 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 test disclosed no instances of material noncompliance with specific state statutes or regulations identified in the *Independent Auditor's Contract-State Audit Requirements*.

Purpose of This Report

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

Cloyd & Associates, PSC

Cloyd & Associates, PSC
London, Kentucky
December 12, 2025



Cloyd & Associates, PSC

*Certified Public Accountants
and
Business Advisors*

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

Kentucky State Committee for
School District Audits
Members of the Board of Education
Laurel County School District
London, Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

In our opinion, 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Independent Auditor's Contract-State Audit Requirements*. 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding 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.

Cloyd & Associates, PSC

Cloyd & Associates, PSC
London, Kentucky
December 12, 2025

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

LAUREL COUNTY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

Section I – Summary of Auditor's Results

Financial Statements

Type of auditors' report issued		Unmodified	
Internal control over financial reporting:			
Material weakness identified	<u> </u>	Yes <u> ✓ </u>	No
Significant deficiencies identified that are not considered to be material weaknesses	<u> </u>	Yes <u> ✓ </u>	None reported
Noncompliance material to financial statement noted	<u> </u>	Yes <u> ✓ </u>	No

Federal Awards

Internal control over major programs:			
Material weaknesses identified	<u> </u>	Yes <u> ✓ </u>	No
Significant deficiencies identified that are not considered to be material weaknesses	<u> </u>	Yes <u> ✓ </u>	None reported
Type of auditors' report issued on compliance for major programs		Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)	<u> </u>	Yes <u> ✓ </u>	No

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
---	--------------------

Title I Grants to Local Educational Agencies	84.010
--	--------

COVID-19 American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U
---	---------

COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425A
---	---------

Dollar threshold used to distinguish between Type A and Type B program	\$750,000
--	-----------

Auditee qualified as low risk	<u> ✓ </u>	Yes	<u> </u>	No
-------------------------------	--------------	-----	---------------	----

(continued)

LAUREL COUNTY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED
YEAR ENDED JUNE 30, 2025

Section II – Financial Statement Findings

None

Section III – Federal Award Findings

None

LAUREL COUNTY SCHOOL DISTRICT
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2025

Status of Prior Year Findings

There were no prior year audit findings.

MANAGEMENT LETTER COMMENTS



Cloyd & Associates, PSC

*Certified Public Accountants
and
Business Advisors*

Members of the Board of Education
Laurel County School District
London, Kentucky

In planning and performing our audit of the basic financial statements of Laurel County School District for the year ended June 30, 2025, we considered the District's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the basic financial statements and not to provide assurance on the internal control structure.

If during our audit we noted matters that may be opportunities for strengthening internal controls and operating efficiency, we have included that on the memorandum that accompanies this letter which summarizes our comments and suggestions regarding those matters, if any. This letter does not affect our report thereon dated December 12, 2025, on the basic financial statements of Laurel County School District.

Respectfully,

Cloyd & Associates, PSC

Cloyd & Associates, PSC
London, Kentucky
December 12, 2025

LAUREL COUNTY SCHOOL DISTRICT
MANAGEMENT LETTER COMMENTS
YEAR ENDED JUNE 30, 2025

Prior Year Comments – School Activity Funds

There were no comments in the prior year.

Current Year Comments –School Activity Funds

Bush Elementary School

1. There were several instances of the receipt number not being written on the deposit slip. The deposit slip shall note the receipt numbers included in the deposit.

Management Response: Deposit slips will be thoroughly reviewed to ensure all receipt numbers included in the deposit are clearly noted on the slip before making the deposit.

2. There were several instances of invoices not being signed or marked as paid. Invoices must be signed by the individual who received the goods or services. Invoices must also be marked as paid, with the check number and date noted on the invoice.

Management Response: All invoices will be signed by the individual receiving the goods/services and marked "PAID" with the check number and date immediately upon disbursement.

Campground Elementary School

1. There were several instances of bank statements not being signed and dated by the principal. Bank statements must be reviewed, signed, and dated by the principal.

Management Response: Bank Statements will be reviewed, signed, and dated by the principal upon receipt and reconciliation to confirm review oversight.

Cold Hill Elementary School

1. There were several instances of bank statements not being signed and dated by the principal. Bank statements must be reviewed, signed, and dated by the principal.

Management Response: Bank Statements will be reviewed, signed, and dated by the principal upon receipt and reconciliation to confirm review oversight.

2. There were several instances of invoices not being signed or marked as paid. Invoices must be signed by the individual who received the goods or services. Invoices must also be marked as paid, with the check number and date noted on the invoice.

Management Response: All invoices will be signed by the individual receiving the goods/services and marked "PAID" with the check number and date immediately upon disbursement.

3. There were several instances of invoices dated prior to the issuance of the purchase order. All purchases need to have proper purchase order approval before ordering and/or payment of an invoice.

Management Response: All staff are retrained on the requirement that a purchase order (PO) must be approved and issued prior to ordering goods or services to ensure proper authorization.

LAUREL COUNTY SCHOOL DISTRICT
MANAGEMENT LETTER COMMENTS - CONTINUED
YEAR ENDED JUNE 30, 2025

Cold Hill Elementary School - Continued

4. There were several instances of the receipt number not being written on the deposit slip. The deposit slip shall note the receipt numbers included in the deposit.

Management Response: Deposit slips will be thoroughly reviewed to ensure all receipt numbers included in the deposit are clearly noted on the slip before making the deposit.

Colony Elementary School

1. There were several instances of bank statements not being signed and dated by the principal. Bank statements must be reviewed, signed, and dated by the principal.

Management Response: Bank Statements will be reviewed, signed, and dated by the principal upon receipt and reconciliation to confirm review oversight.

2. There were several instances of the receipt number not being written on the deposit slip. The deposit slip shall note the receipt numbers included in the deposit.

Management Response: Deposit slips will be thoroughly reviewed to ensure all receipt numbers included in the deposit are clearly noted on the slip before making the deposit.

3. There were several instances of the bank validation not being retained with the deposit slip. The bank validation must be retained in order to confirm the deposit was made accurately.

Management Response: The bank-validated deposit receipt (validation slip) must be retained and attached to the deposit slip package to confirm the deposit was made accurately.

Hazel Green Elementary School

1. There were several instances of invoices not being signed or marked as paid. Invoices must be signed by the individual who received the goods or services. Invoices must also be marked as paid, with the check number and date noted on the invoice.

Management Response: All invoices will be signed by the individual receiving the goods/services and marked "PAID" with the check number and date immediately upon disbursement.

Hunter Hills Elementary School

1. There were several instances of ending tickets not being attached to the ticket sales form. The beginning and ending ticket must be attached to the ticket sales form.

Management Response: The beginning and ending tickets from every sale must be attached to the corresponding ticket sales form for verification.

2. There were several instances of the ticket sales form not being completed properly. The ticket sales form must be filled out correctly and signed by the person in charge of sales, the ticket taker, and the school treasurer.

Management Response: The ticket sales form must be fully and correctly filled out and signed by all three required parties: the person in charge of sales, the ticket taker, and the school treasurer.

LAUREL COUNTY SCHOOL DISTRICT
MANAGEMENT LETTER COMMENTS - CONTINUED
YEAR ENDED JUNE 30, 2025

Hunter Hills Elementary School - Continued

3. There were several instances of invoices not being signed or marked as paid. Invoices must be signed by the individual who received the goods or services. Invoices must also be marked as paid, with the check number and date noted on the invoice.

Management Response: All invoices will be signed by the individual receiving the goods/services and marked "PAID" with the check number and date immediately upon disbursement

4. There were several instances of invoices dated prior to the issuance of the purchase order. All purchases need to have proper purchase order approval before ordering and/or payment of an invoice.

Management Response: All staff are retrained on the requirement that a purchase order (PO) must be approved and issued prior to ordering goods or services to ensure proper authorization.

5. There were several instances of the deposit slips not retained. All deposits must have a signed deposit slip with the receipts numbers written on the deposit slip.

Management Response: All signed deposit slips, along with the noted receipt numbers, will be retained as a permanent record of the deposit transaction.

Johnson Elementary School

1. There were several instances of the ticket sales form not being completed properly. The ticket sales form must be filled out correctly and signed by the person in charge of sales, the ticket taker, and the school treasurer.

Management Response: The ticket sales form must be fully and correctly filled out and signed by all three required parties: the person in charge of sales, the ticket taker, and the school treasurer.

2. There were several instances of invoices not being signed or marked as paid. Invoices must be signed by the individual who received the goods or services. Invoices must also be marked as paid, with the check number and date noted on the invoice.

Management Response: All invoices will be signed by the individual receiving the goods/services and marked "PAID" with the check number and date immediately upon disbursement

3. There were several instances of invoices not being included with the check stub/purchase order. Invoices must have the check number and date noted, or the invoice shall be stapled to the purchase order and check stub.

Management Response: Invoices must be stapled to the purchase order and check stub and have the check number/date clearly noted to maintain complete payment documentation.

4. There were several instances of invoices dated prior to the issuance of the purchase order. All purchases need to have proper purchase order approval before ordering and/or payment of an invoice.

Management Response: All staff are retrained on the requirement that a purchase order (PO) must be approved and issued prior to ordering goods or services to ensure proper authorization.

LAUREL COUNTY SCHOOL DISTRICT
MANAGEMENT LETTER COMMENTS - CONTINUED
YEAR ENDED JUNE 30, 2025

Johnson Elementary School - Continued

5. Several instances of the multi-receipt form not being used as required. The multi-receipt must be filled out properly for each deposit.

Management Response: The multi-receipt form must be utilized and filled out properly for every deposit that involves multiple receipts.

Keavy Elementary School

1. There were several instances of invoices not being signed or marked as paid. Invoices must be signed by the individual who received the goods or services. Invoices must also be marked as paid, with the check number and date noted on the invoice.

Management Response: All invoices will be signed by the individual receiving the goods/services and marked "PAID" with the check number and date immediately upon disbursement

London Elementary School

1. There were several instances of bank statements not being signed and dated by the principal. Bank statements must be reviewed, signed, and dated by the principal.

Management Response: Bank Statements will be reviewed, signed, and dated by the principal upon receipt and reconciliation to confirm review oversight.

2. There were several instances of invoices not being signed or marked as paid. Invoices must be signed by the individual who received the goods or services. Invoices must also be marked as paid, with the check number and date noted on the invoice.

Management Response: All invoices will be signed by the individual receiving the goods/services and marked "PAID" with the check number and date immediately upon disbursement

Sublimity Elementary School

1. There were several instances of invoices not being signed or marked as paid. Invoices must be signed by the individual who received the goods or services. Invoices must also be marked as paid, with the check number and date noted on the invoice.

Management Response: All invoices will be signed by the individual receiving the goods/services and marked "PAID" with the check number and date immediately upon disbursement

Wyan-Pine Grove Elementary School

1. There were several instances of bank statements not being signed and dated by the principal. Bank statements must be reviewed, signed, and dated by the principal.

Management Response: Bank Statements will be reviewed, signed, and dated by the principal upon receipt and reconciliation to confirm review oversight.

LAUREL COUNTY SCHOOL DISTRICT
MANAGEMENT LETTER COMMENTS - CONTINUED
YEAR ENDED JUNE 30, 2025

Wyan-Pine Grove Elementary School - Continued

2. There were several instances of invoices not being signed or marked as paid. Invoices must be signed by the individual who received the goods or services. Invoices must also be marked as paid, with the check number and date noted on the invoice.

Management Response: All invoices will be signed by the individual receiving the goods/services and marked "PAID" with the check number and date immediately upon disbursement

South Laurel Middle School

1. There were several instances of the ticket sales form not being completed properly. The ticket sales form must be filled out correctly and signed by the person in charge of sales, the ticket taker, and the school treasurer.

Management Response: The ticket sales form must be fully and correctly filled out and signed by all three required parties: the person in charge of sales, the ticket taker, and the school treasurer.

2. There were several instances of invoices dated prior to the issuance of the purchase order. All purchases need to have proper purchase order approval before ordering and/or payment of an invoice.

Management Response: All staff are retrained on the requirement that a purchase order (PO) must be approved and issued prior to ordering goods or services to ensure proper authorization.

South Laurel High School

1. There were several instances of invoices not being signed or marked as paid. Invoices must be signed by the individual who received the goods or services. Invoices must also be marked as paid, with the check number and date noted on the invoice.

Management Response: All invoices will be signed by the individual receiving the goods/services and marked "PAID" with the check number and date immediately upon disbursement

North Laurel High School

1. Several instances of the multi-receipt form not being used as required. The multi-receipt must be filled out properly for each deposit.

Management Response: The multi-receipt form must be utilized and filled out properly for every deposit that involves multiple receipts.