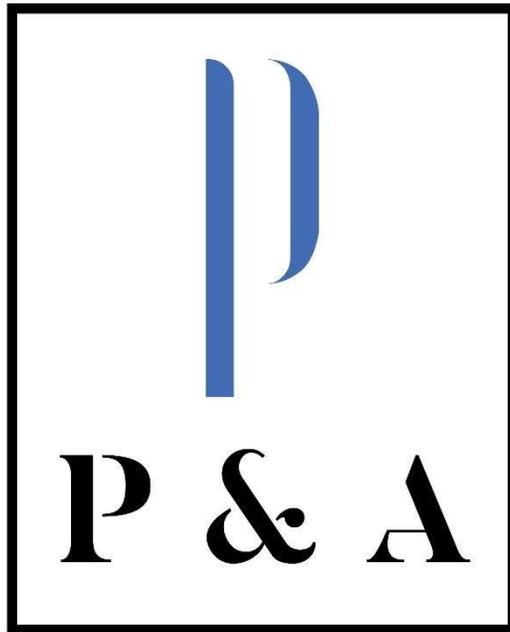


PULASKI COUNTY BOARD OF EDUCATION
AUDITED FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2025



PATRICK & ASSOCIATES, LLC

124 Candlewood Drive
Somerset, KY 40391

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PATRICK & ASSOCIATES, LLC

124 Candlewood Drive
Somerset, KY 40391

Independent Auditor's Report

Kentucky State Committee for School District Audits
Board of Education of the Pulaski County School District
Somerset, KY

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Pulaski County School District, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Special Revenue Fund 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; and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Independent Auditor's Contract, including Appendix II Instructions for Submissions of the Audit Report*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Pulaski County School 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.

Emphasis of Matter

Change in Accounting Principle

As described in Note III, the District implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, for the year ended June 30, 2025, which represents a change in accounting principle. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 Pulaski County School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Pulaski County School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-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 and pension and OPEB information 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 Pulaski County School District's basic financial statements. The combining and individual nonmajor fund financial statements, student activity fund schedules, 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.

Supplementary Information (Continued)

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, student activity fund schedules, and 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 January 16, 2026, on our consideration of the Pulaski County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Pulaski County School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Pulaski County School District's internal control over financial reporting and compliance.

Patrick & Associates, LLC

Patrick & Associates, LLC
Somerset, Kentucky

January 16, 2026

Management Discussion and Analysis

As management of the Pulaski County Board of Education (the 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.

Financial Highlights

- In the government-wide statements, the assets and deferred inflows of the District exceeded its total liabilities and deferred inflows on June 30, 2025 by \$1,307,454. Of this amount, \$7,001,009 represents the District's investment in capital assets, \$18,091,602 is restricted for capital projects, \$6,907,980 is restricted for other and business-type activities, and the unrestricted net deficit of \$30,693,137.
- The District's ending net position decreased by \$11,370,893, primarily due to the implementation of GASB 101, Compensated Absences and the net increases and decreases of other asset and liability amounts.
- The general fund received \$79,533,362 in revenues, which primarily consisted of funding from the State's Support Education Excellence in Kentucky (SEEK) program and revenues from taxes, which include property, motor vehicle and utilities taxes.
- General fund SEEK revenue for the year totaled \$29,880,123 compared to \$29,110,893 in the prior year. This represents a \$769,230 increase from the previous years' funding.
- The District levied tax rates of 49.8 cents for real estate, 52.8 cents tangible, and 50.3 cents motor vehicle per \$100 in assessed value and 3% for utility tax.

Governmental Activities

- The governmental activities include the following funds: general, special revenue, district activity, student activity, capital outlay, facility support program, construction, and debt service. The Statement of Activities reflects revenues of \$108,977,252 and expenditures of \$119,606,220. Of the revenues, \$731 related to charges for services, \$41,052,909 from operating grants and contributions, \$528,929 from capital grants and contributions and the remaining \$67,394,683 was related to general revenues and transfers.

Business-Type Activities

- The business-type activities are food service and daycare services. The Statement of Activities reflects revenues of \$6,558,558 and expenses of \$7,300,483 for the fiscal year 2025. Of the revenues, \$1,439,177 related to charges for services, \$6,438,226 from operating grants and contributions, \$(1,318,845) related to general revenues and transfers out.

Overview of the Financial Statements

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

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

The Statement of Net Position presents information on all the assets and deferred outflows of resources and liabilities and deferred inflows of resources of the District at year-end with the difference 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.

Management Discussion and Analysis (continued)

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

In both statements, the District's activities are shown in one category as governmental activities. The governmental activities of the District include services related to K-12 education. These activities are primarily supported through property taxes, Support Education Excellence in Kentucky (SEEK) funding, and other intergovernmental revenues.

The government-wide financial statements begin on page 10 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the District can be divided into three categories: governmental funds, proprietary fund, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decision. The Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains eight individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the general Fund, special revenue fund, district activity fund, school activity fund, capital outlay fund, facilities Support Program of Kentucky (FSPK) fund, school construction fund and the debt service fund.

Proprietary funds. The District maintains one type of proprietary fund. The enterprise fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses the enterprise fund to account for its operations for food services and day care programs.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 18-20 of this report.

Fiduciary funds. Fiduciary fund is used to account for resources held for the benefit of parties outside of the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the district's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The District uses the fiduciary fund to account for private purpose trust funds used for scholarships. The District currently does not have any fiduciary funds.

Notes to the basic financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements start on page 21 of this report.

Management Discussion and Analysis (continued)

Other information

In addition to the basic financial statements and the accompanying notes, this report also presents certain required supplementary information. This information starts on page 52 of this report.

The District adopts an annual appropriated budget for each of its governmental funds. A budgetary comparison statement has been provided for the general and special revenue fund.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities and deferred inflows exceeded assets and deferred outflows by \$5,087,295 for governmental activities and assets and deferred outflows exceeded liabilities and deferred inflows by \$6,394,749 for business-type activities at the close of the fiscal year.

Pulaski County Board of Education Comparative Statement of Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Assets				
Current and other assets	\$45,378,134	\$ 47,863,084	\$ 7,655,882	\$ 8,355,993
Net capital assets	118,118,942	120,738,397	933,768	1,030,565
Total assets	<u>163,497,076</u>	<u>168,601,481</u>	<u>8,589,650</u>	<u>9,386,558</u>
Deferred Outflows of Resources				
Deferred pension differences and made after measurement date	14,757,530	20,504,702	732,506	964,742
Deferred saving from refunding bonds	666,874	836,830	-	-
Total deferred outflows of resources	<u>15,424,404</u>	<u>21,341,532</u>	<u>732,506</u>	<u>964,742</u>
Total assets and deferred outflows of resources	<u>178,921,480</u>	<u>189,943,013</u>	<u>9,322,156</u>	<u>10,351,300</u>
Liabilities				
Current liabilities	15,175,862	18,756,226	70,542	71,306
Non-current liabilities:				
Debt service due in more than one year	113,969,395	101,109,202	133,651	106,920
Net pension liability	24,174,016	26,649,612	1,199,905	1,253,858
Other post-employment benefits liability	9,402,605	11,649,505	466,709	548,106
Total liabilities	<u>162,721,878</u>	<u>158,164,545</u>	<u>1,870,807</u>	<u>1,980,190</u>
Deferred Inflows of Resources				
Deferred inflows of resources - pensions	4,810,586	6,045,317	238,779	284,431
Deferred inflows of resources - OPEB	16,476,311	20,191,478	817,821	950,005
Total deferred inflows of resources	<u>21,286,897</u>	<u>26,236,795</u>	<u>1,056,600</u>	<u>1,234,436</u>
Total liabilities and deferred inflows of resources	<u>184,008,775</u>	<u>184,401,340</u>	<u>2,927,407</u>	<u>3,214,626</u>
Net position				
Net Investment in Capital Assets	6,067,241	20,107,265	933,768	1,030,565
Restricted	18,091,602	16,725,076	-	-
Other	1,446,999	1,291,711	5,460,981	6,106,109
Unrestricted	(30,693,137)	(32,582,379)	-	-
Total net position	<u>\$ (5,087,295)</u>	<u>\$ 5,541,673</u>	<u>\$ 6,394,749</u>	<u>\$ 7,136,674</u>

Management Discussion and Analysis (continued)

Government-wide Financial Analysis (continued)

A significant portion of the District's net position reflects its net investment in capital assets (e.g., buildings, vehicles, and equipment.) The District used the capital assets to provide services to 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.

There were decreases in the deferred outflows of resources by \$6,149,364, a decrease in the net pension liability by \$2,529,549, a decrease in the other post-employment benefit liability of \$2,328,297 and a decrease of \$5,127,734 reported in deferred inflows. These changes are from the calculation of the pension liability for the District's proportionate share of the pension and other post-employment benefit liabilities.

Changes in net position. The District's net position decreased by \$11,370,893 from the prior fiscal year.

Pulaski County Board of Education Comparative Statement of Activities

	June 30, 2025	June 30, 2024	Increase (Decrease)
Revenues			
Program revenues			
Charges for services	\$ 1,439,908	\$ 1,346,778	\$ 93,130
Operating grants and contributions	47,491,135	57,575,781	(10,084,646)
Capital grants and contributions	528,929	561,752	(32,823)
General revenues			
Property taxes	21,565,784	20,147,317	1,418,467
Motor vehicle taxes	3,156,105	3,131,641	24,464
Franchise taxes	859,228	1,059,219	(199,991)
Utility taxes	3,586,306	3,398,823	187,483
State formula grants	29,880,123	29,110,893	769,230
Other local revenue	4,908,557	2,683,007	2,225,550
Unrestricted investment earnings	2,119,735	3,421,636	(1,301,901)
Total revenues	<u>115,535,810</u>	<u>122,436,847</u>	<u>(6,901,037)</u>
Expenses			
Instruction	65,085,801	61,581,956	3,503,845
Support services	14,829,733	14,254,723	575,010
Plant operations and maintenance	10,115,227	10,320,568	(205,341)
Student transportation	4,369,841	2,889,890	1,479,951
Community Services Operations	1,178,400	1,294,122	(115,722)
Site improvements	17,150,556	3,829,324	13,321,232
Debt Service	3,489,058	3,620,265	(131,207)
Depreciation	3,497,073	3,501,736	(4,663)
Food service operations	6,373,531	6,060,847	312,684
Day care operations	817,483	1,210,671	(393,188)
Total Expenses	<u>126,906,703</u>	<u>108,564,102</u>	<u>18,342,601</u>
Change in net position	(11,370,893)	13,872,745	(25,243,638)
Net position - beginning, as previously reported	12,678,347	2,372,538	10,305,809
Change in accounting principle (GASB 101)	-	(3,566,936)	3,566,936
Net position - beginning, as restated	<u>12,678,347</u>	<u>(1,194,398)</u>	<u>13,872,745</u>
Net position - ending	<u>\$ 1,307,454</u>	<u>\$ 12,678,347</u>	<u>\$ (11,370,893)</u>

Management Discussion and Analysis (continued)

As noted earlier, the District used fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the District's financial requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

Financial Highlights

General Fund Budget Highlights

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

A variance comparison is presented between the final budgeted amounts and the actual amounts. Revenues for the General Fund were budgeted at \$80,715,0.9 with actual amounts totaling \$79,533,362. Budgeted expenditures were \$100,066,526 compared to actual expenditures of \$79,324,393.

Capital Assets

At the end of the fiscal year 2025, the District had a total of \$119,052,710 in capital assets, net of depreciation of this amount \$118,118,942 was in the governmental activities and \$933,768 was in the business-type activities. For the fiscal year, capital asset increases totaled \$22,536,657, depreciation totaled \$3,497,073 and construction in progress decreased by \$21,755,836. At the end of the fiscal year 2024, the District had a total of \$121,768,962 in capital assets, net of depreciation of this amount \$120,738,397 was in the governmental activities and \$1,030,565 was in the business-type activities. See detailed table in the notes to the financial statements.

Debt

At June 30, 2025, the District had \$110,265,000 in bonds outstanding, of this amount \$3,611,118 is to be paid from the Kentucky School Facilities Construction Commission funding provided by the State of Kentucky. A total of \$5,210,000 is due within one year. At June 30, 2024, the District had \$98,230,000 in bonds outstanding. See detailed table in the notes to the financial statements.

Request for Information

This financial report is designed to provide a general overview of the Pulaski County Board of Education's finances. Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to rebecca.wright@pulaski.kyschools.us.

Financial Statements

PULASKI COUNTY BOARD OF EDUCATION
Statement of Net Position
June 30, 2025

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 41,256,704	\$ 7,415,510	\$ 48,672,214
Receivables			
Taxes - current	1,050,967	-	1,050,967
Accounts	10,367	25,907	36,274
Intergovernmental - federal	2,030,203	48,599	2,078,802
Interfund receivables	990,809	-	990,809
Prepaid expenses	39,084	-	39,084
Inventory	-	165,866	165,866
Total capital assets, net of depreciation	118,118,942	933,768	119,052,710
Total assets	<u>163,497,076</u>	<u>8,589,650</u>	<u>172,086,726</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - pensions	5,916,780	293,686	6,210,466
Deferred outflows - OPEB contributions	8,840,750	438,820	9,279,570
Deferred saving from refunding bonds	666,874	-	666,874
Total deferred outflows of resources	<u>15,424,404</u>	<u>732,506</u>	<u>16,156,910</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>178,921,480</u>	<u>9,322,156</u>	<u>188,243,636</u>
LIABILITIES			
Accounts payable	3,996,904	35,015	4,031,919
Interfund payables	990,809	-	990,809
Accrued interest payable	1,501,180	-	1,501,180
Unearned revenue	917,163	-	917,163
Long term liabilities:			
Due within one year			
Bond obligations	5,210,000	-	5,210,000
Lease obligations	525,431	-	525,431
Compensated absences	2,034,375	35,527	2,069,902
Due beyond one year			
Bond obligations	105,055,000	-	105,055,000
Lease obligations	1,261,270	-	1,261,270
Compensated absences	7,653,125	133,651	7,786,776
Net pension liability	24,174,016	1,199,905	25,373,921
Net OPEB liability	9,402,605	466,709	9,869,314
Total liabilities	<u>162,721,878</u>	<u>1,870,807</u>	<u>164,592,685</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - pensions	4,810,586	238,779	5,049,365
Deferred inflows of resources - OPEB	16,476,311	817,821	17,294,132
Total deferred inflows of resources	<u>21,286,897</u>	<u>1,056,600</u>	<u>22,343,497</u>
TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES	<u>184,008,775</u>	<u>2,927,407</u>	<u>186,936,182</u>
NET POSITION			
Net Investment in Capital Assets	6,067,241	933,768	7,001,009
Restricted for:			
Capital projects	18,091,602	-	18,091,602
Other	1,446,999	5,460,981	6,907,980
Unrestricted	<u>(30,693,137)</u>	<u>-</u>	<u>(30,693,137)</u>
TOTAL NET POSITION	<u>\$ (5,087,295)</u>	<u>\$ 6,394,749</u>	<u>\$ 1,307,454</u>

The accompanying notes are an integral part of the financial statements.

PULASKI 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	PRIMARY GOVERNMENT		
					Governmental Activities	Business-type Activities	Total
PRIMARY GOVERNMENT:							
Governmental activities:							
Instructional	\$ 65,085,801	\$ 731	\$ 31,890,470	\$ -	\$ (33,194,600)	\$ -	\$ (33,194,600)
Support Services							
Student	4,688,019	-	814,681	-	(3,873,338)	-	(3,873,338)
Instructional Staff	3,377,089	-	733,093	-	(2,643,996)	-	(2,643,996)
District Administration	1,948,075	-	23,774	-	(1,924,301)	-	(1,924,301)
School Administration	3,607,201	-	632,188	-	(2,975,013)	-	(2,975,013)
Business	1,209,349	-	218,880	-	(990,469)	-	(990,469)
Plant operations and maintenance	10,115,227	-	779,986	-	(9,335,241)	-	(9,335,241)
Student Transportation	4,369,841	-	972,810	-	(3,397,031)	-	(3,397,031)
Community Services Operations	1,178,400	-	1,172,065	-	(6,335)	-	(6,335)
Site improvements	17,150,556	-	3,814,962	-	(13,335,594)	-	(13,335,594)
Debt Service	3,489,058	-	-	528,929	(2,960,129)	-	(2,960,129)
Depreciation	3,387,604	-	-	-	(3,387,604)	-	(3,387,604)
Total governmental activities	<u>119,606,220</u>	<u>731</u>	<u>41,052,909</u>	<u>528,929</u>	<u>(78,023,651)</u>	<u>-</u>	<u>(78,023,651)</u>
Business-type activities:							
Food service operations	6,373,531	177,001	6,253,076	-	-	56,546	56,546
Day care operations	817,483	1,262,176	185,150	-	-	629,843	629,843
Depreciation	109,469	-	-	-	-	(109,469)	(109,469)
Total business-type activities	<u>7,300,483</u>	<u>1,439,177</u>	<u>6,438,226</u>	<u>-</u>	<u>-</u>	<u>576,920</u>	<u>576,920</u>
Total primary government	<u>\$ 126,906,703</u>	<u>\$ 1,439,908</u>	<u>\$ 47,491,135</u>	<u>\$ 528,929</u>	<u>\$ (78,023,651)</u>	<u>\$ 576,920</u>	<u>\$ (77,446,731)</u>
General revenues							
Taxes:							
Property taxes					\$ 21,565,784	\$ -	\$ 21,565,784
Motor vehicle taxes					3,156,105	-	3,156,105
Franchise taxes					859,228	-	859,228
Utility taxes					3,586,306	-	3,586,306
State formula grants					29,880,123	-	29,880,123
Student activities					2,198,673	-	2,198,673
Other local revenue					2,608,192	-	2,608,192
Sale of equipment					11,250	-	11,250
Loss compensation					90,442	-	90,442
Unrestricted investment earnings					2,119,735	-	2,119,735
Transfers					1,318,845	(1,318,845)	-
Total general revenues					<u>67,394,683</u>	<u>(1,318,845)</u>	<u>66,075,838</u>
Change in net position					<u>(10,628,968)</u>	<u>(741,925)</u>	<u>(11,370,893)</u>
Net position - beginning, as previously reported					8,973,267	7,272,016	16,245,283
Change in accounting principle (GASB 101)					(3,431,594)	(135,342)	(3,566,936)
Net position - beginning, as restated					<u>5,541,673</u>	<u>7,136,674</u>	<u>12,678,347</u>
Net position - ending					<u>\$ (5,087,295)</u>	<u>\$ 6,394,749</u>	<u>\$ 1,307,454</u>

The accompanying notes are an integral part of the financial statements.

PULASKI COUNTY SCHOOL DISTRICT

Balance Sheet
Governmental Funds
June 30, 2025

	General Fund	Special Revenue Fund	Construction Fund	Total Non-Major Funds	Total
ASSETS					
Cash and cash equivalents	\$ 20,130,425	\$ 17,520	\$ 17,837,641	\$ 3,271,118	\$ 41,256,704
Interfund receivables	990,809	-	-	-	990,809
Prepaid expenses	39,084	-	-	-	39,084
Receivables					
Taxes-current	1,050,967	-	-	-	1,050,967
Accounts	10,367	-	-	-	10,367
Intergovernmental - federal	-	2,030,203	-	-	2,030,203
Total assets	<u>22,221,652</u>	<u>2,047,723</u>	<u>17,837,641</u>	<u>3,271,118</u>	<u>45,378,134</u>
LIABILITIES					
Accounts payable	2,304,720	139,751	1,547,771	4,662	3,996,904
Interfund payable	-	990,809	-	-	990,809
Unearned revenue	-	917,163	-	-	917,163
Total liabilities	<u>2,304,720</u>	<u>2,047,723</u>	<u>1,547,771</u>	<u>4,662</u>	<u>5,904,876</u>
FUND BALANCE					
Restricted	-	-	16,289,870	3,248,731	19,538,601
Committed	548,242	-	-	-	548,242
Assigned	8,683	-	-	17,725	26,408
Unassigned	19,360,007	-	-	-	19,360,007
Total fund balance	<u>19,916,932</u>	<u>-</u>	<u>16,289,870</u>	<u>3,266,456</u>	<u>39,473,258</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 22,221,652</u>	<u>\$ 2,047,723</u>	<u>\$ 17,837,641</u>	<u>\$ 3,271,118</u>	<u>\$ 45,378,134</u>

The accompanying notes are an integral part of the financial statements.

PULASKI COUNTY SCHOOL DISTRICT
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
 June 30, 2025

Total Fund Balances - Governmental Funds	\$ 39,473,258
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets are not reported in the fund financial statement because they are not current financial resources, but they are reported in the statement of net position	118,118,942
Deferred outflows of resources are not recorded in the governmental fund financials because they do not affect current resources but are recorded in the statement of net position.	
Pension contributions deferred outflows	5,916,780
OPEB contributions deferred outflows	8,840,750
Certain assets (obligations) are not a use of financial resources and therefore, are not reported in the government funds, but are presented in the statement of net position	
Net pension liability	(24,174,016)
Net OPEB liability	(9,402,605)
Deferred inflows of resources are not recorded in the governmental fund financials because they do not affect current resources but are recorded in the statement of net position	
Pension plan deferred inflows	(4,810,586)
OPEB plan deferred inflows	(16,476,311)
Certain liabilities (such as bond payable, the long-term portion of accrued sick leave, and other accrued liabilities) are not reported in the fund financial statement because they are not due and payable, but are presented in the statement of net position as follows:	
Bonds payable	(110,265,000)
Leases payable	(1,786,701)
Accrued interest	(1,501,180)
Accrued compensated absences	(9,687,500)
Deferred loss on refunding	666,874
	666,874
Net position of governmental activities	<u><u>\$ (5,087,295)</u></u>

The accompanying notes are an integral part of the financial statements.

PULASKI COUNTY SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2025

	General Fund	Special Revenue Fund	Construction Fund	Non-Major Funds	Total Governmental Funds
REVENUES					
From Local Sources					
Taxes					
Property	\$ 16,440,770	\$ -	\$ -	\$ 5,125,014	\$ 21,565,784
Motor vehicle	3,156,105	-	-	-	3,156,105
Franchise	859,228	-	-	-	859,228
Utilities	3,586,306	-	-	-	3,586,306
Earnings on investments	1,519,826	-	553,405	46,504	2,119,735
Tuition	731	-	-	-	731
Student activities	-	-	-	2,198,673	2,198,673
Other local revenue	2,031,235	220,213	-	356,744	2,608,192
Intergovernmental - state	51,665,597	3,710,754	-	4,343,892	59,720,243
Intergovernmental - federal	273,564	11,468,154	-	-	11,741,718
Total revenues	79,533,362	15,399,121	553,405	12,070,827	107,556,715
EXPENDITURES					
Instruction	49,654,162	14,332,159	-	2,396,535	66,382,856
Support services					
Student	4,686,664	-	-	1,355	4,688,019
Instructional staff	3,140,841	168,165	-	68,083	3,377,089
District Administration	1,948,075	-	-	-	1,948,075
School Administration	3,607,201	-	-	-	3,607,201
Business	1,177,437	31,912	-	-	1,209,349
Plant operation and maintenance	10,101,388	-	-	13,839	10,115,227
Student Transportation	5,002,290	17,027	-	9,853	5,029,170
Community Services Operations	6,335	1,172,065	-	-	1,178,400
Site improvements	-	-	17,150,556	-	17,150,556
Debt service					
Principal	-	-	-	5,644,430	5,644,430
Interest	-	-	-	3,489,058	3,489,058
Cost of issuance	-	-	119,260	-	119,260
Total expenditures	79,324,393	15,721,328	17,269,816	11,623,153	123,938,690
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES					
	208,969	(322,207)	(16,716,411)	447,674	(16,381,975)
OTHER FINANCING SOURCES (USES)					
Bond proceeds	-	-	17,065,000	-	17,065,000
Bond discount	-	-	(243,726)	-	(243,726)
Sale of equipment	11,250	-	-	-	11,250
Loss compensation	90,442	-	-	-	90,442
Operating transfers in	392,600	322,207	1,261,663	8,604,558	10,581,028
Operating transfers (out)	(322,207)	-	-	(8,939,976)	(9,262,183)
Total other financing sources and (uses)	172,085	322,207	18,082,937	(335,418)	18,241,811
NET CHANGE IN FUND BALANCE	381,054	-	1,366,526	112,256	1,859,836
FUND BALANCE - BEGINNING	19,535,878	-	14,923,344	3,154,200	37,613,422
FUND BALANCE - ENDING	\$ 19,916,932	\$ -	\$ 16,289,870	\$ 3,266,456	\$ 39,473,258

The accompanying notes are an integral part of the financial statements.

PULASKI COUNTY SCHOOL DISTRICT
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,
and Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2025

Net change in fund balances - total governmental funds	\$ 1,859,836
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 outlays exceeds depreciation expense for the year.	
Capital outlays	768,149
Depreciation Expense	(3,387,604)
Generally expenditures recognized in the fund financial statements are limited to only those that use current financial resources, but expense are recognized in the statement of activities when they are incurred for the following:	
Accrued interest	266,546
Amortization of bond costs	(703,046)
Governmental funds report CERS contributions as expenditures when paid. However, in the Statement of Activities, pension expense is the cost of benefits earned, adjusted for member contributions, the recognition of changes in deferred outflows and inflows of resources related to pension, and investment experience.	
Pension Expense	1,456,510
OPEB Expense	2,468,711
Long-term debt proceeds are reported as other financing resources in funds, thereby increasing fund balances. In the statement of net position, however, issuing long-term debt increases liabilities and has no effect on net position. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.	
Bond proceeds	(17,065,000)
Bond principal repaid	5,030,000
Lease principal repaid	614,430
Compensated absences	(1,937,500)
Change in net position of governmental	<u>\$ (10,628,968)</u>

The accompanying notes are an integral part of the financial statements.

PULASKI COUNTY BOARD OF EDUCATION
Budget and Actual General Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
From Local Sources				
Taxes				
Property	\$ 16,182,335	\$ 16,182,335	\$ 16,440,770	\$ 258,435
Motor vehicle	3,100,000	3,100,000	3,156,105	56,105
Franchise	1,200,000	1,200,000	859,228	(340,772)
Utilities	3,400,000	3,400,000	3,586,306	186,306
Tuition	-	-	731	731
Earnings on investments	800,000	800,000	1,519,826	719,826
Other local revenue	208,285	208,285	2,031,235	1,822,950
Intergovernmental - state	55,544,419	55,544,419	51,665,597	(3,878,822)
Intergovernmental - federal	280,000	280,000	273,564	(6,436)
Total Revenues	80,715,039	80,715,039	79,533,362	(1,181,677)
EXPENDITURES				
Instruction	54,203,063	54,128,136	49,654,162	4,473,974
Support Services				
Student	3,759,254	3,760,254	4,686,664	(926,410)
Instructional Staff	5,420,381	5,436,381	3,140,841	2,295,540
District Administration	2,278,057	2,278,057	1,948,075	329,982
School Administration	3,014,789	3,068,029	3,607,201	(539,172)
Business	879,791	879,791	1,177,437	(297,646)
Plant Operation and Maintenance	8,328,455	8,328,455	10,101,388	(1,772,933)
Student Transportation	4,472,968	4,472,968	5,002,290	(529,322)
Community Services	6,000	6,000	6,335	(335)
Contingency	17,708,455	17,708,455	-	17,708,455
Total expenditures	100,071,213	100,066,526	79,324,393	20,742,133
EXCESS (DEFICIENCY) IN REVENUES OVER EXPENDITURES				
	(19,356,174)	(19,351,487)	208,969	19,560,456
OTHER FINANCING SOURCES (USES)				
Sale of equipment	-	-	11,250	11,250
Loss compensation	20,000	20,000	90,442	70,442
Operating transfers in	300,000	300,000	392,600	92,600
Operating transfers out	-	-	(322,207)	(322,207)
Total other financing sources and (uses)	320,000	320,000	172,085	(147,915)
NET CHANGE IN FUND BALANCE	(19,036,174)	(19,031,487)	381,054	19,412,541
FUND BALANCE - BEGINNING	19,036,174	19,036,174	19,535,878	499,704
FUND BALANCE - ENDING	\$ -	\$ 4,687	\$ 19,916,932	\$ 19,912,245

The accompanying notes are an integral part of the financial statements.

PULASKI COUNTY BOARD OF EDUCATION
 Budget and Actual Special Revenue Fund
 For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
From Local Sources				
Other local revenue	\$ 10,000	\$ 16,500	\$ 220,213	\$ 203,713
Intergovernmental - state	3,151,721	3,412,996	3,710,754	297,758
Intergovernmental - federal	4,524,174	5,210,838	11,468,154	6,257,316
Total Revenues	<u>7,685,895</u>	<u>8,640,334</u>	<u>15,399,121</u>	<u>6,758,787</u>
EXPENDITURES				
Instruction	6,496,202	7,307,070	14,332,159	(7,025,089)
Support Services				
Instructional Staff	260,813	260,813	168,165	92,648
Business	-	-	31,912	(31,912)
Student Transportation	-	-	17,027	(17,027)
Community Services Operations	928,880	1,100,610	1,172,065	(71,455)
Total expenditures	<u>7,685,895</u>	<u>8,668,493</u>	<u>15,721,328</u>	<u>(7,052,835)</u>
EXCESS (DEFICIENCY) IN REVENUES OVER EXPENDITURES				
	-	(28,159)	(322,207)	(294,048)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	890	322,207	321,317
Total other financing sources and (uses)	<u>-</u>	<u>890</u>	<u>322,207</u>	<u>321,317</u>
NET CHANGE IN FUND BALANCE				
	-	(27,269)	-	27,269
FUND BALANCE - BEGINNING				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING				
	<u>\$ -</u>	<u>\$ (27,269)</u>	<u>\$ -</u>	<u>\$ 27,269</u>

The accompanying notes are an integral part of the financial statements.

PULASKI COUNTY BOARD OF EDUCATION
Statement of Net Position - Proprietary Funds
June 30, 2025

	Enterprise Funds		
	School Food Services	Day Care Services	Total
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 4,213,920	\$ 3,201,590	\$ 7,415,510
Receivables	48,599	25,907	74,506
Inventories for consumption	165,866	-	165,866
Total current assets	<u>4,428,385</u>	<u>3,227,497</u>	<u>7,655,882</u>
Noncurrent Assets			
General equipment	3,824,114	-	3,824,114
Accumulated depreciation	(2,890,346)	-	(2,890,346)
Total noncurrent assets	<u>933,768</u>	<u>-</u>	<u>933,768</u>
Total Assets	<u>5,362,153</u>	<u>3,227,497</u>	<u>8,589,650</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	230,660	63,026	293,686
Deferred outflows related to OPEB	344,648	94,172	438,820
Total deferred outflows of resources	<u>575,308</u>	<u>157,198</u>	<u>732,506</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>5,937,461</u>	<u>3,384,695</u>	<u>9,322,156</u>
LIABILITIES			
Current Liabilities			
Accounts payable	29,856	5,159	35,015
Compensated absences	28,066	7,461	35,527
Total current liabilities	<u>57,922</u>	<u>12,620</u>	<u>70,542</u>
Noncurrent liabilities			
Net pension liability	942,402	257,503	1,199,905
Net OPEB liability	366,552	100,157	466,709
Compensated absences	105,584	28,067	133,651
Total noncurrent liabilities	<u>1,414,538</u>	<u>385,727</u>	<u>1,800,265</u>
Total liabilities	<u>1,472,460</u>	<u>398,347</u>	<u>1,870,807</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	187,536	51,243	238,779
Deferred inflows related to OPEB	642,314	175,507	817,821
Total deferred inflows of resources	<u>829,850</u>	<u>226,750</u>	<u>1,056,600</u>
TOTAL LIABILITIES AND INFLOWS OF RESOURCES	<u>2,302,310</u>	<u>625,097</u>	<u>2,927,407</u>
NET POSITION			
Net Investment in capital assets	933,768		933,768
Restricted	2,701,383	2,759,598	5,460,981
Total net position	<u>\$ 3,635,151</u>	<u>\$ 2,759,598</u>	<u>\$ 6,394,749</u>

The accompanying notes are an integral part of the financial statements.

PULASKI COUNTY BOARD OF EDUCATION
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds
For the Year Ended June 30, 2025

	Enterprise Funds		
	School Food Services	Day Care Services	Total
OPERATING REVENUES			
Lunchroom sales	\$ 177,001	\$ -	\$ 177,001
Tuition	-	1,262,176	1,262,176
Total operating revenues	<u>177,001</u>	<u>1,262,176</u>	<u>1,439,177</u>
OPERATING EXPENSES			
Salaries & benefits	2,596,911	539,854	3,136,765
Purchased professional services	1,823	75	1,898
Purchased property services	7,500	7,000	14,500
Other purchased services	33,863	27	33,890
Supplies	3,205,558	83,436	3,288,994
Dues, Fees, and miscellaneous	7,836	1,941	9,777
Depreciation	109,469	-	109,469
Total operating expenses	<u>5,962,960</u>	<u>632,333</u>	<u>6,595,293</u>
Operating income (loss)	<u>(5,785,959)</u>	<u>629,843</u>	<u>(5,156,116)</u>
NONOPERATING REVENUES (EXPENSES)			
Federal grants	5,407,310	-	5,407,310
Federal donated commodities	325,726	-	325,726
State on-behalf payments	520,040	185,150	705,190
State on-behalf payments	<u>(520,040)</u>	<u>(185,150)</u>	<u>(705,190)</u>
Total nonoperating revenues (expenses)	<u>5,733,036</u>	<u>-</u>	<u>5,733,036</u>
Income (loss) before operating transfers	(52,923)	629,843	576,920
Operating transfers out	<u>(1,318,845)</u>	<u>-</u>	<u>(1,318,845)</u>
Change in net position	(1,371,768)	629,843	(741,925)
NET POSITION - BEGINNING, as previously reported	5,113,839	2,158,177	7,272,016
Change in accounting principle - GASB 101	<u>(106,920)</u>	<u>(28,422)</u>	<u>(135,342)</u>
NET POSITION - BEGINNING, as restated	<u>5,006,919</u>	<u>2,129,755</u>	<u>7,136,674</u>
NET POSITION - ENDING	<u>\$ 3,635,151</u>	<u>\$ 2,759,598</u>	<u>\$ 6,394,749</u>

The accompanying notes are an integral part of the financial statements.

PULASKI COUNTY BOARD OF EDUCATION
Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2025

	Enterprise Funds		
	School Food Services	Day Care Services	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 177,001	\$ 1,262,176	\$ 1,439,177
Payments to suppliers	(2,941,234)	(66,196)	(3,007,430)
Payments to employees	(3,090,895)	(725,004)	(3,815,899)
Net cash provided (used) by operating activities	<u>(5,855,128)</u>	<u>470,976</u>	<u>(5,384,152)</u>
CASH FLOWS FROM NONCAPITAL FINANCIAL ACTIVITIES			
Operating grants and contributions	5,963,782	75,548	6,039,330
Net cash provided (used) by noncapital financing activities	<u>5,963,782</u>	<u>75,548</u>	<u>6,039,330</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES			
Purchase of capital assets	(12,672)		(12,672)
Operating transfer to general fund	(1,318,845)	-	(1,318,845)
Net cash provided (used) by capital financing activities	<u>(1,331,517)</u>	<u>-</u>	<u>(1,331,517)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,222,863)	546,524	(676,339)
CASH AND CASH EQUIVALENTS - BEGINNING	5,436,783	2,655,066	8,091,849
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 4,213,920</u>	<u>\$ 3,201,590</u>	<u>\$ 7,415,510</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (5,785,959)	\$ 629,843	\$ (5,156,116)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	109,469	-	109,469
Changes in assets and liabilities:			
Receivables	10,637	21,124	31,761
Inventory	(7,989)	-	(7,989)
Account Payables	13,028	5,159	18,187
Federal donated commodities	325,726	-	325,726
On-behalf payments expenses	(520,040)	(185,150)	(705,190)
Net cash provided (used) by operating activities	<u>\$ (5,855,128)</u>	<u>\$ 470,976</u>	<u>\$ (5,384,152)</u>
Schedule of non-cash transactions			
Federal donated commodities	\$ 325,726	-	\$ 325,726
State on-behalf payments	<u>\$ 520,040</u>	<u>\$ 185,150</u>	<u>\$ 705,190</u>

The accompanying notes are an integral part of the financial statements.

PULASKI COUNTY BOARD OF EDUCATION
Notes to the Financial Statements
Year Ended June 30, 2025

Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements presented for the Pulaski County Board of Education are prepared in accordance with accounting principles generally accepted in the United States of America applicable to governmental units, as prescribed by the Governmental Accounting Standards Board (GASB). The District's significant accounting and reporting policies are described below.

The Financial Reporting Entity

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

As required by GAAP, these financial statements present the primary government and its component unit, an entity for which the government is considered to be financially accountable. This component unit is reported on a blended basis. A blended component unit, although a legally separate entity, is, in substance, part of the government's operations and so data from this unit is combined with data of the primary government. Separate financial statements are not issued for this component unit.

The District's reporting entity includes the following blended component unit:

The Pulaski County Board of Education Finance Corporation was formed in accordance with the provisions of KRS Sections 162.120 through 162.300 and Section 162.385, and KRS Chapter 273 and KRS 58.180, as a non-profit, non-stock corporation for the purpose of financing necessary school building facilities on behalf of the Board of Education of the Pulaski County School District. Under the provisions of existing Kentucky laws, the Corporation is permitted to act as an agency and instrumentality of the District for financing purposes. The Board serves as the Governing Board of the Corporation and all accounting and administrative functions are performed by the District, which records all activity of the Corporation as a blended component unit.

Basis of presentation and accounting

Government-wide

The District's government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements report information about the reporting entity as a whole. Fiduciary activities of the District are not included in these statements. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through property taxes, intergovernmental revenue, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services rendered.

PULASKI COUNTY BOARD OF EDUCATION
Notes to the Financial Statements
Year Ended June 30, 2025

Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Statement of Activities presents a comparison between direct expenses and program revenue for the business-type activities and for each function of the District’s governmental activities. Program revenues includes (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including property taxes and general state aid, are presented as general revenues.

These statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all the District’s assets and long-term liabilities are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period earned while expenses are recognized in the period the liability incurred.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regard to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total column. In the Statement of Activities, those transactions between governmental and business-type activities have not been eliminated.

Fund Financial Statements

The fund financial statements of the District are organized into funds, each of which is considered to be a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific district functions or activities. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures/expenses. Funds are organized into three categories: governmental, proprietary, and fiduciary. Major individual governmental funds and enterprise funds are reported as separate columns in the fund financial statements.

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the government-wide financial statements.

All governmental funds are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources are included in the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances present increase (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally collected 60 days after year-end) are recognized when due. The primary revenue sources which have been treated as susceptible to accrual by the District are taxes and intergovernmental revenues. Expenditures are recorded in the accounting period in which the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured.

PULASKI COUNTY BOARD OF EDUCATION
Notes to the Financial Statements
Year Ended June 30, 2025

Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Major Governmental Funds:

General Fund – accounts for the general operating costs for the District and provides supports services to other funds. It accounts for financial resources used for general types of operations. This is a budgeted fund, and any fund balances are considered as resources available for use.

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

Construction Fund -The Construction Fund accounts for and reports proceeds from sales of bonds and other revenues to be used for authorized construction.

Non-Major Governmental Funds

District Activity Fund – The District Activity Fund is a special revenue fund type and is used to account for funds collected at individual schools for operation costs of the schools or school district that allows for more flexibility in the expenditures of those funds.

Student Activity Fund –The Student Activity Fund is a special revenue fund type and is used to account for funds student activity that are legally restricted to expenditures for specified purposes imposed by external parties, enabling legislation, or by board action.

Capital Outlay Fund – The Support Education Excellence in Kentucky (SEEK) Fund receives those funds designated by the state as capital outlay funds and is generally restricted for use in financing projects identified in the district’s facility plan (including payment of bonded lease obligations).

Facility Support Program (FSPK) fund - The Facility Support Program of Kentucky (FSPK) accounts for and reports 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.

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

Proprietary Fund Financial Statements

Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expense and Changes in Net position, and a Statement of Cash Flows. The District does not have an internal service fund.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities and deferred inflows of resources (whether current or noncurrent) are included in the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period earned while expenses are recognized in the period the liability is incurred.

PULASKI COUNTY BOARD OF EDUCATION
Notes to the Financial Statements
Year Ended June 30, 2025

Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Fund Financial Statements (Continued)

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Enterprise Funds

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

Day Care Services Fund – is used to account for and report the activities of the day care programs where a fee is charged for participating.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position and a Statement of Changes in Net Position. Fiduciary Funds are used to account for assets held by the District in a trustee capacity for the benefit of others and cannot be used to support district activities. Fiduciary Funds are accounted for on a spending or “economic resources” measurement focus and the accrual basis of accounting. The District currently has no fiduciary funds.

Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicate the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

Government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are “measurable and available”). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period (60 days). Expenditures are recorded when the liability is incurred, except for unmatured interest on long-term debt which is recognized when due, other post-employment benefits, claims and judgments and compensated absences, which are recognized when expended. Revenues susceptible to accrual are interest, state and local shared revenue and federal and state grants. Expenditure-driven grants are recognized as revenue when qualifying expenditures have been incurred and all other grant requirements have been met.

Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary information

The District's budgetary process accounts for transactions on a modified accrual basis of accounting which is consistent with the accounting principles generally accepted in the United States of America. State law requires the district to formally and publicly examine anticipated receipts and expenditures for the next fiscal year by January 31 (draft budget), adopt a tentative working budget on or before May 30 for the next fiscal year and a final working budget must be submitted to the Kentucky Department of Education (KDE) by September 30 for the current year with a recommended reserve of at least two percent of total budgeted expenditures in the general and school food service funds. The Special Revenue Fund and the Construction fund are multi-year funds. A fund is multi-year when budgeted amounts in that fund may be received and expended over a period extending beyond one fiscal year. A budget projection is created one time for a project (grant or a construction project) which is in the year of its inception. After a budget completion is processed on a project, that budget remains with the project over the lifetime of the project.

Expenditure budgets are appropriated at the major function level for each fund. Appropriations may not legally be over-expended, except in the case of grant receipts which could not be reasonably estimated at the time the budget was adopted.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates.

Assets, deferred outflows, liabilities, deferred inflows, and net position/fund balance

Cash and cash equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and all highly liquid investments with a maturity of three months or less from the date of the acquisition. For the purposes of the statement of cash flows, the District defines cash and cash equivalents as amounts in demand deposits as well as short-term, highly liquid investments with original maturities of three months or less.

Deposits with Financial Institutions and Investments

The District's policy on investments primarily follow state statutes and regulations which authorize the District to invest in obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation.

Prepaid items

Prepaid items are charged to expenditure/expense at the time the items are used (consumption method).

PULASKI COUNTY BOARD OF EDUCATION
Notes to the Financial Statements
Year Ended June 30, 2025

Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory

Inventory consists of food purchased by the District and commodities granted by the United States Department of Agriculture (USDA). The commodities are recognized as revenues and expenditures by the Food Service Fund when consumed. Any material commodities on hand at year end are recorded as inventory. All purchased inventory items are valued at the lower of cost or market (first-in, first-out) using the consumption method and commodities assigned values are based on information provided by the USDA.

Capital assets

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

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 acquisition values as of the date received. The District maintains a capitalization threshold of \$5,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life are expensed.

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

Building and improvements	25-50 years
Land improvements	20 years
Technology equipment	5 years
Vehicles	5-10 years
Audio-visual equipment	15 years
Food service equipment	10-12 years
Furniture and fixtures	7 years
Rolling stock	15 years
Other	10 years

Long-term obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities. 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 applicable bond premium or discount.

In the fund financial statements, governmental fund types recognized bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred outflows/inflows of resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separated financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then. The District reports three types of deferred outflows-contributions to the CERS pension system after the measurement period, contributions to the TRS medical insurance fund after the measurement period and the unrecognized portion of a deferred loss on the refinancing of long-term debt.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until the appropriate period. The District reports two types of deferred inflows – those related to the net difference projected and actual earnings on pension plan investments, and those related to the net difference projected and actual earnings on OPEB plan investments.

Pension obligations

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

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the CERS and TRS and additions to/deductions from fiduciary net position on the same basis as they are reported by these multiple-employer cost-sharing OPEB systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized by the pension systems when due and payable in accordance with the benefit terms. Investments are reported at fair value by the pension systems. Both systems publish separate financial statements as described in the Note for Postemployment Benefits Other Than Pensions.

Net position flow assumptions

Net position is classified into the following categories:

Net investment in capital assets – consists of all capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – consists of net position with constraints placed on use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position – consists of all other net position that is not included in the other categories previously mentioned.

Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net position flow assumptions (Continued)

When both restricted and unrestricted resources are available for use in a specific program or for specific purpose, the District's normal policy is to use restricted resources first to finance its activities.

Fund balance flow assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). When fund balance resources are available for a specific purpose in multiple classifications, the District uses the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

Fund balance policies

Governmental fund equity is classified as fund balance. GASB Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on purpose for which resources can be used:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Management has classified prepaid items as being non-spendable as they are not expected to be converted to cash.

Restricted: This classification includes amounts for which constraints have been placed on the use of resources which are either.

1. Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
2. Imposed by law through constitutional provisions or enabling legislation.

Committed: This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the District's Board of Directors, which is the District's highest level of decision-making authority. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed.

Assigned: This classification includes spendable amounts for a specific purpose. The intent of an assigned fund balance is expressed by either the District's Board, or a subordinate high-level body, such as a finance committee, or an official, such as the superintendent, that has the authority to assign amounts to be used for assigned purposes.

Unassigned: This classification is the residual fund balance for the General Fund. It represents fund balance that has not been assigned, committed, or restricted.

Revenue and expenditures/expenses

Program revenues – amounts reported as program revenues include 1) charges to customers who purchase or use goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not property included amount program revenues are reported instead as general revenues.

PULASKI COUNTY BOARD OF EDUCATION
Notes to the Financial Statements
Year Ended June 30, 2025

Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and expenditures/expenses (Continued)

Property taxes – Property taxes are levied each August 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. Liens are effective when the tax bills become delinquent. The collection period for these assessments was October 15, 2024 through April 15, 2025.

Grants – unreimbursed expenditures due from grantor agencies are reflected in the government-wide financial statements as receivables and revenues. Grant revenues are recorded at the time eligible expenditures are incurred. Cash received from grantor agencies in excess of related grant expenditures is recorded as restricted on the Balance Sheet and unearned revenue on the Statement of Net Position.

Compensated Absences

The Pulaski County Board of Education recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example, paid in cash to the employee or payment to an employee voluntary retirement account) during or upon retirement from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences– *vacation* and *sick leave*. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Vacation Leave

Vacation Pulaski County Board of Education permits only the Superintendent to accumulate earned but unused vacation benefits, which are eligible for payment at the employee’s current pay rate upon separation from employment. The number of days is determined in the Superintendent Contract.

Sick Leave

The Pulaski County Board of Education’s policy permits employees to accumulate earned but unused sick leave. Teachers, administrators, and classified employees earn sick leave at a rate of ten days per year. Certified personal days (one per year) will convert to a sick day if unused. Upon retirement, payment is made to all employees for 30% of their accrued, but unused sick leave credit.

Note II – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Violations of legal or contractual provisions

This District had no violations of legal or contractual provision in the fiscal year.

PULASKI COUNTY BOARD OF EDUCATION
Notes to the Financial Statements
Year Ended June 30, 2025

Note II – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Cash deposits and cash equivalents

The Kentucky Revised Statutes authorize the District to investment money subject to its control in obligations of the United States; bonds or certificates of indebtedness of Kentucky and its agencies and instrumentalities; savings and loan associations insured by an agency of the United States up to the amount insured; and national or state banks chartered in Kentucky and insured by an agency of the United States providing such banks pledge as security obligations, as permitted by KRS 41.240(4), having a current quoted market value at least equal to uninsured deposits.

Custodial credit risk is the risk that in the event of a bank failure, a government’s deposits may not be returned to it. The District’s deposit policy for custodial credit risk requires compliance with the provisions of state law.

At year-end, the District’s bank balances were collateralized by securities held by the pledging bank’s trust department in the District’s name and FDIC insurance. At year end, the carrying amount of the District’s cash and cash equivalents, was \$48,672,214. The bank balance for the same time was \$49,162,573.

Receivables

Amounts are aggregated into a single account receivable line in the Statement of Net Position and Balance Sheet. Below is the detail of receivable for the governmental funds:

Receivables	General Fund	Special Revenue Fund	School Food Service Fund	Day Care Fund	Total
Taxes	\$ 1,050,967	\$ -	\$ -	\$ -	\$ 1,050,967
Accounts	10,367	-	-	25,907	36,274
Intergovernmental-federal	-	2,030,203	48,599	-	2,078,802
Total Receivables	\$ 1,061,334	\$ 2,030,203	\$ 48,599	\$ 25,907	\$ 3,166,043

PULASKI COUNTY BOARD OF EDUCATION
Notes to the Financial Statements
Year Ended June 30, 2025

Note II – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Capital assets

The changes in capital assets for the year ended June 30, 2025, are as follows:

	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025
<u>Governmental Activities:</u>				
Non-depreciable capital assets				
Land	\$ 3,462,905	\$ -	\$ -	\$ 3,462,905
Construction in progress	60,529,807	-	21,755,836	38,773,971
Total - Non-depreciable capital assets	<u>63,992,712</u>	<u>-</u>	<u>21,755,836</u>	<u>42,236,876</u>
Depreciable capital assets				
Land improvements	471,956	-	-	471,956
Buildings and Building Improvements	104,515,239	21,755,836	-	126,271,075
Technology equipment	7,526,101	-	-	7,526,101
Vehicles	17,914,099	659,329	-	18,573,428
General equipment	2,955,360	108,820	-	3,064,180
Total - Depreciable capital assets	<u>133,382,755</u>	<u>22,523,985</u>	<u>-</u>	<u>155,906,740</u>
Less: Accumulated depreciation				
Land improvements	237,376	38,039	-	275,415
Buildings and building Improvements	53,630,267	2,329,597	-	55,959,864
Technology equipment	7,570,261	1,331	-	7,571,592
Vehicles	13,232,617	841,464	-	14,074,081
General equipment	1,966,549	177,173	-	2,143,722
Total - Accumulated depreciation	<u>76,637,070</u>	<u>3,387,604</u>	<u>-</u>	<u>80,024,674</u>
Governmental Activities Capital Assets - net	<u>\$ 120,738,397</u>	<u>\$ 19,136,381</u>	<u>\$ 21,755,836</u>	<u>\$ 118,118,942</u>
<u>Business-Type Activities:</u>				
Technology equipment	\$ 56,057	\$ -	\$ -	\$ 56,057
Vehicles	27,330	-	-	27,330
General equipment	3,728,055	12,672	-	3,740,727
Total - Depreciable capital assets	<u>3,811,442</u>	<u>12,672</u>	<u>-</u>	<u>3,824,114</u>
Less: Accumulated depreciation				
Technology equipment	56,057	-	-	56,057
Vehicles	27,330	-	-	27,330
General equipment	2,697,490	109,469	-	2,806,959
Total - Accumulated depreciation	<u>2,780,877</u>	<u>109,469</u>	<u>-</u>	<u>2,890,346</u>
Business-Type Activities Capital Assets - net	<u>\$ 1,030,565</u>	<u>\$ (96,797)</u>	<u>\$ -</u>	<u>\$ 933,768</u>

*Depreciation expense was not allocated to governmental functions. It appears on the statement of activities as "unallocated".

PULASKI COUNTY BOARD OF EDUCATION

Notes to the Financial Statements

Year Ended June 30, 2025

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Pension obligations

The District participates in both the Teachers' Retirement System of the State of Kentucky (TRS) and the Kentucky Public Pensions Authority (KPPA) - County Employees Retirement System (CERS) for non-hazardous duties based on each position's college degree requirement. The County Employees Retirement System covers employees whose position does not require a college degree or teaching certification. The Teachers Retirement System covers positions requiring teaching certification or otherwise requiring a college degree.

Teacher's Retirement System of the State of Kentucky (TRS)

Plan Description

TRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the Kentucky Revised Statutes (KRS). TRS is a cost-sharing multiple-employer defined benefit 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 of Kentucky. KRS 161.250 provides that the general administration and management of TRS, and the responsibility for its proper operation, is vested in a board of trustees. TRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. TRS covers positions requiring teaching certification or otherwise requiring a college degree as well as any person providing part-time or substitute teaching services that are the same or similar to those teaching services provided by full-time, certified teachers. Copies of the TRS Comprehensive Annual Financial Report and Actuarial Valuations may be obtained at: <https://trs.ky.gov/administration/financial-reports-information/>.

Pension Benefits

For members who have established an account in a retirement system administered by the Commonwealth prior to July 1, 2008, members become vested when they complete five (5) years of credited service. To qualify for monthly retirement benefits, payable for life, members must either 1) attain age fifty-five (55), or 2) complete 27 years of Kentucky service.

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

Employees who retire July 1, 2004, or later with more than 30 years of service will have their multiplier increased for all years over 30 from 2.5 % to 3.0% to be used in their benefit calculation. Effective July 1, 2008, the system has been amended to change the benefit structure for members hired on or after that date. For members who enter TRS on or after January 1, 2022, TRS created a hybrid retirement plan with a foundational benefit which pays a lifetime retirement annuity.

Final average salary is defined as the member's five (5) highest annual salaries for those with less than 27 years of service. Employees at least age 55 with 27 or more years of service may use their three (3) highest annual salaries to compute the final average salary. TRS also provides disability benefits for vested employees at the rate of sixty (60) percent of the final average salary.

PULASKI COUNTY BOARD OF EDUCATION
Notes to the Financial Statements
Year Ended June 30, 2025

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Teacher's Retirement System of the State of Kentucky (TRS) (Continued)

Pension Benefits (Continued)

When calculating the final average salary for employees entering the service on or after January 1, 2022, increases in compensation in the last five years prior to retirement are limited to the highest percentage increase generally available to the district's employees.

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

For members hired on or after January 1, 2022, new members must be age 57 and have 10 years of service or age 65 and 5 years of service. The annual foundational benefit for members is equal to service times a multiplier times final average salary. The multiplier for non-university members who are age 65 and over with 5-9.99 years of service is 1.90%. The multiplier for non-university members with 10-19.99 years of service who are age 57-60 is 1.70%, age 61 - 1.74%, age 62 - 1.78%, age 63 - 1.82%, age 64 - 1.86% and age 65 and over 1.90%. The multiplier for non-university members with 20-29.99 years of service who are age 57-60 is 1.95%, age 61 - 1.99%, age 62 - 2.03%, age 63 - 2.07%, age 64 - 2.11% and age 65 and over 2.15%. The multiplier for non-university members with 30 or more years of service who are age 57-60 is 2.20%, age 61 - 2.24%, age 62 - 2.28%, age 63 - 2.32%, age 64 - 2.36% and age 65 and over 2.40%. The annual foundational benefit is reduced by 6% per year from the earlier of age 60 or the date the member would have completed 30 years of service. The annual supplemental benefit is equal to the account balance which includes member and employer contributions and interest credited annually on June 30. Options include annuitizing the balance or receiving the balance as a lump sum either at the time of retirement or at a later date.

Contributions

Contribution rates are established by Kentucky Revised Statutes ("KRS"). Non-university employees other than TRS 4 employees are required to contribute 12.855% of salary and TRS 4 members contribute 14.75% of salary to the retirement system and 2% of each is for the supplemental plan. The Commonwealth, as a non-employer contributing entity, pays matching contributions at the rate of 16.105% of salaries for local school district and regional cooperative employees hired before July 1, 2008, and 16.105% 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. The required matching contribution for those employees classified as critical shortage is 28.79%. 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.

PULASKI COUNTY BOARD OF EDUCATION
Notes to the Financial Statements
Year Ended June 30, 2025

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Kentucky Public Pensions Authority (KPPA) - County Employees Retirement System (CERS)

Plan Description

Under the provisions of KRS 61.645, the Board of Trustees of the Kentucky Public Pensions Authority (KPPA) administers CERS and has the authority to establish and amend benefit provisions. CERS was created by the Kentucky General Assembly pursuant to the provision of KRS 78.520. CERS is a cost-sharing, multiple-employer defined benefit pension plan administered by the Kentucky General Assembly. KRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth’s financial statements. CERS covers employees whose positions do not require a degree, substantially all full-time classified employees and these positions are considered non-hazardous. Copies of the TRS Comprehensive Annual Financial Report and Actuarial Valuations may be obtained at <https://kyret.ky.gov/Employers/GASB/Pages/default.aspx>.

Pension Benefits

CERS provides retirement, health insurance, death and disability benefits to CERS 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’ equal 87
	Reduced retirement	Not available

Contributions

CERS pension benefits are grouped into three tiers, based on the hire date:

Tier 1 plan members who began participating prior to September 1, 2008, are required to contribute 5% (non-hazardous) or 8% (hazardous) of their annual creditable compensation. These members are classified in the Tier 1 structure of benefits. Interest is paid each June 30 on members’ accounts at a rate of 2.5%. If a member terminates employment and applies to take a refund, the member is entitled to a full refund of contributions and interest.

Tier 2 plan members, who began participating on, or after, September 1, 2008, and before January 1, 2014, are required to contribute 6% (non-hazardous) or 9% (hazardous) of their annual credit compensation, while 1% of these contributions are deposited to an account created for the payment of health insurance benefits under 26 USC Section 401(k) in the Pension Fund (See Kentucky Administrative Regulation 105 KAR 1:420 Employer’s administrative duties). These members are classified in the Tier 2 structure of benefits.

PULASKI COUNTY BOARD OF EDUCATION
Notes to the Financial Statements
Year Ended June 30, 2025

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Kentucky Public Pensions Authority (KPPA) - County Employees Retirement System (CERS) (Continued)

Contributions (Continued)

Tier 2 plan members (Continued)

Interest is paid each June 30th on members' accounts as a rate of 2.5%. If a member terminates employment and applies to take a refund, the member is entitled to a full refund of contributions and interest; however, the 1% contribution to the 401(h) account is non-refundable and is forfeited.

Tier 3 plan members, who began participating on, or after, January 1, 2014, are required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own account. Members contribute 5% (non-hazardous) or 8% (hazardous) of their annual creditable compensation, and an additional 1% to the health insurance fund (401(h) account) which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the KPPA board based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received an employer pay credit is deposited to the member's account. A member's account is credited with a 4% (non-hazardous) or 7.5% (hazardous) employer pay credit. Tier 3 accounts earn a base of 4% interest annually on both the member contributions and the employer pay credit balance. Interest is credited to a member's account each June 30, based on the account balance from the preceding June 30. New members do not see interest credited in their first year since there is no prior year balance. The base interest amount is 4%. Upside sharing interest is the additional interest credit that may be applied to a Tier 3 account. The rate for the year ended June 30, 2025, was 8.42%. The following conditions must be met before Upside Sharing Interest is credited:

- The system's Geometric Average Net Investment Return (GANIR) for the last five (5) years must exceed 4%
 - The member must have been active and participating in the fiscal year
- If the GANIR exceeds 4%, the member's account will be credited with 75% of the amount of return over 4%. It is applied to the account balance as of June 30 of the prior fiscal year.

The employer pay credit represents a portion of the employer contribution. CERS contribution rates for non-hazardous employees for pension 19.71%, insurance 0.00% for a combined total of 19.71%.

Funding for CERS is provided by members, who contribute 5.00% (6.00% for employees hired after September 1, 2008) of their salary through payroll deductions, and by employers of members. For the year ending June 30, 2025, employers were required to contribute 19.71% of the member's salary. During the year ending June 30, 2025, the District contributed \$2,862,594 to the CERS pension plan. The contribution requirements of CERS are established and may be amended by the CERS Board of Trustees.

Other Retirement Plans

The District also offers employees the option to participate in defined contribution plans under Sections 403(B) and 401(K) of the Internal Revenue Code. All regular full-time and part-time employees are eligible to participate and may contribute up to the maximum allowable by law. These plans are administered by an independent third-party administrator. The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits them to defer a portion of their salary until future years. This deferred compensation is not available to employees until their termination, retirement, death or unforeseeable emergency. GASB Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, allows entities with little or no administrative involvement and who do not perform the investing function for these plans to omit plan assets and related liabilities from their financial statement statements.

PULASKI COUNTY BOARD OF EDUCATION
Notes to the Financial Statements
Year Ended June 30, 2025

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Other Retirement Plans (Continued)

The District, therefore, does not report these assets and liabilities on its financial statements. Employee contributions made to the plan during the year total \$257,203. The District does not contribute to these plans.

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

On June 30, 2025, the District reported a liability for its proportionate share of the net pension liability for CERS. The District did not report a liability for the District’s proportionate share of the net pension liability for TRS because the Commonwealth of Kentucky provides the pension support directly to TRS on behalf of the District.

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

District's proportionate share of the net CERS pension liability	\$ 25,373,921
Commonwealth's proportionate share of the net TRS pension liability associated with the District	<u>152,629,105</u>
Total proportionate share net pension liability - CERS/TRS	<u>\$ 178,003,026</u>

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

The District’s portion of the net pension liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. On June 30, 2024, the District’s proportion was .424283%.

For the year ended June 30, 2025, the District recognized CERS pension expense of \$2,862,594 which is a \$2,387,183 increase in governmental funds and \$475,411 increase in proprietary funds and \$1,133,212 related to TRS as being paid. The adjusted pension expense recognized on the statement of activities, based on actuarial valuation for the year ended June 30, 2025, was (\$1,465,376) (a decrease of \$1,456,510 in governmental funds and a decrease of \$8,866 in the business type activity funds). The District also recognized revenue of \$9,920,394 for TRS support provided by the Commonwealth.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,228,144	\$ -
Changes of assumptions	-	1,146,403
Net difference between projected and actual earnings on pension plan	1,742,618	3,374,024
Changes in proportion and difference between District contributions and proportionate share of contributions	377,110	528,938
District contributions subsequent to the measurement date	<u>2,862,594</u>	<u>-</u>
Totals	<u>\$ 6,210,466</u>	<u>\$ 5,049,365</u>

PULASKI COUNTY BOARD OF EDUCATION
Notes to the Financial Statements
Year Ended June 30, 2025

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Pension liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The amount reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date is \$2,862,594 and will be recognized as a reduction of the net pension liability in the year ending 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:

Fiscal Year Ending June 30:	
2025	\$ (974,935)
2026	264,149
2027	(627,131)
2028	(363,576)
2029	-
Thereafter	-

Actuarial assumptions

The actuarially determined contributions effective for fiscal year ending 2024 is based on the required contribution calculated with the June 30, 2022 actuarial valuation. Based on the June 30, 2024 actuarial valuation report, the actuarial methods and assumptions, applied to all periods included in the measurement:

	CERS	KTRS
Inflation	2.30%	2.50%
Projected Salary Increases	3.30% to 10.30%, varies by service	3.00% to 7.50%
Investment rate of return, net of investment expense and inflation	6.50%	7.10%

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

The long-term expected rate of return on pension plan investments was determined using a long-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.

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

PULASKI COUNTY BOARD OF EDUCATION
Notes to the Financial Statements
Year Ended June 30, 2025

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Pension liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. Equity	35.40%	5.00%
Small Cap U.S. Equity	2.60%	5.50%
Developed International Equity	15.70%	5.50%
Emerging Markets Equity	5.30%	6.10%
Fixed Income	15.00%	1.90%
High Yield Bonds	2.00%	3.80%
Other Additional Categories	8.00%	3.60%
Real Estate	7.00%	3.20%
Private Equity	7.00%	8.00%
Cash	2.00%	1.60%
Total	100.00%	

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

For CERS, the long-term expected rate of return was determined by using a building block method in which best estimate ranges of expected future real rates of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimate of arithmetic real rate of return for each major asset class.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity		
Public Equity	50.00%	4.15%
Private Equity	10.00%	9.10%
Fixed Income		
Core Bonds	10.00%	2.85%
Specialty Credit/High Yield	10.00%	3.82%
Cash	0.00%	1.70%
Inflation Protected		
Real Estate	7.00%	4.90%
Real Return	13.00%	5.35%
Expected Real Return	100.00%	4.69%
Long-Term Inflation Assumption		2.50%
Expected Nominal Return for Portfolio		7.19%

PULASKI COUNTY BOARD OF EDUCATION
Notes to the Financial Statements
Year Ended June 30, 2025

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Pension liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Discount Rate

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

For CERS, the discount rate used to measure the total pension liability was 6.50% for fiscal year ending June 30, 2024. The single discount rate is based on the expected rate of return on pension plan investments for each plan. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the non-hazardous and hazardous pension plans’ fiduciary net position and future contributions were separately projected and were each sufficient to finance all the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability of each plan.

The projection of cash flows used to determine the single discount rate must include an assumption regarding actual employer contributions made each future year. The future contributions are projected assuming that each participating employer contributes the actuarially determined employer contribution rate each future year calculated in accordance with the current funding policy. The assumed future employer contributions reflect the provisions of House Bill 362 (passed during the 2018 Legislative session) which limits the increases to the employer contribution rates to 12% in any given future year. Therefore, for the purposes of this calculation, the provisions of House Bill 362 do not impact the projected contribution rates.

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

	1% Decrease	Current Discount Rate	1% Increase
TRS	6.10%	7.10%	8.10%
District's proportionate share of net pension liability	\$ -	\$ -	\$ -
CERS	5.50%	6.50%	7.50%
District's proportionate share of net pension liability	\$ 32,711,131	\$ 25,373,921	\$ 19,285,971

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Other postemployment benefit (OPEB) obligations

The District's employees are provided with two OPEB plans, based on each position's college degree requirement. TRS covers positions requiring teaching certification or otherwise requiring a college degree. The CERS covers employees whose position does not require a college degree or teaching certification. Retired district employees receive some health care benefit depending on their length of service. In accordance with Kentucky Revised Statutes, these benefits are provided and advance funded on an actuarially determined basis through the TRS and CERS plans. The TRS publicly available financial report may be obtained from <https://trs.ky.gov/administration/financial-reports-information/>. CERS issues a publicly available financial report that can be obtained at <https://kyret.ky.gov/Employers/GASB/Pages/default.aspx>.

TRS – OPEB

The Commonwealth of Kentucky (State) reports a liability, deferred outflows of resources and deferred inflows of resources, and expenses as a result of the statutory requirement to contribute to the TRS Medical Insurance (Health Trust) and Life Insurance Plans (Life Trust). The following information is about the TRS plans:

TRS Medical Insurance Fund (Health Trust)

Plan description

In addition to the retirement annuity plan described previously, KRS 161.675 requires TRS to provide access to post-employment healthcare benefits for eligible employees and dependents. The TRS medical plan (Health Trust) is a cost-sharing multiple-employer defined benefit plan. The Health Trust is funded by employer and member contributions. Changes to the medical plan may be made by the TRS Board of Trustees, the Kentucky Department of Employee Insurance (KDEI), and the General Assembly.

The TRS medical plan is funded by employee contributions to an account established pursuant to 26 U.S.C. sec. 401(h). Additional funding is derived from the Kentucky Teacher's' Retirement System insurance trust fund that went into effect on July 1, 2010. The insurance trust fund provides a trust separate from the account established pursuant to 26 U.S.C. sec. 401(h). The insurance trust fund includes employer and retired member contribution required under KRS 161.550 and KRS 161.675(4)(b)

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

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

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

TRS Medical Insurance Fund (Health Trust) (Continued)

Contributions (Continued)

The CERS Non-hazardous Insurance Fund is a cost-sharing multiple-employer defined benefit Other Postemployment Benefits (“OPEB”) plan for members that cover all regular full-time members employed in non-hazardous duty positions of any State department, board, agency, county, city, school board, and any additional eligible local agencies electing to participate. The plan provides for health insurance benefits to plan members. OPEB may be extended to beneficiaries of plan members under certain circumstances.

TRS Postemployment Life Insurance Benefits (Life Trust)

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

Benefits Provided

The TRS Life Insurance Plan provides a life insurance benefit of \$5,000 payable for members who retire based on service or disability. Active members may receive a \$2,000 lump sum payable. The benefit is payable 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 payroll of members is contributed by the state.

CERS – OPEB

Plan description

CERS health insurance benefits are subject to various participation dates to determine eligibility and health insurance contribution rates. For employees who initiated participation in the CERS system prior to July 1, 2003. KPPA pays a percentage of the monthly contribution rate for insurance covered based on the retired member’s years of service and type of service. Non-hazardous members receive a contribution subsidy for both the member and dependent coverage.

Benefits provided

The percentage of premium subsidies for CERS ranges from 0% for less than 4 years of service to 100% for 20 years or more service. For members who initiated participation in CERS system after July 1, 2003 until August 31, 2008, members must have 120 months of service in a state-administered retirement system to qualify for participation in the KPPA health plans.

Members who began participating with KPPA on or after September 1, 2008 must have 180 months of service upon retirement to participate in the KPPA health plans. Non-hazardous retirees receive \$10 toward the monthly premium for each full year of service.

PULASKI COUNTY BOARD OF EDUCATION
Notes to the Financial Statements
Year Ended June 30, 2025

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

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

Contributions

For the 2024 measurement period, CERS did not allocate any of the 19.71% actuarially required contribution rate paid by employers to be used for funding of the healthcare benefit. However, 1% of the tier 2 and 3 employee contributions of 6% are allocated to the health insurance plan.

On June 30, 2025, the amount recognized by the District as its proportionate share of the net OPEB liability, the related Commonwealth support, and the total portion of the net OPEB liability with the District were as follows:

District's proportionate share of the net TRS OPEB MIF liability	\$ 10,604,000
District's proportionate share of the net CERS OPEB MIF liability	<u>(734,686)</u>
Total district proportionate share	\$ 9,869,314
Commonwealth's proportionate share of the net TRS OPEB - MIF liability associated with the District	<u>9,446,000</u>
Total	<u>\$ 19,315,314</u>

For the year ended June 30, 2025, the District did not recognize CERS OPEB expense. The net OPEB liability for each plan was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023. For the year ended June 30, 2025, based on actuarial valuation, the district recognized on the statement of activities adjusted total net OPEB expense of \$(2,540,797)(a decrease of \$2,468,711 in governmental funds and a decrease of \$72,086 in the business type activity funds).

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 407,596	\$ 8,964,535
Changes of assumptions	3,366,715	518,399
Net difference between project and actual earnings on on OPEB plan investments	645,807	1,656,253
Changes in proportion and difference between District contributions and proportionate share of contributions	3,919,609	6,154,945
District contributions subsequent to the measurement date	<u>939,843</u>	<u>-</u>
Totals	<u>\$ 9,279,570</u>	<u>\$ 17,294,132</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$939,843 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the Year Ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

PULASKI COUNTY BOARD OF EDUCATION
Notes to the Financial Statements
Year Ended June 30, 2025

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

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

Contributions (Continued)

Fiscal Year Ending June 30:	TRS	CERS
2025	\$ (881,000)	\$ (2,515,607)
2026	(120,000)	(1,857,175)
2027	(234,000)	(1,596,486)
2028	(799,000)	(93,136)
2029	(742,000)	-
Thereafter	(116,000)	-

Actuarial assumptions for TRS are as follows:

Inflation	2.50%
Real wage growth	0.25%
Wage inflation	2.75%
Salary increases, including wage inflation	3.00%-7.50%
Long-term Investment Rate of Return, net of OPEB plan investment expense, including inflation	
Health Trust	7.10%
Life Trust	7.10%
Single Equivalent Interest Rate, Net of OPEB plan investment Expense, including price Inflation	
Heath Trust	7.10%
Life Trust	7.10%
Health Trust Cost Trends	
Medical Trend	6.50% for FYE 2024 decreasing to an ultimate rate of 4.50% by FYE 2031
Medicare Part B Premiums	5.92% for FYE 2024 with an ultimate rate of 4.50% by FYE 2035

Actuarial assumptions for CERS are as follows:

Inflation	2.30%
Payroll growth	2.00%
Salary increases, including	3.30% to 10.30%, varies by service
Investment Return	6.25%

PULASKI COUNTY BOARD OF EDUCATION
Notes to the Financial Statements
Year Ended June 30, 2025

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

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

For TRS, Mortality rates were based on the Pub2010 (Teachers Amount-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups; service retirees, contingent annuitants, disabled retirees, deferred vested retirees, and active members. For CERS, mortality rates were based on system-specific mortality table based on mortality experience from 2013-2018 projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the June 30, 2023 valuation were based on the results of the most recent actuarial experience studies for the System, which covered the five-year period ending June 30, 2020, adopted by the Board on September 20, 2021.

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

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

Asset Class	Health Insurance Trust	
	Target Allocation	Real Rate of Return
Large Cap U.S. Equity	35.40%	5.00%
Small Cap U.S. Equity	2.60%	5.50%
Developed International Equity	15.00%	5.50%
Emerging Markets Equity	5.00%	6.10%
Fixed Income	9.00%	1.90%
High Yield Bonds	8.00%	3.80%
Other Additional Categories	9.00%	3.70%
Real Estate	6.50%	3.20%
Private Equity	8.50%	8.00%
Cash	1.00%	1.60%
Total	100.00%	

Asset Class	Life Insurance Trust	
	Target Allocation	Real Rate of Return
U.S. Equity	40.00%	5.20%
Developed Interantional Equity	15.00%	5.50%
Emerging Market Equity	5.00%	6.10%
Fixed Income	21.00%	1.90%
Other Additional Categories	5.00%	4.00%
Real Estate	7.00%	3.20%
Private Equity	5.00%	8.00%
Cash	2.00%	1.60%
Total	100.00%	

PULASKI COUNTY BOARD OF EDUCATION
Notes to the Financial Statements
Year Ended June 30, 2025

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

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

Discount Rate

The discount rate used to measure the TOL as of the Measurement Date was 7.10%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection’s basis was an actuarial valuation performed as of June 30, 2022.

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

For CERS, the target allocation and best estimates of arithmetic real rates of return for each major asset class, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Equity		
Public Equity	50.00%	4.15%
Private Equity	10.00%	9.10%
Fixed Income		
Core Fixed Income	10.00%	2.85%
Specialty Credit	10.00%	3.82%
Cash	0.00%	1.70%
Inflation Protected		
Real Estate	7.00%	4.90%
Real Return	13.00%	5.36%
Expected Real Return	100.00%	4.69%
Long-Term Inflation Assumption		2.50%
Expected Nominal Return for Portfolio		7.19%

For TRS, the discount rate used to measure the TOL at June 30, 2023 was 7.10% for the Health Trust and 7.10% for the Life Trust. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection’s basis was an actuarial valuation performed as of June 30, 2023. In addition to the actuarial methods and assumptions of the June 30, 2023 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the Valuation Date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 2.75%.
- The pre-65 retiree health care costs for members retired on or after July 1, 2010, were assumed to be paid by either the State or the retirees themselves.
- As administrative expenses, other than the administrative fee of \$8.00 PMPM paid to KEHP by TRS, were assumed to be paid in all years by the employer as they come due, they were not considered.
- Cash flows occur mid-year.

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

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

Discount Rate (Continued)

- Future contributions to the Health Trust were based upon the contribution rates defined in statute and projected payroll of active employees. Per KRS 161.540(1)(c).3 and 161.550(5), when the Health Trust achieves a sufficient prefunded status, as determined by the retirement system's actuary, the following Health Trust statutory contributions are to be decreased, suspended, or eliminated:

- Employee contributions
- School District/University Contributions
- State Contributions for KEHP premium subsidies payable to retirees who retire after June 30, 2010

To reflect these adjustments, open group projections were used and assumed an equal, pro rata reduction to the current statutory amounts in the years if/when the Health Trust is projected to achieve a Funded Ratio of 100% or more. Here, the current statutory amounts are adjusted to achieve total contributions equal to the Actuarially Determined Contribution (ADC), as determined by the prior year's valuation and in accordance with the Health Trust's funding policy. As the specific methodology to be used for the adjustments has yet to be determined, there may be differences between the projected results and future experience. This may also include any changes to retiree contributions for KEHP coverage pursuant to KRS 161.674(4)(b).

- In developing the adjustments to the statutory contributions in future years, the following was assumed:
 - Liabilities and cash flows are net of expected retiree contributions and any implicit subsidy attributable to coverage while participating in KEHP.
 - For the purposes of developing estimates for new entrants, active headcounts were assumed to remain flat for all future years.

Based on these assumptions, the Health Trust's FNP was not projected to be depleted.

Life Trust Discount rate.

The discount rate used to measure the TOL as of the Measurement Date was 7.10%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection's basis was an actuarial valuation performed as of June 30, 2023. In addition to the actuarial methods and assumptions of June 30, 2023, actuarial valuation, the following actuarial methods and assumptions were used in the projection of the Life Trust's cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the Valuation Date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 2.75%
- The employer will contribute the Actuarially Determined Contribution (ADC) in accordance with the Life Trust's funding policy determined by a valuation performed on a date two years prior to the beginning of the fiscal year in which the ADC applies.
- As administrative expenses were assumed to be paid in all years by the employer as they come due, they were not considered.
- Active employees do not explicitly contribute to the plan.
- Cash flows occurred mid-year.

Based on the assumptions, the Life Trust's FNP was not projected to be depleted.

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

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

Long-term rate of return

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

Municipal bond rate

The discount rate determination will use a municipal bond rate to the extent the trust is projected to run out of money before all benefits are paid. The rate used, if necessary, for this purpose is the monthly average of the Bond Buyers General Obligation 20-year Municipal Bond Index Rate for the month of June.

Periods of projected benefit payments

Projected future benefit payments for all current plan members were projected through 2123.

CERS

Single discount rates of 5.99% for the CERS non-hazardous system were used to measure the total OPEB liability as of June 30, 2024. The single discount rates are based on the expected rate of return on OPEB plan investments of 6.50% and a municipal bond rate of 3.97%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2024. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, each plan's fiduciary net position and future contributions were projected separately and were sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the plan. However, the cost associated with the implicit employer subsidy is not currently being included in the calculation of the plan's actuarially determined contributions, and it is our understanding that any cost associated with the implicit subsidy will not be paid out of the plan's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit study.

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

The proportionate share(s) of the Collective OPEB Amounts for employers that participate in these cost-sharing multiple employers plans were determined using the employers' actual contributions for the fiscal year ending June 30, 2024. This method is expected to be reflective of the employers' long-term contribution effort as well as be transparent to individual employers and their external auditors.

There were no non-employer contributions during fiscal year ending June 30, 2025.

Risk management

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

PULASKI COUNTY BOARD OF EDUCATION
Notes to the Financial Statements
Year Ended June 30, 2025

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Long-Term Debt

Bonds

The Kentucky School Facility Construction Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting the school construction needs. Through a “participation agreement” with the District, the Commission agreed to pay annual debt service requirements on behalf of the District.

The bonds may be called prior to maturity at dates and redemption premiums specified in each issue. Assuming no issues are called prior to maturity, the minimum obligation of the District, including amounts to be paid by the Commission, on June 30, 2025 for debt services are as follows:

	Interest Rates	Maturity Date	Original Issue	(Restated) Beginning Balance	Increases	Decreases	Ending Balance	Due within one year
Governmental Activities:								
Revenue Bonds:								
Series 2014	1.10 - 4.00%	5/1/2034	\$ 5,950,000	\$ 5,395,000	\$ -	\$ 25,000	\$ 5,370,000	\$ 30,000
Series 2015	1.00 - 2.35%	4/1/2026	4,500,000	1,875,000	-	945,000	930,000	930,000
Series 2018	3.25 - 3.625%	10/1/2038	2,775,000	2,380,000	-	85,000	2,295,000	90,000
Series 2019	1.50 - 2.50%	9/1/2039	1,450,000	1,280,000	-	40,000	1,240,000	30,000
Series 2021	1.70%	2/1/2041	1,835,000	1,595,000	-	80,000	1,515,000	85,000
Series 2022	2.00 - 3.00%	2/1/2042	2,455,000	2,255,000	-	105,000	2,150,000	105,000
Series 2022 - 2nd Issue	3.00%	4/1/2032	4,010,000	3,295,000	-	370,000	2,925,000	380,000
Series 2022 - Energy	4.00%	6/1/2042	10,660,000	10,055,000	-	295,000	9,760,000	315,000
Series 2022 - Energy 2nd Issue	3.00 - 4.125%	6/1/2042	1,835,000	1,670,000	-	70,000	1,600,000	70,000
Series 2023	4.125 - 4.375%	6/1/2043	43,395,000	43,355,000	-	35,000	43,320,000	35,000
Series 2025	4.00 - 4.50%	6/1/2045	17,065,000	-	17,065,000	-	17,065,000	45,000
Refunding Revenue Bonds:								
Series 2016R	2.00%	6/1/2027	2,080,000	605,000	-	200,000	405,000	200,000
Series 2017R	2.00 - 3.00%	4/1/2029	23,685,000	15,805,000	-	2,395,000	13,410,000	2,470,000
Series 2020R	1.00 - 1.75%	3/1/2031	7,395,000	6,355,000	-	275,000	6,080,000	310,000
Series 2021R	1.50 - 2.15%	2/1/2032	2,630,000	2,310,000	-	110,000	2,200,000	115,000
Total Bonds			\$ 131,720,000	\$ 98,230,000	\$ 17,065,000	\$ 5,030,000	\$ 110,265,000	\$ 5,210,000
Other Liabilities								
Lease obligations				2,401,132	-	614,431	1,786,701	525,431
Compensated absences				7,750,000	1,937,500 *	-	9,687,500	2,034,375
Pension Liability				26,649,612	-	2,475,596	24,174,016	-
OPEB Liability				11,649,504	-	2,246,899	9,402,605	-
Total Other Liabilities				48,450,248	1,937,500	5,336,926	45,050,822	2,559,806
Total Governmental Activities Liabilities				\$ 146,680,248	\$ 19,002,500	\$ 10,366,926	\$ 155,315,822	\$ 7,769,806
Business-Type Activities:								
Compensated absences				135,342	33,835 *	-	169,177	35,527
Pension Liability				1,253,858	-	53,953	1,199,905	-
OPEB Liability				548,107	-	81,398	466,709	-
Total Other Liabilities				1,937,307	33,835	135,351	1,835,791	35,527
Total Business-Type Activities Liabilities				\$ 1,937,307	\$ 33,835	\$ 135,351	\$ 1,835,791	\$ 35,527

* The change in the compensated absences liability is presented as a net change.

PULASKI COUNTY BOARD OF EDUCATION
Notes to the Financial Statements
Year Ended June 30, 2025

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Long-Term Debt (Continued)

Bonds (Continued)

The future principal and interest payments on long-term debt are as follows:

Fiscal Year Ending	District		Kentucky School Facility		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 4,777,227	\$ 3,952,192	\$ 432,773	\$ 107,254	\$ 5,210,000	\$ 4,059,446
2027	4,921,973	3,823,768	443,027	97,000	5,365,000	3,920,768
2028	5,073,075	3,680,704	236,925	86,429	5,310,000	3,767,133
2029	5,236,440	3,531,915	243,560	79,792	5,480,000	3,611,707
2030	4,560,698	3,375,214	174,302	72,936	4,735,000	3,448,150
2031	4,680,905	3,267,594	179,095	68,144	4,860,000	3,335,738
2032	4,678,237	3,154,947	161,763	63,200	4,840,000	3,218,147
2033	4,853,494	2,994,447	166,506	58,458	5,020,000	3,052,905
2034	5,043,598	2,813,866	171,402	53,560	5,215,000	2,867,426
2035	5,262,068	2,615,333	142,932	48,130	5,405,000	2,663,463
2036	5,482,877	2,405,686	147,193	43,868	5,630,070	2,449,554
2037	5,716,608	2,187,115	153,392	39,246	5,870,000	2,226,361
2038	5,964,794	1,958,640	160,206	34,429	6,125,000	1,993,069
2039	6,215,784	1,720,097	164,216	28,919	6,380,000	1,749,016
2040	6,486,441	1,470,140	173,559	23,177	6,660,000	1,493,317
2041	6,766,782	1,204,382	178,218	17,120	6,945,000	1,221,502
2042	7,071,838	922,454	183,162	10,877	7,255,000	933,331
2043	5,926,827	618,336	78,103	4,364	6,004,930	622,700
2044	4,644,837	357,040	10,163	936	4,655,000	357,976
2045	3,289,379	148,022	10,621	478	3,300,000	148,500
Totals	\$ 106,653,882	\$ 46,201,892	\$ 3,611,118	\$ 938,317	\$ 110,265,000	\$ 47,140,209

Lease Obligations

The District is the lessee of buses under leases expiring in various years through 2031. The assets and liabilities under leases are recorded at the present value of the minimum lease payments or the fair value of the asset. The assets are amortized over their estimated productive lives. Amortization of assets under leases is included in depreciation expense for fiscal year 2025.

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

Fiscal Year Ending June 30:	Leases Payable
2026	\$ 564,410
2027	464,151
2028	358,487
2029	253,835
2030	170,083
2031	72,569
Net minimum lease payable	1,883,535
Amount representing interest	(96,834)
Present value of net minimum lease payments	<u>\$ 1,786,701</u>

PULASKI COUNTY BOARD OF EDUCATION
Notes to the Financial Statements
Year Ended June 30, 2025

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Interfund transfers

Interfund transfers are used to fund operations in the various accounts. The composition of interfund transfers as of June 30, 2025 is as follows:

	Transfers In From Other Funds	Transfers Out To Other Funds
General Fund	\$ 392,600	\$ 322,207
Special Revenue Fund	322,207	-
Capital Outlay Fund	-	681,920
Building Fund	-	8,258,056
Construction Fund	1,261,663	-
Debt Service Fund	8,604,558	
Food Service Fund	-	1,318,845
Total Transfers	\$ 10,581,028	\$ 10,581,028

Transfers were made between funds to cover operations, indirect costs, construction projects, and debt service payments.

On-Behalf payments

The Commonwealth of Kentucky makes payments on-behalf of the District for the employer’s portion of health benefits, teacher’s retirement, technology, and debt service.

Kentucky Teachers Retirement System	\$ 10,826,773
Health, Life, Vision & Dental Insurance	11,434,649
Technology	118,175
Debt Service	528,929
Total On-Behalf	\$ 22,908,526

New Accounting Pronouncements – Adopted

The GASB issued *Statement No. 101 – Compensated Absences* to better meet the needs of financial statement users by updating the recognition and measurement guidance for compensated absences by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement required retroactive recognition of the value of all types of leave and related liabilities. Therefore, net position has been restated for FY 2024.

PULASKI COUNTY BOARD OF EDUCATION
Notes to the Financial Statements
Year Ended June 30, 2025

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Adjustments to and Restatements of Beginning Balances

During fiscal year 2025, changes in accounting principles resulted in adjustments to and restatements of beginning net position, as follows:

	Reporting Units Affected By Adjustments To and Restatements Of Beginning Balance	
	Government-Wide	
	Governmental Activities	Business-Type Activities
6/30/2024, as previously reported	\$ 8,973,267	\$ 7,272,016
Change in accounting principle (GASB 101)	(3,431,594)	(135,342)
6/30/2024, as adjusted or restated	<u>\$ 5,541,673</u>	<u>\$ 7,136,674</u>

Commitments and Contingencies

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

The district also had construction commitments for on-going projects at June 30, 2025.

Pulaski County School District
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the District's Proportionate Share of Net Pension Liability – TRS and CERS
For the Year Ended June 30, 2025

	Reporting Fiscal Year (Measurement Date) 2025 (2024)	Reporting Fiscal Year (Measurement Date) 2024 (2023)	Reporting Fiscal Year (Measurement Date) 2023 (2022)	Reporting Fiscal Year (Measurement Date) 2022 (2021)	Reporting Fiscal Year (Measurement Date) 2021 (2020)	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)	Reporting Fiscal Year (Measurement Date) 2017 (2016)	Reporting Fiscal Year (Measurement Date) 2016 (2015)
Teacher's Retirement System of the State of Kentucky (TRS)										
District's proportion of the net pension liability	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of pension liability associated with the District	152,629,105	170,103,805	176,305,663	130,641,711	139,687,284	136,531,389	133,840,262	275,575,036	303,276,104	232,487,535
Total	\$ 152,629,105	\$ 170,103,805	\$ 176,305,663	\$ 130,641,711	\$ 139,687,284	\$ 136,531,389	\$ 133,840,262	\$ 275,575,036	\$ 303,276,104	\$ 232,487,535
District's covered-employee payroll	\$ 36,086,049	\$ 38,142,415	\$ 36,853,042	\$ 36,655,814	\$ 31,725,731	\$ 34,841,873	\$ 33,628,697	\$ 35,123,808	\$ 34,191,833	\$ 34,109,543
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
Plan fiduciary net position as a percentage of the total pension liability	60.36%	57.68%	56.41%	65.59%	58.27%	58.80%	59.30%	39.80%	35.22%	42.49%
County Employee Retirement System (CERS)										
District's proportion of the net pension liability	0.424830%	0.434870%	0.415933%	0.428385%	0.464756%	0.476407%	0.443614%	0.444678%	0.450032%	0.446429%
District's proportionate share of the net pension liability	\$ 25,373,921	\$ 27,903,470	\$ 30,067,853	\$ 27,312,904	\$ 35,646,400	\$ 33,505,917	\$ 27,017,445	\$ 26,028,370	\$ 22,157,839	\$ 19,194,327
State's proportionate share of the net pension liability	-	-	-	-	-	-	-	-	-	-
Total	\$ 25,373,921	\$ 27,903,470	\$ 30,067,853	\$ 27,312,904	\$ 35,646,400	\$ 33,505,917	\$ 27,017,445	\$ 26,028,370	\$ 22,157,839	\$ 19,194,327
District's covered-employee payroll	\$ 16,113,423	\$ 13,965,939	\$ 13,024,807	\$ 12,742,408	\$ 11,186,410	\$ 12,164,773	\$ 12,416,811	\$ 11,187,930	\$ 11,041,179	\$ 10,948,667
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	157.47%	199.80%	230.85%	214.35%	318.66%	275.43%	217.59%	232.65%	200.68%	175.31%
Plan fiduciary net position as a percentage of the total pension liability	61.61%	57.48%	52.42%	57.33%	58.27%	50.45%	53.54%	53.30%	59.00%	59.97%

Note: Schedule is intended to show information for the last 10 fiscal years. Amounts presented for each fiscal year is determined as of June 30.

See the accompanying notes to the required supplementary information.

Pulaski County School District
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Contributions TRS and CERS - Pension
For the Year Ended June 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Teacher's Retirement System of the State										
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 36,086,049	\$ 38,142,415	\$ 36,853,042	\$ 36,655,814	\$ 31,725,731	\$ 34,841,873	\$ 33,628,697	\$ 35,123,808	\$ 34,191,833	\$ 34,109,543
District's contributions as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
County Employee Retirement System										
Contractually required contribution	\$ 2,862,594	\$ 3,275,380	\$ 3,020,619	\$ 2,510,104	\$ 2,157,126	\$ 2,347,801	\$ 2,014,007	\$ 1,620,012	\$ 1,540,244	\$ 1,359,825
Contributions in relation to the contractually required contribution	2,862,594	3,275,380	3,020,619	2,510,104	2,157,126	2,347,801	2,014,007	1,620,012	1,540,244	1,359,825
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 16,113,423	\$ 13,965,939	\$ 13,024,807	\$ 12,742,408	\$ 11,186,410	\$ 12,164,773	\$ 12,416,811	\$ 11,187,930	\$ 11,041,179	\$ 10,948,667
District's contributions as a percentage of	17.77%	23.45%	23.19%	19.70%	19.28%	19.30%	16.22%	14.48%	13.95%	12.42%

Note: Schedule is intended to show information for the last 10 fiscal years. Amounts presented for each fiscal year is determined as of June 30.

See the accompanying notes to the required supplementary information.

Pulaski County School District
REQUIRED SUPPLEMENTARY INFORMATION

Notes to Required Supplementary Information – Pension
For the Year Ended June 30, 2025

TRS

Changes of benefit terms

A new benefit tier was added for members joining the System on and after January 1, 2022. A description of the benefit provisions applicable to these members can be found in Schedule D of the actuary report found at <https://trs.ky.gov/wp-content/uploads/2025/06/TRS-GASB-68-Report-2022-Actuary.pdf>.

Changes of assumptions

- In 2014, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 5.16% to 5.23%.
- In 2015, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 5.23% to 4.88%.
- In 2016 valuation, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience. In the 2016 valuation, the Assumed Salary Scale, Price Inflation, and Wage Inflation were adjusted to reflect a decrease. In addition, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 4.88% to 4.20%.
- In 2017, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 4.20% to 4.49%.
- In 2018, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 4.49% to 7.50%.
- In the 2020 experience study, rates of withdrawal, retirement, disability, mortality, and rates of salary increases were adjusted to reflect actual experience more closely. The expectation of mortality was change to the Pub2010 Mortality Table (Teachers Benefit-Weighted) projected generationally with MP-2020 with various set forwards, set-backs, and adjustments for each of the groups; service retirees, contingent annuitants, disabled retirees, and actives. The assumed long-term investment rate of return was changed from 7.50 percent to 7.10 percent and the price inflation assumption was lowered from 3.00 percent to 2.50 percent. In addition, the calculation of the SEIR results in an assumption change from 7.50% to 7.10%.

CERS

Changes of Benefit Terms

2023 None

2022 None

2021 None

2020 None

2019 None

2018 None

2017 None

2016 None

Pulaski County School District
REQUIRED SUPPLEMENTARY INFORMATION
Notes to Required Supplementary Information – Pension
For the Year Ended June 30, 2025
(Continued)

CERS (Continued)
Changes of Assumptions

2023 The health care trend rates, as well as the morbidity factors, were update to reflect future anticipated experience.

2022 None

2021 Pension and OPEB - the salary increase assumption changed from 3.30% - 10.30% to 3.30% - 11.55% OPEB - single discount rate changed from 5.68% to 5.34%

2020 Pension and OPEB - the salary increase assumption changed from 3.05% to 3.30% - 10.30% OPEB - single discount rate changed from 5.85% to 5.68%

2019 Pension and OPEB - the salary increases assumption was changed from 2.00% to 3.05% OPEB, the single discount rate changed from 5.84% to 5.85%

2018 Pension and OPEB - the assumed investment return was changed from 7.50% to 6.25%; the prince inflation assumption was changed from 3.25% to 2.40%, which also resulted in a 0.95% decrease in the salary increase assumption at all years of service; and the payroll growth assumption (applicable for the amortization of unfunded actuarial accrued liabilities) was changed from 4.00% to 2.00%. OPEB - the single discount rate changed from 6.89 to 5.84%.

2017 None

2016 Pension -the assumed investment rate of return was decreased from 7.75% to 7.50%; the assumed rate of inflation was reduced from 3.50% to 3.25%; the assumed rate of wage inflation was reduced from 1.00% to 0.75%; payroll growth assumption was reduced from 4.50% to 4.00%; and the assumed rates of retirement, withdrawal, and disability were updated to more accurately reflect experience.

Life Insurance Plan Changes of Benefit Terms

2023 None

2022 Benefit change due to the benefit tier that was added for members joining the system after January 1, 2022.

2021 None

2020 None

2019 None

2018 None

Changes of Assumptions

2022 The municipal bond index rate increased from 2.19% to 3.37%.

2021 The municipal bond index rate decreased from 3.50% to 2.19%

2020 The municipal bond index rate decreased from 3.89% to 3.50%

2019 The municipal bond index rate increased from 3.56% to 3.89%

2018 None

Pulaski County School District
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the District's Proportionate Share of the Net OPEB Liability Medical & Life Insurance Plans - TRS – OPEB
For the Year Ended June 30, 2025

	Reporting Fiscal Year (Measurement Date) 2025 (2024)	Reporting Fiscal Year (Measurement Date) 2024 (2023)	Reporting Fiscal Year (Measurement Date) 2023 (2022)	Reporting Fiscal Year (Measurement Date) 2022 (2021)	Reporting Fiscal Year (Measurement Date) 2021 (2020)	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)
MEDICAL INSURANCE PLAN								
District's proportion of the collective OPEB liability	0.475720%	0.525452%	0.552498%	0.536705%	0.529636%	0.529000%	0.590000%	0.540600%
District's proportionate share of the collective net OPEB liability	\$ 10,604,000	\$ 12,798,000	\$ 18,681,000	\$ 11,516,000	\$ 13,367,000	\$ 15,656,000	\$ 18,355,000	\$ 19,278,000
State's proportionate share of the collective net OPEB liability associated with the District	9,446,000	10,787,000	6,137,000	9,352,000	10,707,000	12,643,000	15,818,000	15,748,000
Total	<u>\$ 20,050,000</u>	<u>\$ 23,585,000</u>	<u>\$ 24,818,000</u>	<u>\$ 20,868,000</u>	<u>\$ 24,074,000</u>	<u>\$ 28,299,000</u>	<u>\$ 34,173,000</u>	<u>\$ 35,026,000</u>
District's covered-employee payroll	\$ 36,086,049	\$ 38,142,415	\$ 36,853,042	\$ 36,655,814	\$ 31,725,731	\$ 34,841,873	\$ 33,628,697	\$ 35,123,808
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	29.39%	33.55%	50.69%	31.42%	42.13%	44.93%	54.58%	54.89%
Plan fiduciary net position as a percentage of the total OPEB	59.81%	52.97%	47.75%	51.74%	39.05%	32.58%	25.50%	21.20%
LIFE INSURANCE PLAN								
District's proportion of the collective OPEB liability	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
District's proportionate share of the collective net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the collective net OPEB liability associated with the District	216,000	267,000	305,000	124,000	324,000	294,000	271,000	211,000
Total	<u>216,000</u>	<u>267,000</u>	<u>305,000</u>	<u>124,000</u>	<u>324,000</u>	<u>294,000</u>	<u>271,000</u>	<u>211,000</u>
District's covered-employee payroll	\$ 36,086,049	\$ 38,142,415	\$ 36,853,042	\$ 36,655,814	\$ 31,725,731	\$ 34,841,873	\$ 33,628,697	\$ 35,123,808
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB	80.56%	76.91%	73.97%	89.15%	71.57%	73.40%	75.00%	80.00%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available. Amounts presented for each fiscal year is determined as of June 30.

See the accompanying notes to the required supplementary information.

Pulaski County School District
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the Contributions - TRS – OPEB
For the Year Ended June 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018
MEDICAL INSURANCE PLAN								
Contractually required contribution	\$ 939,843	\$ 839,170	\$ 722,995	\$ 672,276	\$ 693,191	\$ 688,724	\$ 672,607	\$ 647,154
Contributions in relation to the contractually required contribution	939,843	839,170	722,995	672,276	693,191	688,724	672,607	647,154
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 36,086,049	\$ 38,142,415	\$ 36,853,042	\$ 36,655,814	\$ 31,725,731	\$ 34,841,873	\$ 33,628,697	\$ 35,123,808
District's contributions as a percentage of it's covered-employee payroll	2.60%	2.20%	1.96%	1.83%	2.18%	1.98%	2.00%	1.84%
LIFE INSURANCE PLAN								
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 36,086,049	\$ 38,142,415	\$ 36,853,042	\$ 36,655,814	\$ 31,725,731	\$ 34,841,873	\$ 33,628,697	\$ 35,123,808
District's contributions as a percentage of it's covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available. Amounts presented for each fiscal year is determined as of June 30.

See the accompanying notes to the required supplementary information.

Pulaski County School District
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of District's Proportionate Share of the Net OPEB Liability – CERS
For the Year Ended June 30, 2025

	Reporting Fiscal Year (Measurement Date) 2025 (2024)	Reporting Fiscal Year (Measurement Date) 2024 (2023)	Reporting Fiscal Year (Measurement Date) 2023 (2022)	Reporting Fiscal Year (Measurement Date) 2022 (2021)	Reporting Fiscal Year (Measurement Date) 2021 (2020)	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)
HEALTH INSURANCE PLAN								
District's proportion of the collective OPEB liability	0.424723%	0.434854%	0.415860%	0.428284%	0.464622%	0.483347%	0.443598%	0.444678%
District's proportionate share of the collective net OPEB liability	\$ (734,686)	\$ (600,389)	\$ 8,207,054	\$ 8,199,283	\$ 11,219,208	\$ 8,129,679	\$ 7,875,994	\$ 8,939,549
State's proportionate share of the collective net OPEB liability associated with the District	-	-	-	-	-	-	-	-
Total	\$ (734,686)	\$ (600,389)	\$ 8,207,054	\$ 8,199,283	\$ 11,219,208	\$ 8,129,679	\$ 7,875,994	\$ 8,939,549
District's covered-employee payroll	\$ 16,113,423	\$ 13,965,939	\$ 13,024,807	\$ 12,742,408	\$ 11,186,410	\$ 12,164,773	\$ 12,416,811	\$ 11,187,930
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	-4.56%	-4.30%	63.01%	64.35%	100.29%	66.83%	63.43%	79.90%
Plan fiduciary net position as a percentage of the total OPEB	104.89%	60.95%	62.91%	58.41%	51.67%	60.44%	57.62%	52.39%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available. Amounts presented for each fiscal year is determined as of June 30.

See the accompanying notes to the required supplementary information.

Pulaski County School District
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Contributions OPEB Liability – CERS
For the Year Ended June 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018
HEALTH INSURANCE PLAN								
Contractually required contribution	\$ -	\$ -	\$ -	\$ 495,548	\$ 349,418	\$ 352,514	\$ 377,573	\$ 302,127
Contributions in relation to the contractually required contribution	-	-	-	495,548	349,418	352,514	377,573	302,127
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 16,113,423	\$ 13,965,939	\$ 13,024,807	\$ 12,742,408	\$ 11,186,410	\$ 12,164,773	\$ 12,416,811	\$ 11,187,930
District's contributions as a percentage of it's covered-employee payroll	0.00%	0.00%	0.00%	3.89%	3.12%	2.90%	3.04%	2.70%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available. Amounts presented for each fiscal year is determined as of June 30.

See the accompanying notes to the required supplementary information.

Pulaski County School District
REQUIRED SUPPLEMENTARY INFORMATION

Notes to Required Supplementary Information – OPEB
For the Year Ended June 30, 2025

TRS

Note I - Changes of Benefit Terms

Health and Life Trust

June 30, 2024 (Valuation Date: June 30, 2023)

- None

June 30, 2023 (Valuation Date: June 30, 2022)

- None

June 30, 2022 (Valuation Date: June 30, 2021)

- A new benefit tier was added for members joining the System on and after January 1, 2022.

June 30, 2021 (Valuation Date: June 30, 2020)

- None

June 30, 2020 (Valuation Date: June 30, 2019)

- None

June 30, 2019 (Valuation Date: June 30, 2018)

- None

June 30, 2018 (Valuation Date: June 30, 2017)

Health Trust

With the passage of House Bill 471, the eligibility for non-singe subsidies (NSS) for the KEHP-participating members who retired prior to July 1, 2010 is restored, but the State will only finance, via its KEHP “shared responsibility” contributions, the costs of the NSS related to those KEHP-participating members who retired on or after July 1, 2010.

- Life Trust - none

Note II - Changes to assumptions or other inputs

Health Trust

The changes adopted by the Board on September 20, 2021, include various demographic and economic assumptions summarized below:

- Price Inflation changed assumed rate from 3.00% to 2.50%,
- Wage Inflation changed assumed rated from 3.50% to 2.75%,
- Assumed investment rate of return changed from 8.00% for the Health Trust and 7.50% for the Life Trust to 7.10% for both.
- Assumed Salary Scale adjusted to reflect a decrease of 0.25% in merit and promotion for all ages.

Pulaski County School District
REQUIRED SUPPLEMENTARY INFORMATION
Notes to Required Supplementary Information – OPEB
For the Year Ended June 30, 2025
(Continued)

Health Trust (Continued)

- Assumed rate of mortality have been revised to the Pub-2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with the MP-2020 improvement scale with various set-forwards, set-backs, and adjustments.
- Assumed rate of Withdrawal, Disability, Retirement, and Mortality have been adjusted to more closely reflect experience, and
- Assumed rates of member and spousal participation have been adjusted to more closely reflect experience.

Life Trust

None

CERS

2023 Single discount rates of 5.99% for the CERS non-hazardous insurance plan and 6.02% for the CERS hazardous insurance plan were used to measure the total OPEB liability as of June 30, 2023. The single discount rates are based on the expected rate of return on OPEB plan investments of 6.50% and a municipal bond rate of 3.97%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2023.

2022 Single discount rates of 5.97% for the CERS non-hazardous insurance plan and 5.93% for the CERS hazardous insurance plan were used to measure the total OPEB liability as of June 30, 2022. The single discount rates are based on the expected rate of return on OPEB plan investments of 6.50% and a municipal bond rate of 3.86%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2022.

2021 Single discount rates of 5.20% for the CERS non-hazardous insurance plan and 5.05% for the CERS hazardous insurance plan were used to measure the total OPEB liability as of June 30, 2021. The single discount rates are based on the expected rate of return on OPEB plan investments of 6.25% and a municipal bond rate of 1.92%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2021.

PULASKI COUNTY SCHOOL DISTRICT

Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2025

	District Activity Fund	Student Activity Fund	Capital Outlay Fund	Facility Support Program (FSKP) Fund	Debt Service Fund	Total Non-Major Funds
ASSETS						
Cash and cash equivalents	\$ 704,744	\$ 764,642	\$ 98,827	\$ 1,702,905	\$ -	\$ 3,271,118
Interfund receivables	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-
Receivables						
Taxes-current	-	-	-	-	-	-
Accounts	-	-	-	-	-	-
Intergovernmental - federal	-	-	-	-	-	-
Total assets	<u>704,744</u>	<u>764,642</u>	<u>98,827</u>	<u>1,702,905</u>	<u>-</u>	<u>3,271,118</u>
LIABILITIES						
Accounts payable	4,662	-	-	-	-	4,662
Interfund payable	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Total liabilities	<u>4,662</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,662</u>
FUND BALANCE						
Restricted	682,357	764,642	98,827	1,702,905	-	3,248,731
Committed	-	-	-	-	-	-
Assigned	17,725	-	-	-	-	17,725
Unassigned	-	-	-	-	-	-
Total fund balance	<u>700,082</u>	<u>764,642</u>	<u>98,827</u>	<u>1,702,905</u>	<u>-</u>	<u>3,266,456</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 704,744</u>	<u>\$ 764,642</u>	<u>\$ 98,827</u>	<u>\$ 1,702,905</u>	<u>\$ -</u>	<u>\$ 3,271,118</u>

PULASKI COUNTY SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds
For the Year Ended June 30, 2025

	District Activity Fund	Student Activity Fund	Capital Outlay Fund	Facility Support Program (FSKP) Fund	Debt Service Fund	Total Non-Major Funds
REVENUES						
From Local Sources						
Taxes						
Property	\$ -	\$ -	\$ -	\$ 5,125,014	\$ -	\$ 5,125,014
Motor vehicle	-	-	-	-	-	-
Franchise	-	-	-	-	-	-
Utilities	-	-	-	-	-	-
Earnings on investments	46,504	-	-	-	-	46,504
Tuition	-	-	-	-	-	-
Student activities	-	2,198,673	-	-	-	2,198,673
Other local revenue	356,744	-	-	-	-	356,744
Intergovernmental - state	-	-	681,920	3,133,042	528,930	4,343,892
Intergovernmental - federal	-	-	-	-	-	-
Total revenues	403,248	2,198,673	681,920	8,258,056	528,930	12,070,827
EXPENDITURES						
Instruction	247,798	2,148,737	-	-	-	2,396,535
Support services						
Student	1,355	-	-	-	-	1,355
Instructional staff	68,083	-	-	-	-	68,083
District Administration	-	-	-	-	-	-
School Administration	-	-	-	-	-	-
Business	-	-	-	-	-	-
Plant operation and maintenance	13,839	-	-	-	-	13,839
Student Transportation	9,853	-	-	-	-	9,853
Community Services Operations	-	-	-	-	-	-
Site improvements	-	-	-	-	-	-
Debt service						
Principal	-	-	-	-	5,644,430	5,644,430
Interest	-	-	-	-	3,489,058	3,489,058
Cost of issuance	-	-	-	-	-	-
Total expenditures	340,928	2,148,737	-	-	9,133,488	11,623,153
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	62,320	49,936	681,920	8,258,056	(8,604,558)	447,674
OTHER FINANCING SOURCES (USES)						
Bond proceeds	-	-	-	-	-	-
Bond discount	-	-	-	-	-	-
Sale of equipment	-	-	-	-	-	-
Loss compensation	-	-	-	-	-	-
Operating transfers in	-	-	-	-	8,604,558	8,604,558
Operating transfers (out)	-	-	(681,920)	(8,258,056)	-	(8,939,976)
Total other financing sources and (uses)	-	-	(681,920)	(8,258,056)	8,604,558	(335,418)
NET CHANGE IN FUND BALANCE	62,320	49,936	-	-	-	112,256
FUND BALANCE - BEGINNING	637,762	714,706	98,827	1,702,905	-	3,154,200
FUND BALANCE - ENDING	\$ 700,082	\$ 764,642	\$ 98,827	\$ 1,702,905	\$ -	\$ 3,266,456

PULASKI COUNTY SCHOOL DISTRICT

Schedule of Student Activity
For the Year Ended June 30, 2025

School	CASH BALANCES July 1, 2024	RECEIPTS	DISBURSEMENTS	CASH BALANCES June 30, 2025
Pulaski High School	\$ 252,968	\$ 531,286	\$ 566,048	\$ 218,206
Southwestern High School	241,538	522,299	505,724	258,113
Northern Middle School	77,941	390,764	359,733	108,972
Southern Middle School	87,438	286,643	272,687	101,394
Burnside Elementary	8,978	41,217	41,169	9,026
Eubank Elementary	7,192	54,792	55,269	6,715
Nancy Elementary	7,805	38,574	38,206	8,173
Northern Elementary	6,192	39,996	39,791	6,397
Oakhill Elementary	2,214	47,476	40,222	9,468
Pulaski Co. Elementary	13,339	122,167	124,118	11,388
Shopville Elementary	(868)	52,056	31,248	19,940
Southern Elementary	9,969	71,403	74,522	6,850
Total School Activity Funds	\$ 714,706	\$ 2,198,673	\$ 2,148,737	\$ 764,642

PULASKI COUNTY SCHOOL DISTRICT

Schedule of Student Activity – Pulaski County High School
For the Year Ended June 30, 2025

Activity	CASH			CASH
	BALANCES July 1, 2024	RECEIPTS AND TRANSFERS	DISBURSEMENTS AND TRANSFERS	BALANCES June 30, 2025
General Fund	\$ 10,906	\$ 437	\$ 6,305	\$ 5,038
Sweep Account	2,639	34,253	36,869	23
AP Testing	2,874	144	83	2,935
Bio Med Lab Fees	100	-	-	100
Donations	210	84	-	294
FCS Lab Fees	289	-	-	289
Fundraising	175	1,163	146	1,192
Project Graduation	3,425	9,590	3,360	9,655
Prom	(796)	18,303	11,766	5,741
School Store	76,751	73,060	85,585	64,226
Academic Team	-	-	-	-
Ag-Pro Club	18,206	8,028	14,181	12,053
Ag-Small Animal Club	581	740	124	1,197
Agri-Mechanics	225	750	237	738
Anime Club	4	-	-	4
Art Club	3	-	-	3
Best Buddies Club	-	1,226	871	355
Beta	2,288	1,376	1,842	1,822
Book Club	1,790	1,065	1,054	1,801
Chess Club	412	40	-	452
Chorus	7,924	18,475	13,538	12,861
Family and Consumer Science	-	-	-	-
Culinary Art Club	4,344	-	-	4,344
DECA	23,089	76,231	80,670	18,650
Disc Golf Club	24	-	-	24
Drama Club	4,903	1,431	1,690	4,644
Educators Rising Club	485	704	703	486
FBLA	1,945	25,256	20,223	6,978
FCA	1,883	65	-	1,948
FCCLA	9,762	4,720	7,560	6,922
FFA	670	61,158	65,783	(3,955)
History Club	8	-	-	8
HOSA	3,257	14,754	13,781	4,230
Human Geo Club	250	-	-	250
Kool Kardz Klub	633	-	180	453
MAST Crew	192	750	801	141
Media Club	329	-	-	329
National Honor Society	2,848	2,460	3,152	2,156
PEP Club	295	-	101	194
MSN Awards	1,282	190	646	826
ROTC	4,076	2,550	3,884	2,742
RPG Club	434	-	-	434
Saddle Up Club	(2)	585	15	568
Spanish NHS	566	-	-	566
STLP	385	-	385	-
Student Government	613	1,525	993	1,145

PULASKI COUNTY SCHOOL DISTRICT
Schedule of Student Activity – Pulaski County High School
For the Year Ended June 30, 2025
(Continued)

Activity	CASH BALANCES July 1, 2024	RECEIPTS AND TRANSFERS	DISBURSEMENTS AND TRANSFERS	CASH BALANCES June 30, 2025
TSA Club	\$ 1,361	\$ 4,811	\$ 5,739	\$ 433
Unite Club	10	-	-	10
Y-Club	743	12,188	12,792	139
Yearbook	4,210	2,040	308	5,942
Athletics	6,169	136,996	136,799	6,366
Regions Basketball	23,499	32,418	51,666	4,251
Archery	11,476	10,995	10,221	12,250
Boys Basketball	1,723	-	-	1,723
Boys Golf	79	-	-	79
Boys Soccer	6,552	-	4,304	2,248
Cheer	312	-	-	312
Dance Team	1,920	1,275	956	2,239
Fishing	984	9,423	7,349	3,058
Girls Golf	101	-	-	101
Softball	235	-	-	235
Swim Team	495	2,310	2,490	315
Tennis	2,743	-	-	2,743
Volleyball	79	-	-	79
Wrestling	-	1,000	179	821
Subtotal	252,968	574,569	609,331	218,206
Interfund Transfers		43,283	43,283	
Total	\$ 252,968	\$ 531,286	\$ 566,048	\$ 218,206

PULASKI COUNTY SCHOOL DISTRICT

Schedule of Student Activity – Southwestern High School
For the Year Ended June 30, 2025

Activity	CASH			CASH
	BALANCES July 1, 2024	RECEIPTS AND TRANSFERS	DISBURSEMENTS AND TRANSFERS	BALANCES June 30, 2025
General Fund	\$ 1,415	\$ 215	\$ 929	\$ 701
SCO Rounding	128	1,154		1,282
Sweep Account	1,161	15,176	16,314	23
Bio Med Lab Fees	1,428	-	-	1,428
FCS Lab Fees	-	-	-	-
Gear Up	-	400	398	2
Project Graduation	7,562	10,305	9,592	8,275
Prom	17,918	17,208	17,772	17,354
School Store	24,555	151,192	142,075	33,672
Academic Team	267	-	76	191
Ag-Pro Club	470	-	-	470
Agri-Mechanics	300	-	-	300
Art Club	705	-	-	705
Best Buddies Club	161	3,364	2,596	929
Chorus	42	335	320	57
Family and Consumer Science	4,901	842	3,884	1,859
Dance Blue Club	282	-	-	282
DECA	6,938	2,350	2,913	6,375
Drama Club	4,690	490	1,077	4,103
Educators Rising Club	573	402	-	975
Environmental Club	953	-	206	747
FBLA	8,872	2,977	2,450	9,399
FCA	320	-	40	280
FCCLA	888	4,503	4,537	854
FFA	21,729	35,482	30,676	26,535
HOSA	641	3,962	4,286	317
LINK Crew	739	-	133	606
National Honor Society	8,607	4,270	3,204	9,673
National Tech Honor Society	-	1,225	1,070	155
PEP Club	940	-	156	784
ROTC	2,151	13,588	11,406	4,333
Science Club	1,317	1,556	2,354	519
Spanish Club	598	-	-	598
TLP	18	-	-	18
Student Government	149	160	127	182
TSA Club	757	8,725	8,936	546
Yearbook	13,657	6,127	267	19,517
Young Republicans	-	-	-	-
Athletics	55,181	131,342	129,312	57,211
3D Archery	265	-	-	265
Archery	3,913	-	-	3,913
Band	525	-	-	525
Baseball	1,330	-	-	1,330
Boys Basketball	1,510	154	528	1,136
Boys Golf	1,907	1,373	3,080	200
Boys Soccer	2,804	15	-	2,819

PULASKI COUNTY SCHOOL DISTRICT
Schedule of Student Activity – Southwestern High School
For the Year Ended June 30, 2025
(Continued)

Activity	CASH		CASH	
	BALANCES	RECEIPTS	DISBURSEMENTS	BALANCES
	July 1, 2024	AND TRANSFERS	AND TRANSFERS	June 30, 2025
Cheer	\$ 19,905	\$ 62,402	\$ 65,478	\$ 16,829
Cross Country	216	5,901	5,863	254
Dance Team	2,500	-	-	2,500
Fishing	117	-	-	117
Football	1,746	279	1,746	279
Girls Basketball	37	-	-	37
Girls Golf	5,631	4,248	4,859	5,020
Girls Soccer	3,583	-	-	3,583
Softball	-	-	-	-
Swim Team	572	226	94	704
Tennis	807	2,450	695	2,562
Track	2,027	2,200	1,895	2,332
Girls Volleyball	1,108	22,679	23,774	13
Boys Volleyball	22	5,625	3,839	1,808
Wrestling	-	684	54	630
Subtotal	241,538	525,586	509,011	258,113
Interfund Transfers		3,287	3,287	
Total	\$ 241,538	\$ 522,299	\$ 505,724	\$ 258,113

PULASKI COUNTY SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE/SUBTITLE	FEDERAL ASSISTANCE LISTING	PASS THROUGH ENTITY IDENTIFYING	PROVIDED TO SUBRECIPIENTS	TOTAL FEDERAL EXPENDITURES
<u>UNITED STATES DEPARTMENT OF AGRICULTURE</u>				
Child Nutrition Cluster -				
Passed Through Kentucky Department of Education: School Breakfast Program	10.553	7760005-25 7760005-24		\$ 1,132,720 304,528 <u>1,437,248</u>
Passed Through Kentucky Department of Education: Summer Food Service Program for Children	10.559	7690024-24 7740023-24		7,074 68,388 <u>75,462</u>
Passed Through Kentucky Department of Education: National School Lunch Program	10.555	7750002-25 7750002-24		2,909,200 749,454 <u>3,658,654</u>
Non-Cash Assistance (Commodities) National School Lunch Program	10.555	4001105		<u>325,726</u>
TOTAL CHILD NUTRITION CLUSTER				<u>5,497,090</u>
Passed Through Kentucky Department of Education: Child and Adult Care Food Program	10.558	7790021-25 7790021-24 7800016-25 7800016-24		128,497 47,980 8,366 3,598 <u>188,441</u>
Passed Through Kentucky Department of Education: State Administrative Expenses for Child Nutrition	10.560	7700001-24		<u>14,950</u>
TOTAL UNITED STATES DEPARTMENT OF AGRICULTURE				<u>5,700,481</u>
<u>UNITED STATES DEPARTMENT OF LABOR</u>				
WOPA Dislocated Worker Formula Grants	17.285	Direct		<u>351,831</u>
TOTAL UNITED STATES DEPARTMENT OF LABOR				<u>351,831</u>
<u>UNITED STATES DEPARTMENT OF EDUCATION</u>				
Special Education Cluster -				
Passed Through Kentucky Department of Education: Special Education Grants to States	84.027A	3810002-23 3810002-24 3810002-25		119,765 1,810,717 371,312 <u>2,301,794</u>
Passed Through Kentucky Department of Education: Special Education Preschool Grants	84.173A	3800002-25 3800002-24 3800002-23		14,992 66,726 16,916 <u>98,634</u>
TOTAL SPECIAL EDUCATION CLUSTER				<u>2,400,428</u>
Passed Through Kentucky Department of Education: Title I Grants To Local Educational Agencies	84.010	3100002-25 3100002-24 Unassigned 3100002-23 3100202-24 3100202-25		393,530 17,477 48,435 47,860 938,004 2,835,869 <u>4,281,175</u>

The accompanying notes are an integral part of this schedule.

PULASKI COUNTY SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025
(Continued)

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE/SUBTITLE	FEDERAL ASSISTANCE LISTING	PASS THROUGH ENTITY IDENTIFYING	PROVIDED TO SUBRECIPIENTS	TOTAL FEDERAL EXPENDITURES
UNITED STATES DEPARTMENT OF EDUCATION (Continued)				
Passed Through Kentucky Department of Education: Migrant Education State Grant Program	84.011A	3110002-25 3110002-24		\$ 136,835 51,064 <u>187,899</u>
Passed Through Kentucky Department of Education: Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013A	3100102-24 3100102-25		8,534 24,025 <u>32,559</u>
Passed Through Kentucky Department of Education: Career and Technical Education -- Basic Grants to States	84.048	3710002-24 3710002-25		9,551 120,296 <u>129,847</u>
Passed Through Appalachian Education Service Agency Gaining Early Awareness and Readiness for Undergraduate Programs	84.334A	Unassigned		391,262
Passed Through Kentucky Department of Education: Rural Education	84.358B	3140002-24 3140002-25		48,545 109,409 <u>157,954</u>
Passed Through Kentucky Department of Education: English Language Acquisition State Grants	84.365A	3300002-24 3300002-25		3,754 23,454 <u>27,208</u>
Passed Through Kentucky Department of Education: Supporting Effective Instruction State Grant	84.367	3230002-23 3230002-24 3230002-25		23,643 112,751 266,985 <u>403,379</u>
Race To The Top Early Learning Challenge	84.412	Unassigned		26,092
Passed Through Kentucky Department of Education: Student Support and Academic Enrichment Program	84.424A 84.424A 84.424A 84.424F	3420002-23 3420002-24 3420002-25 3860002-22		14,994 34,649 169,434 330,701 <u>549,778</u>
Passed Through Kentucky Department of Education: Education Stabilization Fund Governor's Emergency Education Relief Fund	84.425C	4200002-20 4200002-21		2,943 239 <u>3,182</u>
Passed Through Kentucky Department of Education: Education Stabilization Fund Plan Act of 2021 (ARP)	84.425U	4300002-21 4300005-21		1,162,280 56,988 <u>1,219,268</u>
Passed Through Southeast South-Central Educational Cooperative Education Stabilization Fund Plan Act of 2021 (ARP)	84.425U	UNASSIGNED		<u>35,899</u>
Total Education Stabilization Fund				<u>1,258,349</u>
TOTAL UNITED STATES DEPARTMENT OF EDUCATION				<u>9,845,930</u>

The accompanying notes are an integral part of this schedule.

PULASKI COUNTY SCHOOL DISTRICT
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2025
 (Continued)

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE/SUBTITLE	FEDERAL ASSISTANCE LISTING	PASS THROUGH ENTITY IDENTIFYING	PROVIDED TO SUBRECIPIENTS	TOTAL FEDERAL EXPENDITURES
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed Through Kentucky Department of Education:				
Every Student Succeeds Act/Preshcool Development Grants	93.434	Unassigned		\$ 128,561
Passed Through Kentucky Department of Education:				
Child Care and Development Block Grant	93.575	Unassigned		178,030
TOTAL UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES				306,591
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ -	\$ 16,204,833

PULASKI COUNTY SCHOOL DISTRICT

Notes to the Schedule of Expenditures of Federal Awards Year Ended June 30, 2025

Note 1. Basis of Presentation

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

Note 2. 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. Negative amounts shown on the schedule represents adjustment or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

Note 3. Food Distribution

Nonmonetary assistance is reported in the schedule at the fair value of the commodities received and disbursed. For the year ended June 30, 2025, the District received food commodities totaling \$325,726.

Note 4. Indirect Cost Rate

The Pulaski County School District has not elected to use the 10-percent de minimis cost rate allowed under Uniform Guidance.



PATRICK & ASSOCIATES, LLC

124 Candlewood Drive
Somerset, KY 40391

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
Board of Education of the Pulaski County School District
Somerset, KY

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, Including Appendix II Instructions for Submissions of the Audit Report*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Pulaski County School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Pulaski County School District's basic financial statements, and have issued our report thereon dated January 16, 2026.

Report on Internal Control over Financial Reporting

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

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

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

We noted certain matters that were reported to management of the Pulaski County School District in a separate letter dated January 16, 2026.

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.

Patrick & Associates, LLC

Patrick & Associates, LLC
Somerset, Kentucky

January 16, 2026



PATRICK & ASSOCIATES, LLC
124 Candlewood Drive
Somerset, KY 40391

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
Board of Education of the Pulaski County School District
Somerset, KY

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United 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, Including Appendix II – Instruction for Submission of the Audit Report*. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Pulaski County School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Pulaski County School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Pulaski County School 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 Pulaski County School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, Uniform Guidance, and the Independent Auditor's Contract, 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 Pulaski County School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, Uniform Guidance, and the Independent Auditor's Contract, 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 Pulaski County School 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 Pulaski County School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Pulaski County School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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.

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.

Patrick & Associates, LLC

Patrick & Associates, LLC
Somerset, Kentucky

January 16, 2026

Schedule of Findings and Questioned Costs

SUMMARY OF AUDITOR'S RESULTS

What type of report was issued for the financial statements?	Unmodified
Were there significant deficiencies in internal control disclosed? If so, was any significant deficiencies material (GAGAS)?	None Reported
Was any material noncompliance reported (GAGAS)?	No
Were there material weaknesses in internal control disclosed for major programs?	No
Were there any significant deficiencies in internal control disclosed that were not considered to be material weaknesses?	None Reported
What type or report was issued on compliance for major programs?	Unmodified
Did the audit disclose findings as it relates to major programs that are required to be reported as described in Uniform Guidance?	No
Major Programs	Title I [Federal Assistance Number 84.010] Special Education Cluster [Federal Assistance Numbers 84.027A and 84.173A]
Dollar threshold of Type A and B programs?	\$750,000
Did the auditee qualify as low-risk?	Yes

FINDINGS – FINANCIAL STATEMENT AUDIT

No findings at the financial statement level.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARDS PROGRAMS AUDIT

No major federal award findings

SUMMARY SCHEDULE – PRIOR YEAR AUDIT FINDINGS

FINDINGS – FINANCIAL STATEMENT AUDIT

There were no prior year findings

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

There were no prior year findings.