

**TRIMBLE COUNTY
SCHOOL DISTRICT**

**AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULES**

For the year ended June 30, 2025

Prepared by:

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the Trimble County School District
Bedford, Kentucky

And the State Committee for School District Audits

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof 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 *Auditor Responsibilities and State Compliance Requirements* sections contained in the Kentucky Public School Districts' Audit Contract and Requirements. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter — Change in Accounting Principle

As described in Note A to the financial statements, during the fiscal year ended June 30, 2025, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences. The adoption of this statement resulted in a significant change in the method of calculating and reporting the District's compensated absences liability and affected the comparability of the financial statements with those of prior periods. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation

and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Schedules of the District's Proportionate Share of the Net Pension and OPEB Liability and Schedule of Contributions for CERS and TRS and Medical and Life and Health Insurance Plans comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary

information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

White & Associates, PSC

Richmond, Kentucky
December 31, 2025

**TRIMBLE COUNTY SCHOOL DISTRICT-BEDFORD, KENTUCKY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2025**

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

FINANCIAL HIGHLIGHTS

- The beginning fund balance for General Fund for the District was \$7,118,080 which includes committed Site Based CWFD in the amount of \$19,121 and compensated absences of \$60,000. The ending fund balance for General Fund was \$8,232,998 which includes committed Site Based CWFD in the amount of \$11,999 and will be budgeted appropriately for FY26. The FY25 fund balance also included \$98,000 for compensated absences liability.
- The General Fund had \$13,658,742 in revenue excluding other financing sources and uses. Receipted revenue primarily consisted of the state program (SEEK), property, utility, motor vehicle taxes, and Medicaid reimbursements. There was \$12,523,013 in General Fund expenditures, excluding other financing sources and uses, which involved KETS, KISTA debt service and bond payments. On-behalf payments of \$2,734,049 are included in both revenue and expenditures.
- Beginning net position was restated as of July 1, 2024 due to the implementation of GASB Statement No. 101, Compensated Absences, which resulted in a \$586,322 decrease in beginning net position.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

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

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

Refer to the table of contents to find the government-wide financial statements.

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

Refer to the table of contents to find the basic governmental fund financial statements.

The implementation of GASB Statement No. 101 did not have a material impact on the District's governmental fund balances, as the standard primarily affects long-term liabilities reported in the government-wide financial statements.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. To find the notes to the financial statements please refer to the table of contents.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, the net position was \$16.24 million as of June 30, 2025.

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

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

The District's government-wide financial information for fiscal year 2025 reflects the implementation of GASB Statement No. 101, Compensated Absences. This standard was applied

retroactively and resulted in a restatement of beginning net position as of July 1, 2024. As a result, comparisons between fiscal years should be made with consideration of this accounting change.

2025 District-Wide Governmental Net position compared to 2024 as follows:

Table 1
Net Position
\$ (in Millions)

	Governmental Activities		Business-type Activities		Totals	
	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>
Current assets	\$ 7.85	\$ 11.46	\$ 0.36	\$ 0.38	\$ 8.21	\$ 11.84
Non-current assets	26.40	26.45	0.07	0.07	26.47	26.52
Total assets	<u>34.25</u>	<u>37.91</u>	<u>0.43</u>	<u>0.45</u>	<u>34.68</u>	<u>38.36</u>
Deferred outflows	3.07	2.33	0.10	0.07	3.17	2.40
Current liabilities	1.28	1.22	0.01	0.10	1.29	1.32
Non-current liabilities	16.62	19.40	0.21	0.21	16.83	19.61
Total liabilities	<u>17.90</u>	<u>20.62</u>	<u>0.22</u>	<u>0.31</u>	<u>18.12</u>	<u>20.93</u>
Deferred inflows	4.00	3.25	0.13	0.10	4.13	3.35
Net position:						
Invested in capital assets, net of debt	14.77	12.07	0.06	0.06	14.83	12.13
Restricted	0.47	3.10	0.12	0.05	0.59	3.15
Unrestricted (deficit)	0.18	1.21	(0.01)	(0.01)	0.17	1.20
Total net position	<u>\$ 15.42</u>	<u>\$ 16.38</u>	<u>\$ 0.17</u>	<u>\$ 0.10</u>	<u>\$ 15.59</u>	<u>\$ 16.48</u>

The increase in noncurrent liabilities and the resulting decrease in unrestricted net position are primarily attributable to the recognition of additional compensated absences liabilities required under GASB Statement No. 101. This increase does not represent new debt or a deterioration in current-year operating performance.

GOVERNMENTAL ACTIVITIES

Ending net position was \$16.48 million for the District.

See chart on next page

Table 2
Changes in Net Position
(in millions)

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change 2024-2025
	2024	2025	2024	2025	2024	2025	
Revenues:							
Charges for services	\$ 0.06	\$ 0.41	\$ 0.17	\$ 0.14	\$ 0.23	\$ 0.55	139%
Operating grants and contributions	6.03	4.58	1.39	1.11	7.42	5.69	-23%
Capital grants and contributions	0.77	0.84	-	-	0.77	0.84	9%
General revenues	11.43	11.21	-	0.02	11.43	11.22	-2%
Total revenue	18.29	17.04	1.56	1.26	19.85	18.30	-8%
Expenses:							
Instruction	\$ 8.17	\$ 7.75	\$ -	\$ -	\$ 8.17	\$ 7.75	-5%
Student	0.48	0.58	-	-	0.48	0.58	21%
Instructional staff	0.60	0.38	-	-	0.60	0.38	-37%
District administration	0.72	0.86	-	-	0.72	0.86	19%
School administration	0.85	0.93	-	-	0.85	0.93	9%
Business	0.63	0.68	-	-	0.63	0.68	8%
Plant operation & maintenance	1.36	1.58	-	-	1.36	1.58	16%
Student transportation	1.02	0.84	-	-	1.02	0.84	-18%
Food service operations	-	-	1.47	1.27	1.47	1.27	-14%
After school care	-	-	0.06	0.07	0.06	0.07	100%
Community services operations	0.23	0.23	-	-	0.23	0.23	0%
Depreciation	0.95	1.23	-	-	0.95	1.23	30%
Interest on long-term debt	0.36	0.44	-	-	0.36	0.44	22%
Total expenses	\$ 15.37	\$ 15.50	\$ 1.53	\$ 1.34	\$ 16.90	\$ 16.84	0%
Change in net position	\$ 2.92	\$ 1.53	\$ 0.03	\$ (0.07)	\$ 2.95	\$ 1.46	-50%

Beginning net position was restated due to the implementation of GASB Statement No. 101, Compensated Absences, which requires governments to recognize compensated absences using a more consistent measurement approach and to record liabilities for leave that is attributable to services already rendered and is more likely than not to be used or paid.

GASB Statement No. 101 was implemented retroactively, resulting in an adjustment to beginning net position to reflect the updated recognition and measurement requirements. As a result, beginning net position decreased by \$589,322. Excluding the impact of this accounting change, the District's financial results remained relatively consistent with prior year operations.

This restatement did not impact current-year operating results but affects the comparability of financial information between periods. Additional information regarding this restatement can be found in Note D to the financial statements.

CAPITAL ASSETS

At the end of fiscal 2025, the District had \$26,400,516 invested in capital assets (Net of Depreciation), including land, buildings, buses, computers and other equipment. This amount represents an increase (including additions and deductions) of \$28,971 from last year.

See chart on next page

**Capital Assets at Year-End
\$ (Net of Depreciation)**

	Governmental Activities		Business-type Activities		Totals	
	2024	2025	2024	2025	2024	2025
Land	\$ 422,720	\$ 422,720	\$ -	\$ -	\$ 422,720	\$ 422,720
Land Improvements	2,170,731	1,943,717	-	-	2,170,731	1,943,717
Buildings	15,278,534	22,110,900	-	-	15,278,534	22,110,900
Technology Equipment	84,784	71,488	-	-	84,784	71,488
Vehicles	489,360	679,510	-	-	489,360	679,510
General Equipment	126,858	119,382	59,861	59,808	186,719	179,190
Construction in Progress	7,648,899	926,619	-	-	7,648,899	926,619
Finance Purchases	89,798	66,372	-	-	89,798	66,372
Totals	\$ 26,311,684	\$ 26,340,708	\$ 59,861	\$ 59,808	\$ 26,371,545	\$ 26,400,516

DEBT

Finance purchase obligations and general obligation debt increased \$2,735,898 from FY 2024.

**Table 4
Outstanding Debt at Year-End**

	Government Activities	
	2024	2025
General Obligation Bonds	\$ 11,350,347	\$ 14,130,026
Finance Purchase Obligations	189,091	145,310
Total Obligations	\$ 11,539,438	\$ 14,275,336

THE DISTRICT'S FUNDS

As the District completed the year, the General Fund reflected a fund balance of \$8,232,998, a \$1,114,918 increase from prior year's fund balance of \$7,118,080. The unassigned portion of the fund balance at the end of fiscal year 2025 is \$8,122,795, compared to \$7,030,402 from the preceding year.

The following table presents a summary of revenue and expense for the District as a whole for the fiscal year ended June 30, 2025:

*Note This chart does not include beginning balances.

See chart on next page

REVENUES	Fund 1	Fund 2	Fund 310	Fund 320	Fund 360	Fund 400	Fund 51
Local Revenue Sources	\$ 6,375,019	\$ 84,485	\$ -	\$ 395,828	\$ -	\$ -	\$ 90,513
State Revenue Sources	7,207,812	763,020	102,933	227,431	-	510,861	70,348
Federal Revenue Sources	75,911	941,074	-	-	-	-	1,028,000
Other	-	-	-	-	3,648,870	-	10,839
Transfers	-	138,442	-	-	-	710,002	-
TOTALS	\$ 13,658,742	\$ 1,927,021	\$102,933	\$ 623,259	\$ 3,648,870	\$1,220,863	\$ 1,199,700
EXPENDITURES	Fund 1	Fund 2	Fund 310	Fund 320	Fund 360	Fund 400	Fund 51
Instruction	\$ 6,456,285	\$ 1,475,428	\$ -	\$ -	\$ -	\$ -	\$ -
Student Support Services	537,582	43,095	-	-	-	-	-
Instructional Staff Support Services	321,024	58,568	-	-	-	-	-
District Admin Support	846,964	10,729	-	-	-	-	-
School Admin Support	934,124	-	-	-	-	-	-
Business Support Services	682,652	-	-	-	-	-	-
Plant Operation & Management	1,520,913	25,000	-	-	-	-	-
Student Transportation	1,138,482	2,456	-	-	-	-	-
Food Service Operations	-	-	-	-	-	-	1,279,836
Day Care Operations	-	-	-	-	-	-	-
Community Services	12,308	212,390	-	-	-	-	-
Debt Service	24,140	-	-	-	45,097	1,220,863	-
Depreciation	-	-	-	-	-	-	53
Building Improvements	48,539	-	-	-	-	-	-
Building Acquisitions & Construction	-	-	-	-	732,605	-	-
Architectural/engineering	-	-	-	-	194,015	-	-
Transfers	20,811	117,631	103,038	606,964	-	-	-
TOTALS	\$ 12,543,824	\$ 1,945,297	\$103,038	\$ 606,964	\$ 971,717	\$1,220,863	\$ 1,279,889
Excess / (Deficit)	1,114,918	(18,276)	(105)	16,295	2,677,153	-	(80,189)

BUDGETARY IMPLICATIONS

In Kentucky, the public school fiscal year is July 1-June 30; other programs, i.e. some federal operate on a different fiscal calendar, but are reflected in the district's overall budget. By law the budget must have a minimum 2.0% contingency in the Tentative Final Working budget. While it is not mandatory in the Final Working budget, the Kentucky Department of Education places district's with less than a 2% reserve on a financial watch list. The beginning general fund balance for beginning the fiscal year 2025 was \$7,118,080.

Questions regarding this report should be directed to the Superintendent of Schools, Todd Neace, or the Chief Finance Officer/Board Treasurer, Phillip Harmon, at (502) 255-3201 or by mail at 116 Wentworth Avenue, Bedford, Kentucky 40006.

TRIMBLE COUNTY SCHOOL DISTRICT
Statement of Net Position
June 30, 2025

	Primary Government		
	Governmental Activities	Business- type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 8,086,190	\$ 301,154	\$ 8,387,344
Investments	3,031,490		3,031,490
Receivables (net)	341,742	49,855	391,597
Inventories		24,779	24,779
Funded OPEB asset	109,013	6,085	115,098
Land and construction in progress	1,349,339		1,349,339
Other capital assets, net of depreciation	24,924,997	59,808	24,984,805
Finance purchases	66,372		66,372
Total capital assets	26,340,708	59,808	26,400,516
Total assets	37,909,143	441,681	38,350,824
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	925,552	51,667	977,219
Deferred outflows related to OPEB CERS	364,549	20,350	384,899
Deferred outflows related to OPEB TRS	979,086		979,086
Deferred savings from refunding bonds	58,643		58,643
Total deferred outflows of resources	2,327,830	72,017	2,399,847
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	40,236,973	513,698	40,750,671
LIABILITIES			
Accounts payable and accrued expenses	14,562	103,589	118,151
Accrued interest payable	165,821		165,821
Unearned revenue	114,654		114,654
Long-term liabilities:			
Due within 1 year:			
Bond obligations	880,000		880,000
Finance purchase obligations	45,312		45,312
Total due within 1 year	925,312	-	925,312
Due in more than 1 year:			
Bond obligations	13,250,026		13,250,026
Finance purchase obligations	99,998		99,998
Compensated absences	869,560		869,560
Net pension liability	3,765,184	210,183	3,975,367
Net OPEB liability TRS	1,412,000		1,412,000
Total due in more than 1 year	19,396,768	210,183	19,606,951
Total liabilities	20,617,117	313,772	20,930,889
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	697,957	38,962	736,919
Deferred inflows related to OPEB CERS	1,150,370	64,217	1,214,587
Deferred inflows related to OPEB TRS	1,397,000		1,397,000
Total deferred inflows of resources	3,245,327	103,179	3,348,506
NET POSITION			
Net Investment in capital assets	12,065,372	59,808	12,125,180
Restricted for:			
Capital projects	2,837,507		2,837,507
District activities	61,628		61,628
Special revenue projects	30,242		30,242
Food services		51,529	51,529
School activities	167,831		167,831
Unrestricted (deficit)	1,211,949	(14,590)	1,197,359
Total net position	16,374,529	96,747	16,471,276
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 40,236,973	\$ 513,698	\$ 40,750,671

See accompanying notes to the financial statements.

TRIMBLE COUNTY SCHOOL DISTRICT
Statement of Activities
Year ended June 30, 2025

<u>Functions/Programs</u>	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	Primary Government		
					<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
PRIMARY GOVERNMENT:							
Governmental activities:							
Instruction	\$ 7,750,245	\$ 44,724	\$ 2,808,552	\$ -	\$ (4,896,969)	\$ -	\$ (4,896,969)
Support services							
Student	580,807	352,721	169,252		(58,834)		(58,834)
Instructional staff	379,592		110,616		(268,976)		(268,976)
District administration	857,693		249,939		(607,754)		(607,754)
School administration	934,124		272,212		(661,912)		(661,912)
Business	682,652		198,931		(483,721)		(483,721)
Plant operation & maintenance	1,578,241		459,913	330,364	(787,964)		(787,964)
Student transportation	843,037	12,847	245,668		(584,522)		(584,522)
Community services operations	230,896		67,285		(163,611)		(163,611)
Interest on general long-term debt	438,974			510,861	71,887		71,887
Depreciation*	1,230,595				(1,230,595)		(1,230,595)
Total governmental activities	<u>15,506,856</u>	<u>410,292</u>	<u>4,582,370</u>	<u>841,225</u>	<u>(9,672,969)</u>		<u>(9,672,969)</u>
Business-type activities:							
Food service operations	1,269,110	84,662	1,098,348			(86,100)	(86,100)
After school care operations	66,581	56,375	8,754			(1,452)	(1,452)
Depreciation*	53					(53)	(53)
Total business-type activities	<u>1,335,744</u>	<u>141,037</u>	<u>1,107,102</u>	<u>-</u>	<u>-</u>	<u>(87,605)</u>	<u>(87,605)</u>
Total primary government	<u>\$ 16,842,600</u>	<u>\$ 551,329</u>	<u>\$ 5,689,472</u>	<u>\$ 841,225</u>	<u>(9,672,969)</u>	<u>(87,605)</u>	<u>(9,760,574)</u>
General revenues:							
Taxes:							
Property taxes					5,084,647		5,084,647
Motor vehicle taxes					470,285		470,285
Franchise taxes					128,363		128,363
Utility taxes					543,956		543,956
State and formula grants					4,405,447		4,405,447
Other local revenue					204,795	5,851	210,646
Unrestricted investment earnings					368,264	10,839	379,103
Total general revenues					<u>11,205,757</u>	<u>16,690</u>	<u>11,222,447</u>
Change in net position					1,532,788	(70,915)	1,461,873
Net position - beginning					15,428,063	167,662	15,595,725
					<u>(586,322)</u>		<u>(586,322)</u>
					<u>14,841,741</u>	<u>167,662</u>	<u>15,009,403</u>
Net position - ending					<u>\$ 16,374,529</u>	<u>\$ 96,747</u>	<u>\$ 16,471,276</u>

*Unallocated depreciation that excludes depreciation which is included in the direct expenses of various programs, if any.

See accompanying notes to the financial statements.

TRIMBLE COUNTY SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2025

	Governmental Funds					
	General	Special Revenue	Construction	Debt Service	Other Governmental Funds	Total
ASSETS						
Cash and cash equivalents	\$ 5,015,254	\$ 3,191	\$ 2,677,153	\$ -	\$ 390,592	\$ 8,086,190
Certificate of deposit	3,031,490					3,031,490
Receivables						
Taxes	123,076					123,076
Accounts	76,000	9,607			225	85,832
Intergovernmental-federal		132,834				132,834
Total assets	<u>8,245,820</u>	<u>145,632</u>	<u>2,677,153</u>	<u>-</u>	<u>390,817</u>	<u>11,459,422</u>
LIABILITIES						
Accounts payable	12,822	736			1,004	14,562
Unearned revenue		114,654				114,654
Total liabilities	<u>12,822</u>	<u>115,390</u>	<u>-</u>	<u>-</u>	<u>1,004</u>	<u>129,216</u>
FUND BALANCE						
Restricted		30,242	2,677,153		389,813	3,097,208
Committed	109,999					109,999
Assigned	204					204
Unassigned	8,122,795					8,122,795
Total fund balance	<u>8,232,998</u>	<u>30,242</u>	<u>2,677,153</u>	<u>-</u>	<u>389,813</u>	<u>11,330,206</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 8,245,820</u>	<u>\$ 145,632</u>	<u>\$ 2,677,153</u>	<u>\$ -</u>	<u>\$ 390,817</u>	<u>\$ 11,459,422</u>

See accompanying notes to the financial statements.

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

Fund balance-total governmental funds	\$	11,330,206
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net position.		26,340,708
Costs associated with bond issues and refundings are expensed in the fund financial statements because they are a use of current financial resources but are capitalized on the statement of net position using the economic resources focus		58,643
Certain assets (OPEB asset) are not receivable in the current period, therefore, are not reported in the fund financial statements.		109,013
Certain liabilities (such as bonds payable, the long-term portion of accrued sick leave, accrued interest payable, other accounts payable, and net pension obligations) are not due and payable in the current period and, therefore, are not reported in the funds		
Accrued interest payable		(165,821)
Bonds payable		(14,130,026)
Comensated absences		(869,560)
Finance purchase obligations		(145,310)
Net pension liability		(3,765,184)
Net OPEB liability		(1,412,000)
Deferred outflows and inflows or resources related to pensions are applicable to future periods and, therefore, are not reported in the funds		
Deferred outflows related to pensions		925,552
Deferred outflows related to OPEB		1,343,635
Deferred inflows related to pensions		(697,957)
Deferred inflows related to OPEB		(2,547,370)
Net position of governmental activities	\$	<u>16,374,529</u>

See accompanying notes to the financial statements.

TRIMBLE COUNTY SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
Year ended June 30, 2025

	General	Special Revenue	Construction	Debt Service	Other Governmental Funds	Total Governmental Funds
REVENUES						
From Local Sources						
Taxes						
Property	\$ 4,688,819	\$ -	\$ -	\$ -	\$ 395,828	\$ 5,084,647
Motor vehicle	470,285					470,285
Franchise	128,363					128,363
Utilities	543,956					543,956
Tuition	44,724					44,724
Transportation	12,847					12,847
Earnings on investments	367,764	500				368,264
Student activities		2,791			349,930	352,721
Other local revenue	118,261	81,194			5,340	204,795
Intergovernmental - state	7,207,812	763,020		510,861	330,364	8,812,057
Intergovernmental - federal	75,911	941,074				1,016,985
Total revenues	<u>13,658,742</u>	<u>1,788,579</u>	<u>-</u>	<u>510,861</u>	<u>1,081,462</u>	<u>17,039,644</u>
EXPENDITURES						
Instruction	6,456,285	1,475,428			402,599	8,334,312
Support Services						
Student	537,582	43,095			130	580,807
Instructional staff	321,024	58,568				379,592
District administration	846,964	10,729				857,693
School administration	934,124					934,124
Business	682,652					682,652
Plant operation & maintenance	1,520,913	25,000				1,545,913
Student transportation	1,138,482	2,456				1,140,938
Community services operations	12,308	212,390				224,698
Building improvements	48,539					48,539
Building acquisitions & construction			732,605			732,605
Architectural/engineering			194,015			194,015
Debt service	24,140		45,097	1,220,863		1,290,100
Total expenditures	<u>12,523,013</u>	<u>1,827,666</u>	<u>971,717</u>	<u>1,220,863</u>	<u>402,729</u>	<u>16,945,988</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,135,729	(39,087)	(971,717)	(710,002)	678,733	93,656
OTHER FINANCING SOURCES (USES)						
Bond proceeds			3,695,000			3,695,000
Bond discount			(46,130)			(46,130)
Operating transfers in		138,442		710,002	35,016	883,460
Operating transfers (out)	(20,811)	(117,631)			(745,018)	(883,460)
Total other financing sources and (uses)	<u>(20,811)</u>	<u>20,811</u>	<u>3,648,870</u>	<u>710,002</u>	<u>(710,002)</u>	<u>3,648,870</u>
NET CHANGE IN FUND BALANCE	1,114,918	(18,276)	2,677,153	-	(31,269)	3,742,526
FUND BALANCE-BEGINNING	7,118,080	48,518	-	-	421,077	7,587,675
Prior period adjustment					5	5
RESTATED FUND BALANCE-BEGINNING	<u>7,118,080</u>	<u>48,518</u>	<u>-</u>	<u>-</u>	<u>421,082</u>	<u>7,587,680</u>
FUND BALANCE-ENDING	<u>\$ 8,232,998</u>	<u>\$ 30,242</u>	<u>\$ 2,677,153</u>	<u>\$ -</u>	<u>\$ 389,813</u>	<u>\$ 11,330,206</u>

See accompanying notes to the financial statements.

TRIMBLE COUNTY SCHOOL DISTRICT
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to
the Statement of Activities**
Year ended June 30, 2025

Net change in fund balance-total governmental funds	\$	3,742,526
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report district OPEB and pension contributions as expenditures. However in the Statement of Activities, the cost of the benefits earned net of employee contributions is reported as pension expense or revenue.</p>		722,962
<p>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.</p>		29,024
<p>Bonds sold at a discount/premium are a reduction/addition in the amount owed and amortized over the discount period of the bonds sold.</p>		50,321
<p>The difference in the issue amount of the refunding of bond proceeds and the amount for payment to the escrow account to pay the refunded bonds is amortized over the life of the refunding issue.</p>		(19,548)
<p>Bond and finance purchase payments are recognized as expenditures of current financial resources in the fund financial statement but are reductions of liabilities in the statement of net position.</p>		(2,786,219)
<p>Generally, expenditures recognized in this fund financial statement are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred.</p>		
<p>Accrued interest payable</p>		(42,298)
<p>Noncurrent compensated absences</p>		(163,980)
		(206,280)
Change in net position of governmental activities	\$	<u><u>1,532,788</u></u>

See accompanying notes to the financial statements.

TRIMBLE COUNTY SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
Year ended June 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
REVENUES				
From local sources				
Taxes				
Property	\$ 4,983,131	\$ 4,983,131	\$ 4,688,819	\$ (294,312)
Motor vehicle	450,430	450,430	470,285	19,855
Franchise	160,000	160,000	128,363	(31,637)
Utilities	450,000	450,000	543,956	93,956
Tuition	40,000	40,000	44,724	4,724
Transportation	6,100	6,100	12,847	6,747
Earnings on investments	300,000	300,000	367,764	67,764
Student activities			-	-
Other local revenue	76,000	76,000	118,261	42,261
Intergovernmental - state	6,407,765	6,323,011	7,207,812	884,801
Intergovernmental - federal	75,000	75,000	75,911	911
Total revenues	<u>12,948,426</u>	<u>12,863,672</u>	<u>13,658,742</u>	<u>795,070</u>
EXPENDITURES				
Instruction	6,068,644	6,072,410	6,456,285	(383,875)
Support services				
Student	482,028	482,028	537,582	(55,554)
Instructional staff	299,186	299,186	321,024	(21,838)
District administration	988,190	988,190	846,964	141,226
School administration	840,347	840,347	934,124	(93,777)
Business	623,095	623,095	682,652	(59,557)
Plant operation & maintenance	1,591,587	1,591,587	1,520,913	70,674
Student transportation	1,275,601	1,275,601	1,138,482	137,119
Community services	12,989	12,989	12,308	681
Building improvements	157,500	157,500	48,539	108,961
Debt service	24,140	24,140	24,140	-
Total expenditures	<u>12,363,307</u>	<u>12,367,073</u>	<u>12,523,013</u>	<u>(155,940)</u>
EXCESS (DEFICIENCY) IN REVENUES OVER EXPENDITURES	585,119	496,599	1,135,729	639,130
OTHER FINANCING SOURCES (USES)				
Operating transfers (out)	(21,060)	(21,060)	(20,811)	249
Sale of equipment	2,500	2,500	-	(2,500)
Total other financing sources and (uses)	<u>(18,560)</u>	<u>(18,560)</u>	<u>(20,811)</u>	<u>(2,251)</u>
NET CHANGE IN FUND BALANCE	566,559	478,039	1,114,918	636,879
FUND BALANCE-BEGINNING	<u>6,906,444</u>	<u>7,058,079</u>	<u>7,118,080</u>	<u>60,001</u>
FUND BALANCE-ENDING	<u>\$ 7,473,003</u>	<u>\$ 7,536,118</u>	<u>\$ 8,232,998</u>	<u>\$ 696,880</u>

See accompanying notes to the financial statements.

TRIMBLE COUNTY SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Special Revenue Fund
Year ended June 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
From local sources				
Earnings on investments	\$ 950	\$ 500	\$ 500	\$ -
Student activities	3,000	2,791	2,791	-
Other local revenue	74,560	95,893	81,194	(14,699)
Intergovernmental - state	753,838	751,662	763,020	11,358
Intergovernmental - federal	709,926	1,711,165	941,074	(770,091)
Total revenues	<u>1,542,274</u>	<u>2,562,011</u>	<u>1,788,579</u>	<u>(773,432)</u>
EXPENDITURES				
Instruction	1,168,261	2,347,295	1,475,428	871,867
Support services				
Student	43,595	43,595	43,095	500
Instructional staff	66,134	66,134	58,568	7,566
District administration	5,500	11,229	10,729	500
Plant operation & maintenance	25,000	25,000	25,000	-
Student transportation	13,449	2,456	2,456	-
Community services operations	241,395	212,340	212,390	(50)
Total expenditures	<u>1,563,334</u>	<u>2,708,049</u>	<u>1,827,666</u>	<u>880,383</u>
EXCESS (DEFICIENCY) IN REVENUES OVER EXPENDITURES	(21,060)	(146,038)	(39,087)	106,951
OTHER FINANCING SOURCES (USES)				
Operating transfers in	138,691	273,192	138,442	(134,750)
Operating transfers (out)	(117,631)	(127,154)	(117,631)	9,523
Total other financing sources and (uses)	<u>21,060</u>	<u>146,038</u>	<u>20,811</u>	<u>(125,227)</u>
NET CHANGE IN FUND BALANCE	-	-	(18,276)	(18,276)
FUND BALANCE-BEGINNING	<u>-</u>	<u>-</u>	<u>48,518</u>	<u>48,518</u>
FUND BALANCE-ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,242</u>	<u>\$ 30,242</u>

See accompanying notes to the financial statements.

TRIMBLE COUNTY SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2025

	Enterprise Funds		
	School Food Services	Other Proprietary Fund	Total
ASSETS			
Cash and cash equivalents	\$ 287,854	\$ 13,300	\$ 301,154
Receivables (net)	49,251	604	49,855
Inventories	24,779		24,779
Funded OPEB asset	5,363	722	6,085
Capital assets:			
Other capital assets, net of depreciation	59,808		59,808
Total assets	<u>427,055</u>	<u>14,626</u>	<u>441,681</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	45,538	6,129	51,667
Deferred outflows related to OPEB CERS	17,936	2,414	20,350
Total deferred outflows of resources	<u>63,474</u>	<u>8,543</u>	<u>72,017</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>490,529</u>	<u>23,169</u>	<u>513,698</u>
LIABILITIES			
Accounts payable and accrued expenses	103,004	585	103,589
Net pension liability	185,249	24,934	210,183
Total liabilities	<u>288,253</u>	<u>25,519</u>	<u>313,772</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	34,340	4,622	38,962
Deferred inflows related to OPEB CERS	56,599	7,618	64,217
Total deferred inflows of resources	<u>90,939</u>	<u>12,240</u>	<u>103,179</u>
NET POSITION			
Net Investment in capital assets	59,808	-	59,808
Restricted	51,529		51,529
Unrestricted (deficit)		(14,590)	(14,590)
Total net position	<u>111,337</u>	<u>(14,590)</u>	<u>96,747</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 490,529</u>	<u>\$ 23,169</u>	<u>\$ 513,698</u>

See accompanying notes to the financial statements.

TRIMBLE COUNTY SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Year ended June 30, 2025

	Enterprise Funds		
	School Food Services	Other Proprietary Fund	Total
OPERATING REVENUES			
Lunchroom sales	\$ 84,662	\$ -	\$ 84,662
Other local	5,851		5,851
Tuition		56,375	56,375
Total operating revenues	90,513	56,375	146,888
OPERATING EXPENSES			
Depreciation	53		53
Day care operations			
Employee services		65,738	65,738
Operational expenses		843	843
Food service operations			
Employee services	474,633		474,633
Operational expenses	794,477		794,477
Total operating expenses	1,269,163	66,581	1,335,744
OPERATING INCOME (LOSS)	(1,178,650)	(10,206)	(1,188,856)
NONOPERATING REVENUES (EXPENSES)			
Federal grants	1,028,000		1,028,000
State grants	70,348	8,754	79,102
Earnings from investments	10,839		10,839
Total nonoperating revenues (expenses)	1,109,187	8,754	1,117,941
CHANGE IN NET POSITION	(69,463)	(1,452)	(70,915)
NET POSITION-BEGINNING	180,800	(13,138)	167,662
NET POSITION-ENDING (DEFICIT)	\$ 111,337	\$ (14,590)	\$ 96,747

See accompanying notes to the financial statements.

TRIMBLE COUNTY SCHOOL DISTRICT
Statement of Cash Flows - Proprietary Funds
Year ended June 30, 2025

	Enterprise Funds		
	School Food Services	Other Proprietary Funds	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 90,513	\$ 56,375	\$ 146,888
Payments to suppliers	(722,582)	2,306	(720,276)
Payments to employees	(474,633)	(65,738)	(540,371)
Net cash provided (used) by operating activities	(1,106,702)	(7,057)	(1,113,759)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Intergovernmental revenue	1,098,348	8,754	1,107,102
Net cash provided (used) by noncapital financing activities	1,098,348	8,754	1,107,102
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest	10,839	-	10,839
Net cash provided (used) by investing activities	10,839	-	10,839
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,485	1,697	4,182
CASH BALANCE-BEGINNING	285,369	11,603	296,972
CASH BALANCE-ENDING	\$ 287,854	\$ 13,300	\$ 301,154
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (1,178,650)	\$ (10,206)	\$ (1,188,856)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	53	-	53
Changes in assets and liabilities:			
Funded OPEB asset	(1,294)	(205)	(1,499)
Receivables	(14,517)	2,500	(12,017)
Inventories	1,488		1,488
Outflow Deferrals	21,648	2,268	23,916
Accounts payable	93,140	116	93,256
Inflow Deferrals	(24,711)	(2,447)	(27,158)
Pension liability	(3,859)	917	(2,942)
OPEB liability	-	-	-
Net cash provided (used) by operating activities	\$ (1,106,702)	\$ (7,057)	\$ (1,113,759)

NONCASH NONCAPITAL FINANCING ACTIVITIES

During the year, the district received \$51,974 of food commodities from the U.S. Department of Agriculture.

During the year, the district recognized revenues and expenses for on-behalf payments relating to fringe benefits in the amount of \$63,443 and \$8,754 provided by state government.

See accompanying notes to the financial statements.

TRIMBLE COUNTY SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2025

		Private Purpose Trust
		<u> </u>
ASSETS		
Cash and cash equivalents	\$	4,726
Certificate of deposit		<u>333,127</u>
Total Assets		<u><u>337,853</u></u>
 LIABILITIES		
Accounts payable		<u>21,500</u>
Total Liabilities		<u>21,500</u>
 NET POSITION		
Restricted (held in trust)		<u>316,353</u>
Total Net Position		<u>316,353</u>
 TOTAL LIABILITIES AND NET POSITION	 \$	 <u><u>337,853</u></u>

See accompanying notes to the financial statements.

Trimble County School District
**Statement of Changes in Net Position -
 Fiduciary Fund**
 Year ended June 30, 2025

		<u>Private Purpose Trust</u>
Additions		
Contributions	\$	318,500
Earnings on investments		12,745
Total Additions		<u>331,245</u>
 Deductions		
Scholarships awarded		<u>21,000</u>
 Change in net position		<u>310,245</u>
 Net position, beginning (held in trust)		<u>6,108</u>
 Net position, ending (held in trust)	\$	<u><u>316,353</u></u>

See accompanying notes to the financial statements.

TRIMBLE COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Trimble County Board of Education (“Board”), a five-member group, is the level of government, which has oversight responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the Trimble 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. Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to develop policies which may influence operations and primary accountability for fiscal matters.

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

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

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

Blended Component Unit

The Board authorized establishment of the Trimble County Board of Education Finance Corporation a non-stock, non-profit corporation pursuant to Section 162.385 of the School Bond Act and Chapter 273 and Section 58.180 of the Kentucky Revised Statutes (the “Corporation”) to act as an agency of the District for financing the costs of school building facilities. The Board of Directors of the Corporation shall be the same persons who are at any time the members of the Board of Education of the Trimble County Board of Education.

Basis of Presentation

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

The District has the following funds:

I. Governmental Fund Types

(A) General Fund

The General Fund is the main operating fund of the District. It accounts for financial resources used for general types of operations. This is a budgeted fund, and any fund balances are considered as resources available for use. This is always a major fund of the District.

(B) Special Revenue (Grant) Fund

The Special Revenue (Grant) 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. KDE requires this fund to be a major fund.

(C) Special Revenue (District Activity) Fund

The Special Revenue (District Activity) Fund accounts 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(D) Special Revenue (Student Activity) Fund

Special Revenue (Student Activity) Fund accounts for activities of student groups and other types of activities requiring clearing accounts.

(E) Capital Project Funds

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

SEEK Capital Outlay Fund

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

Building (FSPK) Fund

The Facility Support Program of Kentucky (FSPK) accounts for funds generated by the building tax levy that is 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.

Construction Fund

The Construction Fund accounts for proceeds from sale of bonds and other revenues to be used for authorized construction and/or remodeling. This is a major fund of the District.

(F) Debt Service Fund

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

II. Proprietary Funds (Enterprise Funds)

(A) Food Service Fund

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

Day Care Fund - The Day Care Fund is used to account for child care revenue.

The District applies all GASB pronouncements to proprietary funds.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

III. Fiduciary Fund Types

Private Purpose Trusts

Private Purpose Trust Funds are maintained within MUNIS and account for revenues generated by trusts set up to benefit students in Trimble County. Of the net position of the private purpose trust, \$5,692 is the Corpus which can be potentially spent along with the earnings, if any, for scholarships to benefit students in financial need and who meet other required criteria.

Basis of Accounting

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

Revenues – Exchange and Non-exchange Transactions – Revenues resulting from exchange transactions, in which each party receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of the fiscal year-end. Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resource are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis, On a modified accrual basis, revenues from non-exchange transactions must also be available before it can be recognized.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Cash and Cash Equivalents

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

Inventories

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.

Prepaid Assets

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

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the government funds. These assets are reported in the government activities column of the government-wide financial 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 fair market values as of the date received. The District maintains a capitalization threshold of one thousand dollars with the exception of computers, digital cameras and real property for which there is no threshold. The District does not possess any infrastructure. Improvements are capitalized; the cost of, normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life are not.

Land and construction in progress are not depreciated. The other property, plant and equipment of the district are depreciated using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and improvements	25-50 years
Land improvements	20 years
Technology equipment	5 years
Vehicles	5-10 years
Audio-visual equipment	15 years
Food service equipment	10-12 years
Furniture and fixtures	7 years
Other	10 years

Right-of-Use Assets, Finance Purchases, Subscription-Based Information Technology Arrangements

The District records right-of-use and finance purchase assets in accordance with GASB 87 and subscription based information technology arrangement assets in accordance with GASB 96. These assets are initially measured at

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the asset into service. The assets are amortized on a straight-line basis over the life of the related lease.

Accrued Liabilities and Long-Term Obligations

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

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

Compensated Absences

Employees of the District earn sick leave and other compensated absences in accordance with Board policy. Under GASB Statement No. 101, *Compensated Absences*, implemented in fiscal year 2025, a liability is recognized for leave attributable to services already rendered that accumulates or vests and is probable to be used or paid.

Fund Balances

Fund balance is divided into five categories as defined by GASB 54 as follows:

Non-spendable	Permanently non-spendable by decree of the donor, such as an endowment, or funds that are not in a spendable form, such as prepaid expenses or inventory on hand.
Restricted	Legally restricted under legislation, bond authority, or grantor contract.
Committed	Commitments of future funds for specific purposes passed by the Board.
Assigned	Funds that are intended by management to be used for a specific purpose, including encumbrances.
Unassigned	Funds available for any purpose; unassigned amounts are reported only in the General Fund unless a fund has a deficit.

The Board has adopted a GASB 54 spending policy which states that the spending order of funds is to first use restricted, committed, and assigned resources first, then unassigned resources as they are needed.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Net Position

The Statement of Net Position presents the reporting entity's non-fiduciary assets and liabilities, the difference between the two being reported as Net Position. Net Position are reported in three categories: 1) net investment in capital assets – consisting of capital assets, net of accumulated depreciation and reduced by outstanding balances for debt related to the acquisition, construction, or improvement of the assets; 2) restricted net position – resulting from constraints placed on net position by creditors, grantors, contributors, and other external parties, including those constraints imposed by law through constitutional provisions or enabling legislation adopted by the School District; 3) unrestricted net position – those assets that do not meet the definition of restricted net position or net investment in capital assets. It is the District's policy to first apply restricted net position and then unrestricted net position when an expense is incurred for which both restricted and unrestricted net position are available.

Property Taxes

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

The property tax rates assessed for the year ended June 30, 2025, to finance the General Fund operations were \$.748 per \$100 valuation of real property, \$.755 per \$100 valuation, including exonerations, for tangible personal property and \$.554 per \$100 valuation for motor vehicles.

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

Operating and Non-Operating Revenues and Expenses

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

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

In-Kind

Local contributions, which include contributed services provided by individuals, private organizations and local governments, are used to match federal and state administered funding on various grants. The amounts of such services and donated commodities are recorded in the accompanying financial statements at their estimated fair market values.

Contributions of Capital

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Inter-fund Receivables/Payables

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

Inter-fund Transfers

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a section for deferred outflows of resources. This separate 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/expenditure) until the appropriate period. The District reports three types of deferred outflows – contributions to the CERS’s pension and OPEB plans 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 related to the net difference projected and actual earnings on pension and OPEB plan investments.

Pensions

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

Other Post-Employment Benefits (OPEB)

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Bond and Related Premiums, Discounts, and Issuance Costs

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

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

Estimates

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

Budgetary Process

The District prepares its budgets on the modified accrual basis of accounting, which is the same basis as used to prepare the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.

Once the budget is approved, it can be amended. Amendments are presented to the Board at their regular meetings. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law. Each budget is prepared and controlled by the budget coordinator at the revenue and expenditure function/object level. All budget appropriations lapse at year-end. The Kentucky Department of Education does not require the Capital Project Funds and Debt Service Funds to prepare budgets.

The District's General Fund expenditures exceeded its budget appropriations by \$155,940.

New Accounting Pronouncements

Implemented in Current Year:

GASB Statement No. 101 – Compensated Absences is effective for reporting periods beginning after December 15, 2023. GASB Statement No. 101 establishes recognition and measurement criteria for compensated absences when the leave is attributable to services already rendered, accumulates or vests, and it is probable the leave will be used or paid. The District implemented this Statement in the fiscal year ended June 30, 2025. Implementation resulted in an decrease in the beginning net position of governmental activities of \$586,322. See Note D for additional information regarding compensated absences.

GASB Statement No. 102- Issued in December 2023, this Statement improves financial reporting by requiring disclosure of certain concentrations and constraints that could expose a government to severe financial risk. The District implemented this Statement for the fiscal year ended June 30, 2025. Implementation did not have a material impact on the financial statements, and management determined that no reportable concentrations or constraints exist as defined by the Statement.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Effective in Future Years:

The District is currently evaluating the potential impact of the following issued, but not yet effective, accounting standards:

GASB Statement No. 103- Issued in April 2024, GASB Statement No. 103, *Financial Reporting Model Improvements*, enhances key components of the governmental financial reporting model to improve the usefulness and comparability of financial statements. The objective of this Statement is to provide more relevant and consistent information for decision-making and accountability purposes. This Statement is effective for fiscal years beginning after June 15, 2025, and reporting periods thereafter. The District is currently evaluating the impact of this Statement on its financial reporting.

NOTE B – CASH AND CASH EQUIVALENTS AND CERTIFICATE OF DEPOSIT

The Kentucky Revised Statutes authorize the District to invest 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. 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. The carrying amount of the District's cash and cash equivalents was \$8,387,344, which excludes the cash and cash equivalents of \$4,726 within the Fiduciary Fund. The bank balance for the same time was \$8,965,625. As of June 30, 2025, the General fund held a non-negotiable certificate of deposit (CD) in the amount of \$3,031,490 and the Fiduciary fund held in trust certificates of deposit in the amount of \$333,127 for scholarships. CD's held by the district are non-negotiable and stated at cost which approximates fair value.

Due to the nature of the accounts and certain limitations imposed on the use of funds, each bank account within the following funds is considered to be restricted: SEEK Capital Outlay Fund, Facility Support Program (FSPK/Building) Fund, special Revenue (Grant Fund), Debt Service Fund, School Construction Fund, School Food Service Fund, School Activity Fund, and Fiduciary Fund.

NOTE C – CAPITAL ASSETS

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

SEE SCHEDULE ON NEXT PAGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

<u>Governmental Activities</u>	<u>July 1, 2024</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2025</u>
Land (nondepreciable)	\$ 422,720	\$ -	\$ -	\$ 422,720
Land improvements	4,897,135	-	-	4,897,135
Buildings	28,007,837	7,648,899	26,688	35,630,048
Technology equipment	803,048	25,084	35,337	792,795
Vehicles	2,142,230	297,901	-	2,440,131
General equipment	449,280	16,212	15,825	449,667
Construction in progress (non depreciable)	7,648,899	926,619	7,648,899	926,619
Total at historical cost	\$ <u>44,371,149</u>	\$ <u>8,914,716</u>	\$ <u>7,726,750</u>	\$ <u>45,559,116</u>
Less: Accumulated depreciation				
Land improvements	\$ 2,726,404	\$ 227,014	\$ -	\$ 2,953,419
Buildings	12,729,303	816,533	26,688	13,519,148
Technology equipment	718,264	38,380	35,337	721,307
Vehicles	1,652,870	107,751	-	1,760,621
General equipment	322,422	17,489	9,627	330,284
Total accumulated depreciation	\$ <u>18,149,263</u>	\$ <u>1,207,169</u>	\$ <u>71,652</u>	\$ <u>19,284,779</u>
Finance Purchases				
General equipment	\$ 117,128	\$ -	\$ -	\$ 117,128
Less: Accumulated depreciation	(27,330)	(23,426)	-	(50,756)
Finance Purchases-net	\$ <u>89,798</u>	\$ <u>(23,426)</u>	\$ <u>-</u>	\$ <u>66,372</u>
<u>Governmental Activities</u>				
Capital Assets-net	\$ <u>26,311,684</u>	\$ <u>7,684,122</u>	\$ <u>7,655,098</u>	\$ <u>26,340,708</u>
<u>Business-Type Activities</u>				
Buildings	\$ -	\$ -	\$ -	\$ -
Technology equipment	-	-	-	-
General equipment	489,516	-	-	489,516
Total at historical cost	\$ <u>489,516</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>489,516</u>
Less: Accumulated depreciation				
Buildings	\$ -	\$ -	\$ -	\$ -
Technology equipment	-	-	-	-
General equipment	429,655	53	-	429,707
Total accumulated depreciation	\$ <u>429,655</u>	\$ <u>53</u>	\$ <u>-</u>	\$ <u>429,707</u>
<u>Business-Type Activities</u>				
Capital Assets-net	\$ <u>59,861</u>	\$ <u>(53)</u>	\$ <u>-</u>	\$ <u>59,808</u>

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

NOTE D – LONG TERM DEBT OBLIGATIONS

Bonds

The amount shown in the accompanying financial statements as bonded debt and lease obligations represent the District’s future obligations to make payments relating to the bonds issued by the Trimble County School District Finance Corporation.

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

The bonds payable are collateralized by education facilities constructed by the District with bond proceeds. Bondholders are protected against default by a mechanism whereby the Commonwealth of Kentucky would

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

withhold state SEEK payments and remit required debt service payments directly to the debt service paying agent. All bonds are subject to federal arbitrage regulations.

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

<u>Bond Issue</u>	<u>Original Amount</u>	<u>Maturity Date</u>	<u>Interest Rates</u>	<u>2024</u>			<u>2025</u>
				<u>Outstanding Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Outstanding Balance</u>
2012	1,250,000	8/1/2032	2% - 3.125%	\$ 635,000	\$ -	\$ 65,000	\$ 570,000
2015	1,425,000	6/1/2035	2.5% - 3.5%	865,000	-	65,000	800,000
2016R	5,040,000	9/1/2027	2%	2,675,000	-	660,000	2,015,000
2022	1,280,000	2/1/2042	2% - 2.5%	1,170,000	-	55,000	1,115,000
2023	5,965,000	2/1/2043	4%	5,945,000	-	20,000	5,925,000
2025	3,695,000	4/1/2046	4%	-	3,695,000	-	3,695,000
				11,290,000	3,695,000	865,000	14,120,000
Add	Premium			80,490	-	5,865	74,626
Less	Discount			(20,143)	(46,130)	(1,673)	(64,600)
Totals				\$ 11,350,347	\$ 3,648,870	\$ 869,192	\$ 14,130,026

The District has entered into “participation agreements” with the Kentucky School Facility Construction Commission. The Kentucky Legislature, for the purpose of assisting local school districts in meeting school construction needs, created the Commission. The table following sets forth the amount to be paid by the District and the Commission for each year until maturity of all bond issues.

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 obligations of the District, including amounts to be paid by the Commission, at June 30, 2025, for debt service, (principal and interest) are as follows:

<u>Fiscal Year Ended</u>	<u>Principal</u>		<u>Interest</u>		<u>Principal Total</u>	<u>Interest Total</u>
	<u>Local</u>	<u>SFCC</u>	<u>Local</u>	<u>SFCC</u>		
	<u>June 30th</u>					
2026	470,483	429,517	374,788	111,940	900,000	486,728
2027	484,701	440,299	363,413	101,155	925,000	464,569
2028	491,714	403,286	353,581	90,862	895,000	444,444
2029	341,879	243,121	348,406	82,463	585,000	430,869
2030	354,817	250,183	334,731	75,400	605,000	410,131
2031-2035	2,002,601	1,187,399	1,448,853	264,472	3,190,000	1,713,325
2036-2040	2,432,453	612,547	1,015,226	126,136	3,045,000	1,141,363
2041-2045	2,933,398	396,602	488,791	30,959	3,330,000	519,750
2046-2050	645,000	-	25,800	-	645,000	25,800
	\$ 10,157,046	\$ 3,962,954	\$ 4,753,590	\$ 883,388	\$ 14,120,000	\$ 5,636,978

Finance Purchases

The following is an analysis of the financed property under financed purchases by class:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Finance Purchases	Original Amount	Maturity Date	Interest Rates	2024			2025
				Outstanding Balance	Additions	Retirements	Outstanding Balance
KISTA 2019	203,046	3/1/2029	3.00%	\$ 99,389	\$ -	\$ 21,158	\$ 78,231
Copiers	117,128	3/1/2028	4.00%	89,702	-	22,623	67,079
Totals				\$ 189,091	\$ -	\$ 43,781	\$ 145,310

The following is a schedule by years of the future minimum payments under finance purchases together with the present value of the net minimum payments as of June 30, 2025:

Fiscal Year Ended June 30th	Principal Local	Interest Local	Total
2026	\$ 45,312	\$ 4,602	\$ 49,914
2027	46,943	2,989	49,932
2028	35,799	1,340	37,139
2029	17,256	518	17,774
	\$ 145,310	\$ 9,448	\$ 154,758

Total minimum payments	\$154,758
Less: Amount representing interest	(9,448)
Present Value of Net Minimum Payments	<u>\$145,310</u>

In order to secure the payment of all of the Board's obligations under a KISTA Lease, the Board grants to KISTA a security interest constituting a first lien on the Equipment and on all additions, attachments, accessories, and substitutions thereto, and on all proceeds therefrom. In the Event of Default, title to the Equipment shall immediately vest in KISTA, and the Board will immediately surrender possession of the Equipment to KISTA or to KISTA's order; by the execution of this Lease the Board agrees upon demand by KISTA or the Second Trustee, and without order of court, to execute a bill of sale or such other instrument as may be required in favor of KISTA or the Second Trustee in order to permit liquidation of the equipment in an Event of Default by the Board.

Compensated Absences

Employees of the District earn sick leave and other compensated absences in accordance with Board policy. Upon retirement from the school system, an employee is entitled to receive payment from the District equal to 30% of the value of accumulated sick leave.

Under GASB Statement No. 101, *Compensated Absences*, implemented during the fiscal year ended June 30, 2025, a liability is recognized for leave that is attributable to services already rendered, accumulates or vests, and is probable to be used or paid. The liability is measured using pay rates and applicable salary-related costs in effect at June 30, 2025, based on historical usage and payout experience.

The cumulative effect of adoption decreased the beginning net position of governmental activities by \$586,322.

The activity during fiscal year 2025 for compensated absences is as follows:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2024			2025
	Outstanding	Additions	Retirements	Outstanding
	Balance			Balance
	\$ 119,253	\$ 750,307	\$ -	\$ 869,560

Net Pension & OPEB Liability

The net pension liability is \$3,765,184 for governmental activities and \$210,183 for business-type activities for a total of \$3,975,367 as of June 30, 2025 (See Note E for additional information). The net OPEB liability is \$1,412,000 for governmental activities and \$0 for business-type activities for a total of \$1,412,000. (See Note F for additional information).

A summary of activity in bond obligations and other debts is as follows:

Description	2024		Additions		Retirements		2025
	Outstanding						Outstanding
	Balance						Balance
Bonds, net of premium and discount	\$ 11,350,347	\$	\$ 3,648,870	\$	\$ 869,192	\$	\$ 14,130,026
Finance purchases	189,091		-		43,781		145,310
Compensated absences	119,253		750,307		-		869,560
Net pension liability	4,288,923		-		313,556		3,975,367
Net OPEB liability	1,776,000		-		364,000		1,412,000
Total	\$ 17,723,614	\$	\$ 4,399,177	\$	\$ 1,590,529	\$	\$ 20,532,263

NOTE E – RETIREMENT PLANS

The District’s employees are provided with two pension plans, based on each position’s college degree requirement. The Kentucky Teachers Retirement System covers positions requiring teaching certification or otherwise requiring a college degree. The County Employees Retirement System covers employees whose position does not require a college degree or teaching certification.

Teachers Retirement System Kentucky (TRS)

Retirement Annuity Trust

Plan description

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

Benefits provisions

Definitions

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

“Final average salary” means the average of the five highest annual salaries which the member has received for service in a covered position and on which the member has made contributions or on which the public board, institution or agency has picked up the member contributions. For a member who retires after attaining age 55 with 27 years of service, “final average salary” means the average of the three highest annual salaries.

TRS Tier 1 and 2 Members

Condition of Allowance

Completion of 27 years of service or attainment of age 55 and 5 years of service.

Amount of Allowance

The annual retirement allowance is equal to:

- (a) 2% of final average salary multiplied by service before 7/1/1983, plus,
- (b) 2.5% of final average salary multiplied by service after 7/1/1983
- (c) For individuals who become members of the retirement system on or after 7/1/2002 and have less than 10 years of service at retirement, the retirement allowance is 2% of final average salary multiplied by service. If, however, they have 10 or more years, they receive a benefit percentage of 2.5% for all years of service up to 30 years.
- (d) For members retiring on or after 7/1/2004, the retirement allowance formula is 3% of final average salary for each year of service credit earned in excess of 30 years.

For all members, the annual allowance is reduced by 5% per year from the earlier of age 60 or the date the member would have completed 27 years of service.

The minimum annual service allowance for all members is \$440 multiplied by credited service.

TRS Tier 3 Members

Condition of Retirement

Completion of 27 years of service or attainment of age 60 and 5 years of service or attainment of age 55 and 10 years of service.

Amount of Allowance

The annual retirement allowance is equal to:

- (e) 1.7% of final average salary if service is 10 years or less.
- (f) 2% of final average salary if service is greater than 10 years and no more than 20 years.
- (g) 2.3% of final average salary if service is greater than 20 years but no more than 26 years.
- (h) 2.5% of final average salary if service is greater than 26 years but no more than 30 years.
- (i) 3% of final average salary for each year of service credit earned in excess of 30 years.

For all members, the annual allowance is reduced by 6% per year from the earlier of age 60 or the date the member would have completed 27 years of service.

TRS Tier 4 Members

Condition of Retirement

Completion of 27 years of service or attainment of age 60 and 5 years of service or attainment of age 55 and 10 years of service.

Amount of Allowance (Foundational Benefit)

The annual foundational benefit is equal to service times a multiplier times final average salary.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Age	Years of Service			
	5-9.99	10-19.99	20-29.99	30 or more
57-60	-	1.70%	1.95%	2.20%
61	-	1.74%	1.99%	2.24%
62	-	1.78%	2.03%	2.28%
63	-	1.82%	2.07%	2.32%
64	-	1.86%	2.11%	2.36%
65 & over	1.90%	1.90%	2.155	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.

Supplemental Benefit

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 lump sum either at the time of retirement or at a later date.

Disability Retirement Allowance

Condition for Allowance Totally and permanently incapable of being employed as a teacher and Under age 60 but after completing 5 years of service

Amount of Allowance The disability allowance is equal to the greater of the service retirement Allowance or 60% of the member's final average salary. The disability Allowance is payable over an entitlement period equal to 25% of the service Credited to the member at the date of the disability or 5 years, whichever is Longer. After the disability entitlement period has expired and if the Member remains disabled, he will be retired under service retirement. The Service retirement allowance will be computed with service credit given For the period of disability retirement. The allowance will not be less than \$6,000 per year. The service retirement allowance will not be reduced for Commencement of the allowance before age 60 or the completion of 27 Years of service.

Benefits Payable on Separation

From Service Any member who ceases to be in service is entitled to receive his Contributions with allowable interest. A member who has completed 5 Years of creditable service and leaves his contributions with the System May be continued in the membership of the System after separation from Service, and file application for service retirement after the attainment of Age 60.

Life Insurance A separate Life Insurance fund has been created as June 30, 2000 to pay Benefits on behalf of deceased TRS active and retired members.

Death Benefits A surviving spouse of an active member with less than 10 years of service

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

May elect to receive an annual allowance of \$2,880 except that if income From other sources exceeds \$6,600 per year the annual allowance will be \$2,160.

A surviving spouse of an active member with 10 or more years of service May elect to receive an allowance which is the actuarial equivalent of the Allowance the deceased member would have received upon retirement. The allowance will commence on the date the deceased member would have Been eligible for service retirement and will be payable during the life of The spouse.

If the deceased member is survived by unmarried children under age 18 the following schedule of annual allowances applies:

Number of Children		Annual Allowance
1	\$	2,400
2	\$	4,080
3	\$	4,800
4 or more	\$	5,280

The allowances are payable until a child attains age 18, or age 23 if a Full-time student.

If the member has no eligible survivor, a refund of his accumulated Contributions is payable to his estate.

Options

In lieu of the regular Option 1, a retirement allowance payable in the Form of a life annuity with refundable balance, any member before Retirement may elect to receive a reduced allowance which is actuarially Equivalent to the full allowance, in one of the following forms:

Option 2. A single life annuity payable during the member’s lifetime with Payments for 10 years certain.

Option 3. At the death of the member his allowance is continued throughout The life of the beneficiary.

Option 3(a). At the death of the beneficiary designated by the member Under Option 3, the member’s benefit will revert to what would have been paid had he not selected an option.

Option 4. At the death of the member one half of his allowance is Continued throughout the life of the beneficiary.

Option 4(a). At the death of the beneficiary designated by the member Under Option 4, the member’s benefit will revert to what would have been Paid had he not selected an option.

Post-Retirement Adjustments

The retirement allowance of each retired member and of each beneficiary Shall be increased by 1.5% each July 1.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Contributions

Tier 1, entry before 7/1/2002, employee contribution is 12.855% and employer match is 16.105%

Tier 2, entry between 7/1/2002-6/30/2008, employee contribution is 12.855% and employer match is 16.105%

Tier 3, entry before 7/1/2008-12/31/2021, employee contribution is 12.855% and employer match is 17.105%

Tier 4, entry on or after 1/1/2022, employee contribution is 14.75% and employer match is 13.75%

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

The District did not report a liability for the District’s proportionate share of the net pension liability, pension expense, and deferred inflows and outflows of resources because the Commonwealth of Kentucky provides the pension support directly to TRS on behalf of the District. The net pension liability that was associated with the District follows.

State's proportionate share of the TRS net pension liability associated with the District	\$ 20,165,166
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The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023. The District’s proportion of the net pension liability 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. The District’s proportion was 0.122600%.

Actuarial Methods and Assumptions

A summary of the actuarial assumptions of the latest actuarial valuation follows.

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Reporting Date	June 30, 2025
Inflation Rate	2.5%
Single Equivalent Interest Rate Prior	7.10%
Single Equivalent Interest Rate at Measurement Date	7.10%
Municipal Bond Index Rate Prior	3.66%
Municipal Bond Index Rate at Measurement Date	3.94%
Projected Salary Increase	3.0-7.5%, including inflation
Long-Term Expected Rate of Return	7.10

Mortality rates were based on the Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees, and active members. The actuarial assumptions used were based on the results of an actuarial experience study for the 5-year period ending June 30, 2020,

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

adopted by the board on September 20, 2021. The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index.

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

Target Allocations

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

A summary of the target allocation and best estimates of arithmetic real rates of return for each major asset class, as provided by TRS's investment consultant, follows.

Asset Class	Target Allocation	Long-Term Expected Rates of Return
Large Cap US Equity	35.4 %	5.0 %
Small Cap Equity	2.6 %	5.5 %
Developed International Equity	15.7 %	5.5 %
Emerging Markets Equity	5.3 %	6.1 %
Fixed Income	15.0 %	1.9 %
High Yield Bonds	5.0 %	3.8 %
Other Additional Categories	5.0 %	3.6 %
Real Estate	7.0 %	3.2 %
Private Equity	7.0 %	8.0 %
Cash	2.0 %	1.6 %
Total	100 %	

Discount Rate

The discount rate used to measure the total pension liability as of the Measurement Date was 7.10%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at the Actuarially Determined Contribution (ADC) rates for all future fiscal years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

	1% Decrease	Current Discount Rate	1% Increase
	6.10%	7.10%	8.10%
State's proportionate share of net pension liability	\$ 26,880,453	\$ 20,165,166	\$ 15,954,760

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued TRS financial report which is publicly available at <http://www.TRS.ky.gov/>.

County Employees Retirement System

Non-Hazardous

Plan description

Substantially all full-time classified employees of the District participate in the County Employees Retirement System ("CERS"). CERS is a cost-sharing, multiple-employer defined benefit pension plan administered by the Kentucky General Assembly and overseen by the Kentucky Public Pensions Authority (KPPA). The plan covers substantially all regular full-time members employed in non-hazardous duty positions of the school board. The plan provides for retirement, disability and death benefits to plan members. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances.

CERS issues a publicly available financial report included in the Kentucky Retirement Systems Annual Report that includes financial statements and the required supplementary information for CERS. That report may be obtained by writing to Kentucky Retirement Systems, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky, 40601, or by calling (502) 564-4646 or at <https://kyret.ky.gov>.

Benefits provided

Benefits under the plan will vary based on final compensation, years of service and other factors as fully described in the plan documents.

Contributions

Funding for CERS:

Tier I plan is provided by members, who contribute 5.00% of their creditable compensation.

Tier II plan members hired after September 1, 2008 contribute 6.00% of their creditable compensation. Further, 1% of these contributions are deposited to an account created for the payment of health insurance benefits.

Tier III plan members, who began participating on or after January 1, 2014, are required to contribute to the Cash Balance Plan. That plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Employee contributions to the plan are the same as the Tier II contributions. Tier III member accounts are also credited with an employer pay credit in the amount of 4% of the member's creditable compensation.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ending June 30, 2025, employers were required to contribute 19.71% of the member’s salary. The District contributed \$439,222 to the CERS pension plan. The contribution requirements of CERS are established and may be amended by the CERS Board of Trustees.

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

At June 30, 2025, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024 on an actuarial valuation as of that date. The District’s proportion of the net pension liability, \$3,975,367 was based on contributions to CERS during the fiscal year ended June 30, 2024. The District’s proportion was 0.066473%.

Deferred Inflows and Outflows of Resources, and Pension Expense included in the Schedule of Pension Amounts include only certain categories of deferred outflows of resources and deferred inflows of resources. These include differences between expected and actual experience, changes of assumptions and differences between projected and actual earnings on plan investments. The Schedule of Pension Amounts does not include deferred outflow/inflows of resources for changes in the employer’s proportionate share of contribution or employer contributions made subsequent to the measurement date. The net pension liability as of June 30, 2025, is based on the June 30, 2022, actuarial valuation rolled forward. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are amortized over a closed five-year period.

The District recognized pension revenue of \$130,902 and reported deferred outflows of resources and deferred inflows of resources related to pensions as follows.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 192,415	\$ -
Changes of assumptions	-	179,609
Net difference between projected and actual earnings on pension plan investments	273,018	528,613
Changes in proportion and differences between District contributions and proportionate share of contributions	97,951	28,697
District contributions subsequent to the measurement date	413,835	-
	\$ 977,219	\$ 736,919

The \$413,835 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the following year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed five year period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions are amortized over the average service life of all members. These will be recognized in pension expense as follows:

	Year Ended June 30,
Year 1	\$ (80,642)
Year 2	62,322
Year 3	(98,254)
Year 4	(56,961)
	<u>\$ (173,535)</u>

Actuarial Valuation

KPPA's actuary, Gabriel, Roeder, Smith & Co., completed the actuarial valuation for the calculation of the employer contribution rates for CERS and the Insurance Fund.

Summary of Actuarial Assumptions

The results of the actuarial valuation are based upon the assumptions and funding policies adopted by the Board and statutory funding requirements. The following actuarial methods and assumptions were used to determine the actuarially determined contributions effective for fiscal year:

Valuation Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets recognized
Amortization Method	Level Percent of Pay
Remaining Amortization Period	30-year closed period at June 30, 2019, Gains/losses After 2019 will be amortized over separate closed 20-year Amortization bases
Mortality	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP 2014 Mortality improvement scale using a base year of 2019
Phase-In Provision	Board certified rate is phased into the actuarially determined In accordance with HB 362 enacted in 2018
Inflation	2.30%
Payroll Growth Rate	2.0%
Salary Increase	3.30% to 10.30%, varies by service
Investment Rate of Return	6.5%

Discount rate

A single discount rate of 6.5% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Sensitivity of the District’s proportionate share of net pension liability to changes in the discount rate

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 6.5%, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.5%) or 1-percentage-point higher (7.5%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	5.50%	6.50%	7.50%
District's proportionate share of net pension liability	\$ 5,124,898	\$ 3,975,367	\$ 3,021,560

The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the table below for CERS Pension and Insurance Funds:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity		
Public Equity	50 %	4.15 %
Private Equity	10 %	9.10 %
Fixed Income		
Core Fixed Income	10 %	2.85 %
Specialty Credit	10 %	3.82 %
Cash	0 %	1.70 %
Inflation Protected		
Real Estate	7 %	4.90 %
Real Return	13 %	5.35 %

Expected Real Return is 4.69%. Long Term Inflation Assumption is 2.5%. Expected Nominal Return of Portfolio is 7.19%.

Pension plan fiduciary net position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued CERS financial report which is publicly available at <https://kyret.ky.gov>.

Payables to the pension plan

There are no payables to CERS.

NOTE F – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The District’s employees participate in retirement systems of either TRS or CERS as described earlier. The following describes the other postemployment benefits for both systems.

TRS – General Information about the OPEB Plans

Health Insurance Trust (Medical Insurance Fund)

Plan description

In addition to the retirement annuity plan as described earlier, KRS 161.675 requires TRS to provide postemployment healthcare benefits to eligible members and dependents. The TRS Health Insurance Trust is funded by employer and member contributions. Changes made to the medical plans provided through the trust may be made by the TRS Board of Trustees, the Kentucky Department of Employee Insurance and the General Assembly.

Medical coverage through TRS is funded by a combination of contributions from employees, the state and other employers. Coverage is provided through an account established pursuant to 26 U.S.C. sec. 401(h) and 115 trust fund that went into effect on July 1, 2010. The insurance trust fund includes employer and retired member contributions 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 and a required amount of service credit. The TRS medical plan offers members who are not eligible for Medicare and under age 65 coverage through the Kentucky Employees Health Plan (KEHP) administered by the Kentucky Department of Employee Insurance. Once retired members and eligible spouses attain age 65 and are eligible for Medicare, coverage is obtained through the TRS Medicare Eligible Health Plan (MEHP) administered by TRS.

Contributions

Contributions are made on behalf of TRS retired members toward payment of health insurance premiums. The amount of the member's contribution is based on a table approved by the TRS board. Retired members pay premiums in excess of the monthly contribution. The Commonwealth of Kentucky bears risk for excess claims expenses that exceed the premium equivalents charged for the KEHP. The member postemployment medical contribution is 3.75% of salary. The employer postemployment medical contribution is 0.75% of member salaries.

Effective July 1, 2010, retirees under the age of 65 began a three-year phase-in of the Shared Responsibility Contribution. Effective July 1, 2012, the full Shared Responsibility Contribution equals the Standard Medicare Part B premium paid by retirees ages 65 and older.

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

The District reported a liability of \$1,412,000 for its proportionate share of the collective net OPEB liability (NOL). The collective net OPEB liability was valued as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was based on a projection of the District's long-term share of

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportion was 0.063361%.

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

District's proportionate share of TRS net OPEB liability	\$ 1,412,000
State's proportionate share of the TRS net OPEB liability associated with the District	<u>1,258,000</u>
	<u>\$ 2,670,000</u>

The District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 424,000
Changes of assumptions	360,000	-
Net difference between projected and actual earnings on pension plan investments	-	45,000
Changes in proportion and differences between District contributions and proportionate share of contributions	469,000	928,000
District contributions subsequent to the measurement date	<u>150,086</u>	<u>-</u>
	<u>\$ 979,086</u>	<u>\$ 1,397,000</u>

The \$150,086 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the collective net OPEB liability for the year. 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:

	<u>Year Ended June 30,</u>
Year 1	\$ (182,000)
Year 2	(54,000)
Year 3	(65,000)
Year 4	(123,000)
Year 5	(120,000)
Thereafter	<u>(24,000)</u>
	<u>\$ (568,000)</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Actuarial Methods and Assumptions

A summary of the actuarial assumptions as of the latest actuarial valuation follows.

Valuation Date	June 30, 2023
Discount Rate	7.10%
Inflation	2.5%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Salary Increase	3-7.5%, including wage inflation
Long-term Rate of Return	7.10%
Municipal Bond Index	3.94%
Single Equivalent Interest Rate	7.10%
Health Care Cost Trends	
Medical	6.5% at June 30, 2024, decreasing to an ultimate rate of 4.5% by June 30, 2031
Medicare Part B	5.92% at June 30, 2024 with an ultimate rate of 4.5% by June 30, 2035

Mortality rates were based on the Pub2010 (Teachers Amount Weighted) Mortality Table projected generationally with MP-2020 with various set-forward, set-backs, and adjustments for each group: service retirees, contingent annuitants, disabled retirees, deferred vested retirees, and active members.

Target Allocations

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (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 Statement No. 75. The projection's basis was an actuarial valuation performed as of June 30, 2023. In addition to 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 per member per month (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.
- Future contributions to the Health Insurance Trust were based upon the contribution rates defined in statute and the projected payroll of active employees. Per KRS 161.540(1)(c).3 and 161.550(5), when the health trust achieves a sufficient funded status, as determined by TRS's actuary, the following health trust statutory contributions are to be decreased, suspended, or eliminated:
 - Employee Contributions
 - Employer 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 amount in the years if 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 161.675(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 subsidies 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 Insurance Trust's fiduciary net position (FNP) was not projected to be depleted.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	1% Decrease	Current Discount Rate	1% Increase
	6.10%	7.10%	8.10%
District's proportionate share of net OPEB liability	\$ 954,000	\$ 1,412,000	\$ 1,982,000

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

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of net OPEB liability	\$ 1,876,000	\$ 1,412,000	\$ 1,028,000

Life Insurance Trust

Plan description and benefits provided

TRS administers the Life Insurance Trust as provided by KRS 161.655 to provide life insurance benefits to retired and active members. The benefit is financed by actuarially determined contributions from the 207 participating employers. The benefit is \$5,000 for members who are retired for service or disability, and \$2,000 for active contribution members.

Note: Members employed on a substitute or part-time basis and working at least 69% of a full contract year in a single fiscal year will be eligible for a life insurance benefit for the balance of the fiscal year or the immediately succeeding fiscal year under certain conditions. For non-vested members employed on a substitute or part-time basis, the life insurance benefit is provided if death occurs as the result of a physical injury on the job. For vested members employed on a substitute or part-time basis, death does not have to be the result of a physical injury on the job for life insurance benefits to be provided.

Contributions

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

Net OPEB Liability

The District did not report a liability for its proportionate share of the collective net OPEB liability for life insurance benefits because the State of Kentucky provides the OPEB support directly to TRS on behalf of the District as follows:

State's proportionate share of the TRS net OPEB liability associated with the District	\$ 29,000
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Actuarial Assumptions

A summary of the actuarial assumptions as of the latest actuarial valuation is shown below.

Valuation Date	June 30, 2023
Discount Rate	7.10%
Inflation	2.5%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Salary Increase	3-7.5%, including wage inflation
Long-term Rate of Return	7.10%
Municipal Bond Index	3.94%
Single Equivalent Interest Rate	7.10%
Health Care Cost Trends	
Medical	6.5% at June 30, 2024, decreasing to an ultimate rate of 4.5% by June 30, 2031
Medicare Part B	5.92% at June 30, 2024 with an ultimate rate of 4.5% by June 30, 2035

Mortality rates were based on the Pub2010 (Teachers Amount Weighted) Mortality Table projected generationally with MP-2020 with various set-forward, set-backs, and adjustments for each groups: service retirees, contingent annuitants, disabled retirees, deferred vested retirees, and active members.

Target Allocations

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

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

As the Life Trust investment policy is to change, the above reflects the pension allocation and returns that achieve the targeted 8.00% long-term rate of return.

Discount Rate

The discount rate used to measure the total OPEB liability (TOL) as of the measurement date was 7.1%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB Statement No. 75. The projection's basis was an actuarial valuation performed as of June 30, 2023. In

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

addition to actuarial methods and assumptions of the June 30, 2023, actuarial valuation, the following actuarial methods and assumptions were used in the projection of the life insurance 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 Insurance 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 occur mid-year.

Based on these assumptions, the Life Insurance Trust's fiduciary net position (FNP) was not projected to be depleted.

Revenue or Expenses for TRS OPEB plans

For the year ended June 30, 2025, the District recognized OPEB revenue in the amount of \$291,290 for support provided on-behalf of the State.

CERS – General Information about the OPEB Plans

Employees' Health Plan

Plan description

The Insurance Fund was established to provide hospital and medical insurance for eligible members receiving benefits. CERS Non-hazardous Insurance Plan is a cost-sharing multiple employer defined benefit Other Postemployment Benefits (OPEB) plan. The plan covers all regular full-time members employed in non-hazardous duty positions of the school board. OPEB may be extended to beneficiaries of plan members under certain circumstances.

Benefits provided

The Plan provides hospital and medical insurance for eligible members receiving benefits. The Insurance Fund will pay the cost of insurance premium for participating members prior to July 1, 2003 greater than 4 years of service, 25%, greater than 10 years of service, 50%, greater than 15 years of service, 75%, and greater than 20 years of service, 100%. For participating members after July 1, 2003 the benefit paid by the Insurance Fund is based on years of service the dollar amount per year of service is \$13.99 to be applied to the current cost premium.

Contributions

Requirements for medical benefits are a portion of the actuarially determined rates of covered payroll, as disclosed above. Current employees pay 1% toward the insurance fund.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

The District reported an asset of \$115,098 for its proportionate share of the collective net OPEB liability which is 0.066538%.

Deferred Inflows and Outflows of Resources, and OPEB Expense included in the Schedules of OPEB Amounts include only certain categories of deferred outflows of resources and deferred inflows of resources. These include differences between expected and actual experience, changes of assumptions and differences between projected and actual earnings on plan investments. The Schedules of OPEB Amounts do not include deferred outflow/inflows of resources for changes in the employer's proportionate share of contributions or employer contributions made subsequent to the measurement date. The total OPEB liability, net OPEB liability (NOL), and sensitivity information are based on an actuarial valuation date of June 30, 2023. The total OPEB liability was rolled forward from the valuation date to the plan's fiscal year ended June 30, 2024, using generally accepted actuarial principles.

The District recognized OPEB revenue of \$78,255. The District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 63,855	\$ 905,591
Changes of assumptions	104,292	81,213
Net difference between projected and actual earnings on pension plan investments	101,174	206,207
Changes in proportion and differences between District contributions and proportionate share of contributions	58,991	21,576
District contributions subsequent to the measurement date	<u>56,587</u>	<u>-</u>
	<u>\$ 384,899</u>	<u>\$ 1,214,587</u>

The \$56,587 (includes \$31,200 Implicit Subsidy) reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the collective net OPEB liability for the following year. 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	Year Ended June 30,
Year 1	\$ (360,112)
Year 2	(275,693)
Year 3	(238,691)
Year 4	<u>(11,779)</u>
	<u>\$ (886,275)</u>

Implicit Employer Subsidy for non-Medicare retirees- The fully-insured premiums KRS pays for the Kentucky Employees' Health Plan are blended rates based on the combined experience of active and retired members. Because the average cost of providing health care benefits to retirees under age 65 is higher than the average cost of providing health care benefits to active employees, there is an implicit employer subsidy for the non-Medicare eligible retirees. GASB 74 and 75 requires that the liability associated with this implicit subsidy be included in the calculation of the total OPEB liability.

Changes of Benefit Terms

None

Actuarial Methods and Assumptions to Determine the Total OPEB Liability and the Net OPEB Liability

For financial reporting, the actuarial valuation as of June 30, 2023, was performed by Gabriel Roeder Smith (GRA). The total OPEB liability, net OPEB liability, and sensitivity information, were based on an actuarial valuation as of June 30, 2021. The total OPEB liability was rolled-forward from the valuation to the plan's fiscal year ending June 30, 2023, using the generally accepted actuarial principles.

The following actuarial assumptions were used in performing the actuarial valuation:

Valuation Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets recognized
Amortization Method	Level Percent of Pay
Amortization Period	30-year closed period at June 30, 2019, Gains/losses incurring After 2019 will be amortized over separate closed 20-year Amortization bases
Mortality	System-specific mortality table based on mortality experience From 2013-2018, projected with the ultimate rates from MP2014
Phase-In Provision	Mortality improvement scale using a base year of 2019 Board certified rate is phased into the actuarially determined rate In accordance with HB 362 enacted in 2018
Inflation	2.30%
Payroll Growth Rate	2.0%
Salary Increase	3.30% to 10.30%, varies by service

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Investment Rate of Return	6.25%
Mortality	System-specific mortality table based on mortality experience From 2013-2018, projected with the ultimate rates from MP-2014
	Mortality improvement scale using a base year of 2019.
Healthcare Trend Rates	
Pre-65	Initial trend starting at 6.3% at January 1, 2023, gradually Decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2022 premiums were known at the time of the Valuation and were incorporated into the liability measurement.
Post-65	Initial trend starting at 6.3% at January 1, 2023, gradually Decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2022 premiums were known at the time of the Valuation and were incorporated into the liability measurement.

Senate Bill 209 passed in the 2022 legislative session increased the insurance dollar contribution for members hired on or after July 1, 2003 by \$5 for each year of service each member attains over certain thresholds, depending on a member’s retirement eligibility requirement. This increase in the insurance dollar contribution does not increase by 1.5% annually and is only payable for non-Medicare retirees. Additionally, it is only payable when the member’s applicable insurance fund is at least 90% funded. The increase is first payable January 1, 2023. House Bill 506 adjusted the minimum required separation period before a retiree may become reemployed and continue to receive their retirement allowance from three months to one month under all circumstances.

Discount rate

Single discount rates of 5.99% 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 6.5%, and a municipal bond rate of 3.97%, as reported in Fidelity Index’s “20 Year Municipal GO AA Index”. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the plan’s fiduciary net position on future contributions were projected to be sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the plan. However, the cost associated with the implicit employer subsidy was not included in the calculation of the plans actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the plans trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

The projection of cash flows used to determine the single discount rate must include an assumption regarding future employer contributions made each year. 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 following table presents the Net OPEB Liability calculated using the discount rate of 5.99%, as well as what the District’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.99%) or 1-percentage-point higher (6.99%) than the current rate:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	1% Decrease	Current Discount Rate	1% Increase
	4.99%	5.99%	6.99%
District's proportionate share of net OPEB (asset) liability	\$ 155,625	\$ (115,098)	\$ (342,721)

Health Care Trend Rate Sensitivity

The following presents the health care sensitivity rate of the District's proportionate share of the net pension liability:

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of net OPEB (asset) liability	\$ (276,911)	\$ (115,098)	\$ 73,403

OPEB plan fiduciary net position

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

NOTE G – COMMITMENTS

The District has commitments for construction projects of \$2,942,440 as of June 30, 2025. The District has committed fund balance for the General Fund of \$11,999 for site based council and \$98,000 for compensated absences.

NOTE H - CONTINGENCIES

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

NOTE I - LITIGATION

The District has no pending or threatened litigation involving amounts exceeding \$10,000 individually or in the aggregate as of June 30, 2025.

NOTE J – INSURANCE AND RELATED ACTIVITIES

The District is exposed to various forms of loss of assets associated with the risks of fire, personal liability, theft, vehicular accidents, errors and omissions, fiduciary responsibility, illegal acts etc. Each of these risk areas is

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

covered through the purchase of commercial insurance. The District has purchased certain policies which are retrospectively rated which include Workers' Compensation insurance.

NOTE K – RISK MANAGEMENT

The District is exposed to various risks of loss related to illegal acts, torts, theft, damage, or destruction of assets, errors and omissions, injuries to employees, and natural disasters. To obtain insurance for unemployment, errors and omissions, and general liability coverage, the District purchased commercial insurance policies and participates in a self-insured workers' compensation plan. Settled claims have not exceeded coverage in any of the past three fiscal years, and there has been no significant reduction in insurance coverage during the current year.

The District evaluated potential concentrations and constraints as defined in GASB Statement No. 102, Certain Risk Disclosures, effective for the fiscal year ended June 30, 2025. Concentrations are exposures that could make the District vulnerable to the risk of a severe impact, and constraints are limitations that restrict the District's ability to raise resources. Management determined that no concentrations or constraints exist at June 30, 2025 that meet the criteria for disclosure under GASB 102.

NOTE L – DEFICIT FUND AND OPERATING BALANCES

The following funds had a deficit change in fund balance/net position and/or deficit fund balance/net position:

<u>Fund</u>	<u>Change in Net Position/ Net Change in Fund Balance</u>	<u>Fund Balance/ Net Position</u>
Special Revenue Fund \$	(18,276)	-
Proprietary Fund	(80,189)	-
Child Care Fund	(2,896)	(16,034)
Student Activity	(13,009)	-
Capital Outlay	(105)	-
District Activity \$	(34,450)	-

NOTE M - COBRA

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

NOTE N – TRANSFER OF FUNDS

The following transfers were made during the year:

<u>Type</u>	<u>From</u>	<u>To</u>	<u>Purpose</u>	<u>Amount</u>
Operations	General Fund	Special Revenue Fund	KETS Matching \$	20,811
Operations	Special Revenue Fund	Special Revenue Fund	Title transfer	117,631
Operations	Capital Outlay	Debt Service	Bond Payment	103,038
Construction	Building Fund	Debt Service	Bond Payment	606,964
Operations	School Activity	District Activity	Operating Expenditures \$	35,016

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE O – ON-BEHALF PAYMENTS

For fiscal year 2025, the Commonwealth of Kentucky contributed estimated payments on behalf of the District as follows:

<u>Plan/Description</u>	<u>Amount</u>
Kentucky Teachers Retirement System (GASB 68 & 75)	\$ 1,431,389
Health Insurance	1,237,146
Life Insurance	1,961
Administrative Fee	15,688
HRA/Dental/Vision	128,538
Federal Reimbursements	(49,535)
Technology	41,060
SFCC Debt Service Payments	510,860
Total	\$ <u><u>3,317,107</u></u>

NOTE P – RESTRICTED FUND BALANCES

<u>Fund</u>	<u>Amount</u>	<u>Purpose</u>
Student Activity	\$ 167,831	Student Activities
Capital Outlay	64,816	SFCC Requirements
Construction	2,677,153	Future Construction
FSPK	95,538	SFCC Requirements
District Activity	61,628	District Activities
Food Service	40,803	School Food Service Operations
Private Purpose Trust	316,353	Permanent Fund
Special Revenue	\$ 30,242	Technology Monies

NOTE Q – PRIOR PERIOD ADJUSTMENTS

During the fiscal year ended June 30, 2025, the District implemented GASB Statement No. 101, Compensated Absences, which establishes new recognition and measurement guidance for leave benefits attributable to services already rendered that accumulate or vest and are probable to be used or paid.

The District previously recognized compensated absences using the termination payment method in accordance with GASB 16. The cumulative effect of implementation of GASB 101 was recorded as an adjustment to beginning net position of the governmental activities as of July 1, 2024.

A prior period adjustment to Governmental Activities in the amount of \$586,322 was made to reduce the beginning net position of \$15,428,063 by this amount due to a change in accounting principle. The restated beginning net position for Governmental Activities is \$14,841,741.

The restatement is summarized as follows:

<u>Net Position: Government-wide Statements</u>	<u>June 30, 2024 as Previously Reported</u>	<u>Change in Accounting Principle</u>	<u>June 30, 2025 as Restated</u>
Governmental Activities	\$ 15,428,063	\$ (586,322)	\$ 14,841,741
Business-type Activities	167,662	-	167,622
Total primary government	\$ <u><u>15,595,725</u></u>	\$ <u><u>(586,322)</u></u>	\$ <u><u>15,009,403</u></u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Implementation of GASB 101 had no effect on the fund financial statements, as compensated absences are recognized in the governmental funds only to the extent they are due and payable at year-end.

NOTE R – SUBSEQUENT EVENTS

The District has evaluated subsequent events through December 31, 2025, the date the financial statements were available to be issued.

TRIMBLE COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
CERS and TRS
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)
COUNTY EMPLOYEE'S RETIREMENT SYSTEM (CERS):										
Districts' proportion of the net pension liability	0.066473%	0.066842%	0.062043%	0.063219%	0.062144%	0.067524%	0.069501%	0.069528%	8.402100%	0.087741%
District's proportionate share of the net pension liability	\$ 3,975,367	\$ 4,288,923	\$ 4,485,097	\$ 4,030,707	\$ 4,766,393	\$ 4,748,993	\$ 4,232,824	\$ 4,069,689	\$ 4,136,868	\$ 3,772,457
State's proportionate share of the net pension liability associated with the District	-	-	-	-	-	-	-	-	-	-
Total	\$ 3,975,367	\$ 4,288,923	\$ 4,485,097	\$ 4,030,707	\$ 4,766,393	\$ 4,748,993	\$ 4,232,824	\$ 4,069,689	\$ 4,136,868	\$ 3,772,457
District's covered-employee payroll	\$ 2,139,660	\$ 1,940,771	\$ 1,714,190	\$ 1,538,455	\$ 1,747,638	\$ 1,712,498	\$ 1,783,854	\$ 1,732,654	\$ 2,010,639	\$ 2,269,020
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	185.79%	220.99%	261.65%	262.00%	272.73%	277.31%	237.29%	234.88%	205.75%	166.26%
Plan fiduciary net position as a percentage of the total pension liability	61.61%	57.48%	52.42%	57.33%	47.81%	50.54%	53.54%	53.30%	59.00%	59.97%
KENTUCKY TEACHER'S RETIREMENT SYSTEM (TRS):										
Districts' proportion of the net pension liability	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the District	20,165,166	23,478,575	24,543,366	18,697,178	20,766,075	20,924,592	21,291,346	45,521,426	55,014,161	44,075,090
Total	\$ 20,165,166	\$ 23,478,575	\$ 24,543,366	\$ 18,697,178	\$ 20,766,075	\$ 20,924,592	\$ 21,291,346	\$ 45,521,426	\$ 55,014,161	\$ 44,075,090
District's covered-employee payroll	\$ 4,880,537	\$ 5,226,501	\$ 5,187,559	\$ 4,983,416	\$ 4,873,045	\$ 4,937,267	\$ 5,432,376	\$ 5,702,207	\$ 5,983,676	\$ 5,977,019
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
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%	42.29%

See the accompanying notes to the required supplementary information.

TRIMBLE COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF CONTRIBUTIONS
CERS and TRS
For the Year Ended June 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
COUNTY EMPLOYEE'S RETIREMENT SYSTEM (CERS):										
Contractually required contribution	\$ 413,835	\$ 470,531	\$ 512,710	\$ 466,349	\$ 382,186	\$ 337,294	\$ 277,767	\$ 258,302	\$ 241,705	\$ 249,721
Contributions in relation to the contractually required contributions	<u>413,835</u>	<u>470,531</u>	<u>512,710</u>	<u>466,349</u>	<u>382,186</u>	<u>337,294</u>	<u>277,767</u>	<u>258,302</u>	<u>241,705</u>	<u>249,721</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered-employee payroll	\$ 2,208,274	\$ 2,139,660	\$ 1,940,771	\$ 1,714,190	\$ 1,538,455	\$ 1,747,638	\$ 1,712,498	\$ 1,783,854	\$ 1,732,654	\$ 2,010,639
District's contributions as a percentage of it's covered-employee payroll	18.74%	21.99%	26.42%	27.21%	24.84%	19.30%	16.22%	14.48%	13.95%	12.42%
KENTUCKY TEACHER'S RETIREMENT SYSTEM (TRS):										
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered-employee payroll	\$ 5,423,036	\$ 4,880,537	\$ 5,226,501	\$ 5,187,559	\$ 4,983,416	\$ 4,873,045	\$ 4,937,267	\$ 5,432,376	\$ 5,702,207	\$ 5,983,676
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%	0.00%	0.00%

See the accompanying notes to the required supplementary information.

TRIMBLE COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION
FOR THE YEAR ENDED JUNE 30, 2025

Teachers Retirement System (TRS)

Retirement Annuity Trust

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 2023 Actuary Report of the TRS.

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

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

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

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

Actuarial Methods and Assumptions

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

A summary of the actuarial assumptions of the latest actuarial valuation follows.

Valuation Date	June 30, 2022
Actuarial Cost Method	Entry age
Inflation Rate	2.5%
Single Equivalent Interest Rate	7.10%
Municipal Bond Index Rate	3.66%
Projected Salary Increase	3.0-7.5%, including inflation
Investment Rate of Return	7.10%, net of pension plan investment expense, including inflation.

TRIMBLE COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION
FOR THE YEAR ENDED JUNE 30, 2025

County Employee Retirement System (CERS)

Non-Hazardous

Changes of Benefit Terms

None.

Changes of assumptions

None.

Actuarial Methods and Assumptions

Based on the actuarial valuation report, the actuarial methods and assumptions used to calculate the contribution rates are as follows.

Valuation Date	June 30, 2023
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets recognized
Amortization Method	Level Percent of Pay
Amortization Period	30-year closed period at June 30, 2019, Gains/losses incurring after 2019 will be amortized over separate Closed 20-year amortization bases
Mortality	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate Rates from MP2014 mortality improvement scale using a base year of 2019
Phase-In Provision	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018
Inflation	2.30%
Payroll Growth Rate	2.0%
Salary Increase	3.30% to 10.30%, varies by service
Investment Rate of Return	6.25%

TRIMBLE COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
MEDICAL AND LIFE INSURANCE PLANS - TEACHERS' RETIREMENT SYSTEM
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 net OPEB liability (asset)	0.063361%	0.072919%	0.104855%	0.076484%	0.078546%	Unavailable	Unavailable	Unavailable
District's proportionate share of the collective net OPEB liability (asset)	\$ 1,412,000	\$ 1,776,000	\$ 2,603,000	\$ 1,641,000	\$ 1,982,000	\$ 2,398,000	\$ 2,922,000	\$ 3,192,000
State's proportionate share of the collective net OPEB liability (asset) associated with the District	<u>1,258,000</u>	<u>1,497,000</u>	<u>855,000</u>	<u>1,333,000</u>	<u>1,588,000</u>	<u>1,936,000</u>	<u>2,518,000</u>	<u>2,607,000</u>
Total	<u>\$ 2,670,000</u>	<u>\$ 3,273,000</u>	<u>\$ 3,458,000</u>	<u>\$ 2,974,000</u>	<u>\$ 3,570,000</u>	<u>\$ 4,334,000</u>	<u>\$ 5,440,000</u>	<u>\$ 5,799,000</u>
District's covered-employee payroll	\$ 4,880,537	\$ 5,226,501	\$ 5,187,559	\$ 4,983,416	\$ 4,873,045	\$ 4,937,267	\$ 5,432,377	\$ 5,702,207
District's proportionate share of the collective net OPEB liability (asset) as a percentage of its covered-employee payroll	28.93%	33.98%	50.18%	32.93%	40.67%	48.57%	53.79%	55.98%
Plan fiduciary net position as a percentage of the total OPEB liability	59.81%	52.97%	47.75%	39.05%	39.10%	32.60%	25.50%	21.20%
LIFE INSURANCE PLAN								
District's proportion of the collective net OPEB liability (asset)	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%
District's proportionate share of the collective net OPEB liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the collective net OPEB liability (asset) associated with the District	<u>29,000</u>	<u>37,000</u>	<u>43,000</u>	<u>18,000</u>	<u>48,000</u>	<u>45,000</u>	<u>43,000</u>	<u>35,000</u>
Total	<u>\$ 29,000</u>	<u>\$ 37,000</u>	<u>\$ 43,000</u>	<u>\$ 18,000</u>	<u>\$ 48,000</u>	<u>\$ 64,000</u>	<u>\$ 59,000</u>	<u>\$ 35,000</u>
District's covered-employee payroll	\$ 4,880,537	\$ 5,226,501	\$ 5,187,559	\$ 4,983,416	\$ 4,873,045	\$ 4,937,267	\$ 5,432,377	\$ 5,702,207
District's proportionate share of the collective net OPEB liability (asset) 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 liability	80.56%	76.91%	73.97%	71.57%	71.60%	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 is determined as of June 30.

See the accompanying notes to the required supplementary information.

TRIMBLE COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF CONTRIBUTIONS
MEDICAL AND LIFE INSURANCE PLANS
TEACHERS' RETIREMENT SYSTEM
Year Ended June 30, 2025

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
MEDICAL INSURANCE PLAN								
Contractually required contribution	\$ 150,086	\$ 116,796	\$ 129,316	\$ 138,595	\$ 130,222	\$ 146,191	\$ 148,118	\$ 162,971
Contributions in relation to the contractually required contribution	<u>150,086</u>	<u>116,796</u>	<u>129,316</u>	<u>138,595</u>	<u>130,222</u>	<u>146,191</u>	<u>148,118</u>	<u>162,971</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered-employee payroll	\$ 5,423,036	\$ 4,880,537	\$ 5,226,501	\$ 5,187,559	\$ 4,983,416	\$ 4,873,045	\$ 4,937,267	\$ 5,432,377
District's contributions as a percentage of it's covered-employee payroll	2.77%	2.39%	2.47%	2.67%	2.61%	3.00%	3.00%	3.00%
LIFE INSURANCE PLAN								
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered-employee payroll	\$ 5,423,036	\$ 4,880,537	\$ 5,226,501	\$ 5,187,559	\$ 4,983,416	\$ 4,873,045	\$ 4,937,267	\$ 5,432,377
District's proportionate share of the net pension liability 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 is determined as of June 30.

See the accompanying notes to the required supplementary information.

TRIMBLE COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - HEALTH INSURANCE PLAN
COUNTY EMPLOYEE RETIREMENT SYSTEM
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 net OPEB liability (asset)	0.066538%	0.066839%	0.062032%	0.063204%	0.062126%	0.675060%	0.694990%	0.695280%
District's proportionate share of the collective net OPEB liability (asset)	\$ (115,098)	\$ (92,282)	\$ 1,224,210	\$ 1,210,009	\$ 1,500,154	\$ 1,135,422	\$ 1,233,941	\$ 1,397,751
State's proportionate share of the collective net OPEB liability (asset) associated with the District	-	-	-	-	-	-	-	-
Total	<u>\$ (115,098)</u>	<u>\$ (92,282)</u>	<u>\$ 1,224,210</u>	<u>\$ 1,210,009</u>	<u>\$ 1,500,154</u>	<u>\$ 1,135,422</u>	<u>\$ 1,233,941</u>	<u>\$ 1,397,751</u>
District's covered-employee payroll	\$ 2,139,660	\$ 1,940,771	\$ 1,714,190	\$ 1,538,455	\$ 1,747,638	\$ 1,712,498	\$ 1,783,854	\$ 1,732,654
District's proportionate share of the collective net OPEB liability (asset) as a percentage of its covered-employee payroll	-5.38%	-4.75%	71.42%	78.65%	85.84%	66.30%	69.17%	80.67%
Plan fiduciary net position as a percentage of the total OPEB liability	104.89%	104.23%	60.95%	62.91%	51.67%	60.44%	57.62%	13.00%

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 is determined as of June 30.

See the accompanying notes to the required supplementary information.

TRIMBLE COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF CONTRIBUTIONS - HEALTH INSURANCE PLAN
COUNTY EMPLOYEE RETIREMENT SYSTEM
 Year Ended June 30, 2025

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
HEALTH INSURANCE PLAN								
Contractually required contribution	\$ 56,587	\$ 59,007	\$ 75,591	\$ 68,423	\$ 60,263	\$ 83,188	\$ 90,077	\$ 83,841
Contributions in relation to the contractually	<u>56,587</u>	<u>59,007</u>	<u>75,591</u>	<u>68,423</u>	<u>60,263</u>	<u>83,188</u>	<u>90,077</u>	<u>83,841</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered-employee payroll	\$ 2,208,274	\$ 2,139,660	\$ 1,940,771	\$ 1,714,190	\$ 1,538,455	\$ 1,747,638	\$ 1,712,498	\$ 1,783,854
District's contributions as a percentage of it's covered-employee payroll	2.56%	2.76%	3.89%	3.99%	3.92%	4.76%	5.26%	4.70%

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 is determined as of June 30.

See the accompanying notes to the required supplementary information.

TRIMBLE COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – OPEB
FOR THE YEAR ENDED JUNE 30, 2025

Teachers Retirement System (TRS)

Health Insurance Trust

Changes of Benefit Terms

None.

Changes of Assumptions

None.

Actuarial Methods and Assumptions

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

A summary of the actuarial assumptions as of the latest actuarial valuation follows.

Valuation Date	June 30, 2023
Discount Rate	7.10%
Inflation	2.5%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Salary Increase	3-7.5%, including wage inflation
Long-term Rate of Return	7.10%
Municipal Bond Index	3.94%
Single Equivalent Interest Rate	7.10%
Health Care Cost Trends	
Medical	6.5% at June 30, 2024, decreasing to an ultimate rate of 4.5% by June 30, 2031
Medicare Part B	5.92% at June 30, 2024 with an ultimate rate of 4.5% by June 30, 2035

Life Insurance Trust

Changes of Benefit Terms

None.

Changes of Assumptions

None.

Actuarial Methods and Assumptions

The following actuarial methods and assumptions were used to determine contribution rates reported in the most recent year of the schedule.

Valuation Date	June 30, 2023
Discount Rate	7.10%
Inflation	2.5%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Salary Increase	3-7.5%, including wage inflation

TRIMBLE COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – OPEB
FOR THE YEAR ENDED JUNE 30, 2025

Long-term Rate of Return	7.10%
Municipal Bond Index	3.94%
Single Equivalent Interest Rate	7.10%
Health Care Cost Trends	
Medical	6.5% at June 30, 2024, decreasing to an ultimate rate of 4.5% by June 30, 2031
Medicare Part B	5.92% at June 30, 2024 with an ultimate rate of 4.5% by June 30, 2035

TRIMBLE COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – OPEB
 FOR THE YEAR ENDED JUNE 30, 2025

County Employee Retirement System (CERS)

Non-Hazardous

Changes of Benefit Terms

None

Changes of assumptions

None.

Actuarial Methods and Assumptions

Based on the actuarial valuation report, the actuarial methods and assumptions used to calculate the contribution rates are as follows.

Valuation Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets recognized
Amortization Method	Level Percent of Pay
Amortization Period	30-year closed period at June 30, 2019, Gains/losses incurring After 2019 will be amortized over separate closed 20-year Amortization bases
Mortality	System-specific mortality table based on mortality experience From 2013-2018, projected with the ultimate rates from MP2014 mortality improvement scale using a base year of 2019
Phase-In Provision	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018
Inflation	2.30%
Payroll Growth Rate	2.0%
Salary Increase	3.30% to 10.30%, varies by service
Investment Rate of Return	6.25%
Mortality	System-specific mortality table based on mortality experience From 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.
Healthcare Trend Rates	
Pre-65	Initial trend starting at 6.3% at January 1, 2023, gradually Decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2022 premiums were known at the time of the Valuation and were incorporated into the liability Measurement.
Post-65	Initial trend starting at 6.3% at January 1, 2023, gradually Decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2022 premiums were known at the time of the Valuation and were incorporated into the liability Measurement.

TRIMBLE COUNTY SCHOOL DISTRICT
 Combining Balance Sheet - Nonmajor Governmental Funds
 June 30, 2025

Other Governmental Funds

	<u>Special Revenue Student Activity</u>	<u>Capital Outlay</u>	<u>FSPK</u>	<u>District Activity</u>	<u>Total</u>
Assets					
Cash and cash equivalents	\$ 168,610	\$ 64,816	\$ 95,538	\$ 61,628	\$ 390,592
Accounts receivable	225				225
Total Assets	<u>168,835</u>	<u>64,816</u>	<u>95,538</u>	<u>61,628</u>	<u>390,817</u>
Liabilities					
Accounts payable	1,004				1,004
Total Liabilities	<u>1,004</u>	-	-	-	<u>1,004</u>
Fund Balance					
Restricted	167,831	64,816	95,538	61,628	389,813
Total Fund Balance	<u>167,831</u>	<u>64,816</u>	<u>95,538</u>	<u>61,628</u>	<u>389,813</u>
Total Liabilities and Fund Balance	<u>\$ 168,835</u>	<u>\$ 64,816</u>	<u>\$ 95,538</u>	<u>\$ 61,628</u>	<u>\$ 390,817</u>

TRIMBLE COUNTY SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Fund Balance - Nonmajor Governmental Funds
Year ended June 30, 2025

	Other Governmental Funds				
	Special Revenue Student Activity	Capital Outlay	FSPK	District Activity	Total
Revenues					
From local sources					
Taxes					
Property	\$ -	\$ -	\$ 395,828	\$ -	\$ 395,828
Other local revenue				5,340	5,340
Student activities	349,930				349,930
Intergovernmental - State		102,933	227,431		330,364
Total Revenues	<u>349,930</u>	<u>102,933</u>	<u>623,259</u>	<u>5,340</u>	<u>1,081,462</u>
Expenditures					
Instruction	327,923			74,676	402,599
Support Services					
Student				130	130
Total Expenditures	<u>327,923</u>	<u>-</u>	<u>-</u>	<u>74,806</u>	<u>402,729</u>
Excess (Deficit) of Revenues Over Expenditures	<u>22,007</u>	<u>102,933</u>	<u>623,259</u>	<u>(69,466)</u>	<u>678,733</u>
Other Financing Sources (Uses)					
Operating transfers in				35,016	35,016
Operating transfers (out)	(35,016)	(103,038)	(606,964)		(745,018)
Total Other Financing Sources (Uses)	<u>(35,016)</u>	<u>(103,038)</u>	<u>(606,964)</u>	<u>35,016</u>	<u>(710,002)</u>
Net Change in Fund Balance	(13,009)	(105)	16,295	(34,450)	(31,269)
Fund Balance Beginning	180,835	64,921	79,243	96,078	421,077
Prior period adjustment	5				5
Restated Fund Balance Beginning	<u>180,840</u>	<u>64,921</u>	<u>79,243</u>	<u>96,078</u>	<u>421,082</u>
Fund Balance Ending	<u>\$ 167,831</u>	<u>\$ 64,816</u>	<u>\$ 95,538</u>	<u>\$ 61,628</u>	<u>\$ 389,813</u>

TRIMBLE COUNTY SCHOOL DISTRICT
Combining Balance Sheet - School Activity Funds
 June 30, 2025

	SCHOOL ACTIVITY FUNDS			
	TRIMBLE CO JR/SR HIGH SCHOOL	BEDFORD ELEMENTARY	MILTON ELEMENTARY	TOTAL
ASSETS				
Cash and cash equivalents	\$ 131,877	\$ 30,226	\$ 6,507	\$ 168,610
Accounts receivable			225	225
Total Assets	131,877	30,226	6,732	168,835
LIABILITIES				
Accounts payable			1,004	1,004
Total Liabilities	-	-	1,004	1,004
FUND BALANCE				
School Activities	131,877	30,226	5,728	167,831
Total Fund Balance	131,877	30,226	5,728	167,831
TOTAL LIABILITIES AND FUND BALANCE	\$ 131,877	\$ 30,226	\$ 6,732	\$ 168,835

TRIMBLE COUNTY SCHOOL DISTRICT
Combining Statement of Revenues, Expenses and Changes in Fund Balance - School Activity Funds
 Year ended June 30, 2025

	SCHOOL ACTIVITY FUNDS			
	TRIMBLE CO JR/SR HIGH SCHOOL	BEDFORD ELEMENTARY	MILTON ELEMENTARY	TOTAL
REVENUES				
Student activities	\$ 293,065	\$ 39,197	\$ 17,668	\$ 349,930
Total revenues	293,065	39,197	17,668	349,930
EXPENDITURES				
Instruction	308,884	37,306	16,749	362,939
Total expenditures	308,884	37,306	16,749	362,939
Excess (Deficit) of Revenues Over Expenses	(15,819)	1,891	919	(13,009)
FUND BALANCE-BEGINNING	147,691	28,335	4,809	180,835
Prior Period Adjustment	5			5
RESTATED FUND BALANCE, BEGINNING	147,696	28,335	4,809	180,840
FUND BALANCE-ENDING	\$ 131,877	\$ 30,226	\$ 5,728	\$ 167,831

TRIMBLE COUNTY SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Fund Balance - Trimble County JR/SR High School
Year ended June 30, 2025

	RESTATED FUND BALANCE				FUND BALANCE
	BEGINNING	REVENUES	EXPENSES	TRANSFERS	ENDING
START UP MONEY	\$ -	1,400	1,400	-	\$ -
DIST ACTIVITY FUND SWEEP	-	-	21,207	21,207	-
GENERAL	2,246	12,119	2,038	(10,245)	2,083
ALL CLASS FEES	-	12,680	-	(12,680)	-
AP EXAMS	123	-	-	-	123
PSATTEST	-	60	-	(60)	-
CHARITIES CASUAL	60	-	-	-	60
PARKING PASSES	-	420	-	(420)	-
CBI COM BASE INSTRUCTIONS	18	1,069	240	(421)	426
TECHNOLOGY	-	8,047	-	(8,047)	-
CLASS OF 2025	5,369	13,154	14,307	(4,216)	-
CLASS OF 2028	-	2,142	-	-	2,142
CLASS OF 2027	3,882	1,895	384	-	5,393
CLASS OF 2026	2,029	1,614	-	3,659	7,302
POLLINATOR CLUB	974	-	-	-	974
LIBRARY	309	-	-	-	309
FIELD TRIPS	308	1,425	1,512	(220)	1
PEP CLUB	141	416	68	(80)	409
GIFTED PROGRAM	35	-	-	-	35
7TH GRADE	-	900	542	-	358
FIELD TRIP - 8TH GRADE	302	-	-	(302)	-
JR SR HIGH STLP	1,221	-	-	-	1,221
INCENTIVE TRIPS JR SR	774	11,600	12,733	359	-
JR SR HIGH FCA	625	-	-	-	625
JR SR HIGH ACADEMIC TEAM	132	105	-	(236)	1
ART CLUB	584	-	-	-	584
SR HIGH BETA	1,623	304	483	(8)	1,436
GREENHOUSE FFA	8,841	19,506	21,345	-	7,002
FFA	103	-	-	-	103
BAND	719	10,422	9,340	(100)	1,701
SOURCES OF STRENGTH	1,785	-	-	-	1,785
POWDER PUFF	409	2,820	3,140	80	169
RPG	250	-	35	-	215
Y CLUB	513	5,511	6,024	-	-
SR HIGH YEARBOOK	1,855	2,647	3,107	(40)	1,355
DRAMA	7,703	991	6,525	-	2,169
JR STUDENT COUNCIL	163	-	-	-	163
STAFF INCENTIVE	357	73	-	-	430
ATHLETIC DRINK MACHINE	1,477	-	-	-	1,477
FLOWER AND GIFT FUND	396	-	125	-	271
STUDENT INCENTIVE	2,791	-	1,060	-	1,731
ATHLETICS	5,354	30,863	45,824	13,769	4,162
ATHLETIC CONCESSIONS	10,080	32,713	23,989	(14,419)	4,385
SR HIGH COMPETITIONS	918	-	-	-	918
SR HIGH CHEER	2,436	4,728	4,987	1,020	3,197
SR HIGH FOOTBALL	2,593	12,001	17,087	4,027	1,534
SR HIGH BOYS BASKETBALL	8,753	14,064	11,844	(1,229)	9,744
SR HIGH GIRLS BASKETBALL	6,879	15,159	11,922	348	10,464
CROSS COUNTRY	5,660	4,294	2,598	770	8,126
TRACK	7,048	2,723	4,399	1,350	6,722
SR HIGH SOFTBALL	3,034	6,538	6,882	993	3,683
SR HIGH BASEBALL	13,180	10,211	14,340	(1,793)	7,258
SR HIGH TENNIS	1,281	250	1,099	680	1,112
GOLF	1,884	500	757	680	2,307
SR HIGH VOLLEYBALL	7,790	10,710	12,940	(2,369)	3,191
JR HIGH CHEER	4,747	3,419	7,516	-	650
JR HIGH VOLLEYBALL	5,798	5,142	3,847	(1,852)	5,241
JR HIGH GIRLS BASKETBALL	1,984	1,725	1,929	(903)	877
JR HIGH BOYS BASKETBALL	3,686	5,764	3,159	(2,388)	3,903
JR HIGH FOOTBALL	4,833	4,976	3,923	(1,081)	4,805
JR HIGH BETA CLUB	246	2,467	2,721	8	-
JR HIGH YEARBOOK	62	780	882	40	-
JR HIGH BASEBALL	1,741	-	1,741	-	-
JOBS FOR AMERICA'S GADUATES	-	3,403	2,348	-	1,055
TRAVEL EXPENSES	-	-	13,827	15,369	1,542
TSA CLUB	-	-	-	-	-
MANDARIN CLASS	-	883	150	(733)	-
BANK INTEREST	-	437	-	-	437
SOCCER	-	7,995	2,558	(517)	4,920
Totals	\$ <u>147,696</u>	\$ <u>293,065</u>	\$ <u>308,884</u>	\$ <u>-</u>	\$ <u>131,877</u>

Trimble County School District
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2025

Federal Grantor/ Pass-Through Grantor/ Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Expenditures
US Department of Agriculture				
Passed Through State Department of Education:				
School Breakfast Program	10.553			
Fiscal Year 24		7760005 24	\$ -	\$ 51,772
Fiscal Year 25		7760005 25	-	212,560
National School Lunch Program	10.555			
Fiscal Year 24		7750002 24	-	110,632
Fiscal Year 25		7750002 25	-	449,438
Summer Food Program	10.559			
Fiscal Year 24		7740000 24	-	76,237
Fresh Fruits & Vegetables	10.582			
Fiscal Year 24		7720012 24	-	2,642
Fiscal Year 25		7720012 25	-	34,077
Child Nutrition Cluster Subtotal				<u>937,358</u>
Supper Program	10.558			
Fiscal Year 24		7790021 24	-	5,322
Fiscal Year 25		7790021 25	-	13,189
State Administrative Expenses for Child Nutrition	10.560			<u>18,511</u>
Fiscal Year 24		7700001 24	-	1,309
Passed Through State Department of Agriculture:				
Food Donation-Commodities	10.565			
Fiscal Year 25		510.4950	-	51,974
Total US Department of Agriculture				<u>1,009,152</u>
US Department of Education				
Passed Through State Department of Education				
* Title I Grants to Local Educational Agencies	84.010A			
Fiscal Year 24		3100002 23	-	27,446
Fiscal Year 25		3100002 24	-	338,755
Fiscal Year 25 School Improvement-Cohort 6		3100202 24	-	60,376
				<u>426,577</u>
Special Education Grants to States	84.027A			
Fiscal Year 24		3810002 23	-	3,247
Fiscal Year 25		3810002 24	-	292,251
Special Education - Preschool Grants	84.173A			
Fiscal Year 25		3800002 24	-	13,515
Special Education Cluster Subtotal				<u>309,013</u>
Career and Technical Education - Basic Grants to States	84.048			
Fiscal Year 24 Carry Forward		3710002 23	-	1,296
Fiscal Year 25		3710002 24	-	16,327
				<u>17,623</u>
Title IV, A Student Support & Academic Enrichment Grant	84.424			
Fiscal Year 25		3420002 24	-	16,912
Improving Teacher Quality State Grants	84.367A			
Fiscal Year 24		3230002 23	-	3,987
Fiscal Year 25		3230002 24	-	41,316
				<u>45,303</u>
COVID-19- ARP ESSER	84.425U			
Fiscal Year 21		4300002-21	-	162,652
Fiscal Year 23 Deeper Learning		4300005-21	-	4,752
ARP ESSER Homeless Children and Youth II	84.425W			
Fiscal Year 23		476IC	-	2,681
Education Stabilization Fund Subtotal				<u>170,085</u>
Total US Department of Education				<u>985,513</u>
Total Expenditure of Federal Awards			<u>\$ -</u>	<u>\$ 1,994,665</u>

* Major program

See the accompanying notes to the schedule of expenditures of federal awards.

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

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Trimble County School District under the programs of the federal government for the year ended June 30, 2025. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Trimble 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 B – 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 adjustments 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 C – 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 \$51,974.

NOTE D – INDIRECT COST RATE

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

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*

To the Board of Education of the Trimble County School District
Bedford, Kentucky

And the State Committee for School District Audits

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 *Auditor Responsibilities and State Compliance Requirements* sections contained in the Kentucky Public School Districts' Audit /Contract and requirements, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Trimble County School District, (District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise District's basic financial statements, and have issued our report thereon dated December 31, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of District's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 have issued a separate letter dated December 31, 2025, addressing matters required to be reported to management of the District under the Kentucky Department of Education's Audit Requirements for Local School Districts.

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.

White & Associates, PSC

Richmond, Kentucky

December 31, 2025

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

To the Board of Education of the Trimble County School District
Bedford, Kentucky

And the State Committee for School District Audits

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Trimble County School District's, (District), compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of District's major federal programs for the year ended June 30, 2025. 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, 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 *Auditor Responsibilities and State Compliance Requirements* sections contained in the Kentucky Public School Districts' Audit Contract and Requirements; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of 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 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 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 District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing*

Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding 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 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 District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

White & Associates, PSC

Richmond, Kentucky

December 31, 2025

TRIMBLE COUNTY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2025

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 N/A
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 of report was issued on compliance for major programs?	Unmodified
Did the audit disclose findings as it relates to major programs that Is required to be reported as described in the Uniform Guidance?	No
Major Programs	Title 1 [84.010A]
Dollar threshold of Type A and B programs	\$750,000
Low risk auditee?	Yes

FINDINGS - FINANCIAL STATEMENT AUDIT

No findings at the financial statement level.

**FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS
 AUDIT**

No findings at the major federal award programs level.

TRIMBLE COUNTY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025

There were no prior year findings.

White & Associates, PSC
CERTIFIED PUBLIC ACCOUNTANTS

MANAGEMENT LETTER POINTS

Trimble County School District
Bedford, Kentucky

In planning and performing our audit of the financial statements of the Trimble County School District, (District) for the year ended June 30, 2025, we considered the District's internal controls in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal controls. Accordingly, we do not express an opinion on the effectiveness of the District's internal controls.

However, during our audit, we communicated matters that are opportunities for strengthening internal controls and operating efficiency. We previously reported on the District's internal controls in our report dated December 31, 2025. This letter does not affect our report dated December 31, 2025, on the financial statements of the Trimble County School District. The conditions observed are as follows:

TRIMBLE COUNTY JR/SR HIGH SCHOOL, BEDFORD ELEMENTARY

1-25

Statement of Condition: The deposit slips do not indicate that a second person is verifying the deposit.

Recommendation for Correction: Review Redbook procedures for guidance and corrective action.

Management Response to the Recommendation: We have notified the Principal and Bookkeeper that a second person must verify and sign the deposit. The District will also provide Redbook training in the summer to review all Redbook guidelines.

MILTON ELEMENTARY

2-25

Statement of Condition: Deposits are being held for multiple days over the \$100 accumulation limit.

Recommendation for Correction: Review Redbook procedures for guidance and corrective action.

Management Response to the Recommendation: We have notified the Principal and Bookkeeper that deposits cannot be held. The District will also provide training in the summer to review all Redbook guidelines.

Superintendent, R. Todd Neace, is the person responsible for initiation of the corrective action plan for the above conditions which will be implemented immediately, if any. The corrective action plan is the management response for each condition. We would like to thank the Finance Officer, Phillip Harmon, and their department for their support and assistance during our audit.

This report is intended solely for the information and use of the Board of Education, management, and others within the district and is not intended to be and should not be used by anyone other than these specified parties.

White & Associates, PSC

White & Associates, PSC
Richmond, Kentucky
December 31, 2025