



REPORT ON AUDIT OF FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION

for the year ended June 30, 2025

ANJ | Alford  
Nance &  
Jones, LLP

**UNION COUNTY SCHOOL DISTRICT  
TABLE OF CONTENTS  
For the year ended June 30, 2025**

Independent Auditor's Report	1-2
Required Supplementary Information:	
Management's Discussion and Analysis	3-10
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements:	
Balance Sheet – Governmental Funds	13
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	14
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Statement of Net Position – Proprietary Funds	17
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	18
Statement of Cash Flows – Proprietary Funds	19
Notes to the Basic Financial Statements	20-52
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	53
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Special Revenue Fund	54
Summary of Significant Accounting Policies for Budgetary Process	55

**UNION COUNTY SCHOOL DISTRICT**  
**TABLE OF CONTENTS, continued**  
**For the year ended June 30, 2025**

Pension and other Postemployment Benefits Schedules:

Teachers Retirement System of Kentucky	56-61
County Employees Retirement System	62-66

Supplementary Information:

Combining Statements/Individual Schedules – Nonmajor Funds:

Combining Balance Sheet-Nonmajor Governmental Funds	67
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	68
Combining Schedule of Receipts, Disbursements and Fund Balances – All Agency Funds	69
Schedule of Receipts, Disbursements and Fund Balances – Union County High School	70-71
Schedule of Expenditures of Federal Awards	72-73
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 <i>Government Auditing Standards</i>	74-75
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	76-78
Schedule of Findings and Questioned Cost	79-80
Management Letter	81-83

CERTIFIED PUBLIC ACCOUNTANTS

44 Union Street, Madisonville, KY 42431 Tel.: 270-825-4578 F: 270-821-3521

INDEPENDENT AUDITOR'S REPORT

State Committee for School District Audits  
Members of the Board of Education  
Union County School District  
Morganfield, Kentucky

**Report on the Financial Statements**

**Opinions**

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

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

**Basis for Opinions**

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

**Emphasis of Matter**

As discussed in Note 19 to the financial statements, the District has implemented Governmental Accounting Standards Board (GASB) No. 101 *Compensated Absences* during the year ended June 30, 2025. 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 these 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 Union County School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Union County School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significance 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 Union County School District's ability to continue as a going concern for a reasonable period of time.

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

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension schedules, and other post-employment benefit schedules on pages 3 through 10 and pages 53 through 66 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 Union County School 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 were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2025, on our consideration of the Union County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Union County School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Union County School District's internal control over financial reporting and compliance.

*Alford, Nance & Jones, LLP*

Alford, Nance & Jones, LLP  
December 12, 2025

**UNION COUNTY SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2025**

As management of the Union County Public School District (the District), we present this narrative overview and analysis of the District's financial activities for the fiscal year ended June 30, 2025. The purpose of this discussion and analysis is to review the District's financial performance as a whole. We encourage readers to consider this information in conjunction with the additional details provided in the audit report.

**Financial Highlights**

- During the 2024-2025 school year, Union County Public Schools served 2,387 students across a preschool, three elementary schools, a middle school, a high school, an alternative school and the Victory Tech High School, located at the Earle C. Clements Job Corps Center.
- For the fifth consecutive year, the District successfully implemented a district-wide 2% raise in staff salaries. The District also introduced pay incentives to support recruitment and retention efforts, including competitive market pay increases for classified staff working as instructional assistants, custodians, bus monitors, bus mechanics, and food service staff.
- The District continues to maintain a strong financial position. Through cost containment, community partnerships, and effective use of grant funding, the District diligently manages all staffing, instructional, and support programs. Overall, the District's Net Position increased by \$5,036,031, with the Net Position of governmental activities increasing by \$4,555,863 and the Net Position of business-type activities increasing by \$480,168.
- In May 2022, the District was notified by the School Facilities Construction Commission (SFCC) that, in accordance with HB1 of the 2022 General Assembly, it was awarded \$8,582,500 in grant funds for the renovation of the Union County High School (UCHS) vocational building. The grant requires a 10% local contribution toward the total project cost. The grant proceeds were received in November 2022 and invested in a certificate of deposit, which generated \$1,069,086 in interest earnings to be applied toward the local match requirement.

In addition to the vocational building renovation, the District is constructing a multipurpose building, tennis courts, and a maintenance shop. In February 2025, the Board awarded construction bids for the expanded project at a cost of \$19,714,248. Funding will be provided via the HB1 renovation grant, SFCC offers of assistance, a local bond issue, and investment earnings. As of the end of the fiscal year, the District had commenced site and utility work, with an estimated completion date of spring 2027.

- In December 2022, a winter freeze caused a pipe rupture at Union County Middle School, resulting in significant flood damage. The District approved an emergency construction project (BG) for recovery and repair efforts. As of June 30, 2025, the District had incurred direct costs totaling \$741,976. Final repairs, including the fire pump, were completed in December 2024. As of June 30, 2025, the District was awaiting insurance proceeds of \$57,268 to close out the claim; this amount was recorded as a receivable at year-end.
- During the 2025 fiscal year, the District completed a project to upgrade the fire panel system at Union County Middle School at a total cost of \$332,800. The project was completed in December 2024 and was funded using restricted capital funds.

**UNION COUNTY SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2025**

**Financial Highlights, continued**

- As is common with most school districts, our unmet needs exceed our current bonding potential. A reevaluation of the District Facility Plan was completed in 2023 by the District's Local Planning Committee, which determined the total amount of unmet facility funding for the District to be \$60,412,417. The District will continue to monitor facilities and refer to its long-range facility plan—established with community input as stipulated by Kentucky Department of Education regulations. This plan is scheduled for its next update by June 2027.
- During fiscal year 2025, the District received \$9,525,636 in General Fund state SEEK funding, based on a guaranteed per-pupil allocation of \$4,326. As established in the 2021 Special Session of the Kentucky General Assembly, SEEK funding continued to include support for full-day kindergarten. Transportation remained only partially funded through the SEEK formula for the 2025 fiscal year. Specifically, the District received \$1,399,850 in transportation funding, which was prorated at 73.5% of the total calculated cost of \$1,902,542. This resulted in an unfunded balance of \$502,692 that was required to be covered by local resources.
- Local taxes contribute approximately 34% of annual General Fund revenues and are essential to District operations. For the 2025 tax year, assessed property values remained relatively flat, while motor vehicle assessments increased by \$4.7 million. The assessment of property subject to taxation as of January 1, 2024, certified by the Commissioner, reported a total valuation of \$1,044,157,084 for real and personal property and \$184,213,777 for motor vehicles.

The levied tax rate for real estate and personal property was 70.4 cents per \$100 of assessed value, resulting in total property tax collections of \$6,935,410. The motor vehicle property tax rate was 55.7 cents per \$100 of assessed value, with collections totaling \$1,166,894. Due to software implementation issues at the Kentucky Department of Revenue, property tax bills for unmined coal experienced significant delays. Following the implementation of a new system, 2021 unmined coal tax bills were collected in May 2024. The 2022 and 2023 bills are expected to be issued and collected during the 2026 fiscal year.

- Utility tax receipts increased by \$109,607, or 7.46%, over the prior year, with total collections for the fiscal year amounting to \$1,468,391. Annual fluctuations in utility receipts are generally attributed to a combination of consumer usage, energy price volatility, and collection rates. The Kentucky Department of Revenue collects utility taxes on behalf of school districts for an administrative fee not to exceed 1%.
- Total capital assets for governmental activities increased by a net amount of \$1,020,874. Construction in progress reached \$2,664,363, a net increase of \$1,830,994, reflecting the commencement of site work for new construction projects. Other governmental capital asset additions totaled \$800,136, comprising \$332,800 in school building improvements, \$449,685 for vehicles, and \$17,651 in other depreciable assets.

Asset disposals for governmental activities totaled \$1,183,870, with related accumulated depreciation of \$1,149,226. Depreciation expense for the period was \$1,575,612.

For business-type activities, capital asset additions totaled \$340,154. During the year, these activities disposed of \$120,015 in fully depreciated assets. Depreciation expense for business-type activities was recorded at \$50,744.

**UNION COUNTY SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2025**

**Using the Basic Financial Statements**

This discussion and analysis serves as an introduction to the District's basic financial statements, which comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements.

**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 District assets, deferred outflows, liabilities, and deferred inflows, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the District's financial position 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 occurs, regardless of the timing of related cash flows.

These district-wide statements are divided into two categories:

- *Government Activities* – These functions are principally supported by property taxes and intergovernmental revenues. They include instruction, support services, plant operation and maintenance, student transportation, and non-instructional services. Capital assets and related debt supported by these revenues are also reported here.
- *Business Type Activities* - These services are provided on a fee-for-service basis to recover the expenses of the goods or services provided. This category includes food service operations and daycare services, funded through user fees and supported by federal grants and commodities.

**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 system. The District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the District can be divided into three categories: governmental, proprietary, and fiduciary funds.

- *Governmental Funds* - Most of the School District's activities are reported in the governmental funds that include: general fund, special revenue (grants), capital outlay, building fund (FSPK), construction fund, and debt service fund. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted into cash. The governmental fund statements provide a detailed *short-term* view of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or difference) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements provided.
- *Proprietary Funds* - The proprietary fund includes the food service and childcare centers that are also found in the business type activities fund. These funds use the same basis of accounting as business type activities; therefore, the statements for the proprietary fund will essentially match.

**UNION COUNTY SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2025**

**Using the Basic Financial Statements, continued**

- **Fiduciary Funds** - The fiduciary funds are trust funds established by benefactors to aid in student education, student welfare, and teacher support.
- **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.

**Government-wide Financial Analysis**

During the current fiscal year, the District implemented GASB Statement No. 101, *Compensated Absences*. This statement updates the recognition and measurement criteria for leave-related liabilities to provide a more consistent estimate of the District's obligations. As permitted by the standard, the District has elected to apply these changes prospectively. Therefore, the prior year figures have not been restated and are presented as originally reported.

The following table is a summary of the District's Net Position as of June 30, 2025 and 2024.

	Governmental Activities		Business Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current Assets	\$ 41,802,838	\$ 28,882,654	\$ 2,947,537	\$ 2,695,727	\$ 44,750,375	\$ 31,578,381
Capital or Non-current Assets	19,250,720	18,204,357	641,151	343,175	19,891,871	18,547,532
<b>Total Assets</b>	<b>61,053,558</b>	<b>47,087,011</b>	<b>3,588,688</b>	<b>3,038,902</b>	<b>64,642,246</b>	<b>50,125,913</b>
<b>Deferred Outflows</b>	<b>4,120,405</b>	<b>5,534,777</b>	<b>328,737</b>	<b>418,439</b>	<b>4,449,142</b>	<b>5,953,216</b>
Current Liabilities	2,595,319	4,326,822	20,023	4,900	2,615,342	4,331,722
Non-current Liabilities	29,520,055	17,691,149	1,037,996	979,981	30,558,051	18,671,130
<b>Total Liabilities</b>	<b>32,115,374</b>	<b>22,017,971</b>	<b>1,058,019</b>	<b>984,881</b>	<b>33,173,393</b>	<b>23,002,852</b>
<b>Deferred Inflows</b>	<b>6,165,840</b>	<b>7,874,316</b>	<b>600,705</b>	<b>669,762</b>	<b>6,766,545</b>	<b>8,544,078</b>
Net investment in capital assets	11,917,495	10,961,014	611,507	322,097	12,529,002	11,283,111
Restricted for Capital Outlay	23,307,812	9,950,239	-	-	23,307,812	9,950,239
Unrestricted	(8,332,558)	1,818,246	1,647,194	1,469,701	(6,685,364)	3,287,947
<b>Total Net Position</b>	<b>\$ 26,892,749</b>	<b>\$ 22,729,499</b>	<b>\$ 2,258,701</b>	<b>\$ 1,791,798</b>	<b>\$ 29,151,450</b>	<b>\$ 24,521,297</b>

In fiscal year 2018, the District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. This required the District to include its proportionate share of the net pension liability and the liability for other postemployment benefits (OPEB) on the Statement of Net Position

Due to these significant long-term liabilities—which are related to state-managed pension plans—Net Position may not serve as the most accurate solo indicator of the District's immediate financial health. These pension and OPEB liabilities are associated with state funds that are legislated and controlled by the Commonwealth of Kentucky and are currently not fully funded. While the Kentucky legislature continues to address funding strategies through potential changes to benefit calculations, contribution rates, and investment policies, the District remains in full compliance by consistently paying its required employer contributions as enacted by the state pension bodies.

**UNION COUNTY SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2025**

**Government-wide Financial Analysis, continued**

The following is a summary of the changes in net position as of June 30, 2025 and 2024, on a government-wide basis.

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
<b>Program Revenues</b>						
Charges for services	\$ 1,240,125	\$ 447,129	\$ 181,631	\$ 134,816	\$ 1,421,756	\$ 581,945
Operating grants and contributions	3,058,789	5,835,922	2,284,014	2,084,255	5,342,803	7,920,177
Capital grants and contributions	1,055,009	825,255	-	-	1,055,009	825,255
<b>Total Program Revenue</b>	<b>5,353,923</b>	<b>7,108,306</b>	<b>2,465,645</b>	<b>2,219,071</b>	<b>7,819,568</b>	<b>9,327,377</b>
<b>General Revenues</b>						
Taxes	9,577,087	9,151,696	-	-	9,577,087	9,151,696
Intergovernmental	16,315,626	14,242,506	-	-	16,315,626	14,242,506
Earnings on investments	1,274,891	1,204,537	125,733	128,331	1,400,624	1,332,868
Gain (Loss) on disposal fixed assets	(29,989)	1,210,946	-	-	(29,989)	1,210,946
Miscellaneous	152,733	405,199	-	-	152,733	405,199
<b>Total General Revenue</b>	<b>27,290,348</b>	<b>26,214,884</b>	<b>125,733</b>	<b>128,331</b>	<b>27,416,081</b>	<b>26,343,215</b>
<b>Total Revenues and Transfers</b>	<b>32,644,271</b>	<b>33,323,190</b>	<b>2,591,378</b>	<b>2,347,402</b>	<b>35,235,649</b>	<b>35,670,592</b>
<b>Program Expenses</b>						
Instruction	16,818,307	17,109,610	-	-	16,818,307	17,109,610
Support services	10,623,438	12,055,732	-	-	10,623,438	12,055,732
Community Service	264,004	270,391	-	-	264,004	270,391
Food service operations	27,138	-	-	-	27,138	-
Daycare service operations	-	72,931	-	-	-	72,931
Facilities acquisition and construction	-	224,679	-	-	-	224,679
Debt service expense	105,360	-	-	-	105,360	-
Interest on long-term debt	250,161	168,538	-	-	250,161	168,538
Food services	-	-	1,832,574	1,541,399	1,832,574	1,541,399
Daycare services	-	-	278,636	74,739	278,636	74,739
<b>Total Program Expenses</b>	<b>28,088,408</b>	<b>29,901,881</b>	<b>2,111,210</b>	<b>1,616,138</b>	<b>30,199,618</b>	<b>31,518,019</b>
<b>Transfers</b>	-	-	-	-	-	-
<b>Increase (Decrease) in Net Position</b>	<b>4,555,863</b>	<b>3,421,309</b>	<b>480,168</b>	<b>731,264</b>	<b>5,036,031</b>	<b>4,152,573</b>
<b>Net Position- beginning</b>	<b>22,729,499</b>	<b>19,308,190</b>	<b>1,791,798</b>	<b>1,060,534</b>	<b>24,521,297</b>	<b>20,368,724</b>
<b>Change in accounting principle</b>	<b>(392,613)</b>	<b>-</b>	<b>(13,265)</b>	<b>-</b>	<b>(405,878)</b>	<b>-</b>
<b>Net Position- beginning restated</b>	<b>22,336,886</b>	<b>19,308,190</b>	<b>1,778,533</b>	<b>1,060,534</b>	<b>24,115,419</b>	<b>20,368,724</b>
<b>Net Position- ending</b>	<b>\$ 26,892,749</b>	<b>\$ 22,729,499</b>	<b>\$ 2,258,701</b>	<b>\$ 1,791,798</b>	<b>\$ 29,151,450</b>	<b>\$ 24,521,297</b>

**Governmental Activities**

- The beginning fund balance for Governmental Funds on July 1, 2024, was \$25,096,103, and the ending fund balance as of June 30, 2025, was \$40,200,334. This represents a net increase of \$15,104,231, driven by a \$12,298,391 increase in Construction Funds, a \$1,724,817 increase in the General Fund balance and a \$1,081,023 increase in Nonmajor Governmental Funds.
- Total revenues for the fiscal year in the Special Revenue Fund were \$3,045,239, consisting of \$1,750,434 from federal grants, \$1,189,764 from state grants, and \$105,041 from local grants. Special Revenue Fund expenditures for the year also totaled \$3,045,239, resulting in a zero net change to the fund balance.

**UNION COUNTY SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2025**

**Governmental Activities, continued**

- Governmental Fund expenditures for debt service totaled \$681,679, which consisted of \$533,000 in principal retirements and \$148,679 in interest payments.
- Governmental Fund expenditures for construction totaled \$1,898,854, which were primarily for the renovation of the UCHS vocational building and the fire panel upgrade at UCMS. Earnings on investments for these funds totaled \$522,185.

Total revenue for the Governmental Funds was \$32,706,986. The following schedule provides a comparative analysis of the revenues for governmental activities for the current and prior fiscal year.

	2025	2024	Change
<b>Revenues</b>			
Local Sources:			
Taxes:			
Property	\$ 6,935,410	\$ 6,359,700	\$ 575,710
Motor Vehicle	1,166,894	1,124,493	42,401
Utility	1,468,391	1,358,784	109,607
Unmined mineral	6,392	308,719	(302,327)
Earnings on investments	1,274,891	1,204,537	70,354
Other local revenues	1,113,189	1,378,371	(265,182)
Intergovernmental-Local	127,367	131,380	(4,013)
Intergovernmental-State	18,555,527	16,513,803	2,041,724
Intergovernmental-Indirect Federal	1,750,434	3,364,911	(1,614,477)
Intergovernmental-Direct Federal	308,491	368,594	(60,103)
<b>Total revenues</b>	<b>\$ 32,706,986</b>	<b>\$ 32,113,292</b>	<b>\$ 593,694</b>

**UNION COUNTY SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2025**

**Governmental Activities, continued**

Total expenditures for the Governmental Funds were \$31,282,470. The following schedule provides a comparative analysis of the expenditures for governmental activities for the current and prior fiscal year.

	2025	2024	Change
Instruction	\$ 16,840,447	\$ 17,166,130	(325,683)
Support services	11,511,017	12,867,093	(1,356,076)
Food service operation	27,138	-	27,138
Community service operation	\$ 323,335	\$ 296,737	\$ 26,598
Daycare operations	-	72,931	(72,931)
Facilities acquisition and construction	1,793,494	724,671	1,068,823
Debt service	787,039	686,631	100,408
<b>Total expenditures</b>	<b>31,282,470</b>	<b>31,814,193</b>	<b>(531,723)</b>

**Business-Type Activities**

The District's business-type activities include food service operations and daycare services. These programs generated total program revenues of \$2,465,645 and incurred expenses of \$2,111,210 for fiscal year 2025. Of the revenues, \$181,631 came from charges for services, and \$2,284,014 came from state and federal operating grants.

The Food Service Program provides students with nutritious meal options for breakfast and lunch, available each school day as well as during several weeks in the summer through the Summer Feed Program. The daycare service offers child care during after-school hours and school breaks. Business activities receive no support from tax revenues. The District will continue to monitor the charges and costs of these activities and, if necessary, will make adjustments to their operations.

**Capital Assets (Net of Depreciation)**

As of June 30, 2025, the District held \$19,674,051 in capital assets, net of accumulated depreciation. These assets consist of land, land improvements, buildings and improvements, vehicles, equipment, and construction in progress. The cumulative total of depreciable assets was \$59.3 million, with accumulated depreciation of \$43.3 million.

	Governmental		Business-Type		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 398,153	\$ 398,153	\$ -	\$ -	\$ 398,153	\$ 398,153
Land Improvements	671,348	733,768	-	-	\$ 671,348	\$ 733,768
Buildings & Improvements	13,064,464	13,802,201	-	-	\$ 13,064,464	\$ 13,802,201
Technology Equipment	109,411	179,759	-	-	\$ 109,411	\$ 179,759
Vehicles	1,654,309	1,500,618	-	-	\$ 1,654,309	\$ 1,500,618
General	500,496	593,802	611,507	322,097	\$ 1,112,003	\$ 915,899
Construction in Progress	2,664,363	833,369	-	-	\$ 2,664,363	\$ 833,369
<b>Total Capital Assets</b>	<b>\$ 19,062,544</b>	<b>\$ 18,041,670</b>	<b>\$ 611,507</b>	<b>\$ 322,097</b>	<b>\$ 19,674,051</b>	<b>\$ 18,363,767</b>

**Summary of Long-Term Debt**

At fiscal year-end, the District had \$20,179,000 in outstanding bonds, of which \$3,803,464 was designated to be paid from KSFCC funding provided by the State of Kentucky. A total of \$888,000 of the principal balance is due within one year.

**UNION COUNTY SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2025**

**General Fund- Budget Highlights**

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

The total General Fund operating revenue budgeted for fiscal year 2025 was \$25,337,389 while actual revenue received was \$26,536,773, resulting in an increase of \$1,199,384 over the final General Fund revenue budget. This difference is primarily due to "on-behalf" payments recognized as revenue under GASB 34.

Total General Fund expenditures budgeted for fiscal year 2025 were \$26,513,963, compared to actual expenditures of \$24,816,611, for a variance of \$1,697,352. This variance primarily relates to amounts budgeted for contingencies. Budgeted other financing uses were \$2,301,312. The net increase in the General Fund balance was \$5,202,703.

**District Challenges for the Future**

Union County School District remains in a stable financial position; however, the financial impact of declining enrollment and the effort to improve Average Daily Attendance (ADA) present ongoing challenges. Because the District receives funding through the SEEK formula based on these counts, increasing student presence in the classroom is a primary focus for management.

Additionally, the District faces a significant teacher and support staff shortage, a problem exacerbated by the pandemic. Market conditions and budget constraints have made staff salaries and benefits less competitive. Beyond instructional roles, the District contends with vacancies in transportation, custodial, and food service positions. Through careful financial monitoring and the utilization of grant opportunities, the District remains committed to recruiting and retaining quality staff to deliver an ever-improving education for our students.

**Report purpose and contact information**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to reflect the District's accountability for the money it receives. Questions about this report or additional financial information needed should be directed to Amy Morris, Chief Finance Officer, at 270-389-1694, by email at [amy.morris@union.kyschools.us](mailto:amy.morris@union.kyschools.us), or by mail at 4500 US Hwy 60 W, Morganfield, Kentucky.

**UNION COUNTY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2025**

	<b>GOVERNMENTAL ACTIVITIES</b>	<b>BUSINESS-TYPE ACTIVITIES</b>	<b>TOTAL</b>
<b>Assets</b>			
<b>Current Assets</b>			
Cash	\$ 15,598,765	\$ 2,875,288	\$ 18,274,033
Accounts receivable:			
Taxes	390,402	-	390,402
Accounts, net	226,566	-	226,566
Intergovernmental - state	39,530	-	39,530
Intergovernmental - federal	81,957	222,414	304,371
Miscellaneous	25,000	-	25,000
Inventory	-	36,901	36,901
Prepays	653,217	12,954	666,171
Restricted cash	24,787,401	-	24,787,401
<b>Total Current Assets</b>	<b>41,802,838</b>	<b>2,947,537</b>	<b>44,750,375</b>
<b>Noncurrent Assets</b>			
Capital assets, net of accumulated depreciation	19,062,544	611,507	19,674,051
Net OPEB asset	188,176	29,644	217,820
<b>Total Noncurrent Assets</b>	<b>19,250,720</b>	<b>641,151</b>	<b>19,891,871</b>
<b>Total Assets</b>	<b>61,053,558</b>	<b>3,588,688</b>	<b>64,642,246</b>
<b>Deferred Outflows of Resources</b>			
Deferred outflows from pension contributions	1,492,879	242,459	1,735,338
Deferred outflows from OPEB contributions	2,611,801	86,278	2,698,079
Deferred savings from refunding bonds	15,725	-	15,725
<b>Total Deferred Outflows</b>	<b>4,120,405</b>	<b>328,737</b>	<b>4,449,142</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts payable	62,265	1,020	63,285
Payable from restricted assets	776,825	-	776,825
Accrued liabilities	176,084	-	176,084
Retainage payable	97,958	-	97,958
Unearned revenue	321,892	-	321,892
Accrued interest	113,743	-	113,743
Current portion of:			
Bond obligations	888,000	-	888,000
Compensated absences	143,950	19,003	162,953
Lease liability	14,602	-	14,602
<b>Total Current Liabilities</b>	<b>2,595,319</b>	<b>20,023</b>	<b>2,615,342</b>
<b>Noncurrent Liabilities</b>			
Noncurrent portion of:			
Outstanding bonds	19,179,694	-	19,179,694
Compensated absences	582,440	14,044	596,484
Lease liability	31,619	-	31,619
Net OPEB liability	3,227,000	-	3,227,000
Net pension liability	6,499,302	1,023,952	7,523,254
<b>Total Noncurrent Liabilities</b>	<b>29,520,055</b>	<b>1,037,996</b>	<b>30,558,051</b>
<b>Total Liabilities</b>	<b>32,115,374</b>	<b>1,058,019</b>	<b>33,173,393</b>
<b>Deferred Inflows of Resources</b>			
Deferred inflows from OPEB contributions	4,516,541	340,861	4,857,402
Deferred inflows from pension contribution	1,649,299	259,844	1,909,143
<b>Total Deferred Inflows</b>	<b>6,165,840</b>	<b>600,705</b>	<b>6,766,545</b>
<b>Net Position</b>			
Net investment in capital assets	11,917,495	611,507	12,529,002
Restricted for:			
Capital outlay	23,307,812	-	23,307,812
Unrestricted	(8,332,558)	1,647,194	(6,685,364)
<b>Total Net Position</b>	<b>\$ 26,892,749</b>	<b>\$ 2,258,701</b>	<b>\$ 29,151,450</b>

The accompanying notes are an integral part of the financial statements



**UNION COUNTY SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2025**

	General Fund	Special Revenue Grant Fund	Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 15,598,765				\$ 15,598,765
Receivables:					
Taxes	390,402				390,402
Miscellaneous	102,705		\$ 123,861		226,566
Intergovernmental - State		\$ 16,000			16,000
Intergovernmental - Federal		81,957			81,957
Miscellaneous				\$ 25,000	25,000
Prepaid assets	653,217				653,217
Restricted cash		184,466	21,785,935	2,817,000	24,787,401
<b>Total assets</b>	<b>\$ 16,745,089</b>	<b>\$ 282,423</b>	<b>\$ 21,909,796</b>	<b>\$ 2,842,000</b>	<b>\$ 41,779,308</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 52,240	\$ 531		\$ 9,494	\$ 62,265
Accrued payroll and related expenses	176,084				176,084
Retainage payable			\$ 97,958	-	97,958
Due to other funds					-
Current portion of compensated absences	143,950				143,950
Unearned revenue	40,000	281,892			321,892
Payable from restricted assets			776,825		776,825
<b>Total liabilities</b>	<b>412,274</b>	<b>282,423</b>	<b>874,783</b>	<b>9,494</b>	<b>1,578,974</b>
<b>Fund Balances</b>					
Nonspendable, Prepaid assets	653,217				653,217
Restricted for:					
Capital Projects			21,035,013	2,272,799	23,307,812
Committed for:					
Compensated absences	726,390				726,390
Transportation Buses	1,200,000				1,200,000
Vocational renovations	4,000,000				4,000,000
Technology equipment	1,000,000				1,000,000
Assigned to:					
Encumbrances	224,985				224,985
District and Student activities				559,707	559,707
Unassigned					
General fund	8,528,223				8,528,223
<b>Total fund balances</b>	<b>16,332,815</b>	<b>-</b>	<b>21,035,013</b>	<b>2,632,506</b>	<b>40,200,334</b>
<b>Total liabilities and fund balances</b>	<b>\$ 16,745,089</b>	<b>\$ 282,423</b>	<b>\$ 21,909,796</b>	<b>\$ 2,842,000</b>	<b>\$ 41,779,308</b>

The accompanying notes are an integral part of the financial statements

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

Total governmental fund balance per fund financial statements. \$ 40,200,334

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. 19,062,544

Certain assets are not reported in this fund financial statement because they are not available to pay current-period expenditures, but they are reported in the statement of net position. (Deferred savings from refunding bonds \$15,725, Intergovernmental - state receivable for KSFCC portion of accrued interest \$23,530) 39,255

Certain amounts related to the net pension and OPEB liabilities are not reported in the governmental funds but are deferred in the statement on net position

Pension deferred outflows	1,492,879
OPEB deferred outflows	2,611,801
Pension deferred inflows	(1,649,299)
OPEB deferred inflows	(4,516,541)

Certain liabilities are not reported in this fund financial statement because they are not due and payable, but they are presented in the statement of net position. Long-term liabilities at year end consist of:

Bond obligations	(20,067,694)
Net pension liability	(6,499,302)
Net TRS OPEB liability	(3,227,000)
Net CERS OPEB liability	188,176
Lease liability	(46,221)
Accrued interest	(113,743)
Compensated absences	(582,440)

Net position of governmental activities \$ 26,892,749

The accompanying notes are an integral part of the financial statements

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

	General Fund	Special Revenue Grant Fund	Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
From local sources:					
Taxes:					
Property	\$ 6,321,225			\$ 614,185	\$ 6,935,410
Motor vehicle	1,166,894				1,166,894
Utility	1,468,391				1,468,391
Unmined mineral	6,392				6,392
Earnings on investments	666,186		\$ 522,185	86,520	1,274,891
Other local revenues	161,073	\$ 105,041		847,075	1,113,189
Intergovernmental - Local	127,367				127,367
Intergovernmental - State	16,310,754	1,189,784		1,055,009	18,555,527
Intergovernmental - Indirect federal		1,750,434			1,750,434
Intergovernmental - Direct federal	308,491				308,491
<b>Total revenues</b>	<u>26,536,773</u>	<u>3,045,239</u>	<u>522,185</u>	<u>2,802,789</u>	<u>32,706,986</u>
<b>Expenditures:</b>					
Current:					
Instruction	13,723,039	2,277,321		840,087	16,840,447
Support services:					
Student	2,093,232	80,322		-	2,173,554
Instruction staff	807,520	193,135		-	1,000,655
District administrative	875,120				875,120
School administrative	1,809,728				1,809,728
Business	997,460				997,460
Plant operation and maintenance	2,499,742	85,272			2,585,014
Student transportation	2,200,102	69,384			2,269,486
Food service operation		27,138			27,138
Community service activities	10,668	312,667		-	323,335
Day care operations					-
Capital outlay:					
Facilities acquisition and construction			1,793,494	-	1,793,494
Debt service:					
Principal				533,000	533,000
Interest				148,679	148,679
Bond issuance costs			105,360	-	105,360
<b>Total expenditures</b>	<u>24,816,611</u>	<u>3,045,239</u>	<u>1,898,854</u>	<u>1,521,766</u>	<u>31,282,470</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>1,720,162</u>	<u>-</u>	<u>(1,376,669)</u>	<u>1,081,023</u>	<u>1,424,516</u>
<b>Other Financing Sources (Uses)</b>					
Proceeds from bond issues				-	-
Bond issue proceeds			13,940,000	-	13,940,000
Bond issue discount			(264,940)		(264,940)
Proceeds from sale of assets	4,655			-	4,655
Transfers in	42,508	42,508		488,493	573,509
Transfers out	(42,508)	(42,508)		(488,493)	(573,509)
<b>Total other financing sources (uses)</b>	<u>4,655</u>	<u>-</u>	<u>13,675,060</u>	<u>-</u>	<u>13,679,715</u>
<b>Net change in fund balance</b>	<u>1,724,817</u>	<u>-</u>	<u>12,298,391</u>	<u>1,081,023</u>	<u>15,104,231</u>
<b>Fund balance, July 1, 2024</b>	<u>14,607,998</u>	<u>-</u>	<u>8,736,822</u>	<u>1,751,483</u>	<u>25,096,103</u>
<b>Fund balance, June 30, 2025</b>	<u>\$ 16,332,815</u>	<u>\$ -</u>	<u>\$ 21,035,013</u>	<u>\$ 2,832,506</u>	<u>\$ 40,200,334</u>

The accompanying notes are an integral part of the financial statements

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

Net change in fund balance - total governmental funds	\$	15,104,231
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which depreciation expense is less than capital outlays and disposals for the year.		1,020,874
Certain accruals do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund statements. (Change in compensated absences)		(105,527)
Bond and lease payments are recognized as expenditures of current financial resources in the fund financial statements, but are reductions of liabilities in the statement of net position.		486,779
Capitalized savings from bond refundings must be amortized over the remaining life of the bonds		(13,668)
Net effect on pension expense of the allocation of pension expense per GASB 68		818,980
Net effect on employee benefits of the allocation of OPEB expense per GASB 75		1,002,194
Proceeds for the issuance of bonds provide current financial resources and are reported in this fund financial statement, but they are presented as liabilities in the statement of net position.		(13,675,060)
Accruals of interest payments on long-term debt do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund statements. (Net of receivable for KSFCC for their share of accrued interest)		(82,940)
Change in net position of governmental activities	<u>\$</u>	<u>4,555,863</u>

The accompanying notes are an integral part of the financial statements

**UNION COUNTY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2025**

	<b>SCHOOL FOOD SERVICES</b>	<b>OTHER PROGRAM</b>	<b>TOTAL ENTERPRISE FUNDS</b>
<b>Assets:</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$ 2,109,207	\$ 566,061	\$ 2,675,268
Accounts receivable			
Accounts, net			
Intergovernmental - Indirect Federal	222,414		222,414
Inventories	36,901		36,901
Prepaid expense	12,954		12,954
<b>Total Current Assets</b>	<u>2,381,476</u>	<u>566,061</u>	<u>2,947,537</u>
<b>Noncurrent Assets:</b>			
Capital assets	990,687		990,687
Less: accumulated depreciation	(379,180)		(379,180)
<b>Net capital assets</b>	<u>611,507</u>		<u>611,507</u>
Net OPEB asset	27,365	2,279	29,644
<b>Total Noncurrent Assets</b>	<u>638,872</u>	<u>2,279</u>	<u>641,151</u>
<b>Total Assets</b>	<u>3,020,348</u>	<u>568,340</u>	<u>3,588,688</u>
<b>Deferred Outflows of Resources:</b>			
Deferred Outflows from OPEB	79,645	6,633	86,278
Deferred Outflows from CERS Contribution	212,454	30,005	242,459
<b>Total Deferred Outflows</b>	<u>292,099</u>	<u>36,638</u>	<u>328,737</u>
<b>Total Assets and Deferred Outflows</b>	<u>\$ 3,312,447</u>	<u>\$ 604,978</u>	<u>\$ 3,917,425</u>
<b>Liabilities</b>			
<b>Current Liabilities:</b>			
Accounts payable	\$ 1,020	\$ -	\$ 1,020
Current portion of compensated absences	19,003		19,003
<b>Total Current Liabilities</b>	<u>20,023</u>	<u>-</u>	<u>20,023</u>
<b>Noncurrent Liabilities:</b>			
Compensated absences	14,044		14,044
Net pension liability	945,232	78,720	1,023,952
<b>Total noncurrent liabilities</b>	<u>959,276</u>	<u>78,720</u>	<u>1,037,996</u>
<b>Total Liabilities</b>	<u>979,299</u>	<u>78,720</u>	<u>1,058,019</u>
<b>Deferred Inflows of Resources:</b>			
Deferred Inflows from OPEB Contribution	314,656	26,205	340,861
Deferred Inflows from CERS Contribution	239,868	19,976	259,844
<b>Total Deferred Inflows</b>	<u>554,524</u>	<u>46,181</u>	<u>600,705</u>
<b>Net Position:</b>			
Net investment in capital assets	611,507		611,507
Restricted			
Unrestricted	1,167,117	480,077	1,647,194
<b>Total Net Position</b>	<u>1,778,624</u>	<u>480,077</u>	<u>2,258,701</u>
<b>Total Liabilities, Deferred Inflows, and Net Position</b>	<u>\$ 3,312,447</u>	<u>\$ 604,978</u>	<u>\$ 3,917,425</u>

The accompanying notes are an integral part of the financial statements

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

	SCHOOL FOOD SERVICES	OTHER PROGRAM	TOTAL ENTERPRISE FUNDS
<b>Operating Revenues:</b>			
Lunchroom sales	\$ 55,092		\$ 55,092
Community service activities		\$ 76,955	76,955
Other operating revenues	49,584		49,584
<b>Total Operating Revenues</b>	<u>104,676</u>	<u>76,955</u>	<u>181,631</u>
<b>Operating Expenses:</b>			
Salaries and wages	515,377	108,658	624,035
Employee benefits	245,441	154,014	399,455
Professional and contract services	18,391	335	18,726
Materials and supplies	1,001,354	7,758	1,009,112
Depreciation	50,744		50,744
Other operating expenses	1,267	7,871	9,138
<b>Total Operating Expenses</b>	<u>1,832,574</u>	<u>278,636</u>	<u>2,111,210</u>
<b>Operating loss</b>	<u>(1,727,898)</u>	<u>(201,681)</u>	<u>(1,929,579)</u>
<b>Non-Operating Revenues:</b>			
Federal grants	1,874,614		1,874,614
Donated commodities	128,428		128,428
State grants	146,058	134,914	280,972
Interest income	86,850	38,883	125,733
<b>Total Non-Operating Revenues</b>	<u>2,235,950</u>	<u>173,797</u>	<u>2,409,747</u>
<b>Change in Net Position</b>	508,052	(27,884)	480,168
<b>Total Net Position - Beginning</b>	1,283,837	507,961	1,791,798
Change in accounting principle	(13,265)	-	(13,265)
<b>Total Net Position - Beginning Restated</b>	<u>1,270,572</u>	<u>507,961</u>	<u>1,778,533</u>
<b>Total Net Position - Ending</b>	<u>\$ 1,778,624</u>	<u>\$ 480,077</u>	<u>\$ 2,258,701</u>

The accompanying notes are an integral part of the financial statements

**UNION COUNTY SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>SCHOOL FOOD SERVICES</u>	<u>OTHER PROGRAM</u>	<u>ENTERPRISE FUNDS</u>
<b>Cash Flows from Operating Activities:</b>			
Cash received from lunchroom sales	\$ 58,102		\$ 58,102
Cash received from user charges and other	49,584	\$ 76,955	128,539
Cash payments to employees for services	(662,374)	(138,783)	(801,157)
Cash payments to suppliers for goods and services	(886,710)	(8,093)	(894,803)
Cash payments for other operating activities	(1,267)	(7,871)	(9,138)
<b>Net cash provided Provided (Used) for operating activities</b>	<u>(1,442,665)</u>	<u>(77,792)</u>	<u>(1,520,457)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Non-operating grants received	1,699,255	106,654	1,805,909
<b>Net cash provided for noncapital financing activities</b>	<u>1,699,255</u>	<u>106,654</u>	<u>1,805,909</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Acquisition of capital assets	(340,154)	-	(340,154)
<b>Cash Flows from Investing Activities:</b>			
Interest on investments	86,850	38,883	125,733
<b>Net increase(decrease) in cash and cash equivalents</b>	3,286	67,745	71,031
<b>Cash and cash equivalents - Beginning of the year</b>	2,105,921	498,316	2,604,237
<b>Cash and cash equivalents - End of the year</b>	<u>\$ 2,109,207</u>	<u>\$ 566,061</u>	<u>\$ 2,675,268</u>
<b>Reconciliation of Operating Loss to Net Cash Used by Operating Activities:</b>			
Operating loss	\$ (1,727,898)	\$ (201,681)	\$ (1,929,579)
<b>Adjustments to Reconcile Operating Loss to Net Cash Provided(Used) in Operating Activities:</b>			
Depreciation	50,744		50,744
Commodities used	128,428		128,428
On behalf payments recorded	134,041	28,260	162,301
<b>Changes in assets and liabilities:</b>			
Accounts receivable	3,010		3,010
Inventory	4,409		4,409
Prepaid expense	(822)		(822)
Accrued liabilities	1,020		1,020
Compensated absences	3,982		3,982
Net pension liability and deferrals	(39,579)	95,629	56,050
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ (1,442,665)</u>	<u>\$ (77,792)</u>	<u>\$ (1,520,457)</u>
<b>Schedule of noncash transactions:</b>			
Benefits paid by state of Kentucky on behalf of District	\$ 134,041	\$ 28,260	\$ 162,301
Donated commodities received from Federal Government	128,428		128,428
	<u>\$ 262,469</u>	<u>\$ 28,260</u>	<u>\$ 290,729</u>

The accompanying notes are an integral part of the financial statements

**UNION COUNTY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025**

**Note 1. Summary of Significant Accounting Policies**

**a. Reporting Entity**

The Union 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 Union County School District (District). The District receives funding from Local, State and Federal government sources and must comply with the commitment requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards as Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to develop policies which may influence operations and primary accountability for fiscal matters.

The District, for financial purposes, includes all of the funds and account groups relevant to the operation of the Union 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.

These financial statements present the District and its component units, entities for which the District entity is considered to be financially accountable. Blended component units, although legally separate entities, are in substance, part of the governmental entity's operations and so data from these units would be combined with data of the primary governmental entity. The Union County School District has one blended component unit.

**Blended Component Unit:**

**Union County School District Finance Corporation** - On April 20, 1989, the Union County, Kentucky, Board of Education resolved to authorize the establishment of the Union County School District Finance Corporation (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS Section 58.180) as an agency of the District for financing the costs of school building facilities. The Board Members of the Union County Board of Education also comprise the Corporation's Board of Directors.

**b. 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 effect of interfund activity has been substantially removed from these statements.

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

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 with a specific function or segment. Program

**UNION COUNTY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025**

**Note 1. Summary of Significant Accounting Policies, continued**

**b. Basis of Presentation, continued**

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 expense 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 financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for by using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in the fund balance.

The proprietary fund is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in retained earnings. Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the District, those revenues are primarily charges for meals provided by the various schools. All revenues not meeting this definition are reported as nonoperating revenues. The District applies all applicable FASB pronouncements in accounting and reporting for its proprietary operations.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

The District has the following funds:

**Governmental Fund Types**

- 1) The **General Fund** is the primary operating fund of the District. It accounts for financial resources used for general types of operations. This is a budgeted fund, and any unreserved fund balances are considered as resources available for use. This is a major fund of the District.
- 2) **Special Revenue Funds** account for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes.
  - a) The **Special Revenue (Grant) Fund** accounts for proceeds of federal, state and local grants that are legally restricted to disbursements for specified purposes. Unused balances are returned to the grantor at the close of specified project periods. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report. This is a major fund of the District.

**UNION COUNTY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025**

**Note 1. Summary of Significant Accounting Policies, continued**

**b. Basis of Presentation, continued**

- b) The *District Activity Fund* is used to account for funds to support co-curricular and extra-curricular activities not raised or expended by student groups.
  - c) The *School Activity Fund* is used to account for funds raised and expended by student groups to support co-curricular and extra-curricular activities. These funds are accounted for in accordance with the Uniform Program of Accounting for School Activity Funds.
- 3) *Capital Project Funds* are used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment (other than those financed by Proprietary Funds).
- a) The *Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund* receives those funds designated by the state as Capital Outlay Funds and is generally restricted for use in financing projects identified in the District's facility plan and corresponding debt service.
  - b) The *Facility Support Program (FSPK) Fund* accounts for funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the District's facility plan and corresponding debt service.
  - c) The *Construction Fund* accounts for proceeds from sales of bonds and other revenues to be used for authorized construction. This is a major fund of the District.
- 4) The *Debt Service Fund* is used to account for the accumulation of resources for, and payment of, general long-term debt, principal and interest and related costs; and for the payment of interest on general obligation notes payable, as required by Kentucky Law.

**Proprietary Fund Types**

*Enterprise Funds* are used to account for those operations that are financed and operated in a manner similar to private business or where the Board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The District has two enterprise funds: the School Food Services Fund, and the Child Care Program Fund.

- 1) The *School Food Services Fund* is used to account for school food service activities, including the National School Lunch Program, which is conducted in cooperation with the U. S. Department of Agriculture (USDA). Amounts have been recorded for in-kind contribution of commodities from the USDA. The School Food Services Fund is a major fund.
- 2) The *Child Care Program Fund* is used to account for after school programs established to provide supervised activities for children in the afternoon.

**Fiduciary Fund Types**

Fiduciary Funds account for assets held by the District in a trustee capacity (trust funds) or as an agent on behalf of others (agency funds). The District has no trust funds.

The Agency Fund is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. This fund is used to account for assets that the board holds for others in an agency capacity. The District has no Agency funds.

**UNION COUNTY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025**

**Note 1. Summary of Significant Accounting Policies, continued**

**c. Basis of Accounting**

The government-wide financial statements, as well as the proprietary fund and fiduciary fund financial statements, are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the modified accrual basis of accounting, whereby revenues are recognized when they become both measurable and available. Revenues are considered to be "available" when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Expenditures are generally recognized when the related liability is incurred.

Non-exchange transactions, in which the District received 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 specific 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.

**d. Estimates**

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

**e. Cash and Cash Equivalents/Restricted Cash/Investments**

The Board considers demand deposits, money market funds, and other investments with an original maturity of 90 days or less, to be cash equivalents. Cash is restricted in the special revenue funds per grant and other agreements, in the capital projects funds per state requirements, in debt service funds per debt agreements, and in the District Activity Fund and School Activity Fund per fund financial requirements. (See Note 2)

Cash balances of the District's funds are pooled and invested. Interest earned from investments purchased with pooled cash is allocated to the various funds based on the fund's average cash balance. Funds with negative cash balances are not charged interest.

As security for deposits of the District, any bank doing such business is required to pledge securities in an amount to exceed funds on deposit by the District. In addition, the District's accounts are insured, subject to FDIC coverage terms and limitations. (See Note 2)

**UNION COUNTY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025**

**Note 1. Summary of Significant Accounting Policies, continued**

**e. Cash and Cash Equivalents/Restricted Cash/Investments, continued**

State statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. Agencies, certain federal instruments, commercial bank's certificates of deposit, savings and loan deposits, repurchase agreements, and the Commonwealth of Kentucky Investment Pool.

The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments, which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The district does not have any investments that are measured using Level 2 or Level 3 inputs.

The District has the following recurring fair value measurement as of June 30, 2025:

- Certificates of Deposit of \$83,527 are valued using quoted market prices (Level 1 inputs), the carrying amount approximated fair value due to the short-term highly liquid nature.

**f. Allowance for Doubtful Accounts**

Student accounts receivable are stated net of an allowance for doubtful accounts. The District estimated the allowance based on its historical experience of the uncollected accounts at June 30. The allowance for doubtful accounts was \$294 at June 30, 2025.

**g. Inventories/Commodities**

Supplies and materials are charged to expenditures when purchased with the exception of the proprietary funds which record inventory using the accrual basis of accounting. Inventories are valued at cost or at the estimated fair value at the date of donation, using the first-in, first-out method. For the purposes of the statement of cash flows, federal grants received does not include non-cash commodities received in the amount of \$128,428.

**h. Capital Assets**

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital 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

**UNION COUNTY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025**

**Note 1. Summary of Significant Accounting Policies, continued**

**h. Capital Assets, continued**

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 assets or materially extend an asset's life are not.

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

<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
Rolling stock	15 years

**i. 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.

**j. Compensated Absences**

The District recognizes a liability for unpaid compensated absences arising from unpaid vacation and sick time in accordance with Governmental Accounting Standards Board (GASB) Statement No. 101. GASB 101 requires employers to accrue a liability for future vacation and sick leave benefits for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if it meets the following conditions:

- a) The leave is attributable to employees' services already rendered.
- b) The leave accumulates.
- c) The leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

The Union County School District allows employees to accumulate and carry over sick days from year to year. The amount of total days that may be carried over from year to year is unlimited. Upon retirement from the school system, employees will receive an amount up to thirty percent (30%) of the value of accumulated sick leave. Separation of employment for any reason other than retirement results in the employee forfeiting accumulated days.

**UNION COUNTY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025**

**Note 1. Summary of Significant Accounting Policies, continued**

**k. Accrued Liabilities/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 statement. Bond discounts and premiums are recorded as deferred outflows of resources (deferred savings from refunding bonds) in the government-wide financial statements and amortized on a straight-line basis over the life of the bonds.

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

**l. Net Position and Fund Balance**

District-Wide Financial Statements

When the District incurs an expense for which it may use either restricted or unrestricted net position, it uses restricted net position first unless unrestricted net position will have to be returned because they were not used. Net position on the Statement of Net Position include the following:

Net Investment in Capital Assets – The component of restricted net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unspent proceeds, that is directly attributable to the acquisition, construction or improvement of these capital assets.

Restricted for Capital Outlay – The component of net position that reports the financial resources restricted to pay for construction activities.

Restricted for Debt Service – The component of net position that reports the financial resources restricted to pay for debt service on capital related debt less current accrual of interest.

Unrestricted – The difference between the assets and liabilities that is not reported in Net Position Invested in Capital Assets, Net of Related Debt, Net Position Restricted for Capital Outlay, or Net Position Restricted for Debt Service.

Governmental Fund Financial Statements

In July 2010, the District adopted Statement of Governmental Accounting standards No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Accordingly, in the fund financial statements, governmental funds report fund balances as nonspendable, restricted, committed, assigned, or unassigned fund balance. Also, the District has established the order of assigned, committed and restricted when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Nonspendable fund balances are those amounts that cannot be spent because they are either: (1) generally, amounts that are not expected to be converted to cash, such as inventories or prepaid amounts or (2) amounts that are required to be maintained intact, such as the principal of a permanent fund. At June 30, 2025, the District had \$653,217 of prepaid assets recorded as nonspendable fund balance.

**UNION COUNTY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025**

**Note 1. Summary of Significant Accounting Policies, continued**

**I. Net Position and Fund Balance, continued**

Restricted fund balances arise when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. At June 30, 2025, the District had the following amounts restricted for capital outlay: FSPK \$1,584,374 SEEK \$688,425 and Construction \$21,035,013.

Committed fund balances are those amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, which, for the District is the Board of Education. The Board of Education must approve by majority vote the establishment (and modification or rescinding) of a fund balance commitment. The District had the following commitments at June 30, 2025: Compensated Absences \$726,390, Buses \$1,200,000, Vocational renovations \$4,000,000 and Technology equipment \$1,000,000.

Assigned fund balances are those amounts that are constrained by the government's *intent* to be used for specific purposes, but are neither restricted nor committed. The Board of Education allows program supervisors to complete purchase orders which results in the encumbrance of funds. Assigned fund balance also includes (a) all remaining amounts (except for negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed and (b) amounts in the general fund that are intended to be used for a specific purpose. At June 30, 2025, the District had \$224,985 assigned related to encumbrances and \$559,707 for District and Student Activity funds.

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

**m. Property Taxes**

Property taxes are levied annually by ordinance, usually in October on the assessed value listed as of the property January 1, for all real and personal property in the District. 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 were 69 cents per \$100 valuation for real and personal property and 55.7 cents per \$100 valuation for motor vehicles, of which 6.4 cents is for participation in Facility Support Program.

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

**n. Interfund Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and as non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for

**UNION COUNTY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025**

**Note 1. Summary of Significant Accounting Policies, continued**

**n. Interfund Activity, continued**

particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

**o. Bonds and Related Premiums, Discounts, and Issuance Costs**

In the government-wide financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premiums or discounts. Bond issuance costs are expensed when bonds are issued. In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Discounts related to debt issuance are reported as other financing uses. Issuance costs are reported as debt service expenditures.

**p. 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 CERS and TRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

**r. Deferred Outflows of Resources and Deferred Inflows of Resources**

**Deferred Outflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense) until then.

**UNION COUNTY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025**

**Note 1. Summary of Significant Accounting Policies, continued**

**r. Deferred Outflows of Resources and Deferred Inflows of Resources, continued**

Deferred outflows related to pensions and OPEB are reported in the statement of net position. A deferred outflow from pension's and OPEB's results from System contributions made subsequent to the measurement date, difference between expected and actual experience, net difference between projected and actual investment earnings on pension and OPEB plan investments, changes of assumptions, and changes in proportion and differences between employer contributions and proportionate share of contributions. This amount from System contributions made subsequent to the measurement date are deferred and will be recognized as a reduction of net pension liability and net OPEB liability in the year ending June 30, 2025. The other components of deferred outflows are deferred and will be recognized as a reduction of pension and OPEB expense over the next several years.

Deferred outflows from a bond refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

**Deferred Inflows of Resources**

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 that time.

Deferred inflows related to pensions and OPEB are reported in the statement of net position. A deferred inflow from pension's and OPEB's results from net differences between expected and actual earnings on pension and OPEB plan investments and the changes in proportions in differences between employer contributions and proportionate share of contributions. This amount is deferred and will be recognized as a reduction of pension and OPEB expense over the next several years.

**s. Encumbrance Accounting**

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of materials or services. For budgetary purposes, appropriations lapse at fiscal year-end and outstanding encumbrances at year-end are re-appropriated in the next year. An assignment of fund balance equal to outstanding encumbrances at year-end is provided for at June 30, 2025. Accordingly, no differences exist between actual results and the applicable budgetary data presented in the accompanying combined financial statements.

**t. Prepaid Expenses**

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

**UNION COUNTY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025**

**Note 1. Summary of Significant Accounting Policies, continued**

**u. New Accounting Standards implemented**

GASB Statement No. 101, *Compensated Absences*, was issued in June 2022 and is effective for fiscal years beginning after December 15, 2023. This statement's objective is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences

**Note 2. Cash and Deposits**

At June 30, 2025, the carrying amounts of the District's deposits were \$43,060,837 (excluding cash on hand \$597) and the bank balances were \$43,906,639. Of the bank balances, \$333,527 was insured by federal depository insurance, \$13,569,815 was held in investments at LPL Financial, and \$30,003,297 was covered by collateral held by the pledging bank's escrow agent in District's name.

The District's cash and cash equivalents at June 30, 2025 consisted of the following:

	<b>Bank Balance</b>	<b>Book Balance</b>
Fifth Third Bank Certificates of Deposit	41,174	41,174
Old National Bank Certificate of Deposit	2,353	2,353
LPL Financial	13,569,815	13,569,815
United Community Bank Checking	30,253,297	29,407,495
United Community Bank Certificate of Deposit	40,000	40,000
	<b>\$ 43,906,639</b>	
Restricted cash		<b>(24,787,401)</b>
Unrestricted cash and cash equivalents		<b>\$ 18,273,436</b>
Reported in the financial statement:		
Governmental funds		\$ 15,598,765
Proprietary funds		2,674,671
		<b>\$ 18,273,436</b>

Restricted cash at June 30, 2025 consists of the following:

Special Revenue	\$ 184,466
District Activity Fund	98,119
Student Activity Fund	446,082
FSPK	688,425
SEEK Fund	1,584,374
Construction Fund	21,785,935
	<b>\$ 24,787,401</b>

**UNION COUNTY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025**

**Note 3. Capital Assets**

During the year ended June 30, 2025, the following changes occurred in capital assets:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
<b>Governmental Activities:</b>				
Capital assets that are not depreciated:				
Land	\$ 398,153			\$ 398,153
Construction in progress	833,369	1,962,149	131,155	2,664,363
Total Non-depreciable Historical Cost	<u>1,231,522</u>	<u>1,962,149</u>	<u>131,155</u>	<u>3,062,516</u>
Capital assets that are depreciated:				
Land improvements	2,076,074			2,076,074
Buildings and improvements	50,144,456	332,800	115,542	50,361,714
Technology equipment	1,349,951	-	698,228	651,723
Vehicles	4,376,070	449,685	-	4,825,755
General	1,768,238	17,651	370,100	1,415,789
Total Depreciable Historical Cost	<u>59,714,789</u>	<u>800,136</u>	<u>1,183,870</u>	<u>59,331,055</u>
Less accumulated depreciation for:				
Land improvements	1,342,306	62,420		1,404,726
Buildings and improvements	36,342,255	1,065,203	110,208	37,297,250
Technology equipment	1,170,192	69,988	697,868	542,312
Vehicles	2,875,452	295,994		3,171,446
General	1,174,436	82,007	341,150	915,293
Total Accumulated Depreciation	<u>42,904,641</u>	<u>1,575,612</u>	<u>1,149,226</u>	<u>43,331,027</u>
Total Depreciable Historical Cost, Net	<u>16,810,148</u>	<u>(775,476)</u>	<u>34,644</u>	<u>16,000,028</u>
Governmental Activities: Capital Assets, Net	<u>\$ 18,041,670</u>	<u>\$ 1,186,673</u>	<u>\$ 165,799</u>	<u>\$ 19,062,544</u>
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
<b>Business-Type Activities:</b>				
Capital assets that are depreciated:				
Technology equipment	\$ 30,511	\$ -	\$ 29,036	\$ 1,475
General	740,038	340,154	90,979	989,213
Total Depreciable Historical Cost	<u>770,549</u>	<u>340,154</u>	<u>120,015</u>	<u>990,688</u>
Less accumulated depreciation for:				
Technology equipment	30,511	-	29,036	1,475
General	417,941	50,744	90,979	377,706
Total Accumulated Depreciation	<u>448,452</u>	<u>50,744</u>	<u>120,015</u>	<u>379,181</u>
Total Depreciable Historical Cost, Net	<u>\$ 322,097</u>	<u>\$ 289,410</u>	<u>\$ -</u>	<u>\$ 611,507</u>

**UNION COUNTY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025**

**Note 3. Capital Assets, continued**

Depreciation expense was charged to governmental functions as follows:

Instruction	\$	518,507
Support services:		
Student support services		29,567
Instruction staff		1,990
District administration		23,976
School administration		58,956
Business support		5,282
Plant operations and maintenance		659,518
Student transportation		277,816
Total Depreciation Expense	<u>\$</u>	<u>1,575,612</u>

**Note 4. Long-Term Debt**

**Bonded Debt Obligations**

On certain bond issues, the District has entered into "participation agreements" with the Kentucky School Facility Construction Commission (KSFCC). The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs.

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

Issue	Original Amount	Interest Rates
Issue of 2013, Refunding	2,440,000	1.00% - 2.15%
Issue of 2014	355,000	1.00% - 2.15%
Issue of 2016	1,045,000	1.00% - 3.00%
Issue of 2020	305,000	2.75% - 3.25%
Issue of 2021	5,720,000	2.00%
Issue of 2025	13,940,000	4.00% - 4.50%

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

**UNION COUNTY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025**

**Note 4. Long-Term Debt, continued**

**Bonded Debt Obligations, continued**

	District		School Facility Construction Commission		Total		Total
	Interest	Principal	Interest	Principal	Interest	Principal	
2025-26	592,328	623,139	100,713	264,861	693,041	888,000	1,581,041
2026-27	594,629	596,734	95,984	211,266	690,613	808,000	1,498,613
2027-28	574,376	616,889	90,497	217,111	664,873	834,000	1,498,873
2028-29	553,347	635,893	84,886	223,107	638,233	859,000	1,497,233
2029-30	531,666	660,699	79,077	229,301	610,743	890,000	1,500,743
2030-31	509,018	684,343	73,134	230,657	582,152	915,000	1,497,152
2031-32	485,528	708,621	67,084	242,379	552,612	951,000	1,503,612
2032-33	461,185	731,719	60,702	249,281	521,887	981,000	1,502,887
2033-34	435,913	758,524	54,075	258,476	489,988	1,017,000	1,506,988
2034-35	409,739	786,825	47,192	235,175	456,931	1,022,000	1,478,931
2035-36	382,435	810,693	41,165	242,307	423,600	1,053,000	1,476,600
2036-37	354,291	838,105	37,448	179,895	391,739	1,018,000	1,409,739
2037-38	325,138	869,344	32,616	184,656	357,754	1,054,000	1,411,754
2308-39	293,990	898,226	27,571	190,774	321,561	1,089,000	1,410,561
2039-40	261,780	927,874	22,358	197,126	284,138	1,125,000	1,409,138
2040-41	227,514	967,304	16,886	182,696	244,400	1,150,000	1,394,400
2041-42	191,727	998,200	11,898	61,800	203,625	1,060,000	1,263,625
2042-43	146,808	1,045,417	9,117	64,583	155,925	1,110,000	1,265,925
2043-44	99,764	1,092,513	6,211	67,487	105,975	1,160,000	1,265,975
2044-45	50,601	1,124,474	3,174	70,526	53,775	1,195,000	1,248,775
	<u>\$ 7,481,777</u>	<u>\$ 16,375,536</u>	<u>\$ 961,788</u>	<u>\$ 3,803,464</u>	<u>\$ 8,443,565</u>	<u>\$ 20,179,000</u>	<u>\$ 28,622,565</u>

During the year ended June 30, 2025, the following changes occurred in long-term liabilities:

	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025	Due within one year
<b>Governmental Activities:</b>					
Bonds	\$ 6,772,000	\$ 13,940,000	\$ 533,000	\$ 20,179,000	\$ 888,000
Premium (Discounts)	160,931	(264,940)	7,297	(111,306)	-
	<u>6,932,931</u>	<u>13,675,060</u>	<u>540,297</u>	<u>20,067,694</u>	<u>888,000</u>
Lease liability	-	60,823	14,602	46,221	14,602
Net pension liability	7,560,918		1,061,616	6,499,302	-
Net OPEB liability (asset)	3,483,315		444,487	3,038,828	-
Compensated absences	593,813	132,577 (A)	-	726,390	143,950
	<u>\$ 18,570,977</u>	<u>\$ 13,868,460</u>	<u>\$ 2,061,002</u>	<u>\$ 30,378,435</u>	<u>\$ 1,046,552</u>
<b>Business-Type Activities:</b>					
Net pension liability	\$ 979,981	\$ 43,971	\$ -	\$ 1,023,952	-
Net OPEB liability (asset)	(21,078)		8,566	(29,644)	-
Compensated absences	29,065	3,982 (A)		33,047	\$ 19,003
	<u>\$ 987,968</u>	<u>\$ 47,953</u>	<u>\$ 8,566</u>	<u>\$ 1,027,355</u>	<u>\$ 19,003</u>

(A) This amount represents the net addition in compensated absences, ie, days earned less days taken.

**UNION COUNTY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025**

**Note 4. Long-Term Debt, continued**

**Bonded Debt Obligations, continued**

Union County School District Finance Corporation School Building Refunding Revenue Bonds, Series 2013, dated April 1, 2013, in the amount of \$2,440,000, were issued for the purpose of refunding the outstanding Union County School District Finance Corporation School Building Refunding Revenue Bonds, Series 2006, dated April 1, 2006, maturing April 1, 2017 and thereafter. The 2006 Bonds maturing April 1, 2014 through April 1, 2016 will not be defeased and remain payable under the original terms. This refunding was undertaken to reduce total debt service payments over the next twelve years by \$147,948 and resulted in an economic gain of \$129,437. In April 2016, the in-substance debt was paid in full.

During 2014, Union County School District Finance Corporation School Building Revenue Bond, Series 2014, dated January 16, 2014 in the amount of \$355,000, was issued to finance construction of improvements at Uniontown Elementary School. The KSFCC is participating at 100% of the debt service of the bonds.

During 2016, Union County School District Finance Corporation School Building Revenue Bond, Series 2016 dated February 1, 2016 in the amount of \$1,045,000, was issued to finance HVAC improvements at Union County High, Union County Middle, Sturgis Elementary and Morganfield Elementary schools. The KSFCC is participating 100% of the debt service of the bonds.

During 2020, Union County School District Finance Corporation School Building Revenue Bonds Series 2020, dated January 16, 2020, in the amount of \$305,000 was issued to finance equipment and technology improvements to various schools. The KSFCC is participating at 100% of the debt service of the bonds.

During 2021, Union County School District Finance Corporation School Building Revenue Bonds Series 2021, dated June 8, 2021, in the amount of \$5,720,000 was issued to finance roof improvements to various schools. The KSFCC is participating at 36% of the debt service of the bonds.

During 2025, Union County School District Finance Corporation School Building Revenue Bonds Series 2025, dated May 15, 2025, in the amount of \$13,940,000 was issued to finance renovations to the vocational school. The KSFCC is participating at 7% of the debt service of the bonds.

**Note 5. Lease Liability**

The District has entered into various lease agreements with RICOH for financing the acquisitions of copiers. The RICOH lease payments are paid by the General Fund and reported as instructional. The leases are included in depreciation expense and allocated to the instructional, business support, and school administrative functions. The following is an analysis of property financed by class:

<u>RICOH Leases</u>	<u>Class of Property</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>
2024	Technology (Copiers)	\$82,869	\$33,148

**UNION COUNTY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025**

**Note 6. Defined Contribution Plans**

The District makes available various 401(k) and 403(b) defined contribution pension plans for all regular full-time and part-time employees. These Plans are administered by independent third party administrators. Employees are allowed to contribute any amount to the Plans up to the Internal Revenue Code maximum allowable amount. The District can but is not required to contribute to the Plans. In addition, the District retains authority to amend or terminate these plans. During the year ended June 30, 2025, employees of the District contributed \$93,498 to 401(k) plans and \$1,450 to 403(b) plans.

**Note 7. Deferred Compensation**

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all employees, permits them to defer a portion of their salary until future years. This deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. GASB Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, allows entities with little or no administering involvement and who do not perform the investing functions for these plans to omit plan assets and related liabilities from their financial statements. The District therefore does not show these assets and liabilities on its financial statements. The District does not contribute to these plans, and employees of the District contributed \$12,390 to these plans during the year ended June 30, 2025.

**Note 8. Pension Benefits- Teachers' Retirement System of the State of Kentucky**

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

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

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

Participants that retire before age 60 with less than 27 years of service receive reduced retirement benefits. Non-university members with an account established prior to July 1, 2002 receive monthly payments equal to two (2) percent (service prior to July 1, 1983) and two and one-half (2.5) percent (service after July 1, 1983) of their final average salaries for each year of credited service. New members (including second retirement accounts) after July 1, 2002 will receive monthly benefits equal to 2% of their final average salary for each year of service if, upon retirement, their total service less than ten years. New members after July 1, 2002 who retire with ten or more years of total service will receive monthly benefits equal to 2.5% of their final average salary for each year of service, including the first ten years. In addition, members who retire July 1, 2004 and later with more than 30 years of service will have their multiplier increased for all years over 30 from 2.5% to 3.0% to be used in their

**UNION COUNTY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025**

**Note 8. Pension Benefits- Teachers' Retirement System of the State of Kentucky, continued**

benefit calculation. Effective July 1, 2008, the System has been amended to change the benefit structure for members hired on or after that date.

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

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

Contributions- Contribution rates are established by Kentucky Revised Statutes (KRS). Non-university members are required to contribute 12.855% of their salaries to the System. The Commonwealth of Kentucky, as a non-employer contributing entity, pays matching contributions of the amount 13.105% of salaries for local school district and regional cooperative employees hired before July 1, 2008 and 14.105% for those hired after July 1, 2008 and before January 1, 2022. Non-university members who began participating on or after January 1, 2022 contribute 14.75%. If an employee leaves covered employment before accumulating five (5) years of credited service, accumulated employee pension contributions plus interest are refunded to the employee upon the member's request.

The Union County School District's total payroll for the year was \$15,728,618. The payroll for employees covered under TRS was \$11,281,905. For the year ended June 30, 2025, the Commonwealth contributed \$3,300,866 to TRS for the pension benefit of our participating employees. The District's contributions to TRS for the years ending June 30, 2025, 2024 and 2023 were \$312,187, \$300,677 and \$283,616, respectively, which represent 100% of the required contributions for those employees covered by federal programs.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions- Because the State, as a non-employer contributing entity, is required by Kentucky Revised Statutes to contribute 100% of the District's contractually required contributions, the District reports no pension liabilities, pension expenses, deferred outflows of resources, or deferred inflows of resources related to TRS.

The portion of the TRS net pension liability that was associated with the District recognized at June 30, 2025, was as follows:

District's proportionate share of the net pension liability	\$	-
State's proportionate share of the net pension liability associated with the District		46,541,082
Total	\$	46,541,082

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 net pension liability associated with the District was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At

**UNION COUNTY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025**

**Note 8. Pension Benefits- Teachers' Retirement System of the State of Kentucky, continued**

June 30, 2024, the measurement date, the State's proportion of the TRS net pension liability associated with the District was 0.2831% percent which was a decrease of .0025% from its proportion measured as of June 30, 2023 of 0.2856%

For the year ended June 30, 2025, the District recognized on-behalf pension expense and revenue of \$3,300,086 for contributions provided by the State.

Actuarial Assumptions- The total pension liability in the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases, including inflation	3.00% to 7.50%
Long-term Investment rate of return, net of pension plan investment expense & inflation	7.10%
Municipal Bond Index Rate:	
Prior Measurement Date	3.66%
Measurement Date	3.94%
Year FNP is projected to be depleted	N/A
Single Equivalent Interest Rate, net of pension plan investment expense & inflation:	
Prior Measurement Date	7.10%
Measurement Date	7.10%
Post-Retirement Benefit Increases	1.50% annually

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 in the valuation were based on the results of an actuarial experience study for the five year period ended June 30, 2020, adopted by the TRS Board on September 20, 2021.

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.

**UNION COUNTY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025**

**Note 8. Pension Benefits- Teachers' Retirement System of the State of Kentucky, continued**

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	38.0%	10.5%
Developed International Equity	15.7%	5.5%
Emerging Markets Equity	5.3%	6.1%
Fixed Income	15.0%	1.9%
High Yield Bonds	2.0%	3.8%
Other Additional Categories	8.0%	3.6%
Real Estate	7.0%	3.2%
Private Equity	7.0%	8.0%
Cash	2.0%	1.6%
<b>Total</b>	<b>100.0%</b>	

Discount Rate- The discount rate used to measure the total pension liability (TPL) 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 67. TRS assumed that Plan member contributions will be made at the current contribution rates and that employer contributions will be made at Actuarially Determined Contribution rates for all fiscal years in the future. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of Net Pension Liability to Changes in the Discount Rate—

The following presents the State's proportionate share of the net pension liability associated with the District calculated using the discount rate of 7.1% as well as what the State's proportionate share of the net pension liability associated with the District would be if it were calculated using a discount rate that is 1-percentage-point lower (6.1%) or 1-percentage-point higher (8.1%) than the current rate:

	<u>1% Decrease 6.10%</u>	<u>Current Discount Rate 7.10%</u>	<u>1% Increase 8.10%</u>
State's proportionate share of net pension liability associated with the District	60,644,020	46,541,082	34,790,648

Plan Fiduciary Net Position- Detailed information about the TRS fiduciary net position is available in the publicly available financial report.

Payable to the Pension Plan- Because the State is required by statute to contribute 100% of the District's contractually required pension contributions, the District reports no payable for such pension contributions at June 30, 2025.

**UNION COUNTY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025**

**Note 9. Other Postemployment Benefits – Teachers’ Retirement System of the State of Kentucky**

Other Postemployment Benefits (OPEB)

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

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

Medical Insurance Plan (MIP)

*Plan description* – In addition to the pension benefits described in Note 6, Kentucky Revised Statute 161.675 requires TRS to provide post-employment healthcare benefits to eligible members and dependents. The MIP is a cost-sharing multiple employer defined benefit plan with a special funding situation. Changes made to the medical plan may be made by the TRS Board of Trustees, the Kentucky Department of Employee Insurance and the General Assembly.

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

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

At June 30, 2025, the District reported a liability for its proportionate share of the collective net OPEB MIP liability and the related deferred outflows or deferred inflows.

**UNION COUNTY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025**

**Note 9. Other Postemployment Benefits – Teachers’ Retirement System of the State of Kentucky, continued**

Life Insurance Plan (LIP)

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

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

*Contributions* – In order to fund the post-retirement life insurance benefit, three hundredths of one percent (.03%) of the gross annual payroll of members is contributed by the State. Employers do not contribute to the LIP.

At June 30, 2024, the District did not report a liability for a proportionate share of the collective net OPEB LIP liability, nor any related deferred outflows or deferred inflows, because the State of Kentucky provides the OPEB LIP support directly to TRS on behalf of the District, and the District does not contribute to the LIP.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs- At June 30, 2025, the District reported a liability of \$3,227,000 for its proportionate share of the collective net MIP OPEB liability that reflected a reduction for state MIP OPEB support provided to the District. The collective net MIP OPEB liability was measured as of June 30, 2024, and the total MIP OPEB liability used to calculate the collective net MIP OPEB liability was based on a projection of the District’s long-term share of contributions to the MIP OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2024, the District’s proportion was 0.28310%, an increase of .007259% from its proportion measured as of June 30, 2023 of 0.275841%.

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

	MIP	LIP
District's proportionate share of the net OPEB liability	\$ 3,227,000	\$ -
State's proportionate share of the net OPEB liability associated with the District	2,875,000	66,000
Total	\$ 6,102,000	\$ 66,000

For the year ended June 30, 2025, the District recognized MIP OPEB expense of \$267,830 and on-behalf MIP revenue of \$267,830 for support provided by the State. For the year ended June 30, 2025, the District recognized on-behalf LIP OPEB expense of \$8,017 and revenue of \$8,017 for support provided by the State. At June 30, 2025 the District reported deferred outflows of resources and deferred inflows of resources related to the MIP OPEB from the following sources:

**UNION COUNTY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025**

**Note 9. Other Postemployment Benefits – Teachers’ Retirement System of the State of Kentucky, continued**

	MIP	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 969,000
Assumption changes	822,000	-
Net difference between projected and actual investment earnings on OPEB plan investments	-	104,000
Changes in proparation and differences between District contributions and proportionate share of contributions	930,000	1,280,000
District contributions subsequent to the measurement date	312,187	-
<b>Total</b>	<b>\$ 2,064,187</b>	<b>\$ 2,353,000</b>

Of the total amount reported as deferred outflows of resources related to the MIP OPEB, \$312,187 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net MIP OPEB liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to MIP OPEB will be recognized in the District’s MIP OPEB expense as follows:

Year ended June 30:	
2026	\$ (218,000)
2027	\$ (4,000)
2028	\$ (40,000)
2029	\$ (176,000)
2030	\$ (153,000)
Thereafter	\$ (10,000)
<b>Total</b>	<b>\$ (601,000)</b>

Actuarial assumptions – The total MIP and LIP OPEB liabilities in the June 30, 2023 actuarial valuation were determined using the following actuarial assumptions, applied to all periods included in the measurement:

**UNION COUNTY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025**

**Note 9. Other Postemployment Benefits – Teachers’ Retirement System of the State of Kentucky, continued**

Investment rate of return, net of	
OPEB plan investment expense & inflation:	
MIP	7.10%
LIP	7.10%
Salary increases, including wage inflation	3.00% to 7.50%, including inflation
Inflation Rate	2.50%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Healthcare cost trend rates,	
MIP only:	
Medical Trend	6.50% for FYE 2024 decreasing to an ultimate rate of 4.5% by FYE 2031
Medicare Part B Premiums	5.92% for FY 2024 with an ultimate rate of 4.5% by 2035
Municipal Bond Index Rate	3.94%
Discount Rate:	
MIP	7.10%
LIP	7.10%
Single Equivalent Interest Rate,	
at prior measurement date and measurement date	
MIP	7.10%
LIP	7.10%

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

The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends) used in the June 30, 2023, valuation were based on a review of recent plan experience done concurrently with the June 30, 2023 valuation.

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

**UNION COUNTY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025**

**Note 9. Other Postemployment Benefits – Teachers’ Retirement System of the State of Kentucky, continued**

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

Asset Class	Target Allocation		Long Term Expected Real Rate of Return	
	MIP	LIP	MIP	LIP
U.S. Equity	38.0%	40.0%	10.5%	5.2%
Emerging Markets Equity	5.0%	5.0%	6.1%	6.1%
Developed International Equity	15.0%	15.0%	5.5%	5.5%
Fixed Income	9.0%	21.0%	1.9%	1.9%
Real Estate	6.5%	7.0%	3.2%	3.2%
Private Equity	8.5%	5.0%	8.0%	8.0%
High Yield Bonds	8.0%	0.0%	3.8%	0.0%
Other Additional Categories	9.0%	5.0%	3.7%	4.0%
Cash (LIBOR)	1.0%	2.0%	1.6%	1.6%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>		

Discount rate- The discount rates used to measure the total MIP and LIP OPEB liabilities were 7.10% and 7.10%, respectively. 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 MIP employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liabilities.

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

	<b>1% Decrease</b> 6.10%	<b>Current Discount Rate</b> 7.10%	<b>1% Increase</b> 8.10%
Net MIP OPEB liability	4,287,000	3,227,000	2,349,000

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

**UNION COUNTY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025**

**Note 9. Other Postemployment Benefits – Teachers’ Retirement System of the State of Kentucky, continued**

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Net MIP OPEB liability	2,180,000	3,227,000	4,528,000

OPEB plans’ fiduciary net position - Detailed information about the OPEB plan’s fiduciary net position is available in the separately issued TRS financial reports.

Payable to the OPEB Plans – The District reported payables of \$0 for the outstanding amount of MIP and LIP OPEB contributions due to the Plans at June 30, 2025.

**Note 10. Pension and Other Postemployment Benefits- County Employees Retirement System**

Plan Description - Substantially, all other employees (classified personnel) are covered under the County Employees Retirement System (CERS), a cost-sharing, multiple-employer defined benefit pension / OPEB plan administered by Kentucky Retirement Systems (KRS). CERS covers members employed in positions of each participating county, city, and school board, and any additional eligible local agencies electing to participate in CERS. Kentucky Revised Statute Section 61.645 assigns the authority to establish and amend benefit provisions to the Board of Trustees of Kentucky Retirement Systems (Board). KRS issues a publicly available financial report that can be obtained at [www.kyret.ky.gov](http://www.kyret.ky.gov) or by writing to Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, Kentucky 40601 or by calling 1-502-696-8000.

Benefits Provided - CERS provides for retirement, disability, and death benefits to system members through its Pension Fund, as well as other postemployment benefits (OPEB) for hospital and medical insurance through its Insurance Fund.

Retirement benefits may be extended to beneficiaries of members under certain circumstances. Retirement benefits are determined using a formula which considers the member’s final compensation; benefit factors set by statute which vary depending upon the type / amount of service, participation date, and retirement date; and years of service. Plan members with a participation date prior to September 1, 2008 are eligible to retire with full benefits at any time with 27 or more years of service credit, or at age 65 with at least 4 years of service credit.

Plan members with a participation date on or after September 1, 2008, are eligible to retire with full benefits at age 57 if the member’s age and years of service equal 87, or at age 65 with at least 5 years of service credit.

Other postemployment benefits provided by CERS consist of prescribed contributions for whole or partial payments of required premiums to purchase hospital and medical insurance.

Contributions – State statute requires active members to contribute 5% of creditable compensation. For members participating on or after September 1, 2008, an additional 1% of creditable compensation is required. This amount is credited to the Insurance Fund and is non-refundable to the member. Employers contribute at the rate determined by the KRS Board to be necessary for the actuarial soundness of the systems, as required by KRS 61.565 and KRS 61.752.

The District’s actuarially determined contribution amounts, based on annual creditable compensation for the years ended June 30, 2025, 2024 and 2023 were \$854,520, \$927,288 and \$906,943, respectively, equal to the required contributions for each year.

**UNION COUNTY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025**

**Note 10. Pension and Other Postemployment Benefits- County Employees Retirement System, continued**

The District's actuarially determined contribution rates and contribution amounts, based on annual creditable compensation for the years ended June 30, 2025, were as follows:

	<u>Contribution Rates</u>	<u>Contributions</u>
Pension	19.71%	\$ 854,520
OPEB	0.00%	-
Total	<u>19.71%</u>	<u>\$ 854,520</u>

Liabilities (Assets), Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions and OPEB – The net pension and OPEB liabilities (assets) reported as June 30, 2025, were measured as of June 30, 2024, and the total pension and OPEB liabilities (assets) used to calculate the net pension liability and net OPEB liability (asset) were determined by an actuarial valuation as of June 30, 2023. The District's proportion of the liabilities (assets) was based on a projection of the District's long-term share of contributions to the plan relative to the projected contributions of all participating entities, actuarially determined. At the June 30, 2024, measurement date, the District's pension and OPEB proportion was 0.125798% and 0.125920%, a decrease of 0.007306% and 0.007179% from its proportion measured as of June 30, 2023, of 0.133104% and 0.133099%.

The District's pension and OPEB liability (asset) and expense as of and for the year ended June 30, 2025, were as follows:

	<u>Net Pension Liability</u>	<u>Net OPEB Liability (Asset)</u>
Proportionate Share	\$ 7,523,253	\$ (217,820)
Pension/OPEB Expense	<u>\$ 124,507</u>	<u>\$ (581,450)</u>

**UNION COUNTY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025**

**Note 10. Pension and Other Postemployment Benefits- County Employees Retirement System, continued**

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

	Pension		OPEB	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Liability experience	\$ 364,139	\$ -	\$ 120,844	\$ 1,713,815
Assumption changes		339,903	197,371	153,695
Investment experience	516,678	1,000,383	191,469	390,243
Changes in proportion and differences between District contributions and proportionate share of contributions	-	568,857	65,160	246,649
Implicit subsidy			59,045	
District contributions subsequent to the measurement date	854,520	-	-	-
<b>Total</b>	<b>\$ 1,735,337</b>	<b>\$ 1,909,143</b>	<b>\$ 633,889</b>	<b>\$ 2,504,402</b>

The \$854,520 and \$0 of deferred outflows of resources resulting from the District's pension and OPEB contributions subsequent to the measurement date will be recognized as a reduction of the net pension and OPEB liability (asset) in future years. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension and OPEB expense as follows:

Year ending June 30,	Pension	OPEB
2026	\$ (745,254)	\$ (745,079)
2027	10,668	(598,762)
2028	(185,942)	(548,981)
2029	(107,798)	(36,735)
Thereafter	-	-
	<b>\$ (1,028,326)</b>	<b>\$ (1,929,557)</b>

**UNION COUNTY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025**

**Note 10. Pension and Other Postemployment Benefits- County Employees Retirement System, continued**

Actuarial assumptions—The total pension / OPEB liabilities (assets) in the June 30, 2023 actuarial valuation were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary increases, average	3.3% - 10.3%
Investment rate of return, net of investment expense & inflation	6.25%
Healthcare cost trend rates (OPEB)	Initial trend starting at 6.20% for Pre-65, or 9.00% for Post-65, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years for Pre-65, or 12 years for Post-65

Mortality rates were based on the following assumptions and assume a margin for future mortality improvement:

Pre-retirement mortality: RP-2000 Combined Mortality Table projected with Scale BB to 2013. Male mortality rates are multiplied by 50% and female mortality rates are multiplied by 30%.

Post-retirement mortality (non-disabled): RP-2000 Combined Mortality Table projected with Scale BB to 2013-2018. Female mortality rates are set back one year.

Post-retirement mortality (disabled): RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013-2018. Male mortality rates are set back four years.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
<b>Growth</b>	<b>60.00%</b>	
Public equity	50.00%	4.15%
Private equity	10.00%	9.10%
<b>Fixed Income</b>	<b>20.00%</b>	
Core fixed income	10.00%	2.85%
Specialty credit	10.00%	3.82%
Cash	0.00%	1.70%
<b>Inflation protected</b>	<b>20.00%</b>	
Real Estate	7.00%	4.90%
Real Return	13.00%	5.35%
<b>Total</b>	<b>100.00%</b>	

**UNION COUNTY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025**

**Note 10. Pension and Other Postemployment Benefits- County Employees Retirement System, continued**

Discount Rate - The discount rates used to measure the total pension / OPEB liabilities (assets) at the measurement dates and changes since the prior year were as follows:

	<u>Pension</u>	<u>OPEB</u>
Discount rate, June 30, 2023	6.50%	5.93%
Increase(decrease)		.06%
Discount rate, June 30, 2024	6.50%	5.99%

The discount rate of 6.50% used to measure the total pension liability was based on the expected rate of return on pension plan investments. The discount rate of 5.99% used to measure the total OPEB liability was 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" as of June 30, 2024.

The projection of cash flows used to determine the discount rates is based on the assumption that each participating employer in CERS will contribute the actuarially determined contribution rate of projected compensation over the remaining 25 years (closed) amortization period of the unfunded actuarial accrued liability.

Sensitivity of the District's Proportionate Share of the Net Pension and OPEB Liabilities (Assets) to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension / OPEB liabilities (assets), as well as what the District's proportionate share of the net pension / OPEB liabilities (assets) would be if they were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>District's proportionate share</u>		
	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	5.50%	6.50%	7.50%
Net Pension Liability	9,698,703	7,523,253	5,718,204
	4.99%	5.99%	6.99%
Net OPEB Liability	294,517	(217,820)	(648,594)

**UNION COUNTY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025**

**Note 10. Pension and Other Postemployment Benefits- County Employees Retirement System, continued**

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

	<b>1% Decrease</b>	<b>Current healthcare cost trend rate</b>	<b>1% Increase</b>
	5.80%	6.80%	7.80%
District's Proportionate Share of Net OPEB Liability	(524,049)	(217,820)	138,915

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

Payables to the Pension / OPEB Plans - The District reported the following payables for the outstanding amount of pension/OPEB contributions due to CERS for the year ended June 30, 2025:

<b>Pension</b>	<b>OPEB</b>
\$ -	\$ -

**Note 11. Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District pays annual premiums for coverage to Liberty Mutual Insurance for their general liability and property insurance coverage. The District purchases unemployment insurance through the Kentucky Employers Mutual Insurance. Contributions to the Workers' Compensation Fund are based on premium rates established by such fund in conjunction with the excess insurance carrier, subject to claims experience modifications and a group discount amount. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

**Note 12. 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).

**UNION COUNTY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025**

**Note 13. Transfer of funds**

There were no interfund balances as of June 30, 2025. Interfund transfers for the year consisted of the following:

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<b><u>Nonmajor Governmental Funds:</u></b>			
FSPK	Debt Service	Debt Payments	387,406
Student Activity	District Activity Fund	District Transfer	<u>101,087</u>
Total Nonmajor governmental funds			<u>488,493</u>
General	Special Revenue Grant Fund	Match SFCC offer	42,508
Special Revenue Grant Fund	General	Flex Focus	<u>42,508</u>
Total Major governmental funds			<u>85,016</u>
Total Transfers			<u><u>\$ 573,509</u></u>

**Note 14. Contingencies**

Funding for the District's Grant Funds is provided by federal, state and local government agencies. These funds are to be used for designated purposes only. For government agency grants, if based upon the grantor's review, the funds are considered not to have been used for the intended purpose, the grantor 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 grantor's satisfaction that the funds provided are being spent as intended and the grantor's intent to continue its programs.

As shown in Note 4 above, the Kentucky School Facilities Construction Commission (KSFCC) is assisting the District with the repayment of the Bond Series 2013, 2014, 2016, 2020, 2021 and 2025. In the unlikely event the Commonwealth of Kentucky defaults on their portion of the bond series, the District is responsible to repay the amount in full. The KSFCC's portion as of June 30, 2025 was \$4,765,252.

**UNION COUNTY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025**

**Note 15. Deficit Operating/Net Position**

There are no funds of the District that currently have a deficit net position but some funds have operations that resulted in a current year deficit of revenues under expenditures and other financing uses resulting in a corresponding reduction of fund balance. The operating deficits were funded by available resources at the beginning of the year.

	Operations
District Activity Fund	\$ 29,875
Child Care Fund	\$ 27,884

**Note 16. On-behalf Payments**

The Commonwealth of Kentucky made payments on behalf of the District as follows for the year ended June 30, 2024. The amounts are included in the General Fund, Debt Service, Food Service Fund and Child Care Fund as Intergovernmental-State revenues. In the General Fund, the retirement payments are recorded as additional instruction expense and the health insurance, flexible spending plan, and life insurance payments (net of administrative fees) are allocated to the various expense functions based on a ratio of employees and technology payments are recorded as District Administration expense. In the Debt Service Fund, the payments are recorded as principal and interest payments. In the Food Service and Day Care Funds, all of the payments are recorded as additional employee benefits.

Kentucky Teachers Retirement System	\$ 3,300,866
Health insurance, flexible spending plan, life insurance, net of administrative fees	3,578,753
Technology	58,481
Debt Service	294,273
	\$ 7,232,373
Amounts Reported in:	
General Fund	\$ 6,775,799
Food Service Fund	134,041
Day Care Fund	28,260
Debt Service Fund	294,273
	\$ 7,232,373

**Note 17. Commitments**

The District had the following outstanding construction projects, as evidenced by contracts, purchase orders or BG-1 forms, as applicable, as of June 30, 2025.

Project	Total Commitment	Incurred To Date	Commitment Remaining
Vocational School Renovations	16,582,500	2,664,363	13,918,137

**UNION COUNTY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025**

**Note 18. Subsequent Events**

Management has evaluated subsequent events through December 12, 2025 the date on which the financial statements were available to be issued.

**Note 19. Change in Accounting Principle and Related Changes to Certain Beginning Balances**

During the fiscal year ended June 30, 2025, the District implemented GASB Statement No. 101, *Compensated Absences*. GASB Statement No. 101 establishes standards of accounting and financial reporting for (a) compensated absences and (b) associated salary-related payments. The District provides vacation and sick leave.

GASB 101 required retrospective application. Since the District only presents one year of financial information, the beginning net pension was adjusted to reflect the retrospective application.

	June 30, 2024 Fund Balance As Previously Reported	Change in Accounting Principle (GASB 101)	June 30, 2024 Fund Balance As Restated
<b>Government Wide</b>			
Governmental Activities	\$ 22,729,499	\$ (392,613)	\$ 22,336,886
Business-type Activities	1,791,798	(13,265)	1,778,533
Total Primary Government	<u>\$ 24,521,297</u>	<u>\$ (405,878)</u>	<u>\$ 24,115,419</u>
<b>Governmental Funds</b>			
General Fund	\$ 14,607,998	\$ -	\$ 14,607,998
Special Revenue Grant Fund	-	-	-
Construction Fund	8,736,622	-	8,736,622
Nonmajor Funds	1,751,483	-	1,751,483
Total Governmental Funds	<u>\$ 25,096,103</u>	<u>\$ -</u>	<u>\$ 25,096,103</u>
<b>Proprietary Funds</b>			
Food Service	\$ 1,283,837	\$ (13,265)	\$ 1,270,572
Child Care Program	507,961	-	507,961
Total Proprietary Funds	<u>\$ 1,791,798</u>	<u>\$ (13,265)</u>	<u>\$ 1,778,533</u>

**UNION COUNTY SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL-GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	<u>BUDGETED AMOUNTS</u>			VARIANCES WITH FINAL BUDGET
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	FAVORABLE (UNFAVORABLE)
<b>Revenues:</b>				
From local sources:				
Taxes:				
Property	\$ 6,070,000	\$ 6,070,000	\$ 6,321,225	\$ 251,225
Motor vehicle	1,025,000	1,025,000	1,166,894	141,894
Utilities	1,400,000	1,400,000	1,468,391	68,391
Unmined minerals	180,000	180,000	6,392	(173,608)
Earnings on investments	530,000	530,000	666,186	136,186
Other local revenues	103,200	103,200	161,073	57,873
Intergovernmental - Local	118,800	118,800	127,367	8,567
Intergovernmental - State	15,550,389	15,550,389	16,310,754	760,365
Intergovernmental - Federal	360,000	360,000	308,491	(51,509)
<b>Total Revenues</b>	<b>25,337,389</b>	<b>25,337,389</b>	<b>26,536,773</b>	<b>1,199,384</b>
<b>Expenditures:</b>				
Current:				
Instruction	14,349,225	14,427,434	13,723,039	704,395
Support services:				
Student	2,222,360	2,138,960	2,093,232	45,728
Instructional staff	793,354	801,131	807,520	(6,389)
District administration	1,075,240	1,022,648	875,120	147,528
School administration	1,585,068	1,610,179	1,609,728	451
Business	1,022,107	1,022,107	997,460	24,647
Plant operations and maintenance	2,985,594	2,976,352	2,499,742	476,610
Student transportation	2,467,334	2,501,471	2,200,102	301,369
Community service activities	13,681	13,681	10,668	3,013
Adult education			-	-
Capital Outlay:				
Facilities acquisition and construction				
Debt Service:				
Principal			-	-
Interest			-	-
<b>Total Expenditures</b>	<b>26,513,963</b>	<b>26,513,963</b>	<b>24,816,611</b>	<b>1,697,352</b>
<b>Excess(deficiency) of revenues over expenditures</b>	<b>(1,176,574)</b>	<b>(1,176,574)</b>	<b>1,720,162</b>	<b>2,896,736</b>
<b>Other Financing Sources (Uses):</b>				
Proceeds from sale of fixed assets			4,655	4,655
Insurance proceeds			-	-
Operating transfers in	42,508	42,508	42,508	-
Operating transfers out	(42,508)	(42,508)	(42,508)	-
Contingency	(2,301,312)	(2,301,312)		2,301,312
<b>Total Other Financing Sources (Uses)</b>	<b>(2,301,312)</b>	<b>(2,301,312)</b>	<b>4,655</b>	<b>2,305,967</b>
<b>Net Change in Fund Balance</b>	<b>(3,477,886)</b>	<b>(3,477,886)</b>	<b>1,724,817</b>	<b>5,202,703</b>
<b>Fund balance June 30, 2024</b>	<b>3,477,886</b>	<b>3,477,886</b>	<b>14,607,998</b>	<b>11,130,112</b>
<b>Fund balance June 30, 2025</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 16,332,815</b>	<b>16,332,815</b>

**UNION COUNTY SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL - SPECIAL REVENUE GRANT FUND**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	<u>BUDGETED AMOUNTS</u>			VARIANCES WITH FINAL BUDGET
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>FAVORABLE (UNFAVORABLE)</u>
<b>Revenues:</b>				
From local sources:				
Taxes:				
Property				
Motor vehicle				
Utilities				
Unmined minerals				
Earnings on investments				
Intergovernmental - State	\$ 1,197,745	\$ 1,246,745	\$ 1,189,764	\$ (56,981)
Intergovernmental - Federal	1,505,974	1,511,697	1,750,434	238,737
Revenue in lieu of taxes				
Other state revenue				
Other local revenues		81,629	105,041	23,412
<b>Total Revenues</b>	<u>2,703,719</u>	<u>2,840,071</u>	<u>3,045,239</u>	<u>205,168</u>
<b>Expenditures:</b>				
Current:				
Instruction	2,008,204	2,058,209	2,277,321	(219,112)
Support services:				
Student	78,609	80,609	80,322	287
Instructional staff	145,465	145,615	193,135	(47,520)
District administration			-	-
School administration			-	-
Business		11,169	-	11,169
Plant operations and maintenance	109,312	155,312	85,272	70,040
Student transportation	77,159	77,159	69,384	7,775
Community services	284,970	286,581	312,667	(26,086)
Day care operations			-	-
Food service operations			27,138	(27,138)
Capital Outlay:				
Facilities acquisition and construction				
Debt Service:				
Principal				
Interest				
<b>Total Expenditures</b>	<u>2,703,719</u>	<u>2,814,654</u>	<u>3,045,239</u>	<u>(230,585)</u>
<b>Excess(deficiency) of revenues over expenditures</b>	<u>0</u>	<u>25,417</u>	<u>0</u>	<u>(25,417)</u>
<b>Other Financing Sources (Uses):</b>				
Proceeds from sale of fixed assets				
Proceeds from bonds				
Operating transfers in	42,508	42,508	42,508	-
Operating transfers out	(42,508)	(42,508)	(42,508)	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>-</u>	<u>25,417</u>	<u>-</u>	<u>(25,417)</u>
<b>Fund balance July 1, 2024</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance June 30, 2025</b>	<u>\$ -</u>	<u>\$ 25,417</u>	<u>\$ -</u>	<u>\$ (25,417)</u>

**UNION COUNTY SCHOOL DISTRICT  
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
FOR BUDGETARY PROCESS  
FOR THE YEAR ENDING JUNE 30, 2025**

**Budgetary Process**

**Budgetary Basis of Accounting:** Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year-end.

As required by KRS 160.470, on or before January 31 of each year, the District commences budget preparation for the following fiscal year. Before May 30, a tentative working budget is presented to the Kentucky Department of Education. A final working budget must be prepared and adopted no later than September 30. The budget is periodically amended and adopted by the Board of Education during the fiscal year with a final budget adopted by the Board prior to June 30.

The appropriated budget is prepared by fund unit, function, program, level, object and project. The legal level of budgetary control is the fund level.

**Reconciliation between the Budgetary Basis of Accounting and GAAP**

There were no material variances between the GAAP prescribed basis of accounting for governmental funds and the budgetary basis used by the District.

**UNION COUNTY SCHOOL DISTRICT**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**TEACHERS RETIREMENT SYSTEM OF THE STATE OF KENTUCKY**

Last 10 Fiscal Years\*

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the plan total net pension liability	0.0000%	0.0000%	0.0000%	0.0000%	0.000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
District's proportionate share of the net pension liability associated with the District	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the District	<u>48,541,082</u>	<u>48,687,369</u>	<u>48,700,628</u>	<u>37,597,107</u>	<u>40,430,918</u>	<u>39,871,348</u>	<u>37,473,487</u>	<u>83,028,951</u>	<u>82,975,785</u>	<u>73,805,718</u>
<b>Total</b>	<b>\$ 48,541,082</b>	<b>\$ 48,687,369</b>	<b>\$ 48,700,628</b>	<b>\$ 37,597,107</b>	<b>\$ 40,430,918</b>	<b>\$ 39,871,348</b>	<b>\$ 37,473,487</b>	<b>\$ 83,028,951</b>	<b>\$ 82,975,785</b>	<b>\$ 73,805,718</b>
District's covered-employee payroll	\$ 11,281,905	\$ 11,343,925	\$ 11,198,331	\$ 10,748,479	\$ 10,211,116	\$ 9,762,288	\$ 9,696,483	\$ 9,403,467	\$ 10,066,380	\$ 10,203,588
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	60.36%	57.88%	56.40%	65.59%	51.30%	58.80%	58.30%	39.83%	35.22%	42.49%

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

**UNION COUNTY SCHOOL DISTRICT**  
**SCHEDULE OF PENSION CONTRIBUTIONS**  
**TEACHERS RETIREMENT SYSTEM OF THE STATE OF KENTUCKY**

Last 10 Fiscal Years\*

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's contractually required contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	-	-	-	-	-	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 11,281,805	\$ 11,343,925	\$ 11,198,331	\$ 10,749,479	\$ 10,211,116	\$ 9,762,288	\$ 9,886,483	\$ 9,403,467	\$ 10,088,380	\$ 10,203,588
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

**UNION COUNTY SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**NET PENSION LIABILITY**  
**TEACHERS RETIREMENT SYSTEM OF THE STATE OF KENTUCKY**  
**For the Year Ended June 30, 2025**

Changes of Benefit Terms

2025	None
2024	A new benefit tier was added for members joining the System on and after January 1, 2022.
2023	None
2022	None
2021	None
2020	None
2019	None
2018	None
2017	None
2016	None

Changes of Assumptions

2025	The municipal bond index rate increased from 3.66% to 3.94%
2024	The municipal bond index rate increased from 3.37% to 3.66%
2023	The municipal bond index rate increased from 2.13% to 3.37%
2022	The assumed long-term investment rate of return was changed from 7.5% to 7.1% The price inflation assumption was lowered from 3.0% to 2.5%. The calculation of SEIR results in an assumption change from 7.5% to 7.1%
2021	None
2020	The municipal bond index rate decreased from 3.89% to 3.5%. The projected salary increases increased from 3.50% - 7.20% to 3.50% - 7.30%.
2019	The municipal bond index rate increased from 3.56% to 3.89%. The discount rate increased from 4.49% to 7.50%.
2018	The municipal bond index rate increased from 3.01% to 3.56%. The single equivalent interest rate, net of pension plan investment expense, including inflation increased from 4.20% to 4.49%. The inflation rate decreased from 3.50% to 3.00%.
2017	The municipal bond index rate decreased from 3.82% to 3.01%. The discount rate decreased from 4.88% to 4.20%.
2016	None

**UNION COUNTY SCHOOL DISTRICT**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITIES**  
**TEACHERS' RETIREMENT SYSTEM OF THE STATE OF KENTUCKY**

Last 10 Fiscal Years\*

	2025	2024	2023	2022	2021	2020	2019	2018
<b>MEDICAL INSURANCE PLAN (MIP)</b>								
District's proportion of the plan total net MIP OPEB liability	0.28310%	0.27584%	0.20657%	0.15286%	0.15176%	0.15483%	0.14644%	0.16100%
District's proportionate share of the net MIP OPEB liability associated with the District	\$ 3,227,000	\$ 3,646,000	\$ 5,128,000	\$ 3,282,000	\$ 3,830,000	\$ 4,528,000	\$ 5,081,000	\$ 5,741,000
State's proportionate share of the net MIP OPEB liability associated with the District	2,875,000	3,073,000	1,685,000	2,665,000	3,068,000	3,855,000	4,379,000	4,890,000
<b>Total</b>	<b>\$ 8,102,000</b>	<b>\$ 6,719,000</b>	<b>\$ 6,813,000</b>	<b>\$ 5,947,000</b>	<b>\$ 6,898,000</b>	<b>\$ 8,181,000</b>	<b>\$ 9,460,000</b>	<b>\$ 10,431,000</b>
District's covered-employee payroll	\$ 11,281,905	\$ 11,343,925	\$ 11,196,331	\$ 10,749,479	\$ 10,211,116	\$ 9,782,288	\$ 9,696,483	\$ 9,403,467
District's proportionate share of the net MIP OPEB liability as a percentage of its covered-employee payroll	28.80%	32.14%	45.80%	30.58%	37.51%	46.36%	52.40%	61.05%
Plan fiduciary net position as a percentage of the total MIP OPEB liability	59.81%	52.97%	47.80%	51.74%	39.10%	32.60%	25.50%	21.18%
<b>LIFE INSURANCE PLAN (LIP)</b>								
District's proportion of the plan total net LIP OPEB liability	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
District's proportionate share of the net LIP OPEB liability associated with the District	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net LIP OPEB liability associated with the District	66,000	76,000	84,000	35,000	93,000	85,000	75,000	63,000
<b>Total</b>	<b>\$ 66,000</b>	<b>\$ 76,000</b>	<b>\$ 84,000</b>	<b>\$ 35,000</b>	<b>\$ 93,000</b>	<b>\$ 85,000</b>	<b>\$ 75,000</b>	<b>\$ 63,000</b>
District's covered-employee payroll	\$ 11,281,905	\$ 11,343,925	\$ 11,196,331	\$ 10,749,479	\$ 10,211,116	\$ 9,782,288	\$ 9,696,483	\$ 9,403,467
District's proportionate share of the net LIP OPEB liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total LIP OPEB liability	80.56%	76.91%	74.00%	89.18%	71.60%	73.40%	75.00%	79.99%

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

**UNION COUNTY SCHOOL DISTRICT**  
**SCHEDULE OF OPEB CONTRIBUTIONS**  
**TEACHERS' RETIREMENT SYSTEM OF THE STATE OF KENTUCKY**

Last 10 Fiscal Years\*

	2025	2024	2023	2022	2021	2020	2019
<b><u>MEDICAL INSURANCE PLAN (MIP)</u></b>							
District's contractually required contributions	\$ 312,187	\$ 300,679	\$ 283,616	\$ 536,594	\$ 458,273	\$ 268,152	\$ 260,846
District's contributions in relation to the contractually required contributions	<u>(312,187)</u>	<u>(300,679)</u>	<u>(283,616)</u>	<u>(536,594)</u>	<u>(458,273)</u>	<u>(268,152)</u>	<u>(260,846)</u>
Contribution deficiency (excess)	<u>\$ -</u>						
District's covered-employee payroll	\$ 11,281,905	\$ 11,343,925	\$ 11,196,331	\$ 10,749,479	\$ 10,211,116	\$ 9,762,288	\$ 9,696,483
Contributions as a percentage of covered-employee payroll	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
<b><u>LIFE INSURANCE PLAN (LIP)</u></b>							
District's contractually required contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's contributions in relation to the contractually required contributions	<u>-</u>						
Contribution deficiency (excess)	<u>\$ -</u>						
District's covered-employee payroll	\$ 11,281,905	\$ 11,343,925	\$ 11,196,331	\$ 10,749,479	\$ 10,211,116	\$ 9,762,288	\$ 9,696,483
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

**UNION COUNTY SCHOOL DISTRICT  
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
 NET OPEB LIABILITY  
 TEACHERS RETIREMENT SYSTEM OF THE STATE OF KENTUCKY  
 For the Year Ended June 30, 2025**

**MEDICAL INSURANCE PLAN (MIP)**

**Changes of Benefit Terms**

2025	None
2024	None
2023	None
2022	None
2021	None
2020	None
2019	None
2018	With the passage of House Bill 471, the eligibility for non-single subsidies (NSS) for the KEHP-participating members who retired prior to July 1, 2010 is restored, but the State will only finance, via its KEPH "shared responsibility" contributions, the costs of the NSS related to those KEHP-participating members who retired on or after July 1, 2010.

**Changes of Assumptions**

2025	The municipal bond index rate increased from 3.66% to 3.94%
2024	The municipal bond index rate increased from 3.37% to 3.66% The healthcare trend rates as well as the TRS 4 retirement decrements, were updated to reflect future anticipated experience
2023	The municipal bond index rate increased from 2.13% to 3.37% The healthcare trend rates were updated to reflect future anticipated experience.
2022	The assumed long-term investment rate of return was changed from 8.0% to 7.1% The price inflation assumption was lowered from 3.0% to 2.5%
2021	The municipal bond index rate decreased from 3.50% - 7.20% The projected salary increases decreased from 3.50% - 7.30% to 3.50% - 7.20%
2020	The municipal bond index rate decreased from 3.89% to 3.50%. The projected salary increases increased from 3.50% - 7.20% to 3.50% - 7.30%.
2019	The municipal bond index rate increased from 3.56% to 3.89%.
2018	None

**LIFE INSURANCE PLAN (LIP)**

**Changes of Benefit Terms**

2025	None
2024	None
2023	None
2022	None
2021	None
2020	None
2019	None
2018	None

**Changes of Assumptions**

2025	The municipal bond index rate increased from 3.66% to 3.94%
2024	The municipal bond index rate increased from 3.37% to 3.66% The TRS 4 retirement decrements, were updated to reflect future anticipated experience
2023	The municipal bond index rate increased from 2.13% to 3.37%.
2022	The assumed long-term investment rate of return was changed from 7.5% to 7.1% The price inflation assumption was lowered for 3.0% to 2.5%
2021	The municipal bond index rate decreased from 3.50% to 2.20%
2020	The municipal bond index rate decreased from 3.89% to 3.50%.
2019	The municipal bond index rate increased from 3.56% to 3.89%.
2018	None

**UNION COUNTY SCHOOL DISTRICT**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**COUNTY EMPLOYEES RETIREMENT SYSTEM**

Last 10 Fiscal Years\*

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net pension liability	0.125788%	0.133104%	0.143950%	0.136228%	0.132385%	0.138853%	0.142757%	0.144050%	0.147620%	0.154510%
District's proportionate share of the net pension liability	\$ 7,523,253	\$ 8,540,899	\$ 10,406,165	\$ 8,685,603	\$ 10,153,820	\$ 9,766,297	\$ 8,894,641	\$ 8,431,889	\$ 7,268,002	\$ 6,843,304
District's covered-employee payroll	\$ 4,368,293	\$ 4,008,820	\$ 3,893,372	\$ 4,003,484	\$ 3,492,418	\$ 3,414,708	\$ 3,516,082	\$ 3,577,327	\$ 3,521,228	\$ 3,593,955
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	172.22%	213.05%	267.28%	216.95%	290.74%	286.01%	247.28%	235.70%	206.41%	187.98%
Plan fiduciary net position as a percentage of the total pension liability	61.61%	57.48%	52.42%	57.33%	47.81%	50.45%	53.54%	53.30%	55.50%	58.97%

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

**UNION COUNTY SCHOOL DISTRICT**  
**SCHEDULE OF PENSION CONTRIBUTIONS**  
**COUNTY EMPLOYEES RETIREMENT SYSTEM**

Last 10 Fiscal Years\*

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contributions	\$ 854,520	\$ 927,228	\$ 906,943	\$ 843,393	\$ 669,876	\$ 617,596	\$ 559,520	\$ 517,997	\$ 491,211	\$ 439,159
Contributions in relation to the contractually required contributions	(854,520)	(927,228)	(906,943)	(843,393)	(669,876)	(617,596)	(559,520)	(517,997)	(491,211)	(439,159)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 4,368,293	\$ 4,008,820	\$ 3,893,372	\$ 4,003,464	\$ 3,492,418	\$ 3,414,709	\$ 3,516,082	\$ 3,577,327	\$ 3,521,226	\$ 3,533,955
Contributions as a percentage of covered-employee payroll	19.56%	23.13%	23.29%	21.17%	19.30%	18.30%	16.22%	14.48%	13.95%	12.42%

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

**UNION COUNTY SCHOOL DISTRICT**

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)  
COUNTY EMPLOYEES RETIREMENT SYSTEM**

Last 10 Fiscal Years\*

	2025	2024	2023	2022	2021	2020	2019	2018
District's proportion of the net OPEB liability	0.125920%	0.133099%	0.143937%	0.13196%	0.132346%	0.138843%	0.142757%	0.144050%
District's proportionate share of the net OPEB liability(asset)	(217,820)	(183,765)	2,840,816	2,607,406	3,195,753	2,336,959	2,534,622	2,895,898
District's covered-employee payroll	\$ 4,368,293	\$ 4,008,820	\$ 3,893,372	\$ 4,003,464	\$ 3,492,418	\$ 3,414,709	\$ 3,516,082	\$ 3,577,327
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	-4.99%	-4.58%	72.96%	65.13%	91.51%	68.44%	72.09%	80.95%
Plan fiduciary net position as a percentage of the total OPEB liability	104.69%	104.23%	60.95%	62.91%	51.67%	60.44%	57.82%	52.40%

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

**UNION COUNTY SCHOOL DISTRICT**  
**SCHEDULE OF OPEB CONTRIBUTIONS**  
**COUNTY EMPLOYEES RETIREMENT SYSTEM**

Last 10 Fiscal Years\*

	2025	2024	2023	2022	2021	2020	2019	2018
Contractually required contribution	\$ -	\$ -	\$ 131,390	\$ 230,270	\$ 165,213	\$ 152,319	\$ 181,984	\$ 168,134
Contributions in relation to the contractually required contribution	-	-	(131,390)	(230,270)	(165,213)	(152,319)	(181,984)	(168,134)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 4,388,293	\$ 4,008,820	\$ 3,893,372	\$ 4,003,484	\$ 3,492,418	\$ 3,414,709	\$ 3,516,082	\$ 3,577,327
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	3.37%	5.78%	4.73%	4.46%	5.26%	4.70%

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

**UNION COUNTY SCHOOL DISTRICT  
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
 COUNTY EMPLOYEES RETIREMENT SYSTEM  
 For the Year Ended June 30, 2025**

Changes of Benefit Terms

2025	None
2024	None
2023	None
2022	None
2021	None
2020	None
2019	None
2018	None
2017	None
2016	None

Changes of Assumptions

Pension and OPEB:

- 2021 The healthcare cost trend rates for Pre-65 changed from 7.25% to 7.00% and changed from 3.10% to 5.00% for Post-65
- 2020 The salary increases assumption was changed from 3.05% to 3.30%.
- 2019 The salary increases assumption was changed from 2.00% to 3.05%.
- 2018 The inflation rate decreased from 3.25% to 2.30%, which also resulted in a 0.95% decrease in the salary increase assumption at all years of service.  
 The investment rate of return, net of investment expense & inflation decreased from 7.50% to 6.25%.  
 The payroll growth assumption (applicable for the amortization of unfunded actuarial accrued liabilities) decreased from 4.00% to 2.00%.

OPEB:

- 2025 The discount rate used to calculate the total OPEB liability increased from 5.93% to 5.99%
- 2024 The discount rate used to calculate the total OPEB liability increased from 5.7% to 5.93%
- 2023 The single discount rate was changed from 5.2% to 5.7%  
 The Healthcare trend rates were updated to reflect future anticipated experience.
- 2022 The single discount rate was changed from 5.34% to 5.2%
- 2021 The single discount rate was changed from 5.68% to 5.34%
- 2020 The single discount rate was changed from 5.85% to 5.68%.
- 2019 The single discount rate changed from 5.84% to 5.85%.
- 2018 The single discount rate changed from 6.89% to 5.84%.
- 2017 None
- 2016 Pension:  
 The assumed investment rate of return was decreased from 7.75% to 7.50%.  
 The assumed rate of inflation was reduced from 3.50% to 3.25%  
 The assumed rate of wage inflation was reduced from 1.00% to 0.75%.  
 Payroll growth assumption was reduced from 4.50% to 4.00%.  
 The assumed rates of Retirement, Withdrawal and Disability were updated to more accurately reflect experience.

**UNION COUNTY SCHOOL DISTRICT  
COMBINING BALANCE SHEET- NONMAJOR GOVERNMENT FUNDS  
JUNE 30, 2025**

	Special Revenue District Activity Fund	School Activity Fund	FSPK Fund	SEEK Capital Outlay Fund	Debt Service Fund	Total Nonmajor Governmental Funds
<b>Assets</b>						
Cash and cash equivalents						
Miscellaneous receivable	\$ 25,000					\$ 25,000
Prepaid assets						-
Restricted cash	98,119	\$ 446,082	\$ 1,584,374	\$ 688,425	\$ -	2,817,000
<b>Total assets</b>	<b>\$ 123,119</b>	<b>\$ 446,082</b>	<b>\$ 1,584,374</b>	<b>\$ 688,425</b>	<b>\$ -</b>	<b>\$ 2,842,000</b>
<b>Liabilities and Fund Balances:</b>						
<b>Liabilities</b>						
Accounts payable		\$ 9,494				\$ 9,494
Due to other funds						-
<b>Total liabilities</b>	<b>-</b>	<b>9,494</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,494</b>
<b>Fund Balances</b>						
Restricted for:						
Capital Projects			\$ 1,584,374	\$ 688,425		\$ 2,272,799
Debt Service					\$ -	-
Assigned for encumbrances	\$ 123,119	436,588				559,707
Unassigned						-
<b>Total fund balances</b>	<b>123,119</b>	<b>436,588</b>	<b>1,584,374</b>	<b>688,425</b>	<b>-</b>	<b>2,832,506</b>
<b>Total liabilities and fund balances</b>	<b>\$ 123,119</b>	<b>\$ 446,082</b>	<b>\$ 1,584,374</b>	<b>\$ 688,425</b>	<b>\$ -</b>	<b>\$ 2,842,000</b>

**UNION COUNTY SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUE, EXPENDITURES  
AND CHANGES IN FUND BALANCES- NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2025**

	Special Revenue District Activity Fund	School Activity Fund	FSPK Fund	SEEK Capital Outlay Fund	Debt Service Fund	Total Nonmajor Governmental Funds
<b>Revenues:</b>						
From local sources:						
Taxes:						
Property			\$ 814,185			\$ 614,185
Earnings on investments		\$ 14,853	48,036	\$ 23,631		86,520
Other local revenue	\$ 2,500	844,225				846,725
Donations	350					350
Intergovernmental - State			565,850	194,886	294,273	1,055,009
<b>Total revenues</b>	<b>2,850</b>	<b>859,078</b>	<b>1,228,071</b>	<b>218,517</b>	<b>294,273</b>	<b>2,602,789</b>
<b>Expenditures:</b>						
Instruction	52,221	787,866				840,087
Student support						-
Instructional staff support						-
Community service:						-
Capital outlay:						-
Facilities acquisition and construction						-
Debt Service:						-
Principal					533,000	533,000
Interest					148,679	148,679
Bond issuance costs						-
<b>Total expenditures</b>	<b>52,221</b>	<b>787,866</b>	<b>-</b>	<b>-</b>	<b>681,679</b>	<b>1,521,766</b>
<b>Excess (deficit) of revenues over expenditures</b>	<b>(49,371)</b>	<b>71,212</b>	<b>1,228,071</b>	<b>218,517</b>	<b>(387,406)</b>	<b>1,081,023</b>
<b>Other Financing Sources (Uses)</b>						
Transfers in	101,087				387,406	488,493
Transfers out		(101,087)	(387,406)	-		(488,493)
<b>Total other financing sources (uses)</b>	<b>101,087</b>	<b>(101,087)</b>	<b>(387,406)</b>	<b>-</b>	<b>387,406</b>	<b>-</b>
<b>Excess (deficit) of revenues and other financing sources over expenditures and other financing uses</b>	<b>51,716</b>	<b>(29,875)</b>	<b>840,665</b>	<b>218,517</b>	<b>-</b>	<b>1,081,023</b>
<b>Fund balance, July 1, 2024</b>	<b>71,403</b>	<b>466,463</b>	<b>743,709</b>	<b>469,908</b>		<b>1,751,483</b>
<b>Fund balance, June 30, 2025</b>	<b>\$ 123,119</b>	<b>\$ 436,588</b>	<b>\$ 1,584,374</b>	<b>\$ 688,425</b>	<b>\$ -</b>	<b>\$ 2,832,506</b>

**UNION COUNTY SCHOOL DISTRICT  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS  
AND FUND BALANCES ALL AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2025**

<u>Activity Funds</u>	Cash Balances July 1, 2024	Receipts	Disbursements	Cash Balances June 30, 2025	Accounts Receivable June 30, 2025	Accounts Payable June 30, 2025	Fund Balances June 30, 2025
Union County High School	\$ 310,962	\$ 587,643	\$ 613,946	\$ 284,659	\$ -	\$ 7,008	\$ 277,651
Union County Middle School	91,459	93,607	98,511	86,555	-	-	86,555
Sturgis Elementary School	46,187	65,685	70,290	41,582	-	2,486	39,096
Uniontown Elementary School	15,555	50,050	56,396	9,209	-	-	9,209
Morganfield Elementary School	19,439	62,109	57,471	24,077	-	-	24,077
	<u>\$ 483,602</u>	<u>\$ 859,094</u>	<u>\$ 896,614</u>	<u>\$ 446,082</u>	<u>\$ -</u>	<u>\$ 9,494</u>	<u>\$ 436,588</u>

The Activity Funds cash balances at June 30, 2025 consisted of the following:

Cash and cash equivalents	\$ 362,555
Certificates of deposit	83,527
	<u>\$ 446,082</u>

**UNION COUNTY SCHOOL DISTRICT**  
**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND FUND BALANCES**  
**HIGH SCHOOL ACTIVITY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	Cash Balances July 1, 2024	Receipts	Disbursements	Transfers In	Transfers Out	Cash Balances June 30, 2025	Accounts Receivable June 30, 2025	Accounts Payable June 30, 2025	Fund Balances June 30, 2025
General Fund	\$ 339	\$ 1,836	\$ 1,045	\$ -	\$ 866	\$ 264	\$ -	\$ -	\$ 264
Drink Machine	290	100	-	15	-	405	-	-	405
Student Reward Money/PBIS	1,694	-	1,006	25	-	713	-	-	713
Start Up Cash	-	4,909	4,950	41	-	-	-	-	-
Interest	303	9,913	-	-	10,204	12	-	-	12
Faculty/Staff Flower	59	100	-	6	-	165	-	-	165
Guidance	-	7	-	-	7	-	-	-	-
Guidance Testing	6,189	4,318	5,407	229	-	5,329	-	-	5,329
Staff/Preschool	167	-	-	7	-	174	-	-	174
Art Club	36	-	-	-	-	36	-	-	36
Beta	147	5,116	4,395	32	-	900	-	150	750
Book Club	39	18	-	2	-	59	-	-	59
F.B.L.A.	351	8,113	8,557	93	-	-	-	-	-
F.E.A.	1,221	908	1,435	26	-	720	-	-	720
F.F.A.	23,337	43,702	53,430	465	-	14,074	-	70	14,004
Foreign Language	334	-	-	12	-	346	-	-	346
Gamers Guild	148	-	-	5	-	153	-	-	153
HOSA	7,534	10,129	14,170	130	-	3,623	-	-	3,623
Leadership	132	1,830	1,761	7	-	208	-	-	208
National Honor Society	271	795	689	14	-	391	-	-	391
NTHS	23	-	-	-	-	23	-	-	23
PEP	8,757	-	-	326	-	9,083	-	-	9,083
VICA(Skills USA)	10	-	190	210	-	30	-	-	30
SOAP	738	2,125	1,192	62	-	1,733	-	-	1,733
Health Service	1,741	-	225	56	-	1,572	-	-	1,572
Performing Arts	93	3,108	1,647	58	-	1,612	-	74	1,538
Art Studio	1,635	-	-	61	-	1,696	-	-	1,696
Gifted & Talented	193	-	-	7	-	200	-	-	200
Links YSC	4,453	14,220	5,121	413	-	13,965	-	-	13,965
Project Graduation	4,909	18,175	19,237	143	-	3,990	-	-	3,990
Teenpower	38	-	-	-	-	38	-	-	38
FCA	168	320	-	18	-	506	-	-	506
Interact	8	1,700	1,567	57	-	198	-	-	198
JAG	-	2,239	660	59	-	1,638	-	-	1,638
MSD	743	7,434	7,861	115	-	431	-	-	431
2027 GRAD	191	-	-	7	-	198	-	-	198
2028 GRAD	412	-	123	-	279	10	-	-	10
2026 GRAD	-	11,466	10,183	48	-	1,331	-	-	1,331
2025 GRAD	2,244	270	2,411	4	-	107	-	-	107
Athletics General	90,532	103,132	93,714	-	31,555	68,395	-	-	68,395
Football Boosters	17,462	66,987	67,328	-	489	16,632	-	1,300	15,332
Boys Basketball Boosters	10,991	39,360	31,471	481	-	19,361	-	1,086	18,275
Girls Basketball Boosters	1,188	12,725	10,862	114	-	3,165	-	-	3,165
Cross Country Boosters	1,522	2,660	3,548	24	-	658	-	-	658
Baseball Boosters	17,412	22,164	32,977	246	-	6,845	-	-	6,845
Softball Boosters	7,572	14,235	17,226	171	-	4,752	-	-	4,752
Girls Soccer Boosters	10,921	3,045	3,858	376	-	10,484	-	-	10,484
Boys Soccer Boosters	3,113	-	-	116	-	3,229	-	-	3,229
Golf Boosters	886	10,300	8,230	898	-	3,854	-	-	3,854
Tennis Boosters	1,169	2,046	2,464	28	-	779	-	-	779
Volleyball Boosters	2,354	12,405	12,930	68	-	1,897	-	-	1,897
Cheer Boosters	2,183	38,183	34,199	1,578	-	7,745	-	4,328	3,417
Dance Boosters	4,178	9,462	11,740	71	-	1,971	-	-	1,971

**UNION COUNTY SCHOOL DISTRICT  
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND FUND BALANCES  
HIGH SCHOOL ACTIVITY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2025**

	Cash Balances July 1, 2024	Receipts	Disbursements	Transfers In	Transfers Out	Cash Balances June 30, 2025	Accounts Receivable June 30, 2025	Accounts Payable June 30, 2025	Fund Balances June 30, 2025
Track Boosters	492	10,344	6,469	163	-	4,530	-	-	4,530
Archery Boosters	6,867	19,236	20,086	6	-	6,023	-	-	6,023
Bass Fishing Boosters	7,633	8,374	9,019	260	-	7,248	-	-	7,248
Girls Wrestling Booster	5,012	5,653	10,327	13	-	351	-	-	351
Golf Athletic	20	-	20	-	-	-	-	-	-
Softball Athletic	-	-	474	500	-	26	-	-	26
Boys Soccer Athletic	40	-	-	-	-	40	-	-	40
Volleyball Athletics	4	-	430	503	-	77	-	-	77
Football Athletic	175	-	8,425	8,250	-	-	-	-	-
Girls Soccer Athletic	6	-	478	500	-	28	-	-	28
Wrestling Athletic	-	2,100	3,007	1,003	-	96	-	-	96
Cheer Athletic	96	-	717	755	-	134	-	-	134
Boys Basketball Athletic	42	-	1,042	1,000	-	-	-	-	-
Girls Basketball Athletic	-	-	563	1,016	-	453	-	-	453
Cross Country Athletic	-	-	728	750	-	22	-	-	22
Tennis Athletic	-	-	750	750	-	-	-	-	-
Baseball Athletic	8	-	508	500	-	-	-	-	-
Track Athletic	-	-	746	750	-	4	-	-	4
Dance Athletics	265	-	-	269	-	534	-	-	534
Archery Athletics	75	-	325	250	-	-	-	-	-
Girls Wrestling Athletic	2	-	1,502	1,500	-	-	-	-	-
Cheer Bus	15	425	440	-	-	-	-	-	-
Girls Soccer Bus	-	360	314	-	-	46	-	-	46
Golf Bus	234	150	234	6	-	156	-	-	156
Boys Basketball Bus	25	-	23	-	-	2	-	-	2
Baseball Bus	26	825	851	-	-	-	-	-	-
Tennis Bus	-	180	178	-	-	2	-	-	2
Dance Bus	531	-	474	2	-	59	-	-	59
Archery Bus	23	700	723	-	-	-	-	-	-
Band Boosters	102	24,635	20,415	161	-	4,483	-	-	4,483
Chorus	3	-	-	-	-	3	-	-	3
Trim Fees	965	18,716	-	-	19,494	187	-	-	187
Tech Classes	270	3,073	20	-	3,323	-	-	-	-
Library District Transfer	-	220	-	-	220	-	-	-	-
Cap and Gown	409	-	-	15	-	424	-	-	424
DAF	-	-	38,051	38,051	-	-	-	-	-
Yearbook	16	1,331	2,298	961	-	10	-	-	10
Anderson Farms Scholarship	1,156	-	-	43	-	1,199	-	-	1,199
Coleman & Hazel Brinkley	257	250	500	-	-	7	-	-	7
Greenwell Scholarship	70	-	-	3	-	73	-	-	73
Payton Mcelroy Scholarship	2,320	-	-	86	-	2,406	-	-	2,406
Alumni Scholarship	391	-	-	15	-	406	-	-	406
Terry Goodwin Scholarship	4,449	-	-	166	-	4,615	-	-	4,615
Meg Gatten Scholarship	18,290	1,500	6,000	513	-	14,303	-	-	14,303
Alumni Scholarship CD	2,751	-	-	102	-	2,853	-	-	2,853
Douglas Hines Scholarship	2,284	-	-	85	-	2,369	-	-	2,369
Kyle Brantley CD (2 CDs)	4,389	-	-	163	-	4,552	-	-	4,552
Sam Greenwell CD	10,819	-	-	403	-	11,222	-	-	11,222
Gaming Account	-	16	-	-	-	16	-	-	16
<b>Totals</b>	<b>\$ 310,962</b>	<b>\$ 587,643</b>	<b>\$ 613,946</b>	<b>\$ 66,437</b>	<b>\$ 66,437</b>	<b>\$ 284,659</b>	<b>\$ -</b>	<b>\$ 7,008</b>	<b>\$ 277,651</b>

**UNION COUNTY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2025**

<u>Federal Grantor/ Pass Through Grantor/ Program Title</u>	<u>Assistance Listing Number</u>	<u>Additional Award Identification</u>	<u>Pass-through Number</u>	<u>Federal Expenditures</u>
<b><u>U.S. Department of Education</u></b>				
Passed through Commonwealth of Kentucky Department of Education:				
Title I Grants to Local Education Agencies	84.010		3100002-22	\$ 13,058
Title I Grants to Local Education Agencies	84.010		3100002-23	277,413
Title I Grants to Local Education Agencies	84.010		3100002-24	254,673
Total Title I				<u>545,144</u>
Special Education Cluster:				
Special Education-Grants to States	84.027		3810002-22	3,243
Special Education-Grants to States	84.027		3810002-23	604,159
Special Education-Grants to States	84.027		3810002-24	131,449
				<u>738,851</u>
Special Education-Preschool Grants	84.173		3800002-23	10,973
Special Education-Preschool Grants	84.173		3800002-24	60,366
				<u>71,339</u>
Total Special Education Cluster				<u>810,190</u>
School and Program Improvement	84.358		3140002-24	82,316
				<u>82,316</u>
Improving Teacher Quality State Grants	84.367		3230002-22	250
Improving Teacher Quality State Grants	84.367		3230002-23	21,804
Improving Teacher Quality State Grants	84.367		3230002-24	70,461
				<u>92,515</u>
Education Stabilization Funds:				
Elementary and Secondary School Emergency Relief Fund- ARP-HCY	84.425	Covid 19, 84.425W	4980002-21	72,016
FY 21 Elementary and Secondary School Emergency Relief Fund II	84.425	Covid 19, 84.425U	4980002-21	1,983
FY 21 Elementary and Secondary School Emergency Relief Fund II	84.425	Covid 19, 84.425U	4300005-21	78
FY 21 Elementary and Secondary School Emergency Relief Fund II	84.425	Covid 19, 84.425U	563J	24,911
Elementary and Secondary School Emergency Relief Fund	84.425	Covid 19, 84.425D	4300005-21	9,434
Governor's Emergency Education Relief Fund	84.425	Covid 19, 84.425C	564GF	942
Total Education Stabilization Funds				<u>109,364</u>
Race to the Top & Title IV	84.424		3420002-22	15,763
Race to the Top & Title IV	84.424		3420002-23	23,038
Race to the Top & Title IV	84.424		3420002-24	9,745
				<u>48,546</u>
Vocational Education Basic Grants to State	84.048		3710002-23	2,236
Vocational Education Basic Grants to State	84.048		3710002-24	29,065
				<u>31,301</u>
Total US Department of Education, passed through Kentucky Department of Education				<u>1,698,376</u>
<b><u>U.S. Department of Health &amp; Human Services</u></b>				
Passed through Kentucky Department of Education:				
CARES - Child Care Development Fund	93.575	ARP PreK	562KP	1,420
				<u>1,420</u>
Total US Department of Health & Human Services, passed through Kentucky Department of Education				<u>1,420</u>

**UNION COUNTY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued  
FOR THE YEAR ENDED JUNE 30, 2025**

Federal Grantor/ Pass Through Grantor/ Program Title	Assistance Listing Number	Pass-through Number	Federal Expenditures
<b>U.S. Department of Agriculture</b>			
Passed through Kentucky Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	7760005 24	83,587
School Breakfast Program	10.553	7760005 25	314,179
			387,746
National School Lunch Program			
Cash Assistance	10.555	7750002 24	225,583
Cash Assistance	10.555	9980000-23	
Cash Assistance	10.555	7750002 25	836,981
			1,062,544
Noncash Assistance - Commodities (Note C)			
	10.555	Fund 51	128,428
			128,428
Summer Food Service Program for Children			
Summer Food Service Program for Children	10.559	7690004 24	2,134
Summer Food Service Program for Children	10.559	7740003 24	246,584
			248,718
Fresh Fruit and Vegetable Program			
Fresh Fruit and Vegetable Program	10.582	7720012-24	6,032
Fresh Fruit and Vegetable Program	10.582	7720012-25	58,871
			62,903
Total Child Nutrition Cluster			1,900,339
State Admin Child Nutrition -Warehouse	10.580	7700001-24	2,703
Equipment Assistance Grant	10.579	7840007-23	100,000
Farm to School	10.575	23K	49,638
Total U.S. Department of Agriculture			2,052,680
Total Federal Expenditures			\$ 3,753,476

**Note A: Basis of Presentation:**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Union County School District under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

Because this Schedule presents only a selected portion of the operations of the Union 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: Summary of Significant Accounting Policies:**

- (1) Expenditures reported on this 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.
- (2) The Union County School District has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**Note C: Commodities:**

Noncash assistance is reported in the Schedule at the fair market value of the USDA food commodities received and disbursed.

**Note D: Medicaid Reimbursements:**

Although reported in the financial statements as direct federal revenue, medicaid reimbursements(\$308,491) are not considered expenditures of federal awards for the purposes of the schedule.

**Note E: Subrecipients:**

There were no awards passed through to subrecipients.

**Note F: Reconciliation of the Schedule of Expenditures of Federal Awards to the Financial Statements**

Federal Awards presented in the financial statements, by Fund:	
Special Revenue Fund 2 - Indirect Federal	1,750,434
Proprietary fund (food service)	2,003,042
Federal awards presented in the financial statements	\$ 3,753,476
Total federal awards reported in the Schedule of Expenditures of Federal Awards	\$ 3,753,476

CERTIFIED PUBLIC ACCOUNTANTS

44 Union Street, Madisonville, KY 42431 Tel.: 270-825-4578 F: 270-821-3521

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*

State Committee for School District Audits  
Members of the Board of Education  
Union County School District  
Morganfield, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the audit requirements prescribed by the *Kentucky Public School Districts' Audit Contract and Requirements* prescribed by the Kentucky State Committee for School District Audits, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Union County School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 12, 2025.

**Report on Internal Control over Financial Reporting**

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

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

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

**Report on Compliance and Other Matters**

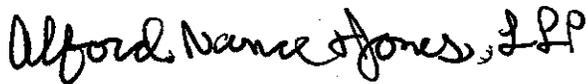
As part of obtaining reasonable assurance about whether the Union County School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an

objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.



Alford, Nance & Jones, LLP

Madisonville, Kentucky

December 12, 2025

CERTIFIED PUBLIC ACCOUNTANTS

44 Union Street, Madisonville, KY 42431 Tel.: 270-825-4578 F: 270-821-3521

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

State Committee for School District Audits  
Members of the Board of Education  
Union County School District  
Morganfield, Kentucky

**Report on Compliance for Each Major Federal Program**

**Opinion on Each Major Federal Program**

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

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

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 Union County School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Union County School District's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

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

## ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Union County School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, 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 judgement made by a reasonable user of the report on compliance about Union County School District's compliance with the requirements of each major federal program as a whole.

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

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

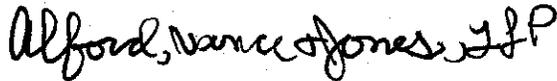
## **Report on Internal Control Over Compliance**

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



Alford, Nance & Jones, LLP  
Madisonville, Kentucky  
December 12, 2025

**UNION COUNTY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2025**

**A. Summary of Audit Results**

1. The auditor's report expresses an unmodified opinion on whether the financial statements of the Union County School District were prepared in accordance with GAAP.
2. No significant deficiencies relating to the audit of the financial statements is reported in the Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of Union County School District were disclosed during the audit.
4. There were no significant deficiencies in internal control disclosed during the audit of the major federal award programs as reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance. No material weaknesses are reported.
5. The auditor's report on compliance for the major federal award programs for the Union County School District expresses an unmodified opinion on all major federal programs.
6. There were no audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a).
7. The programs tested as major programs included:
 

Child Nutrition Cluster:	
- National School Breakfast	10.553
- National School Lunch	10.555
- Summer Food Service	10.559
- Fresh Fruit and Vegetables	10.582
Special Education Cluster:	
-Grants to States	84.027
-Preschool Grants	84.173
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Union County Board of Education was determined to be a low risk auditee.

**B. Findings-Financial Statements Audit**

None Reported

**C. Findings and Questioned Costs - Major Federal Award Programs Audit**

None Reported

**D. Schedule of Prior Audit Findings**

**Relative to Financial Statements**

None Reported

**Relative to Major Federal Awards**

None Reported

CERTIFIED PUBLIC ACCOUNTANTS

44 Union Street, Madisonville, KY 42431 Tel.: 270-825-4578 F: 270-821-3521

Kentucky State Committee for School District Audits  
Members of the Board of Education  
Union County School District  
Morganfield, Kentucky

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

However, during our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. A separate report dated December 12, 2025 contains our report on significant deficiencies and material weaknesses, if any, in the District's internal controls. This letter does not affect our report dated December 12, 2025 on the financial statements of the Union County School District.

We appreciate the opportunity to bring these comments to your attention. We have already discussed many of these comments and suggestions with various District personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

*Alford, Nance & Jones, LLP*

Alford, Nance & Jones, LLP  
Madisonville, KY  
December 12, 2025

## **CURRENT YEAR MANAGEMENT LETTER POINTS**

### **School Activity Funds:**

#### **Required Forms/Procedures**

*Finding:* We noted instances where it appeared that Red Book forms were either not completed, were completed improperly, and/or required procedures were not followed.

*Criteria:* *Criteria:* The "Red Book" and KDE guidelines. KDE "Red Book" requires the use of specific procedures or forms (or reasonable facsimiles) for certain activities such as the (1) Ticket Requisition Form, (2) Inventory Control Worksheet, (3) Fundraiser Summary and/or Approval, and (4) Standard Invoice.

#### **Cause and Effect:**

##### **FORMS**

- Ticket Requisition Form: We noted an instance where the ticket requisition form was not used for purposes set by Red Book. (UCHS, UCMS)
- Inventory Control Worksheet: We noted instances where the inventory control worksheet was not filled out properly or was not filled out at all. (UCHS)
- Fundraiser Summary and/or Approval: We noted instances where the worksheet and/or approval were not used properly for the school fundraisers. (UCMS, UES)
- Standard Invoice: We noted instance of the Standard Invoice not used when payment was made to independent contractor from school activity funds. (UCMS)

##### **PROCEDURES**

- We noticed instances of inappropriate expenditures from Activity Funds. (UCHS, UCMS)
- We noticed instances of checks containing only one signature. (UCHS, UCMS)

*Recommendation:* We recommend that the principal and secretary at each school review the "Red Book" and comply with its requirements regarding the use of these forms and procedures.

*Response:* The District Finance Officer met individually with school principals and bookkeepers to review each finding and discuss the proper use of forms and procedures. The District Finance Officer will continue to educate and train principals and school bookkeepers on the appropriate forms and procedures. In addition to the training provided by the District, school bookkeepers will attend Redbook training. The findings noted above were also reviewed with the appropriate sponsors of the groups involved, and the proper use of forms and procedures was reviewed and discussed.

## **PRIOR YEAR MANAGEMENT LETTER POINTS**

### **School Activity Funds:**

#### **Required Forms/Procedures**

*Finding:* We noted instances where it appeared that Red Book forms were either not completed, were completed improperly, and/or required procedures were not followed.

*Criteria:* The "Red Book" and KDE guidelines. KDE "Red Book" requires the use of specific procedures or forms (or reasonable facsimiles) for certain activities such as the (1) Multiple Receipt Form, (2) Ticket Requisition Form, (3) Donation Acknowledgment Form, (4), Inventory Control Worksheet, (5) Sale from

Concessions (F-SA-17), (6) Fundraiser Summary and/or Approval, (7) Transfer Forms, (8) Credit/Procurement Card Sign In/Out, and (9) External Support/Booster Organization Budget Worksheet.

Cause and Effect:

FORMS

- Multiple Receipt Form: We noted instances where the multiple receipt form was not filled out or used properly by Red Book standards. (UCHS)
- Ticket Requisition Form: We noted an instance where the ticket requisition form was not used for purposes set by Red Book. (UCMS)
- Donation Acknowledgement: We noted instances where the donation acknowledgment form was not filled out for donations over the \$250 amount. (UCHS)
- Inventory Control Worksheet: We noted instances where the inventory control worksheet was not filled out properly or was not filled out at all. (UCMS, UES)
- Sale from Concessions (F-SA-17): We noted instances where the sale of concessions form was not used. (UCMS)
- Fundraiser Summary and/or Approval: We noted instances where the worksheet and/or approval were not used properly for the school fundraisers. (UCHS, UES)
- Transfers: Noticed an instance where a transfer form was not used. (UCHS, UES)
- Credit/Procurement Card Sign In/Out: We noted several instances where the credit card was not signed out before use. (UCHS)
- External Support/Booster Organization Budget Worksheet: We noted an instance where the booster organization did not provide their budget to the principal within the required time frame. (UCHS)

PROCEDURES

- We noticed instances of inappropriate expenditures from Activity Funds. (UCHS, UCMS)
- We noticed instances of money being held overnight by teachers, (UCHS, UES)
- We noticed instances of checks containing only one signature. (UCHS)
- We noticed an instance of an activity fund ending the fiscal year with a negative balance. (UCHS)

Recommendation: We recommend that the principal and secretary at each school review the "Red Book" and comply with its requirements regarding the use of these forms and procedures.

Response: The District Finance Officer met individually with school principals and bookkeepers to review each finding and discussed proper use of forms and procedures. The District Finance Officer will work to educate and train principals and school bookkeepers on the use of appropriate forms and procedures. In addition to training conducted by the District, school bookkeepers will attend Redbook training.

FYE 6/30/25: Some findings were repeated in current year.