

**ERLANGER-ELSMERE INDEPENDENT
SCHOOL DISTRICT**

**BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2025
with
REPORT OF INDEPENDENT AUDITORS**

TABLE OF CONTENTS

Independent Auditor's Report	1
Management's Discussion and Analysis	4
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	8
Statement of Activities	9
Fund Financial Statements	
Balance Sheet – Governmental Funds	10
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	11
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	12
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Statement of Activities	13
Statement of Net Position – Proprietary Funds	14
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	15
Statement of Cash Flows – Proprietary Funds	16
Notes to the Basic Financial Statements	17
Required Supplementary Information	
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	48
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Special Revenue Fund	49
Notes to Required Supplementary Information – Budget and Actual – General Fund and Special Revenue Fund	50
Schedule of the District's Proportionate Share of Net Pension Liability (Asset) – County Employees Retirement System	51

Schedule of District Contributions – County Employees Retirement System.....	52
Notes to Required Supplementary Information – County Employees Retirement System – Pension Fund.....	53
Schedule of the District's Proportionate Share of Net OPEB Liability (Asset) – County Employees Retirement System – Medical Insurance Plan	54
Schedule of District Contributions – County Employees Retirement System – Medical Insurance Plan.....	55
Notes to Required Supplementary Information – County Employees Retirement System – Insurance Fund.....	56
Schedule of the State's Proportionate Share of Net Pension Liability (Asset) – Kentucky Teachers' Retirement System	57
Schedule of State Contributions – Kentucky Teachers' Retirement System.....	58
Notes to Required Supplementary Information – Kentucky Teachers' Retirement System	59
Schedule of the District's Proportionate Share of Net OPEB Liability (Asset) – Kentucky Teachers' Retirement System – Medical Insurance Plan.....	60
Schedule of District's Contributions – Kentucky Teachers' Retirement System – Medical Insurance Plan.....	61
Notes to Required Supplementary Information – Kentucky Teachers' Retirement System – Medical Insurance Fund	62
Schedule of the State's Proportionate Share of Net OPEB Liability (Asset) – Kentucky Teachers' Retirement System – Life Insurance Plan	63
Schedule of State Contributions – Kentucky Teachers' Retirement System – Life Insurance Plan	64
Notes to Required Supplementary Information – Kentucky Teachers' Retirement System – Life Insurance Fund	65

Other Supplementary Information

Combining Balance Sheet – Non-major Governmental Funds	67
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-major Governmental Funds	68
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – Elementary and Middle School Activity Funds	69
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – High School Activity Funds	70
Schedule of Expenditures of Federal Awards	72
Notes to the Schedule of Expenditures of Federal Awards.....	74

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	75
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by Uniform Guidance	77
Schedule of Findings and Questioned Costs – Major Programs	81
Schedule of Prior Year Audit Findings	83
Independent Auditors' Transmittal Letter for Management Letter Comments	85
Management Letter Comments	86



Cloyd & Associates, PSC

Certified Public Accountants

and

Business Advisors

INDEPENDENT AUDITOR'S REPORT

Kentucky State Committee for
School District Audits
Members of the Board of Education
Erlanger-Elsmere Independent School District
Erlanger, Kentucky

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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



Auditors' Responsibilities for the Audit of the Financial Statement

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

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

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report, dated December 4, 2025, on our consideration of District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Cloyd & Associates, PSC

Cloyd & Associates, PSC
London, Kentucky
December 4, 2025

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2025

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

This Management Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, issued June 1999; GASB Statement No. 37, Basic Financial Statement - and Management Discussion and Analysis - for State and Local Governments: Omnibus, an amendment to GASB Statements No. 21 and No. 34, issued in June 2001; and in GASB Statement No. 38, Certain Financial Statement Note Disclosures, issued in 2001. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

- The beginning general fund cash balance for the District was \$8,754,488 and the ending balance is \$11,273,417.
- A concerted effort, focused on purchasing in the areas of supplies, food, and travel, resulted in several economies due to changed management strategies and current economic conditions.
- Fiscal year 2025 capital asset additions totaled \$9,533,812, primarily related to various construction projects.
- The District's on-behalf payments from the state were \$8,764,137 in revenues and expenditures in fiscal year 2025, compared to \$7,895,955 in fiscal year 2024.
- The District salaries (\$19,848,013 FY 2025 vs \$20,263,504 FY 2024) decreased approximately 2.06%, or \$415,491 in 2025.
- The General Fund had \$31,115,006 in revenue, which primarily consisted of state program monies (SEEK), and local property, utility and motor vehicle taxes. Excluding interfund transfers, there was \$30,516,460 in General Fund expenditures for the fiscal year.
- Bonds are issued as the District renovates facilities consistent with long-range facilities plan that is established with community input and in keeping with Kentucky Department of Education's (KDE) stringent compliance regulations. The District repaid long-term bond debt of \$1,240,000 during fiscal year 2025.
- State law requires Districts to update a priority list of construction and renovation needs, called a local facilities plan. The document guides the allocation of School Facilities Construction Commission dollars. The current District Facilities Plan was last updated in fiscal year 2024.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

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

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

The government-wide financial statements outline functions of the District that are primarily supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, operation and maintenance of plant, student transportation, and operation of non-instructional services. Fixed asset acquisitions and related debt are also supported by taxes and intergovernmental revenues. The government-wide financial statements can be found on the table of contents of this report.

Fund financial statement. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. There is a state mandated uniform system and chart of accounts for all Kentucky public school districts utilizing the MUNIS administrative software. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental, proprietary, and fiduciary funds.

Fiduciary funds are trust funds established by benefactors to aid in student education, welfare and teacher support. The proprietary funds are our food service. All other activities of the District are included in the governmental funds. The basic governmental fund financial statements can be found on the table of contents of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The financial statements can be found on the table of contents of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by approximately \$21.2 million as of June 30, 2025.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets and the depreciation of capital assets. The table below provides a summary of the District's net position for 2025 compared to 2024.

Net Position for the period ending June 30, 2025

Fiscal year 2025 government-wide net position compared to 2024 is as follows:

	2025	2024
Current and other assets	\$ 15,409,694	\$ 17,612,922
Capital assets	36,125,542	33,528,204
Total Assets	<u>\$ 51,535,236</u>	<u>\$ 51,141,126</u>
Deferred outflow of resources	\$ 5,378,730	\$ 6,886,635
Current liabilities	\$ 1,870,201	\$ 2,870,229
Noncurrent liabilities	27,108,362	26,281,619
Total Liabilities	<u>\$ 28,978,563</u>	<u>\$ 29,151,848</u>
Deferred inflow of resources	\$ 6,758,614	\$ 8,652,094
Net investment in capital assets	\$ 24,009,766	\$ 17,863,823
Restricted net position	1,681,354	2,723,053
Unrestricted net position	(4,514,331)	(363,057)
Total Net Position	<u>\$ 21,176,789</u>	<u>\$ 20,223,819</u>

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2025

A large portion of the District's net position reflects its net investment in capital assets (e.g. land and improvements, buildings and improvements, vehicles, furniture and equipment and construction in progress). The District uses these capital assets to provide services to its students; consequently, the assets are not available for future spending.

Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted category of the District's net position represents resources that are subject to external restrictions on how they may be used. Restricted assets are mostly composed of remaining funds held for grant funding and construction purposes.

Net position increased by \$952,970 during the year ended June 30, 2025.

The following table presents a summary of revenue and expense for the fiscal years ended June 30, 2025 and 2024:

	2025	2024
Revenues and other financing sources		
Local revenue sources	\$ 16,438,386	\$ 16,410,107
State revenue sources	19,029,837	17,687,958
Federal revenue	3,369,926	6,506,528
Total revenue	38,838,149	40,604,593
Expenditures and other financing uses		
Instruction	22,386,553	21,829,047
Student support services	2,018,323	2,200,731
Instructional support	1,912,573	2,151,786
District administration	2,720,144	2,610,232
School administration	1,965,167	1,867,813
Business operations	420,563	440,932
Plant operation and maintenance	1,903,367	2,210,517
Student transportation	502,984	531,992
Community services	1,309,928	2,041,597
Facilities acquisition	4,256,944	3,589,431
Debt service	1,667,843	1,831,731
Total expenditures	41,064,389	41,305,809
Excess revenues (expenditures)	(2,226,240)	(701,216)
Other financing sources (uses)		
Proceeds from sale of fixed assets	252	3,223
Transfers in	4,151,046	5,617,908
Transfers out	(4,073,723)	(5,557,315)
Total other financing sources (uses)	77,575	63,816
Net change in fund balance	\$ (2,148,665)	\$ (637,400)

On-behalf payments are included in the above amounts. On-behalf, as defined by the KDE, are payments the state makes on behalf of employees to the various agencies for health and life insurance, retirement, and administration fees.

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

General Fund Revenue

The majority of the revenues were derived from local taxes and state funding, about 39% and 48% respectively.

General Fund Budget Allocation

Site Based Decision Making Councils expended approximately 6% for regular instruction of the general fund budget. The remaining budget was expended primarily for support services.

School Support

School Support Services accounts for approximately 10% of the school level expenditures; this includes School Administration and Student Instructional support.

Central Support

Central support services expenditures account for approximately 13% of the General Fund budget, and consists of transportation, maintenance & operations, central office administrative functions and debt service.

General Fund Budgetary Highlights

- The General Fund had \$31,115,006 in revenue, which primarily consisted of state program monies (SEEK), and local property, utility and motor vehicle taxes. Excluding interfund transfers, there was \$30,516,460 in General Fund expenditures for the fiscal year.
- General fund budget compared to actual revenue varied slightly from line item to line item excluding on-behalf payments, with the ending balance being about \$528,565 over budget (favorable variance). The balance of revenues favorable variance is due to state revenues that result from on-behalf payments and collection of delinquent property taxes, property tax and interest income increases that were not budgeted for fiscal year 2025.
- Overall, expenditures had a \$1,850,326 favorable variance including the effect of not budgeting the state on-behalf expenditures.

Budgetary Implications

In Kentucky, the public-school fiscal year is July 1 – June 30. Some federal grants operate on a different fiscal calendar, but those are reflected in the district's overall budget. By law, the budget must have a minimum 2% contingency. The district adopted a budget with \$2,350,000 in contingency (7%).

Contacting the District's Financial Management

Questions regarding this report should be directed to the Superintendent, (859)727-2009 or to the Director of Finance (859) 727-2009 or by mail at 500 Graves Avenue, Erlanger, KY 41018.

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 12,332,004	\$ 1,950,026	\$ 14,282,030
Accounts receivable:			
Taxes	69,581	-	69,581
Other	514,636	2,532	517,168
Prepaid expenditures	3,243	-	3,243
Inventories	-	37,875	37,875
Right-of-use lease asset, net of amortization	261,038	-	261,038
Net OPEB asset - CERS	200,271	38,488	238,759
Capital Assets, net			
Nondepreciable	7,057,710	-	7,057,710
Depreciable	28,718,678	349,154	29,067,832
Total assets	49,157,161	2,378,075	51,535,236
DEFERRED OUTFLOW OF RESOURCES			
Deferred outflows from refunding bonds	100,503	-	100,503
Deferred outflows - CERS OPEB	544,199	104,584	648,783
Deferred outflows - KTRS OPEB	2,653,428	-	2,653,428
Deferred outflows - PENSION	1,657,482	318,534	1,976,016
	4,955,612	423,118	5,378,730
Total assets and deferred outflows of resources	\$ 54,112,773	\$ 2,801,193	\$ 56,913,966
LIABILITIES			
Accounts payable	\$ 57,742	\$ -	\$ 57,742
Accrued expenses	109,748	-	109,748
Advances from grantors	226,971	-	226,971
Current maturities of bond obligations	1,270,000	-	1,270,000
Current portion of compensated absences	20,109	-	20,109
Current portion of lease liability	33,743	-	33,743
Interest payable	151,888	-	151,888
Net OPEB liability - KTRS	4,347,000	-	4,347,000
Net pension liability - CERS	6,918,340	1,329,561	8,247,901
Lease liability, right-of-use asset	167,385	-	167,385
Noncurrent maturities of lease liabilities	114,978	-	114,978
Noncurrent maturities of bond obligations, net	11,095,000	-	11,095,000
Noncurrent portion of compensated absences	3,136,098	-	3,136,098
Total liabilities	27,649,002	1,329,561	28,978,563
DEFERRED INFLOW OF RESOURCES			
Deferred inflows - CERS OPEB	2,153,262	413,812	2,567,074
Deferred inflows - KTRS OPEB	2,640,000	-	2,640,000
Deferred inflows - PENSION	1,301,432	250,108	1,551,540
Total deferred inflow of resources	6,094,694	663,920	6,758,614
Total Liabilities and deferred inflows of resources	33,743,696	1,993,481	35,737,177
NET POSITION			
Net investment in capital assets	23,660,612	349,154	24,009,766
Restricted for:			
Capital expenditures	770,713	-	770,713
Other	452,083	458,558	910,641
Unrestricted	(4,514,331)	-	(4,514,331)
Total net position	20,369,077	807,712	21,176,789
Total liabilities and net position	\$ 54,112,773	\$ 2,801,193	\$ 56,913,966

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges	Operating	Capital	Governmental Activities	Business- Type Activities	Total
		for Services	Grants and Contributions	Grants and Contributions			
Governmental activities							
Instruction	\$ 22,015,657	\$ -	\$ 7,768,282	\$ -	\$ (14,247,375)	\$ -	\$ (14,247,375)
Student	2,043,063	-	720,900	-	(1,322,163)	-	(1,322,163)
Instructional support	1,912,573	-	674,856	-	(1,237,717)	-	(1,237,717)
District administration	2,720,144	-	959,810	-	(1,760,334)	-	(1,760,334)
School administration	2,007,207	-	708,248	-	(1,298,959)	-	(1,298,959)
Business support	420,563	-	148,397	-	(272,166)	-	(272,166)
Plant operations and maintenance	2,071,512	-	730,938	-	(1,340,574)	-	(1,340,574)
Student transportation	533,220	-	188,148	-	(345,072)	-	(345,072)
Community services	1,315,658	-	464,234	-	(851,424)	-	(851,424)
Interest on long-term debt	199,536	-	-	1,467,460	1,267,924	-	1,267,924
Total governmental activities	35,239,133	-	12,363,813	1,467,460	(21,407,860)	-	(21,407,860)
Business-type activities							
Food service	2,452,382	139,009	2,663,302	-	-	349,929	349,929
Total business-type activities	2,452,382	139,009	2,663,302	-	-	349,929	349,929
Total primary government	\$ 37,691,515	\$ 139,009	\$ 15,027,115	\$ 1,467,460	(21,407,860)	349,929	(21,057,931)
General revenues							
Taxes:							
Property				13,048,824	-	13,048,824	
Motor vehicle				878,473	-	878,473	
Utility				1,121,186	-	1,121,186	
Earnings on investments				670,736	40,285	711,021	
State grants				8,568,490	-	8,568,490	
Other local amounts				719,167	-	719,167	
Gain/(loss) on disposal of assets				252	-	252	
Transfers				77,324	(77,324)	-	
Total general revenues				25,084,452	(37,039)	25,047,413	
Change in net position				3,676,592	312,890	3,989,482	
Restated net position July 1, 2024				16,692,485	494,822	17,187,307	
Net position as of June 30, 2025				\$ 20,369,077	\$ 807,712	\$ 21,176,789	

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

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2025

	General Fund	Special Revenue Funds	Construction Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 11,273,417	\$ -	\$ 770,713	\$ 287,874	\$ 12,332,004
Cash-gaming	-	-	-	-	-
Accounts receivable:					
Taxes	69,581	-	-	-	69,581
Other	-	514,636	-	-	514,636
Interfund receivable	284,943	-	-	-	284,943
Prepaid expenditures	3,243	-	-	-	3,243
Total assets	\$ 11,631,184	\$ 514,636	\$ 770,713	\$ 287,874	\$ 13,204,407
LIABILITIES AND FUND BALANCES					
Liabilities					
Interfund payable	\$ -	\$ 284,943	\$ -	\$ -	\$ 284,943
Accounts payable	55,020	2,722	-	-	57,742
Accrued expenses	129,857	-	-	-	129,857
Advance tuition paid	-	-	-	-	-
Advances from grantors	-	226,971	-	-	226,971
Total liabilities	184,877	514,636	-	-	699,513
Fund balances					
Nonspendable	3,243	-	-	-	3,243
Restricted	164,209	-	770,713	287,874	1,222,796
Assigned	35,450	-	-	-	35,450
Unassigned	11,243,405	-	-	-	11,243,405
Total fund balances	11,446,307	-	770,713	287,874	12,504,894
Total liabilities and fund balances	\$ 11,631,184	\$ 514,636	\$ 770,713	\$ 287,874	\$ 13,204,407

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET POSITION
JUNE 30, 2025

Total fund balances - governmental funds	\$ 12,504,894
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.	35,776,388
Deferred outflows of resources are not recorded in the government fund financials because they do not affect current resources but are recorded in the statement of net position.	4,955,612
Bonds payable are not reported in the governmental fund balance sheet because they are not due and payable in the current period, but they are presented in the statement of net position.	(12,365,000)
Leases payable and lease liability, right-of-use assets are not reported in the governmental fund balance sheet because they are not due and payable in the current period, but they are presented in the statement of net position.	(55,068)
The long term portion of compensated absences is not reported in the governmental fund balance sheet because it is not due and payable in the current period, but it is presented in the statement of net position.	(3,136,098)
Net OPEB obligation is not reported in the governmental fund balance sheet because it is not due and payable in the current period, but it is presented in the statement of net position.	(4,146,729)
Net pension obligation is not reported in the governmental fund balance sheet because it is not due and payable in the current period, but it is presented in the statement of net position.	(6,918,340)
Deferred inflows of resources are not recorded in the government fund financials because they do not affect current resources but are recorded in the statement of net position.	(6,094,694)
Interest payable is not reported in the governmental fund balance sheet because it is not due and payable in the current period, but it is presented in the statement of net position.	<u>(151,888)</u>
Total net position - governmental activities	<u>\$ 20,369,077</u>

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

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

	General Fund	Special Revenue Funds	Construction Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
From local sources					
Taxes					
Property	\$ 11,466,056	\$ -	\$ -	\$ 1,582,768	\$ 13,048,824
Motor vehicle	878,473	-	-	-	878,473
Utility	1,121,186	-	-	-	1,121,186
Other	158,233	-	-	-	158,233
Tuition	-	-	-	-	-
Transportation fees	-	-	-	-	-
Earnings on investments	654,802	-	15,934	-	670,736
Student activities	-	-	-	-	-
Student fees	-	-	-	-	-
Other local	136,157	6,906	-	417,871	560,934
Intergovernmental - State					
SEEK	8,568,490	-	-	-	8,568,490
Other	7,920,094	1,073,793	-	1,467,460	10,461,347
Intergovernmental - Federal	211,515	3,158,411	-	-	3,369,926
Total revenues	31,115,006	4,239,110	15,934	3,468,099	38,838,149
Expenditures					
Instruction	19,524,888	2,520,793	-	340,872	22,386,553
Student	1,698,577	319,746	-	-	2,018,323
Instructional support	1,828,710	62,834	-	21,029	1,912,573
District administration	2,720,144	-	-	-	2,720,144
School administration	1,965,167	-	-	-	1,965,167
Business support	420,563	-	-	-	420,563
Plant operations and maintenance	1,803,369	100,000	-	-	1,903,369
Student transportation	476,835	-	-	26,148	502,983
Community services	30,560	1,279,368	-	-	1,309,928
Site improvement	-	-	4,256,944	-	4,256,944
Debt service	47,648	-	-	1,620,195	1,667,843
Total expenditures	30,516,461	4,282,741	4,256,944	2,008,244	41,064,390
Excess (deficit) of revenues over (under) expenditures	598,545	(43,631)	(4,241,010)	1,459,855	(2,226,241)
Other financing sources (uses)					
Gain on sale of asset	252	-	-	-	252
Transfers in	85,003	225,517	2,800,849	1,039,677	4,151,046
Transfers out	(1,422,126)	(181,886)	-	(2,469,710)	(4,073,722)
Total other financing sources (uses)	(1,336,871)	43,631	2,800,849	(1,430,033)	77,576
Net change in fund balance	(738,326)	-	(1,440,161)	29,822	(2,148,665)
Fund balance as of June 30, 2024	12,184,633	-	2,210,874	258,052	14,653,559
Fund balance as of June 30, 2025	\$ 11,446,307	\$ -	\$ 770,713	\$ 287,874	\$ 12,504,894

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

Net change in total fund balances - governmental funds	\$ (2,148,665)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital outlays are reported as expenditures in the governmental fund financial statements because they use current financial resources, but they are treated as assets in the statement of net position and depreciated over their estimated economic lives. The difference is the amount by which capital outlay exceeds depreciation expense for the year.	2,931,984
Amortization of deferred outflows or resources is not recognized in the governmental fund financial statements, but is a component of interest in the Statement of Activities.	(5,670)
Bond, lease, and right-of-use lease payments are recognized as expenditures of current financial resources in the governmental fund financial statements, but are reductions of liabilities in the Statement of Net Position.	1,280,051
Calculated pension and OPEB expense is not recognized on the governmental fund financial statements, but is recognized as an expense on the Statement of Activities. while pension contributions are deferred on the Statement of Net Position	1,339,475
Compensated absences is recognized by the amount earned in the statement of activities, but the governmental fund financial statements only recognize the obligations anticipated to be retired from existing financial resources.	51,110
Interest payments are recognized as expenditures of financial resources in the governmental fund financial statements, but are expensed as incurred in the Statement of Activities.	<u>228,307</u>
Change in net position - governmental activities	<u>\$ 3,676,592</u>

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2025

	Food Service Fund
ASSETS	
Current assets	
Cash and cash equivalents	\$ 1,950,026
Inventories	37,875
Accounts Receivable	2,532
Total current assets	<u>1,990,433</u>
Noncurrent assets	
Net OPEB asset	38,488
Capital assets	1,660,976
Less accumulated depreciation	<u>(1,311,822)</u>
Total noncurrent assets	<u>387,642</u>
Total assets	<u>2,378,075</u>
Deferred outflow of resources	
Deferred outflows OPEB	104,584
Deferred outflows pension	318,534
Total deferred outflows of resources	<u>423,118</u>
Total assets and deferred outflows	<u>\$ 2,801,193</u>
LIABILITIES	
Current liabilities	
Accounts payable	\$ -
Total current liabilities	<u>-</u>
Noncurrent liabilities	
Net pension liability	1,329,561
Total noncurrent liabilities	<u>1,329,561</u>
Total liabilities	<u>1,329,561</u>
Deferred inflow of resources	
Deferred inflows - OPEB	413,812
Deferred inflows - Pension	250,108
Total deferred inflows of resources	<u>663,920</u>
NET POSITION	
Net investment in capital assets	349,154
Restricted for:	
Other	458,558
Unrestricted	<u>-</u>
Total net position	<u>807,712</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 2,801,193</u>

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

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUNDS****YEAR ENDED JUNE 30, 2025**

	<u>Food Service Fund</u>
Operating revenues	
Lunchroom sales	\$ 139,009
Total operating revenues	<u>139,009</u>
Operating expenses	
Salaries and wages	716,893
Employee benefits	26,908
On-behalf	363,386
Materials and supplies	1,286,583
Depreciation	<u>58,612</u>
Total operating expenses	<u>2,452,382</u>
Operating loss	<u>(2,313,373)</u>
Nonoperating revenues (expenses)	
Federal grants	2,153,697
State grants	377,244
Donated commodities	132,361
Interest income	<u>40,285</u>
Total nonoperating revenues/(expenses)	<u>2,703,587</u>
Income before contributions, transfers and special items	<u>390,214</u>
Transfers out	<u>(77,324)</u>
Change in net position	312,890
Net position as of June 30, 2024	<u>494,822</u>
Net position as of June 30, 2025	<u>\$ 807,712</u>

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2025

	Food Service Fund
Cash flows from operating activities	
Cash received from:	
Lunchroom sales	\$ 187,552
Cash paid to/for:	
Employees	(1,271,982)
Supplies	(1,160,471)
Net cash used in operating activities	(2,244,901)
Cash flows from non-capital financing activities	
Grants received	2,530,941
Net cash used in non-capital financing activities	2,530,941
Cash flows from capital and related financing activities	
Purchase of capital assets	(21,657)
Net cash used in capital and related financing activities	(21,657)
Cash flows from investing activities	
Operating transfers	(77,324)
Interest income	40,285
Net cash provided from investing activities	(37,039)
Net increase in cash and cash equivalents	227,344
Cash and cash equivalents as of June 30, 2024	1,722,682
Cash and cash equivalents as of June 30, 2025	\$ 1,950,026
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income/ (loss)	\$ (2,313,373)
Adjustments to reconcile change in net position to net cash used in operating activities:	
(Increase) decrease in accounts receivable	48,543
Increase (decrease) in accounts payable	(6,574)
Net change in pension and OPEB expense	(164,795)
(Increase) decrease in inventory	325
Donated commodities	132,361
Depreciation	58,612
Net cash used in operating activities	\$ (2,244,901)
Schedule of non-cash transactions:	
Depreciation	\$ 58,612
Donated commodities	132,361
Total non-cash transactions	\$ 190,973

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

1. REPORTING ENTITY

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

The District, for financial purposes, includes all of the funds and activities relevant to the operation of the Erlanger-Elsmere Independent Board of Education. The basic financial statements presented herein do not include funds of groups and organizations, which, although associated with the school system, have not originated within the Board itself such as Band Boosters, Parent-Teacher Associations, etc. Such funds or groups have been considered as prospective component units under GASB Statement Number 39, *Determining Whether Certain Organizations Are Component Units*, and have been determined to have insignificant assets, liabilities, equity, revenue and expenditures to be considered component units. In addition, the Board has the ability to exert little control over the fiscal activities of the funds or groups.

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

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

Erlanger-Elsmere Independent School District Finance Corporation – In a prior year, the Erlanger-Elsmere Independent Board of Education resolved to authorize the establishment of the Erlanger-Elsmere Independent School District Finance Corporation (a non-profit, non-stock, public and charitable corporation pursuant to Section 162.385 of the School Bond Act and Chapter 273 and Section 58.180 of the Kentucky Revised Statutes (the "Corporation") to act as an agency for the District for financing the costs of school building facilities. The members of the Board also comprise the Corporation's Board of Directors.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The following is a summary of the basis of presentation:

Government-wide Financial Statements - The statement of net position and the statement of revenues, expenses, and changes in net position display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the District that are governmental, which normally are supported by tax revenues, and those that are considered business-type activities, which rely significantly on fees and charges for support.

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

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the 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 to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

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

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

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

The District has the following funds:

I. Government Fund Types

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

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

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

I. Government Fund Types - continued

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

The District Activity Fund is a special revenue fund that accounts for district co-curricular activity fund revenues and expenditures that are not raised and expended by student groups.

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment (other than those financed by Proprietary Funds). The Capital Projects Funds account for revenue and expenditures from three sources:

1. The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund receives those funds designated by the state as Capital Outlay Funds and is restricted for use in financing projects identified in the District's facility plan.
2. The Facility Support Program of Kentucky (FSPK) accounts for funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the District's facility plan.
3. The Construction Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction and/or remodeling. This is a major fund of the District.

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

II. Proprietary Fund Types (Enterprise Funds)

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

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

Basis of Accounting

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

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

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

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

Unearned Revenue/Advances from Grantors - Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue. The District reports unearned revenue on its statement of net position and governmental funds balance sheet. In both the government-wide and governmental fund statements, grants that are intended to finance future periods are reported as unearned revenue. In subsequent periods, the liability for unearned revenue is removed from the statement of net position and governmental funds balance sheet and revenue is recognized.

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

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

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

Property Taxes

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

The property tax rates (including exemptions) assessed for the year ended June 30, 2025, to finance the General Fund operations were \$.945 per \$100 valuation for real property, \$.945 per \$100 valuation for business personal property, and \$.671 per \$100 valuation for motor vehicles.

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

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

The District also levies a utility gross receipts license tax in the amount of 4% of the gross receipts derived from the furnishings, within the county, of cablevision services

Prepaid Assets

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

Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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

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

Right-of-Use Assets

The District has recorded right of use lease assets as a result of implementing GASB 87, *Leases*, which established standards for leases that were previously classified as operating leases. The right of use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right of use assets are amortized on a straight-line basis over the life of the related lease.

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

Interfund Receivables and Payables

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

Compensated Absences

Compensated absences consist of unpaid accumulated annual sick leave and vacation.

Sick leave eligibility and accumulation is specified in individual employment contracts. Upon retirement, employees may contractually receive a payment based on unused accumulated sick leave. District employees are granted vacation in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken within varying time periods.

Consistent with GASB Statement 101, *Accounting for Compensated Absences*, the liability has been calculated using the more than likely than not to be used as leave or settled at separation method and an accrual for that liability is in the Government-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year end.

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

Bonds and Related Premiums, Discounts, and Issuance Costs

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

In 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. Premiums received on debt issuance are also reported as other financing sources. Discounts related to debt issuance are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Budgetary Process

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

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

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

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

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

Cash and Cash Equivalents

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

Receivables

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

Inventories

On government-wide and governmental fund financial statements inventories of supplies and materials are stated at cost and are expensed when used.

The school food service fund inventory consists of food and supplies.

The food service fund inventory is stated at cost and uses the specific identification method; the general fund inventory is stated at cost and uses the first-in, first-out method.

Accrued Liabilities and Long-Term Obligations

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

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

Fund Balances

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

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

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

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

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

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

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

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

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

Encumbrances

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end, and outstanding encumbrances at year-end are appropriated in the next year. Encumbrances are considered a managerial assignment of fund balance at June 30, 2025, in the governmental funds balance sheet.

Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The District typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a future project.

Operating and Non-Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, those revenues are primarily charges for meals provided by the various schools. Non-operating revenues are not generated directly from the primary activity of the proprietary funds. For the School District, those revenues come in the form of grants (federal and state) and earnings from investments.

Contributions of Capital

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

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

Interfund Activity

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

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

Estimates

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

Deferred Inflows and Deferred Outflows of Resources

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

Pensions and Other Post-employment Benefits

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

Other Post-employment Benefits (OPEB)

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

3. DEPOSITS AND INVESTMENTS

Deposits

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

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED JUNE 30, 2025

3. DEPOSITS AND INVESTMENTS-CONTINUED

	<u>Bank Balance</u>	<u>Book Balance</u>
Heritage Bank	\$ 13,269,904	\$ 11,979,971
Truist Bank	<u>2,302,059</u>	<u>2,302,059</u>
	<u>\$ 15,571,963</u>	<u>\$ 14,282,030</u>

Breakdown per financial statements is as follows:

Governmental funds	\$ 12,332,004
Proprietary funds	<u>1,950,026</u>
	<u>\$ 14,282,030</u>

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

Custodial Credit Risk

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

Investments

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

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

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED JUNE 30, 2025

5. CAPITAL ASSETS

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

	June 30, 2024			June 30, 2025
	Balance	Additions	Retirements	Balance
Governmental Activities				
Land & land improvements	\$ 2,255,042	\$ -	\$ -	\$ 2,255,042
Buildings	43,927,317	4,506,727	-	48,434,044
Technology equipment	2,709,818	8,345	-	2,718,163
Vehicles and machinery	1,489,437	66,695	-	1,556,132
General equipment	1,106,308	695,100	-	1,801,408
Construction work in progress	7,308,585	4,256,945	5,173,352	6,392,178
Total historical cost	58,796,507	9,533,812	5,173,352	63,156,967
Less accumulated depreciation	25,952,104	1,428,475	-	27,380,579
Governmental capital assets, net	<u>\$ 32,844,403</u>	<u>\$ 8,105,337</u>	<u>\$ 5,173,352</u>	<u>\$ 35,776,388</u>
Business-type Activities				
Technology equipment	\$ 107,142	\$ -	\$ -	\$ 107,142
General equipment	1,532,179	21,657	-	1,553,836
Total historical cost	1,639,321	21,657	-	1,660,978
Less accumulated depreciation	1,253,210	58,612	-	1,311,822
Business-type capital assets, net	<u>\$ 386,111</u>	<u>\$ (36,955)</u>	<u>\$ -</u>	<u>\$ 349,154</u>

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

Instruction	\$ 1,112,740
Student Support Services	24,740
School Admin Support	42,039
Plant operation and maintenance	212,992
Student transportation	30,236
Community services	5,728
	<u>\$ 1,428,475</u>

6. RIGHT-OF-USE ASSETS

The District has recorded right-of-use assets. The right-of-use asset is a copier lease for 5 years. The right-of -use assets are amortized on a straight-line basis over the life of the lease.

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED JUNE 30, 2025

6. RIGHT-OF-USE ASSETS – CONTINUED

Right-of-use leased asset activity for the fiscal year ended June 30, 2025, was as follows:

	Balance July 1, 2024	Additions	Deductions	Balance June 30, 2025
Intangible right-of-use assets	\$ 272,378	\$ -	\$ -	\$ 272,378
Totals at historical cost	272,378	-	-	272,378
Less: accumulated amortization	(5,670)	(5,670)	-	(11,340)
Right-of-use assets - net	\$ 266,708	\$ (5,670)	\$ -	\$ 261,038

The lease liability as of June 30, 2025 was \$167,385.

7. LONG-TERM DEBT

A. LEASES PAYABLE

The District has entered into a lease agreement for equipment which will become the property of the District when all terms of the lease agreement are met. The following schedule presents the lease activity for the year ended June 30, 2025:

Description	Balance July 1, 2024	Debt Issued	Debt Paid	Balance June 30, 2025	Due Within One Year
2015 Issue	\$ 8,615	\$ -	\$ 8,615	\$ -	\$ -
2019 Issue	\$ 51,845		\$ 11,037	40,808	\$ 11,355
2020 Issue	129,839	-	21,926	107,913	22,388
	<u>\$ 190,299</u>	<u>\$ -</u>	<u>\$ 41,578</u>	<u>\$ 148,721</u>	<u>\$ 33,743</u>

The following presents a schedule by years of the future minimum lease payments under lease as of June 30, 2025:

	Principal	Interest	Total
2025-26	\$ 33,743	\$ 3,383	\$ 37,126
2026-27	34,556	2,594	37,150
2027-28	32,060	1,786	33,846
2028-29	28,483	1,057	29,540
2029-30	19,879	398	20,277
	<u>\$ 148,721</u>	<u>\$ 9,218</u>	<u>\$ 157,939</u>

B. LONG-TERM OBLIGATIONS

The amounts shown in the accompanying basic financial statements as bond obligations represent the District's future obligations to make lease payments relating to the bonds issued by the Erlanger-Elsmere Independent School District Finance Corporation.

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

See table on next page

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED JUNE 30, 2025

7. LONG-TERM DEBT - CONTINUED

<u>Issue Date</u>	<u>Proceeds</u>	<u>Rates</u>	<u>Final Maturity</u>
2012	\$ 3,230,000	0.90%-2.70%	2033
2016 REF	\$ 4,195,000	0.75%-2.125%	2027
2016 REF	\$ 3,325,000	2.00%	2029
2017	\$ 5,320,000	2.00% - 3.50%	2037
2019	\$ 4,315,000	3.03%	2039

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

In 1987, the District entered into "participation agreements" with the Kentucky School Facility Construction Commission. The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs. The table below sets forth the amount to be paid by the District and the Commission for each year until maturity of all bond issues.

The liability for the total bond amount remains with the District and, as such, the total principal outstanding has been recorded in the financial statements.

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

See table on next page

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED JUNE 30, 2025

7. LONG-TERM DEBT - CONTINUED

Year	Erlanger-Elsmere Independent School District		Kentucky School Facility Construction Commission		Total	Total
	Principal	Interest	Principal	Interest	Principal	Interest
2025-26	\$ 799,764	\$ 240,427	\$ 470,236	\$ 110,280	\$ 1,270,000	\$ 350,707
2026-27	818,194	221,491	481,806	98,712	1,300,000	320,203
2027-28	839,947	201,722	390,053	86,881	1,230,000	288,603
2028-29	859,545	179,819	385,455	75,841	1,245,000	255,660
2029-30	522,840	160,776	342,160	65,806	865,000	226,582
2030-31	503,063	145,091	351,937	56,029	855,000	201,120
2031-32	517,739	129,518	362,261	45,705	880,000	175,223
2032-33	535,875	113,483	344,125	35,482	880,000	148,965
2033-34	559,657	96,366	175,343	27,384	735,000	123,750
2034-35	572,556	78,456	182,444	21,544	755,000	100,000
2035-36	590,068	59,836	189,932	15,314	780,000	75,150
2036-37	617,319	40,623	197,681	8,827	815,000	49,450
2037-38	335,961	20,577	34,039	2,074	370,000	22,651
2038-39	349,938	10,499	35,062	1,051	385,000	11,550
	<u>\$ 8,422,466</u>	<u>\$ 1,698,684</u>	<u>\$ 3,942,534</u>	<u>\$ 650,930</u>	<u>\$ 12,365,000</u>	<u>\$ 2,349,614</u>

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

School Building Revenue Bonds	Balance July 1, 2024	Additions	Deductions	Balance June 30, 2025
2019 Revenue	\$ 4,133,000	\$ -	\$ 135,000	\$ 3,998,000
2017 Revenue	4,555,000	-	120,000	4,435,000
2016 Refunding	1,892,000	-	360,000	1,532,000
2016 Refunding	1,420,000	-	460,000	960,000
2012 Revenue	1,605,000	-	165,000	1,440,000
Net Pension Liability (Asset) - CERS	8,932,999	-	685,098	8,247,901
Net OPEB Liability (Asset) - CERS	(192,208)	-	46,551	(238,759)
Net OPEB Liability (Asset) - KTRS	4,682,000	-	335,000	4,347,000
Compensated Absences	3,207,317	-	51,110	3,156,207
	<u>\$ 30,235,108</u>	<u>\$ -</u>	<u>\$ 2,357,759</u>	<u>\$ 27,877,349</u>

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

8. RETIREMENT PLANS

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

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

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

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

Tier 1	Participation date	Before September 1, 2008
	Unreduced retirement	27 years service or 65 years old
	Reduced retirement	At least 5 years service and 55 years old At least 25 years service and any age
Tier 2	Participation date	September 1, 2008 - December 31, 2013
	Unreduced retirement	At least 5 years service and 65 years old Or age 57+ and sum of service years plus age equal 87
	Reduced retirement	At least 10 years service and 60 years old
Tier 3	Participation date	After December 31, 2013
	Unreduced retirement	At least 5 years service and 65 years old Or age 57+ and sum of service years plus age equal 87
	Reduced retirement	Not available

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

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

	Required contribution
Tier 1	5%
Tier 2	5% + 1% for insurance
Tier 3	5% + 1% for insurance

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

8. RETIREMENT PLANS – CONTINUED

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

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

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

TRS 1	Participation Date	Before July 1, 2002
	Unreduced retirement	27 years service or at least 5 years service and 60 years old
	Reduced retirement	At least 5 years service and 55 years old with a reduction in retirement of 5% for each year under age 60 or under 27 years of service, whichever is less (up to 25%)
	Retirement factors	2.5% per year of service up to 30, 3.0% per year of service for each year over 30
	Final average salary	Average of the 5 highest annual salaries until a member reaches At least 27 years service and age 55, when the highest 3 annual salaries are used
TRS 2	Participation Date	July 1, 2002 – June 30, 2008
	Unreduced retirement	27 years service or at least 5 years service and 60 years old
	Reduced retirement	At least 5 years service and 55 years old with a reduction in retirement of 5% for each year under age 60 or under 27 years of service, whichever is less (up to 25%)
	Retirement factors	2.0 - 2.5% per year of service up to 30, 3.0% per year of service for each year over 30
TRS 3	Participation Date	July 1, 2008 – December 31, 2021
	Unreduced retirement	27 years service or at least 5 years service and 60 years old
	Reduced retirement	At least 10 years service and 55 years old with a reduction in retirement of 6% for each year under age 60 or under 27 years of service, whichever is less (up to 30%)
	Retirement factors	1.7 - 2.5% per year of service up to 30, 3.0% per year of service for each year over 30
	Final average salary	Average of the 5 highest annual salaries until a member reaches At least 27 years service and age 55, when the highest 3 annual salaries are used

8. RETIREMENT PLANS - CONTINUED

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

KTRS also provides disability benefits for vested employees at a rate of sixty (60) percent of their final average salary. A life insurance benefit, payable upon the death of a member, is \$2,000 for active contributing employees and \$5,000 for retired or disabled employees.

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

The Commonwealth of Kentucky, as a non-employer contributing entity, pays matching contributions at the rate of 13.105% of salaries for local school district and regional cooperative employees in TRS 1 and TRS 2, 14.105% and 14.105% of salaries for local school district and regional cooperative employees in TRS 3, and 10.750% of salaries for local school district and regional cooperative employees in TRS 4. For local school district and regional cooperative employees whose salaries are federally funded, the employer contributes 16.105% of salaries for employees in TRS 1 And TRS 2, 17.105% of salaries for employees in TRS 3, and 10.750% of salaries for employees in TRS 4. If an employee leaves covered employment before accumulating five (5) years of credited service, accumulated employee pension contributions plus interest are refunded to the employee upon the member's request.

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

At June 30, 2025, the District reported a liability (asset) for its proportionate share of the net pension liability (asset) for CERS. The District did not report a liability (asset) for the District's proportionate share of the net pension liability (asset) for KTRS because the Commonwealth of Kentucky provides the pension support directly to KTRS on behalf of the District. The amount recognized by the District as its proportionate share of the net pension liability (asset), the related Commonwealth support, and the total portion of the net pension liability (asset) that was associated with the District were as follows:

District's proportionate share of the CERS net pension liability (asset)	\$	8,247,901
Commonwealth's proportionate share of the KTRS net pension liability (asset) associated with the District		62,604,552
	\$	<u>70,852,453</u>

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

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED JUNE 30, 2025

8. RETIREMENT PLANS - CONTINUED

The District's proportion of the net pension liability (asset) for CERS was based on the actual liability (asset) of the employees and former employees relative to the total liability (asset) of the System as determined by the actuary. At June 30, 2025, the District's proportion was 0.137915%.

For the year ended June 30, 2025, the District recognized pension expense (credit) of (\$372,815) related to CERS and \$7,655,483 related to KTRS. The District also recognized revenue of \$7,655,483 for KTRS support provided by the Commonwealth. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 399,214	\$ -
Changes of assumptions	-	372,643
Net difference between projected and actual earnings on pension plan investments	566,445	1,096,741
Changes in proportion and differences between District contributions and proportionate share of contributions	157,903	82,156
District contributions subsequent to the measurement date	852,454	-
Total	<u>\$ 1,976,016</u>	<u>\$ 1,551,540</u>

The \$852,454 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2025	\$ (226,506)
2026	120,562
2027	(203,852)
2028	(118,182)
	<u>\$ (427,978)</u>

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

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

8. RETIREMENT PLANS – CONTINUED

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

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

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

Sensitivity of CERS and KTRS proportionate share of net pension liability (asset) to changes in the discount rate—The following table presents the net pension liability (asset) of the District, calculated using the discount rates selected by each pension system, as well as what the District's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
CERS	5.50%	6.50%	7.50%
District's proportionate share of net pension liability (asset)	\$ 10,632,893	\$ 8,247,901	\$ 6,268,987
KTRS	6.10%	7.10%	8.10%
State's proportionate share of net pension liability (asset)	\$ -	\$ -	\$ -

Pension plan fiduciary net position—Detailed information about the CERS and the KTRS pension plans fiduciary net position, projected benefits, and projected funding status is available in separately issued financial reports at <http://kyret.ky.gov/> and <https://gov.state.ky.us>, respectively.

The District's contribution (both withholding and match) KTRS for the year ended June 30, 2025 was \$2,731,494. The District's contributions (both withholding and match) CERS for the year ended June 30, 2025 was \$1,092,726. The District met their contribution requirements.

9. OTHER POST-EMPLOYMENT BENEFITS PLAN

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

Plan description—Teaching-certified employees of the Kentucky School District are provided OPEBs through the Teachers' Retirement System of the State of Kentucky (TRS) – a cost-sharing multiple-employer defined benefit OPEB plan with a special funding situation established to provide retirement annuity plan coverage for local school districts and other public educational agencies in the state. TRS was created by the 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

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

To be eligible for medical benefits, the member must have retired either for service or disability. The KTRS Medical Insurance Fund offers coverage to employees under the age of 65 through the Kentucky Employees Health Plan administered by the Kentucky Department of Employee Insurance. Once retired employees and eligible spouses attain age 65 and are Medicare eligible, coverage is obtained through the KTRS Medicare Eligible Health Plan.

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

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

At June 30, 2025, the District reported a liability (asset) of \$4,347,000 for its proportionate share of the collective net OPEB liability (asset) that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability (asset) was measured as of June 30, 2024, and the total OPEB liability (asset) used to calculate the collective net OPEB liability (asset) was based on projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2024, the District's proportion was 0.195021%.

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

See table on next page

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED JUNE 30, 2025

9. OTHER POST-EMPLOYMENT BENEFITS PLAN-CONTINUED

District's proportionate share of the KTRS net OPEB liability (asset)	\$ 4,347,000
Commonwealth's proportionate share of the KTRS net OPEB liability (asset) associated with the District	<u>3,873,000</u>
	<u>\$ 8,220,000</u>

For the year ended June 30, 2025, the District recognized OPEB expense of \$360,772 and revenue of \$360,772 for support provided by the State. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,305,000
Changes of assumptions	1,107,000	-
Net difference between projected and actual earnings on pension plan investments	-	139,000
Changes in proportion and differences between District contributions and proportionate share of contributions	1,108,000	1,196,000
District contributions subsequent to the measurement date	<u>438,428</u>	<u>-</u>
Total	<u>\$ 2,653,428</u>	<u>\$ 2,640,000</u>

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

Year ended June 30:	
2026	\$ (247,000)
2027	83,000
2028	(3,000)
2029	(156,000)
2030	(120,000)
Thereafter	18,000
	<u>\$ (425,000)</u>

9. OTHER POST-EMPLOYMENT BENEFITS PLAN-CONTINUED

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

Investment rate of return	7.10%, net of OPEB plan investment expense, including inflation
Projected salary increases	3.00-7.50%, including inflation
Inflation rate	2.50%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Healthcare cost trend rates	
Under 65	6.50% for FY 2024 decreasing to an ultimate rate of 4.50% by FY 2031
Medicare Part B	5.92% for FY 2024 with an ultimate rate of 4.50% by FYE 2035
Municipal Bond Index Rate	3.94%
Discount Rate	7.10%
Single Equivalent Interest Rate	7.10%, net of OPEB plan investment expense, including inflation

The long-term expected rate of return on OPEB plan investments was determined using a log-normal distributions 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.

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
KTRS	6.10%	7.10%	8.10%
District's proportionate share of net OPEB liability (asset)	\$ 5,775,000	\$ 4,347,000	\$ 3,163,000

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED JUNE 30, 2025

9. OTHER POST-EMPLOYMENT BENEFITS PLAN-CONTINUED

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

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
KTRS			
District's proportionate share			
of net OPEB liability (asset)	\$ 2,936,000	\$ 4,347,000	\$ 6,100,000

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

Life Insurance Plan

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

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

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

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

At June 30, 2025, the District did not report a liability (asset) for its proportionate share of the collective net OPEB liability (asset) for life insurance benefits because the State of Kentucky provides the OPEB support directly to TRS on behalf of the District. The amount recognized by the District as its proportionate share of the OPEB liability (asset) that was associated with the District were as follows:

District's proportionate share of the KTRS net OPEB	
Life Insurance Plan liability (asset)	\$ -
Commonwealth's proportionate share of the KTRS net	
OPEB Life Insurance liability (asset) associated with the District	88,000
	<u>\$ 88,000</u>

9. OTHER POST-EMPLOYMENT BENEFITS PLAN-CONTINUED

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

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

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

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

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

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

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

Benefits provided—CERS provides hospital and medical insurance for eligible members receiving benefits from the pension plan. Employees are vested in the plan after five years' service. For plan purposes, employees are grouped into two groups, based on hire date. Members who reach a minimum vesting period of 10 years, and began participating on, or after, July 1, 2003, earn \$10 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. For members participating prior to July 1, 2003, are paid up to a maximum of \$13.18 per month for every year of earned service. The percentage of the maximum monthly benefit paid is based on years of service as follows:

9. OTHER POST-EMPLOYMENT BENEFITS PLAN-CONTINUED

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

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

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

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

At June 30, 2025, the District reported a liability (asset) of (\$238,759) for its proportionate share of the collective net OPEB liability (asset) that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability (asset) was measured as of June 30, 2024, and the total OPEB liability (asset) used to calculate the collective net OPEB liability (asset) was based on projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2024, the District's proportion was 0.138027%.

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

District's proportionate share of the CERS	\$	(238,759)
net OPEB liability (asset)		
	\$	<u>(238,759)</u>

For the year ended June 30, 2025, the District recognized OPEB expense (credit) of (\$650,994). At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

See table on next page

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED JUNE 30, 2025

9. OTHER POST-EMPLOYMENT BENEFITS PLAN-CONTINUED

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 132,461	\$ 1,878,565
Changes of assumptions	216,345	168,470
Net difference between projected and actual earnings on pension plan investments	209,876	427,757
Changes in proportion and differences between District contributions and proportionate share of contributions	90,101	92,282
District contributions subsequent to the measurement date	-	-
Total	<u>\$ 648,783</u>	<u>\$ 2,567,074</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$0 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability (asset) in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year ended June 30:	
2025	\$ (792,515)
2026	(595,081)
2027	(505,031)
2028	(25,664)
2029	-
	<u>\$ (1,918,291)</u>

The long-term expected rate of return on OPEB plan investments was determined using a log-normal distributions 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.

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED JUNE 30, 2025

9. OTHER POST-EMPLOYMENT BENEFITS PLAN-CONTINUED

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

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

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
CERS	4.99%	5.99%	6.99%
District's proportionate share of net OPEB liability (asset)	\$ 322,830	\$ (238,759)	\$ (710,944)

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

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
CERS			
District's proportionate share of net OPEB liability (asset)	\$ (574,426)	\$ (238,759)	\$ 152,269

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

10. DEFERRED COMPENSATION

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

11. CONTINGENCIES

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

12. LITIGATION

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

13. RISK MANAGEMENT

The District is exposed to various forms of loss of assets associated with the risks of fire, personal liability, theft, vehicular accidents, errors and omissions, fiduciary responsibility, etc. Each of these risk areas is covered through the purchase of commercial insurance. Settled claims resulting from these risks have created a potential liability as discussed in the *Litigation* disclosure above.

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

14. DEFICIT FUND BALANCES

The District had no funds with a deficit balance at June 30, 2025.

15. COBRA

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

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED JUNE 30, 2025

16. TRANSFER OF FUNDS-CONTINUED

The following transfers were made during the year:

<u>Type</u>	<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
Operating	General Fund	General Fund	Operating	\$ 7,679
Operating	General Fund	Special Revenue	KETS	\$ 43,631
Operating	General Fund	Construction	Construction	\$ 1,370,817
Operating	Special Revenue	Special Revenue	Operating	\$ 181,886
Operating	Capital Outlay	Construction	Construction	\$ 218,955
Operating	Building Fund	Debt Service	Debt Service	\$ 1,039,677
Operating	Building Fund	Construction	Construction	\$ 1,211,077
Operating	Food Service	General Fund	Indirect Cost	\$ 77,324

17. ON-BEHALF PAYMENTS

The Commonwealth of Kentucky pays certain expenses on behalf of the District. These expenses include employee health insurance, the employer match of Kentucky Teachers' Retirement System, certain other employee benefits, specific technology expense and debt service. These amounts are included in the fund financial statements.

The following payments for fringe benefits are included as revenues and expenses on the statement of revenues, expenses, and changes in net position:

Retirement annuity trust contributions to the Teachers' Retirement System of Kentucky	\$ 4,069,094
Health and life insurance contributions to the Teachers' Retirement System of Kentucky	371,571
Health and Life insurance	3,802,107
Other Less Federal	(117,772)
Technology	58,619
Debt Service	580,518
	<u>\$ 8,764,137</u>

18. FUND BALANCE DESIGNATIONS

The following funds had nonspendable fund balances as follows:

<u>Fund</u>	<u>Amount</u>	<u>Purpose</u>
General	\$ 3,243	Prepaid expenses

The following funds had restricted fund balances as follows:

<u>Fund</u>	<u>Amount</u>	<u>Purpose</u>
General	\$ 164,209	Sick Leave
District Activity Funds	\$ 98,347	Activity Funds
School Activity Funds	\$ 189,527	Activity Funds
Construction	\$ 770,713	Future Construction

18. FUND BALANCE DESIGNATIONS

The following funds had assigned fund balances as follows:

<u>Fund</u>	<u>Amount</u>	<u>Purpose</u>
General	\$ 35,450	Purchase obligations

19. INTERFUND PAYABLES

At June 30, 2025, there were interfund receivables of \$284,943 in the General Fund and interfund payables of the same amount in the Special Revenue Fund.

20. CHANGE IN ACCOUNTING PRINCIPLE

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

21. PRIOR PERIOD ADJUSTMENT

The adoption of GASB Statement No. 101 has resulted in a prior period adjustment to the beginning net position for government-wide activities. The beginning net position for government wide activities was decreased by \$3,036,512.

22. SUBSEQUENT EVENTS

Management of the District has evaluated subsequent events through December 4, 2025, which was the date the report was available for release. No events have occurred subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

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

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
From local sources				
Taxes:				
Property	\$ 11,543,460	\$ 11,543,460	\$ 11,466,056	\$ (77,404)
Motor vehicle	810,900	810,900	878,473	67,573
Utility	1,100,000	1,100,000	1,121,186	21,186
Other	148,677	148,677	158,233	9,556
Tuition	-	-	-	-
Transportation fees	-	-	-	-
Earnings on investments	306,000	306,000	654,802	348,802
Student fees	-	-	-	-
Other local	63,820	63,820	136,157	72,337
Intergovernmental - State	8,244,244	8,244,244	16,488,584	8,244,340
Intergovernmental - Federal	125,000	125,000	211,515	86,515
Total revenues	<u>22,342,101</u>	<u>22,342,101</u>	<u>31,115,006</u>	<u>8,772,905</u>
Expenditures				
Current:				
Instruction	13,010,918	13,010,918	19,524,888	(6,513,970)
Student	1,558,932	1,558,932	1,698,577	(139,645)
Instructional support	1,696,506	1,696,506	1,828,710	(132,204)
District administration	2,607,595	2,607,595	2,720,144	(112,549)
School administration	1,773,023	1,773,023	1,965,167	(192,144)
Business operations	347,068	347,068	420,563	(73,495)
Plant operations and maintenance	8,201,725	8,201,725	1,803,369	6,398,356
Student transportation	735,364	735,364	476,835	258,529
Community services	35,320	35,320	30,560	4,760
Debt service	50,335	50,335	47,648	2,687
Contingency	2,350,000	2,350,000	-	2,350,000
Total expenditures	<u>32,366,786</u>	<u>32,366,786</u>	<u>30,516,461</u>	<u>1,850,325</u>
Excess (deficit) of revenues over (under) expenditures	(10,024,685)	(10,024,685)	598,545	10,623,230
Other financing sources (uses)				
Gain on sale of asset	2,000	-	252	252
Transfers in	67,173	67,173	85,003	17,830
Transfers out	(34,488)	(34,488)	(1,422,126)	(1,387,638)
Total other financing sources (uses)	<u>34,685</u>	<u>32,685</u>	<u>(1,336,871)</u>	<u>(1,369,556)</u>
Net change in fund balance	<u>(9,990,000)</u>	<u>(9,992,000)</u>	<u>(738,326)</u>	<u>9,253,674</u>
Fund balance as of June 30, 2024	<u>1,754,005</u>	<u>1,754,005</u>	<u>12,184,633</u>	<u>10,430,628</u>
Fund balance as of June 30, 2025	<u>\$ (8,235,995)</u>	<u>\$ (8,237,995)</u>	<u>\$ 11,446,307</u>	<u>\$ 19,684,302</u>

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -****BUDGET AND ACTUAL - SPECIAL REVENUE FUND**

YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
From local sources:				
Other local	\$ 22,320	\$ 22,320	\$ 6,906	\$ (15,414)
Earnings on investments	-	-	-	-
Intergovernmental - State	1,051,395	1,051,395	1,073,793	22,398
Intergovernmental - Federal	2,720,316	2,720,316	3,158,411	438,095
	<u>3,794,031</u>	<u>3,794,031</u>	<u>4,239,110</u>	<u>445,079</u>
Total revenues				
Expenditures				
Current:				
Instruction	2,459,722	2,459,722	2,520,793	(61,071)
Student support services	138,710	138,710	319,746	(181,036)
Instructional staff support	100,082	100,082	62,834	37,248
Plant operations and maintenance	100,000	100,000	100,000	-
Student transportation	1,344	1,344	-	1,344
Community services	1,077,300	1,077,300	1,279,368	(202,068)
	<u>3,877,158</u>	<u>3,877,158</u>	<u>4,282,741</u>	<u>(405,583)</u>
Total expenditures				
Deficit of revenues under expenditures	<u>(83,127)</u>	<u>(83,127)</u>	<u>(43,631)</u>	<u>39,496</u>
Other financing sources				
Operating transfers in	229,728	229,728	225,517	(4,211)
Operating transfers out	(192,270)	(192,270)	(181,886)	10,384
Total other financing sources	<u>37,458</u>	<u>37,458</u>	<u>43,631</u>	<u>6,173</u>
Net change in fund balance	<u>(45,669)</u>	<u>(45,669)</u>	<u>-</u>	<u>45,669</u>
Fund balance as of June 30, 2024	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance as of June 30, 2025	<u>\$ (45,669)</u>	<u>\$ (45,669)</u>	<u>\$ -</u>	<u>\$ 45,669</u>

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION****BUDGET AND ACTUAL - GENERAL FUND AND SPECIAL REVENUE FUND****YEAR ENDED JUNE 30, 2025**

The District's budgetary process accounts for transactions on the modified accrual basis of accounting which is consistent with accounting principles generally accepted in the United States of America. In accordance with state law, the District prepares a general school budget based upon the amount of revenue to be raised by local taxation, including the rate of levy, and from estimates of other Local, State, and Federal revenues. The budget contains estimated expenditures for current expenses, debt service, capital outlay, and other necessary expenses. The budget must be approved by the Board. The District must formally and publicly examine estimated revenues and expenses for the subsequent fiscal year by January 31 of each calendar year. Additionally, the District must submit a certified budget to the Kentucky Department of Education by March 15 of each calendar year, which includes the amount for certified and classified staff, based on the District's staffing policy, and the amount for the instructional supplies, materials, travel and equipment. Additionally, the District must adopt a tentative working budget for the subsequent fiscal year by May 30 of each calendar year. The budget must contain a 2% reserve but not greater than 10%. Finally, the District must adopt a final working budget and submit it to the Kentucky Department of Education by September 30 of each calendar year. The Board has the ability to amend the working budget.

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

	District's proportion of net pension liability (asset)	District's proportionate share of the net pension liability (asset)	District's covered-employee payroll	District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2025	0.14%	\$ 8,247,901	\$ 4,369,617	188.76%	61.61%
2024	0.14%	\$ 8,932,999	\$ 4,084,284	218.72%	57.48%
2023	0.14%	\$ 9,498,996	\$ 3,533,564	268.82%	52.42%
2022	0.14%	\$ 8,758,287	\$ 3,534,270	247.81%	57.33%
2021	0.14%	\$ 10,660,188	\$ 3,555,077	299.86%	47.81%
2020	0.14%	\$ 9,401,282	\$ 3,337,287	281.70%	50.45%
2019	0.13%	\$ 8,860,967	\$ 3,613,679	245.21%	53.54%
2018	0.15%	\$ 8,447,845	\$ 3,526,016	239.59%	53.30%
2017	0.14%	\$ 7,027,016	\$ 3,404,609	206.40%	55.50%
2016	0.14%	\$ 5,939,111	\$ 3,229,192	183.92%	59.97%

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
COUNTY EMPLOYEES RETIREMENT SYSTEM
YEAR ENDED JUNE 30, 2025

	Contractually required contribution	Contributions in relation to contractually required contribution	Contribution deficiency (excess)	District's covered-employee payroll	Contributions as a percentage of covered-employee payroll
2025	\$ 861,252	\$ 861,252	\$ -	\$ 4,369,617	19.71%
2024	\$ 953,272	\$ 953,272	\$ -	\$ 4,084,284	23.34%
2023	\$ 826,854	\$ 826,854	\$ -	\$ 3,533,564	23.40%
2022	\$ 291,547	\$ 291,547	\$ -	\$ 3,534,270	21.17%
2021	\$ 255,049	\$ 255,049	\$ -	\$ 3,555,077	20.00%
2020	\$ 248,095	\$ 248,095	\$ -	\$ 3,337,287	19.30%
2019	\$ 209,136	\$ 209,136	\$ -	\$ 3,613,679	16.83%
2018	\$ 181,410	\$ 181,410	\$ -	\$ 3,526,016	15.99%
2017	\$ 157,976	\$ 157,976	\$ -	\$ 3,404,609	15.23%
2016	\$ 129,141	\$ 129,141	\$ -	\$ 3,229,192	13.96%

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

Changes of Benefit Terms

None.

Changes of Assumptions

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

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

	District's proportion of net OPEB liability (asset)	District's proportionate share of the net OPEB liability (asset)	District's covered-employee payroll	District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2025	0.14%	\$ (238,759)	\$ 4,369,617	-5.46%	0.00%
2024	0.14%	\$ (192,208)	\$ 4,084,284	-4.71%	104.20%
2023	0.13%	\$ 2,592,763	\$ 3,533,564	73.38%	60.95%
2022	0.14%	\$ 2,629,229	\$ 3,534,270	74.39%	62.91%
2021	0.14%	\$ 3,355,147	\$ 3,555,077	94.38%	51.67%
2020	0.13%	\$ 2,247,731	\$ 3,337,287	67.35%	60.44%
2019	0.15%	\$ 2,583,111	\$ 3,613,679	71.48%	57.62%
2018	0.14%	\$ 2,901,446	\$ 3,526,016	82.29%	52.40%

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

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

	Contractually required contribution	Contributions in relation to contractually required contribution	Contribution deficiency (excess)	District's covered-employee payroll	Contributions as a percentage of covered- employee payroll
2025	\$ -	\$ -	\$ -	\$ 4,369,617	0.00%
2024	\$ -	\$ -	\$ -	\$ 4,084,284	0.00%
2023	\$ 119,788	\$ 119,788	\$ -	\$ 3,533,564	3.39%
2022	\$ 204,281	\$ 204,281	\$ -	\$ 3,534,270	5.78%
2021	\$ 169,222	\$ 169,222	\$ -	\$ 3,555,077	4.76%
2020	\$ 158,855	\$ 158,855	\$ -	\$ 3,337,287	4.76%
2019	\$ 191,164	\$ 191,164	\$ -	\$ 3,613,679	5.29%
2018	\$ 167,133	\$ 167,133	\$ -	\$ 3,526,016	4.74%

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

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

Changes of Benefit Terms

None.

Changes of Assumptions

The single discount rate changed from 5.93% to 5.99%.
Healthcare trend rates for Pre-65 decreased from 6.80% to 6.20%.
Healthcare trend rates for Post-65 increased from 8.50% to 9.00%.

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
KENTUCKY TEACHERS' RETIREMENT SYSTEM
June 30, 2025

	State's proportion of net pension liability (asset)	State's proportionate share of the net pension liability (asset)	Plan fiduciary net position as a percentage of the total pension liability
2025	100%	\$ 62,604,552	60.36%
2024	100%	\$ 62,281,474	57.68%
2023	100%	\$ 59,319,049	56.41%
2022	100%	\$ 48,087,308	65.59%
2021	100%	\$ 50,641,472	58.27%
2020	100%	\$ 47,329,164	58.80%
2019	100%	\$ 48,121,779	59.30%
2018	100%	\$ 95,906,656	39.83%
2017	100%	\$ 103,833,890	35.22%
2016	100%	\$ 78,654,085	42.49%

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF STATE CONTRIBUTIONS
 KENTUCKY TEACHERS' RETIREMENT SYSTEM
 YEAR ENDED JUNE 30, 2025

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)
2025	\$ 4,069,094	\$ 4,069,094	\$ -
2024	\$ 3,746,304	\$ 3,746,304	\$ -
2023	\$ 5,412,343	\$ 5,412,343	\$ -
2022	\$ 3,838,487	\$ 3,838,487	\$ -
2021	\$ 3,665,529	\$ 3,665,529	\$ -
2020	\$ 3,561,785	\$ 3,561,785	\$ -
2019	\$ 3,486,794	\$ 3,486,794	\$ -
2018	\$ 3,407,510	\$ 3,407,510	\$ -
2017	\$ 1,708,495	\$ 1,708,495	\$ -
2016	\$ 1,626,673	\$ 1,626,673	\$ -

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
KENTUCKY TEACHERS RETIREMENT SYSTEM
YEAR ENDED JUNE 30, 2025

Changes of Benefit Terms

None.

Changes of Assumptions

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

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

	District's proportion of net OPEB liability (asset)	District's proportionate share of the net OPEB liability (asset)	State's proportionate share of the net OPEB liability (asset)	District's covered-employee payroll	District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2025	0.00%	\$ 4,347,000	\$ 3,873,000	\$ 15,518,757	28.01%	47.12%
2024	19.00%	\$ 4,682,000	\$ 3,946,000	\$ 15,714,053	29.79%	52.97%
2023	0.25%	\$ 6,218,000	\$ 2,043,000	\$ 11,455,524	54.28%	47.75%
2022	0.20%	\$ 3,400,000	\$ 3,400,000	\$ 11,542,483	29.46%	51.74%
2021	0.19%	\$ 4,782,000	\$ 3,831,000	\$ 11,542,483	41.43%	39.05%
2020	0.18%	\$ 5,357,000	\$ 4,326,000	\$ 12,473,677	42.95%	32.58%
2019	0.19%	\$ 6,529,000	\$ 5,627,000	\$ 11,879,203	54.96%	25.50%
2018	0.19%	\$ 6,630,000	\$ 5,362,000	\$ 12,430,581	53.34%	21.18%

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

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

	Contractually required contribution	Contributions in relation to contractually required contribution	Contribution deficiency (excess)	District's covered-employee payroll	Contributions as a percentage of covered-employee payroll
2025	\$ 465,563	\$ 465,563	\$ -	\$ 15,518,757	3.00%
2024	\$ 471,422	\$ 471,422	\$ -	\$ 15,714,053	3.00%
2023	\$ 343,666	\$ 343,666	\$ -	\$ 11,455,524	3.00%
2022	\$ 346,274	\$ 209,826	\$ -	\$ 11,542,483	1.82%
2021	\$ 346,274	\$ 210,298	\$ -	\$ 11,542,483	1.82%
2020	\$ 374,210	\$ 374,210	\$ -	\$ 12,473,677	3.00%
2019	\$ 356,376	\$ 356,376	\$ -	\$ 11,879,203	3.00%
2018	\$ 372,917	\$ 372,917	\$ -	\$ 12,430,581	3.00%

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

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
KENTUCKY TEACHERS' RETIREMENT SYSTEM - MEDICAL INSURANCE PLAN
YEAR ENDED JUNE 30, 2025

Changes of Benefit Terms

None.

Changes of Assumptions

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

Health care cost trends decreased from 6.75% to 6.50%.

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

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE
NET OPEB LIABILITY (ASSET) - LIFE INSURANCE PLAN
KENTUCKY TEACHERS' RETIREMENT SYSTEM
JUNE 30, 2025

	State's proportion of net OPEB liability (asset)	State's proportionate share of the net OPEB liability (asset)	Plan fiduciary net position as a percentage of the total OBEP liability
2025	100%	\$ 88,000	80.56%
2024	100%	\$ 98,000	76.91%
2023	100%	\$ 116,000	73.97%
2022	100%	\$ 45,000	89.15%
2021	100%	\$ 116,000	71.57%
2020	100%	\$ 101,000	73.40%
2019	100%	\$ 97,000	75.00%
2018	100%	\$ 73,000	79.99%

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

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF STATE CONTRIBUTIONS - LIFE INSURANCE PLAN
KENTUCKY TEACHERS' RETIREMENT SYSTEM
YEAR ENDED JUNE 30, 2025

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)
2025	\$ 10,799	\$ 10,799	\$ -
2024	\$ 9,712	\$ 9,712	\$ -
2023	\$ 7,755	\$ 7,755	\$ -
2022	\$ 6,925	\$ 6,925	\$ -
2021	\$ 5,578	\$ 5,578	\$ -
2020	\$ 4,250	\$ 4,250	\$ -
2019	\$ 3,352	\$ 3,352	\$ -
2018	\$ 3,186	\$ 3,186	\$ -

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

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

Changes of Benefit Terms

None.

Changes of Assumptions

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

OTHER SUPPLEMENTARY INFORMATION

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025

	District Activity Fund	Student Activity Fund	SEEK Capital Outlay Fund	Facility Support Program (FSPK) Fund	Debt Service Fund	Total Non-major Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 98,347	\$ 189,527	\$ -	\$ -	\$ -	\$ 287,874
Accounts receivable	-	-	-	-	-	-
Total assets	\$ 98,347	\$ 189,527	\$ -	\$ -	\$ -	\$ 287,874
LIABILITIES AND FUND BALANCES						
Liabilities						
Interfund payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-	-
Advances from grantor	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-
Fund balances						
Nonspendable	-	-	-	-	-	-
Restricted	98,347	189,527	-	-	-	287,874
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	98,347	189,527	-	-	-	287,874
Total liabilities and fund balances	\$ 98,347	\$ 189,527	\$ -	\$ -	\$ -	\$ 287,874

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

	District Activity Fund	Student Activity Fund	SEEK Capital Outlay Fund	Facility Support Program (FSPK) Fund	Debt Service Fund	Total Non-major Governmental Funds
Revenues						
Property tax	\$ -	\$ -	\$ -	\$ 1,582,768	\$ -	\$ 1,582,768
Earnings on investments	-	-	-	-	-	-
Student activities	-	-	-	-	-	-
Student fees	-	-	-	-	-	-
Other local sources	35,521	382,350	-	-	-	417,871
Intergovernmental - State	-	-	218,955	667,987	580,518	1,467,460
Intergovernmental - Federal	-	-	-	-	-	-
Total revenues	35,521	382,350	218,955	2,250,755	580,518	3,468,099
Expenditures						
Instruction	20,450	320,422	-	-	-	340,872
Instructional staff support	-	21,029	-	-	-	21,029
District administration	-	-	-	-	-	-
Student transportation	-	26,148	-	-	-	26,148
Site improvement	-	-	-	-	-	-
Other	-	-	-	-	-	-
Debt service	-	-	-	-	1,620,195	1,620,195
Total expenditures	20,450	367,599	-	-	1,620,195	2,008,244
Other financing sources (uses)						
Transfers in	-	-	-	-	1,039,677	1,039,677
Transfers out	-	-	(218,955)	(2,250,755)	-	(2,469,710)
Total other financing sources (uses)	-	-	(218,955)	(2,250,755)	1,039,677	(1,430,033)
Net change in fund balance	15,071	14,751	-	-	-	29,822
Fund balance as of June 30, 2024	83,276	174,776	-	-	-	258,052
Fund balance as of June 30, 2025	\$ 98,347	\$ 189,527	\$ -	\$ -	\$ -	\$ 287,874

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - ELEMENTARY AND MIDDLE SCHOOL ACTIVITY FUNDS
YEAR ENDED JUNE 30, 2025

<u>School/ Activity Fund</u>	<u>Cash and Equivalents June 30, 2024</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Cash Equivalents June 30, 2025</u>	<u>Accounts Receivable June 30, 2025</u>	<u>Accounts Payable June 30, 2025</u>	<u>Balances June 30, 2025</u>
Arnett Elementary School	\$ 1,134	\$ 2,773	\$ 2,258	\$ 1,649	\$ -	\$ -	\$ 1,649
Howell Elementary School	779	20,096	17,608	3,267	-	-	3,267
Lindeman Elementary School	2,729	14,976	14,529	3,176	-	-	3,176
Miles Elementary School	1,251	8,056	8,885	422	-	-	422
Tichenor Middle School	<u>41,837</u>	<u>69,325</u>	<u>63,281</u>	<u>47,881</u>	<u>-</u>	<u>-</u>	<u>47,881</u>
Totals	<u>\$ 47,730</u>	<u>\$ 115,226</u>	<u>\$ 106,561</u>	<u>\$ 56,395</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,395</u>

See accompanying independent auditor's report.

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - LLOYD MEMORIAL HIGH SCHOOL
YEAR ENDED JUNE 30, 2025

	Balances June 30, 2024	Receipts	Disbursements	Transfers in (out)	Cash and cash equivalents	Accounts Receivable June 30, 2025	Accounts Payable June 30, 2025	Balances June 30, 2025
Archery	\$ -	\$ 281	\$ -	\$ -	\$ 281	\$ -	\$ -	\$ 281
Baseball	13,833	3,045	8,619	-	8,259	-	-	8,259
Bowling	2,146	-	588	-	1,558	-	-	1,558
B Basketball	6,866	19,184	20,505	-	5,545	-	-	5,545
Cheerleading	1,581	1,950	1,596	-	1,935	-	-	1,935
Cross Country	2,183	1,491	443	-	3,232	-	-	3,232
Football	14,547	23,940	25,521	-	12,966	-	-	12,966
G Basketball	2,243	3,018	2,732	-	2,529	-	-	2,529
Softball	1,208	1,238	1,621	-	825	-	-	825
Tennis	1,751	1,784	2,214	-	1,320	-	-	1,320
Volleyball	7,088	9,259	7,036	-	9,311	-	-	9,311
Start-up Funds	52	-	-	-	52	-	-	52
Track	2,213	2,749	1,332	-	3,631	-	-	3,631
Ad General	26,548	104,665	103,159	-	28,054	-	-	28,054
Chorus	8,141	10,307	5,125	-	13,323	-	-	13,323
Drama	1,011	2,925	925	-	3,011	-	-	3,011
Gold Rush	24	1,368	1,161	-	231	-	-	231
Musical	6,483	6,166	5,467	-	7,183	-	-	7,183
National Honor Society	1,436	600	767	-	1,269	-	-	1,269
PBIS	441	-	-	-	441	-	-	441
Service Learning Project	3	-	-	-	3	-	-	3
Spanish Club	338	-	-	-	338	-	-	338
Student Council	5,590	5,094	5,648	-	5,037	-	-	5,037
Tatler	43	-	-	-	43	-	-	43
Yearbook	4,601	630	108	-	5,122	-	-	5,122
Lloyd General	1,426	19,589	9,505	-	11,510	-	-	11,510
Library	3,615	14	3,556	-	74	-	-	74
College & Career	1,448	-	369	-	1,078	-	-	1,078
Senior Class	58	-	-	-	58	-	-	58
Freshman Class	73.12	-	-	-	73	-	-	73
Junior/Senior Prom	2,953.63	16,166.00	16,656.81	-	2,463	-	-	2,463
Marching Band	5,942	26,519	28,438	-	4,023	-	-	4,023
CBI	102	-	44	-	58	-	-	58
Special Education	425	-	32	-	393	-	-	393
Special Olympics	193	-	126	-	67	-	-	67
LHS Band	443	5,141	7,746	-	(2,163)	-	-	(2,163)
	<u>\$ 127,047</u>	<u>\$ 267,124</u>	<u>\$ 261,039</u>	<u>\$ -</u>	<u>\$ 133,132</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 133,132</u>

See accompanying independent auditor's report.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Federal Expenditures
Expenditures				
<u>U.S. Department of Education</u>				
Passed through the Kentucky Department of Education:				
Title I Grants to Local Educational Agencies	84.010	3100202-24	\$ -	\$ 16,193
Title I Grants to Local Educational Agencies	84.010	3100202-25	-	1,017,593
			-	1,033,786
<i>Special Education Cluster</i>				
Special Education Grants to States	84.027	3810002-24		40,010
Special Education Grants to States	84.027	3810002-25	-	679,048
			-	719,058
Special Education Preschool Grants	84.173	3800002-25	-	20,706
			-	20,706
<i>Total Special Education Cluster</i>			-	739,764
School Based Mental Health Services	84.184H	052820-001	-	71,280
			-	71,280
VP3 Violence Prevention Pyramid Project	84.184M	S184M190042	62,359	409,048
			62,359	409,048
Full Service Community Grant	84.215J	U215L200038-01	-	455,377
			-	455,377
21st Century Community Learning Center	84.287	3400002-24	-	11,821
21st Century Community Learning Center	84.287	3400002-25	-	78,440
			-	90,261
Assistance for Arts Education	84.351A	342002-25	-	21,259
			-	21,259
English Language Acquisition State Grants; Title III	84.365A	3300002-24 345K	-	1,953
English Language Acquisition State Grants; Title III	84.365A	3300002-25 345L	-	21,771
			-	23,724
Student Support and Academic Enrichment Program	84.424	3230002-25	-	73,117
			-	73,117
Education Stabilization Fund (COVID-19):				
American Rescue Plan Elementary and Secondary				
Emergency Relief Fund (COVID-19)	84.425U	400000-25	-	7,346
			-	7,346
Total U.S. Department of Education			62,359	2,830,586

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025

U.S. Department of Justice

Passed through the Kentucky Department of Education:

STOP School Violence	16.839	2020-YS-BX-0093	-	848
			-	848
Total U.S. Department of Justice			-	848

U.S. Department of Health and Human Services

Passed through the Kentucky Department of Education:

SPF Grant Community Alignment of Resources	94.243	1H79SP081316	-	71,549
			-	71,549
Center for Disease Control and Prevention DFC	93.276	INH28XD003063-01-23	-	68,596
Center for Disease Control and Prevention DFC	93.276	INH28XD003063-01-24	-	92,456
			-	161,052
Total U.S. Department of Health and Human Services			-	232,601

U.S. Department of Agriculture

Passed through the Kentucky Department of Education:

Child Nutrition Cluster

School Breakfast Program	10.553	7760005	-	484,782
National School Lunch Program	10.555	7750002	-	1,324,395
National School Lunch Program - Commodities	10.555	7750002	-	132,361
Summer Food Services for Children	10.559	7690024	-	58,745
<i>Total Child Nutrition Cluster</i>			-	2,000,283
Child and Adult Care Food Program	10.558	7800016	-	257,444
State Administrative Expenses for Child Nutrition	10.560	770001	-	1,727
Fresh Fruit and Vegetable Program	10.582	7720012	-	26,603
			-	285,774
Total U.S. Department of Agriculture			-	2,286,057

Total Expenditures of Federal Awards **\$ 5,444,468**

ERLANGER-ELSMERE SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the Erlanger-Elsmere Independent School District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Because this Schedule presents only a selected portion of the operations of the District, it is not intended to, and does not, present the financial position, changes in net position or cash flows of the District.

2. IN-KIND COMMODITIES

Nonmonetary assistance is reported in the schedule at the fair value of the commodities disbursed. The District no longer maintains a separate commodities inventory due to changes in program regulations. The valued amount of commodities received for June 30, 2025 was \$132,361.

3. CLUSTER PROGRAMS

The following ALN are considered cluster programs:

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

4. INDIRECT COST RATE

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

5. SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principle in OMB Circular A-87, *Cost Principles for State and Local Governments*, or the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit requirements for Federal Awards*, wherein, certain types of expenditures are not allowable or are limited as to reimbursement.



Cloyd & Associates, PSC

*Certified Public Accountants
and
Business Advisors*

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

Kentucky State Committee for
School District Audits
Members of the Board of Education
Erlanger-Elsmere Independent School District
Erlanger, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Independent Auditor's Contract*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Erlanger-Elsmere Independent School District (District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Erlanger-Elsmere Independent School District's basic financial statements, and have issued our report thereon dated December 4, 2025.

Report on Internal Control over Financial Reporting

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

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

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



Report on Compliance and Other Matters

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

Purpose of this Report

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

Cloyd & Associates, PSC

Cloyd & Associates, PSC
London, Kentucky
December 4, 2025



Cloyd & Associates, PSC

*Certified Public Accountants
and
Business Advisors*

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

Kentucky State Committee for
School District Audits
Members of the Board of Education
Erlanger-Elsmere Independent School District
Erlanger-Elsmere, Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Erlanger-Elsmere Independent School District's (District) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2025. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Independent Auditor's Contract-State Audit Requirements*. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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



Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified. Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Cloyd & Associates, PSC

Cloyd & Associates, PSC

London, Kentucky
December 4, 2025

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

Section I – Summary of Auditor’s Results

Financial Statements

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

Federal Awards

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

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>ALN</u>
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Child Nutrition Cluster

National School Lunch Program	10.555
National School Breakfast Program	10.553
Special Milk Program for Children	10.556
Summer Food Services for Children	10.559

Dollar threshold used to distinguish between Type A and Type B program	\$750,000
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Auditee qualified as low risk	<u>✓</u>	Yes	_____	No
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(continued)

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED
YEAR ENDED JUNE 30, 2025

Section II – Financial Statement Findings

None

Section III – Federal Award Findings

None

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT
SUMMARY OF PRIOR YEAR FINDINGS
YEAR ENDED JUNE 30, 2025

Summary of Prior Year Findings

There were no prior year audit findings.

MANAGEMENT LETTER COMMENTS



Cloyd & Associates, PSC

*Certified Public Accountants
and
Business Advisors*

Members of the Board of Education
Erlanger-Elsmere Independent School District
Erlanger, Kentucky

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

During our audit, if we noted any matters we feel need reporting that are opportunities for strengthening internal controls and operating efficiency, they will be included on the following pages. This letter does not affect our report thereon dated December 4, 2025, on the basic financial statements of Erlanger-Elsmere Independent School District.

Respectfully,

Cloyd & Associates, PSC

Cloyd & Associates, PSC
London, Kentucky
December 4, 2025

ERLANGER-ELSMERE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT LETTER COMMENTS
JUNE 30, 2025

Prior Year Comments

2024-001

According to Board Procedure 04.7 AP.2, "Guidelines for Placement of Bar Codes on Assets Note: General rule is to apply the bar code in the front, lower left corner or inside a front drawer or door to allow easy access during inventory scanning.... (6) Kitchen or shop equipment: front, lower left corner or inside front cabinet door or drawer." This procedure is not being followed.

This instance was not noted in the current year.

Current Year Comments – School Activity Funds

District-Wide

1. Several instances of invoices dated prior to the completed purchase order. All purchases need to be requisitioned and have a proper purchase order approved before the ordering and/or payment of an invoice.

Management Response: The finance department will once again convey this important policy to staff, stressing the requirement of having an approved PO before ordering items. The Requisitions Account Clerk will bring violations of this policy to the Finance Director's attention, and the appropriate person will be contacted. Repeat offenders may lose the ability to order on the district's behalf for a period of time.

2. Pre-numbered receipts are not issued whenever money is received. Pre-numbered receipts must be issued to the payer immediately, any time that money is received. Receipts shall be filed monthly, in numerical order, and all receipt numbers must be accounted for. Receipt numbers shall also be written on the applicable deposit slips.

Management Response: This is a change of prior EES policy, as EES was generating receipt numbers in MUNIS when deposits were recorded at the District Office. During the on-site audit, we were made aware of the need to have pre-numbered receipts issued to the payer at the time the money is turned in. We instituted this new process on 9/23/2025, communicating the policy change to all pertinent staff during our annual Redbook training.