PENDLETON COUNTY SCHOOL DISTRICT

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2025

TOGETHER WITH INDEPENDENT AUDITOR'S REPORTS

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INDEPENDENT AUDITOR'S REPORT

Kentucky State Committee for School District Audits
Members of the Board of Education
Pendleton County School District
Falmouth, Kentucky 41040

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

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

Basis for Opinions

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

Emphasis of Matter-Adoption of New Accounting Standard

As discussed in Note (16) to the financial statements, the District adopted GASB Statement No. 101, *Compensated Absences,* which resulted in a decrease to beginning net position of $885,433. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS 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 information on pages 6 through 9 and the Schedule of District's Proportionate Share of the Net Pension Liability, Schedule of Pension Contributions, Schedule of District's Proportionate Share of the Net OPEB Liability (Asset), and Schedule of OPEB Contributions on pages 51 through 64 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 other supplemental schedules and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) 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.

The other supplemental schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Kelley Galloway Smith Goolsby, PSC

Ashland, Kentucky
December 10, 2025

PENDLETON COUNTY SCHOOL DISTRICT
FALMOUTH, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD & A)
FOR THE YEAR ENDED JUNE 30, 2025

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

FINANCIAL HIGHLIGHTS

- The beginning cash balance for all funds of the District was approximately $18,049,428 and the ending balance was approximately $17,022,858, a decrease of approximately $1,026,570 for the year, principally due to ongoing construction related spending.

- The General Fund had $23,425,105 in revenue, which consisted primarily of the State program (SEEK) and property, utilities, and motor vehicle taxes. Excluding interfund transfers, there was $24,280,379 in General Fund expenditures.

- Bonds are issued as the District renovates facilities consistent with a long-range facilities plan that is established with community input and in keeping with Kentucky Department of Education (KDE) stringent compliance regulations. The District's total debt decreased by $1,981,552 during the current fiscal year.

- Net pension liabilities required to be recorded under GASB No. 68 decreased during the year. Non-professional staff members are covered by the Kentucky County Employee Retirement System. Under this system, the District's share of the pension liability was $6,413,287 as of June 30, 2024, which represents a decrease of $890,304 from the June 30, 2023 balance of $7,303,591. The Kentucky Teachers Retirement System covers the District's professional staff members. The District's allocated pension liability as of June 30, 2024 was $42,758,202, which represents a decrease of $4,118,353 from the June 30, 2023 balance of $46,876,555. However, this pension liability is the responsibility of the Commonwealth of Kentucky.

- Net OPEB liabilities (assets) required to be recorded under GASB 75 decreased during the year. There are two sources of OPEB liabilities with which the District has to contend. The Kentucky Teachers Retirement System (KTRS) Medical Insurance Plan and Life Insurance Plan covers the District's professional staff members. The District's allocated OPEB liability as of June 30, 2024 for KTRS Medical Insurance Plan was $5,644,000 with the District's responsibility being $2,985,000 and the Commonwealth of Kentucky's responsibility being $2,659,000. This is an overall decrease of $874,000 from the District's allocated OPEB liability of $6,518,000 at June 30, 2023 for the KTRS Medical Insurance Plan. The liability for the KTRS Life Insurance Plan is the responsibility of the Commonwealth of Kentucky and the District's allocated amount as of June 30, 2024 was $61,000, which represents a decrease of $13,000 from the June 30, 2023 balance of $74,000. Non-professional staff members are covered by the County Employee Retirement System Insurance Fund. Under this fund the District's share of OPEB liability (asset) was $(185,601) as of June 30, 2024, which represents a decrease of $28,458 from the June 30, 2023 balance of $(157,143).

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

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 changed occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (government activities). The governmental activities of the District include instruction, support services, operation and maintenance of plant, student transportation and operation of non-instructional services. Fixed assets and related debt are also supported by taxes and intergovernmental revenues. The government-wide financial statements can be found on pages 10 and 11 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. This is a state mandated uniform system and chart of accounts for all Kentucky public school districts utilizing the MUNIS administrative software. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and proprietary funds. The primary proprietary fund is our food service operations. All other activities of the District are included in the governmental funds.

The basic fund financial statements can be found on pages 12 through 20 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 notes to the financial statements can be found on pages 21 - 50 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by approximately $31.7 million as of June 30, 2025.

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

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.

Net Position for the period ending June 30, 2025 and 2024

	2025	(As Restated) 2024
Current Assets	$ 17,507,463	$ 19,969,111
Noncurrent Assets	37,762,520	35,305,913
Total Assets	55,269,983	55,275,024
Deferred Outflows	3,599,946	4,393,420
Current Liabilities	4,892,285	7,805,860
Noncurrent Liabilities	17,176,073	20,707,582
Total Liabilities	22,068,358	28,513,442
Deferred Inflows	5,114,711	5,897,866
Net Position		
Investment in capital assets (net of debt)	28,556,461	24,201,065
Restricted	3,939,728	2,573,409
Unrestricted	(809,329)	(885,433)
Total Net Position	$ 31,686,860	$ 25,257,136

The following table presents a summary of all governmental activities and business-type activities revenues and expenses for the fiscal year ended June 30, 2025, with comparison to 2024.

	2025	2024
Revenues:		
Local Revenue Sources	$ 9,543,193	$ 9,682,712
State Revenue Sources	24,603,173	27,540,885
Federal Revenue	5,085,786	7,678,453
Other Sources	1,905	4,237
Total Revenues	39,234,057	44,906,287
Expenses:		
Instruction	19,488,430	19,615,496
Student Support Services	1,769,259	1,537,895
Instructional Support	513,613	554,979
District Administration	903,557	891,486
School Administration	1,578,079	1,769,046
Plant Operations	2,859,128	2,740,711
Student Transportation	1,899,401	2,066,485
Business and Other Support Services	1,107,319	1,093,718
Community Services	257,096	291,964
Debt Service	395,266	458,151
Food Services	1,960,008	1,783,654
Day Care Operations	73,177	64,919
Total Expenses	32,804,333	32,868,504
Revenues Over (Under) Expenses	$ 6,429,724	$ 12,037,783

District-Wide Support Allocation

District-wide support services expenditures were Transportation 5.79%, Maintenance & Operations 8.72%, and Business Functions 3.38% (as compared to 6.29%, 8.34%, and 3.33% in 2024, respectively).

The total cost of all programs and services for governmental activities was $30,793,824 compared with $31,069,678 in 2024.

The District's total revenues for the governmental funds for the fiscal year ended June 30, 2025 and 2024, net of other financing sources, was approximately $35.2 million and $39.8 million, respectively.

Governmental Funds Revenue

The majority of revenue was derived from state funding, making up 62.71% and federal funding of 12.96% of total revenue. Local revenues make up 24.33% of total revenue (23.83% in 2024).

Comments on Budget Comparisons

- After adjustments for contingency, the General fund budget compared to actual expenditures varied modestly from line item to line item with the ending actual balance being $4,023,168 less than budget, or approximately 14.21%. This is primarily due to on-behalf payments being difficult to budget.

- General Fund revenue compared to budget varied modestly from line item to line item, with the ending actual balance being more than budgeted amounts by $1,429,755.

Capital Assets

At the end of June 30, 2025, the District's investment in capital assets for its governmental and business-type activities was $37,549,648, representing an increase of $2,446,330 due primarily to ongoing construction projects, partially offset by depreciation expense, in the current year.

Debt Service

At year-end, the District had approximately $9.1 million in outstanding debt, compared to $11.1 million last year.

Budgetary Implications

In Kentucky, the public school fiscal year is July 1 - June 30; other programs, i.e. some federal operate on a different fiscal calendar, but are reflected in the District overall budget. By law the budget must have a minimum 2% contingency. The District adopted the 2026 budget with approximately $3,611,187 in contingency (10.0%). The general fund cash balance for beginning the next fiscal year is $10,504,210. There was no significant Board action that impacted the finances for the new year.

Questions regarding this report should be directed to the Superintendent, Joe Buerkley or his representative, Treasurer Jennifer Pierce at (859) 654-6911 or by mail at:

Pendleton County School District
2525 Hwy 27 North
Falmouth, Kentucky 41040

PENDLETON COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	$ 16,301,389	$ 721,469	$ 17,022,858
Receivables (net of allowances for uncollectibles):			
Taxes	218,948	-	218,948
Other	33,862	-	33,862
Intergovernmental - state	186,884	-	186,884
Inventories	-	44,911	44,911
Right to use leased assets, net	27,271	-	27,271
Capital assets, not being depreciated	12,956,027	-	12,956,027
Capital assets, being depreciated, net	24,213,741	379,880	24,593,621
Net OPEB asset	160,469	25,132	185,601
Total assets	54,098,591	1,171,392	55,269,983
Deferred Outflows of Resources			
Deferred savings from refunding bonds	81,219	-	81,219
Deferred outflows - pension related	1,111,133	191,318	1,302,451
Deferred outflows - OPEB related	2,205,005	11,271	2,216,276
Total deferred outflows of resources	3,397,357	202,589	3,599,946
Liabilities			
Accounts payable	1,346,401	1,382	1,347,783
Accrued salaries and benefits	263,504	-	263,504
Accrued interest payable	55,788	-	55,788
Unearned revenue	703,030	-	703,030
Portion due or payable within one year:			
Accrued sick leave	47,530	-	47,530
Leases payable	19,438	-	19,438
Notes payable	140,212	-	140,212
Bond obligations	2,315,000	-	2,315,000
Portion due or payable after one year:			
Accrued sick leave	1,140,709	-	1,140,709
Leases payable	10,050	-	10,050
Notes payable	686,437	-	686,437
Bond obligations	5,940,590	-	5,940,590
Net pension liability	5,523,426	889,861	6,413,287
Net OPEB liability	2,985,000	-	2,985,000
Total liabilities	21,177,115	891,243	22,068,358
Deferred Inflows of Resources			
Deferred inflows - pension related	858,978	141,088	1,000,066
Deferred inflows - OPEB related	3,879,202	235,443	4,114,645
Total deferred inflows of resources	4,738,180	376,531	5,114,711
Net Position			
Net investment in capital assets	28,176,581	379,880	28,556,461
Restricted for:			
Capital projects	3,368,073	-	3,368,073
Other	451,426	120,229	571,655
Unrestricted	(415,427)	(393,902)	(809,329)
Total net position	$ 31,580,653	$ 106,207	$ 31,686,860

The accompanying notes to financial statements
are an integral part of this statement.

PENDLETON COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-Type Activities**	**Total**
Primary government:							
Governmental activities:							
Instruction	$ 19,488,430	$ -	$ 3,507,841	$ -	$ (15,980,589)	$ -	$ (15,980,589)
Support services:							
Students	1,769,259	-	294,893	-	(1,474,366)	-	(1,474,366)
Instructional staff	513,613	-	53,888	-	(459,725)	-	(459,725)
District administration	903,557	-	-	-	(903,557)	-	(903,557)
School administration	1,578,079	-	-	-	(1,578,079)	-	(1,578,079)
Business and other support services	1,107,319	-	110,470	-	(996,849)	-	(996,849)
Operation and maintenance of plant	2,859,128	-	110,706	2,469,504	(278,918)	-	(278,918)
Student transportation	1,899,401	-	24,601	-	(1,874,800)	-	(1,874,800)
Day care operations	22,676	-	25,461	-	2,785	-	2,785
Community services	257,096	-	230,946	-	(26,150)	-	(26,150)
Interest	395,266	-	-	168,895	(226,371)	-	(226,371)
Total governmental activities	30,793,824	-	4,358,806	2,638,399	(23,796,619)	-	(23,796,619)
Business-type activities:							
Food service	1,960,008	96,317	1,815,578	-	-	(48,113)	(48,113)
Day Care Fund	50,501	41,609	-	-	-	(8,892)	(8,892)
Community Ed Fund	-	-	-	-	-	-	-
Total business-type activities	2,010,509	137,926	1,815,578	-	-	(57,005)	(57,005)
Total primary government	$ 32,804,333	$ 137,926	$ 6,174,384	$ 2,638,399	(23,796,619)	(57,005)	(23,853,624)
General revenues:							
Taxes:							
Property taxes, levied for general purposes					5,642,467	-	5,642,467
Motor vehicle					883,867	-	883,867
Utilities					934,139	-	934,139
Intergovernmental revenues:							
State					20,876,176	-	20,876,176
Investment earnings					762,343	39,527	801,870
Gain on sale of assets					1,905	-	1,905
Other local revenues					1,142,924	-	1,142,924
Total general revenues					30,243,821	39,527	30,283,348
Transfers					117,435	(117,435)	-
Change in net position					6,564,637	(134,913)	6,429,724
Net position, June 30, 2024 (as restated)					25,016,016	241,120	25,257,136
Net position, June 30, 2025					$ 31,580,653	$ 106,207	$ 31,686,860

The accompanying notes to financial statements are an integral part of this statement.

PENDLETON COUNTY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	General Fund	Special Revenue Fund	Construction Fund	FSPK Building Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	$ 10,504,210	$ 229,696	$ 2,120,334	$ 2,173,439	$ 1,273,710	$ 16,301,389
Receivables (net of allowances for uncollectibles):						
Taxes	218,948	-	-	-	-	218,948
Other	33,862	-	-	-	-	33,862
Intergovernmental - state	-	186,884	-	-	-	186,884
Total assets	$ 10,757,020	$ 416,580	$ 2,120,334	$ 2,173,439	$ 1,273,710	$ 16,741,083
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	$ 83,134	$ -	$ 1,250,984	$ -	$ 12,283	$ 1,346,401
Accrued salaries and benefits	263,504	-	-	-	-	263,504
Unearned revenue	-	416,580	286,450	-	-	703,030
Total liabilities	346,638	416,580	1,537,434	-	12,283	2,312,935
Fund balances:						
Restricted	-	-	582,900	2,173,439	1,063,160	3,819,499
Committed	173,103	-	-	-	198,267	371,370
Assigned	8,126	-	-	-	-	8,126
Unassigned	10,229,153	-	-	-	-	10,229,153
Total fund balances	10,410,382	-	582,900	2,173,439	1,261,427	14,428,148
Total liabilities and fund balances	$ 10,757,020	$ 416,580	$ 2,120,334	$ 2,173,439	$ 1,273,710	$ 16,741,083

The accompanying notes to financial statements
are an integral part of this statement.

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

Fund balances—total governmental funds		$ 14,428,148
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 in the funds.		37,169,768
Right to use leased assets of $90,904, net of accumulated amortization of of $63,633 used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		27,271
Savings from refunding bonds are not available to pay current period expenditures and, therefore, are not reported in the funds.		81,219
Deferred outflows and inflows of resources related to pensions and OPEB plans are applicable to future periods and, therefore, are not reported in the governmental funds.		(1,422,042)
Some liabilities, including bonds, notes payable, leases, and accrued sick leave, are not due and payable in the current period and, therefore, are not reported in the governmental funds financial statements.		
Net pension liability	(5,523,426)	
Net OPEB liability and asset	(2,824,531)	
Bond obligations	(8,255,590)	
Notes payable	(826,649)	
Leases payable	(29,488)	
Accrued interest payable	(55,788)	
Accrued sick leave	(1,188,239)	(18,703,711)
Net position of governmental activities		$ 31,580,653

The accompanying notes to financial statements
are an integral part of this statement.

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

	General Fund	Special Revenue Fund	Construction Fund	FSPK Building Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
From local sources:						
Taxes -						
Property	$ 4,034,287	$ -	$ -	$ 1,608,180	$ -	$ 5,642,467
Motor vehicles	883,867	-	-	-	-	883,867
Utilities	934,139	-	-	-	-	934,139
Interest income	668,106	-	94,237	-	-	762,343
Other local revenues	207,481	62,523	-	-	872,920	1,142,924
Intergovernmental - State	16,524,318	1,109,380	2,469,504	1,937,407	364,083	22,404,692
Intergovernmental - Indirect federal	-	2,982,972	-	-	-	2,982,972
Intergovernmental - Direct federal	172,907	266,454	-	-	-	439,361
Total revenues	23,425,105	4,421,329	2,563,741	3,545,587	1,237,003	35,192,765
Expenditures:						
Current:						
Instruction	13,585,574	2,443,006	-	-	714,211	16,742,791
Support services:						
Students	1,363,966	294,893	-	-	6	1,658,865
Instructional staff	475,905	53,888	-	-	5,906	535,699
District administration	888,913	-	-	-	-	888,913
School administration	1,516,311	-	-	-	-	1,516,311
Business and other support services	1,074,930	110,470	-	-	-	1,185,400
Operation and maintenance of plant	2,839,790	110,706	-	-	-	2,950,496
Student transportation	2,358,486	24,601	-	-	26,923	2,410,010
Other instructional	-	4,150	-	-	-	4,150
Day care operations	-	25,461	-	-	-	25,461
Community services	6,624	230,946	-	-	-	237,570
Facilities acquisition and construction	-	-	4,014,232	-	-	4,014,232
Debt service	169,880	-	-	-	2,594,917	2,764,797
Total expenditures	24,280,379	3,298,121	4,014,232	-	3,341,963	34,934,695
Excess (deficiency) of revenues over expenditures	(855,274)	1,123,208	(1,450,491)	3,545,587	(2,104,960)	258,070
Other financing sources (uses):						
Note proceeds	428,430	-	-	-	-	428,430
Sale of assets	3,420	-	-	-	-	3,420
Transfers in	117,435	165,319	1,568,660	-	2,463,148	4,314,562
Transfers out	(39,500)	(1,288,527)	-	(2,831,974)	(37,126)	(4,197,127)
Total other financing sources and uses	509,785	(1,123,208)	1,568,660	(2,831,974)	2,426,022	549,285
Net change in fund balances	(345,489)	-	118,169	713,613	321,062	807,355
Fund balances, June 30, 2024	10,755,871	-	464,731	1,459,826	940,365	13,620,793
Fund balances, June 30, 2025	$ 10,410,382	$ -	$ 582,900	$ 2,173,439	$ 1,261,427	$ 14,428,148

The accompanying notes to financial statements
are an integral part of this statement.

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

Net change in fund balances—total governmental funds		$ 807,355
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	4,498,702	
Depreciation expense	(2,011,796)	
Net book value of asset disposals	(1,515)	2,485,391
Amortization expense - right to use leased assets	(18,181)	(18,181)
Generally, expenditures recognized in the fund financial statements are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred for the following:		
Long-term portion of accrued sick leave		(32,712)
Interest payable		12,598
Amortization of bond discounts and premiums		(940)
Capitalized savings from bond refundings amortization expense		(53,433)
Governmental funds report pension contributions as expenditures when paid. However, in the Statement of Activities, pension expense is the cost of benefits earned, adjusted for member contributions, the recognition of changes in deferred outflows and inflows of resources related to pensions, and investment experience.		
KTRS on-behalf pension and OPEB revenue	2,046,356	
KTRS on-behalf pension and OPEB expense	(1,598,261)	
CERS pension and OPEB contributions	(26,850)	
Pension and OPEB expense	942,257	1,363,502
The issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal and interest consumes current financial resources of governmental funds.		
Note proceeds	(428,430)	
Lease payments	18,565	
Debt payments	2,410,922	2,001,057
Change in net position of governmental activities		$ 6,564,637

The accompanying notes to financial statements are an integral part of this statement.

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

	Food Service Fund	Day Care Fund	Community Education Fund	Total Proprietary Funds
Assets				
Current assets:				
Cash and cash equivalents	$ 601,240	$ 120,149	$ 80	$ 721,469
Inventories	44,911	-	-	44,911
Total current assets	646,151	120,149	80	766,380
Noncurrent assets:				
Capital assets, net of accumulated depreciation	379,880	-	-	379,880
Net OPEB asset	25,132	-	-	25,132
Total noncurrent assets	405,012	-	-	405,012
Total assets	1,051,163	120,149	80	1,171,392
Deferred Outflows of Resources				
Deferred outflows - pension related	191,318	-	-	191,318
Deferred outflows - OPEB related	11,271	-	-	11,271
Total deferred outflows of resources	202,589	-	-	202,589
Total assets and deferred outflows	$ 1,253,752	$ 120,149	$ 80	$ 1,373,981
Liabilities				
Current liabilities:				
Accounts payable	$ 1,382	$ -	$ -	$ 1,382
Total current liabilities	1,382	-	-	1,382
Noncurrent liabilities:				
Net pension liability	889,861	-	-	889,861
Total liabilities	891,243	-	-	891,243
Deferred Inflows of Resources				
Deferred inflows - pension related	141,088	-	-	141,088
Deferred inflows - OPEB related	235,443	-	-	235,443
Total deferred inflows of resources	376,531	-	-	376,531
Net Position				
Invested in capital assets	379,880	-	-	379,880
Restricted	-	120,149	80	120,229
Unrestricted	(393,902)	-	-	(393,902)
Total net position	(14,022)	120,149	80	106,207
Total liabilities and net position	$ 1,253,752	$ 120,149	$ 80	$ 1,373,981

The accompanying notes to financial statements
are an integral part of this statement.

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

	Food Service Fund	Day Care Fund	Community Education Fund	Total Proprietary Funds
Operating revenues:				
Lunchroom sales	$ 96,317	$ -	$ -	$ 96,317
Other operating revenues	-	41,609	-	41,609
Total operating revenues	96,317	41,609	-	137,926
Operating expenses:				
Salaries and wages	599,329	39,186	-	638,515
Employee benefits	161,540	7,775	-	169,315
Materials and supplies	1,121,852	3,365	-	1,125,217
Depreciation	39,061	-	-	39,061
Other operating expenses	38,226	175	-	38,401
Total operating expenses	1,960,008	50,501	-	2,010,509
Operating income (loss)	(1,863,691)	(8,892)	-	(1,872,583)
Nonoperating revenues:				
Federal grants	1,523,431	-	-	1,523,431
Investment income	39,527	-	-	39,527
On-behalf payments	139,153	-	-	139,153
Donated commodities	140,022	-	-	140,022
State grants	12,972	-	-	12,972
Total nonoperating revenue	1,855,105	-	-	1,855,105
Transfers	(117,435)	-	-	(117,435)
Change in net position	(126,021)	(8,892)	-	(134,913)
Net position, June 30, 2024	111,999	129,041	80	241,120
Net position, June 30, 2025	$ (14,022)	$ 120,149	$ 80	$ 106,207

The accompanying notes to financial statements
are an integral part of this statement.

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

	Food Service Fund	Day Care Fund	Community Education Fund	Total Proprietary Funds
Cash flows from operating activities:				
Cash received from:				
Lunchroom sales and fees charged	$ 96,317	$ 41,609	$ -	$ 137,926
Cash paid to/for:				
Payments to suppliers and providers of goods and services	(976,556)	(3,365)	-	(979,921)
Payments to employees	(772,090)	(46,961)	-	(819,051)
Other payments	(38,226)	(175)	-	(38,401)
Net cash provided by (used for) operating activities	(1,690,555)	(8,892)	-	(1,699,447)
Cash flows from noncapital financing activities:				
Transfer out	(117,435)	-	-	(117,435)
Government grants	1,536,403	-	-	1,536,403
Net cash provided by noncapital and related financing activities	1,418,968	-	-	1,418,968
Cash flows from capital and related financing activities:				
Purchase of capital assets	-	-	-	-
Net cash used for capital and related financing activities	-	-	-	-
Cash flows from investing activities:				
Interest received on investments	39,527	-	-	39,527
Net cash provided by investing activities	39,527	-	-	39,527
Net increase (decrease) in cash and cash equivalents	(232,060)	(8,892)	-	(240,952)
Cash and cash equivalents, June 30, 2024	833,300	129,041	80	962,421
Cash and cash equivalents, June 30, 2025	$ 601,240	$ 120,149	$ 80	$ 721,469
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	$ (1,863,691)	$ (8,892)	$ -	$ (1,872,583)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	39,061	-	-	39,061
Donated commodities	140,022	-	-	140,022
On-behalf payments	139,153	-	-	139,153
Net pension expense	(73,528)	-	-	(73,528)
Net OPEB expense	(76,846)	-	-	(76,846)
Change in assets and liabilities:				
Inventory	8,748	-	-	8,748
Accounts payable	(3,474)	-	-	(3,474)
Net cash provided by (used for) operating activities	$ (1,690,555)	$ (8,892)	$ -	$ (1,699,447)
Non-cash items:				
Donated commodities	$ 140,022	$ -	$ -	$ 140,022
On-behalf payments	139,153	-	-	139,153

The accompanying notes to financial statements
are an integral part of this statement.

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

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Taxes -				
Property	$ 3,508,500	$ 3,503,500	$ 4,034,287	$ 530,787
Motor vehicles	580,000	650,000	883,867	233,867
Utilities	751,720	751,720	934,139	182,419
Interest income	-	-	668,106	668,106
Other local revenues	78,100	78,100	207,481	129,381
Intergovernmental - State	17,218,893	16,952,030	16,524,318	(427,712)
Intergovernmental - Direct federal	60,000	60,000	172,907	112,907
Total revenues	22,197,213	21,995,350	23,425,105	1,429,755
Expenditures:				
Current:				
Instruction	14,949,347	15,043,839	13,585,574	1,458,265
Support services:				
Students	1,408,493	1,406,847	1,363,966	42,881
Instructional staff	475,915	506,915	475,905	31,010
District administration	1,000,371	989,618	888,913	100,705
School administration	1,662,820	1,659,865	1,516,311	143,554
Business and other support services	1,117,789	1,208,789	1,074,930	133,859
Operation and maintenance of plant	4,250,382	4,663,601	2,839,790	1,823,811
Student transportation	3,144,649	2,641,453	2,358,486	282,967
Community service	7,451	7,451	6,624	827
Debt service	175,169	175,169	169,880	5,289
Contingency	2,702,000	2,802,000	-	2,802,000
Total expenditures	30,894,386	31,105,547	24,280,379	6,825,168
Excess (deficiency) of revenues over (under) expenditures	(8,697,173)	(9,110,197)	(855,274)	8,254,923
Other financing sources (uses):				
Note proceeds	1,000	1,000	428,430	427,430
Sale of assets	-	-	3,420	3,420
Transfers in	90,000	150,000	117,435	(32,565)
Transfers out	(43,827)	(40,803)	(39,500)	1,303
Total other financing sources and uses	47,173	110,197	509,785	399,588
Net change in fund balances	(8,650,000)	(9,000,000)	(345,489)	8,654,511
Fund balances, June 30, 2024	8,650,000	9,000,000	10,755,871	1,755,871
Fund balances, June 30, 2025	$ -	$ -	$ 10,410,382	$ 10,410,382

The accompanying notes to financial statements are an integral part of this statement.

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

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Other local revenues	$ -	$ -	$ 62,523	$ 62,523
Intergovernmental - State	1,124,662	1,176,229	1,109,380	(66,849)
Intergovernmental - Indirect federal	1,549,603	1,582,914	2,982,972	1,400,058
Intergovernmental - Direct federal	221,316	221,316	266,454	45,138
Total revenues	2,895,581	2,980,459	4,421,329	1,440,870
Expenditures:				
Current:				
Instruction	2,176,942	2,185,946	2,443,006	(257,060)
Support services:				
Students	294,424	325,033	294,893	30,140
Instructional staff	171,711	128,652	53,888	74,764
Business and other support services	-	-	110,470	(110,470)
Operation and maintenance of plant	66,448	150,553	110,706	39,847
Student transportation	20,883	17,578	24,601	(7,023)
Other instructional	-	4,500	4,150	350
Day care operations	-	-	25,461	(25,461)
Community services	209,000	209,000	230,946	(21,946)
Total expenditures	2,939,408	3,021,262	3,298,121	(276,859)
Excess (deficiency) of revenues over (under) expenditures	(43,827)	(40,803)	1,123,208	1,164,011
Other financing sources (uses):				
Transfers in	176,652	166,348	165,319	(1,029)
Transfers out	(132,825)	(125,545)	(1,288,527)	(1,162,982)
Total other financing sources and uses	43,827	40,803	(1,123,208)	(1,164,011)
Net change in fund balances	-	-	-	-
Fund balances, June 30, 2024	-	-	-	-
Fund balances, June 30, 2025	$ -	$ -	$ -	$ -

The accompanying notes to financial statements
are an integral part of this statement.

(1) REPORTING ENTITY

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

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

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

Based on the foregoing criteria, the financial statements of the following organization are included in the accompanying financial statements. Copies of this organization's financial statements may be obtained from the District's Finance Office at 2525 Hwy 27 North, Falmouth, Kentucky 41040.

Pendleton County Board of Education Finance Corporation - In a prior year, the Board of Education resolved to authorize the establishment of the Pendleton County School District Finance Corporation (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS Section 58.180) (the "Corporation") as an agency for the District for financing the costs of school building facilities. The members of the Board also comprise the Corporation's Board of Directors.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF FUNDS

Basis of Presentation

The accounting policies of the Pendleton County School District substantially comply with the rules prescribed by the Kentucky Department of Education for local school districts.

The basic financial statements include both government-wide statements and fund financial statements. The government-wide statements focus on the District as a whole, while the fund financial statements focus on major funds. Each presentation provides valuable information that can be analyzed and compared between years and between governments to enhance the usefulness of the information.

Government-wide statements provide information about the primary government (the District). The statements include a statement of net position and a statement of activities. These statements report the financial activities of the overall government. They also distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the

manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities and segment of its business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses to programs or functions, except where allowable for certain grant programs. 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, including internally dedicated resources and all taxes, are reported as general revenues, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

Fund financial statements provide information about the District's funds. Separate statements are presented for the governmental and proprietary fund categories. The emphasis of fund financial statements is on major funds, each displayed in a separate column. All remaining funds are aggregated and reported as non-major funds.

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

The District has the following funds:

I. Governmental Fund Types

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

B. The Special Revenue Funds account for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes.

1. The Special Revenue Fund includes federal financial programs where unused balances are returned to the grantor at the close of specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report. This is a major fund of the District.

2. The District Activity Fund is a special revenue fund used to account for funds collected at individual schools for operational costs of the school or school district that allows for more flexibility in the expenditure of those funds.

3. The School Activity Fund is a special revenue fund used to account for funds collected at individual schools for activities of student groups and other types of activities requiring clearing accounts. These funds are accounted for in accordance with the *Uniform Program of Accounting for School Activity Funds*.

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

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

2. The Facility Support Program of Kentucky (FSPK) accounts for funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the District's facility plan. This is a major fund of the District.

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

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

II. Proprietary Fund Types (Enterprise Fund)

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

B. The Community Education Fund is used to account for fee-based classes. This is listed as a major fund due to the nature of the activity.

C. The Day Care Fund is used to account for day care activities. This is listed as a major fund due to the nature of the activity.

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 funds also use the accrual basis of accounting.

Revenues - Exchange and Non-exchange Transactions - Revenues resulting from exchange transactions, in which each party receives essentially equal value, are 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 it can be recognized.

Unearned Revenue - Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are recorded as deferred revenue.

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

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

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

Property Taxes

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

The property tax rates assessed for the year ended June 30, 2025, to finance the General Fund operations were $.616 per $100 valuation for real property, $.633 per $100 valuation for business personal property and $.550 per $100 valuation for motor vehicles. These rates include $.18 per $100 valuation that is committed to the Building Fund.

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 telegraphic communications services, cablevision services, electric power, water, and gas.

In-Kind

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

Cash and Cash Equivalents

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

Inventories

Supplies and materials are charged to expenditures when purchased with the exception of the Proprietary Funds, which records inventory using the accrual basis of accounting. Inventories are stated at the lower of cost or market, on the first-in, first-out basis.

Right-to-Use Assets

The District has recorded right to use lease assets in accordance with GASB 87. The right to 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 to use assets are amortized on a straight-line basis over the life of the related lease.

Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of five thousand dollars ($5,000) with the exception of computers, digital cameras and real property for which there is no threshold. The District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life are not capitalized.

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

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

Interfund Balances

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.

Budgetary Process

The District is required by state law to adopt annual budgets. Once the budget is approved, it can be amended. Amendments are presented to the Board at their regular meetings. Per Board policy, only amendments that aggregate greater than $50,000 require Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law.

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

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, all payments made within sixty days after year-end are considered to have been made with current available financial resources. Bonds, leases and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

Fund Balance Reserves

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance-amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balance-amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance-amounts constrained to specific purposes by the District itself, using its decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the District takes the action to remove or change the constraint;
- Assigned fund balance-amounts the District intends to use for a specific purpose (such as encumbrances); intent can be expressed by the District or by an official or body to which the District delegates the authority;
- Unassigned fund balance-amounts that are available for any purpose; unassigned amounts are reported only in the General Fund.

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

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position invested in capital assets, net of related debt consists of capital assets and right to use leased assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets and increased by any deferred savings from refunding bonds. 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.

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. All other revenues are nonoperating. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead. Other expenses are nonoperating.

Interfund Activity

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

Accumulated Unpaid Sick Leave Benefits

Under the District's policy, upon retirement from the school system, an employee will receive from the District an amount equal to 30% of the value of accumulated sick leave. In addition, based on historical usage patterns, employees are more likely than not to use an additional 5% of accumulated sick leave for illness prior to retirement. This results in a total utilization rate of 35% for recognition under GASB Statement No. 101, *Compensated Absences*.

In accordance with GASB Statement No. 101, *Compensated Absences*, sick leave benefits are accrued as a liability when earned, accumulate from year to year, and are more likely than not to be used or paid. The liability includes:

- The portion of accumulated sick leave expected to result in termination payments at retirement (30%).
- The portion expected to be used prior to termination (5%).

The liability is measured using the employee's current pay rate at the financial statement date and includes applicable salary-related payments:

- Certified employees: Employer share of Medicare tax (1.45%) only, as these employees are not subject to Social Security.
- Classified employees: Employer share of both Social Security (6.2%) and Medicare (1.45%).

The entire compensated absences liability is reported in the government-wide financial statements. For governmental fund financial statements, the current portion 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 in the fund financial statements but is reflected in the statement of net position.

The District has the option of funding up to 50% of the total amount accrued as a reservation of the General Fund balance. At June 30, 2025, the District had committed $173,103 for sick leave payout.

Bond Issuance Costs

Debt issuance costs are expensed in the period they are incurred.

Deferred Inflows and Outflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Pension

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

Postemployment Benefits Other Than Pensions (OPEB)

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

Recent Accounting Pronouncements

In June 2022, the GASB issued Statement No. 101, *Compensated Absences* ("GASB 101"), which supersedes the guidance in Statement No. 16, *Accounting for Compensated Absences*, issued in 1992. GASB 101 aligns recognition and measurement guidance for all types of compensated absences under a unified model. It also requires that a liability for specific types of compensated absences not be recognized until the leave is used. Additionally, it establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. The District adopted GASB 101 in the current fiscal year. As a result of this adoption, beginning net position was decreased by $885,433 to recognize additional compensated absences liabilities in accordance with the new standard.

In January 2024, the GASB issued Statement No. 102, *Certain Risk Disclosures* ("GASB 102"), which aims to enhance the transparency of financial reporting by requiring disclosures about risks that state and local governments face due to certain concentrations or constraints. A concentration is defined as a lack of diversity in significant inflows or outflows of resources, while a constraint is a limitation imposed by an external party or by the government's highest level of decision-making authority. Governments must disclose information about these risks if they are vulnerable to a substantial impact from them. The disclosures should include the nature of the concentration or constraint, any associated events that could cause a substantial impact, and actions taken to mitigate the risk. The requirements of GASB 102 are effective for fiscal years beginning after June 15, 2024. Adoption of this statement did not have a material impact on the financial statements.

In May 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements* ("GASB 103") with the objective to enhance the effectiveness of the financial reporting model for decision-making and assessing government accountability. The improvements target the following established accounting and financial reporting requirements:

- Management's discussion and analysis;
- Unusual or infrequent items (previously known as extraordinary and special items);
- Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position;
- Major component unit information; and
- Budgetary comparison information.

The effective date for GASB 103 is for fiscal years beginning after June 15, 2025. Management is currently evaluating the impact of this Statement on its financial statements.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, which enhances financial reporting transparency by requiring separate note disclosures for certain types of capital assets, including a) Lease assets under GASB Statement No. 87, b) Subscription-based information technology arrangements (SBITAs) under GASB Statement No. 96, c) Intangible right-to-use assets under GASB Statement No. 94, d) Other intangible assets not otherwise separately reported, and e) Capital assets held for sale. The provisions of GASB 104 are effective for fiscal years beginning after

June 15, 2025. Management is currently evaluating the impact of this Statement on its financial statements.

(3) 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, fund balances, and disclosure of contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

(4) CASH AND CASH EQUIVALENTS

The funds of the District must be deposited and invested under the terms of a contract. The depository bank places approved pledged securities for safekeeping and trust with the District's agent bank in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

At year-end, the carrying amount of the District's total cash and cash equivalents was $17,022,858 and the related bank balances totaled $17,241,569. Of the total cash balance, $250,000 was covered by Federal Depository insurance and $16,991,569 was covered by collateral agreements and collateral held by the pledging banks' trust departments in the District's name. Cash equivalents are funds temporarily invested in securities with a maturity of 90 days or less.

Due to the nature of the accounts and certain limitations imposed on the use of funds, each bank account within the following funds is considered to be restricted: SEEK Capital Outlay Fund, Facility Support Program (FSPK) Fund, Education Building Fund, Special Revenue (Grant) Funds, Bond and Interest Redemption Fund, School Food Service Funds, and School Activity Funds.

(5) CAPITAL ASSETS

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

Governmental Activities	Balance June 30, 2024	Additions	Deductions	Balance June 30, 2025
Land	$ 669,766	$ -	$ -	$ 669,766
Construction in progress	8,436,806	4,442,662	(593,207)	12,286,261
Land improvements	3,024,554	593,207	-	3,617,761
Buildings and improvements	55,250,705	-	-	55,250,705
Technology equipment	2,577,351	7,078	(240,612)	2,343,817
General equipment	2,245,097	7,862	(7,586)	2,245,373
Vehicles	4,077,877	41,100	-	4,118,977
Totals	76,282,156	5,091,909	(841,405)	80,532,660
Less: accumulated depreciation				
Land improvements	2,494,243	68,271	-	2,562,514
Buildings and improvements	31,377,453	1,772,881	-	33,150,334
Technology equipment	2,575,159	1,954	(239,097)	2,338,016
General equipment	1,818,827	51,404	(7,586)	1,862,645
Vehicles	3,332,097	117,286	-	3,449,383
Total accumulated depreciation	41,597,779	2,011,796	(246,683)	43,362,892
Governmental Activities Capital Assets - Net	$ 34,684,377	$ 3,080,113	$ (594,722)	$ 37,169,768

Business-Type Activities (Food Service)				
Buildings and improvements	$ 875,390	$ -	$ -	$ 875,390
Technology equipment	11,974	-	-	11,974
Vehicles	22,054	-	-	22,054
General equipment	1,056,419	-	-	1,056,419
	1,965,837	-	-	1,965,837
Less: accumulated depreciation (Food Service)				
Buildings and improvements	621,672	15,927	-	637,599
Technology equipment	11,974	-	-	11,974
Vehicles	22,054	-	-	22,054
General equipment	891,196	23,134	-	914,330
	1,546,896	39,061	-	1,585,957
Business-Type Activities Capital Assets - Net	$ 418,941	$ (39,061)	$ -	$ 379,880

Depreciation expense was allocated to governmental functions as follows:

Instruction	$ 1,698,732
Student support services	4,179
Instructional staff support services	1,210
Plant operations & maintenance	159,463
Student transportation	148,212
	$ 2,011,796

(6) RIGHT TO USE LEASED ASSETS

The District has recorded right to use leased assets. The assets are right to use assets for copier equipment. The related leases are discussed in the Leases subsection of the Long-Term Obligations section of note (7). The right to use leased assets are amortized on a straight-line basis over the terms of the related leases.

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

	June 30, 2024	Additions	Deductions	June 30, 2025
Intangible right to use assets	$ 90,904	$ -	$ -	$ 90,904
Totals at historical cost	90,904	-	-	90,904
Less: accumulated amortization	(45,452)	(18,181)	-	(63,633)
Right to Use Leased Assets - Net	$ 45,452	$ (18,181)	$ -	$ 27,271

(7) LONG-TERM OBLIGATIONS

The amount shown in the accompanying financial statements as debt obligations represents the District's future obligations to make lease payments relating to the bonds issued by the Pendleton County School District Finance Corporation, with original amounts of issues totaling $25,146,000.

Bonds and KISTA Loans

The General Fund, including utility taxes, the Facility Support Program Fund and the SEEK Capital Outlay Fund are obligated to make lease payments. The lease agreements provide, among other things, (1) for rentals sufficient to satisfy debt service requirements on bonds issued by the Pendleton County School District Finance Corporation, and Kentucky School Facility Construction Commission (KSFCC) to construct school facilities and (2) the District with the option to purchase the property under lease at any time by retiring the bonds then outstanding. The proceeds from certain refunding issues have been placed in escrow accounts to be used to service the related debt.

The original amount of present outstanding issues, the issue dates, and interest rates are summarized below:

ORIGINAL ISSUE	ISSUER	AMOUNT	INTEREST RATES
Issue of 2013R	Pendleton County School District Finance Corporation	$ 14,690,000	2.00% to 3.75%
Issue of 2015R	Pendleton County School District Finance Corporation & KSFCC	9,475,000	2.00% to 2.50%
Issue of 2017	Pendleton County School District Finance Corporation & KSFCC	690,000	3.00% to 4.00%
Issue of 2023	Pendleton County School District Finance Corporation & KSFCC	291,000	4.00% to 4.75%

The bonds may be called prior to maturity dates at redemption premiums specified in each issue.

In connection with the 2015R, 2017 and 2023 bond issues, the District entered into a participation agreement with the Kentucky School Facilities Construction Commission, whereby the Commission has agreed to provide amounts on an annual basis (reflected in the following table) toward the payment of principal and interest requirements on the bonds. The agreement is in effect for a period of two years. The obligation of the Commission to make said payments shall automatically renew every two years, unless the Commission provides the District notice of its intention not to participate within sixty days prior to the expiration of the two-year period.

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

Description	(As restated) Balance at June 30, 2024	Additions	Reductions	Balance at June 30, 2025	Due Within One Year
General obligation bonds - $25,146,000 originally issued with interest rates ranging from 2.00% to 4.75%	$ 10,535,000	$ -	$ 2,265,000	$ 8,270,000	$ 2,315,000
Discount on bonds	(15,350)	-	(940)	(14,410)	-
KISTA Loans	544,141	428,430	145,922	826,649	140,212
Leases payable	48,053	-	18,565	29,488	19,438
Accrued interest	68,386	-	12,598	55,788	55,788
Accumulated unpaid sick leave benefits	1,155,527	32,712	-	1,188,239	47,530
	$ 12,335,757	$ 461,142	$ 2,441,145	$ 10,355,754	$ 2,577,968

Assuming no issues are called prior to scheduled maturity, the minimum obligations of the funds at June 30, 2025, for bond debt service, (principal and interest) are as shown below:

Year	Kentucky School Facilities Construction Commission Principal	Interest	Pendleton County School District Principal	Interest	Total
2026	$ 133,582	$ 34,014	$ 2,181,418	$ 237,482	$ 2,586,496
2027	141,921	30,374	2,229,079	174,852	2,576,226
2028	46,000	26,486	1,450,000	108,438	1,630,924
2029	46,000	24,996	1,490,000	55,876	1,616,872
2030	47,000	23,156	-	-	70,156
2031-2035	274,000	84,724	-	-	358,724
2036-2040	172,000	31,198	-	-	203,198
2041-2043	59,000	5,652	-	-	64,652
	$ 919,503	$ 260,600	$ 7,350,497	$ 576,648	$ 9,107,248

Future minimum debt service on notes payable to KISTA, at June 30, 2025, are as follows:

Year	Principal	Interest	Total
2026	$ 140,212	$ 26,965	$ 167,177
2027	132,371	23,084	155,455
2028	117,411	18,959	136,370
2029	102,523	15,235	117,758
2030	87,405	11,994	99,399
2031-2035	246,727	22,592	269,319
	$ 826,649	$ 118,829	$ 945,478

Leases

The District has entered into agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

1. A lease agreement was executed on December 22, 2021 to lease copiers and requires 60 monthly payments of $1,699 per month. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 4.60%, which is the rate specified in the lease. As a result, the District has recorded a right to use asset.

The future minimum lease obligations and net present value of these minimum lease payments as of June 30, 2025, were as follows:

Year	Principal	Interest	Requirements
2026	$ 19,438	$ 950	$ 20,388
2027	10,050	145	10,195
	$ 29,488	$ 1,095	$ 30,583

Net Pension Liability

The net pension liability is $5,523,426 and $889,861 for governmental activities and business-type activities, respectively, at June 30, 2025. See Note (8) for more detailed information.

Net OPEB Asset

The net OPEB asset is $160,469 and $25,132 for governmental activities and business-type activities, respectively, at June 30, 2025. See Note (9) for more detailed information.

Net OPEB Liability

The net OPEB liability is $2,985,000 and $-0- for governmental activities and business-type activities, respectively, at June 30, 2025. See Note (9) for more detailed information.

(8) RETIREMENT PLANS

Kentucky Teachers Retirement System

Plan description: Teaching-certified employees of the Kentucky School District 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 state. KTRS 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). 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/05_publications/index.htm.

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

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

Non-university members receive monthly payments equal to 2% (service prior to July 1, 1983) and 2.5% (service after July 1, 1983) of their final average salaries for each year of credited service. Non-university members who became members on or after July 1, 2002, will receive monthly benefits equal to 2% of their final average salary for each year of service if, upon retirement, their total service is less than 10 years. New members after July 1, 2002, who retire with 10 or more years of total service will receive monthly benefits equal to 2.5% of their final average salary for each year of service, including the first 10 years. In addition, non-university members who retire July 1, 2004, and later with more than 30 years of service will have a multiplier for all years over 30 of 3%.

The final average salary is the member's five highest annual salaries except members at least age 55 with 27 or more years of service may use their three highest annual salaries. For all members, the annual allowance is reduced by 5% per year from the earlier of age 60 or the date the member would have completed 27 years of service. The minimum annual service allowance for all members is $440 multiplied by credited service.

For Members On or After July 1, 2008, and Before Jan. 1, 2022: Members become vested when they complete five years of credited service. To qualify for monthly retirement benefits, payable for life, members must either:

1.) Attain age 60 and complete five years of Kentucky service, or
2.) Complete 27 years of Kentucky service, or
3.) Attain age 55 and complete 10 years of Kentucky service.

The annual retirement allowance for non-university members is equal to: (a) 1.7% of final average salary for each year of credited service if their service is 10 years or less; (b) 2% of final average salary for each year of credited service if their service is greater than 10 years but no more than 20 years; (c) 2.3% of final average salary for each year of credited service if their service is greater than 20 years but no more than 26 years; (d) 2.5% of final average salary for each year of credited service if their service is greater than 26 years but no more than 30 years; (e) 3% of final average salary for years of credited service greater than 30 years.

The final average salary is the member's five highest annual salaries except members at least age 55 with 27 or more years of service may use their three highest annual salaries. For all members, the annual allowance is reduced by 6% per year from the earlier of age 60 or the date the member would have completed 27 years of service.

For Members On or After Jan. 1, 2022: To qualify for monthly retirement benefits, payable for life, members must either:

1.) Attain age 57 and complete 10 years of Kentucky service, or
2.) Attain age 65 and complete five years of Kentucky service.

Foundational Benefit - The annual foundational benefit for members is equal to service times a multiplier times final average salary. The final average salary is the member's five highest annual salaries. The annual foundational benefit is reduced by 6% per year from the earlier of age 60 or the date the member would have completed 30 years of service.

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

Contributions: Contribution rates are established by Kentucky Revised Statutes (KRS). For members who began participating before Jan. 1, 2022, non- university members are required to contribute 12.855% of their salaries to the system; university members are required to contribute 10.4% of their salaries. KRS 161.565 allows each university to reduce the contribution of its members by 2.215%; therefore, university members contribute 8.185% of their salary to TRS. For members employed by local school districts, the state (as a non-employer contributing entity) contributes 13.105% of salary for those who joined before July 1, 2008, and 14.105% for those who joined on or after July 1, 2008, and before Jan. 1, 2022. Other participating employers are required to contribute the percentage contributed by members plus an additional 3.25% of members' gross salaries.

For members who began participating on or after Jan. 1, 2022, non-university members contribute 14.75% and university members contribute 9.775% of their salaries to the system. Employers of non-university members, including the state (as a non-employer contributing entity), contribute 10.75% of salary. University employers contribute 9.775% of member's salary to the system.

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

At June 30, 2025, the District did not report a liability for its proportionate share of the net pension liability 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, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	$ -
Commonwealth's proportionate share of the Net pension liability associated with the District	42,758,202
	$ 42,758,202

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2023. An expected total pension liability as of June 30, 2024 was determined using standard roll-forward techniques. The District's proportion of the net pension liability was based on the actual liability of the employees and former employees relative to the total liability of the Commonwealth as determined by the actuary. At June 30, 2024, the District's proportion was 0.2600%.

For the year ended June 30, 2025, the District recognized pension expense of $5,228,609 and revenue of $5,228,609 for support provided by the State.

Actuarial Methods and Assumptions: The total pension liability was determined by applying procedures to the actuarial valuation as of June 30, 2023. The financial reporting actuarial valuation as of June 30, 2024, used the following actuarial methods and assumptions:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry Age Normal
Single Equivalent Interest Rate	7.10%
Municipal Bond Index Rate	3.94%
Inflation	2.5%
Salary Increase	3.0-7.5%, including inflation
Investment Rate of Return	7.1%, net of pension plan investment expense, including inflation
Post-retirement Benefit Increases	1.50% annually

Changes of Assumptions: In the 2020 experience study, rates of withdrawal, retirement, disability, mortality, and salary increase were adjusted to more closely reflect actual experience. The expectation of mortality was changed to the Pub2010 Mortality Tables (Teachers Benefit-Weighted) projected generationally with MP-2020 with various set forwards, set-backs, and adjustments for each of the groups: service retirees, contingent annuitants, disabled retirees, and actives. The assumed long-term investment rate of return was changed from 7.5% to 7.1% and the price inflation assumption was lowered from 3% to 2.5%.

Mortality rates were based on the Pub-2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs and adjustments for each of the groups; service retirees, contingent annuitants, disabled retirees and active members.

The actuarial assumptions used were based on the results of an actuarial experience study for the 5-year period ending June 30, 2020, adopted by the board on September 20, 2021. The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. Equity	35.4%	5.0%
Small Cap U.S. Equity	2.6%	5.5%
Developed International Equity	15.7%	5.5%
Emerging Markets Equity	5.3%	6.1%
Fixed Income	15.0%	1.9%
High Yield Bonds	2.0%	3.8%
Other Additional Categories	8.0%	3.6%
Real Estate	7.0%	3.2%
Private Equity	7.0%	8.0%
Cash	2.0%	1.6%
Total	100.0%	

Discount Rate: The discount rate used to measure the total pension liability as of the measurement date was 7.1%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made in full at the current contribution rates and the employer contributions will be made at actuarially determined contribution (ADC) rates for all future fiscal years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.10%)	Current discount rate (7.10%)	1% Increase (8.10%)
Commonwealth's proportionate share of the Net Pension liability associated with the District	$ 58,079,000	$ 42,758,202	$ 33,319,000

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

County Employees Retirement System

Plan description: Substantially all full-time classified employees of the District participate in the County Employees Retirement System ("CERS"). CERS is a cost-sharing, multiple-employer, defined benefit pension plan administered by the Kentucky General Assembly. The plan covers substantially all regular full-time members employed in non-hazardous duty positions of each county and school board, and any additional eligible local agencies electing to participate in the plan. The plan provides for retirement, disability and death benefits to plan members.

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

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

Contributions: Funding for CERS is provided by members, who contribute 5.00% (6.00% for employees hired after September 1, 2008) of their salary through payroll deductions, and by employers of members. For the year ending June 30, 2025, employers were required to contribute 19.71% (19.71% pension, 0.00% insurance) of the member's salary. During the year ending June 30, 2025, the District contributed $817,744 to the CERS pension plan. The contribution requirements of CERS are established and may be amended by the CERS Board of Trustees.

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

At June 30, 2025, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2023. An expected total pension liability as of June 30, 2024 was determined using standard roll-forward techniques. The District's proportion of the net pension liability was based on contributions to CERS during the fiscal year ended June 30, 2024. At June 30, 2024, the District's proportion was 0.10724%.

For the year ended June 30, 2025, the District recognized pension expense of approximately $296,000. 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	$ 310,415	$ -
Changes of assumptions	-	289,755
Net difference between projected and actual earnings on investments	-	412,339
Changes in proportion and differences between District contributions and proportionate share of contributions	174,292	297,972
District contributions subsequent to the measurement date	817,744	-
	$ 1,302,451	$ 1,000,066

The $817,744 reported as deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026.

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

Year	
2026	$ (268,226)
2027	3,268
2028	(158,508)
2029	(91,893)
	$ (515,359)

Actuarial Methods and Assumptions: The total pension liability for CERS was determined by applying procedures to the actuarial valuation as of June 30, 2023. The financial reporting actuarial valuation as of June 30, 2024, used the following actuarial methods and assumptions:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry Age Normal
Payroll growth	2.00%
Inflation	2.50%
Salary Increase	3.30% to 10.30%, varies by service
Investment Rate of Return	6.50%, net of pension plan investment expense, including inflation

The mortality table used for active members was a Pub-2010 General Mortality table, for the Nonhazardous System, and the Pub-2010 Public Safety Mortality table for the Hazardous System, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023. The mortality table used for the disabled members was PUB-2010 Disabled Mortality table, with rates

multiplied by 150% for both male and female rates, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity		
Public Equity	50.00%	4.15%
Private Equity	10.00%	9.10%
Fixed Income		
Core Fixed Income	10.00%	2.85%
Specialty Credit	10.00%	3.82%
Cash	0.00%	1.70%
Inflation Protected		
Real Estate	7.00%	4.90%
Real Return	13.00%	5.35%
Total	100.00%	4.69%

Discount Rate: The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members 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 assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate: The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.50%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50%) or 1-percentage-point higher (7.50%) than the current rate:

	1% Decrease (5.50%)	Current discount rate (6.50%)	1% Increase (7.50%)
District's proportionate share of the net pension liability	$ 8,267,775	$ 6,413,287	$ 4,874,551

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

Payables to the pension plan: At June 30, 2025, there was a total payable to CERS of $137,233, which includes pension and OPEB contributions.

(9) OTHER POSTEMPLOYMENT BENEFIT ("OPEB") PLANS

Kentucky Teachers Retirement System OPEB Plans

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

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

Medical Insurance Plan

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

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

Contributions – In order to fund the post-retirement healthcare benefit, seven and one-half percent (7.50%) of the gross annual payroll of members is contributed. Three and three quarters percent (3.75%) is paid by member contributions and three quarters percent (.75%) from state appropriation and three percent (3.00%) from the employer. The state contributes the net cost of health insurance premiums for members who retired on or after July 1, 2010 who are in the non-Medicare eligible group. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan. During the year ending June 30, 2025, the District contributed $300,285 to the medical insurance plan.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to KTRS Medical Insurance Plan

At June 30, 2025, the District reported a liability of $2,985,000 for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2024. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2023. An expected total OPEB liability as of June 30, 2024 was determined using standard roll-forward techniques. The total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2024, the District's proportion was 0.25318%.

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

District's proportionate share of the net OPEB liability	$ 2,985,000
Commonwealth's proportionate share of the Net OPEB liability associated with the District	2,659,000
	$ 5,644,000

For the year ended June 30, 2025, the District recognized OPEB expense of ($148,000) and revenue of $247,700 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	$ -	$ 896,000
Changes of assumptions	760,000	-
Net difference between projected and actual earnings on investments	-	96,000
Changes in proportion and differences between District contributions and proportionate share of contributions	785,000	1,213,000
District contributions subsequent to the measurement date	300,285	-
	$ 1,845,285	$ 2,205,000

Of the total amount reported as deferred outflows of resources related to OPEB, $300,285 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2026. 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	
2026	$ (273,000)
2027	(37,000)
2028	(50,000)
2029	(136,000)
2030	(140,000)
Thereafter	(24,000)
	$ (660,000)

Actuarial methods and assumptions – The total OPEB liability was determined by applying procedures to the actuarial valuation as of June 30, 2023. The financial reporting actuarial valuation as of June 30, 2024, used the following actuarial methods and assumptions:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
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	
All ages	6.50% for FY 2024 decreasing to an ultimate rate of 4.50% by FY 2031
Medicare Part B Premiums	5.92% for FY 2024 with an ultimate rate of 4.50% by 2035
Municipal Bond Index Rate	3.66%
Discount Rate	7.10%
Single Equivalent Interest Rate	7.10%, net of OPEB plan investment expense, including inflation.

Mortality rates were based on the Pub-2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees, and active members.

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

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends) used in the June 30, 2023 valuation of the Health Trust were based on a review of recent plan experience done concurrently with the June 30, 2023 valuation. The health care cost trend assumption was updated for the June 30, 2023 valuation and was shown as an assumption change in the TOL roll forward, while the change in initial per capita claims costs were included with experience in the TOL roll forward.

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 pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. Equity	35.4%	5.0%
Small Cap U.S. Equity	2.6%	5.5%
Developed International Equity	15.0%	5.5%
Emerging Markets Equity	5.0%	6.1%
Fixed Income	9.0%	1.9%
High Yield Bonds	8.0%	3.8%
Other Additional Categories	9.0%	3.7%
Real Estate	6.5%	3.2%
Private Equity	8.5%	8.0%
Cash	1.0%	1.6%
Total	100.0%	

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

- Total payroll for the initial projection year consists of the payroll of the active membership present on the Valuation Date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 2.75%.
- The pre-65 retiree health care costs for members retired on or after July 1, 2010 were assumed to be paid by either the State or the retirees themselves.
- As administrative expenses, other than the administrative fee of $8.00 PMPM paid to KEHP by TRS, were assumed to be paid in all years by the employer as they come due, they were not considered.
- Cash flows occur mid-year.
- Future contributions to the Health Trust were based upon the contribution rates defined in statute and the projected payroll of active employees. Per KRS 161.540(1)(c).3 and 161.550(5), when the Health Trust achieves a sufficient prefunded status, as determined by the retirement system's actuary, the following Health Trust statutory contributions are to be decreased, suspended, or eliminated:
    - Employee contributions
    - School District/University Contributions
    - State Contributions for KEHP premium subsidies payable to retirees who retire after June 30, 2010

To reflect these adjustments, open group projections were used and assumed an equal, pro rata reduction to the current statutory amounts in the years if/when the Health Trust is projected to achieve a Funded Ratio of 100% or more. Here, the current statutory amounts are adjusted to achieve total contributions equal to the Actuarially Determined Contribution (ADC), as determined by the prior year's valuation and in accordance with the Health Trust's funding policy. As the specific methodology to be used for the adjustments has yet to be determined, there may be differences between the projected results and future experience. This may also include any changes to retiree contributions for KEHP coverage pursuant to KRS 161.675(4)(b).

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

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

	1% Decrease (6.10%)	Current discount rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net OPEB liability	$ 3,965,000	$ 2,985,000	$ 2,172,000

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

	1% Decrease	Current trend rate	1% Increase
District's proportionate share of the net OPEB liability	$ 2,016,000	$ 2,985,000	$ 4,188,000

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 employer defined benefit plan with a special funding situation. Changes made to the life insurance plan may be made by the TRS Board of Trustees and the General Assembly.

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

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

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to KTRS Life Insurance Plan

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

District's proportionate share of the net OPEB liability	$ -
Commonwealth's proportionate share of the Net OPEB liability associated with the District	61,000
	$ 61,000

The net OPEB liability was measured as of June 30, 2024, and the total pension liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023. An expected total OPEB liability as of June 30, 2024 was determined using standard roll-forward techniques. The District's proportion of the net OPEB liability was based on the actual liability of the employees and former employees relative to the total liability of the Commonwealth as determined by the actuary. At June 30, 2024, the District's proportion was 0.24748%.

For the year ended June 30, 2025, the District recognized OPEB expense of $-0- and revenue of $7,414 for support provided by the State.

Actuarial methods and assumptions - The total OPEB liability was determined by applying procedures to the actuarial valuation as of June 30, 2023. The financial reporting actuarial valuation as of June 30, 2024, used the following actuarial methods and assumptions:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
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.

Mortality rates were based on the Pub-2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs and adjustments for each of the groups: service, retirees, contingent annuitants, disabled retirees and active members. The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation and rates of plan election used in the June 30, 2023, valuation were based on the results of the most recent actuarial experience study for the system, which covered the five-year period ending June 30, 2020, adopted by the board on September 20, 2021. The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends) used in the June 30, 2023 valuation of the Health Trust were based on a review of recent plan experience done concurrently with the June 30, 2023 valuation. The health care cost trend assumption was updated for the June 30, 2023 valuation and was shown as an assumption change in the TOL roll-forward, while the change in initial per capita claims costs was included with experience in the TOL roll-forward.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	40.0%	5.2%
Developed International Equity	15.0%	5.5%
Emerging Markets Equity	5.0%	6.1%
Fixed Income	21.0%	1.9%
Other Additional Categories	5.0%	4.0%
Real Estate	7.0%	3.2%
Private Equity	5.0%	8.0%
Cash	2.0%	1.6%
Total	100.0%	

Discount rate - The discount rate used to measure the total OPEB liability as of the measurement date was 7.10%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB Statement No. 75. The projection's basis was an actuarial valuation performed as of June 30, 2023. In addition to the actuarial methods and assumptions of the June 30, 2023 actuarial valuation, the following actuarial methods and assumptions were used in the projection of the life insurance cash flows:

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

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

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

	1% Decrease (6.10%)	Current discount rate (7.10%)	1% Increase (8.10%)
Commonwealth's proportionate share of the net OPEB liability associated with the District	$ 104,000	$ 61,000	$ 26,000

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

County Employees Retirement System Insurance Fund

Plan description: The County Employees Retirement System ("CERS") Insurance Fund was established to provide post-employment healthcare benefits to eligible members and dependents. The CERS Insurance Fund is a cost-sharing, multiple employer defined benefit plan administered by the Kentucky Retirement Systems' (KRS) board of trustees.

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

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

Percentage of contribution ranges from 0% for less than 4 years of service to 100% for 20 years or more of service. For members who initiated participation in the CERS system after July 1, 2003 until August 31, 2008, members must have 120 months of service in a state-administered retirement system to qualify for participation in the KRS health plans. Members who began participating with KRS on or after September 1, 2008, must have 180 months of service upon retirement to participate in the KRS health plans. Non-hazardous retirees receive $10 toward the monthly premium for each full year of service.

Contributions: CERS allocates a portion of the employer contributions to the health insurance benefit plans. For the year ending June 30, 2025, CERS allocated 0.00% of the 19.71% actuarially required contribution rate paid by employers for funding the healthcare benefit. In addition, 1.00% of the contributions by employees hired after September 1, 2008 are allocated to the health insurance plan. During the year ending June 30, 2025, the District contributed $-0- to the CERS Insurance Fund. The contribution requirements of CERS are established and may be amended by the CERS Board of Trustees.

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

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

At June 30, 2025, the District reported a liability (asset) for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of June 30, 2024. The total OPEB liability (asset) used to calculate the net OPEB liability (asset) was based on an actuarial valuation as of June 30, 2023. An expected total pension liability (asset) as of June 30, 2024 was determined using standard roll-forward techniques. The District's proportion of the net OPEB liability (asset) was based on contributions to CERS during the fiscal year ended June 30, 2024. At June 30, 2024, the District's proportion was 0.10730%.

For the year ended June 30, 2025, the District recognized OPEB expense of approximately $(494,000), including an implicit subsidy of $50,311. 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	$ 102,969	$ 1,460,313
Changes of assumptions	168,177	130,961
Net difference between projected and actual earnings on investments	-	169,371
Changes in proportion and differences between District contributions and proportionate share of contributions	99,845	149,000
District contributions subsequent to the measurement date	-	-
	$ 370,991	$ 1,909,645

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, 2026.

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

Year	
2026	$ (632,917)
2027	(469,368)
2028	(404,181)
2029	(32,188)
	$ (1,538,654)

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

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Experience Study	July 1, 2013 - June 30, 2018
Actuarial Cost Method	Entry Age Normal
Payroll Growth Rate	2.00%
Inflation	2.50%
Salary Increase	3.30% to 10.30%, varies by service

Investment Rate of Return	6.50%
Healthcare Trend Rates	
Pre-65	Initial trend starting 7.10% at January 1, 2026 and gradually decreasing to an ultimate trend rate of 4.25% over a period of 14 years.
Post-65	Initial trend starting at 8.00% at January 1, 2026 and gradually decreasing to an ultimate trend rate of 4.25% over a period of 9 years.
Mortality	
Pre-retirement	PUB-2010 General Mortality table, for the Non-Hazardous Systems, and the PUB-2010 Public Safety Mortality table for the Hazardous Systems, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010.
Post-retirement (non-disabled)	System-specific mortality table based on mortality experience from 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023.
Post-retirement (disabled)	PUB-2010 Disabled Mortality table, with rates multiplied by 150% for both male and female rates, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year 2010

Assumption Changes - The discount rate used to calculate the total OPEB liability increased from 5.93% to 5.99% for the nonhazardous plan. The assumed increase in future health care costs, or trend assumption, was reviewed during the June 30, 2023, valuation process and was updated to better reflect the plan's anticipated long-term healthcare cost increases. In general, the updated assumption is assuming higher future increases in pre-Medicare healthcare costs.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity		
Public Equity	50.00%	4.15%
Private Equity	10.00%	9.10%
Fixed Income		
Core Fixed Income	10.00%	2.85%
Specialty Credit	10.00%	3.82%
Cash	0.00%	1.70%
Inflation Protected		
Real Estate	7.00%	4.90%
Real Return	13.00%	5.35%
Total	100.00%	4.69%

Discount rate - The discount rate used to measure the total OPEB liability was 5.99%. The single discount rates are based on the expected rate of return on OPEB plan investments of 6.50%, and a municipal bond rate of 3.97%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2024. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, each plan's fiduciary net position and future contributions were projected to be sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments

was applied to all periods of the projected benefit payments paid from the plan. However, the cost associated with the implicit employer subsidy was not included in the calculation of the plan's actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the plans trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

The 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:

	1% Decrease (4.99%)	Current discount rate (5.99%)	1% Increase (6.99%)
District's proportionate share of the net OPEB liability (asset)	$ 250,953	$ (185,601)	$ (552,656)

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:

	1% Decrease	Current trend rate	1% Increase
District's proportionate share of the net OPEB liability (asset)	$ (446,533)	$ (185,601)	$ 118,367

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

Payables to the OPEB plan: At June 30, 2025, there was a total payable to CERS of $137,233, which includes pension and OPEB contributions.

(10) COMMITMENTS AND CONTINGENCIES

The District receives funding from Federal and State government agencies. 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 grantors may request a refund of monies advanced, or refuse to reimburse the District for its disbursements. The amount of such future refunds and unreimbursed disbursements, if any, is not expected to be significant. Continuation of the District's grant programs is predicated upon the grantors' satisfaction that the funds provided are being spent as intended and the grantors' intent to continue their programs.

The District is subject to certain legal proceedings arising from normal business activities. Administrative officials believe that these actions are without merit or that the ultimate liability, if any, resulting from them will not materially affect the accompanying financial statements.

The District has outstanding construction commitments of approximately $360,502 at June 30, 2025 for renovations at Sharp Middle School.

(11) RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To obtain insurance for workers' compensation, errors and omissions, and general liability coverage, the District participates in the Kentucky Employer's Mutual Insurance Fund. These public entity risk pools operate as common risk management and insurance programs for all school districts and other tax supported educational agencies of Kentucky who are members of the Kentucky School Boards Association. The District pays an annual premium to each fund for coverage. Contributions to the Workers' Compensation Fund are based on premium rates established by such fund in conjunction with the excess insurance carrier, subject to claims experience modifications and a group discount amount. Dividends may be declared, but are not payable until twenty-four (24) months after the expiration of the self-insurance term. The Liability Insurance Fund pays insurance premiums of the participating members established by the insurance carrier. The Trust can terminate coverage if it is unable to obtain acceptable excess general liability coverage and for any reason by giving ninety (90) days notice. In the event the Trust terminated coverage, any amount remaining in the Fund (after payment of operational and administrative costs and claims for which coverage was provided) would be returned to the member on a pro rata basis.

The District purchases unemployment insurance through the Kentucky School Boards Insurance Trust Unemployment Compensation Fund; however, risk has not been transferred to such fund. In addition, the District continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(12) COBRA

Under COBRA, employers are mandated to notify terminated employees of available continuing insurance coverage. It is management's opinion that the District is in compliance with the COBRA requirements.

(13) INTERFUND TRANSACTIONS

Interfund Transfers

The following transfers were made during the year:

Type	From Fund	To Fund	Purpose	Amount
Operating	Special Revenue	Special Revenue	Intra Fund Transfer	$ 125,819
Operating	General	Special Revenue	Matching Funds	39,500
Operating	Food Service	General	Indirect Costs	117,435
Debt Service	Building	Debt Service	Debt Service	2,426,022
Capital	Building	Construction	Construction	405,952
Capital	Special revenue	Construction	Construction	1,162,708
Operating	Student Activity	District Activity	Operating	36,643
Operating	District Activity	Student Activity	Operating	483

(14) ON-BEHALF PAYMENTS

For the year ended June 30, 2025, total payments of $6,393,155 were made by the Commonwealth of Kentucky on behalf of the District for life insurance, health insurance, debt service, KTRS matching and administrative fees, and vocational education. These payments were recognized as on-behalf payments and are recorded in the appropriate revenue and expense account on the Statement of Activities and the Government Funds Statement of Revenue, Expenditures, and Changes in Fund Balance.

On-behalf payments at June 30, 2025 consisted of the following:

Teacher Retirement	$ 2,779,139
Teacher Retirement – Health & Life	255,114
Health Insurance	3,044,023
Life Insurance	3,691
Administrative Fee	29,496
HRA/Dental/Vision	162,313
Federal Reimbursement	(109,024)
Technology	59,508
SFCC Debt Service	168,895
Total on-behalf	$ 6,393,155

(15) FUND DEFICIT

As of June 30, 2025, the Food Service Fund had a negative net position of $14,022. The deficit resulted from the fund's proportionate share of the net pension and OPEB liabilities (assets) recorded in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

(16) RESTATEMENT OF BEGINNING NET POSITION

The beginning net position of the governmental activities has been restated as follows:

During the fiscal year, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. The adoption of this new accounting principle required a change in the method of recognizing liabilities for compensated absences. As a result, the beginning net position was decreased by $885,433.

The cumulative effect of these adjustments is as follows:

	Governmental Activities
Beginning Net Position, as previously reported	$ 25,901,449
Implementation of GASB 101	(885,433)
Beginning Net Position, as restated	$ 25,016,016

REQUIRED SUPPLEMENTARY INFORMATION

PENDLETON COUNTY SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2025

	Reporting Fiscal Year (Measurement Date)									
	2025 (2024)	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)
COUNTY EMPLOYEES RETIREMENT SYSTEM:										
District's proportion of the net pension liability	0.10724%	0.11382%	0.10530%	0.10898%	0.11535%	0.12153%	0.12067%	0.12683%	0.12653%	0.12725%
District's proportionate share of the net pension liability	$ 6,413,287	$ 7,303,591	$ 7,612,079	$ 6,948,330	$ 8,847,250	$ 8,546,978	$ 7,348,927	$ 7,423,457	$ 6,229,770	$ 5,471,373
District's covered payroll	$ 3,369,679	$ 3,294,103	$ 2,984,478	$ 2,831,974	$ 3,011,140	$ 3,067,670	$ 3,026,845	$ 3,087,002	$ 3,044,678	$ 3,005,325
District's proportionate share of the net pension liability as a percentage of its covered payroll	190.323%	221.717%	255.056%	245.353%	293.817%	278.615%	242.792%	240.475%	204.612%	182.056%
Plan fiduciary net position as a percentage of the total pension liability	61.61%	57.48%	52.42%	57.33%	47.81%	50.45%	53.54%	53.30%	55.50%	59.97%
KENTUCKY TEACHER'S RETIREMENT SYSTEM:										
District's proportion of the net pension liability	0.2600%	0.2751%	0.2584%	0.2609%	0.2690%	0.2785%	0.2944%	0.2950%	0.3083%	0.3235%
District's proportionate share of the net pension liability	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
State's proportionate share of the net pension liability associated with the District	42,758,202	46,876,555	43,778,029	33,957,486	38,123,151	37,997,206	38,549,564	79,590,461	90,944,998	75,273,376
Total	$ 42,758,202	$ 46,876,555	$ 43,778,029	$ 33,957,486	$ 38,123,151	$ 37,997,206	$ 38,549,564	$ 79,590,461	$ 90,944,998	$ 75,273,376
District's covered payroll	$ 10,253,972	$ 10,661,672	$ 9,566,785	$ 9,099,191	$ 9,206,647	$ 9,343,523	$ 9,817,329	$ 9,684,430	$ 10,018,300	$ 10,235,019
District's proportionate share of the net pension liability as a percentage of its covered payroll	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Plan fiduciary net position as a percentage of the total pension liability	60.36%	57.68%	56.41%	65.59%	58.27%	58.80%	59.30%	39.83%	35.22%	42.49%

PENDLETON COUNTY SCHOOL DISTRICT
SCHEDULE OF PENSION CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
COUNTY EMPLOYEES RETIREMENT SYSTEM:										
Contractually required contribution	$ 817,744	$ 786,483	$ 770,820	$ 631,814	$ 546,571	$ 581,150	$ 497,576	$ 438,315	$ 430,759	$ 378,139
Contributions in relation to the contractually required contribution	817,744	786,483	770,820	631,814	546,571	581,150	497,576	438,315	430,759	378,139
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
District's covered payroll	$ 4,148,879	$ 3,369,679	$ 3,294,103	$ 2,984,478	$ 2,831,974	$ 3,011,140	$ 3,067,670	$ 3,026,845	$ 3,087,002	$ 3,044,678
District's contribution's as a percentage of its covered payroll	19.71%	23.34%	23.40%	21.17%	19.30%	19.30%	16.22%	14.48%	13.95%	12.42%
KENTUCKY TEACHER'S RETIREMENT SYSTEM:										
Contractually required contribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
District's covered payroll	$ 10,702,151	$ 10,253,972	$ 10,661,672	$ 9,566,785	$ 9,099,191	$ 9,206,647	$ 9,343,523	$ 9,817,329	$ 9,684,430	$ 10,018,300
District's contributions as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

PENDLETON COUNTY SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE
SHARE OF THE NET OPEB LIABILITY (ASSET)
FOR THE YEAR ENDED JUNE 30, 2025

	Reporting Fiscal Year (Measurement Date)							
	2025 (2024)	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)
COUNTY EMPLOYEES RETIREMENT SYSTEM INSURANCE FUND:								
District's proportion of the net OPEB liability (asset)	0.10730%	0.11382%	0.10531%	0.10896%	0.11532%	0.12153%	0.12066%	0.12683%
District's proportionate share of the net OPEB liability (asset)	$ (185,601)	$ (157,143)	$ 2,078,209	$ 2,085,889	$ 2,784,531	$ 2,044,097	$ 2,142,330	$ 2,549,616
District's covered payroll	$ 3,369,679	$ 3,294,103	$ 2,984,478	$ 2,831,974	$ 3,011,140	$ 3,067,670	$ 3,026,845	$ 3,087,002
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-5.508%	-4.770%	69.634%	73.655%	92.474%	66.634%	70.778%	82.592%
Plan fiduciary net position as a percentage of the total OPEB liability	104.89%	104.23%	60.95%	62.91%	51.70%	60.40%	57.62%	52.40%
KENTUCKY TEACHER'S RETIREMENT SYSTEM - MEDICAL INSURANCE PLAN:								
District's proportion of the net OPEB liability	0.25318%	0.26760%	0.24756%	0.25162%	0.25979%	0.26864%	0.28354%	0.28355%
District's proportionate share of the net OPEB liability	$ 2,985,000	$ 3,537,000	$ 4,626,000	$ 2,979,000	$ 3,640,000	$ 4,350,000	$ 5,284,000	$ 5,565,000
State's proportionate share of the net OPEB liability associated with the District	2,659,000	2,981,000	1,520,000	2,420,000	2,916,000	3,513,000	4,554,000	4,546,000
Total	$ 5,644,000	$ 6,518,000	$ 6,146,000	$ 5,399,000	$ 6,556,000	$ 7,863,000	$ 9,838,000	$ 10,111,000
District's covered payroll	$ 9,266,382	$ 9,171,433	$ 8,241,867	$ 8,215,380	$ 8,491,599	$ 8,626,169	$ 9,042,766	$ 8,909,594
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	32.213%	38.565%	56.128%	36.261%	42.866%	50.428%	58.433%	62.461%
Plan fiduciary net position as a percentage of the total OPEB liability	59.81%	52.97%	47.75%	51.74%	39.05%	32.58%	25.50%	21.18%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

PENDLETON COUNTY SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE
SHARE OF THE NET OPEB LIABILITY (ASSET) (CONCLUDED)
FOR THE YEAR ENDED JUNE 30, 2025

	Reporting Fiscal Year (Measurement Date)							
	2025 (2024)	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)
KENTUCKY TEACHER'S RETIREMENT SYSTEM - LIFE INSURANCE PLAN:								
District's proportion of the net OPEB liability	0.24748%	0.26139%	0.24305%	0.24598%	0.25405%	0.26260%	0.27710%	0.27712%
District's proportionate share of the net OPEB liability	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
State's proportionate share of the net OPEB liability associated with the District	61,000	74,000	76,000	32,000	88,000	82,000	78,000	61,000
Total	$ 61,000	$ 74,000	$ 76,000	$ 32,000	$ 88,000	$ 82,000	$ 78,000	$ 61,000
District's covered payroll	$ 9,266,382	$ 9,171,433	$ 8,241,867	$ 8,215,380	$ 8,491,599	$ 8,626,169	$ 9,042,766	$ 8,909,594
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Plan fiduciary net position as a percentage of the total OPEB liability	80.56%	76.91%	73.97%	89.15%	71.57%	73.40%	75.00%	79.99%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

PENDLETON COUNTY SCHOOL DISTRICT
SCHEDULE OF OPEB CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017
COUNTY EMPLOYEES RETIREMENT SYSTEM INSURANCE FUND:									
Contractually required contribution	$ -	$ -	$ 111,670	$ 172,503	$ 134,802	$ 143,330	$ 161,359	$ 142,235	$ 146,057
Contributions in relation to the contractually required contribution	-	-	111,670	172,503	134,802	143,330	161,359	142,235	146,057
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-
District's covered payroll	$ 4,148,879	$ 3,369,679	$ 3,294,103	$ 2,984,478	$ 2,831,974	$ 3,011,140	$ 3,067,670	$ 3,026,845	$ 3,087,002
District's proportionate share of the OPEB liability as a percentage of its covered payroll	0.00%	0.00%	3.39%	5.78%	4.76%	4.76%	5.26%	4.70%	4.73%
KENTUCKY TEACHER'S RETIREMENT SYSTEM: MEDICAL INSURANCE PLAN:									
Contractually required contribution	$ 300,285	$ 278,190	$ 275,143	$ 247,256	$ 246,464	$ 254,751	$ 258,787	$ 271,284	$ 267,388
Contributions in relation to the contractually required contribution	300,285	278,190	275,143	247,256	246,464	254,751	258,787	271,284	267,388
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-
District's covered payroll	$ 10,009,454	$ 9,266,382	$ 9,171,433	$ 8,241,867	$ 8,215,380	$ 8,491,599	$ 8,626,169	$ 9,042,766	$ 8,909,594
District's contributions as a percentage of its covered payroll	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

PENDLETON COUNTY SCHOOL DISTRICT
SCHEDULE OF OPEB CONTRIBUTIONS (CONCLUDED)
FOR THE YEAR ENDED JUNE 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017
KENTUCKY TEACHER'S RETIREMENT SYSTEM - LIFE INSURANCE PLAN:									
Contractually required contribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-
District's covered payroll	$ 10,009,454	$ 9,266,382	$ 9,171,433	$ 8,241,867	$ 8,215,380	$ 8,491,599	$ 8,626,169	$ 9,042,766	$ 8,909,594
District's contributions as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

(1) CHANGES OF ASSUMPTIONS

KTRS

In 2015, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 5.23% to 4.88%.

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

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

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

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

CERS

The following changes were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2015:

- The assumed investment rate of return was decreased from 7.75% to 7.50%.
- The assumed rate of inflation was reduced from 3.50% to 3.25%.
- The assumed rate of wage inflation was reduced from 1.00% to 0.75%.
- Payroll growth assumption was reduced from 4.50% to 4.00%.
- The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females).
- For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement.
- The assumed rates of Retirement, Withdrawal and Disability were updated to more accurately reflect experience.

The following changes were made by the Board of Trustees and reflected in the valuation performed as of June 30, 2017:

- Decreased the price inflation assumption to 2.30%.
- Decreased the assumed rate of return to 6.25%.
- Decreased the payroll growth assumption to 2.00%.

The following changes were made by the Board of Trustees and reflected in the valuation performed as of June 30, 2019:

- The assumed salary increase was changed from 4.00% (average) to 3.30%-10.30% (varies by service).
- The mortality table used for pre-retirement is PUB-2010 General Mortality table, for the Non-Hazardous Systems, and PUB-2010 Public Safety Mortality table for the Hazardous Systems, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.
- The mortality table used for post-retirement (non-disabled) is a system specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.
- The mortality table used for post-retirement (disabled) is PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2010.

For the valuation performed as of June 30, 2023, demographic and economic assumptions were updated based on the 2022 experience study and the single discount rates used to calculate the total OPEB liability was changed to 6.50%. A 1% increase in the rate of retirement for each of the first two years a nonhazardous member becomes retirement eligible under the age of 65 is assumed to reflect the shift in retirement pattern due to House Bill 506. Additionally, in conjunction with the review of the healthcare per capita claims cost, the assumed increase in the future healthcare costs, or trend assumption, is reviewed on an annual basis. The trend assumption for the non-Medicare Plans was increased during the select period as a result of this review.

(2) METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS

KTRS

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

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	22.9 years
Asset Valuation Method	5-year smoothed market
Inflation	2.5%
Salary Increase	3.0% to 7.5%, including inflation
Investment Rate of Return	7.1%, net of pension plan investment expense, including inflation

CERS

The following actuarial methods and assumptions were used to determine contribution rates for the year ending June 30, 2024:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll
Remaining Amortization Period	30 years, closed
Payroll Growth	2.00%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%
Salary Increase	3.30% to 10.30%, varies by service
Investment Rate of Return	6.25%, net of pension plan investment expense, including inflation
Mortality	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019
Phase-in provision	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018

(3) CHANGES OF BENEFITS

KTRS

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

CERS

During the 2018 legislative session, House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty. Benefits paid to the spouses of deceased members have been increased from 25% of the member's final rate of pay to 75% of the member's average pay. If the member does not have a surviving spouse, benefits paid to surviving dependent children have been increased from 10% of the member's final pay rate to 50% of average pay for one child, 65% of average pay for two children, or 75% of average pay for three children. The Total Pension Liability as of June 30, 2019 is determined using these updated benefit provisions.

Senate Bill 169 passed during the 2021 legislative session and increased the disability benefits for qualified members who become "totally and permanently disabled" as a result of a duty-related disability. The minimum disability benefit increased from 25% of the member's monthly final rate of pay to 75% of the member's monthly average pay. The insurance premium for the member, the member's spouse, and the member's dependent children shall also be paid in full by the System. For non-hazardous members to be eligible for this benefit, they must be working in a position that could be certified as a hazardous position. There were no other material plan provision changes since the prior valuation.

Senate Bill 209 passed during the 2022 legislative session increased the insurance dollar contribution for members hired on or after July 1, 2003 by $5 for each year of service a member attains over certain thresholds, depending on a member's retirement eligibility requirement. This increase in the insurance dollar contribution does not increase by 1.5% annually and is only payable for non-Medicare retirees. Additionally, it is only payable when the member's applicable insurance fund is at least 90% funded. The increase is first payable January 1, 2023.

House Bill 506 passed during the 2023 legislative session reinstated the Partial Lump Sum Options (PLSO) form of payment for members retiring on or after January 1, 2024. The bill introduced an expansion of the lump-sum payment options, allowing for payouts equal to 48 or 60 times the member's Basic, or Survivorship 100% monthly retirement allowance. The lifetime monthly retirement allowance is adjusted actuarially to account for the selected lump sum payment option. House Bill 506 additionally modified the minimum separation period required for a retiree to reemploy with a participating employer of the Systems administered by the KPPA while still receiving their retirement allowance. This adjustment standardized the separation period to one month for all scenarios within each plan for retirement dates effective January 1, 2024 and after.

(1) CHANGES OF ASSUMPTIONS

KTRS

Medical Insurance Plan & Life Insurance Plan: The following change of assumptions were adopted by the Board of Trustees and reflected in the liability measurement as of June 30, 2020:

- In the 2020 experience study, rates of withdrawal, retirement, disability, mortality and rates of salary increases were adjusted to reflect actual experience more closely. The expectation of mortality was changed to the Pub-2010 Mortality Tables (Teachers Benefit-Weighted) projected generationally with MP-2020 with various set forwards, set-backs and adjustments for each of the groups: service retirees, contingent annuitants, disabled retirees and actives.
- The assumed long-term investment rate of return was changed from 7.5% to 7.1%. The price inflation assumption was lowered from 3% to 2.5%.
- The rates of member participation and spousal participation were adjusted to reflect actual experience more closely.

For 2022, the health care trend rates were updated to reflect future anticipated experience.

For 2024, the health care trend rates, as well as the morbidity factors, were updated to reflect future anticipated experience.

CERS Insurance Fund

The following changes were made by the Board of Trustees and reflected in the valuation performed as of June 30, 2017:

- Decreased the price inflation assumption to 2.30%.
- Decreased the assumed rate of return to 6.25%.
- Decreased the payroll growth assumption to 2.00%.

The following changes were made by the Board of Trustees and reflected in the valuation performed as of June 30, 2019:

- The assumed salary increase was changed from 4.00% (average) to 3.30%-10.30% (varies by service).
- The mortality table used for pre-retirement is PUB-2010 General Mortality table, for the Non-Hazardous Systems, and PUB-2010 Public Safety Mortality table for the Hazardous Systems, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.
- The mortality table used for post-retirement (non-disabled) is a system specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.
- The mortality table used for post-retirement (disabled) is PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2010.

For the June 30, 2020 measurement date, the assumed increase in future health care costs, or trend assumption, is reviewed on an annual basis and was updated to better reflect more current expectations relating to anticipated future increases in the medical costs. The assumed impact of the Cadillac Tax (previously a 0.9% load on employer paid non-Medicare premiums for those who became participants prior to July 1, 2003) was removed to reflect its repeal since the prior valuation.

For the June 30, 2022 measurement date, the single discount rates used to calculate the total OPEB liability was changed to 5.70%.

For the valuation performed as of June 30, 2023, demographic and economic assumptions were updated based on the 2022 experience study and the single discount rates used to calculate the total OPEB liability was changed to 5.93%. A 1% increase in the rate of retirement for each of the first two years a nonhazardous member becomes retirement eligible under the age of 65 is assumed to reflect the shift in retirement pattern due to House Bill 506. Additionally, in conjunction with the review of the healthcare per capita claims cost, the assumed increase in the future healthcare costs, or trend assumption, is reviewed on an annual basis. The trend assumption for the non-Medicare Plans was increased during the select period as a result of this review.

For the valuation performed as of June 30, 2024, the discount rate used to calculate the total OPEB liability increased from 5.93% to 5.99% for the nonhazardous plan. The assumed increase in future health care costs, or trend assumption, was reviewed during the June 30, 2023, valuation process and was updated to better reflect the plan's anticipated long-term healthcare cost increases. In general, the updated assumption is assuming higher future increases in pre-Medicare healthcare costs.

(2) METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS

KTRS

Medical Insurance Plan – The Health Trust is not funded based on an actuarially determined contribution, but instead is funded based on statutorily determined amounts.

Life Insurance Plan - The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, three years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine contribution rates reported in the most recent year of the schedule:

Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll
Amortization period	23 years, Closed
Asset valuation method	Five-year smoothed value
Inflation	2.50%
Real wage growth	0.50%
Wage inflation	2.75%
Salary increases, including wage inflation	3.00% - 7.50%, including wage inflation
Discount rate	7.10%

CERS Insurance Fund

The following actuarial methods and assumptions, for actuarially determined contributions effective for fiscal year ending June 30, 2024:

Experience Study	July 1, 2008 – June 30, 2013
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay
Remaining Amortization Period	30 Years, Closed
Payroll Growth Rate	2.00%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%
Salary Increase	3.30% to 10.30%, varies by service
Investment Rate of Return	6.25%
Healthcare Trend Rates	
Pre-65	Initial trend starting at 6.20% at January 1, 2024, gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years. The 2023 premiums were known at the time of the valuation and were incorporated into the liability measurement.
Post-65	Initial trend starting at 9.00% at January 1, 2024 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years. The 2023 premiums were known at the time of the valuation and were incorporated into the liability measurement.
Mortality	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.

(3) CHANGES OF BENEFITS

KTRS

Medical Insurance Plan – A new benefit tier was added for members joining the System on and after January 1, 2022.

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

CERS

During the 2018 legislative session, House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty. The system shall now pay 100% of the insurance premium for spouses and children of all active members who die in the line of duty. The total OPEB liability as of June 30, 2019, is determined using these updated benefit provisions.

Senate Bill 169 passed during the 2021 legislative session and increased the disability benefits for certain qualifying members who become "totally and permanently disabled" in the line of duty or as a result of a duty-related disability. The total OPEB liability as of June 30, 2021 is determined using these updated benefit provisions.

House Bill 506 passed during the 2023 legislative session reinstated the Partial Lump Sum Options (PLSO) form of payment for members retiring on or after January 1, 2024. The bill introduced an expansion of the lump-sum payment options, allowing for payouts equal to 48 or 60 times the member's Basic, or Survivorship 100% monthly retirement allowance. The lifetime monthly retirement allowance is adjusted actuarially to account for the selected lump sum payment option. House Bill 506 additionally modified the minimum separation period required for a retiree to reemploy with a participating employer of the Systems administered by the KPPA while still receiving their retirement allowance. This adjustment standardized the separation period to one month for all scenarios within each plan for retirement dates effective January 1, 2024 and after.

SUPPLEMENTARY INFORMATION

PENDLETON COUNTY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025

	District Activity Fund	Student Activity Fund	Debt Service Fund	SEEK Capital Outlay Fund	Total Non-Major Governmental Funds
ASSETS:					
Cash and cash equivalents	$ 198,267	$ 463,709	$ -	$ 611,734	$ 1,273,710
Accounts receivable	-	-	-	-	-
Total assets	$ 198,267	$ 463,709	$ -	$ 611,734	$ 1,273,710
LIABILITIES AND FUND BALANCE:					
Liabilities:					
Accounts payable	$ -	$ 12,283	$ -	$ -	$ 12,283
Total liabilities	-	12,283	-	-	12,283
Fund Balances:					
Committed	198,267	-	-	-	198,267
Restricted	-	451,426	-	611,734	1,063,160
Total fund balance	198,267	451,426	-	611,734	1,261,427
Total liabilities and fund balances	$ 198,267	$ 463,709	$ -	$ 611,734	$ 1,273,710

PENDLETON COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	District Activity Fund	School Activity Fund	Debt Service Fund	SEEK Capital Outlay Fund	Total Non-Major Governmental Funds
REVENUES:					
From local sources -					
Taxes -					
Property	$ -	$ -	$ -	$ -	$ -
Interest income	-	-	-	-	-
Other local revenues	106,467	766,453	-	-	872,920
Intergovernmental - State	-	-	168,895	195,188	364,083
Total revenues	106,467	766,453	168,895	195,188	1,237,003
EXPENDITURES:					
Current -					
Instruction	58,052	656,159	-	-	714,211
Support services:					
Students	-	6	-	-	6
Instructional staff	-	5,906	-	-	5,906
Operation and maintenance of plant	-	-	-	-	-
Student transportation	-	26,923	-	-	26,923
Debt service	-	-	2,594,917	-	2,594,917
Total expenditures	58,052	688,994	2,594,917	-	3,341,963
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	48,415	77,459	(2,426,022)	195,188	(2,104,960)
OTHER FINANCING SOURCES (USES):					
Operating transfers in	36,643	483	2,426,022	-	2,463,148
Operating transfers out	(483)	(36,643)	-	-	(37,126)
Total other financing sources (uses)	36,160	(36,160)	2,426,022	-	2,426,022
NET CHANGE IN FUND BALANCE	84,575	41,299	-	195,188	321,062
FUND BALANCE JUNE 30, 2024	113,692	410,127	-	416,546	940,365
FUND BALANCE JUNE 30, 2025	$ 198,267	$ 451,426	$ -	$ 611,734	$ 1,261,427

PENDLETON COUNTY SCHOOL DISTRICT
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
SCHOOL ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Cash Balance June 30, 2024	Receipts	Disbursements	Cash Balance June 30, 2025	Accounts Receivable (Accounts Payable)	Restricted Fund Balance June 30, 2025
Pendleton County High School	$ 187,432	$ 615,324	$ 537,815	$ 264,941	$ (11,336)	$ 253,605
Phillip Sharp Middle School	145,392	97,262	101,081	141,573	(947)	140,626
Northern Elementary	50,952	22,093	49,790	23,255	-	23,255
Southern Elementary	32,717	32,257	31,034	33,940	-	33,940
	416,493	766,936	719,720	463,709	(12,283)	451,426
Effect of accruals	-	-	5,917	-	-	-
	$ 416,493	$ 766,936	$ 725,637	$ 463,709	$ (12,283)	$ 451,426

PENDLETON COUNTY SCHOOL DISTRICT
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
SCHOOL ACTIVITY FUNDS
PENDLETON COUNTY HIGH SCHOOL
FOR THE YEAR ENDED JUNE 30, 2025

	Cash Balance June 30, 2024	Receipts	Disburse-ments	Cash Balance June 30, 2025	Accounts Receivable (Accounts Payable)	Restricted Fund Balance June 30, 2025
General	$ 12,365	$ 15,756	$ 8,787	$ 19,334	$ -	$ 19,334
Charitable Gaming	71	100	30	141	-	141
Concessions	5,519	25,599	26,227	4,891	-	4,891
Senior Expenses - Freshmen	139	272	196	215	-	215
Senior Expenses - Sophomores	120	201	154	167	-	167
Senior Expenses - Juniors	99	109	84	124	-	124
Senior Expenses - Seniors	-	210	210	-	-	-
Field Trip	-	259	259	-	-	-
Guidance	211	1,584	1,795	-	-	-
Faculty Gift	10	-	-	10	-	10
PBIS/Student	264	4,503	4,767	-	-	-
PBIS/Staff	2,181	858	1,405	1,634	-	1,634
Special Ed	165	108	111	162	-	162
General - Staff	133	168	128	173	-	173
Start-Up Change	-	7,500	7,500	-	-	-
Athletic Department	-	12,153	8,507	3,646	-	3,646
Athletic Programs	17,851	78,312	72,762	23,401	(1,430)	21,971
Archery	4,147	10,275	8,112	6,310	-	6,310
Baseball	4,062	16,150	16,978	3,234	-	3,234
Boys Basketball	11,291	62,841	37,392	36,740	-	36,740
Girls Basketball	20,387	11,043	27,067	4,363	-	4,363
Bowling Team	-	2,807	2,807	-	-	-
Cheerleaders	7,333	22,568	22,228	7,673	(1,044)	6,629
Cross Country	40	2,444	2,484	-	-	-
Football	12,735	52,380	45,557	19,558	(1,930)	17,628
Boys Golf	3,084	2,175	2,061	3,198	(413)	2,785
Girls Golf	-	929	929	-	-	-
Boys Soccer	3,806	11,059	6,194	8,671	(3,402)	5,269
Girls Soccer	4,835	7,197	5,932	6,100	(675)	5,425
Softball	4,164	25,526	22,426	7,264	-	7,264
Tennis	-	3,776	3,693	83	-	83
Track	2,361	5,587	4,880	3,068	-	3,068
Volleyball	1,298	11,252	8,162	4,388	-	4,388
Academic Team	680	880	225	1,335	-	1,335
Art Club	408	20	314	114	-	114
CATS Club	240	100	238	102	-	102
Chess Club	103	-	-	103	-	103
DECA	2,691	18,153	16,214	4,630	-	4,630
Drama Club	1,529	1,190	235	2,484	(34)	2,450
FBLA	1,980	1,004	2,973	11	-	11
FCCLA Club	10,012	9,034	10,858	8,188	-	8,188
FFA	8,955	13,657	11,515	11,097	-	11,097
GT - theatre	757	-	-	757	-	757
Literary Magazine Club	1,094	-	-	1,094	-	1,094
National Honor Society	1,382	3,592	3,375	1,599	-	1,599
NJROTC Activity	8,764	33,179	11,502	30,441	-	30,441
Project Graduation	3,191	21,618	18,104	6,705	-	6,705
Prom	-	12,591	11,078	1,513	-	1,513
Scuba Club	28	-	-	28	-	28
Senior Council	14,635	12,427	7,181	19,881	(2,408)	17,473
Senior Trip	551	66,047	65,769	829	-	829
Spanish Club	2,702	-	-	2,702	-	2,702
STLP	3	100	74	29	-	29
Student Council	7,326	14,413	16,599	5,140	-	5,140
TSA	972	-	265	707	-	707
Yearbook	-	9,578	9,578	-	-	-
Fellowship of Christian Students	146	-	-	146	-	146
Library Council	100	84	84	100	-	100
Parent Advisory Council	512	-	-	512	-	512
KUNA	-	1,956	1,810	146	-	146
	$ 187,432	$ 615,324	$ 537,815	264,941	(11,336)	253,605

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

Federal Grantor/Pass-Through Grantor/Program Title	Federal AL Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Program or Award Amount	Expenditures
U.S. Department of Education					
Passed through Kentucky Department of Education:					
Title I Grants to Local Educational Agencies	84.010	3100002-23	$ -	$ 815,740	$ 228,892
Title I Grants to Local Educational Agencies	84.010	3100002-24	-	809,792	531,588
					760,480
Special Education Cluster (IDEA):					
Special Education Grants to States - IDEA, Part B	84.027	3810002-22	-	529,056	3,822
Special Education Grants to States - IDEA, Part B	84.027	3810002-23	-	558,548	294,918
Special Education Grants to States - IDEA, Part B	84.027	3810002-24	-	563,569	318,261
Special Education Grants to States - IDEA, Part B, Preschool	84.173	3800002-22	-	45,161	17,944
Special Education Grants to States - IDEA, Part B, Preschool	84.173	3800002-23	-	45,670	32,648
Total Special Education Cluster					667,593
Title I, Part D - AIM (Arts in Mind)	84.351A	315K	-	49,704	49,704
Vocational Education Basic Grants to States	84.048	3710002-23	-	30,641	2,490
Vocational Education Basic Grants to States	84.048	3710002-24	-	31,356	31,356
					33,846
Title IV Safe and Healthy Students	84.424	3420002-23	-	55,540	4,255
Title IV Safe and Healthy Students	84.424	3420002-24	-	52,176	24,445
					28,700
ARPA - ESSER Funds	84.425U	4300002-21	-	5,016,226	1,212,005
					1,212,005
Passed through Council on Postsecondary Education:					
GEAR Up State Grants	84.334S	614K	-	4,522	4,522
GEAR Up State Grants	84.334S	614L	-	3,626	3,626
					8,148
Passed through Office of Safe and Supportive Schools:					
School Based Mental Health Grant Program	84.184H	534LW	-	85,900	84,652
					84,652
Total U.S. Department of Education					2,845,128
U.S. Department of Agriculture					
Passed through Kentucky Department of Education:					
Cash Assistance:					
State Administrative Expense	10.560	7700001-23	-	-	1,898
					1,898
Child Nutrition Cluster:					
National School Lunch Program	10.555	7750002-24	-	-	225,436 *
National School Lunch Program	10.555	7750002-25	-	-	876,766 *
School Breakfast Program	10.553	7760005-24	-	-	84,697 *
School Breakfast Program	10.553	7760005-25	-	-	334,634 *
					1,521,533
Non-cash Assistance:					
Food Donation	10.555	7700001-24	-	-	140,022 *
Total Child Nutrition Cluster					1,661,555
Total U.S. Department of Agriculture					1,663,453

PENDLETON COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONCLUDED)
FOR THE YEAR ENDED JUNE 30, 2025

Federal Grantor/Pass-Through Grantor/Program Title	Federal AL Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Program or Award Amount	Expenditures
U.S. Department of Defense					
Direct:					
Navy ROTC	12.630	504L	-	96,316	93,999
Total U.S. Department of Defense					93,999
U.S. Department of Health & Human Services					
Direct:					
Drug Free Community Support	93.276	1H79SP021421-01	-	125,000	100,020
Drug Free Community Support	93.276	1H79SP021421-01	-	125,000	59,842
					159,862
Passed thru Kentucky Educational Development Corporation:					
Project AWARE THRIVE	93.243	551LI	-	23,970	15,222
					15,222
Total U.S. Department of Health & Human Serivces					175,084
Total expenditures of Federal awards					$ 4,777,664

* Denotes major program.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A - BASIS OF PRESENTATION

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

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following 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.

NOTE C - FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2025, commodities on hand are included in the total inventory of $44,911.

NOTE D - INDIRECT COST RATE

The District has not elected to use the 10-percent deminimis indirect cost rate allowed under the Uniform Guidance.

NOTE E - TRANSFERS

Transfers of federal funds between programs are included as expenditures of the receiving program. The District made the following transfers of federal funds during the year ended June 30, 2025:

Disbursing Program	Receiving Program	Amount
Title II - 84.367	Title I - 84.010	$ 102,343
Title IV - 84.424	Title I - 84.010	23,476
		$ 125,819

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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
Pendleton County School District
Falmouth, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Auditor Responsibilities* and *State Compliance Requirements* sections contained in the Kentucky Public School Districts' Audit Contract and Requirements, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Pendleton County School District (the "District") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 10, 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.*

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.

Kelley Galloway Smith Goolsby, PSC

Ashland, Kentucky
December 10, 2025

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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
Pendleton County School District
Falmouth, Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of

laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *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 GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control over Compliance

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

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

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

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

Kelley Galloway Smith Hoolsby, PC

Ashland, Kentucky
December 10, 2025

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

(A) SUMMARY OF AUDIT RESULTS

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified			
Internal Control over financial reporting:				
Material weakness(es) identified?	_____	yes	x	no
Significant deficiency(ies) identified?	_____	yes	x	none reported
Noncompliance material to the financial statements noted?	_____	yes	x	no
Federal Awards				
Internal control over major federal programs:				
Material weakness(es) identified?	_____	yes	x	no
Significant deficiency(ies) identified?	_____	yes	x	none reported
Type of audit auditor's report issued on compliance for major federal programs:	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____	yes	x	no
Identification of major federal programs:				
Child Nutrition Cluster (10.553 and 10.555)				
Dollar threshold to distinguish between Type A and Type B Programs:	$ 750,000			
The District qualified as a low risk auditee?	x	yes	_____	no

(B) FINANCIAL STATEMENT FINDINGS

None noted in the current year.

(C) FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings in the current year.

PENDLETON COUNTY SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED JUNE 30, 2025

There were no findings in the prior year.

Kelley Galloway
Smith Goolsby, PSC
Certified Public Accountants and Advisors

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Kentucky State Committee for School District Audits
Members of the Board of Education
Pendleton County School District
Falmouth, Kentucky

In planning and performing our audit of the financial statements of Pendleton County School District (the "District") as of and for the year ended June 30, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered the District's system of internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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.

If, during our audit, we became aware of matters that are an opportunity for strengthening internal controls and operating efficiencies, we have included them on the memorandum that accompanies this letter which summarizes our comments and suggestions regarding these matters, if any. This letter does not affect our report dated December 10, 2025, on the financial statements of the District.

Kelley Galloway Smith Goolsby, PSC

Ashland, Kentucky
December 10, 2025

Cincinnati, OH

PENDLETON COUNTY SCHOOL DISTRICT

MANAGEMENT LETTER POINTS

FOR THE YEAR ENDED JUNE 30, 2025

There were no management letter points in the current year.

Status of Prior Year Management Points

All prior year conditions have been implemented and corrected. Joe Buerkley, Superintendent, is the person responsible for initiation of the corrective action plan for the above conditions which will be implemented immediately. The corrective action plan is the management response for each condition.