METCALFE COUNTY
SCHOOL DISTRICT
AUDIT REPORT
JUNE 30, 2025

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December 17, 2025

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Education
Metcalfe County School District
Edmonton, Kentucky

Report on the Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, *Appendix I to the Independent Auditor's Contract – Audit Extension Request, Appendix II to the Independent Auditor's Contract – Instructions for Submission of the Audit Contract, Audit Acceptance Statement, AFR and Balance Sheet, Statement of Certification, and Audit Report.* Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Metcalfe County School District and to meet our 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.

Change in Accounting Principle

As described in Note A to the financial statements, in 2025, the District adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences,* and GASB Statement No. 102, *Certain Risk Disclosures.* 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 Metcalfe County School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of Financial Statement

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risk 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 Metcalfe County School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Metcalfe County School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedules of the district's proportionate share of net pension liabilities, and the schedules of the district's proportionate share of net other post-employment benefits on pages 4 through 10, 56 through 59, and 62 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 Metcalfe County School District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, the statement of receipts, disbursements and fund balance – High School Activity Fund, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued my report dated December 17, 2025, on our consideration of Metcalfe County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Metcalfe County School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Metcalfe County School District's internal control over financial reporting and compliance.

Sincerely,

Montgomery & Company, P.L.L.C.

Certified Public Accountants

METCALFE COUNTY PUBLIC SCHOOL DISTRICT – EDMONTON, KY
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
YEAR-ENDED JUNE 30, 2025

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

FINANCIAL HIGHLIGHTS

- The total ending cash and cash equivalents balance for the District for the year-ended June 30, 2025 (FY25) was $6.1 million. Included, is a General Fund cash balance of $3.9 million.

- Metcalfe County has no industrial tax base. The District's property tax base is derived primarily from residential property, and property tax revenue is significantly impacted by growth and assessment levels. For FY 25, the District levied property tax rates of 52.2 cents per $100 for real estate and 52.5 cents per $100 for tangible property. The motor vehicle tax rate (56.6 cents per $100 of assessed value) and the utility tax rate (3%) remained unchanged from the prior year.

- The District ended FY25 with an ending fund balance in the General Fund of $4.4 million, which is approximately $280 thousand less than the previous year.

- Bonds are issued as the District constructs and/or renovates facilities consistent with the long-range facilities plan that is established with community input and following the Kentucky Department of Education's compliance regulations. The District did issue one new bond in FY25 in the amount of $10,640,000. Regularly scheduled bond principal payments reduced related liabilities by approximately $1 million in FY25.

- The District reported a net pension liability of $4.7 million as of June 30, 2025, which was related to the County Employees Retirement System.

- At the end of FY25, the District reported a net obligation for post-employment benefits (OPEB) of $1.7 million related to the Teacher's Retirement System and to the County Employees Retirement System.

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 of three components: 1) district-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.

District-wide financial statements

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

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

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

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

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 Enterprise ERP (MUNIS) administrative software. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. The proprietary funds are utilized for the District's school nutrition service operations. Fiduciary funds are trust funds established by benefactors to aid in student education, welfare, and teacher support. All other activities of the District are included in the governmental funds.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements.

DISTRICT-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 $18.4 million as of June 30, 2025.

The largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture, and equipment) less any related debt incurred to acquire those assets that is 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

A comparison of June 30, 2025 and June 30, 2024 government-wide net position follows:

	Governmental Activities		Business - Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Current and Other Assets *(2024 restated)*	$ 13,481,022	$ 11,628,109	$ 930,386	$ 836,872	$ 14,411,408	$ 12,464,981
Capital Assets *(2024 restated)*	47,183,197	37,405,937	532,158	354,504	47,715,355	37,760,441
Deferred Outflows	2,608,437	3,427,202	164,346	259,279	2,772,783	3,686,481
Total Assets and Deferred Outflows *(2024 restated)*	63,272,656	52,461,248	1,626,890	1,450,655	64,899,546	53,911,903
Current Liabilities *(2024 restated)*	1,759,590	1,573,259	63,969	8,943	1,823,559	1,582,202
Non-Current Liabilities	39,452,580	30,997,780	662,314	798,703	40,114,894	31,796,483
Deferred Inflows	4,150,766	5,025,423	423,224	538,024	4,573,990	5,563,447
Total Liabilities and Deferred Inflows *(2024 restated)*	45,362,936	37,596,462	1,149,507	1,345,670	46,512,443	38,942,132
Net Position						
Investment in Capital Assets (net of related debt) *(2024 restated)*	12,710,521	12,594,014,	512,893	337,217	13,223,414	12,931,231
Restricted	8,733,019	6,499,832	(35,510)	(232,232)	8,697,509	6,267,600
Unrestricted *(2024 restated)*	(3,533,820)	(4,229,060)	0	0	(3,533,820)	(4,229,060)
Total Net Position *(2024 restated)*	$ 17,909,720	$ 14,864,786	$ 477,383	$ 104,985	$ 18,387,103	$14,969,771

In regards to governmental activities, current and other assets increased by approximately $1.8 million. Net capital assets increased $9.5 million. This primarily resulted from the construction in progress of $10.6 million and the purchase of 2 new buses.

Current liabilities increased by approximately $186 thousand. Non-current liabilities increased by approximately $8.5 million. This was mainly due to a decrease of $1.2 million in net pension and OPEB liabilities, along with an increase of $10.6 million in non-current bond obligations from the new bond from FY25.

Changes in net position for the fiscal years ended June 30, 2025 and June 30, 2024 follow:

	Governmental Activities		Business - Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
REVENUES						
Program Revenues						
Charges for services	$ 667,794	$ 11,250	$ 56,219	$ 63,847	$ 724,013	$ 75,097
Operating grants and contributions	6,034,198	6,954,320	2,084,646	1,741,025	8,118,844	8,695,345
Capital grants	63,493	556,325			63,493	556,325
General Revenues						
Property taxes	2,674,982	2,556,385			2,674,982	2,556,385
Motor vehicle taxes	1,524,708	512,444			1,524,708	512,444
Utility taxes	731,495	686,653			731,495	686,653
Other taxes	4,828	4,498			4,828	4,498
Investment earnings	385,822	238,780	11,430	10,385	397,252	249,165
State and formula grants	11,171,022	11,409,243			11,171,022	11,409,243
Miscellaneous	798,828	1,421,167			798,828	1,421,167
Gain(Loss) on Sale of Assets	(86,059)	(120,158)			(86,059)	(120,158)
Loss Compensation	125,199	35,689			125,199	35,689
Funds Transfer (Expense)	94,735	71,216	(94,735)	(71,216)		
Total revenues	24,191,045	24,337,812	2,057,560	1,744,041	26,248,605	26,081,853
EXPENSES						
Program Activities						
Instructional	11,949,944	12,001,353			11,949,944	12,001,353
Student support	648,230	565,779			648,230	565,779
Instructional staff support	302,821	291,251			302,821	291,251
District administrative support	816,142	666,059			816,142	666,059
School administrative support	987,353	961,147			987,353	961,147
Business support	588,464	568,599			588,464	568,599
Plant operations and maintenance	2,871,529	2,741,155			2,871,529	2,741,155
Student transportation	1,353,312	1,308,177			1,353,312	1,308,177
Community service activities	250,445	238,935			250,445	238,935
Facility Acquisition	0	3,169			0	3,169
Other	2,237	1,587			2,237	1,587
Interest costs	1,375,634	975,660			1,375,634	975,660
Business-type Activities						
Food Service			1,685,162	1,546,222	1,685,162	1,546,222
Total expenses	21,146,111	20,322,871	1,685,162	1,546,222	22,831,273	21,869,093
Increase (decrease) in net position	$ 3,044,934	$ 4,014,941	$ 372,398	$ 197,819	$ 3,417,332	$ 4,212,760

The on-behalf amounts are included in the above figures. On-behalf payments are those the state makes on behalf of employees to various agencies for health and life insurance, pension benefits, administrative fees, technology and debt service. The total on-behalf payments for 2025 and 2024 were $4,436,533 and $4,169,890, respectively.

Total revenue increased approximately $160 thousand and total expenses increased approximately $1 million.

Governmental Activities

Governmental program expenses are summarized below. Of the total expenses for the year ended June 30, 2025, instructional expenses comprised 56.5%, student and staff support services made up 4.5%, administrative support services were 11.3%, plant operations totaled 13.6%, student transportation comprised 6.4%, and interest and other expenses make up the remaining 7.7%.

The cost of program services and the charges for services and grants offsetting those services are shown on the Statement of Activities. The Statement of Activities identifies the net cost of services supported by tax revenue and unrestricted intergovernmental revenues (State entitlements).

	Governmental Activities Expense Total		Governmental Activities Expense Net	
	Cost of Services	% of Cost	Cost of Services	% of Cost
	2025		2024	
Instructional	$ 11,949,944	56.5 %	$ 12,001,353	59.0 %
Student and staff support	951,051	4.5 %	857,030	4.2 %
Administrative support	2,391,959	11.3 %	2,195,805	10.8 %
Plant operations	2,871,529	13.6 %	2,741,155	13.5 %
Student transportation	1,353,312	6.4 %	1,308,177	6.4 %
Facility Acquisition			3,169	0.0 %
Other	252,682	1.2 %	240,522	1.2 %
Interest Costs	1,375,634	6.5 %	975,660	4.9 %
Total Expenses	$21,146,111	100.0%	$ 20,322,871	100.0%

Business-Type Activities

The business-type activities of the District consist of Food Service. Food Service total revenues were $2,057,560 and total expenses were $1,685,162 for fiscal year 2025. This business-type activity receives no support from tax revenues and, as a result, the District will continue to monitor activities and make necessary adjustments to the operations of these activities.

The School District's Funds

The School District's funds use the modified accrual basis of accounting to account for each fund's revenues and expenses. The combined revenues and other financing sources for all governmental funds for 2025 were $38,218,161 and expenditures and other financing uses were $36,272,051.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the 2025 fiscal year, the District had invested $47,298,875, net of depreciation, in a broad range of capital assets, including construction in progress, equipment, buses and other vehicles, buildings, and land. This amount represents a net increase of $9,662,304. Depreciation expense for the year was $1,592,610. Capital additions were $11,348,899, and capital retirements net of depreciation were $93,985.

	Governmental Activities (Net of Depreciation)		Business - Type Activities (Net of Depreciation)		Total Primary Government (Net of Depreciation)	
	2025	2024	2025	2024	2025	2024
Land	$ 174,705	$ 174,705	$ -	$ -	$ 174,705	$ 174,705
Construction in Progress *(2024 restated)*	10,105,413	4,068,156	-	-	10,105,413	4,068,156
Buildings and Improvements	34,576,621	31,032,638	81,129	85,465	34,657,750	31,118,103
Technology	794,641	887,740	3,163	4,113	797,804	891,853
Vehicles	692,987	672,653	-	-	692,987	672,653
General Equipment	441,615	463,462	428,601	247,639	870,216	711,101
Total	$ 46,785,982	$ 37,299,354	$ 512,893	$ 337,217	$ 47,298,875	$ 37,636,571

	Governmental Activities		Business - Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Beginning Balance	$ 37,299,354	$ 35,602,638	$ 337,217	$ 375,913	$ 37,636,571	$ 35,978,551
Additions *(2024 restated)*	11,119,049	3,309,070	229,850	4,751	11,348,899	3,313,821
Retirements	(93,985)	(237,600)	-	-	(93,985)	(237,600)
Less: Depreciation	1,538,436	1,374,754	54,174	43,447	1,592,610	1,418,201
Ending Balance *(2024 restated)*	$ 46,785,982	$ 37,299,354	$ 512,893	$ 337,217	$ 47,298,875	$ 37,636,571

Long-Term Debt

The District made scheduled bond principal payments in the amount of $995,000. The School Facilities Construction Commission made bond principal payments on behalf of the District in the amount of $464,066. The District made scheduled lease obligation payments of $63,037.

ADDITIONAL FINANCIAL HIGHLIGHTS

General Fund-Budget Highlights

The School District's budget is prepared according to Kentucky law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund. The State Department of Education requires a zero-based budget with any budgeted remaining fund balance shown as a contingency expense in the budget process. It is the District's practice to not include state on-behalf payments in the budget.

The General Fund had budgeted revenues of $11,744,577 with actual revenues being $15,244,822 which was an increase of $3.5 million over the budgeted amount. This difference is primarily due to the District not recording On-Behalf payments as part of General Fund Revenues when budgeting.

The General Fund's budgeted expenditures were $14,746,348 with actual results of $15,531,899.

Future Budgetary Implications

The District convened its Local Planning Committee to review facilities in the District and prioritize future construction and renovation needs. The District is growing and those facility needs have outpaced available resources, so this will be a critical process for planning purposes. Kentucky public school districts are required by law to have a minimum 2% contingency. The FY26 adopted budget for the District has a contingency of 2.2%. A growing school district has facility and other needs that inevitably challenge its financial resources.

As the District enters into FY26, budget concerns continue to be focused on how the COVID-19 health crisis will impact K-12 funding and ensuring future funds are sufficient to address ongoing needs since federal funding for these issues will soon expire.

Contacting the District's Financial Management

This financial report is designed to provide citizens, taxpayers and other interested readers with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives and disburses. If you have questions about this report or need additional financial information, contact Mrs. Cheyenne Garmon, the District's Chief Finance Officer, at (270) 432-3171.

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

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS:			
Cash & Cash Equivalents - Note C	5,484,873	678,939	6,163,812
Investments, Restricted - Note D	7,186,624		7,186,624
Accounts Receivable:			
Taxes - Current	142,748		142,748
Taxes - Delinquent	7,899		7,899
Accounts	21,375		21,375
Intergovernmental - State	13,041		13,041
Intergovernmental - Federal	624,462	227,942	852,404
Inventories for Consumption		23,505	23,505
Total Current Assets	13,481,022	930,386	14,411,408
Noncurrent Assets			
Net CERS OPEB Benefit	115,739	19,265	135,004
Right to Use Asset - Net of Amortization	224,198		224,198
Right to Use SBIT Asset - Net of Amortization	57,278		57,278
Non-Depreciable Capital Assets - Note G	10,280,118		10,280,118
Depreciable Capital Assets - Net of Accumulated Depreciation - Note G	36,505,864	512,893	37,018,757
Total Noncurrent Assets	47,183,197	532,158	47,715,355
TOTAL ASSETS	60,664,219	1,462,544	62,126,763
Deferred Outflows Related to Pensions	981,534	120,231	1,101,765
Deferred Outflows Related to Other Post Employment Benefits	1,570,145	44,115	1,614,260
Deferred Outflows Related to Advanced Bond Refundings	56,758		56,758
TOTAL DEFERRED OUTFLOWS	2,608,437	164,346	2,772,783
TOTAL ASSETS AND DEFERRED OUTFLOWS	63,272,656	1,626,890	64,899,546
LIABILITIES:			
Current Liabilities:			
Accounts Payable	40,169	63,969	104,138
Accrued Salaries & Compensated Absences - Note A & Note S	195,750		195,750
Advances from Grantors	55,943		55,943
Bond Obligations - Note E	1,060,000		1,060,000
Lease Liabilities - Note F	70,462		70,462
Accrued Interest Payable	337,266		337,266
Total Current Liabilities	1,759,590	63,969	1,823,559
Noncurrent Liabilities:			
Bond Obligations - Note E	33,020,505		33,020,505
Lease Liabilities - Note F	205,970		205,970
Net Pension Liability	4,004,091	662,314	4,666,405
Net Other Post Employment Benefits Liability	1,736,000		1,736,000
Compensated Absences - Note A & Note S	486,014		486,014
Total Noncurrent Liabilities	39,452,580	662,314	40,114,894
TOTAL LIABILITIES	41,212,170	726,283	41,938,453
Deferred Inflows Related to Pensions	1,167,497	192,528	1,360,025
Deferred Inflows Related to Other Post Employment Benefits	2,983,269	230,696	3,213,965
TOTAL DEFERRED INFLOWS	4,150,766	423,224	4,573,990
TOTAL LIABILITIES AND DEFERRED INFLOWS	45,362,936	1,149,507	46,512,443
NET POSITION:			
Net Investment in Capital Assets	12,710,521	512,893	13,223,414
Restricted for:			
Capital Projects	1,313,201		1,313,201
Student Activities	233,194		233,194
Debt Service	7,186,624		7,186,624
Food Service		(35,510)	(35,510)
Unrestricted	(3,533,820)		(3,533,820)
TOTAL NET POSITION	17,909,720	477,383	18,387,103
TOTAL LIABILITIES AND NET POSITION	63,272,656	1,626,890	64,899,546

See independent auditor's report and accompanying notes to financial statements.

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

FUNCTION/PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS	NET(EXPENSE) REVENUE AND CHANGES IN NET POSITION: GOVERNMENTAL ACTIVITIES	NET(EXPENSE) REVENUE AND CHANGES IN NET POSITION: BUSINESS-TYPE ACTIVITIES	TOTAL
GOVERNMENTAL ACTIVITIES:							
Instructional	11,949,944	667,794	5,370,026		(5,912,124)		(5,912,124)
Support Services:							
Student Support Services	648,230		188,656		(459,574)		(459,574)
Staff Support Services	302,821				(302,821)		(302,821)
District Administration	816,142				(816,142)		(816,142)
School Administration	987,353				(987,353)		(987,353)
Business Support Services	588,464				(588,464)		(588,464)
Plant Operation & Maintenance	2,871,529		155,762		(2,715,767)		(2,715,767)
Student Transportation	1,353,312		-		(1,353,312)		(1,353,312)
Other Non-Instructional	2,237				(2,237)		(2,237)
Community Service Operations	250,445		319,754		69,309		69,309
Interest on Long-Term Debt	1,375,634			63,493	(1,312,141)		(1,312,141)
TOTAL GOVERNMENTAL ACTIVITIES	21,146,111	667,794	6,034,198	63,493	(14,380,626)		(14,380,626)
BUSINESS-TYPE ACTIVITIES:							
Food Service	1,685,162	56,219	2,084,646			455,703	455,703
TOTAL BUSINESS-TYPE ACTIVITIES	1,685,162	56,219	2,084,646	-	-	455,703	455,703
TOTAL SCHOOL DISTRICT	22,831,273	724,013	8,118,844	63,493	(14,380,626)	455,703	(13,924,923)
GENERAL REVENUES:							
Taxes:							
Property					2,674,982		2,674,982
Motor Vehicle					1,524,708		1,524,708
Utility					731,495		731,495
Other					4,828		4,828
State Aid - Formula Grants					11,171,022		11,171,022
Investment Earnings					385,822	11,430	397,252
Fund Transfer (Expense)					94,735	(94,735)	-
Miscellaneous					798,828		798,828
Loss Compensation					125,199		125,199
Gain(Loss) Sale of Assets					(86,059)		(86,059)
TOTAL GENERAL REVENUES & TRANSFERS					17,425,560	(83,305)	17,342,255
CHANGE IN NET POSITION					3,044,934	372,398	3,417,332
NET POSITION - BEGINNING					14,864,786	104,985	14,969,771
NET POSITION - ENDING					17,909,720	477,383	18,387,103

See independent auditor's report and accompanying notes to financial statements.

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

	GENERAL FUND	SPECIAL REVENUE	DEBT SERVICE FUND	CONSTRUCTION FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS:						
Cash & Cash Equivalents	3,924,456			1,327,223	233,194	5,484,873
Investments, restricted			7,186,624			7,186,624
Accounts Receivable:						
Taxes - Current	142,748					142,748
Taxes - Delinquent	7,899					7,899
Accounts	21,375					21,375
Interfund Receviable	581,560					581,560
Intergovernmental - State		13,041				13,041
Intergovernmental - Federal		624,462				624,462
TOTAL ASSETS	4,678,038	637,503	7,186,624	1,327,223	233,194	14,062,582
LIABILITIES AND FUND BALANCE:						
Liabilities:						
Accounts Payable	26,147			14,022		40,169
Accrued Salaries & Sick Leave	197,203					197,203
Interfund Payable		581,560				581,560
Advances from Grantors		55,943				55,943
Total Liabilities	223,350	637,503	0	14,022	0	874,875
Fund Balance:						
Restricted for:						
Debt Service			7,186,624			7,186,624
Construction				1,313,201		1,313,201
Student Activities					233,194	233,194
Committed For:						
Compensated Absences	55,701					55,701
Unassigned	4,398,986					4,398,986
Total Fund Balance	4,454,687	0	7,186,624	1,313,201	233,194	13,187,706
TOTAL LIABILITIES AND FUND BALANCES	4,678,038	637,503	7,186,624	1,327,223	233,194	14,062,582

See independent auditor's report and accompanying notes to financial statements.

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

Amounts reported for governmental activities in the statement of net position are different because:

TOTAL GOVERNMENTAL FUND BALANCE		13,187,706
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
Cost of Capital Assets	68,393,456	
Accumulated Depreciation	(21,607,474)	46,785,982
Right to Use Assets - Net of Amortization		224,198
Right to Use SBIT Asset - Net of Amortization		57,278
Deferred Outflows Related to Bond Refundings are not current assets and therefore are not reported as assets in governmental funds.		56,758
Deferred Outflows Related to Pensions are not current assets and therefore are not reported as assets in governmental funds.		981,534
Deferred Outflows Related to Other Post Employment Benefits are not current assets and therefore are not reported as assets in governmental funds.		1,570,145
Long-term liabilities (including bonds payable) are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
Bonds Payable	(34,363,000)	
Unamortized Bond Discount	282,495	
Lease Obligations	(276,431)	
Accrued Interest on Bonds	(337,266)	
Net Pension Liability	(4,004,091)	
Net Other Post Employment Benefits Liability	(1,620,261)	
Compensated Absences	(484,561)	(40,803,115)
Deferred Inflows Related to Other Post Employment Benefits are not current liabilities and therefore are not reported as liabilities in governmental funds.		(2,983,269)
Deferred Inflows Related to Pensions are not current liabilities and therefore are not reported as liabilities in governmental funds.		(1,167,497)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		17,909,720

See independent auditor's report and accompanying notes to financial statements.

METCALFE 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	DEBT SERVICE FUND	CONSTRUCTION FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:						
Taxes:						
Property	2,061,928				613,054	2,674,982
Motor Vehicle	525,581					525,581
Utility	731,495					731,495
Other	4,828					4,828
Earnings on Investments	101,725	1,143	159,118	123,172	664	385,822
Intergovernmental - State	10,770,449	895,795	464,066		999,127	13,129,437
Intergovernmental - Federal	62,584	4,581,575	494,245			5,138,404
Other Sources	758,373	13,694			694,555	1,466,622
TOTAL REVENUES	15,016,963	5,492,207	1,117,429	123,172	2,307,400	24,057,171
EXPENDITURES:						
Instructional	8,685,303	3,326,684			676,790	12,688,777
Support Services:						
Student Support Services	582,203	116,871				699,074
Staff Support Services	332,566					332,566
District Administration	845,320					845,320
School Administration	1,079,763					1,079,763
Business Support Services	532,878			91,410		624,288
Plant Operation & Maintenance	1,703,277	96,493				1,799,770
Student Transportation	1,519,927					1,519,927
Other Non-Instructional					955	955
Community Service Operations	53,425	198,085				251,510
Facilities Acquisition & Construction	143,417			10,595,682		10,739,099
Debt Service:						
Principal			1,022,561			1,022,561
Interest			1,163,492			1,163,492
TOTAL EXPENDITURES	15,478,079	3,738,133	2,186,053	10,687,092	677,745	32,767,102
EXCESS(DEFICIT) REVENUES OVER EXPENDITURES	(461,116)	1,754,074	(1,068,624)	(10,563,920)	1,629,655	(8,709,931)
OTHER FINANCING SOURCES(USES):						
Bond Proceeds				10,640,000		10,640,000
Bond Discount				(211,818)		(211,818)
Loss Compensation	125,199					125,199
Proceeds from Sale of Assets	7,926					7,926
Operating Transfers In - Note O	94,734	24,920	1,701,035	1,778,994		3,599,683
Operating Transfers Out - Note O	(53,820)	(1,778,994)			(1,672,135)	(3,504,949)
TOTAL OTHER FINANCING SOURCES	174,039	(1,754,074)	1,701,035	12,207,176	(1,672,135)	10,656,041
NET CHANGE IN FUND BALANCES	(287,077)	0	632,411	1,643,256	(42,480)	1,946,110
FUND BALANCES - BEGINNING	4,741,764	0	6,554,213	(330,055)	275,674	11,241,596
FUND BALANCES - ENDING	4,454,687	0	7,186,624	1,313,201	233,194	13,187,706

See independent auditor's report and accompanying notes to financial statements.

METCALFE 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

Amounts reported for governmental activities in the statement of net position are different because:

NET CHANGES - GOVERNMENTAL FUNDS		1,946,110
Governmental funds report capital outlays as expenditures because they use current financial resources. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital exceeds depreciation expense for the year.		
Depreciation Expense	(1,538,436)	
Capital Outlays	11,119,049	
		9,580,613
Subscription- Based IT Asset Purchase		57,278
Bond proceeds and capital leases are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.		
Bond Proceeds	(10,428,182)	
Bond Principal Paid	995,000	
Lease Liabilities Paid	63,038	
		(9,370,144)
Generally, expenditures recognized in this fund financial statement are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred.		
Amortization -Deferred Outflows from Advanced Bond Refundings	(11,250)	
Amortization - Bond Discounts	(17,090)	
District Pension Contributions	476,554	
Cost of Benefits Earned Net of Employee Contributions	128,037	
Accrued Interest Payable	(175,041)	
Amorization Right of Use Assets	(40,164)	
District Other Post Employment Benefits Contributions	230,429	
Cost of Benefits Earned Net of Employee Contributions - OPEB	462,175	
Accrued Sick Leave	(128,588)	
		925,062
In the statement of activities the net gain on the sale/disposal of assets is reported in whereas in the governmental funds the proceeds from the sale increases financial resources. Thus the change in net position differs from change in fund balances by the cost of the asset sold.		
Loss - Disposition of Assets - Cost of Assets Sold Net of Depreciation		(93,985)
CHANGES - NET POSITION GOVERNMENTAL FUNDS		3,044,934

See independent auditor's report and accompanying notes to financial statements.

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

	ENTERPRISE FUND
	FOOD SERVICE
ASSETS:	
Current Assets:	
Cash & Cash Equivalents	678,939
Accounts Receivables	227,942
Inventories for Consumption	23,505
Total Current Assets	930,386
Noncurrent Assets:	
Net CERS OPEB Benefit	19,265
Furniture & Equipment	1,007,132
Less: Accumulated Depreciation	(494,239)
Total Noncurrent Assets	532,158
TOTAL ASSETS	1,462,544
Deferred Outflows Related to Pensions	120,231
Deferred Outflows Related to Other Post Employment Benefits	44,115
TOTAL ASSETS AND DEFERRED OUTFLOWS	1,626,890
LIABILITIES:	
Current Liabilities:	
Account Payable	63,969
Total Current Liabilities	63,969
Noncurrent Liabilities:	
Net Pension Liability	662,314
Total Noncurrent Liabilities	662,314
TOTAL LIABILITIES	726,283
Deferred Inflows Related to Pensions	192,528
Deferred Inflows Related to Other Post Employment Benefits	230,696
TOTAL LIABILITIES AND DEFERRED INFLOWS	1,149,507
Net Position:	
Net Investment in Capital Assets	512,893
Restricted	(35,510)
Total Net Position	477,383
TOTAL LIABILITIES AND NET POSITION	1,626,890

See independent auditor's report and accompanying notes to financial statements.

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

	ENTERPRISE FUND
	FOOD SERVICE
OPERATING REVENUES:	
Lunchroom Sales	56,219
Other Operating Revenues	
TOTAL OPERATING REVENUES	56,219
OPERATING EXPENSES:	
Salaries & Benefits	512,098
Contract Services	27,889
Materials & Supplies	1,085,344
Depreciation - Note G	54,174
Other Operating Expenses	5,657
TOTAL OPERATING EXPENSES	1,685,162
OPERATING INCOME(LOSS)	(1,628,943)
NONOPERATING REVENUES(EXPENSES):	
Federal Grants	1,876,012
State Grants	123,156
Donated Commodities	85,478
Sale of Equipment	
Interest Income	11,430
Transfer Out to General Fund	(94,735)
TOTAL NONOPERATING REVENUE	2,001,341
INCOME(LOSS) BEFORE CAPITAL CONTRIBUTIONS	372,398
CAPITAL CONTRIBUTIONS	-
CHANGE IN NET POSITION	372,398
NET POSITION - BEGINNING	104,985
TOTAL NET POSITION - ENDING	477,383

See independent auditor's report and accompanying notes to financial statements.

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

	FOOD SERVICE
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received from:	
Lunchroom Sales	56,219
Other Operating Revenue	
Cash Paid to/for:	
Employees	(556,812)
Supplies	(950,256)
Other Activities	(33,546)
Net Cash Used by Operating Activities	(1,484,395)
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES:	
Transfer Out to General Fund	(94,735)
Federal Grants	1,728,030
State Grants	9,635
Net Cash Provided by Non-Capital and Related Financing Activities	1,642,930
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	0
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Fixed Assets	(229,850)
Receipt of Interest Income	11,430
Net Cash Provided(Used) by Investing Activities	(218,420)
Net Increase (Decrease) in Cash and Cash Equivalents	(59,885)
Balances, Beginning of Year	738,824
Balances, End of Year	678,939
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating Income (Loss)	(1,628,943)
Adjustments to Reconcile Operating Loss to Net Cash Provided (Used) by Operating Activities	
Depreciation	54,174
State On-Behalf Payments	113,520
Donated Commodities	85,478
Change in Assets, Deferred Outflows, Liabilities and Deferred Inflows:	
Deferred Outflows	94,933
Deferred Inflows	(114,800)
Net Pension Liability	(136,389)
Net Other Post Employment Benefits	(1,978)
Inventory	(5,416)
Accounts Payable	55,026
Net Cash Used by Operating Activities	(1,484,395)
Schedule of Non-Cash Transactions:	
Donated Commodities	85,478
State On-Behalf Payments	113,520

See independent auditor's report and accompanying notes to financial statements.

METCALFE COUNTY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2025

	PRIVATE PURPOSE TRUST FUNDS
ASSETS:	
Cash and Cash Equivalents	181
TOTAL ASSETS	181
LIABILITIES:	
Accounts Payable	-
TOTAL LIABILITIES	-
NET POSITION HELD IN TRUST	181

See independent auditor's report and accompanying notes to financial statements.

METCALFE COUNTY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	PRIVATE PURPOSE TRUST FUNDS
ADDITIONS:	
Scholarship Funds Contributions	1,562
DEDUCTIONS:	
Benefits Paid	1,500
Changes in Net Position	62
NET POSITION HELD IN TRUST - BEGINNING OF YEAR	119
NET POSITION HELD IN TRUST - END OF YEAR	181

See independent auditor's report and accompanying notes to financial statements.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

The District, for financial purposes, includes all of the funds and account groups relevant to the operation of the Metcalfe County Board of Education. The financial statements presented herein do not include funds of groups and organizations, which although associated with the school system, have not originated within the 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 organizations are included in the accompanying financial statements:

Metcalfe County Board of Education Finance Corporation – In a prior year, the Board of Education resolved to authorize the establishment of the Metcalfe 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.

Basis of Presentation

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

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

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

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

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

The District has the following funds:

I. Governmental Fund Types

A. The General Fund is the main operating fund of the Board. 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 (Grant) Funds account for proceeds of specific revenue sources (other than expendable trust or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of the specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally funded grant programs are identified in the Schedule of Expenditures of Federal Awards and related notes. This is a major fund of the District.

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 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.

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

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

II. Proprietary Fund Types (Enterprise Fund)

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.

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

III. Fiduciary Fund Type (Agency and Private Purpose Trust Funds)

The Private Purpose Trust funds are used to report trust arrangements under which principal and income benefit individuals, private organization, or other governments.

Basis of Accounting

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

Revenues – Exchange and Nonexchange Transactions – Revenues resulting from exchange transactions, in which each party receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within 60 days of the fiscal year-end.

Proprietary Fund operating revenues are defined as revenues received from the direct purchases of products and services (i.e. food service). Non-operating revenues are not related to direct purchases of products; for the District, these revenues are typically investment income and state and federal grant revenues.

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.

Deferred Revenue – Deferred 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.

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the statement of revenues, expenses, and changes in net position as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred 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 Tax Revenues – Property taxes are levied each September on the assessed value listed as of the prior January 1, for all real and personal property in the county. The billings are considered due upon receipt by the taxpayer; however, the actual date is based on a period ending 30 days after the tax bill mailing. Property taxes collected are recorded as revenues in the fiscal year for which they were levied. 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 $0.519 per $100 valuation for real property, $0.521 per $100 valuation for business personal property, and $0.566 per $100 valuation for motor vehicles.

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

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 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	Governmental Activities 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
Rolling stock	15 years
Other	10 years

Interfund Balances

On fund financial statements, receivables and payable 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.

Accumulated Compensated Absences

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.

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the School District's past experience of making termination payments.

The entire compensated absence liability is reported on 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 amount "accumulated sick leave payable" in the general fund. The noncurrent portion of the liability is reported as a reserve of fund balance.

Budgetary Process

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

Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

Once the budget is approved, it can be amended. Amendments are presented to the Board at their regular meetings. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law.

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

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

On government-wide financial statements, inventories are stated at cost and are expensed when used.

On fund financial statements inventories are stated at cost. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased.

The food service fund uses the specific identification method.

Investments

The private purpose trust funds record investments at their quoted market prices. All realized gains and losses and changes in fair value are recorded in the Statement of Changes in Fiduciary Net Position.

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

Fund Balance

In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, the District classifies governmental fund balances as follows:

> Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
>
> Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end. Formal School Board action must be taken during an open meeting to establish, modify, or rescind a fund balance commitment.

Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Superintendent.

Unassigned – includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

The District committed the following fund balance type by taking the following action:

Fund Balance Type	Amount	Action
General Fund	$55,701	Long-Term Compensated Absences

The District uses *restricted/committed* amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as grant agreements requiring dollar for dollar spending. Additionally, the District would first use *committed,* then *assigned,* and lastly *unassigned* amounts for unrestricted fund balance when expenditures are made.

The District does not have a formal minimum fund balance policy.

Major Special Revenue Fund	Revenue Source
Special Revenue	State, Local and Federal Grants

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

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.

Contributions of Capital

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

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.

Pensions

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

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

Since certain expense items are amortized over the closed periods each year, the deferred portions of these items must be tracked annually. If the amounts serve to reduce pension expense the amounts are labeled deferred inflows. If amounts will increase pension expense the amounts are labeled deferred outflows. The amortization of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts. Experience gains/losses and the impact of changes in actuarial assumptions, if any, are amortized over the average expected remaining service life of the active and inactive plan members at the beginning of the fiscal year. Investment gains and losses are amortized over a fixed five-year period.

Postemployment Benefits Other Than Pensions

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

County Employees Retirement System - For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County Employees Retirement System of the State of Kentucky (CERS) and

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

Since certain expense items are amortized over the closed periods each year, the deferred portions of these items must be tracked annually. If the amounts serve to reduce pension expense the amounts are labeled deferred inflows. If amounts will increase pension expense the amounts are labeled deferred outflows. The amortization of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts. Experience gains/losses and the impact of changes in actuarial assumptions, if any, are amortized over the average expected remaining service life of the active and inactive plan members at the beginning of the fiscal year. Investment gains and losses are amortized over a fixed five-year period.

Changes in Accounting Principle

Effective July 1, 2024 the District adopted Government Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences* and No. 102, *Certain Risk Disclosures.* GASB 101 enhances the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. GASB 102 provides users of governmental financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. Adoption of the provisions related to GASB 101 and GASB 102 did not have a material impact on the District's financial statements.

NOTE B – 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 general-purpose financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE C – CASH AND CASH EQUIVALENTS

Custodial Credit Risk - Deposits. Custodial Credit is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy is to have all deposits secured by pledged securities.

At year-end, the carrying amount of the District's total cash and cash equivalents was $6,163,993. Of the total cash balance, $250,000 was covered by Federal Depository Insurance, with the remainder 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 maturity of 90 days or less.

Cash and cash equivalents at June 30, 2025, consisted of the following:

	Bank Balance	Book Balance
Edmonton State Bank	7,290,521	6,163,993
Breakdown per financial statements:		
Governmental Funds		5,484,873
Proprietary Funds		678,939
Fiduciary Funds		181
Total Cash		6,163,993

NOTE D – INVESTMENTS

Kentucky Revised Statutes authorizes the District to invest in the following: obligations of the United States Government and of its agencies and instrumentalities, repurchase agreements and specially approved AAA rated corporate bonds; bonds or certificates of indebtedness of the Commonwealth of Kentucky and of its agencies and municipalities; certificates of deposit or other interest bearing accounts issued by any bank or savings and loan institution up to FDIC insured amount, and in larger amounts provided that the bank pledges as security obligations having a current market value at least equal to any uninsured deposits.

The District entered into a repurchase agreement with Natixis Funding Corp. as a result of the issuance of Series 2011 Qualified School Construction Bonds with Bank of New York Mellon Trust Company, N.A. as acting Escrow Agent. Beginning December 3, 2012 and each subsequent December through 2030, the District is obligated to deposit into an Escrow account with the Bank of New York Mellon $309,008 and the School Facilities Construction Commission is obligated to deposit $164,285 into the Escrow account with the Bank of New York Mellon for a combined yearly deposit of $473,293. Acting as Escrow agent, the Bank of New York Mellon will purchase qualified investments as permitted under KRS 66.480 for the District until December 2, 2030 from Natixis Funding Corp. with a margin of 103%. On December 2, 2030, the final repurchase date, the Bank of New York Mellon Trust Company, N.A. will issue a demand for repurchase to Natixis Funding Corp. at which time the investment will be repurchased by Natixis Funding Corp. and funds will be deposited into the Escrow account for a one-time debt service payment of the Series 2011 Qualified School Construction Bonds.

Investments, including derivative instruments that are not hedging derivatives, are measured at fair value on a recurring basis. *Recurring* fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District held the following investments at year end:

	Carrying Amount	Fair Value
Repurchase agreements	$ 7,186,624	$ 7,186,624
Total Investments	$ 7,186,324	$ 7,186,324

All fair values listed above are valued using quoted market prices (Level 2 inputs). The repurchase agreements categorized as Level 2 are valued using a pricing technique that values securities based on their relationship to benchmark quoted prices.

NOTE E – LONG TERM OBLIGATIONS

The amount shown in the accompanying financial statements as bond obligations represents the District's future obligations to make payments relating to the bonds issued by the Metcalfe County School District Finance Corporation in the original amount aggregating $46,548,000.

The original amount of each issue and interest rates are summarized below:

2011	11,153,000	4.65%
2015	9,100,000	2.0% - 3.625%
2015 Refunding	12,345,000	2.00% - 3.00%
2019	3,310,000	3.00%
2024	10,640,000	3.60% - 4.125%

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

In 1995 the Board entered into "participation agreements" with the Kentucky School Facility Construction Commission. The Commission was created by the Kentucky Legislature for the purpose of assisting local school districts in meeting school construction needs. The table sets forth the amount to be paid by the Board and the Commission for each year until maturity of all bonds issued. The Kentucky School Construction Commission's participation is limited to the biennial budget period of the Commonwealth of Kentucky with the right reserved by the Kentucky School Construction Commission to terminate the commitment to pay the agreed participation every two years. The obligation of the Kentucky School Construction Commission to make the agreed payments automatically renews each two years for a period of two years unless the Kentucky School Construction Commission gives notice if its intention not to participate not less than sixty days prior to the end of its biennium.

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

Year	Principal	Interest	Participation	District's Portion
2025-2026	1,060,000	1,329,812	287,360	2,102,452
2026-2027	1,095,000	1,297,263	287,362	2,104,901
2027-2028	1,130,000	1,263,647	287,360	2,106,287
2028-2029	1,165,000	1,228,877	287,361	2,106,516
2029-2030	1,200,000	1,192,915	289,720	2,103,195
2030-2031	12,358,000	896,607	4,113,595	9,141,012
2031-2032	980,000	606,347	87,989	1,498,358
2032-2033	1,015,000	513,231	87,988	1,440,243
2033-2034	1,050,000	508,604	87,988	1,470,615
2034-2035	1,085,000	502,019	87,987	1,499,032
2035-2036	1,115,000	464,213	78,869	1,500,344
2036-2037	1,105,000	424,919	43,482	1,486,437
2037-2038	1,125,000	384,219	43,481	1,465,738
2038-2039	1,170,000	342,419	43,482	1,468,936
2039-2040	1,165,000	291,769	-	1,456,769
2040-2041	1,210,000	244,269	-	1,454,269
2041-2042	1,250,000	194,288	-	1,444,288
2042-2043	1,305,000	141,591	-	1,446,591
2043-2044	1,360,000	86,625	-	1,446,625
2044-2045	1,420,000	29,288	-	1,449,288
	34,363,000	11,942,918	6,114,025	40,191,894

Long-term liability activity for the year ended June 30, 2025, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Primary Government					
Governmental Activities:					
Revenue Bond Payable	13,565,000	10,640,000	995,000	23,210,000	1,060,000
Less: Bond Discount	(87,767)	(211,818)	(17,090)	(282,495)	(17,973)
Net Revenue Bond Payable	13,477,233	10,428,182	977,910	22,927,505	1,042,027
Qualified School Construction Bonds	11,153,000	0	0	11,153,000	0
Net Pension Liability	4,828,190	0	824,099	4,004,091	0
Lease Obligations	77,905	261,564	63,037	276,432	70,462
Net OPEB Liability	2,130,000	0	394,000	1,736,000	0
Compensated Absences	412,674	223,162	95,574	540,262	54,248
Total Governmental Activities:	32,079,002	10,912,908	2,354,620	40,637,290	1,166,737
Proprietary Activities:					
Net Pension Liability	798,703	0	136,389	662,314	0
Total Long-Term Liabilities:	32,877,705	10,912,908	2,491,009	41,299,604	1,166,737

NOTE F – LEASE LIABILITIES

The District is the lessee of buses under a lease expiring in 2027. The assets and liabilities under the leases are recorded at the present value of the minimum lease payments or the fair value of the asset. The asset is amortized over its estimated productive life. Amortization of the asset under a capital lease is included in depreciation expense for fiscal year 2025.

The following is a summary of property held under capital leases:

Classes of Property	Book Value as of June 30, 2025
Buses	259,352
Accumulated Amortization	(181,546)
Total	77,806

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

Year Ending June 30,	Bus Lease Payable
2026	25,120
2037	25,124
Net minimum lease payments	50,244
Amount representing interest	(1,859)
Present value of net minimum lease payments	48,385

Interest rates on the capitalized lease is 2.550%. The bus lease provides for the asset to revert to the District at the end of the respective lease with no further payment for purchase.

The District is committed under a non-cancellable lease for copiers. The total lease liability measured at present value is $261,564. The ending liability balance at June 30, 2025 is $228,047. The District has recognized an intangible right of use asset for the terms of the lease but the District will not acquire the equipment at the end of the lease. Annual requirements to amortize long-term obligations and related interest are as follows:

Year	Principal	Interest
2026	46,576	9,786
2027	48,827	7,534
2028	51,187	5,174
2029	53,662	2,700
2030	27,795	385
Total	228,047	25,579

The following assets and amortization have been recognized.

Right of Use Asset – Copiers	$ 261,564
Accumulated Amortization	(37,366)
Net Ending Balance	224,198

NOTE G - CAPITAL ASSETS

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

	BEGINNING BALANCE	ADDITIONS	RECLASSIFICATIONS	RETIREMENTS	ENDING BALANCE
GOVERNMENTAL ACTIVITIES:					
Non-Depreciable Assets:					
Land	174,705				174,705
Construction in Progress	4,068,156	10,603,132	(4,565,875)		10,105,413
Depreciable Assets:					
Buildings & Building Improvements	46,457,721	92,017	4,565,875		51,115,613
Technology Equipment	3,209,542	87,142		(467,612)	2,829,072
Vehicles	3,028,549	297,647		(111,787)	3,214,409
General Equipment	920,741	39,111		(5,608)	954,244
TOTAL AT HISTORICAL COST	57,859,414	11,119,049	-	(585,007)	68,393,456
LESS ACCUMULATED DEPRECIATION FOR:					
Buildings & Building Improvements	15,425,083	1,113,909			16,538,992
Technology Equipment	2,321,802	185,933		(473,304)	2,034,431
Vehicles	2,355,896	177,636		(12,110)	2,521,422
General Equipment	457,279	60,958		(5,608)	512,629
TOTAL ACCUMULATED DEPRECIATION	20,560,060	1,538,436	-	(491,022)	21,607,474
GOVERNMENTAL ACTIVITIES CAPITAL NET	37,299,354	9,580,613	-	93,985	46,785,982
PROPRIETARY ACTIVITIES:					
Depreciable Assets:					
Buildings & Building Improvements	197,782				197,782
Technology Equipment	14,268				14,268
General Equipment	565,232	229,850			795,082
TOTALS AT HISTORICAL COST	777,282	229,850	-	-	1,007,132
LESS ACCUMULATED DEPRECIATION FOR:					
Buildings & Building Improvements	112,317	4,336			116,653
Technology Equipment	10,155	950			11,105
General Equipment	317,593	48,888			366,481
TOTAL ACCUMULATED DEPRECIATION	440,065	54,174	-	-	494,239
PROPRIETARY ACTIVITIES CAPITAL NET	337,217	175,676	-	-	512,893

DEPRECIATION EXPENSE CHARGED TO GOVERNMENTAL FUNCTIONS AS FOLLOWS:	
Instructional	183,617
Student Support Services	890
Staff Support Services	1,140
District Administration	9,828
School Administration	1,937
Plant Operation & Maintenance	1,159,319
Student Transportation	179,768
Central Office	1,282
Communiy Service Operations	655
TOTAL	1,538,436

NOTE H – RETIREMENT PLANS

The District's employees are provided with two pension plans, based on each position's college degree

requirement. The County Employees Retirement System covers employees whose position does not require a college degree or teaching certification. The Kentucky Teachers Retirement System covers positions requiring teaching certification or otherwise requiring a college degree.

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

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

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

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

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

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

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

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

Plan description—Teaching certified employees of the District and other employees whose positions require at least a college degree are provided pensions through the Teachers' Retirement System of the State of Kentucky (TRS)—a cost-sharing multiple-employer defined benefit pension plan with a special funding situation established to provide retirement annuity plan coverage for local school districts and other public educational agencies in the Commonwealth. TRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the KRS. TRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. TRS issues a publicly available financial report that can be obtained at http://www.TRS.ky.gov/05_publications/index.htm.

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

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

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

In addition, employees who retire July 1, 2004 and later with more than 30 years of service will have their multiplier increased for all years over 30 from 2.5% to 3.0% to be used in their benefit calculation. Effective July 1, 2008, the System has been amended to change the benefit structure for employees hired on or after that date.

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

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). University members contribute 10.40% of salary to the retirement system. Non-university members contribute 12.855% of salary to the retirement system. Member contributions are picked up by the employer.

The Commonwealth of Kentucky, as a non-employer contributing entity, pays matching contributions at the rate of 13.105% of salaries for local school district and regional cooperative employees hired before July 1, 2008 and 14.105% for those hired after July 1, 2008. For local school district and regional cooperative employees whose salaries are federally funded, the employer contributes 16.105% of salaries. If an employee leaves covered employment before accumulating five (5) years of credited service, accumulated employee pension contributions plus interest are refunded to the employee upon the member's request.

Medical Insurance Plan

Plan description—In addition to the pension benefits described above, KRS 161.675 requires TRS to provide post-employment healthcare benefits to eligible employees and dependents. The TRS Medical Insurance Fund is a cost-sharing multiple employer defined benefit plan. 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.

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

Funding policy—In order to fund the post-retirement healthcare benefit, six percent (6%) of the gross annual payroll of employees before July 1, 2008 is contributed. Three percent (3%) is paid by member contributions and three quarters percent (.75%) from Commonwealth appropriation and two and one quarter percent (2.25%) from the employer. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

At June 30, 2025, the District reported a liability of $4,666,405 for its proportionate share of the net pension liability for CERS. The District did not report a liability for the District's proportionate share of the net pension liability for TRS because the Commonwealth of Kentucky provides the pension support directly to TRS on behalf of the District. The amount recognized by the District as its proportionate share of the net pension liability, the related Commonwealth support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the CERS net pension liability	$ 4,666,405
Commonwealth's proportional share of the TRS net pension liability associated with the District	24,853,852
	$ 29,520,257

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

The District's proportion of the net pension liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2024, the District's proportion was 0.078028% percent.

For the year ended June 30, 2025, the District recognized pension benefit of $149,227 related to CERS and expense of $1,615,424 related to TRS. The District also recognized revenue of $1,615,424 for TRS support provided by the Commonwealth. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Outflows of Resources	**Deferred Inflows of Resources**
Differences between expected and actual experience	$ 225,863	$ -
Changes of assumptions	-	210,830
Net difference between projected and actual earnings on pension plan investments	320,477	620,502
Changes in proportion and differences between District contributions and proportionate share of contributions	-	528,693
District contributions subsequent to the measurement date	555,425	-
Total	$ 1,101,765	$ 1,360,025

$555,425 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2026	(554,751)
2027	(76,738)
2028	(115,333)
2029	(66,863)
2030	-

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

Teachers' Retirement System (TRS)

The total pension 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, 2022
Long-term Investment Rate of Return, net of pension plan investment expense, including inflation	7.10%
Municipal Bond Index Rate	
Prior Measurement Date	3.66%
Measurement Date	2.13%
Salary increases, including inflation	3.00-7.50%, includes inflation
Post-retirement benefit increases	1.50% annually
Inflation rate	2.75%
Single Equivalent Interest Rate, net of pension plan investment expense, including inflation	
Prior Measurement Date	7.50%
Measurement Date	7.10%

Mortality rates were based on the Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees, and active members. The actuarial assumptions used were based on the results of an actuarial experience study for the 5-year period ending June 30, 2020, adopted by the board on September 20, 2021. The assumed long-term investment rate of return was changed from 7.50 percent to 7.10 percent and the price inflation assumption was increased from 2.5 percent to 2.75 percent. 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.

For TRS, 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 TRS's investment consultant, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rates of Return
Large Cap U.S. Equity	35.40%	5.0%
Small Cap U.S. Equity	2.60%	5.5%
Developed International Equity	15.70%	5.5%
Emerging Markets Equity	5.30%	6.1%
Fixed Income	15.00%	1.9%
High Yield Bonds	2.00%	3.8%
Other Additional Categories	8.00%	3.6%
Real Estate	7.00%	3.2%
Private Equity	7.00%	8.0%
Cash	2.0%	1.6%
Total	100.0%	

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

County Employees' Retirement System (CERS)

The total pension 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, 2022
Experience Study	July 1, 2013-June 30, 2018
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay
Remaining Amortization Period	30 years, closed
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Payroll Growth Rate	2.0%
Investment rate of return	6.25%
Projected salary increases	3.30 to 10.30%, varies by service
Inflation rate	2.30%

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

For CERS, the long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years for the system. The most recent analysis, performed for the period covering fiscal years 2013 through 2018, is outlined in a report titled "Kentucky Retirement Systems 2018 Actuarial Experience Study for the Period Ending June 30, 2018". 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 return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class is summarized in the table below. The current long-term inflation assumption is 2.3% per annum.

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%
Expected Real Return	100.0%	4.69%
Long Term Inflation Assumption		2.50%
Expected Nominal Return for Portfolio		7.19%

Discount rate—For CERS, projection of cash flows used to determine the discount rate of 6.5% assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in Statute as amended by House Bill 362 (passed in 2018) over the remaining 30 years (closed) amortization period of the unfunded actuarial accrued liability.

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

	1% Decrease	Current Discount Rate	1% Increase
CERS	5.50%	6.50%	7.50%
District's proportionate share of net pension liability	6,015,759	4,666,405	3,546,797
TRS	6.50%	7.50%	8.50%
District's proportionate share of net pension liability	0	0	0

Pension plan fiduciary net position—Detailed information about the pension plan's fiduciary net position is available in the separately issued financial reports of both CERS and TRS.

NOTE I – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Teachers' Retirement System of Kentucky

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

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

Medical Insurance Plan

Plan description – In addition to the 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 percent (3.75%) is paid by member contributions and three quarters percent (.75%) from state appropriation and three percent (3.00%) from the employer. The state contributes the net cost of health insurance premiums for members who retired on or after July 1, 2010 who are in the non-Medicare eligible group. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

At June 30, 2025, the Metcalfe County District reported a liability of $1,736,000 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, and 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 .1454 percent, compared to .0875 percent at June 30, 2023.

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	$ 1,736,000
State's proportionate share of the net OPEB liability associated with the District	1,547,000
Total	$ 3,283,000

For the year ended June 30, 2024, the District recognized OPEB expense of $33,199 and revenue of $144,089 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	$ -	$ 521,000
Changes of assumptions	442,000	-
Net difference between projected and actual earnings on pension plan investments	-	56,000
Changes in proportion and differences between District contributions and proportionate share of contributions	580,000	1,012,000
District contributions subsequent to the measurement date	230,429	-
Total	1,252,429	1,589,000

Of the total amount reported as deferred outflows of resources related to OPEB, $230,429 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year ended June 30:	
2026	$ (212,000)
2027	(32,000)
2028	(48,000)
2029	(126,000)
2030	(123,000)
Thereafter	(26,000)

Actuarial 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:

Long-term investment rate of return net of OPEB plan investment expense, including inflation.	
Health Trust	7.10%
Life Trust	7.10%
Salary increases, including wage Inflation	3.00 – 7.50%
Inflation	2.50%
Real wage growth	0.25%
Wage Inflation	2.75%
Health Trust Health Care Cost Trends	
Medical Trend	6.50% for FY 2024 decreasing to an ultimate rate of 4.50% by FY 2031
Medicare Part B Premiums	5392% for FY 2024 with an ultimate rate of 4.50% by 2035
Municipal Bond Index Rate	3.94%
Single Equivalent Interest Rate, net of OPEB plan investment expense, including price inflation	
Health Trust	7.10%
Life Trust	7.10%
Year FNP is projected to be depleted	
Health Trust	N/A
Life Trust	N/A

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

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends) used in the June 30, 2024 valuation of the Health Trust were based on a review of recent plan experience done concurrently with the June 30, 2024 valuation. The health care cost trend assumption was updated for the June 30, 2024 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 Health Trust and Life Trust investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset 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 Large Cap Equity	35.4%	5.0%
U.S. Small Cap	2.6%	5.5%
Developed Int'l 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 (LIBOR)	1.00%	1.6%
	100.00%	

Discount rate (SEIR)- The discount rate used to measure the TOL at June 30, 2022 was 7.10% for the Health Trust and 7.10% for the Life Trust. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection's basis was an actuarial valuation performed as of June 30, 2021.

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	Current Discount Rate	1% Increase
TRS	6.10%	7.10%	8.10%
District's proportionate share of net OPEB liability	2,306,000	1,736,000	1,263,000

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 net OPEB liability	1,173,000	1,736,000	2,436,000

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.

At June 30, 2025, the Kentucky School 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	-0-
State's proportionate share of the net OPEB liability associated with the District	35,000
Total	$ 35,000

Actuarial assumptions – The actuarial assumptions are listed above with the TRS OPEB assumptions information.

The long-term expected rate of return on Health Trust and Life Trust investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset 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	40.00%	5.2%
International Equity	15.00%	5.5%
Emerging Markets Equity	5.0%	6.1%
Fixed Income	21.00%	1.9%
Real Estate	7.00%	3.2%
Private Equity	5.00%	8.0%
Additional Categories	5.00%	4.0%
Cash (LIBOR)	2.00%	1.6%
	100.00%	

Discount rate (SEIR) - The discount rate used to measure the total OPEB liability for life insurance was 7.10%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection's basis was an actuarial valuation performed as of June 30, 2022.

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

County Employees' Retirement System of Kentucky

Plan description – Classified (non-certified) employees of the Kentucky School District are provided OPEBs through the County Employees Retirement System of the State of Kentucky (CERS)—a cost-sharing multiple-employer defined benefit OPEB plan retirement annuity plan coverage for local school districts and other public agencies in the state. CERS was established July 1, 1958 by the state legislature. CERS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. CERS issues a publicly available financial report that can be obtained at https://kyret.ky.gov/About/Board-of-Trustees/Pages/CAFR-and-SAFR.aspx.

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 CERS Medical Insurance. The following information is about the CERS plans:

Medical Insurance Plan

Plan description –The Kentucky Retirement Systems' Insurance Fund (Insurance Fund) was established to provide hospital and medical insurance for eligible members receiving benefits from KERS, CERS, and SPRS, the state retirement options. The eligible non-Medicare retirees are covered by the Department of Employee Insurance (DEI) plans. The Board contracts with Humana to provide health care benefits to the eligible Medicare retirees through a Medicare Advantage Plan. The Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance. It is noted that while this insurance fund covers employees eligible through KERS, CERS, and SPRS, only the portion related to CERS is applicable to Metcalfe County School District since the District does not have or qualify to have employees participate in KERS or SPRS.

Benefits provided – Medical Insurance coverage is provided based on the member's initial participation date and length of service. Members received either a percentage or dollar amount for insurance coverage. The amount of contribution paid by the Insurance Fund is based on years of service. For members participating prior to July 1, 2003, years of service and respective percentages of the maximum contribution are as follows:

Years of Service	Paid By Insurance Fund (%)
20+	100%
15-19	75%
10-14	50%
4-9	25%
Less than 4	0%

Medical insurance benefits are calculated differently for members who began participating on or after July 1, 2003. Once members reach a vesting period of 10 years, non-hazardous employees whose participation began on or after July 1, 2003 earn $10 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually, which is currently 1.5%, based upon Kentucky Revised Statutes. The Kentucky General Assembly reserves the right to suspend or reduce this benefit if, in its judgment, the welfare of the Commonwealth so demands. Only benefit descriptions applicable to CERS Non-Hazardous have been included with this information since only that portion is applicable to the District.

Contributions – Due to the CERS post-retirement healthcare benefit plan being fully funded the requirement for employers to contribute as a percent of gross annual payroll was suspended for the year ended June 30, 2025.

At June 30, 2025, the Metcalfe County District reported an asset of $135,004 for its proportionate share of the collective net OPEB asset that reflected a reduction for state OPEB support provided to the District. The collective net OPEB asset was measured as of June 30, 2024, and 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 .0078046 percent, compared to .087691 percent at June 30, 2023.

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 benefit	$ 135,004
State's proportionate share of the net OPEB liability associated with the District	-0-
Total	$ 135,004

For the year ended June 30, 2025, the District recognized OPEB benefit of $409,458. 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	$ 74,899	$ 1,062,216
Changes of assumptions	122,330	95,260
Net difference between projected and actual earnings on pension plan investments	118,672	241,871
Changes in proportion and differences between District contributions and proportionate share of contrbutions	9,334	225,618
District contributions subsequent to the measurement date	36,596	-
Total	361,831	1,624,965

Of the total amount reported as deferred outflows of resources related to OPEB, $36,596 resulting from District contributions of $0 subsequent to the measurement date and before the end of the fiscal year and implicit subsidy of $36,596, will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year ended June 30:	
2026	$ (503,254)
2027	(410,045)
2028	(352,303)
2029	(34,128)
2030	-
Thereafter	-

Actuarial 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, 2022
Investment rate of return	6.25%
Salary Increases	3.30% to 10.30%, varies by service
Inflation	2.30%
Payroll Growth Rate	2.00%
Healthcare cost trend rates	
Pre - 65	Initial trend starting at 6.20% at January 1, 2024, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years
Post - 65	Initial trend starting at 9.00% in 2024, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years
Mortality	
Pre-retirement	PUB-2010 General Mortality table
Post-retirement (non-disabled)	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
Post-retirement (disabled)	PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 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 rates of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class is summarized in the table below. The current long-term inflation assumption is 2.30% per annum.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity		
Public Equity	50.00%	4.15%
Private Equity	10.00%	9.10%
Liquidity		
Core Bonds	10.00%	2.85%
Special Credit	10.00%	3.82%
Cash	0.00%	1.70%
Inflation Protected		
Real Estate	7.00%	4.90%
Real Return	13.00%	5.35%
Expected Real Return	**100.0%**	**4.69%**
Long Term Inflation Assumption		**2.50%**
Expected Nominal Return		**7.19%**

Discount rate - The discount rate used to measure the total OPEB liability was 5.93%. The projection of cash flows used to determine the single discount rate must include an assumption regarding future employer contributions made each year. Future contributions are projected assuming that each participating employer in each insurance plan contributes the actuarially determined employer contribution each future year calculated in accordance with the current funding policy, as most recently revised by House Bill 8, passed during the 2021 legislative session. The assumed future employer contributions reflect the provisions of House Bill 362 (passed during the 2018 legislative session) which limit the increases to the employer contribution rates to 12% over the prior fiscal year through June 30, 2028, for the CERS plans.

The following table presents the District's proportionate share of the collective net OPEB liability 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 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	Current Discount Rate	1% Increase
CERS	4.99%	5.99%	6.99%
District's proportionate share of net OPEB liability	182,541	(135,004)	(401,996)

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
Systems' net pension liability	(324,803)	(135,004)	86,099

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

NOTE J – CONTINGENCIES

The District receives funding from federal, state, and local government agencies and private contributions. These funds are to be used for designated purposes only. For government agency grants, if based upon the grantor's review, the funds are considered not to have been used for the intended purpose, the grantors may request a refund of monies 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.

NOTE K – INSURANCE AND RELATED ACTIVITIES

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

NOTE L – RISK MANAGEMENT

The District is exposed to various risks of loss related to injuries to employees. To obtain insurance of workers' compensation, errors and omissions, and general liability coverage, the District obtains quotes from commercial insurance companies. Currently, the District maintains insurance coverage through Ohio Casualty Insurance Company.

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.

NOTE M – DEFICIT OPERATING BALANCES

There were no funds that had a deficit balance at June 30, 2025. However, the following funds have operations that resulted in a current year deficit of expenditures over revenues resulting in a corresponding reduction of fund balance:

General Fund	461,116
Debt Service	1,068,624
Construction Fund	10,563,920

NOTE N – COBRA

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

NOTE O – TRANSFER OF FUNDS

The following transfers were made during the year:

Type	From Fund	To Fund	Purpose	Amount
Matching	General	Special Revenue	Technology Match	24,920
Operating	Special Revenue	Construction	Construction	1,778,994
Operating	Building	Debt Service	Debt Service	1,549,161
Operating	Food Service	General	Indirect Costs	94,734
Operating	General	Debt Service	Debt Service	28,900
Operating	Capital Outlay	Debt Service	Debt Service	122,974
			Governmental Funds Transferred In	3,599,683
Operating	Food Service	General	Indirect Costs	(94,734)
			Proprietary Funds Transferred	(94,734)
			Total Transferred Funds	3,504,949

NOTE P – INTERFUND RECEIVABLES AND PAYABLES

Receivable Fund	Payable Fund	Amount
General	Special Revenue	$581,560

The interfund payables/receivables represent temporary financing that will be repaid within one year.

NOTE Q – SUBSEQUENT EVENTS

Management has reviewed subsequent events through December 17, 2025 the date the financial statements were available for release. There are no material subsequent events to disclose.

NOTE R – ON-BEHALF PAYMENT

For the year ended June 30, 2025, $4,436,533 in on-behalf payments were made by the Commonwealth of Kentucky for the benefit of the District. Payments for life insurance, health insurance, Kentucky teacher retirement matching pension contributions, administrative fees, technology and debt service were paid by the State for the District. These payments were recognized as on-behalf payments and recorded in the appropriate revenue and expense accounts. These payments were as follows:

Teachers Retirement System (GASB 68 Schedule A)	$1,615,424
Teachers Retirement System (GASB 75)	148,402
Health Insurance	2,364,570
Life Insurance	2,718
Administrative Fee	21,740
HRA/Dental/Vision	78,575
Federal Reimbursement	(302,166)
Technology	43,204
SFCC Debt Service Payments	464,066
Total	$4,436,533

NOTE S – EMPLOYEE COMPENSATED ABSENCES

The liability for compensated absences is recorded in the government-wide financial statements. For governmental funds, the liability is recorded only when it has matured due to employee resignation or retirement. The following table shows the changes in the compensated absences liability:

	Current Portion	Long-Term Portion	Total
Beginning Balance	56,701	355,972	412,673
Net Increase (Decrease)	(2,453)	130,042	127,589
Ending Balance	54,248	486,014	540,262

NOTE T – SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The District has recorded $57,278 ($57,2786 net of $0 accumulated amortization) as intangible right-to-use software in the Governmental Activities non-current assets on the statement of net position. Due to the implementation of GASB Statement No. 96, the arrangement for software meets the criteria of a SBITA; thus, requiring them to be recorded by the District as an intangible asset and if applicable SBITA liability. The assets will be amortized over the terms of the software agreements, 6 years. The subscription was fully paid at the time the software arrangement was entered into and thus no liability has been recorded.

REQUIRED SUPPLEMENTARY INFORMATION

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

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Taxes	2,540,800	2,540,800	3,323,832	783,032
Other Local Sources	499,000	499,000	860,098	361,098
State Sources	8,438,777	8,438,777	10,770,449	2,331,672
Federal Sources	51,000	51,000	62,584	11,584
Other Sources	215,000	215,000	227,859	12,859
TOTAL REVENUES	11,744,577	11,744,577	15,244,822	3,500,245
EXPENDITURES:				
Instructional	7,062,099	7,062,099	8,685,303	(1,623,204)
Student Support Services	573,240	573,240	582,203	(8,963)
Staff Support Services	312,002	312,002	332,566	(20,564)
District Administration	1,067,102	1,067,102	845,320	221,782
School Administration	1,072,139	1,072,139	1,079,763	(7,624)
Business Support Services	575,461	575,461	532,878	42,583
Plant Operation & Maintenance	1,850,833	1,850,833	1,703,277	147,556
Student Transportation	1,701,068	1,701,068	1,519,927	181,141
Community Service	66,572	66,572	53,425	13,147
Facilities Acquisition & Construction	73,640	73,640	143,417	(69,777)
Other	392,192	392,192	53,820	338,372
TOTAL EXPENDITURES	14,746,348	14,746,348	15,531,899	(785,551)
NET CHANGE IN FUND BALANCE	(3,001,771)	(3,001,771)	(287,077)	2,714,694
FUND BALANCES - BEGINNING	3,001,771	3,001,771	4,741,764	1,739,993
FUND BALANCES - ENDING	-	-	4,454,687	4,454,687

See independent auditor's report and accompanying notes to financial statements.

METCALFE 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

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Other Local Sources	1,021	1,021	14,837	13,816
State Sources	872,598	872,598	895,795	23,197
Federal Sources	2,591,612	2,591,612	4,581,575	1,989,963
Other Sources	219,172	219,172	24,920	(194,252)
TOTAL REVENUES	3,684,403	3,684,403	5,517,127	1,832,724
EXPENDITURES:				
Instructional	3,135,014	3,135,014	3,326,684	(191,670)
Student Support Services	126,137	126,137	116,871	9,266
Staff Support Services			0	0
District Administration			0	0
Business Support Services			0	0
Plant Operation & Maintenance	40,000	40,000	96,493	(56,493)
Student Transportation			0	0
Community Service Operations	189,000	189,000	198,085	(9,085)
Other	194,252	194,252	1,778,994	(1,584,742)
TOTAL EXPENDITURES	3,684,403	3,684,403	5,517,127	(1,832,724)
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCES - BEGINNING	-	-	-	-
FUND BALANCES - ENDING	-	-	-	-

See accompanying auditor's report and accompanying notes to financial statements.

METCALFE COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
TEACHERS' RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30

	2016	2017	2018	2019	2020
District's proportion of net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%
District's proportionate share of the net pension liability	-	-	-	-	-
State of Kentucky's share of the net pension liability associated with the district	52,709,328	58,863,335	55,964,370	25,810,006	23,033,956
TOTAL	$ 52,709,328	$ 58,863,335	$ 55,964,370	25,810,006	23,033,956
District's covered-employee payroll	7,388,184	6,925,941	$ 7,144,226	$ 7,110,235	$ 6,386,755
District's proportionate share of the net pension liability as a percentage of its covered-payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	44.70%	57.04%	39.80%	59.30%	58.80%

	2021	2022	2023	2024	2025
District's proportion of net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%
District's proportionate share of the net pension liability	-	-	-	-	-
State of Kentucky's share of the net pension liability associated with the district	23,500,728	21,310,164	28,665,297	28,165,191	24,853,852
TOTAL	23,500,728	21,310,164	28,665,297	28,165,191	24,853,852
District's covered-employee payroll	$ 6,364,466	$ 6,298,051	$ 7,118,892	$ 7,137,005	$ 7,680,971
District's proportionate share of the net pension liability as a percentage of its covered-payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	58.27%	65.59%	56.41%	57.70%	60.36%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years are not displayed.

METCALFE COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
COUNTY EMPLOYEES RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30

	2016	2017	2018	2019	2020
District's proportion of net pension liability	0.094760%	0.088350%	0.090640%	0.091220%	0.090970%
District's proportionate share of the net pension liability	4,074,145	4,349,799	5,305,145	5,555,881	6,397,609
State of Kentucky's share of the net pension liability associated with the district	-	-	-	-	-
TOTAL	4,074,145	4,349,799	5,305,145	5,555,881	6,397,609
District's covered-employee payroll	2,259,147	2,157,832	2,255,479	2,304,919	2,338,501
District's proportionate share of the net pension liability as a percentage of its covered-payroll	180.34%	201.58%	235.21%	241.04%	273.58%
Plan fiduciary net position as a percentage of the total pension liability	63.46%	55.50%	53.30%	53.54%	50.45%

	2021	2022	2023	2024	2025
District's proportion of net pension liability	0.093060%	0.096070%	0.092528%	0.876940%	0.078028%
District's proportionate share of the net pension liability	7,137,395	6,125,280	6,688,862	5,626,893	4,666,405
State of Kentucky's share of the net pension liability associated with the district	-	-	-	-	-
TOTAL	7,137,395	6,125,280	6,688,862	5,626,893	4,666,405
District's covered-employee payroll	2,459,929	2,533,694	2,669,813	2,629,905	2,818,004
District's proportionate share of the net pension liability as a percentage of its covered-payroll	290.15%	241.75%	250.54%	213.96%	165.59%
Plan fiduciary net position as a percentage of the total pension liability	47.81%	57.33%	52.42%	57.48%	61.61%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years are not displayed.

METCALFE COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS TO THE
TEACHERS RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30

	2016	2017	2018	2019	2020
Contractually required contributions (actuarially determined)	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the actuarially determined contributions	-	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered employee payroll	$ 7,388,184	$ 6,925,941	$ 7,144,226	$ 7,110,235	$ 6,386,755
Contributions as a percentage of Covered employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%

	2021	2022	2023	2024	2025
Contractually required contributions (actuarially determined)	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the actuarially determined contributions	-	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered employee payroll	$ 6,364,466	$ 6,298,051	$ 7,118,892	$ 7,137,005	$ 7,680,971
Contributions as a percentage of Covered employee payroll	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 are not displayed.

METCALFE COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS TO THE
COUNTY EMPLOYEES RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30

	2016	2017	2018	2019	2020
Contractually required contributions (actuarially determined)	$ 268,003	$ 314,639	$ 333,752	$ 379,305	$ 379,305
Contributions in relation to the actuarially determined contributions	268,003	314,639	333,752	379,305	379,305
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered employee payroll	$ 2,157,832	$ 2,255,479	$ 2,304,919	$ 2,338,501	$ 2,338,501
Contributions as a percentage of Covered employee payroll	12.42%	13.95%	14.48%	16.22%	16.22%

	2021	2022	2023	2024	2025
Contractually required contributions (actuarially determined)	$ 489,003	$ 564,149	$ 624,736	$ 613,819	$ 555,425
Contributions in relation to the actuarially determined contributions	489,003	564,149	624,736	613,819	555,425
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered employee payroll	$ 2,533,694	$ 2,664,849	$ 2,669,813	$ 2,629,905	$ 2,818,004
Contributions as a percentage of Covered employee payroll	19.30%	21.17%	23.40%	23.34%	19.71%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years are not displayed.

METCALFE COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY - MEDICAL INSURANCE
COUNTY EMPLOYEES RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30

	2018	2019	2020	2021	2022
District's proportion of net OPEB liability	0.090635%	0.091222%	0.090941%	0.093030%	0.096049%
District's proportionate share of the net OPEB liability	1,822,074	1,619,625	1,529,587	2,246,392	1,838,810
State of Kentucky's share of the net OPEB liability associated with the district	-	-	-	-	-
TOTAL	1,822,074	1,619,625	1,529,587	2,246,392	1,838,810
District's covered-employee payroll	2,255,479	2,304,919	2,335,501	2,459,929	2,533,694
District's proportionate share of the net OPEB liability as a percentage of its covered-payroll	80.78%	70.27%	65.41%	91.32%	72.50%
Plan fiduciary net position as a percentage of the total OPEB liability	52.40%	57.62%	60.44%	51.67%	62.91%

	2023	2024	2025
District's proportion of net OPEB liability	0.092512%	0.092512%	0.078046%
District's proportionate share of the net OPEB liability	1,825,737	(121,072)	(135,004)
State of Kentucky's share of the net OPEB liability associated with the district	-	-	-
TOTAL	1,825,737	(121,072)	(135,004)
District's covered-employee payroll	2,669,813	2,629,905	2,818,004
District's proportionate share of the net OPEB liability as a percentage of its covered-payroll	68.38%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	47.76%	104.23%	104.89%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years are not displayed.

METCALFE COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY - MEDICAL INSURANCE PLAN
TEACHERS' RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30

	2018	2019	2020	2021	2022
District's proportion of net OPEB liability	0.1100%	0.1100%	0.0903%	0.0894%	0.0880%
District's proportionate share of the net OPEB liability	3,921,000	3,551,000	2,643,000	2,256,000	1,889,000
State of Kentucky's share of the net OPEB liability associated with the district	3,203,000	3,060,000	2,134,000	1,807,000	154,000
TOTAL	7,124,000	6,611,000	4,777,000	4,063,000	2,043,000
District's covered-employee payroll	$ 7,144,226	$ 7,110,235	$ 6,386,755	$ 6,364,466	$ 6,298,051
District's proportionate share of the net OPEB liability as a percentage of its covered-payroll	54.88%	49.94%	41.38%	35.45%	29.99%
Plan fiduciary net position as a percentage of the total OPEB liability	21.18%	25.50%	32.60%	39.05%	51.74%

	2023	2024	2025
District's proportion of net OPEB liability	0.1613%	0.0875%	0.1454%
District's proportionate share of the net OPEB liability	3,056,000	2,130,000	1,736,000
State of Kentucky's share of the net OPEB liability associated with the district	1,004,000	1,796,000	1,547,000
TOTAL	4,060,000	3,926,000	3,283,000
District's covered-employee payroll	$ 7,118,892	$ 7,137,005	$ 7,680,971
District's proportionate share of the net OPEB liability as a percentage of its covered-payroll	57.03%	55.01%	22.60%
Plan fiduciary net position as a percentage of the total OPEB liability	47.76%	53.00%	59.81%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years are not displayed.

METCALFE COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY - LIFE INSURANCE PLAN
TEACHERS' RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30

	2018	2019	2020	2021	2022
District's proportion of net OPEB liability	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
District's proportionate share of the net OPEB liability	-	-	-	-	-
State of Kentucky's share of the net OPEB liability associated with the district	43,000	53,000	50,000	55,000	20,000
TOTAL	43,000	53,000	50,000	55,000	20,000
District's covered-employee payroll	$ 7,144,226	$ 7,110,235	$ 6,386,755	$ 6,364,466	$ 6,298,051
District's proportionate share of the net OPEB liability as a percentage of its covered-payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	79.99%	75.00%	73.40%	71.57%	89.15%

	2023	2024	2025
District's proportion of net OPEB liability	0.0000%	0.0000%	0.0000%
District's proportionate share of the net OPEB liability	-	-	-
State of Kentucky's share of the net OPEB liability associated with the district	50,000	44,000	35,000
TOTAL	50,000	44,000	35,000
District's covered-employee payroll	$ 7,118,892	$ 7,137,005	$ 7,680,971
District's proportionate share of the net OPEB liability as a percentage of its covered-payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	73.97%	76.90%	80.56%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years are not displayed.

METCALFE COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS TO THE MEDICAL INSUARANCE PLAN
COUNTY EMPLOYEES RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30

	2018	2019	2020	2021	2022
Contractually required contributions (actuarially determined)	$ 108,331	$ 123,005	$ 117,093	$ 120,604	$ 154,029
Contributions in relation to the actuarially determined contributions	108,331	123,005	117,093	120,604	154,029
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered employee payroll	$ 2,304,919	$ 2,338,501	$ 2,459,929	$ 2,553,694	$ 2,664,849
Contributions as a percentage of Covered employee payroll	4.70%	5.26%	4.76%	4.76%	5.78%

	2023	2024	2025
Contractually required contributions (actuarially determined)	$ 90,507	$ -	$ -
Contributions in relation to the actuarially determined contributions	90,507	-	-
Contribution deficiency (excess)	$ -	$ -	$ -
Covered employee payroll	$ 2,669,813	$ 2,629,905	$ 2,818,004
Contributions as a percentage of Covered employee payroll	3.39%	0.00%	0.00%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years are not displayed.

METCALFE COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS TO THE MEDICAL INSURANCE PLAN
TEACHERS RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30

	2018	2019	2020	2021	2022
Contractually required contributions (actuarially determined)	$ 182,315	$ 157,219	$ 157,891	$ 188,942	$ 163,194
Contributions in relation to the actuarially determined contributions	182,315	157,219	157,891	188,942	163,194
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered employee payroll	$ 7,110,235	$ 6,386,755	$ 6,386,755	$ 6,364,466	$ 6,298,051
Contributions as a percentage of Covered employee payroll	3.00%	3.00%	3.00%	3.00%	3.00%

	2023	2024	2025
Contractually required contributions (actuarially determined)	$ 213,567	$ 214,110	$ 230,429
Contributions in relation to the actuarially determined contributions	213,567	214,110	230,429
Contribution deficiency (excess)	$ -	$ -	$ -
Covered employee payroll	$ 7,118,892	$ 7,137,005	$ 7,680,971
Contributions as a percentage of Covered employee payroll	3.00%	3.00%	3.00%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years are not displayed.

METCALFE COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS TO THE LIFE INSURANCE PLAN
TEACHERS RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30

	2018	2019	2020	2021	2022
Contractually required contributions (actuarially determined)	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the actuarially determined contributions	-	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered employee payroll	$ 7,144,226	$ 7,110,235	$ 6,386,755	$ 6,364,466	$ 6,298,051
Contributions as a percentage of Covered employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%

	2023	2024	2025
Contractually required contributions (actuarially determined)	$ -	$ -	$ -
Contributions in relation to the actuarially determined contributions	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -
Covered employee payroll	$ 7,118,892	$ 7,137,005	$ 7,680,971
Contributions as a percentage of Covered employee payroll	0.00%	0.00%	0.00%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years are not displayed.

METCALFE COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABLITY
FOR THE YEAR ENDED JUNE 30, 2025

TEACHERS' RETIREMENT SYSTEM

NOTE A – CHANGES OF ASSUMPTIONS

In 2014, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change In 2015, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 5.23% to 4.88%.

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

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

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

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

In the 2021, 2022, 2023 and 2024 there were no changes in assumptions.

NOTE B – METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS

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 Period	Level percentage of payroll, closed
Remaining amortization period	30-year closed period that began fiscal year 2011 to amortize the unfunded liability
Asset valuation method	5-year asset smoothing method
Inflation	2.50 percent
Salary Increase	3.00 to 7.50 percent
Ultimate Investment rate of return	7.10 per annum, compounded annually, including inflation

NOTE C – CHANGES OF BENEFITS

There were no changes in benefits for TRS pension.

METCALFE COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABLITY
FOR THE YEAR ENDED JUNE 30, 2025

COUNTY EMPLOYEES RETIREMENT SYSTEM

NOTE A – CHANGES OF ASSUMPTIONS

2015
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 inflation rate was reduced from 3.5% to 3.255%.

The assumed rate of wage inflation was reduced from 1.00% to .75%.

Payroll growth assumption was reduced from 4.5% to 4%.

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 20013 (set back 1 year for females). For disabled members, the RP-2000 Combined 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.

2016
There were no changes of assumptions for the year ended June 30, 2016.

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

The assumed rate of inflation was reduced to 2.30% from 3.25%

The assumed salary increases were reduced to 3.05%, average, from 4.00%, average including inflation

The assumed investment rate of return was reduced to 6.25% from 7.50%

2018
There were no changes in assumptions.

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

The projected salary increase was changed to 3.3-11.5% from 3.05%

COUNTY EMPLOYEES RETIREMENT SYSTEM (CONTINUED)

The asset valuation method was changed to 20% of the difference between the market value assets and the expected actuarial value of assets if recognized from 5-year smoothed market.

The payroll growth rate was changed to 2.0% from 4.0%.

The investment rate of return was change to 6.25% from 7.5%.

The inflation rate was changed to 2.3% from 3.25%.

2021, 2022, 2023 and 2024
There were no changes of assumptions for these years.

NOTE B – METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS

The following actuarial methods and assumptions were used to determine the rates reported in that schedule:

Valuation Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of pay
Remaining Amortization Period	30 years, Closed *Gains/losses incurring after 2019 will be amortized over separate 20-year amortization basis*
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 percent
Salary Increase	3.30-10.30 percent, varies by service
Investment Rate of Return	6.50 percent
Phase-In Provision	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018 for CERS

The retiree mortality 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.

NOTE C – CHANGES OF BENEFITS

There were no changes in benefits for CERS non-hazardous pensions.

METCALFE COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABLITY
FOR THE YEAR ENDED JUNE 30, 2025

TEACHERS' RETIREMENT SYSTEM

NOTE A – CHANGES OF ASSUMPTIONS

2017
There were no changes in assumptions.

2018
There were no changes in assumptions.

2019
There were no changes in assumptions.

2020
Health Care Cost Trend Rates were updated for the June 30, 2019 valuation.

2021
Health Trust and Life Trust
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 8.00% for the Health Trust and 7.50% for the Life Trust to 7.10%. The price inflation assumption was lowered from 3.00% to 2.50%.

The rates of member participation and spousal participation were adjusted to reflect actual experience more closely.

2022
There were no changes in assumptions.

2023
There were no changes in assumptions

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

NOTE B – METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS

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

NOTE C – CHANGES OF BENEFITS

There were no changes of benefits.

METCALFE COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABLITY
FOR THE YEAR ENDED JUNE 30, 2025

COUNTY EMPLOYEES RETIREMENT SYSTEM

NOTE A – CHANGES OF ASSUMPTIONS

2017
The assumed investment return was changed from 7.5% to 6.2%

The price inflation assumption was changed from 3.25% to 2.30% which resulted in a .95% decrease in the salary increase assumption at all years of service

The payroll growth assumption (*applicable for the amortization of unfunded actuarial accrued liabilities) was changed from 4.0% to 2.0%

For the non-hazardous plan, the single discount rate changed from 6.89% to 5.84%. For the hazardous plan the single discount rate changed from 7.37% to 5.96%

2018
There were no changes in assumptions.

2019
The investment rate of return was changed to 6.25% from 7.0%.

The projected salary increases changed to 3.05-11.55% from 4.0%.

The inflation rate changed to 2.3% from 3.25%.

The payroll growth rate changed to 2.0% from 4.0%.

2020
There were no changes in assumptions.

2021
The single discount rates used to calculate the total OPEB liability changed since the prior year. The assumed increase in future health care costs, or trend assumption, was reviewed during the June 30, 2020 valuation process and was updated to better reflect the plan's long-term healthcare costs.

2022
The Initial trend rate for Pre-65 was changes to 6.20% and for Post-65 the change was to 9.00%.

2023
The Initial trend rate for Pre-65 was changes to 6.30% and for Post-65 the change was to 6.3%.

2024
There were no changes in assumptions.

METCALFE COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABLITY
FOR THE YEAR ENDED JUNE 30, 2025

COUNTY EMPLOYEES RETIREMENT SYSTEM (CONTINUED)

NOTE B – METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS

Methods and assumptions used in the actuarially determined contributions – The actuarially determined contribution rates, as a percentage of payroll, used to determine the actuarially determined contribution amounts in the Schedule of Employer Contributions are calculated as the of the indicated valuation date. The following actuarial methods and assumptions (from the indicated actuarial valuations) were used to determine contribution rates reported in that schedule for the year ending June 30, 2024:

Valuation Date	June 30, 2022
Experience Study	July 1, 2013 – June 30, 2018
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of pay
Remaining Amortization Period	30 years, closed *Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases*
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%-10.30%, varies by service
Investment Rate of Return	6.25 %
Mortality	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019
Healthcare cost trend rates	
Pre - 65	Initial trend starting at 6.20% at January 1, 2024 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years.
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.
Phase-In Provision	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018.

NOTE C – CHANGES OF BENEFITS

There were no changes in benefits for CERS, non-hazardous OPEB.

OTHER SUPPLEMENTARY INFORMATION

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

	CAPITAL OUTLAY FUND	STUDENT ACTIVITY FUND	BUILDING FUND	TOTAL NON-MAJOR GOVERNMENT FUNDS
ASSETS:				
Cash & Cash Equivalents	0	233,194	0	233,194
TOTAL ASSETS	0	233,194	0	233,194
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts Payable			0	0
Total Liabilities	0	0	0	0
Fund Balances:				
Restricted for:				
Student Activities		233,194	0	233,194
Total Fund Balances	0	233,194	0	233,194
TOTAL LIABILITIES AND FUND BALANCES	0	233,194	0	233,194

See independent auditor's report and accompanying notes to financial statements.

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

	CAPITAL OUTLAY FUND	STUDENT ACTIVIY FUND	BUILDING FUND	TOTAL NON-MAJOR GOVERNMENT FUNDS
REVENUES:				
Earnings on Investments		664		664
Property Taxes			613,054	613,054
Intergovernmental - State	122,973		876,154	999,127
Other Sources		694,555		694,555
TOTAL REVENUES	122,973	695,219	1,489,208	2,307,400
EXPENDITURES:				
Instructional		676,790		676,790
Other Non-Instructional		955		955
TOTAL EXPENDITURES	0	677,745	0	677,745
EXCESS(DEFICIT) REVENUES OVER EXPENDITURES	122,973	17,474	1,489,208	1,629,655
OTHER FINANCING SOURCES(USES):				
Operating Transfers In				0
Operating Transfers Out	(122,973)		(1,549,162)	(1,672,135)
TOTAL OTHER FINANCING SOURCES(USES)	(122,973)	0	(1,549,162)	(1,672,135)
NET CHANGE IN FUND BALANCES	0	17,474	(59,954)	(42,480)
FUND BALANCES - BEGINNING	0	215,720	59,954	275,674
FUND BALANCES - ENDING	0	233,194	0	233,194

See independent auditor's report and accompanying notes to financial statements.

METCALFE COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES
STUDENT ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	FUND BALANCE JULY 1, 2024	REVENUES	EXPENDITURES	FUND BALANCE JUNE 30, 2025
Metcalfe County Elementary	72,242	156,877	155,762	73,357
Metcalfe County Middle	45,757	114,236	113,827	46,167
Metcalfe County High	97,721	424,105	408,156	113,670
Total Activity Funds (Due to Student Groups)	215,720	695,219	677,745	233,194

See independent accountant's report and accompanying notes to financial statements.

METCALFE COUNTY SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE
HIGH SCHOOL ACTIVITY FUND
FOR THE YEAR ENDED JUNE 30, 2025

	CASH BALANCE JUNE 30, 2024	RECEIPTS	DISBURSEMENTS	CASH BALANCE JUNE 30, 2025	ACCOUNTS RECEIVABLE JUNE 30, 2025	ACCOUNTS PAYABLE JUNE 30, 2025	FUND BALANCE JUNE 30, 2025
CROSS COUNTRY	692	400	550	542			542
GOLF BOOSTERS	3,676	2,845	3,650	2,871			2,871
TENNIS BOOSTERS	621	505	978	148			148
ATHLETIC TOURNAMENT	423	7,026	6,822	627			627
SHARE ART	1,025	3,220	4,138	107			107
ATHLETIC DEPT.	2,553	107,684	98,712	11,525			11,525
Academic Team	55	820	487	388			388
NATIONAL HONOR SOCIETY	439	350	350	439			439
NURSING	661	190	630	221			221
UNIFORMS/SUPPLIES STLP	677	807	765	719			719
FFA	5,076	11,533	8,948	7,661			7,661
GENERAL FUND	792	2,764	3,001	555			555
INTEREST	285	277	76	486			486
STUDENT COKE/SNACK	567	8,825	9,391	1			1
TEACHERS LOUNGE	106	462	332	236			236
PICTURE DAY FUND	161	100	-	261			261
YEARBOOK/NEWSPAPER	1,941	3,930	3,331	2,540			2,540
HOSA	386	5,270	3,991	1,665			1,665
FALL FORMAL	2,385	1,720	3,634	471			471
FCCLA	3,501	6,767	3,318	6,950			6,950
PROM ACCOUNT	4,334	6,530	5,574	5,290			5,290
BAND BOOSTERS	4,988	41,419	39,398	7,009			7,009
VOLLEYBALL BOOSTERS	1,478	15,303	13,946	2,835			2,835
BOYS BASKETBALL	3,004	21,739	22,285	2,458			2,458
BOOSTERS	579	15,410	10,879	5,110			5,110
CHEERLEADING BOOSTERS	2,683	10,597	12,327	953			953
HEALTH CAREER CERT/TEST	176	79	255	0			0
BASEBALL BOOSTERS	4,601	13,972	11,172	7,401			7,401
DIGITAL ADS	-	4,340	4,340	0			0
TRACK	182	436	200	418			418
BETA	1,727	11,023	11,962	788			788
AG AWARENESS	492	2,328	2,729	91			91
FCA	127	501	624	4			4
ARTS & HUMANITIES	565	-	102	463			463
MCHS COMM. SERVICE CLUB	1,046	3,398	2,971	1,473			1,473
ARCHERY	454	-	454	0			0
GIRLS BASKETBALL	14,528	24,854	30,774	8,608			8,608
BOOSTERS	1,000	6,167	7,167	0			0
Culinary	818	434	50	1,202			1,202
Operation Hornet Hoodies	2,705	9,000	7,812	3,893			3,893
Bass Fishing Team	204	-	-	204			204

Student Ambassadors/Counc	436	-	-	436			436
College & Career	1,294	990	1,016	1,268			1,268
Dance Team	676	6,484	6,132	1,028			1,028
Pep Club	220	-	-	220			220
GRREC	1,500	-	1,088	412			412
FOOTBALL BOOSTERS	12,200	32,032	31,590	12,642			12,642
MCHS Dance Blue	-	2,390	2,387	3			3
Class of 2024	-	-	-	0			0
Class of 2025	3,296	8,051	11,346	1			1
Class of 2026	5,267	4,405	3,647	6,025			6,025
Class of2027	695	12,307	10,591	2,411			2,411
Class of2028	73	9,021	7,755	1,339			1,339
Class of 2029	-	38	-	38			38
Stan-Up money	-	7,550	7,550	0			0
HNN Video Service/library	351	1,291	408	1,234			1,234
				0			0
Total All Funds	97,721	437,584	421,635	113,670	0	0	113,670
Interfund Transfers	0	(13,479)	(13,479)	0			0
Total	97,721	424,105	408,156	113,670	0	0	113,670

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

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL ALN NUMBER	PASS THROUGH NUMBER (if applicable)	PROVIDED TO SUBRECIPIENTS	EXPENDITURES
U.S. Department of Education				
Passed-Through Department of Education				
Title I - Grants to Local Educational Agencies	84.010	3100002-24		308,773
Title I - Grants to Local Educational Agencies	84.010	3100002-25		1,079,749
Title I Grants to Local Educational Agencies Total				1,388,522
English Language Acquisition State Grants	84.365	345L		1,276
Mental Helath Service Professional Demonstration Grant Program	84.184X	534LN		48,384
Title V - Rural and Low Income Schools	84.358	3140002-24		8,594
Title V - Rural and Low Income Schools	84.358	3140002-25		46,002
Title V - Rural and Low Income Schools Total				54,596
Rehabilitation Services Vocational Rehabiliation Grants to States	84.126	376K		368
Rehabilitation Services Vocational Rehabiliation Grants to States	84.126	376L		63,291
Rehabilitation Services Vocational Rehabiliation Grants to States Total				63,659
Striving Readers Comprehensive Literacy Program	84.371C	3220002-22		11,623
Striving Readers Comprehensive Literacy Program	84.371C	3220002-23		192,726
Striving Readers Comprehensive Literacy Program Total				204,349
21st Century Learning Center	84.287	3400002-23		56,836
21st Century Learning Center	84.287	3400002-24		270,107
21st Century Learning Center Total				326,943
Perkins Voc.	84.048	3710006-24		1,965
Perkins Voc.	84.048	3710006-25		24,748
Perkins Voc. Total				26,713
COVID-19- Elementary and Secondary School Emergency Relief Fund	84.425U	4300005		1,860,328
IDEA - Special Education - Grants to State	84.027	3810002-24		139,715
IDEA - Special Education - Grants to State	84.027	3810002-25		288,247
IDEA - Special Education - Preschool Grants	84.173	3800002-24		23,131
IDEA - Special Education - Preschool Grants	84.173	3800002-25		5,667
Special Education Cluster				456,760
Total U.S. Department of Education				4,431,530
U.S. Department of Health and Human Services				
Passed-Through Kentucky Department of Education				
COVID-19 Preschool Partnership Grant	93.575	562KP		30,250
Every Student Succeeds Act/Preschool Development Grants	93.434	646LB		119,795
Total U S Department of health and Human Services				150,045
U.S. Department of Agriculture				
Passed-Through State Department of Education				
School Breakfast Program	10.553	7760005-24		65,547
School Breakfast Program	10.553	7760005-25		417,900
National School Lunchroom	10.555	7750002-24		140,658
National School Lunchroom	10.555	7750002-25		756,950
National School Lunchroom	10.555	9980000-24		
National School Lunchroom	10.559	7740023-24		215,943
Summer Meal Program	10.559	7690024-24		22,094
Child Nutrition Cluster				1,619,092
Passed-Through State Department of Education				
Child & Adult Care Food Program	10.558	7790021-24		12,413
Child & Adult Care Food Program	10.558	7790021-25		80,684
Child & Adult Care Food Program	10.558	7800016-24		841
Child & Adult Care Food Program	10.558	7800016-25		5,464
Child & Adult Care Food Program Total				99,402
Pass-Through State Department of Agriculture				
State Administration for Child Expenses	10.560	7700001-24		2,135
Passed-Through State Department of Education				
Food Distribution	10.565	057502-10		85,478
Total U.S. Department of Agriculture				1,806,107
Total Federal Financial Assistance				6,387,682

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

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Metcalfe 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 the operations of Metcalfe County School District, it is not intended to and does not present the financial position, changes in net asset, or cash flows of Metcalfe County School District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting for proprietary funds and the modified accrual basis of accounting for governmental funds. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are present where available.

NOTE C – FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair value of the commodities disbursed.

NOTE D – DE MINIMIS COST RATE

The District did not elect to use the 10 percent de minimis cost rate as allowed under the Uniform Guidance.

NOTE E – SUBRECIPIENTS

There were no subrecipients during the fiscal year.

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

Section I – Summary of Auditor's Results

Financial Statements

Type of audit issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes __X__ No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ Yes __X__ None Reported

Noncompliance material to financial statements noted? _____ Yes __X__ No

Federal Awards

Internal control over major programs?

- Material weakness(es) identified? _____ Yes __X__ No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ Yes __X__ None Reported

Type of auditor's report issued on compliance for major programs (unmodified):

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? _____Yes __X__ No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
84.010	Title I, Part A - Grants to Local Educational Agencies
84.425U	Covid-19 Elementary and Secondary School Emergency Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs: $750,000

Auditee qualified as low-risk auditee? _____ Yes __X__ No

Section II – Financial Statement of Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

METCALFE COUNTY SCHOOL DISTRICT
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
JUNE 30, 2025

There were no prior year audit findings.

MONTGOMERY & COMPANY, P.L.L.C
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December 17, 2025

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*

Members of the Board of Education
Metcalfe County School District
Edmonton, 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 *Appendix I to the Independent Auditor's Contract – Audit Extension Request, Appendix II to the Independent Auditor's Contract – Instructions for Submission of the Audit Contract, Audit Acceptance Statement, AFR and Balance Sheet, Statement of Certification, and Audit Report,* the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Metcalfe County School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Metcalfe County School District's basic financial statements, and have issued our report thereon dated December 17, 2025.

Report on Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements, on a timely basis. A *material weakness* is a deficiency, or 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 have not been identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Sincerely,

Montgomery & Company, P.L.L.C.

Certified Public Accountants

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December 17, 2025

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

Members of the Board of Education
Metcalfe County School District
Edmonton, Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United State of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and *Appendix I to the Independent Auditor's Contract – Audit Extension Request, Appendix II to the Independent Auditor's Contract – Instructions for Submission of the Audit Contract, Audit Acceptance Statement, AFR and Balance Sheet, Statement of Certification, and Audit Report.* Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Metcalfe County School District's compliance with the compliance requirements referred to above and performing such other procedures as I considered necessary in the circumstances.

- Obtain an understanding of Metcalfe County School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Metcalfe County School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

Sincerely,

Montgomery & Company, P.L.L.C.

Certified Public Accountants

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December 17 2025

MANAGEMENT LETTER

Members of the Board of Education
Metcalfe County School District
Edmonton, Kentucky

In planning and performing our audit of the financial statements of Metcalfe County School District for the year ended June 30, 2025, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements. Our professional standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We feel that the District's financial statements are free of material misstatement. However, we offer the following suggestions that we feel will strengthen your organization's internal control structure.

Prior Year Recommendations - School Activity Funds:

2024-1 Current Year Recommendation:
During 2023 testing, there were two instances at Metcalfe County Middle School and three instances at Metcalfe County High School of purchases occurring prior to the approval of a purchase order.

During 2024 testing, there was one instance at the Metcalfe County High School and one instance at Metcalfe County Elementary School of purchases occurring prior to the approval of a purchase order.

Current Year Status and Recommendation:
No instances noted during current year testing.

Prior Year Recommendation - District:

None

Current Year Recommendations - School Activity Funds:

2025-1 Current Year Recommendation:
During current year's testing, one instance was noted at both Metcalfe County Middle School and Metcalfe County High School of a sponsor signing for students remitting funds who are 6th grade or above. Redbook requires all non-handicapped students 6th grade and above sign their own names when remitting funds. We recommend all schools follow the signature requirements laid out in the Redbook.

Management Response:
We will reiterate the Redbook signing requirements for students remitting funds to all sponsors, teachers, administrators and other personnel at both schools mentioned.

Current Year Recommendations - District:

None

We would like to offer our assistance throughout the year if and when new or unusual situations arise. Our awareness of new developments when they occur would help to ensure that the District is complying with requirements such as those mentioned above.

Sincerely,

Montgomery & Company, P.L.L.C.

Certified Public Accountants

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December 17, 2025

Members of the Board of Education
Metcalfe County School District
Edmonton, Kentucky

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Metcalfe County School District for the year ended June 30, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 13, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters:

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting polices used by Metcalfe County School District are described in Note A to the financial statements. The district implemented GASB No. 101, *Compensated Absences*, and GASB No. 102. *Certain Risk Disclosures*. We noted no transactions entered into by Metcalfe County School District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the compensated absences liability is based on current pay rates and those currently eligible for retirement. We evaluated the key factors and assumptions used to develop the sick leave liability in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing my audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 17, 2025.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Metcalfe County School District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with me to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Metcalfe County School District's auditor. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis and budgetary comparison information, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

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We were not engaged to report on the budgetary comparison information on pages 56 and 57, or on the schedules of the district's proportionate share of net pension liabilities and other post-employment benefit plans on pages 58-59 and 62-64, or on the schedules of contributions to the County Employees Retirement System and Teachers Retirement System pension plans or the County Employees Retirement System and Teachers Retirement System other post-employment benefit plans on pages 59-60 and 64-66, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the information and use of Members of the Board of Education and management of Metcalfe County School District and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

Montgomery & Company, P.L.L.C.

Certified Public Accountants