Danville Independent School District

Audited Financial Statements
and Required Supplementary Information

June 30, 2025

DANVILLE INDEPENDENT SCHOOL DISTRICT
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INDEPENDENT AUDITOR'S REPORT

To the Kentucky State Committee for School District Audits
Members of the Board of Education
Danville Independent School District
Danville, KY 40422

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Danville Independent 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.

Emphasis of Matter

As discussed in Note 17 to the financial statements, in 2025 the District adopted new accounting guidance, GASB No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Basis for Opinions

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

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.

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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 Danville Independent School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Danville Independent 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 Danville Independent School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Schedule of District's Proportionate Share of Net Pension Liability, Schedule of District Contributions – Pension, Schedule of District's Proportionate Share of Net OPEB Liability – Medical Insurance Plan, Schedule of District Contributions – Medical Insurance Plan, Schedule of District's Proportionate Share of Net OPEB Liability – Life Insurance Plan, and Schedule of District Contributions – Life Insurance Plan on pages 4-10 and 67-76 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.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2025, on our consideration of the Danville Independent 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 Danville Independent 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 Danville Independent School District's internal control over financial reporting and compliance.

Summers, McCrary & Sparks, PSC

Lexington, KY
December 5, 2025

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DANVILLE INDEPENDENT SCHOOL DISTRICT – DANVILLE, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2025

As management of the Danville Independent School 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 and notes.

FINANCIAL HIGHLIGHTS/OVERALL DISTRICT HIGHLIGHTS

General Fund receipts and expenditure had the following changes from Fiscal Year 2023-2024 to Fiscal Year 2024-2025:

- For Fiscal Year 2024-2025, the General Fund had $24,085,416 of total receipts, which primarily consisted of the state program (SEEK) receipts, and property, utilities, and motor vehicle taxes, compared to Fiscal Year 2023-2024 (FY2023-24) total receipts of $24,092,693 a decrease of $7,277.

- Excluding interfund transfers, General Fund expenditure was $23,061,335 for FY2024-25 compared to $21,667,094 during FY2023-24, a increase of $1,394,241.

- The General Fund completed FY2024-25 with an ending fund balance of $12,578,243.

Total Governmental Funds receipts and expenditure consists mostly of General Fund receipts and expenditure with the Special Revenue (Grant) Fund and other Non-Major Governmental Funds added:

- Total governmental fund receipts for FY2024-25 were $32,320,186 with expenditure of $32,918,747 and an ending fund balance of $17,320,579.

Governmental Activities and Business-Type Activities both had a positive Change to Net Position:

- Governmental Activities improved by $3,910,369 to an ending Net Position of $17,066,950 for the Year Ended June 30, 2025.

- Business-Type Activities improved by $59,369 to an ending Net Position of $47,030 for the Year Ended June 30, 2025 (compared to $-1,599 a year earlier).

OVERVIEW OF FINANCIAL STATEMENTS

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

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

The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net 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 government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities) and operating revenues (business type activities). The governmental activities of the District include instruction, support services, operation and maintenance of plant, student transportation and operation of non-instructional services. Fixed assets and related debt are also supported by taxes and intergovernmental revenues.

The government-wide financial statements can be found on pages 11-12 of this report.

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

The basic fund financial statements can be found on pages 13-21 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22-66 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets plus deferred outflows of resources were $17,113,980 more than liabilities plus deferred inflows of resources as of June 30, 2025, as compared to $13,470,354 at June 30, 2024. The prior year net position was revised for the implementation of GASBS No. 101 *Compensated Absences.* The change in accounting principle decreased the prior year net position by $326,112. This guidance requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. Note 17 describes in further detail the change in accounting principle.

The largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment and construction in progress), less any related debt used to acquire those assets that 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 are not likely to be used to liquidate these liabilities.

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

The breakdown of assets, deferred outflows of resources, liabilities, and net position can be seen on page 11 in the statement of net position, government wide basis.

Net position for the years ending June 30, 2025 and 2024

	2025	2024	Change
Current Assets	$ 19,393,984	$ 17,135,241	$ 2,258,743
Noncurrent Assets	32,848,157	31,214,582	1,633,575
Total Assets	52,242,141	48,349,823	3,892,318
Deferred Outflows of Resources	4,307,000	5,049,652	(742,652)
Current Liabilities	3,544,423	2,666,643	877,780
Noncurrent Liabilities	29,939,859	30,241,028	(301,169)
Total Liabilities	33,484,282	32,907,671	576,611
Deferred Inflows of Resources	5,950,879	7,021,450	(1,070,571)
Net Position			
Investment in capital assets (net)	10,281,505	9,692,870	588,635
Restricted	4,377,949	1,558,601	2,819,348
Unrestricted	2,454,526	2,218,883	235,643
Total Net Position	$ 17,113,980	$ 13,470,354	$ 3,643,626

The following table presents a summary of changes in net position for the fiscal years ended June 30, 2025 and 2024, Governmental Wide Basis.

	Net Change in Position					
	Governmental		Business-type		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Local revenue sources	12,943,091	12,356,639	$112,947	$109,574	$13,056,038	$12,466,213
State revenue sources	21,352,404	22,264,068	451,508	468,705	21,803,912	22,732,773
Federal revenue sources	3,204,744	4,771,014	1,703,244	1,705,767	4,907,988	6,476,781
Investments	742,465	618,621	33,950	41,972	776,415	660,593
Total Revenue	38,242,704	40,010,342	2,301,649	2,326,018	40,544,353	42,336,360
Expenses:						
Instruction	22,473,904	23,759,437	-	-	22,473,904	23,759,437
Student support services	1,135,605	1,201,995	-	-	1,135,605	1,201,995
Instructional support	2,420,329	2,156,991	-	-	2,420,329	2,156,991
District administration	505,615	601,450	-	-	505,615	601,450
School administration	1,047,340	1,103,326	-	-	1,047,340	1,103,326
Business support	925,139	807,493	-	-	925,139	807,493
Plant operations	3,715,228	3,926,432	-	-	3,715,228	3,926,432
Student transportation	1,177,865	978,841	-	-	1,177,865	978,841
Food service	-	-	1,986,769	1,772,512	1,986,769	1,772,512
Day care	-	-	46,186	17,357	46,186	17,357
Non-instructional	465,211	246,416	-	-	465,211	246,416
Interest on long-term debt	675,424	718,526	-	-	675,424	718,526
Facility acquisition & construction	-	-	-	-	-	-
Total Expenses	34,541,660	35,500,907	2,032,955	1,789,869	36,574,615	37,290,776
Transfers	209,325	190,437	(209,325)	(190,437)	-	-
Change in net position	3,910,369	4,699,872	59,369	345,712	3,969,738	5,045,584
Beginning net position	13,471,953	8,772,081	(1,599)	(347,311)	13,470,354	8,424,770
Change in accounting principle (Note 17)	(315,372)	-	(10,740)	-	(326,112)	-
Ending net position	17,066,950	13,471,953	47,030	(1,599)	17,113,980	13,470,354

Governmental Activities

Instruction comprises 65% of governmental program expenses. Plant Operations expense makes up 11% of government expenses. District and School Administration total 4% of governmental expenses. The remaining expenses for support services, community service activities, transportation and interest account for the final 20% of total governmental expense.

Business-Type Activities

The business-type activities include the food service and day care operations. These programs had total revenues of $2,301,649 and expenses of $2,032,955 for the fiscal year. Of the revenues, $112,947 was charges for services and $2,154,752 was from State and Federal grants. Business activities receive no support from tax revenues. The School District will continue to monitor the charges and costs of this activity.

FUND FINANCIAL ANALYSIS

The following table presents a summary of operations, excluding transfers, for selected funds (including on- behalf payments). Food service amounts are presented on the accrual basis while general and special revenue funds are on the modified accrual basis:

For the Year ending June 30, 2025

	GENERAL FUND	SPECIAL REVENUE FUND	FSPK BUILDING FUND	CONSTRUCTION FUND	FOOD SERVICE FUND
REVENUES:					
From local sources:					
Taxes:	$ 10,458,538	$ -	$ 1,903,368	$ -	$ -
Earnings on investments	655,135	3,197	29,552	42,146	33,950
Tuition & fees	35,607	-	-	-	-
Other local revenues	74,268	94,816	-	-	-
Intergovernmental - state	12,659,817	1,422,614	628,804	-	434,254
Intergovernmental - federal	202,051	3,002,693	-	-	1,703,244
Lunchroom sales	-	-	-	-	59,788
TOTAL REVENUES	24,085,416	4,523,320	2,561,724	42,146	2,231,236
EXPENDITURES:					
Instruction:	14,650,371	3,067,329	-	-	-
Support Services:					
Student	783,977	92,672	-	-	-
Instructional staff	1,381,878	562,550	-	-	-
District administration	443,017	-	-	-	-
School administration	887,533	-	-	-	-
Business	984,927	-	-	-	-
Plant operations and maintenance	2,091,340	339,480	-	-	-
Student transportation	1,091,035	6,991	-	-	-
Food Service	-	-	-	-	1,986,769
Community Service	1,731	462,130	-	-	-
Capital outlay	745,526	-	-	2,750,353	-
Debt service	-	-	-	-	-
TOTAL EXPENDITURES	23,061,335	4,531,152	-	2,750,353	1,986,769
Excess (Deficit) of Revenues over Expenditures	$ 1,024,081	$ (7,832)	$ 2,561,724	$ (2,708,207)	$ 244,467

For the Year ending June 30, 2024

	GENERAL FUND	SPECIAL REVENUE FUND	FOOD SERVICE FUND
REVENUES:			
From local sources:			
Taxes:	$ 10,572,148	$ -	$ -
Earnings on investments	585,644	3,207	41,972
Tuition & fees	33,559	-	-
Other local revenues	93,739	17	47,499
Intergovernmental - state	12,655,136	1,263,289	468,705
Intergovernmental - federal	152,467	4,618,547	1,705,767
TOTAL REVENUES	24,092,693	5,885,060	2,263,943
EXPENDITURES:			
Instruction:	13,628,441	3,960,136	-
Support Services:			
Student	847,300	45,387	-
Instructional staff	1,155,574	507,009	-
District administration	482,807	-	-
School administration	886,559	1,500	-
Business	1,095,520	-	-
Plant operations and maintenance	2,079,082	568,358	-
Student transportation	884,721	2,491	-
Food Service	-	-	1,772,512
Community Service	945	252,979	-
Capital outlay	606,145	-	-
Debt service	-	-	-
TOTAL EXPENDITURES	21,667,094	5,337,860	1,772,512
Excess (Deficit) of Revenues over Expenditures	$ 2,425,599	$ 547,200	$ 491,431

Capital Assets

At June 30, 2025, the School District's investment in capital assets for its governmental and business-type activities was $32,674,001, including the subscription assets recognized with the implementation of GASBS No. 96 in FY 2023. Total capital assets increased from 2024 to 2025 by $1,590,229, including depreciation and amortization.

Debt

At June 30, 2025, the School District had $22,563,171 in debt outstanding, less a discount of $157,924. A total of $2,045,846 is due within one year.

Comments on Budget Comparisons

General fund budget compared to actual revenue varied from line item to line item with the ending actual revenues being $7,545,848 more than budget. General fund budget compared to actual expenditures varied from line item to line item with the ending actual expenditures being $1,448,263 less than budget.

The District's total general fund revenues for the fiscal year ended June 30, 2025, before interfund transfers, was $24,085,416, an decrease of $7,277 from the total revenues of $24,092,693 for 2024.

FUTURE BUDGETARY IMPLICATIONS

In Kentucky the public school fiscal year is July 1-June 30; other programs, i.e. some federal programs operate on a different fiscal calendar but are reflected in the District overall budget. By law the budget must have a minimum 2% contingency budgeted as a line-item in the General Fund budget. The District adopted a working budget with $8,511,406 in contingency, exceeding the minimum requirement.

QUESTIONS

Questions regarding this report should be directed to Nicolas Senak, Chief Finance Officer, at (859) 238-1300 or by mail at 115 E. Lexington Ave. Danville, KY 40422.

DANVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS:			
Current Assets			
Cash and cash equivalents	$ 8,009,442	$ 959,129	$ 8,968,571
Investments	9,645,300	-	9,645,300
Accounts receivable			
Taxes	149,641	-	149,641
Accounts	13,830	208,167	221,997
Intergovernmental - federal	374,853	-	374,853
Inventory	-	33,622	33,622
Total Current Assets	18,193,066	1,200,918	19,393,984
Noncurrent Assets			
Net OPEB asset - CERS	151,981	22,175	174,156
Non-depreciated capital assets	5,591,812	-	5,591,812
Net depreciated capital assets	26,905,359	45,649	26,951,008
Net intangible subscription assets	-	-	-
Net intangible right-to-use assets	131,181	-	131,181
Total Noncurrent Assets	32,780,333	67,824	32,848,157
TOTAL ASSETS	50,973,399	1,268,742	52,242,141
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding	12,751	-	12,751
Pension - CERS	1,394,335	266,674	1,661,009
OPEB - CERS	440,235	64,233	504,468
OPEB - KTRS	2,128,772	-	2,128,772
Total deferred outflows of resources	3,976,093	330,907	4,307,000
LIABILITIES:			
Current Liabilities			
Accounts payable	454,500	-	454,500
Accrued interest expense	231,384	-	231,384
Current portion of compensated absences	383,387	11,319	394,706
Current portion of lease liabilities	45,846	-	45,846
Unearned revenue	417,987	-	417,987
Current portion of bond obligations	2,000,000	-	2,000,000
Total Current Liabilities	3,533,104	11,319	3,544,423
Noncurrent Liabilities			
Bond obligations	20,277,316	-	20,277,316
Accrued compensated absences	213,000	-	213,000
Noncurrent portion of lease liabilities	82,085	-	82,085
Net pension liability - CERS	4,934,555	1,126,903	6,061,458
Net OPEB liability - KTRS	3,306,000	-	3,306,000
Total Noncurrent Liabilities	28,812,956	1,126,903	29,939,859
TOTAL LIABILITIES	32,346,060	1,138,222	33,484,282
DEFERRED INFLOWS OF RESOURCES:			
Pension - CERS	932,239	176,680	1,108,919
OPEB - CERS	1,629,243	237,717	1,866,960
OPEB - KTRS	2,975,000	-	2,975,000
Total deferred inflow of resources	5,536,482	414,397	5,950,879
NET POSITION			
Net Investment in Capital Assets	10,235,856	45,649	10,281,505
Restricted - Capital Projects	4,049,367	-	4,049,367
Restricted - Other Purposes	294,960	33,622	328,582
Unrestricted	2,486,767	(32,241)	2,454,526
TOTAL NET POSITION	$ 17,066,950	$ 47,030	$ 17,113,980

See Accompanying Notes to the Financial Statements

DANVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

FUNCTIONS/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: PRIMARY GOVERNMENT: GOVERNMENTAL ACTIVITIES	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION: PRIMARY GOVERNMENT: BUSINESS-TYPE ACTIVITIES	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION: PRIMARY GOVERNMENT: TOTAL
Primary Government							
Governmental Activities:							
Instructional	$ 22,473,904	$ 35,607	$ 3,266,767	$ -	$ (19,171,530)	$ -	$ (19,171,530)
Support Services:							
Student	1,135,605	-	-	-	(1,135,605)	-	(1,135,605)
Instructional staff	2,420,329	-	-	-	(2,420,329)	-	(2,420,329)
District administration	505,615	-	-	-	(505,615)	-	(505,615)
School administration	1,047,340	-	-	-	(1,047,340)	-	(1,047,340)
Business	925,139	-	-	-	(925,139)	-	(925,139)
Plant operations and maintenance	3,715,228	-	-	-	(3,715,228)	-	(3,715,228)
Student transportation	1,177,865	-	-	-	(1,177,865)	-	(1,177,865)
Non-instructional	465,211	-	-	-	(465,211)	-	(465,211)
Interest on long-term debt	675,424	-	-	561,944	(113,480)	-	(113,480)
Total Governmental Activities	34,541,660	35,607	3,266,767	561,944	(30,677,342)	-	(30,677,342)
Business-Type Activities:							
Food service	1,986,769	59,788	2,137,498	-	-	210,517	210,517
Day care	46,186	53,159	17,254	-	-	24,227	24,227
	2,032,955	112,947	2,154,752	-	-	234,744	234,744
Total Primary Government	$ 36,574,615	$ 148,554	$ 5,421,519	$ 561,944	$ (30,677,342)	$ 234,744	$ (30,442,598)
General Revenues:							
Taxes:							
Property					$ 10,320,557	$ -	$ 10,320,557
Motor vehicle					830,890	-	830,890
Utilities					1,210,459	-	1,210,459
State aid formula grants					20,728,437	-	20,728,437
Interest and investment earnings					742,465	33,950	776,415
Other local revenues					545,578	-	545,578
Transfers					209,325	(209,325)	-
Total General Revenues					34,587,711	(175,375)	34,412,336
Change in Net Position					3,910,369	59,369	3,969,738
Net Position beginning					13,471,953	(1,599)	13,470,354
Change in accounting principle (Note 17)					(315,372)	(10,740)	(326,112)
Net Position beginning - restated					13,156,581	(12,339)	13,144,242
Net Position ending					$ 17,066,950	$ 47,030	$ 17,113,980

See Accompanying Notes to the Financial Statements

DANVILLE INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	GENERAL FUND	SPECIAL REVENUE (GRANT) FUND	FSPK BUILDING FUND	CONSTRUCTION FUND	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS:						
Cash and cash equivalents	$ 4,184,806	$ 48,774	$ 3,020,341	$ -	$ 755,521	$ 8,009,442
Investments	7,119,609	-	-	2,525,691	-	9,645,300
Due from other funds	1,340,497	-	-	-	-	1,340,497
Accounts receivable						
Taxes	149,641	-	-	-	-	149,641
Accounts	13,830	-	-	-	-	13,830
Intergovernmental - federal	-	374,853	-	-	-	374,853
TOTAL ASSETS	$ 12,808,383	$ 423,627	$ 3,020,341	$ 2,525,691	$ 755,521	$ 19,533,563
LIABILITIES:						
Accounts payable	$ 230,140	$ 5,640	$ -	$ 218,720	$ -	$ 454,500
Due to other funds	-	-	-	1,340,497	-	1,340,497
Unearned revenue	-	417,987	-	-	-	417,987
TOTAL LIABILITIES	230,140	423,627	-	1,559,217	-	2,212,984
FUND BALANCES:						
Restricted						
Capital projects	-	-	3,020,341	568,465	460,561	4,049,367
Student activities	-	-	-	-	294,960	294,960
Committed	232,013	-	-	-	-	232,013
Nonspendable	-	-	-	398,009	-	398,009
Unassigned	12,346,230	-	-	-	-	12,346,230
TOTAL FUND BALANCES	12,578,243	-	3,020,341	966,474	755,521	17,320,579
TOTAL LIABILITIES AND FUND BALANCES	$ 12,808,383	$ 423,627	$ 3,020,341	$ 2,525,691	$ 755,521	$ 19,533,563

See Accompanying Notes to the Financial Statements

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

Total Governmental Fund Balances	$	17,320,579
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets are not reported in the fund financial statement because they are not current financial resources, but they are reported in the statement of net position.		32,628,352
Deferred outflows of resources are not recorded in the governmental fund financials because they do not affect current resources but are recorded in the statement of net position		
Deferred loss on refunding		12,751
Pension - CERS		1,394,335
OPEB - CERS		440,235
OPEB - KTRS		2,128,772
Certain assets (obligations) are not a use of financial resources and therefore, are not reported in the governmental funds, but are presented in the statement of net position		
Net pension liability - CERS		(4,934,555)
Net OPEB asset - CERS		151,981
Net OPEB liability - KTRS		(3,306,000)
Deferred inflows of resources are not recorded in the governmental fund financials because they do not affect current resources but are recorded in the statement of net position		
Pension - CERS		(932,239)
OPEB - CERS		(1,629,243)
OPEB - KTRS		(2,975,000)
Certain liabilities (such as bonds payable, the long-term portion of accrued sick leave, and other accrued liabilities) are not reported in the fund financial statement because they are not due and payable, but are presented in the statement of net position as follows:		
Bonds payable		(22,277,316)
Lease liabilities		(127,931)
Accrued interest		(231,384)
Accrued compensated absences		(596,387)
Net Position of Governmental Activities	$	17,066,950

See Accompanying Notes to the Financial Statements

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

	GENERAL FUND	SPECIAL REVENUE (GRANT) FUND	FSPK BUILDING FUND	CONSTRUCTION FUND	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:						
From local sources:						
Taxes:						
Property	$ 8,417,189	$ -	$ 1,903,368	$ -	$ -	$ 10,320,557
Motor vehicle	830,890	-	-	-	-	830,890
Utilities	1,210,459	-	-	-	-	1,210,459
Earnings on investments	655,135	3,197	29,552	42,149	12,432	742,465
Tuition & fees	35,607	-	-	-	-	35,607
Other local revenues	74,268	94,816	-	-	376,494	545,578
Intergovernmental - state	12,659,817	1,422,614	628,804	-	718,651	15,429,886
Intergovernmental - federal	202,051	3,002,693	-	-	-	3,204,744
TOTAL REVENUES	24,085,416	4,523,320	2,561,724	42,149	1,107,577	32,320,186
EXPENDITURES:						
Current:						
Instruction:	14,650,371	3,067,329	-	-	375,394	18,093,094
Support Services:						
Student	783,977	92,672	-	-	375	877,024
Instructional staff	1,381,878	562,550	-	-	7,879	1,952,307
District administration	443,017	-	-	-	-	443,017
School administration	887,533	-	-	-	-	887,533
Business	984,927	-	-	-	-	984,927
Plant operations and maintenance	2,091,340	339,480	-	-	-	2,430,820
Student transportation	1,091,035	6,991	-	-	-	1,098,026
Community service	1,731	462,130	-	-	-	463,861
Capital outlay	745,526	-	-	2,750,353	-	3,495,879
Debt service	-	-	-	-	2,192,259	2,192,259
TOTAL EXPENDITURES	23,061,335	4,531,152	-	2,750,353	2,575,907	32,918,747
Excess (Deficit) of Revenues over Expenditures	1,024,081	(7,832)	2,561,724	(2,708,204)	(1,468,330)	(598,561)
OTHER FINANCING SOURCES (USES):						
Issuance of debt proceeds	-	-	-	2,505,000	-	2,505,000
Bond discount	-	-	-	(45,011)	-	(45,011)
Bond premium	-	-	-	92,003	-	92,003
Operating transfers in	224,064	172,069	-	571,941	1,706,074	2,674,148
Operating transfers out	(2,300,586)	(164,237)	-	-	-	(2,464,823)
TOTAL OTHER FINANCING SOURCES (USES)	(2,076,522)	7,832	-	3,123,933	1,706,074	2,761,317
Net Change in Fund Balances	(1,052,441)	-	2,561,724	415,729	237,744	2,162,756
Fund Balance - beginning of year	13,630,684	-	458,617	550,745	517,777	15,157,823
Fund Balance - end of year	$ 12,578,243	$ -	$ 3,020,341	$ 966,474	$ 755,521	$ 17,320,579

See Accompanying Notes to the Financial Statements

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

Net Change in Fund Balances - Total Governmental Funds	$	2,162,756
Amounts reported for governmental activities in the statement of activities are different because:		
Bond discounts are expensed as incurred in the fund financial statement, but are amortized over the life of the bond in the statement of activities:		
Bond premium		(92,003)
Bond discount		45,011
Amortization bond premium/discount		(21,341)
Amortization deferred loss on refunding		(12,753)
Capital outlays are reported as expenditures in the fund financial statement because they are current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which capital outlays exceeds depreciation expense for the year.		
Capital outlays		3,495,879
Depreciation expense		(1,900,317)
Generally, expenditures recognized in the 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.		
Accrued interest		15,494
Compensated absences		17,460
Governmental funds report pension and OPEB contributions as expenditures when paid. However, in the Statement of Activities, pension and OPEB expense is the cost of benefits earned, adjusted for member contributions, and the recognition of changes in deferred outflows and inflows of resources related to pensions, and investment experience.		
KTRS on-behalf revenue		5,922,519
KTRS on-behalf pension expense		(5,749,519)
KTRS on-behalf OPEB expense		(173,000)
Pension expense - CERS		162,276
OPEB expense - CERS		451,591
OPEB expense - KTRS		506,824
Proceeds from long-term debt are reported as revenues in the fund statements because they create current financial resources, but they are separated and shown as long-term debt on the statement of net position.		(2,505,000)
Bond and lease payments are recognized as expenditures of current financial resources in the fund financial statement, but are reductions of liabilities in the statement of net position.		1,584,492
Change in Net Position of Governmental Activities	$	3,910,369

See Accompanying Notes to the Financial Statements

DANVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	GENERAL FUND			
	BUDGETED AMOUNTS			VARIANCE Favorable (Unfavorable)
	ORIGINAL	FINAL	ACTUAL	
REVENUES:				
From Local Sources:				
Taxes:				
Property	$ 8,610,000	$ 8,322,959	$ 8,417,189	$ 94,230
Motor vehicle	750,000	715,978	830,890	114,912
Utilities	1,200,000	1,000,000	1,210,459	210,459
Tuition & fees	35,000	31,340	35,607	4,267
Earnings on investments	50,000	467,166	655,135	187,969
Other local revenues	35,000	79,346	74,268	(5,078)
Intergovernmental - state	13,953,242	5,750,202	12,659,817	6,909,615
Intergovernmental - federal	160,000	172,577	202,051	29,474
TOTAL REVENUES	24,793,242	16,539,568	24,085,416	7,545,848
EXPENDITURES:				
Current:				
Instruction:	15,214,173	9,284,093	14,650,371	(5,366,278)
Support Services:				
Student	1,131,131	846,933	783,977	62,956
Instructional staff	1,562,047	1,326,565	1,381,878	(55,313)
District administration	547,856	438,905	443,017	(4,112)
School administration	1,365,457	924,243	887,533	36,710
Business	941,365	537,291	984,927	(447,636)
Plant operations and maintenance	2,064,063	2,437,691	2,453,616	(15,925)
Student transportation	1,498,597	1,166,309	1,474,285	(307,976)
Community services	18,350	-	1,731	(1,731)
TOTAL EXPENDITURES	24,343,039	16,962,030	23,061,335	(6,097,574)
Excess (Deficit) of Revenues over Expenditures	450,203	(422,462)	1,024,081	1,448,274
OTHER FINANCING SOURCES (USES):				
Lease proceeds	-	-	-	-
Operating transfers in	-	225,000	224,064	(936)
Operating transfers out	(320,340)	(2,225,131)	(2,300,586)	(75,455)
Contingency	(11,047,505)	(8,511,406)	-	8,511,406
TOTAL OTHER FINANCING SOURCES (USES)	(11,367,845)	(10,511,537)	(2,076,522)	8,435,015
Net Change in Fund Balance	(10,917,642)	(10,933,999)	(1,052,441)	9,883,289
Fund Balance beginning	10,917,642	10,933,999	13,630,684	2,696,685
Fund Balance ending	$ -	$ -	$ 12,578,243	$ 12,579,974

See Accompanying Notes to the Financial Statements

DANVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2025

	SPECIAL REVENUE FUND			
	BUDGETED AMOUNTS			VARIANCE Favorable
	ORIGINAL	FINAL	ACTUAL	(Unfavorable)
REVENUES:				
From Local Sources:				
Earnings from Investments	$ (1,534)	$ 1,123	$ 3,197	$ 4,320
Other local revenues	408,450	81,975	94,816	12,841
Intergovernmental - state	1,684,270	1,582,627	1,422,614	(160,013)
Intergovernmental - indirect federal	1,222,483	2,311,234	3,002,693	691,459
TOTAL REVENUES	3,313,669	3,976,959	4,523,320	548,607
EXPENDITURES:				
Current:				
Instruction:	1,663,111	2,042,475	3,067,329	(1,024,854)
Support Services:				
Student	86,333	60,205	92,672	(32,467)
Instructional staff	1,517,944	990,639	562,550	428,089
School administration	-	-	-	-
Plant operations and maintenance	34,865	103,240	339,480	(236,240)
Student transportation	-	-	6,991	(6,991)
Community services	712,336	850,015	462,130	387,885
Food service	-	1,000	-	1,000
TOTAL EXPENDITURES	4,014,589	4,047,574	4,531,152	(483,578)
Excess (Deficit) of Revenues over Expenditures	(700,920)	(70,615)	(7,832)	62,783
OTHER FINANCING SOURCES (USES):				
Operating transfers in	43,805	167,758	172,069	(4,311)
Operating transfers out	(36,580)	(37,369)	(164,237)	126,868
TOTAL OTHER FINANCING SOURCES (USES)	7,225	130,389	7,832	122,557
Net Change in Fund Balance	(693,695)	59,774	-	59,774
Fund Balance beginning	-	-	-	-
Fund Balance ending	$ (693,695)	$ 59,774	$ -	$ 59,774

See Accompanying Notes to the Financial Statements

DANVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2025

	FOOD SERVICE FUND	NON-MAJOR DAY CARE FUND	TOTAL
ASSETS:			
Current Assets			
Cash and cash equivalents	$ 852,390	$ 106,739	$ 959,129
Accounts receivable	208,167	-	208,167
Inventory	33,622	-	33,622
Total Current Assets	1,094,179	106,739	1,200,918
Noncurrent Assets			
Net OPEB asset	21,119	1,056	22,175
Machinery & equipment	398,779	-	398,779
Accumulated depreciation	(353,130)	-	(353,130)
Total Noncurrent Assets	66,768	1,056	67,824
TOTAL ASSETS	1,160,947	107,795	1,268,742
DEFERRED OUTFLOW OF RESOURCES			
Pension - CERS	249,140	17,534	266,674
OPEB - CERS	61,174	3,059	64,233
TOTAL DEFERRED OUTFLOWS OF RESOURCES	310,314	20,593	330,907
LIABILITIES:			
Current Liabilities			
Accrued Compensated Absences	10,780	539	11,319
Total Current Liabilities	10,780	539	11,319
Noncurrent Liabilities			
Net Pension Liability - CERS	1,045,022	81,881	1,126,903
Total Noncurrent Liabilities	1,045,022	81,881	1,126,903
TOTAL LIABILITIES	1,055,802	82,420	1,138,222
DEFERRED INFLOW OF RESOURCES			
Pension - CERS	165,192	11,488	176,680
OPEB - CERS	226,397	11,320	237,717
TOTAL DEFERRED INFLOWS OF RESOURCES	391,589	22,808	414,397
NET POSITION:			
Net Investment in Capital Assets	45,649	-	45,649
Restricted	33,622	-	33,622
Unrestricted	(55,401)	23,160	(32,241)
TOTAL NET POSITION	$ 23,870	$ 23,160	$ 47,030

See Accompanying Notes to the Financial Statements

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

	FOOD SERVICE FUND	NON-MAJOR DAY CARE FUND	TOTAL
OPERATING REVENUES:			
Lunchroom sales	$ 59,726	$ -	$ 59,726
Child care fees	-	53,159	53,159
Other operating revenue	62	-	62
TOTAL OPERATING REVENUES	59,788	53,159	112,947
OPERATING EXPENSES:			
Salaries and wages	503,764	25,594	529,358
Employee benefits	610,755	18,462	629,217
Contract services	8,474	-	8,474
Materials and supplies	855,167	2,130	857,297
Miscellaneous	3,275	-	3,275
Depreciation	5,334	-	5,334
TOTAL OPERATING EXPENSES	1,986,769	46,186	2,032,955
Operating Income (Loss)	(1,926,981)	6,973	(1,920,008)
NON-OPERATING REVENUES (EXPENSES)			
Federal grants	1,594,266	-	1,594,266
Federal commodities	108,978	-	108,978
State grants	434,254	17,254	451,508
Interest income	33,950	-	33,950
NON-OPERATING REVENUES (EXPENSES)	2,171,448	17,254	2,188,702
Net income (loss) before operating transfers	244,467	24,227	268,694
Operating Transfers	(209,325)	-	(209,325)
Change in Net Position	35,142	24,227	59,369
Total Net Position beginning	(1,043)	(556)	(1,599)
Change in accounting principle (Note 17)	(10,229)	(511)	(10,740)
Total Net Position beginning - restated	(11,272)	(1,067)	(12,339)
Total Net Position ending	$ 23,870	$ 23,160	$ 47,030

See Accompanying Notes to the Financial Statements

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

	FOOD SERVICE FUND	NON-MAJOR DAY CARE FUND	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	$ 51,675	$ 53,159	$ 104,834
Cash paid to suppliers	(760,527)	(2,130)	(762,657)
Cash paid to employees	(755,672)	(31,199)	(786,871)
Net Cash Provided (Used) by Operating Activities	(1,464,524)	19,830	(1,444,694)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers	(209,325)	-	(209,325)
Governmental grants	1,594,267	-	1,594,267
Net Cash Provided (Used) by Noncapital Financing Activities	1,384,942	-	1,384,942
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of Capital Assets	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	-	-	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	33,950	-	33,950
Net Cash Provided (Used) by Investing Activities	33,950	-	33,950
Net Increase (Decrease) in Cash and Cash Equivalents	(45,632)	19,830	(25,802)
Cash and cash equivalents beginning	898,022	86,909	984,931
Cash and cash equivalents ending	$ 852,390	$ 106,739	$ 959,129
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	$ (1,926,981)	$ 6,973	$ (1,920,008)
Adjustments to Reconcile Net Income (Loss) to Net Cash from Operating Activities:			
Depreciation	5,334	-	5,334
On-behalf payments	434,254	17,254	451,508
Donated commodities	108,978	-	108,978
Changes in Assets and Liabilities:			
Accounts receivable	(8,113)	-	(8,113)
Inventory	(2,160)	-	(2,160)
Accounts payable	(429)	-	(429)
Accrued Compensated Absences	550	28	578
Net pension liability	(2,190)	(110)	(2,300)
Net OPEB asset	(5,891)	(246)	(6,137)
Deferred outflows	27,079	1,588	28,667
Deferred inflows	(94,955)	(5,657)	(100,612)
Net Cash Provided (Used) by Operating Activities	$ (1,464,524)	$ 19,830	$ (1,444,694)
Non-cash Items:			
On-behalf payments	$ 434,254	$ 17,254	$ 451,508
Donated commodities	$ 108,978	$ -	$ 108,978

See Accompanying Notes to the Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Danville Independent School District (the District) conform to generally accepted accounting principles (GAAP) as applicable to governmental entities in the United States of America. U. S. governmental accounting standards are established by the Governmental Accounting Standards Board (GASB) for state and local governmental entities. The following discussion is a summary of the more significant accounting policies that apply to the District.

Reporting Entity

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

The District, for financial purposes, includes all the funds and account groups relevant to the operation of the Danville Independent 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 Parent-Teacher Associations, School-Based Decision-Making Councils, and Family Resource Centers.

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

Blended Component Unit

Danville Independent Board of Education Finance Corporation - In a prior year, the Board resolved to authorize the establishment of the Danville Independent School District Finance Corporation (a non-stock, non-profit corporation organized under School Bond Act and Chapter 273 and KRS 58.180) (the Corporation) as an agency of the District for financing the costs of school building improvements. The Board members of the Danville Independent Board of Education also comprise the corporation's Board of Directors. The Corporation does not publish individual component unit financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Basis of Presentation

The District's basic financial statements present government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Governmental Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within the 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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 accompanied by a total column.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Accordingly, all the District's assets and liabilities, including capital assets as well as long-term liabilities are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regard to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, transactions between governmental and business-type activities have not been eliminated.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are measurable and available. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

All governmental funds are accounted for on the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statements of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financial sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the District are property tax and utility tax. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The District has the following funds:

I. Governmental Fund Types

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3) The School Activity Fund is a Special Revenue Fund type and is used to account for activities and programs for athletic, community service, and scholastic organizations managed by each school to benefit student activities. This is a non-major fund of the district.

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

1) The Support Education Excellence in Kentucky (SEEK), Fund receives those funds designated by the state as Capital Outlay Funds (unless authorized for retention in the General Fund) and is generally restricted for use in financing capital acquisitions. This is a non-major fund of the District.

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

3) The Construction Fund accounts for funds from two sources. First, funds generated by sales of bonds issues are used for various construction and renovation projects. Second, proceeds from the sale of properties and equipment owned by the District are to be used at the discretion of the Board for construction projects in future years. This is a major fund of the District.

(D) The Debt Service Fund accounts for financial resources used for payment of principal and interest and other debt related costs. This is a non-major fund of the District.

II. Proprietary Fund Types (Enterprise Fund)

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

(B) The Day Care Fund accounts for child care revenue and expenses. The Day Care Fund is a non-major fund of the District.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Basis of Accounting

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

Revenues – Exchange and Non-Exchange Transactions

Revenues resulting from exchange transactions are where each party receives equal value. On the modified accrual basis of accounting, 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.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the 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 non-exchange transactions must also be available before it can be recognized.

Unearned Revenue – Unearned revenue arises when assets are recognized before eligibility criteria other than time requirements have been satisfied. Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue. Unused donated commodities are also reported as inventory and unearned revenue.

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Property Taxes

Property taxes are levied each September on the assessed value listed as of the prior January 1, for all real and personal property in the city. The billings are considered due upon receipt by the taxpayer. However, the actual due 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 when tax revenues are restricted to a specific purpose.

The property tax rates assessed for the year ended June 30, 2025, to finance the General Fund operations were $0.900 per $100 valuation for real property, $0.945 per $100 valuation for business personal property and $0.669 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 delivery, within the district, of telephonic and telegraphic communications services, cablevision services, electric power, water, and natural, artificial and mixed gas.

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.

Inventory

Inventory consists of food purchased by the District and commodities granted by the United States Department of Agriculture (USDA). The commodities are recognized as revenues and expenditures by the Food Service Fund when consumed. Any material commodities on hand at year end are recorded as inventory. All purchased inventory items are valued at the lower of cost or market (first-in, first-out) using the consumption method and commodities assigned values are based on information provided by the USDA.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Capital Assets (Cont'd)
All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition values as of the date received. The District maintains a capitalization threshold of one thousand dollars with the exception of computers, digital cameras and real property for which there is no threshold. Improvements are capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life are expensed.

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

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	12	years
Furniture and fixtures	20	years
Rolling Stock	15	years
Other	10	years

Unpaid Compensated Absences
The District implemented GASBS No. 101 for the fiscal year ended June 30, 2025. GASBS No. 101 requires recognition of an additional liability for compensated absences that have been earned, are more likely than not to be paid out in cash or used for time off. District employees earn 3 days of personal leave in each school year (August – June). At the end of the school year, any unused personal leave days are converted to sick days. For fiscal year 2025, the District has added a liability for unused personal days that are expected to be used within the next school year. The probability that the unused personal days will be used has been based on a rolling-five year average of personal leave usage.

District employees also earn 10 sick days per year. Unused sick days are accrued without limitation to the credit of each employee. Employees who transfer to the District from another Kentucky public school district are allowed to transfer their unused sick leave from their prior employer to the District. Upon retirement or death of the District employee, the District remits a cash payment to the retired employee (or the decedent's estate) based on the daily salary rate based on the last annual salary, not to exceed 30% of the unused balance. This portion of the compensated absences liability has been recognized in prior years based on the provisions of the District's policies and KRS 161.155.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Unpaid Compensated Absences (continued)
For governmental fund financial statements, the current portion of unpaid accrued compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "accrued compensated absences" in the general fund. The non-current portion of the liability is not reported in the governmental funds, but is included in the government-wide financial statements as a long-term liability. See Note 8 for details about the compensated absences liabilities. See Note 17 for the effects of implementing GASBS No. 101 in FY 2025 and the restatement of prior year fund balance and net position.

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:

a) Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP) during the year and adjusted to modified accrual for the governmental funds at year-end.
b) Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP) during the year and adjusted to modified accrual for the governmental funds at year-end.
c) Capital outlay is budgeted within the departmental budget (budgetary) as opposed to separate classification by character (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 in accordance with state 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.

Interfund Balances
On fund financial statements, receivables and payables resulting from short-term interfund advances 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.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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

Pensions
For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County Employees Retirement System Non-Hazardous ("CERS") and Teachers Retirement System of the State of Kentucky ("KTRS") and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the CERS and KTRS, respectively. 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. Both systems publish separate financial statements as described in Note 6.

Other Post-Employment Benefits (OPEB)
For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County Employees Retirement System Non-Hazardous ("CERS") and Teachers Retirement System of the State of Kentucky ("KTRS") and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by these multiple-employer cost-sharing OPEB systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized by the pension systems when due and payable in accordance with the benefit terms. Investments are reported at fair value by the pension systems. Both systems publish separate financial statements as described in Note 7.

Fund Balances
GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions* requires that fund balances for each of the District's governmental funds (General Fund, special revenue funds, capital projects funds, and debt service funds) should be displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Fund Balances (Cont'd)

- *Nonspendable fund balance*—amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact.

- *Restricted fund balance*—amounts that can be spent only for specific purposes because of constraints imposed by external providers (such as grantors, bondholders, and higher levels of government), or imposed by constitutional provisions or enabling legislation. Fund balance in the Construction, SEEK Capital Outlay, and FSPK Building funds are restricted for capital projects with a total of $4,049,367 at June 30, 2025. Fund Balance in the District Activity and Student Activity funds are restricted for district and student activities with balances of $147,299 and $147,661 at June 30, 2025, respectively.

- *Committed fund balance*—amounts that can be spent only for specific purposes determined by a formal action of the board's highest level of decision-making authority, which is a resolution. Fund balance of $132,013 was committed for sick leave and $100,000 was committed for future property improvements or repairs at June 30, 2025.

- *Assigned fund balance*—amounts intended to be used by the District for specific purposes that are neither restricted nor committed. The Board or a delegated entity has the authority to assign amounts to be used for specific purposes. Assigned fund balance in the General Fund includes amounts that have been appropriated for expenditures in the budget for the District's subsequent fiscal year.

- *Unassigned fund balance*—amounts that are available for any purpose; these amounts can be reported only in the District's General Fund.

It is the Board's practice to liquidate funds when conditions have been met releasing these funds from legal, contractual, Board or managerial obligations, using restricted funds first, followed by committed funds, assigned funds, then unassigned funds.

The District considers unrestricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Also, the District has established the order of assigned, committed and restricted when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Net Position

Net position represents the difference between assets plus deferred outflows of resources less liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets and any deferred outflows/inflows related to debt issued for capital financing. Net position is reported as restricted when there are limitations imposed on its 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 various schools and fees charged for day care services. All other revenues are non-operating. Operating expenses can be tied directly to the production of the goods and services, such as the materials and labor and direct overhead. Other expenses are non-operating.

Receivables from and payables to external parties are reported separately and are not offset in the proprietary fund financial statements and business-type activities of the government-wide financial statements, unless a right of offset exists.

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

Bond Issuance Costs

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

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 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until the appropriate period. The District reports three types of deferred outflows- contributions to the CERS and KTRS pension systems after the measurement period, differences between actual and estimated actuarial assumptions in the two pension systems (see Notes 6 and 7), and the unrecognized portion of a deferred loss on the refinancing of long-term debt (see Note 4).

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until appropriate period. The District reports one type of deferred inflows- those related to the net differences between projected and actual actuarial assumptions for pension and OPEB plans (see Notes 6 and 7).

Lease Liabilities

The lease liability is recognized at the commencement of the lease term, unless the lease is a short-term lease, below the lease capitalization threshold of $5,000, or it transfers ownership of the underlying asset. The lease liability is measured at the present value of payments expected to be made during the lease term (less any lease incentives) based on a borrowing rate specified in the contract or implicit rate. The lease term includes the noncancelable period of the lease and extensions the District is reasonably certain to exercise. The District monitors changes in circumstances that are expected to significantly affect the amount of a lease liability that may require a remeasurement of its lease.

New Accounting Pronouncements

During FY2025, the District implemented GASBS No. 101, *Compensated Absences*. This standard required an additional liability for earned personal leave that is more likely than not to be used for time off or converted to sick leave at the beginning of the next school year. See earlier discussion of the basis used to estimate the probability of using this leave and See Note 17 for the impact of the retroactive application of this guidance to compensated absence leave as of June 30, 2024.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Pronouncements (continued)

GASBS No. 102, *Certain Risk Disclosures*, was issued in December 2023 and was effective for fiscal years beginning after June 15, 2024. This standard requires additional disclosures for concentrations that reflect a lack of diversity in resource flows. In addition, disclosures about constraints that impose limitation by external party or by the formal action of the government's highest level of decision-making authority. Constraints may also affect a government's ability to acquire resources or control spending. The District has evaluated significant revenue sources and critical legal and statutory requirements to evaluate whether the District is vulnerable to risks of concentration or constraints. The Commonwealth of Kentucky has revised the taxability of distillery warehouse inventory for local government property taxation. However, the revenue is not material to the District and the phase-in for the changes will occur over a five-year period. District's management has determined that no risk disclosures are required by GASBS No. 102.

GASBS No. 103, *Reporting Model Improvements*, was issued in April 2024 and will be effective for fiscal years beginning after June 15, 2025. This standard update guidance for the Management Discussion and Analysis, moves budgetary reporting to required supplementary information, revises the proprietary fund operating statement, and requires separate columns for major discretely-presented component units. The revisions for the proprietary fund operating statement will elevate reporting for noncapital subsidies and transfers. None of these changes will have any effect on the District's financial position. The District will implement GASBS No. 103 during FY2026.

GASBS No. 104, *Disclosure of Certain Capital Assets*, was issued in September 2024 and will be effective for fiscal years beginning after June 15, 2025. GASBS No. 104 requires separate reporting of leased, public-private partnership, and subscription-based information technology right-to-use assets. Additional disclosures may also be required for capital assets that are held for resale. The District is already separately reporting their leased and SBITA right-to-use assets and currently has no capital assets that are held for sale, so implementation of this standard will have no impact on the District's financial position.

NOTE 2 - CASH AND INVESTMENTS

Deposits and Investments

The Kentucky Revised Statutes authorize the District to invest money subject to its control in obligations of the United States; bonds or certificates of indebtedness of Kentucky and its agencies and instrumentalities; savings and loan associations insured by an agency of the United States up to the amount insured; and national or state banks chartered in Kentucky and insured by an agency of the United States providing such banks pledge as security obligations, as permitted by KRS 41.240 (4), having a current quoted market value at least equal to uninsured deposits. As of June 30, 2025, the District's investments consisted of the following:

Governmental Activities:	Cost	Fair Value
Certificate of Deposit	$2,525,691	$2,525,691
Securities	$7,082,407	$7,119,609
	$9,608,098	$9,645,300

Cash and Cash Equivalents

The Kentucky Revised Statutes authorize the District to invest money subject to its control in obligations of the United States; bonds or certificates of indebtedness of Kentucky and its agencies and instrumentalities; savings and loan associations insured by an agency of the United States up to the amount insured; and national or state banks chartered in Kentucky and insured by an agency of the United States providing such banks pledge as security obligations, as permitted by KRS 41.240 (4), having a current quoted market value at least equal to uninsured deposits. Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The District's deposit policy for custodial credit risk requires compliance with the provisions of state law.

At year end, the District's bank balances were collateralized by securities held by the pledging bank's trust department in the District's name and FDIC Insurance. At year end, the carrying amount of the District's cash and cash equivalents was $8,968,572. The bank balance for the same time was $10,730,591. Due to the nature of the accounts and limitations imposed by the purposes of the various funds, all cash balances are considered to be restricted except for the General Fund.

NOTE 3 - CAPITAL ASSETS

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

	Beginning Balance	Additions	Disposals	Ending Balance
Governmental Activities:				
Capital Assets not being depreciated:				
Land	$ 416,278	$ -	$ -	$ 416,278
Construction in Progress	2,425,180	2,750,354	-	5,175,534
Total Capital Assets not being depreciated	2,841,458	2,750,354	-	5,591,812
Other Capital Assets				
Land Improvements	1,550,710	-	-	1,550,710
Buildings & Improvements	51,766,763	279,517	-	52,046,280
Technological Equipment	188,287	-	-	188,287
Vehicles	2,373,045	383,250	-	2,756,295
General Equipment	2,164,312	82,759	-	2,247,071
Total Other Assets	58,043,116	745,526	-	58,788,643
Less accumulated depreciation for:				
Land Improvements	(636,245)	(61,423)	-	(697,669)
Buildings & Improvements	(25,948,302)	(1,639,139)	-	(27,587,441)
Technological Equipment	(124,846)	(6,202)	-	(131,048)
Vehicles	(1,623,260)	(109,004)	-	(1,732,264)
General Equipment	(1,708,780)	(26,082)	-	(1,734,862)
Total accumulated depreciation	(30,041,434)	(1,841,850)	-	(31,883,284)
Other Capital Assets, net	28,001,683	(1,096,324)	-	26,905,359
Intangible right-to-use assets				
Leased equipment	211,084	-	-	211,084
Less accumulated amortization	(37,686)	(42,218)	-	(79,904)
Net intangible right-to-use assets	173,398	(42,218)	-	131,181
Intangible subscription assets				
Subscriptions	48,750	-	-	48,750
Less accumulated amortization	(32,500)	(16,250)	-	(48,750)
Net intangible subscription assets	16,250	(16,250)	-	-
Governmental Activities, net	$ 31,032,789	$ 1,595,562	$ -	$ 32,628,352
Business Activities:				
General Equipment	$ 398,779	$ -	$ -	$ 398,779
Total	398,779	-	-	398,779
Less accumulated depreciation for:				
General Equipment	(347,796)	(5,334)	-	(353,130)
Total accumulated depreciation	(347,796)	(5,334)	-	(353,130)
Business Activities, net	$ 50,983	$ (5,334)	$ -	$ 45,649

NOTE 3 - CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to functions of the governmental activities of the District as follows:

Governmental Activities:	
Instruction	$ 327,149
Support Services:	
Student	1,367
District Administration	78,929
Plant Operations & Maintenance	1,396,947
Student Transportation	95,926
Total depreciation expense, governmental activities	$ 1,900,318

Intangible Right-to-Use Assets

GASBS No. 87, *Leases*, requires recognition of the value of copiers leased under long-term contracts. In FY 2023 the District entered a new lease for a bus garage, which was recognized according to the provisions of GASBS No. 87. As of June 30, 2025, the District had two lease agreements in place for copiers. Terms of the leases are described in Note 4.

Intangible Subscription Assets

GASBS No. 96, *Subscription-Based Information Technology Arrangements*, requires recognition of the value of software and liabilities under long-term subscriptions.

The District has entered into various agreements for subscription based information technology software. The majority of these agreements cover only one fiscal year and are therefore exempt from the requirements under GASBS No. 96. However, the District is currently party to one subscription agreement to which the guidance in GASBS No. 96 is applicable.

In August 2022 the District entered into a subscription agreement with Curriculum Associates for GoGuardian software. The term of the subscription is 36 months beginning August 1, 2022. The entire subscription cost of $48,750 was paid up-front in August of 2022. In accordance with GASB 96 this amount was reported as an intangible asset at June 30, 2025, with accumulated amortization of $48,750.

NOTE 4 – LONG-TERM DEBT AND LEASE OBLIGATIONS

Bonds

The District, through the General Fund, the Building Fund, and the SEEK Capital Outlay Fund is obligated to make payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Danville Independent School District Finance Corporation to construct school facilities. The District has the option to purchase the property under lease at any time by retiring the bonds then outstanding.

NOTE 4 - LONG-TERM DEBT AND LEASE OBLIGATIONS (cont'd)

In connection with the school revenue bonds issued after May 1, 1996, the District entered into "Participation agreements" with the School Facility Construction Commission. The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs. The table below sets forth the amount to be paid by the District and the Commission for each year until maturity of all bond issues. The liability for the total bond amount remains with the District and, as such, the total principal outstanding has been recorded in the financial statements.

The original amount of each issue, the issue date, interest rates, and outstanding balances of each bond are summarized below:

Issue	Proceeds	Rates	Maturity Dates	Outstanding Balance June 30, 2025
KISTA ED	$108,990	1.50% - 4.00%	4/1/2032	$43,990
2014	1,325,000	1.50% 2.00%	2/1/2034	686,250
2014A	2,105,000	1.00% - 3.00%	3/1/2026	260,000
2014B	700,000	1.00% - 3.00%	4/1/2026	85,000
2016	14,655,000	2.00% - 3.00%	2/1/2036	10,015,000
2018	8,885,000	2.00% 3.625%	9/1/2038	7,320,000
2019	1,900,000	2.50% 3.00%	9/1/2039	1,520,000
2025	2,505,000	4.13% 5.00%	4/1/2046	2,505,000
	$32,183,990			$22,435,240

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

Year	Local Principal	Local Interest	SFCC Principal	SFCC Interest	Total
2026	1,577,150	589,450	422,850	139,797	2,729,248
2027	923,160	544,706	351,840	128,441	1,948,147
2028	1,101,409	519,623	358,591	118,670	2,098,293
2029	1,144,307	483,499	365,693	107,479	2,100,978
2030	1,180,590	445,696	379,410	94,768	2,100,464
2031-2035	5,818,599	1,654,803	2,021,401	263,170	9,757,973
2036-2040	5,537,354	509,269	532,886	21,203	6,600,711
2041-2045	580,000	110,619	0	0	690,619
2046	140,000	6,300	0	0	146,300
	$18,002,569	$4,863,965	$4,432,671	$873,527	$28,026,433

Defeased Bonds

The District defeased prior bonds with the KISTA ED series. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $178,540. This difference, reported in the accompanying statement of net position as a deferred outflow of resources, will be amortized to operations in future years. The balance of the deferred loss on refunding as of June 30, 2025 was $12,751.

NOTE 4 - LONG-TERM DEBT AND LEASE OBLIGATIONS (cont'd)

The following is a summary of the District's long-term debt transactions for the year ended June 30, 2025:

	06/30/25 Beginning Balance	Additions	Reductions	06/30/25 Ending Balance	Amounts Due Within One Year
Bonds	$21,470,240	$2,505,000	$ 1,540,000	$22,435,240	$ 2,000,000
Net Bond Premiums (Discounts)	(226,257)	46,992	21,341	(157,924)	-
Lease Liabilities	172,426	-	44,495	127,931	45,846
Compensated Absences	298,474	319,639	10,407	607,706	394,706
Total	$21,714,883	$2,871,631	$ 1,616,243	$23,012,953	$ 2,440,552

Intangible Right-to-Use Lease Liabilities

GASBS No. 87, *Leases*, outlines accounting and reporting leases with long-term commitments for right-to-use assets that will not be purchased at the termination of the lease.

The District leases a variety of copier/printers from Toshiba Business Solutions under two separate leases, both of which have a term of 60 months. Theses leases require a minimum monthly lease payment of $2,520, plus additional charges for excess usage and excluding applicable taxes. For purposes of discounting future payments on the lease, the District used the interest rate of 3%. The leased equipment and accumulated amortization of the right-to-use assets are outlined in Note 3.

The District leases real property at 1112 West Lexington Ave. Danville, KY 40422 from Melissa and Matthew Marlowe for a term of 48 months. The lease requires a minimum monthly lease payment of $1,500 in year 1, $1,545 in year 2, $1,590 in year 3, and $1,635 in year 4. For purposes of discounting future payments on the lease, the District used the interest rate (3%) to determine an appropriate discount rate. The leased property and accumulated amortization of the right-to-use assets are outlined in Note 3.

Minimum lease payments over the next five years include:

	Lease Payments to Maturity		
	Principal	Interest	Total
FY 2026	45,846	3,210	49,056
FY 2027	32,984	1,959	34,943
FY 2028	29,165	1,075	30,240
FY 2029	19,936	225	20,161
	127,931	6,469	134,400

NOTE 5 - 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 are covered through the purchase of commercial insurance. The District has purchased certain policies which are retrospectively rated and include workers' compensation insurance.

NOTE 6 – 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 Public Pensions Authority (KPPA), an agency of the Commonwealth of Kentucky. As of April 1, 2022, Kentucky Revised Statute ("KRS") Section 78.782 shifted the governance of CERS to a separate Board of Trustees of the County Employees Retirement System. The CERS Board manages the CERS trust, including investment management. KPPA provides the day-to-day administration (KRS 61.505) for accounting and benefit administration for CERS. The Kentucky General Assembly has the authority to establish and amend benefit provisions. The Kentucky Public Pensions Authority 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 of service or 65 years old
	Reduced retirement	At least 5 years of service and 55 years old At least 25 years of service and any age
Tier 2	Participation date	September 1, 2008 – December 31, 2013
	Unreduced retirement	At least 5 years of service and 65 years old Or age 57+ and the sum of service years plus age equal 87
	Reduced retirement	At least 10 years of service and 60 years old
Tier 3	Participation date	After December 31, 2013
	Unreduced retirement	At least 5 years of service and 65 years old Or age 57+ and the 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. In 2013, the General Assembly established funding status thresholds which must be achieved before another COLA can be awarded to retirees. 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 these components.

NOTE 6 – RETIREMENT PLANS (CONTINUED)

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.

Employer Contributions – For the year ended June 30, 2025, employer contributions were established by the County Employees Retirement Systems in December 2022. The governing Board establishes employer contribution rates based on the annual actuarial valuation completed in November each year for the fiscal year beginning the following July 1. For fiscal year 2025, the employer contribution rate for CERS nonhazardous pensions was 19.71%. In fiscal year 2024, these rates were 23.34%. (See NOTE 7 for additional rate information for the OPEB plans.)

Employee Contributions – Required contributions by the employee are based on the tier:

	NonHazardous
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 of Ky")

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 of Ky)—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 of Ky was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the KRS. TRS of Ky is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. TRS of Ky issues a separate publicly available financial report that can be obtained from the TRS of Ky website, at https://trs.ky.gov/administration/financial-reports-information/.

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.

NOTE 6 – RETIREMENT PLANS (CONTINUED)

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 is 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 was amended to change the benefit structure for employees hired on or after that date. Members hired after July 1, 2008, must complete 27 years of service, attain age 60 and 5 years of service, or attain age 55 and 10 years of service. The annual retirement allowance for members hired after July 1, 2008, is 1.7% for 10 years or less of service; 2.0% for 10 -20 years; 2.3% for 20 – 26 years; 2.5% for 26 – 30 years; or 3.0% for more than 30 years of service. The annual allowance is reduced by 6% per year from the earlier of age 60 or the date the member would have completed 27 years of service.

In 2021, the Kentucky General Assembly added a fourth tier to the TRS System. Members hired on or after January 1, 2022, will be eligible for a combined defined benefit and defined contribution plan. The defined benefit portion is based on length of service, final average salary, a multiplier, and the annuity option selected by the member. The defined contribution benefit portion (supplemental benefit) is determined by an account balance funded by mandatory and voluntary contributions and the payment options selected by the member.

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 of Ky 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.

NOTE 6 – RETIREMENT PLANS (CONTINUED)

TRS provides disability retirement allowance for members who are totally and permanently disabled after completing at least 5 years of service, but less than 27 years. The disability allowance is equal to 60% of the member's final average salary, payable over an entitlement period equal to 25% of the service credited to the member at the date of disability or five years, whichever is longer. If the member is still disabled after the end of the entitlement period, the member receives a service retirement allowance, including additional service credit for the period of disability retirement. This extended allowance will not be less than $6,000 and is not reduced for retirement prior to age 60 or completion of 27 years of service.

TRS provides a death benefit to a surviving spouse of an active member with less than 10 years of service. This benefit is $2,880 per year unless the spouse has income from other sources that exceed $6,600 which will reduce this death benefit to $2,160 per year. A surviving spouse of an active member with 10 or more years of service is eligible for a death benefit actuarially equivalent to the allowance that the member would have received upon retirement. This benefit will commence on the date the deceased member would have been eligible for the service retirement and is payable during the life of the spouse. Additional benefits are provided for unmarried children under age 18 who are also survivors of the deceased member.

If an employee terminates 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.

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). Tiers 1, 2, and 3 non-university employees are required to contribute 9.105% of their salaries to the System for pension benefits. (See OPEB discussion for additional contribution rates.) The mandatory pension contribution for Tier 4 non-university employees hired on or after January 1, 2022, is 11%. Employer rates for Tiers 1 and 2 in FY 2025 were 31.95% and Tier 3 were 32.195 (only paid by the Commonwealth of Kentucky as on-behalf payments). Employer rates for Tiers 1 and 2 in FY 2024 were 30.855% and Tier 3 were 31.855%. Employer (only Commonwealth of Kentucky) rates for Tier 4 in FY 2025 were 9.920% and in FY 2024 were 10.0%. 2% of the Tier 4 employee and employer contributions is allocated to the supplemental benefit (defined contribution portion of Tier 4). Those employees may also voluntarily contribute an additional amount, not to exceed the earnings on a paycheck. (See OPEB NOTE 7 for additional contribution rates.)

NOTE 6 – RETIREMENT PLANS (CONTINUED)

In 2019, the Kentucky General Assembly increased the employer contribution in the state's biennial budgets to reflect the actuarially determined rates, less the employee contribution. The current funding policy requires appropriations that are the sum of the fixed employer contribution rate set by state law and an additional amount to provide an actuarial determined employer contribution. The pension portion of the statutory (KRS 161.550) contributions for the state (as a non-employer contributing entity) are as follows:

- 12.355% for non-university members who joined prior to July 1, 2008
- 13.355% for non-university members who joined after July 1, 2008, but prior to January 1, 2022
- 9.775% for non-university members who joined after January 1, 2022, with 7.775% to the foundational benefit and 2% to the supplemental benefit.
- 16.105% for non-university employers with members in Tier 1 and Tier 2
- 17.105% for non-university employers with members in Tier 3
- 9.775% for non-university employers with members in Tier 4, with 7.775% to the foundational benefit and 2% to the supplemental benefit.
- See OPEB Note Q for additional contribution rates.

The required increase to bring employer rates to the amount required for full actuarial funding are being phased in over a five-year period from the 2021 valuation to the 2026 valuation. The 2022 valuation required an increase of 18.920% for Tiers 1, 2, and 3 while actual rates included 15.09% increase for the phase-in to full funding. The 2021 valuation required 16.180% while actual rates included 14.75% for the phase-in to full funding. The 2022 Valuation was used to determine these rates for the state's 2025 fiscal year.

The TRS Board is required to present the actuarially determined annual retirement appropriations payable by the state for Tiers 1, 2, and 3. Tier 4 is a defined contribution tier and does not require amortization of an unfunded liability. This actuarially determined rate is based on an actuarial analysis that is based on a valuation using the following:

- Entry Age Normal actuarial cost method;
- Five-year asset smoothing method;
- 30-year closed amortization period that began fiscal year 2014 to determine the minimum payment which cannot be less than the prior year until the plan reaches a 100% funded ratio;
- 20-year amortization of new sources of unfunded liability; and
- Achieving a 100% funding ratio with the closed period adopted by the Board.

NOTE 6 – RETIREMENT PLANS (CONTINUED)

In addition, the State's General Assembly may provide additional contributions to reduce the TRS unfunded liability. The state contributed an additional $479 million in fiscal year 2022, but no additional amounts were contributed in fiscal years 2023 and 2024. These additional contributions are not required by statute and are not included in the actuarial projection of future employer contributions.

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

At June 30, 2025, the District reported a liability 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 of Ky because the Commonwealth of Kentucky provides the pension support directly to TRS of Ky on behalf of the District in a special funding situation.

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	$ 6,061,459
Commonwealth's proportionate share of TRS of Ky net pension liability associated with the District	47,018,073
Total	$ 53,079,532

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 actuarial liability of the employees and former employees relative to the total liability of the System as determined by the actuary. For the year ended June 30, 2025, the District's proportion was 0.054496 percent. For the year ended June 30, 2025, the District recognized a decrease in pension expense of $185,955 related to CERS and expense of $5,749,519 related to TRS of Ky. The District also recognized on-behalf revenue of $5,749,519 for TRS of Ky support provided by the Commonwealth paid directly to TRS of Ky.

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

NOTE 6 – RETIREMENT PLANS (CONTINUED)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 293,386	$ -
Changes of assumptions	-	273,859
Net difference between projected and actual earnings on pension plan investments	416,286	806,005
Changes in proportion and differences between District contributions and proportionate share of contributions	257,400	29,054
District contributions subsequent to the measurement date	693,938	-
	$ 1,661,009	$ 1,108,919

$693,938 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, 2026.

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	$(116,606)
2027	$ 211,424
2028	$(149,813)
2029	$ (86,852)
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:

	CERS	TRS of Ky
Inflation	2.50%	2.50%
Payroll growth rate	2.00%	N/A
Cost-of-living adjustment	0.0%	1.5%
Salary Increases	3.30% - 10.30%	3.0-7.5%
Investment rate of return	6.50%	7.10%
Municipal Bond Index Rate	N/A	3.94%
Single Equivalent Interest Rate	6.50%	7.10%

NOTE 6 – RETIREMENT PLANS (CONTINUED)

For CERS, mortality tables used for non-hazardous retired members was a system-specific mortality table based on mortality experience from 2013 to 2022, for the non-hazardous system, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2023. Mortality for active non-hazardous members was based on the PUB-2010 General Mortality table, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010.

For TRS of Ky, mortality rates were based on the Pub2010 (Teachers Benefit-Weighted Mortality Table projected generationally with MP-2020 and 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 lowered from 3.0 percent to 2.5 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.

For CERS, the long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years, at a minimum. The most recent experience study was based on experience through June 30, 2022 and adopted by the CERS Board of Trustees on May 9, 2023. In 2024, the CERS Actuarial Committee requested an update on the key economic assumptions to evaluate these assumptions for the 2024 evaluation. GRS relied on capital market assumptions, CERS 2024 investment policy for the target asset allocation, and changes to investment consultants assumptions based on 2024 market conditions to develop recommended assumptions for inflation, investment returns, and payroll growth. 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 the table below. The current long-term inflation assumption is 2.3% per annum for the non-hazardous plan.

NOTE 6 – RETIREMENT PLANS (CONTINUED)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity:	**60.00%**	
Public Equity	50.00%	4.15%
Private Credit	10.00%	9.10%
Fixed Income:	**20.00%**	
Core Bonds	10.00%	2.85%
High Yield Credit	10.00%	3.82%
Cash	0.00%	1.70%
Inflation Protected:	**20.00%**	
Real Estate	7.00%	4.90%
Real Return	13.00%	5.35%
Total	100.00%	
Expected Real Return		**4.69%**
Long Term Inflation Assumption		**2.50%**
Expected Nominal Return for Portfolio		**7.19%**

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

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

NOTE 6 – RETIREMENT PLANS (CONTINUED)

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

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

Sensitivity of CERS and TRS of Ky 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	$ 7,814,210	$ 6,061,458	$ 4,607,136
KTRS	6.10%	7.10%	8.10%
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 of Ky.

NOTE 6 – RETIREMENT PLANS (CONTINUED)

Deferred Compensation

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all employees, permits them to defer a portion of their salary until future years. This deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, was amended by GASBS No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The GASB standards allow entities with little or no administrative involvement who do not perform the investing function for these plans to omit plan assets and related liabilities for these defined contribution plans from their financial statements. The District therefore does not show these assets and liabilities in this financial statement.

NOTE 7 – OTHER POST-EMPLOYMENT BENEFIT PLANS

The District's employees are provided with two OPEB 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 Teachers Retirement System of Kentucky (TRS of Ky) covers positions requiring teaching certification or otherwise requiring a college degree. Retired District employees receive some health care benefits depending on their length of service. In accordance with Kentucky Revised Statutes, these benefits are provided and advance funded on an actuarially determined basis through the CERS and TRS of Ky plans. The CERS governance structure discussed in NOTE 6 for pension plan governance also applies to the CERS OPEB plans. The Kentucky Public Pensions Authority's publicly available financial report includes the CERS OPEB plan reports and may be obtained from https://www.kyret.ky.gov/Publications/Pages/Actuarial-Valuations.aspx. TRS of Ky issues a publicly available financial report that can be obtained at https://trs.ky.gov/administration/financial-reports-information/.

CERS Other Postemployment Benefits

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

NOTE 7 – OTHER POST-EMPLOYMENT BENEFIT PLANS (continued)

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

Contributions—CERS allocates a portion of the employer contributions to the health insurance benefit plans. Beginning with the 2023 measurement, the CERS nonhazardous OPEB plan was over funded and employer contributions were decreased to zero. CERS allocated 0.0% in FY 2025 and FY 2024 for the actuarially required contribution rate paid by employers for funding the nonhazardous healthcare benefit. In addition, 1% of the Tier 2 and 3 employee contributions are allocated to the health insurance plan for nonhazardous plans.

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

At June 30, 2025, the District reported an asset of $174,156 for its proportionate share of the CERS collective net OPEB asset. The collective net OPEB asset was measured as of June 30, 2024, and the total OPEB liability used to calculate the collective net OPEB asset was based on a projection of the District's long-term share of contributions to OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2025, the District's proportion was 0.100680 percent. The District recognized a negative OPEB expense of $508,925 as the OPEB asset increased and the related deferred inflows of resources and deferred outflows of resources decreased.

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

CERS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 96,620	$ 1,370,268
Changes of assumptions	157,807	122,886
Net difference between projected and actual earnings on OPEB plan investments	153,088	312,016
Changes in proportion and differences between District contributions and proportionate share of contributions	96,953	61,790
District contributions subsequent to the measurement date	-	-
	$ 504,468	$ 1,866,960

NOTE 7 – OTHER POST-EMPLOYMENT BENEFIT PLANS (continued)

No District contributions subsequent to the measurement date were reported in deferred outflows since the plan is overfunded and no employer contributions will be assessed until the funded status declines.

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	$	(579,498)
2027	$	(410,544)
2028	$	(368,596)
2029	$	(3,854)
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:

Investment rate of return	6.50%, net of OPEB plan investment expense, including inflation.
Projected salary increases	3.30% - 10.30%, for non-hazardous, depending on years of service
Inflation rate	2.50%
Healthcare cost trend rates:	
Under 65	Initial trend rate starts at 7.1%, January 2026, and gradually decreasing to an ultimate trend rate of 4.25% over a period of 14 years
Ages 65 and Older	Initial trend starting at 8.0%, January 2026, and gradually decreasing to an ultimate trend rate of 4.25% over a period of 14 years
Municipal Bond Index Rate	3.97%
Discount Rate	5.99% non-hazardous

Post-retirement mortality rates (non-disabled) used a system-specific mortality table based on mortality experience from 2013 – 2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023.

The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2022 valuation were based on a review of recent plan experience for the period ending June 30, 2022 and adopted by the CERS Board of Trustees on May 9, 2023. The investment return, price inflation, and payroll growth assumption were adopted by the Board in May 2024 for use with the June 30, 2024 valuation to reflect future economic expectations.

NOTE 7 – OTHER POST-EMPLOYMENT BENEFIT PLANS (continued)

For CERS, the long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years, at a minimum. The most recent analysis was based on a review of recent plan experience for the period ending June 30, 2022 and adopted by the CERS Board of Trustees on May 9, 2023. 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 the table below. The current long-term inflation assumption is 2.3% per annum for the nonhazardous plan.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity:	**60.00%**	
Public Equity	50.00%	4.15%
Private Credit	10.00%	9.10%
Fixed Income:	**20.00%**	
Core Bonds	10.00%	2.85%
High Yield Credit	10.00%	3.82%
Cash	0.00%	1.70%
Inflation Protected:	**20.00%**	
Real Estate	7.00%	4.90%
Real Return	13.00%	5.35%
Total	100.00%	
Expected Real Return		**4.69%**
Long Term Inflation Assumption		**2.50%**
Expected Nominal Return for Portfolio		**7.19%**

Discount rate – The single discount rate of 5.99% for CERS nonhazardous was used to measure the total OPEB liability as of June 30, 2024. The Single discount rate is based on the expected rate of return on OPEB plan investments of 6.50% and a municipal bond rate of 3.97%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2024. Future contributions are projected in accordance with the current funding policy mandated in Ky Revised Statutes 61.565, as amended, which includes the requirement that each participating employer in the System contribute the actuarially determined contribution rate, which is determined using a closed funding period (the Kentucky General Assembly reset the amortization period to 30 years in 2020) and the actuarial assumptions and methods adopted by the Board of Trustees. Current assets, future contributions, and investment earnings are projected to be sufficient to pay the projected benefit payments from the retirement system.

NOTE 7 – OTHER POST-EMPLOYMENT BENEFIT PLANS (continued)

However, the cost associated with the implicit employer subsidy for non-Medicare retirees is not currently included in the calculation of the System's actuarial determined contributions and any cost associated with the implicit subsidy is not paid out of the System's trust. The implicit rate subsidy is paid by the Commonwealth of Kentucky self-insurance fund, Kentucky Employees Health Plan. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

The following table presents the District's proportionate share of the collective net OPEB liability 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	$ 235,479	$ (174,156)	$ (518,579)

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 Health Care Trend Rate	1% Increase
CERS District's proportionate share of net OPEB liability	$ (418,999)	$ (174,156)	$ 111,068

The Kentucky Public Pensions Authority's publicly available financial report includes financial reports for the CERS OPEB plans and may be obtained from https://www.kyret.ky.gov/Publications/Pages/Actuarial-Valuations.aspx.

NOTE 7 – OTHER POST-EMPLOYMENT BENEFIT PLANS (CONTINUED)

TRS of Ky POST-EMPLOYMENT HEALTH CARE BENEFITS

The Commonwealth of Kentucky (State) reports a liability, deferred outflows of resources and deferred inflows of resources, and expense based on the statutory requirement to contribute to the TRS of Ky Medical Insurance and Life Insurance Plans in a special funding situation for local school districts. Local school districts include a proportionate share of the liability, deferred outflows of resources and deferred inflows of resources, and expenses for the cost-sharing medical insurance plan.

Plan description—In addition to the pension benefits described in NOTE 6, KRS 161.675 requires TRS of Ky to provide post-employment healthcare benefits to eligible employees and dependents. The TRS of Ky Medical Insurance Fund is a cost-sharing multiple-employer defined benefit plan. Changes made to the medical plan may be made by the TRS of Ky 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 of Ky 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 of Ky Medicare Eligible Health Plan.

Contributions–KRS 161.540 requires non-university members to contribute 3.75% to fund the post-retirement healthcare benefit, including members in Tier 4 hired after January 1, 2022. The Commonwealth of Kentucky contributes three quarters percent (.75%) from a state appropriation and local school district employers contribute three percent (3.00%). Contributions are based on statutory provisions, not an actuarially determined contribution rate.

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

At June 30, 2025, the District reported a liability of $3,306,000 for its proportionate share of the collective net OPEB liability for medical insurance. 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 0.148299 percent.

NOTE 7 – OTHER POST-EMPLOYMENT BENEFIT PLANS (continued)

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	$ 3,306,000
State's proportionate share of the net OPEB liability associated with the District	2,945,000
Total	$ 6,251,000

For the year ended June 30, 2025, the District recognized a decrease in OPEB expense of $506,824. In addition, the District recognized on-behalf revenue and expenses of $274,341 for support provided by the State as a non-employer contributing entity. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

KTRS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 993,000
Changes of assumptions	842,000	-
Net difference between projected and actual earnings on OPEB plan investments	-	106,000
Changes in proportion and differences between District contributions and proportionate share of contributions	953,000	1,876,000
District contributions subsequent to the measurement date	333,772	-
	$ 2,128,772	$ 2,975,000

Of the total amount reported as deferred outflows of resources related to OPEB, $333,772 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.

NOTE 7 – OTHER POST-EMPLOYMENT BENEFIT PLANS (continued)

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	$ (361,000)
2027	$ (160,000)
2028	$ (164,000)
2029	$ (231,000)
2030	$ (218,000)
Thereafter	$ (46,000)

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

Long-term investment rate of return	7.1%, net of OPEB plan investment expense, including inflation.
Projected salary increases	3.00 – 7.50%, including inflation
Inflation rate	2.50%
Wage Inflation	2.75%
Single Equivalent Interest Rate	7.10%, net of OPEB Plan investment expense, including inflation
Healthcare cost trend rates	
Medical Trend	6.50% for FYE 2024 decreasing to an ultimate rate of 4.50% by FY 2031
Medicare Part B Premiums	5.92% for FYE 2024 with an ultimate rate of 4.50% by 2035

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 demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the in the June 30, 2024 valuation were based on the results of the most recent actuarial experience studies for the System, which covered the five-year period ending June 30, 2020, adopted by the Board on September 20, 2021.

The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends) used in the June 30, 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, 2023 valuation and was show 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.

NOTE 7 – OTHER POST-EMPLOYMENT BENEFIT PLANS (continued)

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

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

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

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

- Total payroll for the initial projection year consists of the payroll of the active membership present on the Valuation Date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 2.75%
- The pre-65 retiree health care costs for members retired on or after July 1, 2010 were assumed to be paid by either the State or the retirees themselves.
- Administrative expenses, except the administrative fee of $8 PMPM paid to KEHP by TRS, were assumed to paid in all years by the employer as they come due and are not considered in the cash flow projections.
- Cash flows occur mid-year.

NOTE 7 – OTHER POST-EMPLOYMENT BENEFIT PLANS (continued)

- Future contributions to the Health Trust were based upon the contribution rates defined in statute and the projected payroll of active employees. Per KRS 161.540(1)(c).3 and 161.550(5), when the Health Trust achieves a sufficient prefunded status, as determined by the retirement system's actuary, the following Health Trust statutory contributions are to be decreased, suspended, or eliminated:
    - Employee contributions
    - School District/University Contributions
    - State Contributions for KEHP premium subsidies payable to retirees who retire after June 30, 2010.

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

- Adjustments to the statutory contributions in future years were based on the following assumptions:
    - Liabilities and cash flows are net of expected retiree contributions and any implicit subsidies attributable to coverage while participating in KEHP.
    - Estimates for new entrants were based on the assumption that active headcounts would remain flat for all future years.

Based on these assumptions, the Health Trust's fiduciary net position was projected to be sufficient to pay benefits.

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
KTRS	6.10%	7.10%	8.10%
District's proportionate share of MIF net OPEB liability	$ 4,391,000	$ 3,306,000	$ 2,406,000

NOTE 7 – OTHER POST-EMPLOYMENT BENEFIT PLANS (continued)

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 Health Care Trend Rate	1% Increase
KTRS			
District's proportionate share of net OPEB liability	$ 2,233,000	$ 3,306,000	$ 4,638,000

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

TRS 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 $5,000 payable for members who retire based on service or disability. TRS provides a life insurance benefit of $2,000 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 – The Commonwealth of Kentucky contributed 0.08% of salary to the Life Insurance Trust for the fiscal year ended June 30, 2025 and 0.08% for fiscal year June 30, 2024.

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

At June 30, 2025, the District did not report a liability 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	67,000
Total	$ 67,000

NOTE 7 – OTHER POST-EMPLOYMENT BENEFIT PLANS (continued)

For the year ended June 30, 2025, the District recognized OPEB revenue and expense of $ 3,909 for support provided by the State.

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

Investment rate of return	7.10%, net of OPEB plan investment expense, including inflation.
Projected salary increases	3.50 – 7.50%, including inflation
Inflation rate	2.50%
Real Wage Growth	0.50%
Wage Inflation	2.75%
Single Equivalent Interest Rate	7.10%, net of OPEB plan investment expense, including inflation.

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 demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the in the June 30, 2024 valuation were based on the results of the most recent actuarial experience studies for the System, which covered the five-year period ending June 30, 2020, adopted by the Board on September 20, 2021.

The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends) used in the June 30, 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, 2023 valuation and wash show as an assumption change in the TOL roll forward, while the change in initial per capita claims costs were included with experience in the TOL roll forward.

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

NOTE 7 – OTHER POST-EMPLOYMENT BENEFIT PLANS (continued)

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

Single Equivalent Interest Rate - 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, 2023. In addition to the actuarial methods and assumptions of the June 30, 2023 actuarial valuation, the following actuarial methods and assumptions were used in the projection of the Life Trust's cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the Valuation Date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 2.75%.
- The employer will contribute the Statutory Contribution in accordance with the Life Trust's funding policy.
- Administrative expenses were assumed to paid in all years by the employer as they come due and are not considered in the cash flow projections.
- Active employees do not explicitly contribute to the plan.
- Cash flows occur mid-year.

Based on these assumptions, the Life Trust's fiduciary net position was projected to be sufficient to pay all benefits for all current members.

OPEB plan fiduciary net position – TRS of Ky issues a publicly available financial report that can be obtained at https://trs.ky.gov/administration/financial-reports-information/.

NOTE 8 – ACCUMULATED UNPAID COMPENSATED ABSENCES

District employees earn 3 days of personal leave each school year. Any unused personal leave days are converted to sick leave at the end of each school year (July 1). Liabilities for personal leave days that have been earned and are more likely than not to be used as time off or converted to sick leave at year end have been added to the liabilities recorded for unused compensated absences in prior years. See Note 17 for the impact of this additional liability on the prior fund balances and net position for June 30, 2024.

NOTE 8 – ACCUMULATED UNPAID COMPENSATED ABSENCES (continued)

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 based on when the employee earns the leave. Sick leave may be accumulated under KRS 161.155 without limit, except that employees who began employer on or after July 1, 2008, are limited to a total of 300 hours of accrual for unused sick leave. An accrual for earned sick leave liability is made to the extent that it is probable that the benefits will result in termination payments at retirement or the death of an employee. At June 30, 2025, this amount totaled $607,706.

Governmental fund financial statements include liabilities that are expected to be paid with expendable, available resources, within 60 days of the year. All remaining liabilities are included in the government-wide financial statements, based on an historical average of payments within one year and payments that are made after one year.

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

NOTE 9 - CONTINGENCIES

Funding for the District's Grant Funds is provided by federal, state and local government agencies. These funds are to be used for designated purposes only. If, based upon the grantor's review, the funds are considered not to have been used for the intended purpose the grantor may request a refund of monies advanced, or to refuse to reimburse the District for its disbursements. The amount of such future refunds and un-reimbursed disbursements, if any, is not expected to be significant. Continuation of the District's grant programs is predicated upon the grantor's satisfaction that the funds provided are being spent as intended and the grantor's intent to continue their programs. In addition, the District operates in a heavily regulated environment. The operations of the District are subject to the administrative directives, rules and regulations of federal and state regulatory agencies, including, but not limited to, the U.S. Department of Education and the Kentucky Department of Education. Such administrative directives, rules and regulations are subject to change by an act of Congress or the Kentucky Legislature or an administrative change mandated by the Kentucky Department of Education. Such changes may occur with little or inadequate funding to pay for the related cost, including the additional administrative burden to comply with a change.

NOTE 10 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To obtain insurance for worker's compensation, errors and omissions, and general liability coverage, the District participates in the Kentucky School Boards Insurance Trust Liability Insurance Fund.

NOTE 10 - RISK MANAGEMENT (continued)

These public entity risk pools operate as common risk management and insurance programs for all school districts and other tax supported educational agencies of Kentucky who are members of the Kentucky School Boards Association. The District pays an annual premium to each fund for coverage. Contributions to the Workers' Compensation Fund are based on premium rates established by such a fund in conjunction with the excess insurance carrier, subject to claims experience modifications and a group discount amount. Dividends may be declared, but are not payable until twenty-four months after the expiration of the self-insurance term. The liability insurance fund pays insurance premiums of the participating members established by the insurance carrier. The Trust can terminate coverage if it is unable to obtain acceptable excess general liability coverage, and for any reason, by giving ninety days notice. In the event the Trust terminated coverage, any amount remaining in the Fund would be returned to the member on a pro rata basis.

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

NOTE 11 - 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 12 - DEFICIT OPERATING/ FUND BALANCES

The following funds had operations that resulted in a current year deficit after transfers and other financing sources (see Note 13) resulting in the following reductions of fund balances:

General Fund	$1,052,441
Student Activity Fund	$723

NOTE 13 – INTERFUND TRANSACTIONS

The following transfers were made during the year:

From Fund	To Fund	Purpose	Amount
General	Special Revenue	KETS Matching	22,570.00
General	Debt Service	Debt Service Construction	1,630,315.00
General	Construction	Expense Reimbursement	571,941.00
General	District Activity	Indirect Costs	75,759.00
Special Revenue	General	Indirect Costs	164,237.00
Food Service	General	Expense Reimbursement	59,827.00
Food Service	Special Revenue		149,499.00

NOTE 14 - ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2025, the Commonwealth of Kentucky contributed estimated payments on behalf of the District as follows:

Kentucky Teachers Retirement System	$	3,338,578
Health & Life Insurance		2,869,922
Technology		45,159
Debt Service		561,944
Recognized at the Fund Level		6,815,603
Additional pension & OPEB expense recognized at the Government-Wide Level		5,922,519
Total On-Behalf	$	12,738,122

These payments were recorded in the appropriate revenue and expense accounts on the statement of revenue, expenses, and changes in fund balance as follows:

General Fund	$	5,802,150
Food Service Fund		434,254
Day Care Fund		17,254
Debt Service Fund		561,944
Total	$	6,815,603

NOTE 15– LITIGATION

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

NOTE 16– SUBSEQUENT EVENTS

In preparing these financial statements, management of the District has evaluated events and transaction for potential recognition or disclosure through December 5, 2025, the date the financial statements were available to be issued.

NOTE 17 – CHANGE IN ACCOUNTING PRINCIPLE

In FY2025, the District implemented GASBS No. 101, *Compensated Absences*, which requires recognition of an additional liability for earned leave that is more than likely to be used for time off or converted to sick leave at the end of the school year. GASBS No. 101 also requires retroactive recognition of these liabilities as of June 30, 2024. The impact to net position on the governmentwide statement of activities is:

	Governmental Activities	Business-Type Activities	Total
Net position, as previously reported	$ 13,471,953	$ (1,599)	$ 13,470,354
Adjustments:			
GASBS No. 101 Implementation	(315,372)	(10,740)	(326,112)
Net change - GASBS No. 101 Implementation	(315,372)	(10,740)	(326,112)
Net Change in Beginning Net Position	(315,372)	(10,740)	(326,112)
Net Position, June 30, 2024, Restated	$ 13,156,581	$ (12,339)	$ 13,144,242

DANVILLE INDEPENDENT SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

DANVILLE INDEPENDENT SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2025

	Reporting Fiscal Year (Measurement Date) 2025 (2024)	Reporting Fiscal Year (Measurement Date) 2024 (2023)	Reporting Fiscal Year (Measurement Date) 2023 (2022)	Reporting Fiscal Year (Measurement Date) 2022 (2021)	Reporting Fiscal Year (Measurement Date) 2021 (2020)	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)	Reporting Fiscal Year (Measurement Date) 2017 (2016)	Reporting Fiscal Year (Measurement Date) 2016 (2015)
COUNTY EMPLOYEES RETIREMENT SYSTEM:										
District's proportion of the net pension liability	0.101355%	0.094748%	0.095874%	0.091874%	0.103422%	0.112660%	0.112974%	0.114170%	0.120837%	0.118955%
District's proportionate share of the net pension liability	$ 6,061,459	$ 6,079,513	$ 6,930,744	$ 5,657,688	$ 7,932,382	$ 7,923,428	$ 6,880,462	$ 6,682,721	$ 5,949,530	$ 5,114,515
District's covered-employee payroll	$ 3,304,172	$ 2,810,763	$ 2,718,194	$ 2,247,800	$ 2,391,423	$ 2,692,121	$ 2,807,037	$ 2,838,806	$ 2,845,555	$ 2,767,883
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	183.45%	216.29%	254.98%	260.60%	331.70%	294.32%	245.11%	235.41%	209.08%	184.78%
Plan fiduciary net position as a percentage of the total pension liability	61.61%	57.48%	52.42%	57.33%	47.81%	50.45%	53.54%	53.30%	55.50%	59.97%
KENTUCKY TEACHER'S RETIREMENT SYSTEM:										
District's proportion of the net pension liability	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
District's proportionate share of the net pension liability	-	-	-	-	-	-	-	-	-	-
State's proportionate share of the net pension liability associated with the District	$ 47,018,073	$ 54,284,323	$ 52,815,783	$ 41,496,740	$ 50,104,178	$ 49,009,015	$ 45,714,551	$ 89,734,893	$ 98,321,795	$ 75,583,336
Total	$ 47,018,073	$ 54,284,323	$ 52,815,783	$ 41,496,740	$ 50,104,178	$ 49,009,015	$ 45,714,551	$ 89,734,893	$ 98,321,795	$ 75,583,336
District's covered-employee payroll	$ 12,497,369	$ 11,963,927	$ 12,469,389	$ 11,965,310	$ 10,743,868	$ 11,756,248	$ 10,916,800	$ 9,788,389	$ 9,635,197	$ 9,198,491
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	60.36%	57.68%	56.41%	65.59%	58.40%	58.76%	59.28%	39.83%	35.22%	42.49%

Note: Schedule is intended to show information for the last 10 fiscal years.
Note: These amounts are based on the prior year's measurement period, not the District's fiscal year.

DANVILLE INDEPENDENT SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS - PENSION
FOR THE YEAR ENDED JUNE 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
COUNTY EMPLOYEES RETIREMENT SYSTEM:										
Contractually required contribution	$ 693,938	$ 711,936	$ 713,611	$ 561,866	$ 575,449	$ 519,579	$ 465,543	$ 406,459	$ 396,013	$ 353,418
Contributions in relation to the contractually required contribution	693,938	711,936	713,611	561,866	575,449	519,579	465,543	406,459	396,013	353,418
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
District's covered-employee payroll	$ 3,520,741	$ 3,050,283	$ 3,049,620	$ 2,654,067	$ 2,391,423	$ 2,692,121	$ 2,870,179	$ 2,807,037	$ 2,838,803	$ 2,845,555
District's contributions as a percentage of its covered-employee payroll	19.71%	23.34%	23.40%	21.17%	24.06%	19.30%	16.22%	14.48%	13.95%	12.42%
KENTUCKY TEACHER'S RETIREMENT SYSTEM:										
Contractually required contribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
District's covered-employee payroll	$ 12,497,369	$ 11,963,927	$ 12,469,389	$ 11,965,310	$ 10,743,868	$ 11,756,248	$ 10,916,800	$ 9,788,389	$ 9,635,197	$ 9,198,491
District's contributions as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Note: Schedule is intended to show information for the last 10 fiscal years.

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

COUNTY EMPLOYEES RETIREMENT SYSTEM:

The actuarially determined contribution rates are determined on an annual basis using the actuarial valuation conducted two years prior to the year in which the contribution will be assessed.

2023 Changes of Assumptions - The inflation rate was increased to 2.5% and the investment rate of return was increased to 6.5%. The system mortality table was revised to MP-2020 and the base year was changed to 2023.

2020 Changes of Assumptions –The amortization period for the unfunded liability was reset as of June 30, 2019, to a closed 30-year period.

2019 Changes of Assumptions – The 2019 actuarial valuation used updated mortality tables for all categories of members and beneficiaries and a system-specific mortality table for non-disabled retirees. In 2019, mortality rates for active members were based on the PUB-2010 General Mortality table, for the nonhazardous members projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. Post-retirement mortality rates (non-disabled) used a system-specific mortality table based on mortality experience from 2013 – 2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. The PUB-2010 Disabled Mortality Table is used for post-retirement mortality for disabled retirees 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. Previous valuations were based on RP-2000 Combined Mortality Tables.

2017 Changes of Assumptions – For the 2017 actuarial valuation, several key actuarial assumptions were revised. Changes in assumptions prior to 2016 provided minor adjustments to the actuarial measurements. The following table outlines the actuarial methods and assumptions that were used in 2019 and 2016 to determine contribution rates reported for all systems:

Assumption	2017 Valuation	2016 Valuation
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level of Percentage of Payroll, closed	Level of Percentage of Payroll, closed
Remaining Amortization Period	26 Years	27 Years
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Post-retirement benefit adjustments	0.00%	0.00%
Inflation	**2.30%**	**3.25%**
Salary Increase	**3.3% to 11.55%** varies by service), average, including Inflation	**4%**, average, including Inflation
Investment Rate of Return	**6.25%**, Net of Pension Plan Investment Expense, including Inflation	**7.5%**, Net of Pension Plan Investment Expense, including Inflation

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

COUNTY EMPLOYEES RETIREMENT SYSTEM (Cont'd):

Changes of Benefit Terms -

2014: A cash balance plan was introduced for member whose participation date begins on or after January 1, 2014

2009: A new benefit tier for members who first participate on or after September 1, 2008 was introduced which included the following changes:

1. Tiered Structure for benefit accrual rates
2. New retirement eligibility requirements
3. Different rules for the computation of final average compensation

KENTUCKY TEACHER'S RETIREMENT SYSTEM:

2023 – No changes to benefits or assumptions

2022 Changes of Benefit Terms – A new benefit tier was added for members joining TRS on and after January 1, 2022. Tier 4 includes a foundational benefit (defined benefit) and a supplemental benefit (defined contribution). The foundational benefit changes the condition for retirement to attainment of age 57 and 10 years of service or age 65 and 5 years of service. Members hired before July 1, 2008, were eligible for retirement with 27 years of service or at age 55 with 5 years of service. Members hired after July 1, 2008, but before January 1, 2022, were eligible with 27 years of service, or at age 50 with 5 years of service, or at age 55 with 10 years of service. Multipliers based on service are slightly higher for Tier 4 members.

The supplemental benefit is based on an account balance that includes member and employer contributions plus interest credited annually on June 30. Tier 4 members may opt for an annuitized or lump sum distribution.

2022 Changes of Assumptions – The 2020 experience study was used to adjust rates of withdrawal, retirement, disability, mortality, and rates of salary increases to reflect actual experience more closely. The expectation of mortality was changed to the Pub 2010 Mortality Tables (Teachers Benefit-Weighted) projected generationally with MP-2020 with various set forwards, set-backs, and adjustments for each of the groups; service retirees, contingent annuitants, disabled retirees, and actives. The assumed long-term investment rate of return was changed from 7.50% to 7.10% and the price inflation assumption was lowered from 3.00% to 2.50%. In addition, the calculation of SEIR results in an assumption change from 7.50% to 7.10%.

2018 Changes of Assumptions – The 2018 actuarial analysis for TRS of Ky indicated that cash flow for the system would be sufficient to pay benefits in all periods. As a result, the discount rate for the 2018 study was the same as the long-term expected yield of 7.5%. In 2017, the analysis used a blended rate of 4.49% which included the application of the municipal bond index to periods after 2038. The actuarial gains for this change will be recognized over the average remaining service lives for active members (10.6 years for the 2020 valuation) and are creating negative pension expense for the TRS pension system.

2017 Changes of Assumptions – The Single Equivalent Interest Rate was increased from 4.20% to 4.49%.

2016 Changes of Assumptions – The Single Equivalent Interest Rate was decreased from 4.88% to 4.20%. Rates of withdrawal, retirement, disability and mortality were adjusted based on an experience study conducted in 2015. The Assumed Salary Scale, Price Inflation, and Wage Inflation were also decreased.

2015 Changes of Assumptions – The Single Equivalent Interest Rate was decreased from 5.23% to 4.88%.

2014 Changes of Assumptions – The Single Equivalent Interest Rate was increased from 5.16% to 5.23%.

DANVILLE INDEPENDENT SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET OPEB LIABILITY - MEDICAL INSURANCE PLAN
FOR THE YEAR ENDED JUNE 30, 2025

	Reporting Fiscal Year (Measurement Date) 2025 (2024)	Reporting Fiscal Year (Measurement Date) 2024 (2023)	Reporting Fiscal Year (Measurement Date) 2023 (2022)	Reporting Fiscal Year (Measurement Date) 2022 (2021)	Reporting Fiscal Year (Measurement Date) 2021 (2020)	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)
COUNTY EMPLOYEES RETIREMENT SYSTEM:								
District's proportion of the net OPEB liability	0.100680%	0.094744%	0.095869%	0.091853%	0.103498%	0.112720%	0.112974%	0.114170%
District's proportionate share of the net OPEB liability (asset)	$ (174,156)	$ (130,810)	$ 1,891,988	$ 1,758,480	$ 2,499,162	$ 1,895,900	$ 2,005,918	$ 2,295,208
District's covered-employee payroll	$ 3,304,172	$ 2,810,763	$ 2,718,194	$ 2,247,800	$ 2,391,423	$ 2,692,121	$ 2,807,037	$ 2,838,803
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	-5.27%	-4.65%	69.60%	78.23%	104.51%	70.42%	71.46%	80.85%
Plan fiduciary net position as a percentage of the total OPEB liability	104.89%	104.23%	60.95%	62.91%	51.67%	60.44%	57.62%	52.40%
KENTUCKY TEACHER'S RETIREMENT SYSTEM:								
District's proportion of the net OPEB liability	0.148299%	0.168556%	0.225348%	0.170176%	0.088811%	0.191130%	0.179800%	0.175100%
District's proportionate share of the net OPEB liability	$ 3,306,000	$ 4,105,000	$ 5,594,000	$ 3,651,000	$ 4,776,000	$ 5,594,000	$ 6,239,000	$ 6,244,144
State's proportionate share of the net OPEB liability associated with the District	$ 2,945,000	$ 3,460,000	$ 1,838,000	$ 2,965,000	$ 3,826,000	$ 4,518,000	$ 5,377,000	$ 5,101,000
Total	$ 6,251,000	$ 7,565,000	$ 7,432,000	$ 6,616,000	$ 8,602,000	$ 10,112,000	$ 11,616,000	$ 11,345,144
District's covered-employee payroll	$ 11,162,717	$ 10,352,190	$ 10,855,362	$ 9,954,803	$ 10,743,868	$ 11,756,248	$ 10,916,800	$ 9,788,389
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	29.62%	39.65%	51.53%	36.68%	44.45%	47.58%	57.15%	63.79%
Plan fiduciary net position as a percentage of the total OPEB liability	59.81%	52.97%	47.75%	51.74%	39.05%	32.58%	25.54%	21.18%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.
Note: These amounts are based on the prior year's measurement period, not the District's fiscal year.

DANVILLE INDEPENDENT SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS - MEDICAL INSURANCE PLAN
FOR THE YEAR ENDED JUNE 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018
COUNTY EMPLOYEES RETIREMENT SYSTEM:								
Contractually required contribution	$ -	$ -	$ 103,382	$ 153,410	$ 113,832	$ 128,145	$ 150,970	$ 131,931
Contributions in relation to the contractually required contribution	-	-	103,382	153,410	113,832	128,145	150,970	131,931
Contribution deficiency (excess)	-	-	-	-	-	-	-	-
District's covered-employee payroll	$ 3,520,741	$ 3,050,283	$ 3,049,620	$ 2,654,067	$ 2,391,423	$ 2,692,121	$ 2,870,179	$ 2,807,037
District's contributions as a percentage of its covered-employee payroll	0.00%	0.00%	3.39%	5.78%	4.76%	4.76%	5.26%	4.70%
KENTUCKY TEACHER'S RETIREMENT SYSTEM:								
Contractually required contribution	$ 333,772	$ 307,948	$ 319,343	$ 299,005	$ 322,316	$ 352,687	$ 325,098	$ 327,504
Contributions in relation to the contractually required contribution	333,772	307,948	319,343	299,005	322,316	352,687	325,098	327,504
Contribution deficiency (excess)	-	-	-	-	-	-	-	-
District's covered-employee payroll	$ 11,162,717	$ 10,352,190	$ 10,855,362	$ 9,954,803	$ 10,743,868	$ 11,756,248	$ 10,836,000	$ 10,916,800
District's contributions as a percentage of its covered-employee payroll	2.99%	2.97%	2.94%	3.00%	3.00%	3.00%	3.00%	3.00%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.
Note: These amounts are based on the prior year's measurement period, not the District's fiscal year.

DANVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – MEDICAL INSURANCE PLAN
FOR THE YEAR ENDED JUNE 30, 2025

COUNTY EMPLOYEES RETIREMENT SYSTEM:

Valuation Date: June 30, 2024

2023 Changes in Actuarial Assumptions: Investment return assumption was raised to 6.50% for the actuarial valuation and the municipal bond rate was raised 3.86%. The single discount rate for the 2023 measurement was increased to 5.93%. Contributions in the 2023 measurement period were based on the 2021 valuation that used an investment return of 6.25%, inflation of 2.3%, and salary increases of 3.3% to 10.30%, depending on service.

2022 Changes in Actuarial Assumptions: Initial rates for health cost trends for retirees under age 65 were lowered from 6.4% to 6.25% and rates for retirees ages 65 or older were increased from 2.9% to 5.5%. Municipal bond index rate was lowered from 2.45% to 1.92% (Fidelity 20-Year Municipal GO AA Index). And the single discount rate for the CERS non-hazardous insurance plan was lowered from 5.34% to 5.20%.

2017 Changes in Actuarial Assumptions: The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions which were changed from the 2016 actuarial valuation, applied to all periods included in the measurement:

Investment rate of Return	6.25%, net of OPEB plan investment expense, including inflation.
Projected salary increases	4% average
Inflation rate	3.25%
Healthcare cost trend rates	
Under 65	Initial trend starting at 7.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 5 years
Ages 65 and Older	Initial trend starting at 5.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 2 years
Municipal Bond Index Rate	3.56%
Discount Rate	5.84%

KENTUCKY TEACHER'S RETIREMENT SYSTEM:

Valuation Date: June 30, 2024

2023 Changes to Actuarial Assumptions:

- Health care trend rates, as well as the TRS 4 retirement decrements, were updated to reflect future anticipated experience.

2022 Changes to Actuarial Assumptions:

- 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, setbacks, 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 to 7.10% The price inflation assumption was lowered from 3.00% to 2.5%
- The rates of member participation and spousal participation were adjusted to reflect actual experience more closely.

2020 Changes to Actuarial Assumptions:

The actuary updated the health care trend rates based on current economic data.

2017 Changes to Benefit Terms:

With the passage of House Bill 471, the eligibility for non-single subsidies (NSS) for the KEHP-participating members who retire prior to July 1, 2010 is restored, but the State will only finance, via its KEHP "shared responsibility" contributions, the costs of the NSS related to those KEHP-participating members who retired on or after July 1, 2010.

DANVILLE INDEPENDENT SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET OPEB LIABILITY - LIFE INSURANCE PLAN
FOR THE YEAR ENDED JUNE 30, 2025

	Reporting Fiscal Year (Measurement Date) 2025 (2024)	Reporting Fiscal Year (Measurement Date) 2024 (2023)	Reporting Fiscal Year (Measurement Date) 2023 (2022)	Reporting Fiscal Year (Measurement Date) 2022 (2021)	Reporting Fiscal Year (Measurement Date) 2021 (2020)	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)
KENTUCKY TEACHER'S RETIREMENT SYSTEM:								
District's proportion of the net OPEB liability	0%	0%	0%	0%	0%	0%	0%	0%
District's proportionate share of the net OPEB liability	-	-	-	-	-	-	-	-
State's proportionate share of the net OPEB liability associated with the District	$ 67,000	$ 86,000	$ 91,000	$ 39,000	$ 116,000	$ 105,000	$ 92,000	$ 68,000
Total	$ 67,000	$ 86,000	$ 91,000	$ 39,000	$ 116,000	$ 105,000	$ 92,000	$ 68,000
District's covered-employee payroll	$ 11,162,717	$ 10,352,190	$ 10,855,362	$ 9,954,803	$ 10,743,868	$ 11,756,248	$ 10,916,800	$ 9,788,389
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	80.56%	76.91%	73.97%	89.15%	71.57%	73.40%	74.97%	79.99%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.
Note: These amounts are based on the prior year's measurement period, not the District's fiscal year.

DANVILLE INDEPENDENT SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS - LIFE INSURANCE PLAN
FOR THE YEAR ENDED JUNE 30, 2025

KENTUCKY TEACHER'S RETIREMENT SYSTEM:	2025	2024	2023	2022	2021	2020	2019	2018
Contractually required contribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	-	-	-	-	-	-	-	-
District's covered-employee payroll	$ 11,162,717	$ 10,352,190	$ 10,855,362	$ 9,954,803	$ 10,743,868	$ 11,756,248	$ 10,916,800	$ 9,788,389
District's contributions as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.
Note: These amounts are based on the prior year's measurement period, not the District's fiscal year.

DANVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – LIFE INSURANCE PLAN
FOR THE YEAR ENDED JUNE 30, 2025

KENTUCKY TEACHER'S RETIREMENT SYSTEM:

Valuation Date: June 30, 2024

2022 Changes to assumptions:

- 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, setbacks, 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% for the Life Trust to 7.10% The price inflation assumption was lowered from 3.00% to 2.5%
- The rates of member participation and spousal participation were adjusted to reflect actual experience more closely.

2021 Changes to benefits:

- Tier 4 was added for members joining the system on and after January 1, 2022. Changes to the Life insurance benefit include:
    - $5,000 for retired members if hired prior to January 1, 2022.
    - $10,000 for retired members if hired on or after January 1, 2022.
    - $2,000 for active contributing members if hired prior to January 1, 2022.
    - $5,000 for active contributing members if hired on or after January 1, 2022

DANVILLE INDEPENDENT SCHOOL DISTRICT

SUPPLEMENTAL SCHEDULES

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

	DISTRICT ACTIVITY FUND	STUDENT ACTIVITY FUND	SEEK CAPITAL OUTLAY FUND	DEBT SERVICE FUND	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
ASSETS:					
Cash and cash equivalents	$ 147,299	$ 147,661	$ 460,561	$ -	$ 755,521
TOTAL ASSETS	$ 147,299	$ 147,661	$ 460,561	$ -	$ 755,521
LIABILITIES:					
Accounts Payable	$ -	$ -	$ -	$ -	$ -
TOTAL LIABILITIES	-	-	-	-	-
FUND BALANCES:					
Restricted	147,299	147,661	460,561	-	755,521
TOTAL FUND BALANCES	147,299	147,661	460,561	-	755,521
TOTAL LIABILITIES AND FUND BALANCES	$ 147,299	$ 147,661	$ 460,561	$ -	$ 755,521

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

	DISTRICT ACTIVITY FUND	STUDENT ACTIVITY FUND	SEEK CAPITAL OUTLAY FUND	DEBT SERVICE FUND	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
REVENUES:					
From local sources:					
Taxes:					
Property	$ -	$ -	$ -	$ -	$ -
Earnings on investments	1,299	-	11,133	-	12,432
Other local revenues	54,256	322,238	-	-	376,494
Intergovernmental - State	-	-	156,707	561,944	718,651
TOTAL REVENUES	55,555	322,238	167,840	561,944	1,107,577
Expenditures:					
Instruction	52,433	322,961	-	-	375,394
Student Support	375	-	-	-	375
Instructional Support	7,879	-	-	-	7,879
Capital outlay	-	-	-	-	-
Debt Service	-	-	-	2,192,259	2,192,259
TOTAL EXPENDITURES	60,687	322,961	-	2,192,259	2,575,907
Excess (Deficit) of Revenues over Expenditures	(5,132)	(723)	167,840	(1,630,315)	(1,468,330)
OTHER FINANCING SOURCES (USES):					
Operating transfers in	75,759	-	-	1,630,315	1,706,074
Operating transfers out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	75,759	-	-	1,630,315	1,706,074
Net Change in Fund Balances	70,627	(723)	167,840	-	237,744
Fund balance - beginning of year	76,672	148,384	292,721	-	517,777
Fund balance - end of year	$ 147,299	$ 147,661	$ 460,561	$ -	$ 755,521

DANVILLE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
SCHOOL ACTIVITIES FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Deposits Held in Custody for Students June 30, 2024	Revenues	Expenses	Deposits Held in Custody for Students June 30, 2025
Danville High School	$ 95,058	$ 214,122	$ 219,580	$ 89,600
Bate Middle School	47,312	76,357	76,875	46,794
Toliver Intermediate	3,174	20,981	16,101	8,054
Hogsett Primary	2,841	10,777	10,405	3,213
	$ 148,385	$ 322,237	$ 322,961	$ 147,661

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

ACCOUNTS:	Deposits Held in Custody for Students 30-Jun-24	Revenues	Expenses	Deposits Held in Custody for Students 30-Jun-25
AP Exams	$ -	$ 3,320	$ 3,295	$ 25
Admiral Perk	-	791	791	-
Archery	-	964	964	-
Archery Fundraising	-	145	-	145
B-Basketball Fundraising	-	400	-	400
Baseball	-	1,616	1,616	-
Baseball Fundraising	-	415	-	415
Bass Fishing	2,374	-	2,374	-
Bowling	-	910	910	-
Bowling Fundraising	-	4,156	2,530	1,626
Boys Basketball	-	665	665	-
Boys Golf	125	1,053	1,178	-
Boys Golf Fundraising	-	3,445	3,390	55
Boys Soccer	1,715	-	1,715	-
Boys Tennis	2,576	-	2,576	-
Career Association	330	297	377	250
Cheerleaders Cheerleaders	303	1,147	1,450	-
Fundraising Choir/Vocal	-	5,640	4,689	951
Class of 2025 - Seniors	-	669	638	31
Class of 2026 - Juniors	285	3,189	3,474	-
Class of 2027 - Sophomore	135	170	-	305
Class of 2028 - Freshman	90	180	-	270
Cross Country	-	245	-	245
Cross Country Fundraising	1,748	1,302	3,050	-
DAF Sweep Acct	-	2,346	1,005	1,341
DECA Club	-	31,531	31,531	-
E-Sports	-	4,030	4,030	-
Faculty Fund	1,316	42	1,358	-
FCA	15	-	-	15
Fees (Student)	115	-	115	-
Football	-	11,840	11,840	-
Football Fundraising	8,249	1,320	9,569	-
Forensics	-	2,250	-	2,250
G-Basketball	4,618	2,265	4,193	2,690
General Fund	-	400	87	313
General Athletics	9,134	5,050	5,187	8,997
Girls Basketball	27,211	39,588	27,187	39,612
Girls Golf	1,283	647	1,930	-
Girls Golf Fundraising Girls	692	-	692	-
Soccer	-	1,500	1,500	-
Girls Softball	874	-	874	-
Girls Tennis	1,403	151	1,554	-
GSA Club	-	1,275	1,275	-
Guidance	772	-	-	772
HOSA	-	306	306	-
KUNA	-	605	174	431
Library	-	2,432	2,283	149
Literacy Club	-	838	838	-
	977	-	-	977

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

ACCOUNTS:	Deposits Held in Custody for Students 30-Jun-24	Revenues	Expenses	Deposits Held in Custody for Students 30-Jun-25
National Honor Society	$ 815	$ 9,751	$ 10,463	$ 103
Parking Tag Fees	-	440	440	-
PEP Club	656	363	360	659
Pigskin Classic Bowl	8,063	10,000	4,969	13,094
Play Production	-	7,958	7,958	-
Prom Account	4,038	4,445	3,602	4,881
Quiz Bowl	2,027	188	295	1,920
Recycling Club	619	172	-	791
Robotics	-	718	665	53
Scholarship	-	1,000	1,000	-
School Newspaper	-	2,075	1,694	381
Spanish Club	213	-	-	213
Start Up Money	-	500	500	-
Student Council	1,958	1,187	2,422	723
Swimming	1,318	97	1,415	-
Swimming Fundraising	-	15,769	12,243	3,526
Technology Damage Fees	-	1,470	1,470	-
Thespian Chapter Account	1,541	3,486	4,315	712
Track	4,855	-	4,855	-
TSA Club	3	984	938	49
Volleyball	1,473	-	1,473	-
Volleyball Fundraising	-	200	200	-
Volunteering Club	45	-	45	-
Wrestling	1,094	1,956	3,050	-
Wrestling Fundraising	-	12,228	11,998	230
TOTALS	$ 95,058	$ 214,122	$ 219,580	$ 89,600

DANVILLE INDEPENDENT SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards By Grant
For the Year Ended June 30, 2025

Federal Grantor/Program or Cluster Title	*Federal CFDA Number*	*Name of Grant - Grant ID No.*	*Federal Expenditures($)*
Passed Through Kentucky Department of Education			
United States Department of Agriculture			
Child Nutrition Cluster-Cluster			
United States Department of Agriculture			
National School Lunch Program (NSLP)			
National School Lunch Program (NSLP)	10.555	NSLP--FUND 51	
School Breakfast Program	10.553	7760005-24	79,139
School Breakfast Program	10.553	7760005-25	312,221
National School Lunch Program (NSLP)	10.555	7750002-25	1,163,199
National School Lunch Program (NSLP)	10.555	7750002-24	209,571
Summer School Feeding Program	10.559	7740023-25	64,738
Summer School Feeding Program	10.559	7740023-24	70,101
Summer School Feeding Program	10.559	7690024-24	7,168
National School Lunch Program (NSLP)	10.555	40015559 COMMODITIES	108,978
Total Child Nutrition Cluster-Cluster			2,015,115
State Administrative Expenses for Child Nutrition	10.560	7700001-24	4,150
Total United States Department of Agriculture			2,019,265
United States Department of Education			
Special Education Cluster (IDEA)-Cluster			
Department of Education			
Special Education - Grants to States (IDEA, Part B)			
Special Education - Grants to States (IDEA, Part B)	84.027	3810002-23	17,868
Special Education - Grants to States (IDEA, Part B)	84.027	3810002-24	438,861
Special Education - Grants to States (IDEA, Part B)	84.027	3810002-25	55,585
Total Special Education - Grants to States (IDEA, Part B)			512,314
Special Education - Preschool Grants (IDEA Preschool)			
Special Education - Preschool Grants (IDEA Preschool)	84.173	3800002-23	2,183
Special Education - Preschool Grants (IDEA Preschool)	84.173	3800002-24	17,848
Special Education - Preschool Grants (IDEA Preschool)	84.173	3800002-25	4,643
Total Special Education - Preschool Grants (IDEA Preschool)			24,674
Total Special Education Cluster (IDEA)-Cluster			536,988
Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA)			
Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA)	84.010	3100002-23	27,978
Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA)	84.010	3100002-24	188,478
Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA)	84.010	3100002-25	934,286
Total Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA)			1,150,742
Migrant Education State Grant Program			
Migrant Education State Grant Program	84.011	3110002-24	31,405
Migrant Education State Grant Program	84.011	3110002-25	88,513
Total Migrant Education State Grant Program			119,918
Career and Technical Education--Basic Grants to States (Perkins V)			
Career and Technical Education--Basic Grants to States (Perkins V)	84.048	3710002-24	2,219
Career and Technical Education--Basic Grants to States (Perkins V)	84.048	3710002-25	27,344
Total Career and Technical Education--Basic Grants to States (Perkins V)			29,563

DANVILLE INDEPENDENT SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards By Grant
For the Year Ended June 30, 2025

Innovative Approaches to Literacy; Promise Neighborhoods; Full-Service Community Schools; and Congressionally Directed Spending for Elementary and Secondary Education Community Projects			
Innovative Approaches to Literacy; Promise Neighborhoods; Full-Service Community Schools; and Congressionally Directed Spending for Elementary and Secondary Education Community Projects	84.215	COMMUNITY SCHOOLS GRANT YR 2--518LK	173,541
Total Innovative Approaches to Literacy; Promise Neighborhoods; Full-Service Community Schools; and Congressionally Directed Spending for Elementary and Secondary Education Community Projects			173,541
Rural Education			
Rural Education	84.358	3140002-24	10,902
Total Rural Education			10,902
English Language Acquisition State Grants			
English Language Acquisition State Grants	84.365	3300002-25	4,289
English Language Acquisition State Grants	84.365	3300002-24	-1
Total English Language Acquisition State Grants			4,288
Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)			
Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)	84.367	3230003-23	72
Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)	84.367	3230002-25	132,294
Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)	84.367	3230002-24	42,877
Total Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)			175,243
Student Support and Academic Enrichment Program			
Student Support and Academic Enrichment Program	84.424	3420002-23	16,428
Student Support and Academic Enrichment Program	84.424	3420002-24	23,702
Student Support and Academic Enrichment Program	84.424	3420002-25	5,727
Total Student Support and Academic Enrichment Program			45,857
Education Stabilization Fund (ESF)			
Education Stabilization Fund (ESF)	84.425U	#4300002-21 ESSER III--473G	743,646
Education Stabilization Fund (ESF)	84.425W	ARP ESSER HOMELESS--476IC	971
Education Stabilization Fund (ESF)	84.425D	#4200002-21ESSER II--554G	-145
Education Stabilization Fund (ESF)	84.425D	#4300005-21 ESSER II DIRECT SERVICE 85%--554GD	-267
Education Stabilization Fund (ESF)	84.425U	DEEPER LEARNING GRANT--563J	158
Total Education Stabilization Fund (ESF)			744,363
Total Department of Education			2,991,405
Total Expenditures of Federal Awards			$ 5,010,670

The accompanying notes are an integral part of this schedule

DANVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2025

NOTE 1- BASIS OF PRESENTATION

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

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1) Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
2) Danville Independent School District did not elect to use the 10% de minimus indirect cost rate.

NOTE 3 – FOOD DISTRIBUTION

Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. For the year ended June 30, 2025, the District received food commodities totaling $108,978.

NOTE 4 – SUBRECIPIENTS

The District did not pass through any federal awards to a subrecipient in the current fiscal year.

SUMMERS, MCCRARY & SPARKS, P.S.C.
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Kentucky State Committee for School District Audits
Members of the Board of Education
Danville Independent School District
Danville, KY 40422

We have audited, in accordance with the auditing standards generally accepted in the United 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Danville Independent School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Danville Independent School District's basic financial statements and have issued our report thereon dated December 5, 2025.

Report on Internal Control over Financial Reporting

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

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

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

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Danville Independent 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2025-001.

Danville Independent School District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Example School District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Danville Independent School District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Summers, McCrary & Sparks, PSC

Lexington, KY
December 5, 2025

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

To the Kentucky State Committee for School District Audits
Members for the Board of Education
Danville Independent School District
Danville, KY 40422

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Danville Independent 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 the Danville Independent School District's major federal programs for the year ended June 30, 2025. The Danville Independent 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, the Danville Independent School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the Danville Independent 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 the Danville Independent School District's compliance with the compliance requirements referred to above.

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Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Danville Independent 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*, the Uniform Guidance, and the audit requirements prescribed by Kentucky State Committee for School District Audits, in the *Auditor Responsibilities, Cost Principles, and Audit Requirements* sections contained in the Kentucky Public School District's Audit Contract and Requirements will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Danville Independent 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*, the Uniform Guidance, and the audit requirements prescribed by Kentucky State Committee for School District Audits, in the *Auditor Responsibilities, Cost Principles, and Audit Requirements* sections contained in the Kentucky Public School District's Audit Contract and Requirements, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Danville Independent School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Danville Independent 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 the Danville Independent School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Summers, McCrary & Sparks, PSC

Lexington, KY
December 5, 2025

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DANVILLE INDEPENDENT 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 auditor's report issued - unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____yes __X__no

Significant deficiencies identified

_____yes __X__none reported

Noncompliance material to financial statements noted? _____yes __X__no

Federal Awards

Internal control over majority programs:

Material weakness(es) identified? _____yes __X__no

Significant deficiencies identified

_____yes __X__none reported

Type of auditor's report issued on compliance for the major programs - unmodified

Any audit findings disclosed that are required to be report in accordance with 2 CFR section 200.516 (a)? _____yes __X__no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.027 & 84.173	Special Education Cluster
84.425	Education Stabilization Fund

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

Auditee qualified as low-risk auditee? __X__yes _____no

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

Section II – Financial Statement Findings

2025-001 Payroll

Condition: During testing of payroll it was noted that three employees were not paid in accordance to the salary schedule.

Criteria: Observance of approved single salary schedule – KRS 157.320(12), KRS 157.50(3), and 702 KAR 3:070

Cause: Management did not consistently perform a detailed review of each payroll run to verify the accuracy of employee compensation.

Effect: Noncompliance with Kentucky Revised Statutes and overpayment/underpayment of employees.

Recommendation: We recommend management review each payroll run before it is made final to ensure all employees are being paid in accordance with the approved single salary schedule.

Views of Responsible Officials and Planned Corrective Actions: As part of the payroll process we will initiate an additional check to the payroll proof and perform quarterly reviews of employees and how their payroll is set up to ensure compliance and accuracy with the salary schedule.

Section III – Federal Award Findings and Questioned Costs

No findings in the current year.

DANVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025

Financial Statement Findings

2024-001 Pledged Collateral
Condition: While performing procedures over cash it was noted that the District did not have adequate pledged collateral to cover the funds exceeding FDIC insurance.

Criteria: Per KRS 160.*570* A *Pledge of Collateral* must be arranged to cover those funds exceeding FDIC insurance. Bank account balances continuously fluctuate, and KRS 41.240 requires adequate coverage as of "*the last business day of each quarter in which funds are deposited*", however; KDE recommends districts continuously monitor their account balances to ensure all funds are covered.

Cause: When the District opened a CD account with Farmers National Bank they did not increase their pledged collateral to cover the CD.

Effect: Noncompliance with Kentucky Revised Statutes.

Recommendation: We recommend the District monitor their account balances to ensure all funds are covered.

Status: No similar finding in the current year.

2024-002 Payroll
Condition: During testing of payroll, it was noted that an employee was not paid in accordance to the salary schedule.

Criteria: Observance of approved single salary schedule – KRS 157.320(12), KRS 157.50(3), and 702 KAR 3:070

Cause: One employee was not paid in accordance to the approved salary schedule.

Effect: Noncompliance with Kentucky Revised Statutes and overpayment of employees.

Recommendation: We recommend management review payroll before it is finalized and confirm all employees are being paid in accordance to the salary schedule.

Status: Similar finding in the current year.

Federal Award Findings and Questioned Costs

No findings in the prior year.

SUMMERS, MCCRARY & SPARKS, P.S.C.
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS:

AMERICAN INSTITUTE
OF CERTIFIED PUBLIC ACCOUNTANTS

KENTUCKY SOCIETY
OF CERTIFIED PUBLIC ACCOUNTANTS

PRIVATE COMPANIES
PRACTICE SECTION OF THE AMERICAN INSTITUTE
OF CERTIFIED PUBLIC ACCOUNTANTS

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SUSAN A. LACY, CPA
JESSIE N. SANDEFUR, CPA

LAURENCE T. SUMMERS
1961-1992
STUART K. MCCRARY, JR. CPA
1982-2022

Members of the Board of Education
Danville Independent School District
Danville, KY 40422

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

However, during our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated December 5, 2025 on the financial statements of the Danville Independent School District

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various district personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Respectfully,

Summers, McCrary & Sparks, PSC

Summers, McCrary & Sparks, PSC
Lexington, Kentucky
December 5, 2025

110 EAST LOWRY LANE, LEXINGTON, KY 40503, (859) 264-8785 FAX (859) 264-1736
201 SOUTH MAIN STREET, WINCHESTER, KY 40391, (859) 745-1174 FAX (859) 745-2433

DANVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT LETTER COMMENTS
JUNE 30, 2025

BOARD

Cash

Comment: While performing procedures over cash, it was noted that the reconciled bank balance did not agree to the working trial balance. We recommend management implement a review process to ensure that all bank reconciliation adjustments are properly posted and any discrepancies are promptly investigated and resolved.

Response: As part of the monthly reconciliation process we will initiate a double check on the reconciliation before it is presented to the Board of Education.

Payroll

Comment: During the testing of payroll, it was noted that two employees contracts could not be located and one employees I9 was not properly completed. We recommend management review the current procedures and internal controls between the Human Resource department and the Payroll department to verify all required employee documentation is obtained before the first payroll is generated for the employee.

Response: As part of the hiring process, we will perform an additional check of proper documentation for all employees as well as perform a mid-year check to ensure all documentation is accurate and in hand.

SCHOOL ACTIVITY FUNDS

BATE MIDDLE SCHOOL

Comment: During our testing of the annual report, we identified one account's beginning balance that did not tie to the prior year ending balance. We recommend the School Treasurer review the "Reporting" section of the "Redbook, which states prior year balances shall be entered at the beginning of each fiscal year.

Response: As part of Danville Independent's ongoing continuous improvement efforts we will include annual report trainings as part of our quarterly meetings as finance employees. This will ensure everyone knows how to perform the necessary tasks for their respective roles.

DANVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT LETTER COMMENTS
JUNE 30, 2025

MARY G HOGSETT PRIMARY

Comment: During our testing of cash disbursements, we noted two invoices that did not contain a confirmation signature of the person receiving the goods or services. We recommend the School Treasurer and Principal review the "Expenditures" section of the "Redbook" which states the vendor invoice or standard invoice must have a confirmation signature of the person receiving the goods or services.

Response: As part of Danville Independent's ongoing continuous improvement efforts we will include Redbook procedures for proper signatures as part of our quarterly meetings as finance employees. This will ensure everyone knows how to perform the necessary tasks for their respective roles.

TOLIVER INTERMEDIATE

Comment: During our testing of cash disbursements, we noted a purchase order was completed after the purchase was made. We recommend the School Treasurer and Principal review the "Purchasing" section of the Redbook, which states the purchase order shall be prepared and approved by the sponsor and principal before the payment is obligated.

Response: As part of Danville Independent's ongoing continuous improvement efforts we will include Redbook procedures for purchasing as part of our quarterly meetings as finance employees. This will ensure everyone knows how to perform the necessary tasks for their respective roles.

Comment: During our testing of cash disbursements, we noted purchase where sales tax was charged and paid. We recommend the School Treasurer and Principal review the "Purchasing" section of the Redbook, which states schools are exempt from the payment of sales tax in Kentucky.

Response: As part of Danville Independent's ongoing continuous improvement efforts we will include the importance and Redbook procedures of not paying sales tax as part of our quarterly meetings as finance employees. This will ensure everyone knows how to perform the necessary tasks for their respective roles.

DANVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT LETTER COMMENTS
JUNE 30, 2025

STATUS OF PRIOR YEAR COMMENTS

BOARD

Payroll

Previously when performing our procedures over cash it was noted that there were several outstanding accounts payable & payroll checks over a year old. We recommended voiding all checks over a year old and reissuing the checks if considered necessary. There was no similar finding in the current year.

Previously during the testing of regular cash disbursements there were three instances where the PO was dated after the invoice, one of these were standard yearly contracts approved by the Board. We recommended the purchase order be properly completed prior to purchase. There was no similar finding in the current year.

Previously during the testing of cash disbursements there was one instance where the purchase order was not signed off correctly. We recommended the PO be properly completed prior to purchase. There was no similar finding in the current year.

SCHOOL ACTIVITY FUNDS

BATE MIDDLE SCHOOL

Previously during our testing of ticket sales, we noted multiple Requisition and Report of Ticket Sales (Form F-SA-1) forms that were missing required signatures. We recommended the School Treasurer, and all those involved with ticket sales, need to review Form F-SA-1 to ensure they are familiar with all the required signatures on the form. Each Form F-SA-1 must to be signed by three separate individuals (ticket seller, ticket taker and person in charge of sales), plus the bookkeeper. There was no similar finding in the current year.

Previously during our testing of fundraising, we noted multiple Fundraiser & Crowdfunding Approval (Form F-SA-2A) forms were not signed by the Sponsor. We recommended the School Treasurer and Principal review Form F-SA-2a to ensure they are familiar with all required signatures on the form. There was no similar finding in the current year.

Previously during our testing of accounts payable, we noted the Accounts Receivable and Accounts Payable (Form F-SA-15B) form was not completed at year end. We recommended the School Treasurer review the "Reporting" section of the "Redbook", which lists Form F-SA-15B as a part of the Annual Report that is to be submitted to the district finance officer. There was no similar finding in the current year.