HENDERSON COUNTY
SCHOOL DISTRICT

AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULES

For the year ended June 30, 2025

Prepared by:

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the Henderson County School District
Henderson, Kentucky

And the State Committee for School District Audits

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

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

Basis for Opinions

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

Emphasis of Matter — Change in Accounting Principle

As described in Note A to the financial statements, during the fiscal year ended June 30, 2025, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences. The adoption of this statement resulted in a significant change in the method of calculating and reporting the District's compensated absences liability and affected the comparability of the financial statements with those of prior periods. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation

and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Schedules of the District's Proportionate Share of the Net Pension and OPEB Liability and Schedule of Contributions for CERS and TRS and Medical and Life and Health Insurance Plans comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary

information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

White & Associates, PSC

Richmond, Kentucky
December 31, 2025

HENDERSON COUNTY SCHOOL DISTRICT-HENDERSON, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2025

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

FINANCIAL HIGHLIGHTS

- Finished the year with a General Fund balance of $44.91 million, an increase of $7.43 million from the prior year.
- The General Fund generated $78,829,702 in revenue, excluding other financing sources and uses, which primarily consisted of SEEK program funding, property, utility and motor vehicle taxes. There were $72,826,559 expenditures in General Fund excluding other financing sources and uses.
- Beginning net position was restated as of July 1, 2024 due to the implementation of GASB Statement No. 101, Compensated Absences, which resulted in a $1,664,371 decrease in beginning net position.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Henderson County School 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 assets. 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). 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 is also supported by taxes and intergovernmental revenues.

Refer to the table of contents to find the government-wide financial statements.

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 the funds of the District can be divided into three categories: governmental, proprietary funds and fiduciary funds. Fiduciary funds are trust funds established by benefactors to aid in student education, welfare and teacher support. The only proprietary funds are our vending and food service operations. All other activities of the district are included in the governmental funds.

Refer to the table of contents to find the basic governmental fund financial statements.

The implementation of GASB Statement No. 101 did not have a material impact on the District's governmental fund balances, as the standard primarily affects long-term liabilities reported in the government-wide financial statements.

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. To find the notes to the financial statements please refer to the table of contents.

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, the net position was $65.32 million as of June 30, 2025.

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

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

The District's government-wide financial information for fiscal year 2025 reflects the implementation of GASB Statement No. 101, Compensated Absences. This standard was applied retroactively and resulted in a restatement of beginning net position as of July 1, 2024. As a result, comparisons between fiscal years should be made with consideration of this accounting change.

The District's net position as of June 30, 2025 and the change in net position is illustrated below.

Net Position
$ (in Millions)

	Governmental Activities		Business-type Activities		Totals	
	2024	2025	2024	2025	2024	2025
Current assets	$ 53.57	$ 82.75	$ 8.70	$ 8.25	$ 62.27	$ 91.00
Non-current assets	78.78	83.80	1.60	1.85	80.38	85.65
Total assets	132.35	166.55	10.30	10.10	142.65	176.65
Deferred outflows	16.69	12.96	0.44	0.36	17.13	13.32
Current liabilities	7.63	8.45	0.16	0.01	7.79	8.46
Non-current liabilities	76.98	94.91	1.12	1.13	78.10	96.04
Total liabilities	84.61	103.36	1.28	1.14	85.89	104.50
Deferred inflows	24.46	19.52	0.76	0.62	25.22	20.15
Net position:						
Invested in capital assets, net of debt	33.51	17.49	1.60	1.81	35.11	19.30
Restricted	11.81	33.58	7.10	6.88	18.91	40.46
Unrestricted (deficit)	(5.35)	5.56	-	-	(5.35)	5.56
Total net position	$ 39.97	$ 56.63	$ 8.70	$ 8.69	$ 48.67	$ 65.32

The increase in noncurrent liabilities and the resulting decrease in unrestricted net position are primarily attributable to the recognition of additional compensated absences liabilities required under GASB Statement No. 101. This increase does not represent new debt or a deterioration in current-year operating performance.

GOVERNMENTAL ACTIVITIES

For fiscal year 2025, the district had an increase in net position of $18.32 million.

See chart on next page

Changes in Net Position
(in millions)

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2024	2025	2024	2025	2024	2025	2024-2025
Revenues:							
Charges for services	$ 2.40	$ 2.32	$ 1.00	$ 0.61	$ 3.40	$ 2.92	-14%
Operating grants and contributions	42.61	33.89	6.43	6.61	49.04	40.50	-17%
Capital grants and contributions	-	4.23	-	-	-	4.23	0%
General revenues and transfers	59.08	63.05	0.02	(0.11)	59.10	62.94	6%
Total revenue	104.09	103.49	7.45	7.10	111.54	110.59	-1%
Expenses:							
Instruction	$ 55.85	$ 49.92	$ -	$ -	$ 55.85	$ 49.92	-11%
Student	4.64	4.58	-	-	4.64	4.58	-1%
Instructional staff	3.32	3.47	-	-	3.32	3.47	5%
District administration	1.47	1.01	-	-	1.47	1.01	-31%
School administration	5.51	5.77	-	-	5.51	5.77	5%
Business	2.64	3.02	-	-	2.64	3.02	14%
Plant operation & maintenance	7.12	6.39	-	-	7.12	6.39	-10%
Student transportation	4.19	4.62	-	-	4.19	4.62	10%
Community services operations	1.41	1.21	-	-	1.41	1.21	-14%
Building Improvements	0.01	-	-	-	0.01	-	0%
Food Service Operations	-	-	6.12	6.55	6.12	6.55	7%
Day care operations	0.44	0.45	0.02	0.36	0.46	0.81	78%
Depreciation/Amortization	3.00	3.08	0.16	0.20	3.16	3.28	4%
Other non-instructional	0.05	0.04	-	-	0.05	0.04	-22%
Interest on long-term debt	1.01	1.60		-	1.01	1.60	58%
Total Expenses	$ 90.66	$ 85.16	$ 6.30	$ 7.11	$ 96.96	$ 92.27	-5%
Change in net position	$ 13.43	$ 18.33	$ 1.15	$ (0.01)	$ 14.58	$ 18.32	26%

Beginning net position was restated due to the implementation of GASB Statement No. 101, Compensated Absences, which requires governments to recognize compensated absences using a more consistent measurement approach and to record liabilities for leave that is attributable to services already rendered and is more likely than not to be used or paid.

GASB Statement No. 101 was implemented retroactively, resulting in an adjustment to beginning net position to reflect the updated recognition and measurement requirements. As a result of this implementation, beginning net position decreased by $1,664,371 resulting from the retroactive implementation of GASB Statement No. 101. Excluding the impact of this accounting change, the District's financial results remained relatively consistent with prior year operations.

This restatement did not impact current-year operating results but affects the comparability of financial information between periods. Additional information regarding this restatement can be found in Note D to the financial statements.

CAPITAL ASSETS

At the end of fiscal year 2025, the District had $85,027,3004 invested in capital assets (Net of Depreciation), including land, buildings, buses, computers and other equipment. This amount represents an increase (including additions and deductions) of $5,085,872 from the prior year.

Capital Assets at Year-End
$ (Net of Depreciation)

	Governmental Activities		Business-type Activities		Totals	
	2024	2025	2024	2025	2024	2025
Land	$ 989,487	$ 989,487	$ -	$ -	$ 989,487	$ 989,487
Land Improvements	206,459	149,146	-	-	206,459	149,146
Buildings	45,113,366	48,943,464	9,503	7,603	45,122,869	48,951,067
Food Service Equipment	-	-	1,575,555	1,799,273	1,575,555	1,799,273
Technology Equipment	1,166,367	1,170,740	10,904	6,950	1,177,271	1,177,690
Machinery & Equipment	2,287,280	2,758,870	-	-	2,287,280	2,758,870
General Equipment	618,292	569,138	-	-	618,292	569,138
Construction in Progress	27,964,218	28,632,634	-	-	27,964,218	28,632,634
Totals	$ 78,345,471	$ 83,213,479	$ 1,595,961	$ 1,813,825	$ 79,941,432	$ 85,027,304

DEBT

The following is an analysis of debt in comparison to the prior year:

Table 4
Outstanding Debt at Year-End

	Government Activities	
	2024	2025
General obligation bonds	44,629,504	65,587,529
Total Obligations	$ 44,629,504	$ 65,587,529

THE DISTRICT'S FUNDS

As the District completed the year, the General Fund reflected a fund balance of $44,907,546, a $7,434,612 increase from the prior year's fund balance of $37,472,934. The unassigned portion of the fund balance as of June 30, 2025 is $38,750,051.

The following table presents a summary of revenues and expenses for the District for the fiscal year ended June 30, 2025:

*Note This chart does not include beginning balances.

See chart on next page

REVENUES	Fund 1	Fund 2	Fund 310	Fund 320	Fund 360	Fund 400	Fund 51
Local Revenue Sources	$ 30,735,924	$ 106,921	$ 50,452	$ 4,131,704	$ -	$ -	$ 160,196
State Revenue Sources	47,476,312	3,757,446	585,240	3,101,590	-	542,480	496,348
Federal Revenue Sources	617,466	9,788,422	-	-	-	-	5,707,172
Other	79,096	-	-	-	24,096,373	-	251,120
Transfers	1,627,844	117,971	-	-	8,335,893	3,664,366	-
TOTALS	**$ 80,536,642**	**$ 13,770,760**	**$ 635,692**	**$ 7,233,294**	**$ 32,432,266**	**$ 4,206,846**	**$ 6,614,836**
EXPENDITURES	**Fund 1**	**Fund 2**	**Fund 310**	**Fund 320**	**Fund 360**	**Fund 400**	**Fund 51**
Instruction	$ 44,142,430	$ 9,665,278	$ -	$ -	$ -	$ -	$ -
Student Support Services	4,486,053	86,191	-	-	-	-	-
Instructional Staff Support Services	2,491,894	916,795	-	-	-	-	-
District Admin Support	1,007,402	-	-	-	-	-	-
School Admin Support	5,583,490	185,950	-	-	-	-	-
Business Support Services	3,017,894	-	-	-	-	-	-
Plant Operation & Management	7,411,376	-	-	-	-	-	-
Student Transportation	4,607,926	-	-	-	-	-	-
Food Service Operations	-	-	-	-	-	-	6,550,287
Day Care Operations	-	450,793	-	-	-	-	-
Community Services	-	1,209,239	-	-	-	-	-
Building Acquisition	-	-	-	-	6,595,083	-	-
Building Improvements	-	-	-	-	-	-	-
Debt Service	78,094	-	-	-	145,540	4,206,846	-
Depreciation	-	-	-	-	-	-	198,243
Other	-	-	-	-	-	-	-
Transfers	275,471	1,256,514	1,495,679	10,347,080	-	-	371,330
TOTALS	**$ 73,102,030**	**$ 13,770,760**	**$ 1,495,679**	**$ 10,347,080**	**$ 6,740,623**	**$ 4,206,846**	**$ 7,119,860**
Excess / (Deficit)	7,434,612	-	(859,987)	(3,113,786)	25,691,643	-	(505,024)

BUDGETARY IMPLICATIONS

In Kentucky, the public-school fiscal year is July 1-June 30; other programs, i.e. some federal operate on a different fiscal calendar, but are reflected in the district's overall budget. By law the budget must have a minimum 2.0% contingency in the Tentative Final Working budget. While it is not mandatory in the Final Working budget, the Kentucky Department of Education places district's with less than a 2% reserve on a financial watch list. The district maintained a budgeted general fund contingency of $16.9 Million. The beginning general fund balance for fiscal year 2025 was $37,472,934.

Henderson County School District's overall financial status remains in a safe financial position. The District is financially stable, but at risk due to continued, inadequate state funding. The district relies on federal and state funds for the operation of various programs. With careful planning, gains in efficiencies, and monitoring of the District finances, Henderson County Public School's goal is to continue to provide a quality education for our students and a secure financial future for the District.

Questions or comments regarding this report should be directed to the Superintendent of Schools, Dr. Bob Lawson, or the Chief Finance Officer/Board Treasurer, David Stokes, at (270) 831-5000 or by mail at 1805 Second Street Henderson, KY 42420.

Henderson County School District
Statement of Net Position
June 30, 2025

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 80,233,522	$ 8,176,499	$ 88,410,021
Receivables, net	2,514,203		2,514,203
Inventories		70,899	70,899
Funded OPEB asset	590,495	32,789	623,284
Capital assets:			
Land and construction in progress	29,622,121		29,622,121
Other capital assets, net of depreciation	53,591,358	1,813,825	55,405,183
Total capital assets	83,213,479	1,813,825	85,027,304
Total assets	166,551,699	10,094,012	176,645,711
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	4,660,360	258,776	4,919,136
Deferred outflows related to OPEB CERS	1,743,399	96,806	1,840,205
Deferred outflows related to OPEB TRS	6,555,790		6,555,790
Total deferred outflows of resources	12,959,549	355,582	13,315,131
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	179,511,248	10,449,594	189,960,842
LIABILITIES			
Accrued interest payable	498,176		498,176
Accounts payable	1,602,041	5,204	1,607,245
Payroll taxes payable	222,878		222,878
Unearned revenue	2,295,340		2,295,340
Long-term liabilities:			
Due within 1 year:			
Bond obligations	3,695,000		3,695,000
Compensated absences	136,060		136,060
Total due within 1 year	3,831,060	-	3,831,060
Due in more than 1 year:			
Bond obligations	61,892,529		61,892,529
Compensated absences	2,480,814		2,480,814
Net pension liability	20,395,186	1,132,486	21,527,672
Net OPEB liability TRS	10,137,000		10,137,000
Total due in more than 1 year	94,905,529	1,132,486	96,038,015
Total liabilities	103,355,024	1,137,690	104,492,714
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	4,519,114	250,933	4,770,047
Deferred inflows related to OPEB CERS	6,692,329	371,607	7,063,936
Deferred inflows related to OPEB TRS	8,287,000		8,287,000
Deferred gain on refunding of bonds	24,680		24,680
Total deferred inflows of resources	19,523,123	622,540	20,145,663
NET POSITION			
Net Investment in capital assets	17,489,890	1,813,825	19,303,715
Restricted for:			
Capital projects	32,350,523		32,350,523
Day care		2,765,647	2,765,647
District activity	11,329		11,329
School activity	1,222,008		1,222,008
Food services		4,109,892	4,109,892
Unrestricted	5,559,351		5,559,351
Total net position	56,633,101	8,689,364	65,322,465
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 179,511,248	$ 10,449,594	$ 189,960,842

See the accompanying notes to the financial statements.

Henderson County School District
Statement of Activities
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	Primary Government: Business-type Activities	Primary Government: Total
PRIMARY GOVERNMENT:							
Governmental activities:							
Instruction	$ 49,920,014	$ 77,321	$ 21,729,506	$ -	$ (28,113,187)	$ -	$ (28,113,187)
Support services							
Student	4,580,676	2,102,473	1,823,095		(655,108)		(655,108)
Instructional staff	3,467,492		1,380,051		(2,087,441)		(2,087,441)
District administration	1,007,402		400,943		(606,459)		(606,459)
School administration	5,769,440		2,296,219		(3,473,221)		(3,473,221)
Business	3,017,894		1,201,112		(1,816,782)		(1,816,782)
Other non-instructional	39,885		15,874		(24,011)		(24,011)
Plant operation & maintenance	6,394,171	79,096	2,544,860	3,686,830	(83,385)		(83,385)
Student transportation	4,624,675	57,613	1,840,606		(2,726,456)		(2,726,456)
Day care operations	450,793		179,414		(271,379)		(271,379)
Community services operations	1,209,239		481,273		(727,966)		(727,966)
Interest on long-term debt	1,602,067			542,480	(1,059,587)		(1,059,587)
Depreciation*	3,075,103				(3,075,103)		(3,075,103)
Total governmental activities	85,158,851	2,316,503	33,892,953	4,229,310	(44,720,085)		(44,720,085)
Business-type activities:							
Food service operations	6,550,287	151,195	6,606,510			207,418	207,418
Day care	362,088	456,149				94,061	94,061
Depreciation*	200,143					(200,143)	(200,143)
Total business-type activities	7,112,518	607,344	6,606,510	-	-	101,336	101,336
Total primary government	$ 92,271,369	$ 2,923,847	$ 40,499,463	$ 4,229,310	(44,720,085)	101,336	(44,618,749)
General revenues:							
Taxes:							
Property taxes					21,014,788		21,014,788
Motor vehicle taxes					3,277,412		3,277,412
Unmined mineral					223,532		223,532
Franchise					956,551		956,551
Utility taxes					5,637,045		5,637,045
In lieu					190,041		190,041
State and formula grants					27,746,693		27,746,693
Unrestricted investment earnings					3,174,240	251,120	3,425,360
Other local revenue					459,340	9,001	468,341
Transfers in/ (out)					371,330	(371,330)	-
Total general revenues and transfers					63,050,972	(111,209)	62,939,763
Change in net position					18,330,887	(9,873)	18,321,014
Net position - beginning					39,966,585	8,699,237	48,665,822
Prior period adjustment					(1,664,371)		(1,664,371)
Restated net position - beginning					38,302,214	8,699,237	47,001,451
Net position - ending					$ 56,633,101	$ 8,689,364	$ 65,322,465

*Unallocated depreciation that excludes depreciation which is included in the direct expenses of various programs, if any.

See the accompanying notes to the financial statements.

Henderson County School District
Balance Sheet
Governmental Funds
June 30, 2025

	Governmental Funds					
	General	**Special Revenue**	**Construction**	**Debt Service**	**Other Governmental Funds**	**Total**
ASSETS						
Cash and cash equivalents	$ 44,417,685	$ 1,097,583	$ 33,368,054	$ -	$ 1,350,200	$ 80,233,522
Receivables						
Taxes	1,239,019					1,239,019
Accounts	3,722	694			530	4,946
Intergovernmental-state		23,697				23,697
Intergovernmental-federal		1,246,541				1,246,541
Total assets	45,660,426	2,368,515	33,368,054	-	1,350,730	82,747,725
LIABILITIES						
Accounts payable	393,942	73,175	1,120,307		14,617	1,602,041
Sick leave	136,060					136,060
Accrued salaries & benefits payable	222,878					222,878
Unearned revenue		2,295,340				2,295,340
Total liabilities	752,880	2,368,515	1,120,307	-	14,617	4,256,319
FUND BALANCE						
Restricted			32,247,747		1,336,113	33,583,860
Committed	676,606					676,606
Assigned	5,480,889					5,480,889
Unassigned	38,750,051					38,750,051
Total fund balance	44,907,546	-	32,247,747	-	1,336,113	78,491,406
TOTAL LIABILITIES AND FUND BALANCE	$ 45,660,426	$ 2,368,515	$ 33,368,054	$ -	$ 1,350,730	$ 82,747,725

See the accompanying notes to the financial statements.

Henderson County School District

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position

June 30, 2025

Fund balance-total governmental funds	$	78,491,406
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net position.		83,213,479
Certain assets (OPEB asset) are not receivable in the current period and, therefore, are not reported in the fund financial statements.		590,495
Certain liabilities (such as bonds payable, the long-term portion of accrued sick leave, accrued interest payable, other accounts payable, and net pension obligations) are not due and payble in the current period and, therefore, are not reported in the funds		
Accrued interest payable		(498,176)
Bond obligations		(65,587,529)
Compensated absences		(2,480,814)
Net pension liability		(20,395,186)
Net OPEB liability		(10,137,000)
Deferred outflows and inflows or resources related to pensions are applicable to future periods and, therefore, are not reported in the funds		
Deferred revenue on refunding bonds		(24,680)
Deferred outflows related to pensions		4,660,360
Deferred outflows related to OPEB		8,299,189
Deferred inflows related to pensions		(4,519,114)
Deferred inflows related to OPEB		(14,979,329)
Net position of governmental activities	$	56,633,101

See the accompanying notes to the financial statements.

Henderson County School District
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
Year ended June 30, 2025

	General	Special Revenue	Construction	Debt Service	Other Governmental Funds	Total Governmental Funds
REVENUES						
From local sources						
Taxes						
Property	$ 17,029,120	$ -	$ -	$ -	$ 3,985,668	$ 21,014,788
Motor vehicle	3,277,412					3,277,412
Unmined minerals	223,532					223,532
Franchise	956,551					956,551
Utilities	5,637,045					5,637,045
In lieu	190,041					190,041
Tuition	77,321					77,321
Transportation	57,613					57,613
Earnings on investments	2,918,381				255,859	3,174,240
Student activities	90,671				2,011,802	2,102,473
Other local revenue	278,237	106,921			74,182	459,340
Intergovernmental - state	47,476,312	3,757,446		542,480	3,686,830	55,463,068
Intergovernmental - federal	617,466	9,788,422				10,405,888
Total revenues	78,829,702	13,652,789	-	542,480	10,014,341	103,039,312
EXPENDITURES						
Instruction	44,142,430	9,665,278			1,979,178	55,786,886
Support services						
Student	4,486,053	86,191			8,432	4,580,676
Instructional staff	2,491,894	916,795			58,803	3,467,492
District administration	1,007,402					1,007,402
School administration	5,583,490	185,950				5,769,440
Business	3,017,894					3,017,894
Plant operation & maintenance	7,411,376				1,400	7,412,776
Student transportation	4,607,926				16,749	4,624,675
Day care		450,793				450,793
Community services		1,209,239				1,209,239
Building acquisition & construction			6,595,083			6,595,083
Other non-instruction					39,885	39,885
Debt service	78,094		145,540	4,206,846		4,430,480
Total expenditures	72,826,559	12,514,246	6,740,623	4,206,846	2,104,447	98,392,721
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	6,003,143	1,138,543	(6,740,623)	(3,664,366)	7,909,894	4,646,591
OTHER FINANCING SOURCES (USES)						
Sale of assets	79,096					79,096
Bond proceeds			24,010,000			24,010,000
Bond premium			86,373			86,373
Operating transfers in	1,627,844	117,971	8,335,893	3,664,366	13,257	13,759,331
Operating transfers (out)	(275,471)	(1,256,514)			(11,856,016)	(13,388,001)
Total other financing sources and (uses)	1,431,469	(1,138,543)	32,432,266	3,664,366	(11,842,759)	24,546,799
NET CHANGE IN FUND BALANCE	7,434,612	-	25,691,643	-	(3,932,865)	29,193,390
Fund Balance-Beginning	37,472,934	-	6,556,104	-	5,254,294	49,283,332
Prior Period Adjustment					14,684	14,684
Restated Fund Balance-Beginning	37,472,934	-	6,556,104	-	5,268,978	49,298,016
FUND BALANCE, ENDING	$ 44,907,546	$ -	$ 32,247,747	$ -	$ 1,336,113	$ 78,491,406

See the accompanying notes to the financial statements.

Henderson County School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities

Year ended June 30, 2025

Net change in fund balance-total governmental funds	$	29,193,390
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report district OPEB and pension contributions as expenditures. However in the Statement of Activities, the cost of the benefits earned net of employee contributions is reported as pension expense or revenue. District OPEB contributions less costs of benefits earned net employee contributions		5,573,862
Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which capital outlays exceeds depreciation expense for the year.		4,924,321
The difference in the issue amount of the refunding of bond proceeds and the amount for payment to the escrow account to pay the refunded bonds is amortized over the life of the refunding issue.		4,937
Bond and capital 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.		(20,850,000)
Bond discount/premium are other financing use/revenue when District bonds are sold in the fund financial statements. In the government wide financial statements the discount/premium are netted in the debt and amortized over the life of the bond.		(108,025)
Generally, expenditures recognized in this fund financial statement are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred.		
Accrued interest payable		(314,872)
Noncurrent compensated absences		(92,726)
Change in net position of governmental activities	$	18,330,887

See the accompanying notes to the financial statements.

Henderson County School District

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

General Fund

Year ended June 30, 2025

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	**Final**	**Actual**	
REVENUES				
Local Sources				
Property taxes	$ 16,001,152	$ 16,001,152	$ 17,029,120.00	$ 1,027,968
Motor vehicle	2,500,000	2,500,000	3,277,412.00	777,412
Unmined minerals	-	-	223,532.00	223,532
Franchise	950,000	950,000	956,551.00	6,551
Utilities	3,950,000	3,950,000	5,637,045.00	1,687,045
In lieu	108,000	108,000	190,041.00	82,041
Tuition	40,000	40,000	77,321.00	37,321
Transportation	-	-	57,613.00	57,613
Earnings on investments	500,000	500,000	2,918,381.00	2,418,381
Student activities	50,000	50,000	90,671.00	40,671
Other local revenue	125,000	125,000	278,237.00	153,237
Intergovernmental - state	50,358,027	50,358,027	47,476,312.00	(2,881,715)
Intergovernmental - federal	300,000	300,000	617,466.00	317,466
Total revenues	74,882,179	74,882,179	78,829,702	3,947,523
EXPENDITURES				
Instruction	54,385,905	54,384,560	44,142,430	10,242,130
Support services				
Student	5,494,300	5,494,300	4,486,053	1,008,247
Instructional staff	2,963,019	2,964,364	2,491,894	472,470
District administration	1,867,582	1,867,582	1,007,402	860,180
School administration	6,071,965	6,071,965	5,583,490	488,475
Business	3,681,969	3,681,969	3,017,894	664,075
Plant operation & maintenance	9,734,732	9,734,732	7,411,376	2,323,356
Student transportation	5,629,565	5,629,565	4,607,926	1,021,639
Debt service	70,044	70,044	78,094	(8,050)
Total expenditures	89,899,081	89,899,081	72,826,559	17,072,522
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(15,016,902)	(15,016,902)	6,003,143	21,020,045
OTHER FINANCING SOURCES (USES)				
Sale of capital assets		-	79,096	79,096
Operating transfers in	356,000	356,000	1,627,844	1,271,844
Operating transfers (out)	(160,000)	(160,000)	(275,471)	(115,471)
Total other financing sources and (uses)	196,000	196,000	1,431,469	1,235,469
NET CHANGE IN FUND BALANCE	(14,820,902)	(14,820,902)	7,434,612	22,255,514
FUND BALANCE, BEGINNING	31,763,902	31,763,902	37,472,934	5,709,032
FUND BALANCE, ENDING	$ 16,943,000	$ 16,943,000	$ 44,907,546	$ 27,964,546

See the accompanying notes to the financial statements.

Henderson County School District
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Special Revenue Fund
Year ended June 30, 2025

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Other local revenue	$ -	$ 67,920	$ 106,921	$ 39,001
Intergovernmental - state	3,705,004	4,017,037	3,757,446	(259,591)
Intergovernmental - federal	4,933,734	7,702,452	9,788,422	2,085,970
Total revenues	8,638,738	11,787,409	13,652,789	1,865,380
EXPENDITURES				
Instruction	7,569,941	8,550,378	9,665,278	(1,114,900)
Support services				
Student	21,857	52,514	86,191	(33,677)
Instructional staff	333,554	1,038,661	916,795	121,866
School administration		108,002	185,950	(77,948)
Day care operations		662,100	450,793	211,307
Student transportation			-	-
Community services operations	873,386	1,528,791	1,209,239	319,552
Total expenditures	8,798,738	11,940,446	12,514,246	(573,800)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(160,000)	(153,037)	1,138,543	1,291,580
OTHER FINANCING SOURCES (USES)				
Operating transfers in	160,000	117,971	117,971	-
Operating transfers (out)			(1,256,514)	(1,256,514)
Total other financing sources and (uses)	160,000	117,971	(1,138,543)	(1,256,514)
NET CHANGE IN FUND BALANCE	-	(35,066)	-	35,066
FUND BALANCE, BEGINNING	-	-	-	-
FUND BALANCE, ENDING	$ -	$ (35,066)	$ -	$ 35,066

See the accompanying notes to the financial statements.

Henderson County School District
Statement of Net Position Proprietary Funds
June 30, 2025

	Enterprise Funds		
	School Food Services	Child Care Fund	Total
ASSETS			
Cash and cash equivalents	$ 5,285,726	$ 2,890,773	$ 8,176,499
Inventories	70,899		70,899
Funded OPEB asset	29,821	2,968	32,789
Capital assets:			
Other capital assets, net of depreciation	1,806,222	7,603	1,813,825
Total assets	7,192,668	2,901,344	10,094,012
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	235,354	23,422	258,776
Deferred outflows related to OPEB CERS	88,044	8,762	96,806
Total deferred outflows of resources	323,398	32,184	355,582
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	7,516,066	2,933,528	10,449,594
LIABILITIES			
Accounts payable	3,776	1,428	5,204
Net pension liability	1,029,983	102,503	1,132,486
Total liabilities	1,033,759	103,931	1,137,690
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	228,221	22,712	250,933
Deferred inflows related to OPEB CERS	337,972	33,635	371,607
Total deferred inflows of resources	566,193	56,347	622,540
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	1,599,952	160,278	1,760,230
NET POSITION			
Net investment in capital assets	1,806,222	7,603	1,813,825
Restricted	4,109,892	2,765,647	6,875,539
Total net position	5,916,114	2,773,250	8,689,364
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 7,516,066	$ 2,933,528	$ 10,449,594

See the accompanying notes to the financial statements.

Henderson County School District
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the year ended June 30, 2025

	Enterprise Funds		
	School Food Services	**Child Care Fund**	**Total**
OPERATING REVENUES			
Lunchroom sales	$ 151,195	$ -	$ 151,195
Other local revenue	9,001		9,001
Child care revenue		456,149	456,149
Total operating revenues	160,196	456,149	616,345
OPERATING EXPENSES			
Food service operations			
Salaries and benefits	3,066,381		3,066,381
Operational	3,483,906		3,483,906
Day care operations			
Salaries and benefits		327,858	327,858
Operational		34,230	34,230
Depreciation	198,243	1,900	200,143
Total operating expenses	6,748,530	363,988	7,112,518
Operating income (loss)	(6,588,334)	92,161	(6,496,173)
NONOPERATING REVENUES (EXPENSES)			
Federal grants	5,707,172	8,614	5,715,786
State grants	496,348	394,376	890,724
Transfers in (out)	(371,330)		(371,330)
Earnings from investments	251,120		251,120
Total nonoperating revenues (expenses)	6,083,310	402,990	6,486,300
CHANGE IN NET POSITION	(505,024)	495,151	(9,873)
NET POSITION-BEGINNING	6,421,138	2,278,099	8,699,237
NET POSITION-ENDING	$ 5,916,114	$ 2,773,250	$ 8,689,364

See the accompanying notes to the financial statements.

Henderson County School District
Statement of Cash Flows Proprietary Funds
For the year ended June 30, 2025

	Enterprise Funds		
	School Food Services	**Child Care Fund**	**Total**
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	$ 160,196	$ 456,149	$ 616,345
Payments to suppliers	(3,675,322)	(312,791)	(3,988,113)
Payments to employees	(3,066,381)	(34,230)	(3,100,611)
Net cash provided (used) by operating activities	(6,581,507)	109,128	(6,472,379)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating grants and contributions	6,203,520	402,990	6,606,510
Net cash provided (used) by noncapital financing activities	6,203,520	402,990	6,606,510
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Transfers in (out)	(371,330)	-	(371,330)
Purchase of capital assets	(418,007)		(418,007)
Net cash provided (used) by capital and related financing activities	(789,337)	-	(789,337)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest	251,120	-	251,120
Net cash provided (used) by investing activities	251,120	-	251,120
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(916,204)	512,118	(404,086)
CASH AND CASH EQUIVALENTS-BEGINNING	6,201,930	2,378,655	8,580,585
CASH AND CASH EQUIVALENTS-ENDING	$ 5,285,726	$ 2,890,773	$ 8,176,499
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	$ (6,588,334)	$ 92,161	$ (6,496,173)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	198,243	1,900	200,143
Changes in assets and liabilities:			
Receivables			-
Inventories	24,243		24,243
Funded OPEB asset	(7,590)	(1,121)	(8,711)
Outflow Deferrals	78,591	1,206	79,797
Inflow Deferrals	(131,415)	(1,599)	(133,014)
Net pension liability	(3,213)	16,682	13,469
Net OPEB liability			-
Accrued liabilities	(152,032)	(101)	(152,133)
Net cash provided provided (used) by operating activities	$ (6,581,507)	$ 109,128	$ (6,472,379)

NONCASH NONCAPITAL FINANCING ACTIVITIES

During the year, the district received $527,713 of food commodities from the U.S. Department of Agriculture.

During the year, the district recognized revenues and expenses for on-behalf payments relating to fringe benefits in the amount of $457,564 for food services, and $46,730 for day care, provided by state government.

See the accompanying notes to the financial statements.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

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

The Board authorized establishment of the Henderson County Board of Education Finance Corporation a non-stock, non-profit corporation pursuant to Section 162.385 of the School Bond Act and Chapter 273 and Section 58.180 of the Kentucky Revised Statutes (the "Corporation") to act as an agency of the District for financing the costs of school building facilities. The Board of Directors of the Corporation shall be the same persons who are at any time the members of the Board of Education of the Henderson County Board of Education.

Basis of Presentation

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

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

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

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

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

The District has the following funds:

I. Governmental Fund Types

(A) General Fund

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

(B) Special Revenue (Grant) Fund

The Special Revenue (Grant) Fund accounts for proceeds of specific revenue sources (other than expendable trust funds or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of 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. KDE requires this fund to be a major fund.

(C) Special Revenue (District Activity) Fund

The Special Revenue (District Activity) Fund accounts for funds collected at individual schools for operation costs of the schools or school district that allows for more flexibility in the expenditures of those funds.

(D) Special Revenue (Student Activity) Fund

Special Revenue (Student Activity) Fund accounts for activities of student groups and other types of activities requiring clearing accounts.

(E) Capital Project Funds

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

SEEK Capital Outlay Fund

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

Building (FSPK) Fund

The Facility Support Program of Kentucky (FSPK) accounts for funds generated by the building tax levy that is 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.

Construction Fund

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

(F) Debt Service Fund

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

II. Proprietary Funds (Enterprise Funds)

(A) Food Service Fund

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

(B) Day Care Fund

The Day Care Fund is used to account for child care activities.

The District applies all GASB pronouncements to proprietary funds.

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, in which each party receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of the fiscal year-end. 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 resource are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis, On a modified accrual basis, revenues from nonexchange transactions must also be available before it can be recognized.

Unearned revenue – Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Grants and entitlements received before the eligibility requirements are met are recorded as 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 the revenues, expenses, and changes in net position as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as unearned 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.

Cash and Cash Equivalents

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

Inventories

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.

Prepaid Assets

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

Capital Assets

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

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

Land and construction in progress are not depreciated. The other property, plant and equipment of the district are depreciated using the straight-line method over the following estimated useful lives:

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

Right-of-Use Assets, Finance Purchases, Subscription-Based Information Technology Arrangements

The District records right-of-use and finance purchase assets in accordance with GASB 87 and subscription based information technology arrangement assets in accordance with GASB 96. These assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the asset into service. The assets are amortized on a straight-line basis over the life of the related lease.

Accrued Liabilities and Long-Term Obligations

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

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgment, the noncurrent portion of capital leases, compensated absences, contractually required pension and OPEB 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.

Compensated Absences

Employees of the District earn sick leave and other compensated absences in accordance with Board policy. Under GASB Statement No. 101, *Compensated Absences*, implemented in fiscal year 2025, a liability is recognized for leave attributable to services already rendered that accumulates or vests and is probable to be used or paid.

Fund Balances

Fund balance is divided into five categories as defined by GASB 54 as follows:

Non-spendable	Permanently non-spendable by decree of the donor, such as an endowment, or funds that are not in a spendable form, such as prepaid expenses or inventory on hand.
Restricted	Legally restricted under legislation, bond authority, or grantor contract.
Committed	Commitments of future funds for specific purposes passed by the Board.
Assigned	Funds that are intended by management to be used for a specific purpose, including encumbrances.
Unassigned	Funds available for any purpose; unassigned amounts are reported only in the General Fund unless a fund has a deficit.

The Board has adopted a GASB 54 spending policy which states that the spending order of funds is to first use restricted, committed, assigned resources first, then unassigned resources as they are needed.

Net Position

The Statement of Net Position presents the reporting entity's non-fiduciary assets and liabilities, the difference between the two being reported as Net Position. Net Position are reported in three categories: 1) net investment in capital assets – consisting of capital assets, net of accumulated depreciation and reduced by outstanding balances for debt related to the acquisition, construction, or improvement of the assets; 2) restricted net position – resulting from constraints placed on net position by creditors, grantors, contributors, and other external parties, including those constraints imposed by law through constitutional provisions or enabling legislation adopted by the School District; 3) unrestricted net position – those assets that do not meet the definition of restricted net position or net investment in capital assets. It is the District's policy to first apply restricted net position and then unrestricted net position when an expense is incurred for which both restricted and unrestricted net position are available.

Property Taxes

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

The property tax rates assessed for the year ended June 30, 2025, to finance the General Fund operations were $.673 per $100 valuation of real property, $.673 per $100 valuation for tangible personal property and $.548 per $100 valuation for motor vehicles.

Operating and Non-Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, those revenues are primarily charges for meals provided by the various schools.

Non-operating revenues are not generated directly from the primary activity of the proprietary funds. For the School District those revenues come in the form of grants (federal and state), donated commodities, and earnings from investments.

In-Kind

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

Contributions of Capital

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

Interfund Receivables/Payables

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

Interfund Transfers

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

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's pension and OPEB plans after the measurement period and the unrecognized portion of a deferred loss on the refinancing of long-term debt.

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 the appropriate period. The District reports two types of deferred inflows related to the net difference projected and actual earnings on pension and OPEB plan investments.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County Employees Retirement System Non-Hazardous ("CERS") and Teachers Retirement System of the State of Kentucky ("TRS") and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the pensions. 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.

Other Postemployment Benefits (OPEB)

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

Bond and Related Premiums, Discounts, and Issuance Costs

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

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Estimates

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

Budgetary Process

The District prepares its budgets on the modified accrual basis of accounting, which is the same basis as used to prepare the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.

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

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

The Kentucky Department of Education does not require the Capital Project Funds and Debt Service Funds to prepare budgets.

Special Revenue Fund Expenditures exceeded budgeted appropriations by $573,800.

New Accounting Pronouncements

Implemented in Current Year:

GASB Statement No. 101 – Compensated Absences is effective for reporting periods beginning after December 15, 2023. GASB Statement No. 101 establishes recognition and measurement criteria for compensated absences when the leave is attributable to services already rendered, accumulates or vests, and it is probable the leave will be used or paid. The District implemented this Statement in the fiscal year ended June 30, 2025. Implementation resulted in an increase in the beginning net position of governmental activities of $1,664,371. See Note D for additional information regarding compensated absences.

GASB Statement No. 102- Issued in December 2023, this Statement improves financial reporting by requiring disclosure of certain concentrations and constraints that could expose a government to severe financial risk. The District implemented this Statement for the fiscal year ended June 30, 2025. Implementation did not have a material impact on the financial statements, and management determined that no reportable concentrations or constraints exist as defined by the Statement.

Effective in Future Years:

The District is currently evaluating the potential impact of the following issued, but not yet effective, accounting standards:

GASB Statement No. 103- Issued in April 2024, GASB Statement No. 103, *Financial Reporting Model Improvements*, enhances key components of the governmental financial reporting model to improve the usefulness and comparability of financial statements. The objective of this Statement is to provide more relevant and consistent information for decision-making and accountability purposes. This Statement is effective for fiscal years beginning after June 15, 2025, and reporting periods thereafter. The District is currently evaluating the impact of this Statement on its financial reporting.

NOTE B – CASH AND CASH EQUIVALENTS

The Kentucky Revised Statutes authorize the District to invest money subject to its control, in accordance with KRS 66.480, including obligations of the United States; bonds or certificates of indebtedness of the Commonwealth of Kentucky and its agencies and instrumentalities; and deposits with financial institutions insured by an agency of the United States. Deposits in excess of federal depository insurance coverage are required to be secured by pledged obligations, as permitted by KRS 41.240, 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 $88,410,021. The bank balance for the same time was $93,151,387.

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

NOTE C – CAPITAL ASSETS

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

SEE SCHEDULE ON NEXT PAGE

Governmental Activities	July 1, 2024	Additions	Deductions	June 30, 2025
Land-nondepreciable	$ 989,487	$ -	$ -	$ 989,487
Construction in progress-nondepreciable	27,907,905	6,595,083	5,870,354	28,632,634
Land improvements	3,630,310	-	-	3,630,310
Buildings	106,546,111	5,870,354	-	112,416,465
Technology equipment	6,854,022	385,736	-	7,239,757
Machinery & equipment	9,069,779	958,363	38,779	9,989,363
General equipment	2,840,168	60,244	-	2,900,412
Total at historical cost	$ 157,837,782	$ 13,869,779	$ 5,909,133	$ 165,798,428
Less: Accumulated depreciation				
Land improvements	$ 3,423,851	$ 57,313	$ -	$ 3,481,164
Buildings	61,432,745	2,040,256	-	63,473,001
Technology equipment	5,687,654	381,363	-	6,069,017
Machinery & equipment	6,782,499	486,773	38,779	7,230,493
General equipment	2,221,876	109,398	-	2,331,274
Total accumulated depreciation	$ 79,548,625	$ 3,075,103	$ 38,779	$ 82,584,948
Governmental Activities Capital Assets-net	$ 78,289,157	$ 10,794,676	$ 5,870,354	$ 83,213,479
Business-Type Activities	**July 1, 2024**	**Additions**	**Deductions**	**June 30, 2025**
Buildings	$ 47,516	$ -	$ -	$ 47,516
Food service equipment	3,258,004	418,008	-	3,676,012
Technology equipment	134,850	-	-	134,850
Total at historical cost	$ 3,440,370	$ 418,008	$ -	$ 3,858,378
Less: Accumulated depreciation				
Buildings	$ 38,013	$ 1,901	$ -	$ 39,914
Food service equipment	1,682,450	194,290	-	1,876,739
Technology equipment	123,946	3,954	-	127,900
Total accumulated depreciation	$ 1,844,409	$ 200,144	$ -	$ 2,044,553
Business-Type Activities Capital Assets-net	$ 1,595,961	$ 217,864	$ -	$ 1,813,825

Depreciation expense was not allocated to governmental functions. It appears on the statement of activities as "unallocated".

NOTE D – LONG TERM DEBT OBLIGATIONS

Bonds

The amount shown in the accompanying financial statements as bonded debt and lease obligations represent the District's future obligations to make payments relating to the bonds issued by the Henderson County School District Finance Corporation.

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

The bonds payable are collateralized by education facilities constructed by the District with bond proceeds. Bondholders are protected against default by a mechanism whereby the Commonwealth of Kentucky would withhold state SEEK payments and remit required debt service payments directly to the debt service paying agent. All bonds are subject to federal arbitrage regulations.

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

Bond Issues	Original Amount	Maturity Date	Interest Rates	2024 Outstanding	Additions	Retirements	2025 Outstanding
2014	$ 7,865,000.00	1/12/2030	.90-3%	$ 4,345,000.00	$ -	$ 580,000.00	$ 3,765,000.00
2015	3,790,000	1/6/2035	3-3.5%	3,075,000	-	170,000	2,905,000
2016	17,845,000	1/10/2036	2-3.125%	13,390,000	-	855,000	12,535,000
2018	1,275,000	1/4/2038	3-3.70%	1,125,000	-	40,000	1,085,000
2020	21,595,000	1/6/2040	1.1-2.750%	18,235,000	-	945,000	17,290,000
2020R	1,435,000	1/8/2031	.45-2%	1,070,000	-	120,000	950,000
2021	4,630,000	1/8/2031	1-1.25%	3,745,000	-	450,000	3,295,000
2025	24,010,000	3/1/2045	4-4.125%	-	24,010,000	-	24,010,000
	$ 82,445,000.00			44,985,000	24,010,000	3,160,000	65,835,000
Add:			Premium	54,169	86,373.00	(6,566)	133,976
Less:			Discount	(409,665)	-	(28,218)	(381,447)
				$ 44,629,504	$ 24,096,373	$ 3,125,216	$ 65,587,529

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

The bonds may be called prior to maturity at dates and redemption premiums specified in each issue. Assuming no issues are called prior to 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:

Fiscal Year Ended June 30th	Principal Local	Principal KSFCC	Interest Local	Interest KSFCC	Principal Total	Interest Total
2026	$ 3,198,467	$ 496,533	$ 1,732,444	$ 234,422	$ 3,695,000	$ 1,966,866
2027	3,227,161	502,839	1,697,388	224,091	3,730,000	1,921,479
2028	3,309,965	520,035	1,617,898	208,399	3,830,000	1,826,298
2029	3,397,243	532,757	1,534,714	192,183	3,930,000	1,726,898
2030	3,478,366	551,634	1,449,280	175,467	4,030,000	1,624,748
2031-2035	16,606,088	2,448,918	5,932,667	642,378	19,055,006	6,575,045
2036-2040	14,533,298	1,576,702	3,531,999	290,506	16,110,000	3,822,506
2041-2045	10,630,354	824,640	1,325,276	102,656	11,454,994	1,427,931
	$ 58,380,942	$ 7,454,058	$ 18,821,667	$ 2,070,102	$ 65,835,000	$ 20,891,770

Compensated Absences

Employees of the District earn sick leave and other compensated absences in accordance with Board policy. Upon retirement from the school system, an employee is entitled to receive payment from the District equal to 30% of the value of accumulated sick leave.

Under GASB Statement No. 101, *Compensated Absences*, implemented during the fiscal year ended June 30, 2025, a liability is recognized for leave that is attributable to services already rendered, accumulates or vests, and is probable to be used or paid. The liability is measured using pay rates and applicable salary-related costs in effect at June 30, 2025, based on historical usage and payout experience.

The cumulative effect of adoption decreased the beginning net position of governmental activities by $1,664,371 (see Note Q – Prior Period Adjustments).

The activity during fiscal year 2025 for compensated absences is as follows:

	2024 Outstanding Balance	Additions	Retirements	2025 Outstanding Balance
Compensated absences	$ 859,313	$ 1,621,501	$ -	$ 2,480,814

Net Pension & OPEB Liability

The net pension liability is $20,395,186 for governmental activities and $1,132,486 for business-type activities for a total of $21,527,672 as of June 30, 2025 (See Note E for additional information). The net OPEB liability is $10,137,000 for governmental activities and $0 for business-type activities for a total of $10,137,000 as of June 30, 2025 (See Note F for additional information).

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

Description	2024 Outstanding Balance	Additions	Retirements	2025 Outstanding Balance	Current
Bonds, net of premium and discount	$ 44,629,504	$ 24,096,373	$ 3,125,216	$ 65,587,529	$ 3,695,000
Compensated absences	859,313	1,621,501	-	2,480,814	-
Net pension liability	23,926,839	-	2,399,167	21,527,672	-
Net OPEB liability	11,995,000	-	1,858,000	10,137,000	-
Total	$ 81,410,656	$ 25,717,874	$ 7,382,383	$ 99,733,015	$ 3,695,000

NOTE E – RETIREMENT PLANS

The District's employees are provided with two pension plans, based on each position's college degree requirement. The Kentucky Teachers Retirement System covers positions requiring teaching certification or otherwise requiring a college degree. The County Employees Retirement System covers employees whose position does not require a college degree or teaching certification.

Teachers Retirement System Kentucky (TRS)

Retirement Annuity Trust

Plan description

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

Benefits provisions

Definitions

"Final average salary" means the average of the five highest annual salaries which the member has received for service in a covered position and on which the member has made contributions or on which the public board, institution or agency has picked up the member contributions. For a member who retires after attaining age 55 with 27 years of service, "final average salary" means the average of the three highest annual salaries.

TRS Tier 1 and 2 Members

Condition of Allowance

Completion of 27 years of service or attainment of age 55 and 5 years of service.

Amount of Allowance

The annual retirement allowance is equal to:

(a) 2% of final average salary multiplied by service before 7/1/1983, plus,

(b) 2.5% of final average salary multiplied by service after 7/1/19833

(c) For individuals who become members of the retirement system on or after 7/1/2002 and have less than 10 years of service at retirement, the retirement allowance is 2% of final average salary multiplied by service. If, however, they have 10 or more years, they receive a benefit percentage of 2.5% for all years of service up to 30 years.

(d) For members retiring on or after 7/1/2004, the retirement allowance formula is 3% of final average salary for each year of service credit earned in excess of 30 years.

For all members, the annual allowance is reduced by 5% per year from the earlier of age 60 or the date the member would have completed 27 years of service.

The minimum annual service allowance for all members is $440 multiplied by credited service.

TRS Tier 3 Members

Condition of Retirement

Completion of 27 years of service or attainment of age 60 and 5 years of service or attainment of age 55 and 10 years of service.

Amount of Allowance

The annual retirement allowance is equal to:

(e) 1.7% of final average salary if service is 10 years or less.

(f) 2 % of final average salary if service is greater than 10 years and no more than 20 years.

(g) 2.3% of final average salary if service is greater than 20 years but no more than 26 years.

(h) 2.5% of final average salary if service is greater than 26 years but no more than 30 years.

(i) 3% of final average salary for each year of service credit earned in excess of 30 years.

For all members, the annual allowance is reduced by 6% per year from the earlier of age 60 or the date the member would have completed 27 years of service.

TRS Tier 4 Members

Condition of Retirement

Completion of 27 years of service or attainment of age 60 and 5 years of service or attainment of age 55 and 10 years of service.

Amount of Allowance (Foundational Benefit)

The annual foundational benefit is equal to service times a multiplier times final average salary.

	Years of Service			
Age	**5-9.99**	**10-19.99**	**20-29.99**	**30 or more**
57-60	-	1.70%	1.95%	2.20%
61	-	1.74%	1.99%	2.24%
62	-	1.78%	2.03%	2.28%
63	-	1.82%	2.07%	2.32%
64	-	1.86%	2.11%	2.36%
65 & over	1.90%	1.90%	2.155	2.40%

The annual foundational benefit is reduced by 6% per year from the earlier of age 60 or the date the member would have completed 30 years of service.

Supplemental Benefit

The annual supplemental benefit is equal to the account balance which includes member and employer contributions and interest credited annually on June 30. Options include annuitizing the balance or receiving the balance lump sum either at the time of retirement or at a later date.

Disability Retirement Allowance

Condition for Allowance	Totally and permanently incapable of being employed as a teacher and Under age 60 but after completing 5 years of service
Amount of Allowance	The disability allowance is equal to the greater of the service retirement Allowance or 60% of the member's final average salary. The disability Allowance is payable over an entitlement period equal to 25% of the service Credited to the member at the date of the disability or 5 years, whichever is Longer. After the disability entitlement period has expired and if the Member remains disabled, he will be retired under service retirement. The Service retirement allowance will be computed with service credit given For the period of disability retirement. The allowance will not be less than $6,000 per year. The service retirement allowance will not be reduced for Commencement of the allowance before age 60 or the completion of 27 Years of service.

Benefits Payable on Separation

From Service	Any member who ceases to be in service is entitled to receive his Contributions with allowable interest. A member who has completed 5 Years of creditable service and leaves his contributions with the System May be continued in the membership of the System after separation from Service, and file application for service retirement after the attainment of Age 60.
Life Insurance	A separate Life Insurance fund has been created as June 30, 2000 to pay Benefits on behalf of deceased TRS active and retired members.
Death Benefits	A surviving spouse of an active member with less than 10 years of service May elect to receive an annual allowance of $2,880 except that if income

From other sources exceeds $6,600 per year the annual allowance will be $2,160.
A surviving spouse of an active member with 10 or more years of service May elect to receive an allowance which is the actuarial equivalent of the Allowance the deceased member would have received upon retirement. The allowance will commence on the date the deceased member would have Been eligible for service retirement and will be payable during the life of The spouse.
If the deceased member is survived by unmarried children under age 18 the following schedule of annual allowances applies:

Number of Children		Annual Allowance
1	$	2,400
2	$	4,080
3	$	4,800
4 or more	$	5,280

The allowances are payable until a child attains age 18, or age 23 if a Full-time student.
If the member has no eligible survivor, a refund of his accumulated Contributions is payable to his estate.

Options

In lieu of the regular Option 1, a retirement allowance payable in the Form of a life annuity with refundable balance, any member before Retirement may elect to receive a reduced allowance which is actuarially Equivalent to the full allowance, in one of the following forms:
Option 2. A single life annuity payable during the member's lifetime with Payments for 10 years certain.
Option 3. At the death of the member his allowance is continued throughout The life of the beneficiary.
Option 3(a). At the death of the beneficiary designated by the member Under Option 3, the member's benefit will revert to what would have been paid had he not selected an option.
Option 4. At the death of the member one half of his allowance is Continued throughout the life of the beneficiary.
Option 4(a). At the death of the beneficiary designated by the member Under Option 4, the member's benefit will revert to what would have been Paid had he not selected an option.

Post-Retirement Adjustments

The retirement allowance of each retired member and of each beneficiary Shall be increased by 1.5% each July 1

Contributions

Tier 1, entry before 7/1/2002, employee contribution is 12.855% and employer match is 16.105%
Tier 2, entry between 7/1/2002-6/30/2008, employee contribution is 12.855% and employer match is 16.105%

Tier 3, entry before 7/1/2008-12/31/2021, employee contribution is 12.855% and employer match is 17.105%
Tier 4, entry on or after 1/1/2022, employee contribution is 14.75% and employer match is 13.75%

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

The District did not report a liability for the District's proportionate share of the net pension liability, pension expense, and deferred inflows and outflows of resources because the Commonwealth of Kentucky provides the pension support directly to TRS on behalf of the District. The net pension liability that was associated with the District follows.

State's proportionate share of the TRS net pension liability associated with the District	$	146,623,555

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023. The District's proportion of the net pension liability was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. The District's proportion was 0.891700%.

Actuarial Methods and Assumptions

A summary of the actuarial assumptions of the latest actuarial valuation follows.

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Reporting Date	June 30, 2025
Inflation Rate	2.5%
Single Equivalent Interest Rate Prior	7.10%
Single Equivalent Interest Rate at Measurement Date	7.10%
Municipal Bond Index Rate Prior	3.66%
Municipal Bond Index Rate at Measurement Date	3.94%
Projected Salary Increase	3.0-7.5%, including inflation
Long-Term Expected Rate of Return	7.10

Mortality rates were based on the Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees, and active members. The actuarial assumptions used were based on the results of an actuarial experience study for the 5-year period ending June 30, 2020, adopted by the board on September 20, 2021. The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index.

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

combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Target Allocations

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.

A summary of the target allocation and best estimates of arithmetic real rates of return for each major asset class, as provided by TRS's investment consultant, follows.

Asset Class	Target Allocation	Long-Term Expected Rates of Return
Large Cap US Equity	35.4 %	5.0 %
Small Cap 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	5.0 %	3.8 %
Other Additional Categories	5.0 %	3.6 %
Real Estate	7.0 %	3.2 %
Private Equity	7.0 %	8.0 %
Cash	2.0 %	1.6 %
Total	100 %	

Discount Rate

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

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

	1% Decrease	Current Discount Rate	1% Increase
	6.10%	7.10%	8.10%
State's proportionate share of net pension liability	$ 195,451,284	$ 146,623,555	$ 116,009,142

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

County Employees Retirement System
Non-Hazardous

Plan description
Substantially all full-time classified employees of the District participate in the County Employees Retirement System ("CERS"). CERS is a cost-sharing, multiple-employer defined benefit pension plan administered by the Kentucky General Assembly and overseen by the Kentucky Public Pensions Authority (KPPA). The plan covers substantially all regular full-time members employed in non-hazardous duty positions of the school board. The plan provides for retirement, disability and death benefits to plan members. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances.

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

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

Contributions
Funding for CERS:
Tier I plan is provided by members, who contribute 5.00% of their creditable compensation.
Tier II plan members hired after September 1, 2008 contribute 6.00% of their creditable compensation. Further, 1% of these contributions are deposited to an account created for the payment of health insurance benefits.
Tier III plan members, who began participating on or after January 1, 2014, are required to contribute to the Cash Balance Plan. That plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Employee contributions to the plan are the same as the Tier II contributions. Tier III member accounts are also credited with an employer pay credit in the amount of 4% of the member's creditable compensation.

For the year ending June 30, 2025, employers were required to contribute 19.71% of the member's salary. The District contributed $2,545,840 to the CERS pension plan. The contribution requirements of CERS are established and may be amended by the CERS Board of Trustees.

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

At June 30, 2025, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024 on an actuarial valuation as of that date. The District's proportion of the net pension liability, $21,527,672 was based on contributions to CERS during the fiscal year ended June 30, 2024. The District's proportion was 0.359969%.

Deferred Inflows and Outflows of Resources, and Pension Expense included in the Schedule of Pension Amounts include only certain categories of deferred outflows of resources and deferred inflows of resources. These include differences between expected and actual experience, changes of assumptions and differences between projected and actual earnings on plan investments. The Schedule of Pension Amounts does not include deferred outflow/inflows of resources for changes in the employer's proportionate share of contribution or employer contributions made subsequent to the measurement date. The net pension liability as of June 30, 2025, is based on the June 30, 2022, actuarial valuation rolled forward. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are amortized over a closed five-year period.

The District recognized pension revenue of $2,494,566 and reported deferred outflows of resources and deferred inflows of resources related to pensions as follows.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,041,979	$ -
Changes of assumptions	-	972,628
Net difference between projected and actual earnings on pension plan investments	1,478,467	2,862,580
Changes in proportion and differences between District contributions and proportionate share of contributions	-	34,839
District contributions subsequent to the measurement date	2,398,690	-
	$ 4,919,136	$ 4,770,047

The $2,398,690 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 following year.

Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed five year period. Other amounts reported as deferred outflows of resources

and deferred inflows of resources related to pensions are amortized over the average service life of all members. These will be recognized in pension expense as follows:

		Year Ended June 30,
Year 1	$	(1,569,151)
Year 2		160,082
Year 3		(532,069)
Year 4		(308,463)
	$	(2,249,601)

Actuarial Valuation

KPPA's actuary, Gabriel, Roeder, Smith & Co., completed the actuarial valuation for the calculation of the employer contribution rates for CERS and the Insurance Fund.

Summary of Actuarial Assumptions

The results of the actuarial valuation are based upon the assumptions and funding policies adopted by the Board and statutory funding requirements. The following actuarial methods and assumptions were used to determine the actuarially determined contributions effective for fiscal year:

Valuation Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets recognized
Amortization Method	Level Percent of Pay
Remaining Amortization Period	30-year closed period at June 30, 2019, Gains/losses After 2019 will be amortized over separate closed 20-year Amortization bases
Mortality	System-specific mortality table based on mortality experience From 2013-2018, projected with the ultimate rates from MP 2014 Mortality improvement scale using a base year of 2019
Phase-In Provision	Board certified rate is phased into the actuarially determined In accordance with HB 362 enacted in 2018
Inflation	2.30%
Payroll Growth Rate	2.0%
Salary Increase	3.30% to 10.30%, varies by service
Investment Rate of Return	6.5%

Discount rate

A single discount rate of 6.5% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments.

Sensitivity of the District's proportionate share of net pension liability to changes in the discount rate
The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.5%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.5%) or 1-percentage-point higher (7.5%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	5.50%	6.50%	7.50%
District's proportionate share of net pension liability	$ 27,752,686	$ 21,527,672	$ 16,362,550

The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the table below for CERS Pension and Insurance Funds:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity		
Public Equity	50 %	4.15 %
Private Equity	10 %	9.10 %
Fixed Income		
Core Fixed Income	10 %	2.85 %
Specialty Credit	10 %	3.82 %
Cash	0 %	1.70 %
Inflation Protected		
Real Estate	7 %	4.90 %
Real Return	13 %	5.35 %

Expected Real Return is 4.69%. Long Term Inflation Assumption is 2.5%. Expected Nominal Return of Portfolio is 7.19%.

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

Payables to the pension plan
There are no payables to CERS.

NOTE F – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The District's employees participate in retirement systems of either TRS or CERS as described earlier. The following describes the other postemployment benefits for both systems.

TRS – General Information about the OPEB Plans

Health Insurance Trust (Medical Insurance Fund)

Plan description

In addition to the retirement annuity plan as described earlier, KRS 161.675 requires TRS to provide postemployment healthcare benefits to eligible members and dependents. The TRS Health Insurance Trust is funded by employer and member contributions. Changes made to the medical plans provided through the trust may be made by the TRS Board of Trustees, the Kentucky Department of Employee Insurance and the General Assembly.

Medical coverage through TRS is funded by a combination of contributions from employees, the state and other employers. Coverage is provided through an account established pursuant to 26 U.S.C. sec. 401(h) and 115 trust fund that went into effect on July 1, 2010. The insurance trust fund includes employer and retired member contributions required under KRS 161.550 and KRS 161.675(4) (b).

Benefits provided

To be eligible for medical benefits, the member must have retired either for service or disability and a required amount of service credit. The TRS medical plan offers members who are not eligible for Medicare and under age 65 coverage through the Kentucky Employees Health Plan (KEHP) administered by the Kentucky Department of Employee Insurance. Once retired members and eligible spouses attain age 65 and are eligible for Medicare, coverage is obtained through the TRS Medicare Eligible Health Plan (MEHP) administered by TRS.

Contributions

Contributions are made on behalf of TRS retired members toward payment of health insurance premiums. The amount of the member's contribution is based on a table approved by the TRS board. Retired members pay premiums in excess of the monthly contribution. The Commonwealth of Kentucky bears risk for excess claims expenses that exceed the premium equivalents charged for the KEHP. The member postemployment medical contribution is 3.75% of salary. The employer postemployment medical contribution is 0.75% of member salaries.

Effective July 1, 2010, retirees under the age of 65 began a three-year phase-in of the Shared Responsibility Contribution. Effective July 1, 2012, the full Shared Responsibility Contribution equals the Standard Medicare Part B premium paid by retirees ages 65 and older.

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

The District reported a liability of $19,167,000 for its proportionate share of the collective net OPEB liability (NOL). The collective net OPEB liability was valued as of June 30, 2023, and the total OPEB liability used to calculate the 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. The District's proportion was .405109%.

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 as follows:

District's proportionate share of TRS net OPEB liability	$	10,137,000
State's proportionate share of the TRS net OPEB liability associated with the District		9,030,000
	$	19,167,000

The District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following.

		Deferred Outflows of Resources		Deferred Inflows of Resources
Differences between expected and actual experience	$	-		3,044,000
Changes of assumptions		2,582,000		-
Net difference between projected and actual earnings on pension plan investments		-		325,000
Changes in proportion and differences between District contributions and proportionate share of contributions		2,993,000		4,918,000
District contributions subsequent to the measurement date		980,790		-
	$	6,555,790	$	8,287,000

The $980,790 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 collective net OPEB liability for the year. 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,
Year 1	$	(811,000)
Year 2		(163,000)
Year 3		(299,000)
Year 4		(725,000)
Year 5		(631,000)
Thereafter		(83,000)
	$	(2,712,000)

Actuarial Methods and Assumptions

A summary of the actuarial assumptions as of the latest actuarial valuation follows.

Valuation Date	June 30, 2023
Discount Rate	7.10%
Inflation	2.5%
Real Wage Growth	.25%
Wage Inflation	2.75%
Salary Increase	3-7.5%, including wage inflation
Long-term Rate of Return	7.10%
Municipal Bond Index	3.94%
Single Equivalent Interest Rate	7.10%
Health Care Cost Trends	
Medical	6.5% at June 30, 2024, decreasing to an ultimate rate of 4.5% by June 30, 2031
Medicare Part B	5.92% at June 30, 2024 with an ultimate rate of 4.5% by June 30, 2035

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

Target Allocations

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

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

Asset Class	Target Allocation		Long Term Expected Real Rate of Return	
Large Cap US Equity	35.4	%	5.0	%
Small Cap US Equity	2.6	%	5.5	%
Developed International Equity	15.0	%	5.5	%
Emerging Markets Equity	5.0	%	6.1	%
Fixed Income	9.0	%	1.9	%
High Yield Bonds	8.0	%	3.8	%
Other Additional Categories	9.0	%	3.7	%
Real Estate	6.5	%	3.2	%
Private Equity	8.5	%	8.0	%
Cash	1.0	%	1.6	%
Total	100	%		

Discount Rate

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

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 2.75%.
- The pre-65 retiree health care costs for members retired on or after July 1, 2010, were assumed to be paid by either the state or the retirees themselves.
- As administrative expenses, other than the administrative fee of $8.00 per member per month (PMPM) paid to KEHP by TRS, were assumed to be paid in all years by the employer as they come due, they were not considered.
- Cash flows occur mid-year.
- Future contributions to the Health Insurance 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 funded status, as determined by TRS's actuary, the following health trust statutory contributions are to be decreased, suspended, or eliminated:
    - Employee Contributions
    - Employer Contributions
    - State Contributions for KEHP premium subsidies payable to retirees who retire after June 30, 2010

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

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

Based on these assumptions, the Health Insurance Trust's fiduciary net position (FNP) was <u>not</u> projected to be depleted.

The following table presents the net OPEB liability of the District, calculated using the discount rate of 7.10%, and what the 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 discount rate:

	1% Decrease	Current Discount Rate	1% Increase
	6.10%	7.10%	8.10%
District's proportionate share of net OPEB liability	$ 6,848,000	$ 10,137,000	$ 14,225,000

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

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of net OPEB liability	$ 13,467	$ 10,137,000	$ 7,377,000

Life Insurance Trust

Plan description and benefits provided

TRS administers the Life Insurance Trust as provided by KRS 161.655 to provide life insurance benefits to retired and active members. The benefit is financed by actuarially determined contributions from the 207 participating employers. The benefit is $5,000 for members who are retired for service or disability, and $2,000 for active contribution members.

Note: Members employed on a substitute or part-time basis and working at least 69% of a full contract year in a single fiscal year will be eligible for a life insurance benefit for the balance of the fiscal year or the immediately succeeding fiscal year under certain conditions. For non-vested members employed on a substitute or part-time basis, the life insurance benefit is provided if death occurs as the result of a physical injury on the job. For vested members employed on a substitute or part-time basis, death does not have to be the result of a physical injury on the job for life insurance benefits to be provided.

Contributions

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

Net OPEB Liability

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 as follows:

State's proportionate share of the TRS net OPEB liability associated with the District	$ 206,000

Actuarial Assumptions

A summary of the actuarial assumptions as of the latest actuarial valuation is shown below.

Valuation Date	June 30, 2023
Discount Rate	7.10%
Inflation	2.5%
Real Wage Growth	.25%
Wage Inflation	2.75%
Salary Increase	3-7.5%, including wage inflation
Long-term Rate of Return	7.10%
Municipal Bond Index	3.94%
Single Equivalent Interest Rate	7.10%
Health Care Cost Trends	
Medical	6.5% at June 30, 2024, decreasing to an ultimate rate of 4.5% by June 30, 2031
Medicare Part B	5.92% at June 30, 2024 with an ultimate rate of 4.5% by June 30, 2035

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

Target Allocations

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
US Equity	40.0 %	5.2 %
Developed International Equity	15.0 %	5.5 %
Emerging Markets Equity	5.0 %	6.1 %
Fixed Income	21.0 %	1.9 %
Other Additional Categories	5.0 %	4.0 %
Real Estate	7.0 %	3.2 %
Private Equity	5.0 %	8.0 %
Cash	2.0 %	1.6 %
Total	100 %	

As the Life Trust investment policy is to change, the above reflects the pension allocation and returns that achieve the targeted 8.00% long-term rate of return.

Discount Rate

The discount rate used to measure the total OPEB liability (TOL) as of the measurement date was 7.1%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB Statement No. 75. The projection's basis was an actuarial valuation performed as of June 30, 2023. In addition to actuarial methods and assumptions of the June 30, 2023, actuarial valuation, the following actuarial methods and assumptions were used in the projection of the life insurance cash flows:

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

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

Revenue or Expenses for TRS OPEB plans

For the year ended June 30, 2025, the District recognized OPEB revenue in the amount of $1,343,369 for support provided on-behalf of the State.

CERS – General Information about the OPEB Plans

Employees' Health Plan

Plan description

The Insurance Fund was established to provide hospital and medical insurance for eligible members receiving benefits. CERS Non-hazardous Insurance Plan is a cost-sharing multiple employer defined benefit Other Postemployment Benefits (OPEB) plan. The plan covers all regular full-time members employed in non-hazardous duty positions of the school board. OPEB may be extended to beneficiaries of plan members under certain circumstances.

Benefits provided

The Plan provides hospital and medical insurance for eligible members receiving benefits. The Insurance Fund will pay the cost of insurance premium for participating members prior to July 1, 2003 greater than 4 years of service, 25%, greater than 10 years of service, 50%, greater than 15 years of service, 75%, and greater than 20 years of service, 100%. For participating members after July 1, 2003 the benefit paid by the Insurance Fund is based on years of service the dollar amount per year of service is $13.99 to be applied to the current cost premium.

Contributions

Requirements for medical benefits are a portion of the actuarially determined rates of covered payroll, as disclosed above. Current employees pay 1% toward the insurance fund.

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

The District reported an asset of $623,284 for its proportionate share of the collective net OPEB liability which is .360321%.

Deferred Inflows and Outflows of Resources, and OPEB Expense included in the Schedules of OPEB Amounts include only certain categories of deferred outflows of resources and deferred inflows of resources. These include differences between expected and actual experience, changes of assumptions and differences between projected and actual earnings on plan investments. The Schedules of OPEB Amounts do not include deferred outflow/inflows of resources for changes in the employer's proportionate share of contributions or employer contributions made subsequent to the measurement date. The total OPEB liability, net OPEB liability (NOL), and sensitivity information are based on an actuarial valuation date of June 30, 2023. The total OPEB liability was rolled forward from the valuation date to the plan's fiscal year ended June 30, 2024, using generally accepted actuarial principles.

The District recognized OPEB revenue of $1,784,386. The District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 345,791	$ 4,904,016
Changes of assumptions	564,770	439,793
Net difference between projected and actual earnings on pension plan investments	547,883	1,116,666
Changes in proportion and differences between District contributions and proportionate share of contributions	65,656	603,461
District contributions subsequent to the measurement date	316,105	-
	$ 1,840,205	$ 7,063,936

The $316,105 (includes $168,955 Implicit Subsidy) 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 collective net OPEB liability for the following year. 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,
Year 1	$ (2,194,264)
Year 2	(1,778,150)
Year 3	(1,479,739)
Year 4	(87,683)
	$ (5,539,836)

Implicit Employer Subsidy for non-Medicare retirees- The fully-insured premiums KRS pays for the Kentucky Employees' Health Plan are blended rates based on the combined experience of active and retired members. Because the average cost of providing health care benefits to retirees under age 65 is higher than the average cost of providing health care benefits to active employees, there is an implicit employer subsidy for the non-Medicare eligible retirees. GASB 74 and 75 requires that the liability associated with this implicit subsidy be included in the calculation of the total OPEB liability.

Changes of Benefit Terms
None

Actuarial Methods and Assumptions to Determine the Total OPEB Liability and the Net OPEB Liability
For financial reporting, the actuarial valuation as of June 30, 2023, was performed by Gabriel Roeder Smith (GRA). The total OPEB liability, net OPEB liability, and sensitivity information, were based on an actuarial valuation as of June 30, 2021. The total OPEB liability was rolled-forward from the valuation to the plan's fiscal year ending June 30, 2023, using the generally accepted actuarial principles.

The following actuarial assumptions were used in performing the actuarial valuation:

Valuation Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets recognized
Amortization Method	Level Percent of Pay
Amortization Period	30-year closed period at June 30, 2019, Gains/losses incurring After 2019 will be amortized over separate closed 20-year Amortization bases
Mortality	System-specific mortality table based on mortality experience From 2013-2018, projected with the ultimate rates from MP2014 Mortality improvement scale using a base year of 2019
Phase-In Provision	Board certified rate is phased into the actuarially determined rate In accordance with HB 362 enacted in 2018
Inflation	2.30%
Payroll Growth Rate	2.0%
Salary Increase	3.30% to 10.30%, varies by service
Investment Rate of Return	6.25%
Mortality	System-specific mortality table based on mortality experience From 2013-2018, projected with the ultimate rates from MP-2014 Mortality improvement scale using a base year of 2019.
Healthcare Trend Rates	
Pre-65	Initial trend starting at 6.3% at January 1, 2023, gradually Decreasing to an ultimate trend rate of 4.05% over a period of 13 Years. The 2022 premiums were known at the time of the Valuation and were incorporated into the liability measurement.
Post-65	Initial trend starting at 6.3% at January 1, 2023, gradually Decreasing to an ultimate trend rate of 4.05% over a period of 13 Years. The 2022 premiums were known at the time of the Valuation and were incorporated into the liability measurement.

Senate Bill 209 passed in the 2022 legislative session increased the insurance dollar contribution for members hired on or after July 1, 2003 by $5 for each year of service each member attains over certain thresholds, depending on a member's retirement eligibility requirement. This increase in the insurance dollar contribution does not increase by 1.5% annually and is only payable for non-Medicare retirees. Additionally, it is only payable when the member's applicable insurance fund is at least 90% funded. The increase is first payable January 1, 2023. House Bill 506 adjusted the minimum required separation period before a retiree may become reemployed and continue to receive their retirement allowance from three months to one month under all circumstances.

Discount rate

Single discount rates of 5.99% were used to measure the total OPEB liability as of June 30, 2024. The single discount rates are based on the expected rate of return on OPEB plan investments of 6.5%, and a municipal bond rate of 3.97%, as reported in Fidelity Index's "20 Year Municipal GO AA Index". Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the plan's fiduciary net position on future contributions were projected to be sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the plan. However, the cost associated with the implicit employer subsidy was not included in the calculation of the plans actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the plans trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

The projection of cash flows used to determine the single discount rate must include an assumption regarding future employer contributions made each year. Future contributions are projected assuming that each participating employer in each insurance plan contributes the actuarially determined employer contribution each future year calculated in accordance with the current funding policy

The following table presents the Net OPEB Liability calculated using the discount rate of 5.99%, as well as what the District's 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
	4.99%	5.99%	6.99%
District's proportionate share of net OPEB (asset) liability	$ 842,750	$ (623,284)	$ (1,855,928)

Health Care Trend Rate Sensitivity

The following presents the health care sensitivity rate of the District's proportionate share of the net pension liability:

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of net OPEB (asset) liability	$ (1,499,545)	$ (623,284)	$ 397,499

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

NOTE G – COMMITMENTS

The District has a committed fund balance in the General Fund of $676,606 for compensated absences.

NOTE H - CONTINGENCIES

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

NOTE I - LITIGATION

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

NOTE J – 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, illegal acts etc. Each of these risk areas is covered through the purchase of commercial insurance and self-insured workers compensation.

NOTE K – RISK MANAGEMENT

The District is exposed to various risks of loss related to illegal acts, torts, theft, damage, or destruction of assets, errors and omissions, injuries to employees, and natural disasters. To obtain insurance for unemployment, errors and omissions, and general liability coverage, the District purchased commercial insurance policies and participates in a self-insured workers' compensation plan. Settled claims have not exceeded coverage in any of the past three fiscal years, and there has been no significant reduction in insurance coverage during the current year.

The District evaluated potential concentrations and constraints as defined in GASB Statement No. 102, *Certain Risk Disclosures*, effective for the fiscal year ended June 30, 2025. Concentrations are exposures that could make the District vulnerable to the risk of a severe impact, and constraints are limitations that restrict the District's ability to raise resources. Management determined that no concentrations or constraints exist at June 30, 2025 that meet the criteria for disclosure under GASB 102.

NOTE L – DEFICIT FUND AND OPERATING BALANCES

The following funds had a deficit change in fund balance/net position:

Fund	Change in Net Position/ Net Change in Fund Balance	Fund Balance/ Net Position
District Activity Fund	$ (255)	$ -
Capital Outlay	(859,987)	-
FSPK Fund	(3,113,786)	-
Food Service	$ (505,024)	$ -

NOTE M – 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 N – TRANSFER OF FUNDS

The following transfers were made during the year:

Type	From	To	Purpose	Amount
Operations	Building Fund	Construction	Operations	$ 6,682,715
Debt Service	Building Fund	Debt Service	Debt Payments	3,664,366
Special Rev	General Fund	Special Revenue	KETS Matching	117,971
Operations	Food Service	General Fund	Indirect Costs	371,330
Operations	Special Rev	General Fund	Indirect Costs	1,256,514
Operations	Student Activity	District Activity	Operations	13,257
Construction	General Fund	Construction	Operations	157,500
Construction	Capital Outlay	Construction	Operations	$ 1,495,678

NOTE O – RESTRICTED FUND BALANCES

Fund	Amount	Purpose
Construction	$ 32,247,747	Future Construction
Food Service	4,109,892	School Food Service Operations
Capital Outlay	102,776	SFCC Requirements
District Activity	11,329	District Activity
Child Care	2,765,647	School Child Care Operations
School Activity	$ 1,222,008	Student Activity

NOTE P – ON-BEHALF PAYMENTS

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

Plan/Description		Amount
Kentucky Teachers Retirement System (GASB 68 &75)	$	10,396,450
Health Insurance		9,451,173
Life Insurance		12,294
Administrative Fee		98.156
HRA/Dental/Vision		523.512
Federal Reimbursement		(506.133)
Technology		93.347
SFCC Debt Service Payments		542,480
Total	$	20,611,279

These amounts are included in the financial statements as state revenue and an expense allocated to the different functions in the same proportion as full-time employees.

NOTE Q – PRIOR PERIOD ADJUSTMENTS

During the fiscal year ended June 30, 2025, the District implemented GASB Statement No. 101, Compensated Absences, which establishes new recognition and measurement guidance for leave benefits attributable to services already rendered that accumulate or vest and are probable to be used or paid. The District previously recognized compensated absences using the termination payment method in accordance with GASB 16. The cumulative effect of implementation of GASB 101 was recorded as an adjustment to beginning net position of the governmental activities as of July 1, 2024.

The restatement is summarized as follows:

Net Position: Government-wide Statements		June 30, 2024 as Previously Reported		Change in Accounting Principle		June 30, 2025 as Restated
Governmental Activities	$	39,966,585	$	(1,664,371)	$	38,302,214
Business-type Activities		8,699,237		-		8,699,237
Total primary government	$	48,665,822	$	(1,664,371)	$	47,001,451

Implementation of GASB 101 had no effect on the fund financial statements, as compensated absences are recognized in the governmental funds only to the extent they are due and payable at year-end.

NOTE R – SUBSEQUENT EVENTS

The District has evaluated subsequent events through December 31, 2025, the date the financial statements were available to be issued.

HENDERSON COUNTY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

CERS and TRS

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 EMPLOYEE'S RETIREMENT SYSTEM (CERS):										
Districts' proportion of the net pension liability	0.359969%	0.372895%	0.387058%	0.414625%	0.394526%	0.39168%	0.39326%	0.39424%	0.408610%	0.43650%
District's proportionate share of the net pension liability	$ 21,527,672	$ 23,926,839	$ 27,980,475	$ 26,435,596	$ 30,259,818	$ 27,547,240	$ 23,950,976	$ 23,075,845	$ 20,118,396	$ 18,767,532
State's proportionate share of the net pension liability associated with the District	-	-	-	-	-	-	-	-	-	-
Total	$ 21,527,672	$ 23,926,839	$ 27,980,475	$ 26,435,596	$ 30,259,818	$ 27,547,240	$ 23,950,976	$ 23,075,845	$ 20,118,396	$ 18,767,532
District's covered-employee payroll	$ 19,623,493	$ 10,916,239	$ 11,186,590	$ 10,955,617	$ 10,470,368	$ 8,677,251	$ 8,209,381	$ 8,525,285	$ 8,576,919	$ 8,486,022
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	109.70%	219.19%	250.13%	241.30%	289.00%	317.47%	291.75%	270.68%	234.56%	221.16%
Plan fiduciary net position as a percentage of the total pension liability	61.61%	57.48%	52.42%	57.33%	47.81%	50.54%	53.54%	53.30%	59.00%	59.97%
KENTUCKY TEACHER'S RETIREMENT SYSTEM (TRS):										
State's proportion of the net pension liability	0.89170%	0.94100%	0.96620%	0.97910%	0.97680%	0.98750%	0.96540%	0.95550%	1.02310%	1.13680%
District's proportionate share of the net pension liability	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
State's proportionate share of the net pension liability associated with the District	146,623,555	160,343,102	163,698,788	127,421,645	138,443,757	133,072,905	126,415,356	257,816,883	301,816,489	264,542,143
Total	$ 146,623,555	$ 160,343,102	$ 163,698,788	$ 127,421,645	$ 138,443,757	$ 133,072,905	$ 126,415,356	$ 257,816,883	$ 301,816,489	$ 264,542,143
District's covered-employee payroll	$ 36,555,470	$ 35,300,592	$ 35,795,388	$ 34,905,600	$ 33,470,210	$ 25,685,195	$ 25,745,431	$ 26,444,203	$ 26,686,750	$ 26,483,619
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Plan fiduciary net position as a percentage of the total pension liability	60.36%	57.68%	56.41%	65.59%	58.27%	58.80%	59.30%	39.80%	35.22%	42.29%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available. Amounts presented for each fiscal is determined as of June 30.

See the accompanying notes to the required supplementary information.

HENDERSON COUNTY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF CONTRIBUTIONS

CERS and TRS

For the year ended June 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
COUNTY EMPLOYEE'S RETIREMENT SYSTEM (CERS):										
Contractually required contribution	$ 2,398,690	$ 2,644,873	$ 2,554,400	$ 2,368,201	$ 2,114,434	$ 2,020,781	$ 1,639,610	$ 1,453,351	$ 1,379,474	$ 1,234,430
Contributions in relation to the contractually required contributions	2,398,690	2,644,873	2,554,400	2,368,201	2,114,434	2,020,781	1,639,610	1,453,351	1,379,474	1,234,430
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
District's covered-employee payroll	$ 21,740,855	$ 19,623,493	$ 10,916,239	$ 11,186,590	$ 10,955,617	$ 10,470,368	$ 10,108,570	$ 10,036,954	$ 9,888,703	$ 9,939,050
District's contributions as a percentage of it's covered-employee payroll	11.03%	13.48%	23.40%	21.17%	19.30%	19.30%	16.22%	14.48%	13.95%	12.42%
KENTUCKY TEACHER'S RETIREMENT SYSTEM (TRS):										
Contractually required contribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contributions	-	-	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
District's covered-employee payroll	$ 36,108,194	$ 36,555,470	$ 35,300,592	$ 35,795,388	$ 34,905,600	$ 33,470,210	$ 32,708,490	$ 31,468,916	$ 36,502,212	$ 35,630,694
District's contributions as a percentage of it's 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. Additional years will be displayed as they become available. Amounts presented for each fiscal is determined as of June 30.

See the accompanying notes to the required supplementary information.

Teachers Retirement System (TRS)

Retirement Annuity Trust

Changes of Benefit Terms

A new benefit tier was added for members joining the System on and after January 1, 2022. A description of the benefit provisions applicable to these members can be found in Schedule D of the 2023 Actuary Report of the TRS.

Changes of assumptions

In 2014, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 5.16% to 5.23%.

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

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

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

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

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

Actuarial Methods and Assumptions

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

A summary of the actuarial assumptions of the latest actuarial valuation follows.

Valuation Date	June 30, 2022
Actuarial Cost Method	Entry age
Inflation Rate	2.5%
Single Equivalent Interest Rate	7.10%
Municipal Bond Index Rate	3.66%
Projected Salary Increase	3.0-7.5%, including inflation
Investment Rate of Return	7.10%, net of pension plan investment expense, including inflation.

County Employee Retirement System (CERS)

Non-Hazardous

Changes of Benefit Terms

None.

Changes of assumptions

None.

Actuarial Methods and Assumptions

Based on the actuarial valuation report, the actuarial methods and assumptions used to calculate the contribution rates are as follows.

Valuation Date	June 30, 2023
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets recognized
Amortization Method	Level Percent of Pay
Amortization Period	30-year closed period at June 30, 2019, Gains/losses Incurring after 2019 will be amortized over separate Closed 20-year amortization bases
Mortality	System-specific mortality table based on mortality experience From 2013-2018, projected with the ultimate rates from MP2014 mortality improvement scale using a base year Of 2019
Phase-In Provision	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018
Inflation	2.30%
Payroll Growth Rate	2.0%
Salary Increase	3.30% to 10.30%, varies by service
Investment Rate of Return	6.25%

HENDERSON COUNTY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY

MEDICAL AND LIFE INSURANCE PLANS - TEACHERS' RETIREMENT SYSTEM

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)
MEDICAL INSURANCE PLAN								
District's proportion of the collective net OPEB liability (asset)	$ 0.454797%	$ 0.492462%	$ 0.693611%	$ 0.519016%	$ 0.520171%	$ 0.51689%	$ 0.49551%	$ 0.50209%
District's proportionate share of the collective net OPEB liability (asset)	10,137,000	11,995,000	17,219,000	11,137,000	13,128,000	15,128,000	17,193,000	17,903,000
State's proportionate share of the collective net OPEB liability (asset) associated with the District	9,030,000	10,110,000	5,657,000	9,044,000	10,516,000	12,217,000	11,295,000	11,727,000
Total	$ 19,167,000	$ 22,105,000	$ 22,876,000	$ 20,181,000	$ 23,644,000	$ 27,345,000	$ 28,488,000	$ 29,630,000
District's covered-employee payroll	$ 36,555,470	$ 35,300,592	$ 35,795,388	$ 34,905,600	$ 33,470,210	$ 32,708,490	$ 31,468,916	$ 36,502,212
District's proportionate share of the collective net OPEB liability (asset) as a percentage of its covered-employee payroll	55.77%	55.77%	48.10%	31.91%	39.22%	46.25%	54.63%	49.05%
Plan fiduciary net position as a percentage of the total OPEB liability	59.81%	52.97%	47.75%	39.05%	39.10%	32.60%	25.50%	21.20%
LIFE INSURANCE PLAN								
District's proportion of the collective net OPEB liability (asset)	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%
District's proportionate share of the collective net OPEB liability (asset)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
State's proportionate share of the collective net OPEB liability (asset) associated with the District	206,000	250,000	281,000	120,000	318,000	284,000	254,000	196,000
Total	$ 206,000	$ 250,000	$ 281,000	$ 120,000	$ 318,000	$ 284,000	$ 254,000	$ 196,000
District's covered-employee payroll	$ 36,555,470	$ 35,300,592	$ 35,795,388	$ 34,905,600	$ 33,470,210	$ 32,708,490	$ 25,745,431	$ 26,444,203
District's proportionate share of the collective net OPEB liability (asset) 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%	71.57%	71.60%	73.40%	75.00%	80.00%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available. Amounts presented for each fiscal is determined as of June 30.

See the accompanying notes to the required supplementary information.

HENDERSON COUNTY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF CONTRIBUTIONS

MEDICAL AND LIFE INSURANCE PLANS

TEACHERS' RETIREMENT SYSTEM

For the year ended June 30, 2024

	2025	2024	2023	2022	2021	2020	2019	2018
MEDICAL INSURANCE PLAN								
Contractually required contributior	$ 980,790	$ 900,421	$ 896,305	$ 821,414	$ 921,407	$ 918,521	$ 899,753	$ 882,688
Contributions in relation to the contractually required contribution	980,790	900,421	896,305	821,414	921,407	918,521	899,753	882,688
Contribution deficiency (excess)	-	-	-	-	-	-	-	-
District's covered-employee payroll	$ 36,108,194	$ 36,555,470	$ 35,300,592	$ 35,795,388	$ 34,905,600	$ 33,470,210	$ 32,708,490	$ 31,468,916
District's contributions as a percentage of it's covered-employee payroll	2.72%	2.46%	2.54%	2.29%	2.64%	2.74%	2.75%	2.80%
LIFE INSURANCE PLAN								
Contractually required contributior	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	-	-	-	-	-	-	-	-
District's covered-employee payroll	$ 36,108,194	$ 36,555,470	$ 35,300,592	$ 35,795,388	$ 34,905,600	$ 33,470,210	$ 32,708,490	$ 31,468,916
District's proportionate share of the net pension liability as a percentage of it's covered-employee payrol	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. Amounts presented for each fiscal is determined as of June 30

See the accompanying notes to the required supplementary information.

HENDERSON SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - HEALTH INSURANCE PLAN

COUNTY EMPLOYEE RETIREMENT SYSTEM

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)
HEALTH INSURANCE PLAN								
District's proportion of the collective net OPEB liability (asset)	0.360321%	0.372881%	0.386991%	0.414528%	0.394422%	0.39159%	0.39325%	0.39424%
District's proportionate share of the collective net OPEB liability (asset)	$ (623,284)	$ (514,824)	$ 7,637,320	$ 7,935,931	$ 9,524,092	$ 6,586,283	$ 6,982,040	$ 7,925,492
State's proportionate share of the collective net OPEB liability (asset) associated with the District	-	-	-	-	-	-	-	-
Total	$ (623,284)	$ (514,824)	$ 7,637,320	$ 7,935,931	$ 9,524,092	$ 6,586,283	$ 6,982,040	$ 7,925,492
District's covered-employee payroll	$ 19,623,493	$ 10,916,239	$ 11,186,590	$ 10,955,617	$ 10,470,368	$ 8,677,251	$ 8,209,381	$ 8,525,285
District's proportionate share of the collective net OPEB liability (asset) as a percentage of its covered-employee payroll	-3.18%	-4.72%	68.27%	72.44%	90.96%	75.90%	85.05%	92.96%
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%	13.00%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available. Amounts presented for each fiscal is determined as of June 30.

See the accompanying notes to the required supplementary information.

HENDERSON COUNTY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF CONTRIBUTIONS - HEALTH INSURANCE PLAN

COUNTY EMPLOYEE RETIREMENT SYSTEM

For the year ended June 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018
HEALTH INSURANCE PLAN								
Contractually required contribution	$ 316,105	$ 330,406	$ 370,061	$ 646,585	$ 521,487	$ 498,390	$ 531,711	$ 471,737
Contributions in relation to the contractually	316,105	330,406	370,061	646,585	521,487	498,390	531,711	471,737
Contribution deficiency (excess)	-	-	-	-	-	-	-	-
District's covered-employee payroll	$ 21,740,855	$ 19,623,493	$ 10,916,239	$ 11,186,590	$ 10,955,617	$ 10,470,368	$ 10,108,570	$ 10,036,954
District's contributions as a percentage of it's covered-employee payroll	1.45%	1.68%	3.39%	5.78%	4.76%	4.76%	5.26%	4.70%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available. Amounts presented for each fiscal is determined as of June 30.

See the accompanying notes to the required supplementary information.

Teachers Retirement System (TRS)

Health Insurance Trust

Changes of Benefit Terms

None.

Changes of Assumptions

None.

Actuarial Methods and Assumptions

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

A summary of the actuarial assumptions as of the latest actuarial valuation follows.

Valuation Date	June 30, 2023
Discount Rate	7.10%
Inflation	2.5%
Real Wage Growth	.25%
Wage Inflation	2.75%
Salary Increase	3-7.5%, including wage inflation
Long-term Rate of Return	7.10%
Municipal Bond Index	3.94%
Single Equivalent Interest Rate	7.10%
Health Care Cost Trends	
Medical	6.5% at June 30, 2024, decreasing to an ultimate rate of 4.5% by June 30, 2031
Medicare Part B	5.92% at June 30, 2024 with an ultimate rate of 4.5% by June 30, 2035

Life Insurance Trust

Changes of Benefit Terms

None.

Changes of Assumptions

None.

Actuarial Methods and Assumptions

The following actuarial methods and assumptions were used to determine contribution rates reported in the most recent year of the schedule.

Valuation Date	June 30, 2023
Discount Rate	7.10%
Inflation	2.5%
Real Wage Growth	.25%

Wage Inflation	2.75%
Salary Increase	3-7.5%, including wage inflation
Long-term Rate of Return	7.10%
Municipal Bond Index	3.94%
Single Equivalent Interest Rate	7.10%
Health Care Cost Trends	
Medical	6.5% at June 30, 2024, decreasing to an ultimate rate of 4.5% by June 30, 2031
Medicare Part B	5.92% at June 30, 2024 with an ultimate rate of 4.5% by June 30, 2035

County Employee Retirement System (CERS)

Non-Hazardous

Changes of Benefit Terms

None

Changes of assumptions

None.

Actuarial Methods and Assumptions

Based on the actuarial valuation report, the actuarial methods and assumptions used to calculate the contribution rates are as follows.

Valuation Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets recognized
Amortization Method	Level Percent of Pay
Amortization Period	30-year closed period at June 30, 2019, Gains/losses incurring After 2019 will be amortized over separate closed 20-year Amortization bases
Mortality	System-specific mortality table based on mortality experience From 2013-2018, projected with the ultimate rates from MP2014 Mortality improvement scale using a base year of 2019
Phase-In Provision	Board certified rate is phased into the actuarially determined rate In accordance with HB 362 enacted in 2018
Inflation	2.30%
Payroll Growth Rate	2.0%
Salary Increase	3.30% to 10.30%, varies by service
Investment Rate of Return	6.25%
Mortality	System-specific mortality table based on mortality experience From 2013-2018, projected with the ultimate rates from MP-2014 Mortality improvement scale using a base year of 2019.
Healthcare Trend Rates	
Pre-65	Initial trend starting at 6.3% at January 1, 2023, gradually Decreasing to an ultimate trend rate of 4.05% over a period of 13 Years. The 2022 premiums were known at the time of the Valuation and were incorporated into the liability measurement.
Post-65	Initial trend starting at 6.3% at January 1, 2023, gradually Decreasing to an ultimate trend rate of 4.05% over a period of 13 Years. The 2022 premiums were known at the time of the Valuation and were incorporated into the liability measurement.

Henderson County School District
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2025

	Other Governmental Funds				
	Special Revenue School Activity	**Capital Outlay**	**FSPK**	**Special Revenue District Activity**	**Total**
Assets					
Cash and cash equivalents	$ 1,236,095	$ 102,776	$ -	$ 11,329	$ 1,350,200
Receivables	530				530
Total assets	1,236,625	102,776	-	11,329	1,350,730
Liabilities					
Accounts Payable	14,617				14,617
Total liabilities	14,617	-	-	-	14,617
Fund balance					
Restricted	1,222,008	102,776		11,329	1,336,113
Total fund balance	1,222,008	102,776	-	11,329	1,336,113
Total liabilities and fund balance	$ 1,236,625	$ 102,776	$ -	$ 11,329	$ 1,350,730

Henderson County School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds

Year ended June 30, 2025

	Other Governmental Funds				
	Special Revenue School Activity	**Capital Outlay**	**FSPK**	**Special Revenue District Activity**	**Total**
Revenues					
Property tax	$ -	$ -	$ 3,985,668	$ -	$ 3,985,668
Earnings from investments	59,371	50,452	146,036		255,859
Intergovernmental - state		585,240	3,101,590		3,686,830
Other local revenue	74,182				74,182
Student activities	2,011,802				2,011,802
Total revenues	2,145,355	635,692	7,233,294	-	10,014,341
Expenditures					
Instruction	1,967,268			11,910	1,979,178
Student support services	8,432				8,432
Instructional staff support	58,601			202	58,803
Plant operation & maintenance				1,400	1,400
Other non-instruction	39,885				39,885
Student transportation	16,749				16,749
Total expenditures	2,090,935	-	-	13,512	2,104,447
Excess (Deficit) of Revenues Over Expenditures	54,420	635,692	7,233,294	(13,512)	7,909,894
Other Financing Sources (Uses)					
Operating transfers in				13,257	13,257
Operating transfers (out)	(13,257)	(1,495,679)	(10,347,080)		(11,856,016)
Total other financing sources (uses)	(13,257)	(1,495,679)	(10,347,080)	13,257	(11,842,759)
Net Change in Fund Balance	41,163	(859,987)	(3,113,786)	(255)	(3,932,865)
Fund Balance-Beginning	1,166,161	962,763	3,113,786	11,584	5,254,294
Prior Period Adjustment	14,684				14,684
Restated Fund Balance-Beginning	1,180,845	962,763	3,113,786	11,584	5,268,978
Fund Balance-Ending	$ 1,222,008	$ 102,776	$ -	$ 11,329	$ 1,336,113

HENDERSON COUNTY SCHOOL DISTRICT

Combining Balance Sheet - School Activity Funds

June 30, 2025

	HENDERSON COUNTY HIGH	NORTH MIDDLE	SOUTH MIDDLE	BEND GATE ELEMENTARY	CAIRO ELEMENTARY	CENTRAL LEARNING ELEMENTARY	CHANDLER ELEMENTARY	EAST HEIGHTS ELEMENTARY
ASSETS								
Cash and cash equivalents	$ 879,667	$ 98,527	$ 105,976	$ 15,370	$ 11,106	$ 7,969	$ 10,887	$ 23,598
Accounts receivable		530						
Total assets	879,667	99,057	105,976	15,370	11,106	7,969	10,887	23,598
LIABILITIES								
Accounts payable		14,617						
Total liabilities	-	14,617	-	-	-	-	-	-
FUND BALANCE								
School activities	879,667	84,440	105,976	15,370	11,106	7,969	10,887	23,598
Total liabilities & fund balance	$ 879,667	$ 99,057	$ 105,976	$ 15,370	$ 11,106	$ 7,969	$ 10,887	$ 23,598

HENDERSON COUNTY SCHOOL DISTRICT

Combining Balance Sheet - School Activity Funds (Continued)

June 30, 2025

	JEFFERSON ELEMENTARY	NIAGARA ELEMENTARY	SOUTH HEIGHTS ELEMENTARY	SPOTTSVILLE ELEMENTARY	THELMA B JOHNSON ELEMENTARY	HENDERSON COUNTY HIGH CHARITABLE GAMING	TOTAL
ASSETS							
Cash and cash equivalents	$ 17,460	$ 11,370	$ 6,370	$ 21,168	$ 11,952	$ 14,674	$ 1,236,095
Accounts receivable							530
Total assets	17,460	11,370	6,370	21,168	11,952	14,674	1,236,625
LIABILITIES							
Accounts payable							14,617
Total liabilities	-	-	-	-	-	-	14,617
FUND BALANCE							
School activities	17,460	11,370	6,370	21,168	11,952	14,674	1,222,008
Total liabilities & fund balance	$ 17,460	$ 11,370	$ 6,370	$ 21,168	$ 11,952	$ 14,674	$ 1,236,625

HENDERSON COUNTY SCHOOL DISTRICT

Combining Statement of Revenues, Expenses, and Changes in Fund Balance -School Activity Funds

Year ended June 30, 2025

	HENDERSON COUNTY HIGH	NORTH MIDDLE	SOUTH MIDDLE	BEND GATE ELEMENTARY	CAIRO ELEMENTARY	CENTRAL LEARNING ELEMENTARY	CHANDLER ELEMENTARY
REVENUES							
Student revenues	$ 1,476,601	$ 210,407	$ 181,120	$ 22,453	$ 29,112	$ 2,583	$ 26,827
Total revenues	1,476,601	210,407	181,120	22,453	29,112	2,583	26,827
EXPENDITURES							
Student activities	1,450,282	235,797	158,917	17,686	24,113	555	24,494
Total expenditures	1,450,282	235,797	158,917	17,686	24,113	555	24,494
Excess (Deficit) of Revenues Over Expenditures	26,319	(25,390)	22,203	4,767	4,999	2,028	2,333
FUND BALANCE - BEGINNING	853,348	109,830	83,773	10,607	6,093	5,941	8,554
Prior period adjustment	-	-	-	(4)	14	-	-
RESTATED FUND BALANCE - BEGINNING	853,348	109,830	83,773	10,603	6,107	5,941	8,554
FUND BALANCE - ENDING	$ 879,667	$ 84,440	$ 105,976	$ 15,370	$ 11,106	$ 7,969	$ 10,887

HENDERSON COUNTY SCHOOL DISTRICT

Combining Statement of Revenues, Expenses, and Changes in Fund Balance -School Activity Funds (Continued)

Year ended June 30, 2025

	EAST HEIGHTS ELEMENTARY	JEFFERSON ELEMENTARY	NIAGARA ELEMENTARY	SOUTH HEIGHTS ELEMENTARY	SPOTTSVILLE ELEMENTARY	THELMA B JOHNSON ELEMENTARY	HENDERSON COUNTY HIGH CHARITABLE GAMING	TOTAL
REVENUES								
Student revenues	$ 38,095	$ 43,803	$ 27,900	$ 11,937	$ 51,764	$ 22,753	$ -	$ 2,145,355
Total revenues	38,095	43,803	27,900	11,937	51,764	22,753	-	2,145,355
EXPENDITURES								
Student activities	34,260	42,005	27,332	9,909	53,331	25,512	-	2,104,192
Total expenditures	34,260	42,005	27,332	9,909	53,331	25,512	-	2,104,192
Excess (Deficit) of Revenues Over Expenditures	3,835	1,798	568	2,028	(1,567)	(2,759)	-	41,163
FUND BALANCE - BEGINNING	19,763	15,662	10,802	4,342	22,735	14,711	-	1,166,161
Prior period adjustment	-	-	-	-	-	-	14,674	14,684
RESTATED FUND BALANCE - BEGINNING	19,763	15,662	10,802	4,342	22,735	14,711	14,674	1,180,845
FUND BALANCE - ENDING	$ 23,598	$ 17,460	$ 11,370	$ 6,370	$ 21,168	$ 11,952	$ 14,674	$ 1,222,008

HENDERSON COUNTY SCHOOL DISTRICT

Statement of Revenues, Expenses, and Changes in Fund Balance - Henderson County High School

Year ended June 30, 2025

	FUND BALANCE BEGINNING	REVENUES	EXPENSES	TRANSFERS	FUND BALANCE ENDING
GENERAL FUND	$ 13,716	$ 586	$ (5)	$ 35	$ 14,337
CHECKING INTEREST	77,702	43,395	(2,451)	7,908	126,554
FLOWER FUND	6	-	-	-	6
GUIDANCE REFERRAL	557	-	-	-	557
GUIDANCE TESTING SUPPLIES	28,935	20,213	(16,795)	17	32,370
TECHNOLOGY FEE/CHARGE	7,624	131,717	(134,806)	(377)	4,158
SCHOOL PICTURES	4,412	868	(1,743)	-	3,537
INSTRUCTIONAL FEE	3,145	45,091	(48,075)	325	486
BOOK/DAMAGE	34	-	-	(34)	-
BOOK/LOST	65	-	-	(65)	-
START UP CASH	-	6,150	(6,150)	-	-
BOOKSTORE	822	-	(235)	502	1,089
PARKING FUNDS	348	8,618	(8,900)	32	98
CONCESSIONS STUDENTS	213	574	(255)	-	532
CONCESSIONS STAFF	2,048	1,375	(1,290)	(1,200)	933
CONCESSIONS CTE	10,714	12,601	(10,697)	(5)	12,613
VENDING CTE STAFF	4,064	2,713	(1,056)	-	5,721
CTE GENERAL FUND	3	-	-	-	3
CTE NIGHT SCHOOL	9,000	2,000	-	-	11,000
ACADEMIC TEAM	1,800	1,401	(1,441)	-	1,760
AQUATIC COLONELS	3,097	9,529	(6,764)	(75)	5,787
BACKBOARD CLUB	1,904	29,316	(32,500)	4,370	3,090
AP CATALYST	115	-	-	-	115
INTRAMURAL SPORTS	36	-	-	(36)	-
CO-ED Y	2,511	18,384	(19,133)	715	2,477
COLONEL FOOTBALL	30,341	24,558	(37,138)	1,738	19,499
ESPORTS	1,210	-	-	-	1,210
HALL OF FAME ALUMNI	389	945	(596)	-	738
DIAMOND RELIEF	16,677	17,540	(20,686)	604	14,135
DANCE TEAM CLUB	8,315	61,591	(67,105)	3,073	5,874
COLONEL DIAMOND CLUB	819	22,658	(15,831)	-	7,646
CULTURE COMMITTEE	8,247	6,342	(1,842)	(8,035)	4,712
FFA	49,879	59,560	(60,027)	513	49,925
FCCLA	3,429	2,488	(2,061)	112	3,968
EARLY CHILDHOOD ED	1,348	1,064	(766)	(300)	1,346
GOLF CLUB BOYS	10,377	8,650	(12,078)	(100)	6,849
LADY COLONEL GOLF	892	3,820	(3,910)	(420)	382
LADY COLONEL NET	5,296	12,454	(16,022)	2,825	4,553
COLONEL RAQUET CLUB	1,604	3,874	(2,664)	(1,770)	1,044
WRESTLING	9,176	21,855	(24,533)	-	6,498
LIBRARY CLUB	1,888	2,551	(1,170)	99	3,368
NATIONAL HONOR SOCIETY	177	750	(480)	-	447
SHOW CASE	179	-	-	(179)	-
LAUNCH	4,069	60	(4,588)	2,009	1,550
GREEN MSD	-	-	-	-	-
SOCCER BOYS CLUB	8,884	17,777	(25,200)	2,373	3,834
SOCCER GIRLS CLUB	3,592	10,432	(12,431)	712	2,305
WORLD LANGUAGE	2,149	-	-	-	2,149
JROTC CLUB	7,464	6,250	(6,884)	(900)	5,930
THE FOOTBALL MOMS	1,738	-	-	(1,738)	-
TRACK CLUB	14,427	7,065	(7,331)	(825)	13,336
LEO CLUB	375	6,111	(5,769)	(341.00)	376
FCA	952	-	-	-	952
DECA CLUB	482	10,990	(8,367)	(1,341)	1,764
HOSA CLUB	1,665	11,693	(9,178)	(2,374)	1,806
MARKET PLACE	7,800	42,209	(47,543)	11,980	14,446
JUMP START	20	-	-	(20)	-
VICA/SKILLS USA	1,149	535	(1,764)	85	5
FBLA	10,954	9,309	(10,757)	(88)	9,418
NTHS HONOR SOCIETY	287	2,161	(1,938)	-	510
DECA TRAVEL	4,086	-	(155)	-	3,931
TEEN CERT	223	-	-	-	223
CTE STUDENT ACCT	729	-	-	-	729
CLASSROOM CREATION	703	-	-	-	703
STUDENT COUNCIL	941	85	(984)	-	42
VOLLEYBALL CLUB	2,360	28,907	(20,272)	2,565	13,560
PROJECT GRADUATION	418	-	-	(418)	-

HENDERSON COUNTY SCHOOL DISTRICT

Statement of Revenues, Expenses, and Changes in Fund Balance - Henderson County High School (Continued)

Year ended June 30, 2025

	FUND BALANCE ENDING	REVENUES	EXPENSES	TRANSFERS	
BOWLING CLUB	163	830	(1,285)	850	558
TSA	3,129	-	-	(3,129)	-
SCIENCE OLYMPIAD	75	-	-	(75)	-
STUDENT AMBASSADORS	606	1,700	(1,477)	-	829
ARCHERY	65,255	30,066	(45,817)	6,504	56,008
9TH GRADE INITIATIVE	1,759	-	(500)	(1,259)	-
COLONEL KITCHEN	16,601	19,145	(25,220)	3,619	14,145
BASS FISHING CLUB	7,156	1,000	(2,347)	(5,373)	436
COL BOYS BASKETBALL CAM	-	-	-	-	-
CALCULATOR RENTAL	9,205	70	-	-	9,275
STUDENT REWARDS	29	324	(234)	934	1,053
SUMMER SCHOOL	16,043	7,829	(6,748)	-	17,124
CRIMINAL LAW CLUB	1,007	2,041	(2,805)	-	243
SOFA	1,470	2,931	(1,131)	-	3,270
ART	1,558	1,000	(1,003)	-	1,555
BAND	19,072	50,607	(61,171)	2,535	11,043
BAND TRAVEL ACCOUNT	69	-	-	(69)	-
ENGLISH DEPT	13,751	18	(1,688)	397	12,478
MATH SUPPLIES	504	-	(70)	-	434
SCIENCE DEPARTMENT	1,510	-	-	75	1,585
SOCIAL STUDIES SUPP	33	-	-	(33)	-
AUTO TECH	1,745	100	(59)	-	1,786
TECH SQUAD	200	195	(67)	3,003	3,331
CARPENTRY	101	1,006	(526)	(100)	481
MACHINE TOOL	2,767	-	(235)	-	2,532
WELDING	10,383	1,349	(5,415)	(1,300)	5,017
ARTS & HUMANITIES	-	538	(280)	5	263
YOUTH SERVICE CENT	3,811	-	-	-	3,811
BAND UNIFORMS	1,812	-	-	(1,812)	-
ANNUAL	91,106	14,694	(17,352)	(265)	88,183
JOURNALISM	574	624	(910)	-	288
DRAMA	14,600	3,876	(1,775)	-	16,701
SPEECH	397	-	-	(397)	-
CHOIR	6,653	19,419	(21,606)	6	4,472
WINTER BAND	370	10,448	(9,213)	573	2,178
INDUSTRIAL MAINTENANCE	-	-	-	138	138
ASSOC ATHLETICS	90,631	375,739	(305,544)	(38,181)	122,645
CHEERLEADERS	23,035	121,395	(134,166)	3,936	14,200
FRESHMAN CLASS	1,801	-	-	(1,801)	-
SOPHOMORE CLASS	7,599	-	-	(7,599)	-
JUNIOR CLASS	13,568	60	-	(13,628)	-
SENIOR CLASS	-	-	-	-	-
WINTER WISHES	558	-	-	-	558
COLONEL CREW	300	400	(406)	-	294
JERRY MEZUR ATHLETIC SCHOOL	-	-	-	-	-
DOUG/OLLIE CALHOUN SCHOOL	-	2,000	(2,000)	-	-
DENISE ELLIOTT MEMO	427	500	(400)	-	527
LEO WINCHESTER SCHOLARS	517	19,495	(17,000)	-	3,012
FFA SCHOLARSHIP FUND	8,165	13,403	(15,845)	-	5,723
GENE HAAS SCHOLARSHIP	3,272	-	-	-	3,272
MACHINE TOOL SCHOOL	500	-	-	-	500
PHIL GIBSON SCHOLARSHIP	-	-	-	-	-
SANDRA G SANDERS FUND	370	-	-	-	370
STUDENT FEE SCHOLARSHIPS	-	-	-	-	-
LAMBERT FOUNDATION	-	4,000	(4,000)	-	-
COL JAMES SMITH MEMORIAL	-	1,000	(1,000)	-	-
EDUCATORS RISING	718	1,082	(1,550)	(150)	100
MENTAL HEALTH SCHOLARSHIP	-	-	(3,000)	4,000	1,000
SCH REWARD SCHOLARSHIP	9,538	-	-	-	9,538
LAW ENFORCEMENT	-	750	(159)	-	591
USA CLUB	-	1,400	(670)	(150)	580
CALSS OF 2025	-	15,152	(23,272)	8,120	-
CALSS OF 2026	-	8,740	(2,883)	7,106	12,963
CLASS OF 2027	-	1,650	(525)	2,253	3,378
CLASS OF 2028	-	1,210	(500)	1,500	2,210
CLASS OF 2029	-	-	-	2,000	2,000
DAF INSTRUCTION	-	-	-	-	-
DAF ATHLETICS	250	-	(6,063)	5,816	3
DAF PROFESSIONAL DEVELOP	-	-	-	-	-
DAF LIBRARY	-	-	-	-	-
DAF BLDG/GROUNDS M & F	-	-	-	-	-
Totals	$ 853,348	$ 1,476,601	$ (1,450,282)	$ -	879,667

Henderson County School District

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2025

Federal Grantor/ Pass-Through Grantor/ Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Expenditures
U.S. Department of Agriculture				
Passed Through State Department of Education				
School Breakfast Program	10.553			
Fiscal Year 24		7760005 24	-	$ 269,883
Fiscal Year 25		7760005 25	-	913,020
National School Lunch Program	10.555			
Fiscal Year 24		7750002 24	-	777,354
Fiscal Year 25		7750002 25	-	2,619,786
Fiscal Year 24		9980000 24	-	
Summer Food Service	10.559			
Fiscal Year 24		7740023 24	-	97,441
Fiscal Year 25		7740023 25	-	7,504
Fiscal Year 24		7690024 24	-	10,080
Fiscal Year 25		7690024 25	-	773
Fruit & Vegetable Program	10.582			
Fiscal Year 24		7720012 24	-	15,750
Fiscal Year 25		7720012 25	-	156,121
Child Nutrition Cluster Subtotal				4,867,712
State Administrative Expense (SAE) Funds	10.560			
Fiscal Year 24		7700001 24	-	16,122
NSLP Equipment-Child Nutrition Recovery Act	10.579			
Fiscal Year 24		7840027S	-	116,539
Child and Adult Care Food Program	10.558			
Fiscal Year 24		7790021 24	-	39,912
Fiscal Year 25		7790021 25	-	136,688
Fiscal Year 24		7800016 24	-	2,516
Fiscal Year 25		7800016 25	-	8,583
				187,699
Passed Through State Department of Agriculture				
Food Donation-Commodities	10.565			
Fiscal Year 25		510.4950	-	527,713
Total U.S. Department of Agriculture				5,715,785
US Department of Education				
Passed Through State Department of Education				
Title I Grants to Local Educational Agencies	84.010A			
Fiscal Year 23		3100002 23	-	7,229
Fiscal Year 24		3100002 24	-	439,991
Fiscal Year 25		3100002 25	-	1,499,958
				1,947,178
* **Special Education Grants to States**	84.027A			
Fiscal Year 24		3810002 22	-	71,827
Fiscal Year 25		3810002 23	-	1,820,459
* **Special Education - Preschool Grants**	84.173A			
Fiscal Year 23		3800002 22	-	2,830
Fiscal Year 24		3800002 23	-	70,657
Fiscal Year 25		3800002 24	-	2,609
Special Education Cluster Subtotal				1,968,382
Vocation Education - Basic Grants to States	84.048			
Fiscal Year 24		3710002 23	-	9,692
Fiscal Year 25		3710002 24	-	119,256
				128,948
Limited English Proficiency	84.365			
Fiscal Year 23		3300002-22	-	4,088
Fiscal Year 24		3300002-23	-	6,574
				10,662
Title IV Part A: 21st Century Community Learning Centers Program	84.287			
Fiscal Year 24		550J	-	49,696
Fiscal Year 25		550J	-	153,370
				203,066
Title IV Part A: Student Support	84.424			
Fiscal Year 23		3420002 22	-	35,744
Fiscal Year 24		3420002 23	-	71,625
Fiscal Year 25		3420002 24	-	36,199
				143,568

See the accompanying notes to the schedule of expenditures of federal awards.

Henderson County School District

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

Year Ended June 30, 2025

Federal Grantor/ Pass-Through Grantor/ Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Expenditures
* **Stronger Connection Grant Program**	84.424F			
Fiscal Year 24		617K	-	284,953
Title II, Part A: Supporting Effective Instruction State Grant	84.367A			
Fiscal Year 24		3230002 23	-	41,577
Fiscal Year 25		3230002 24	-	254,334
				295,911
* **COVID-19- ARP ESSER**	84.425U			
FY21 ARP Emergency Relief Fund		4300002-21	-	3,849,316
Fiscal Year 24		4300007-21	-	116,377
FY23 Deeper Learning		563J	-	103,889
* **COVID-19- ARP ESSER Homeless Children and Youth I**	84.425W			
Fiscal Year 22		4980002-21	-	2,886
Education Stabilization Funds Subtotal				4,072,468
Total U.S. Department of Education				9,055,136
U.S. Department of Defense				
ROTC	12.000			
Fiscal Year 23		Direct	-	1,486
Fiscal Year 25		Direct	-	187,327
				188,813
Total U.S. Department of Defense				188,813
U.S. Department of Health and Human Services				
Pediatric Mental Health Care	93.110			
Fiscal Year 24		Direct	-	15,792
Project AWARE	93.243			
Fiscal Year 19		Direct	-	2,003
Fiscal Year 24		Direct	-	9,676
				11,679
COVID-19- Child Care and Development Block Grant	93.575			
ARPA Preschool Partnership Grant (CCSDF)		Direct	-	66,211
ARPA Child Care Sustainability Stabilization Funds		Direct	-	356,847
CRRSA Child Care Aid		Direct	-	93,945
				517,003
Total U.S. Department of Health and Human Services				544,474
Total Expenditure of Federal Awards			$	15,504,208

* Major program

See the accompanying notes to the schedule of expenditures of federal awards.

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair value of the commodities received and disbursed. For the year ended June 30, 2025, the District received food commodities totaling $527,713.

NOTE D – INDIRECT COST RATE

The Henderson County School District has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

White & Associates, PSC
Certified Public Accountants & Consultants

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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 Board of Education of the Henderson County School District
Henderson, Kentucky

And the State Committee for School District Audits

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the audit requirements prescribed by the Kentucky State Committee for School District Audits, in the *Auditor Responsibilities and State Compliance Requirements* sections contained in the Kentucky Public School Districts' Audit /Contract and requirements, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Henderson County School District, (District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise District's basic financial statements, and have issued our report thereon dated December 31, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We have issued a separate letter dated December 31, 2025, addressing matters required to be reported to management of the District under the Kentucky Department of Education's Audit Requirements for Local School Districts.

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.

White & Associates, PSC

Richmond, Kentucky

December 31, 2025

White & Associates, PSC
Certified Public Accountants & Consultants

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Richmond, KY 40475
(859) 624-3926

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

To the Board of Education of the Henderson County School District
Henderson, Kentucky

And the State Committee for School District Audits

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Henderson County School District's, (District), compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of District's major federal programs for the year ended June 30, 2025. 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, District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to 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 District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing*

Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding 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 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 District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

White & Associates, PSC

Richmond, Kentucky

December 31, 2025

HENDERSON COUNTY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2025

SUMMARY OF AUDITOR'S RESULTS

What type of report was issued for the financial statements?	Unmodified
Were there significant deficiencies disclosed?	None Reported
If so, was any significant deficiencies material (GAGAS)?	N/A
Was any material noncompliance reported (GAGAS)?	No
Were there material weaknesses in internal control disclosed for major programs?	No
Were there any significant deficiencies in internal control disclosed that were not considered to be material weaknesses?	None Reported
What type of report was issued on compliance for major programs?	Unmodified
Did the audit disclose findings as it relates to major programs that Is required to be reported as described in the Uniform Guidance?	No
Major Programs	Special Education Cluster [ALN 84.027, & 84.173] Educational Stabilization Fund [ALN 84.425U, 84.425W] Stronger Connection Grant Program [ALN 84.424F]
Dollar threshold of Type A and B programs	$750,000
Low risk auditee?	No

FINDINGS - FINANCIAL STATEMENT AUDIT

No findings at the financial statement level.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

No findings at the major federal award programs level.

REFERENCE NUMBER 2024-001 Internal Controls Over Financial Reporting of Construction in Progress

Condition: Construction in progress was understated $1,972,495 in the financial statements and audit for fiscal year ending June 30, 2023.

Current Status: Corrective action has been taken and the condition stated above is resolved as of June 30, 2025.

White & Associates, PSC

CERTIFIED PUBLIC ACCOUNTANTS

MANAGEMENT LETTER POINTS

Henderson County School District
Henderson, Kentucky

In planning and performing our audit of the financial statements of the Henderson County School District (District) for the year ended June 30, 2025, we considered the District's internal controls in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal controls. Accordingly, we do not express an opinion on the effectiveness of the District's internal controls.

We previously reported on the District's internal controls in our report dated December 31, 2025. This letter does not affect our report dated December 31, 2025, on the financial statements of the Henderson County School District.

During the audit process we communicated orally to the district responsible persons conditions that we think will improve the effectiveness of internal controls. We have documented those communications in our work papers for future reference. Those items we do not believe rise to the nature to be written and have a management response. If improvements are not made in successive audits the communication will be written.

All prior year conditions have been implemented and corrected. Dr. Bob Lawson, Superintendent, is the person responsible for initiation of any corrective action plan communicated written, or orally, if any.

We would like to thank the Finance Officer, David Stokes, and their department for their support and assistance during our audit.

This report is intended solely for the information and use of the Board of Education, management, and others within the district and is not intended to be and should not be used by anyone other than these specified parties.

White & Associates, PSC

White & Associates, PSC
Richmond, Kentucky
December 31, 2025