

To the Members of the Board of Education
Rowan County School District
Morehead, Kentucky

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Rowan County School District for the year ended June 30, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 17, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by District are described in Note (2) to the financial statements. As described in Note (2) to the financial statements, the District implemented GASB Statement No. 101, *Compensated Absences*, and GASB Statement No. 102, *Certain Risk Disclosures*, during the year. The adoption of GASB No. 101 required a restatement of prior year net assets of (\$325,446). The adoption of GASB No. 102 did not have a material effect on the District's financial statements.

We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

Management's estimate of depreciation is based on historical trends and industry standards. We evaluated the key factors and assumptions used to develop the estimate of depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of accrued sick leave is based on the District's funding policy, historical trends, and industry standards. We evaluated the key factors and assumptions used to develop the estimate of accrued sick leave in determining that it is reasonable in relation to the financial statements taken as a whole.

Estimates used by the actuary in developing the District's obligations for retirement and OPEB plans as required by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*. See Notes (7) and (8) to the financial statements for a summary of the significant assumptions utilized. We evaluated the key factors and assumptions used to develop the estimate of pension and OPEB expense and related obligations in determining that they are reasonable in relation to the financial statements taken as a whole.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even though, in our judgment, such uncorrected misstatements are immaterial to the financial statements under audit. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 05, 2025.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to the Management's Discussion and Analysis, Schedule of District's Proportionate Share of the Net Pension Liability and Schedule of Pension Contributions, Schedule of District's Proportionate Share of the Net OPEB Liability (Asset) and Schedule of OPEB Contributions which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary information, which accompanies the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

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

Kelley Gallaway Smith Goolbsy, PSC

Ashland, Kentucky
December 05, 2025

Client: ROWAN COUNTY SCHOOL DISTRICT
Engagement: 06.30.25
Current Period: 06/30/2025
Workpaper: Passed Journal Entries

Account	Description	Misstatement	Workpaper Reference	Debit	Credit	Net Income Effect
3		Known Misstatement	36.1			
To record additional payables at 6/30						
001.0001118-0253-	KSBA UNEMPLOYMENT INSURANCE			29,082.36	0.00	
001.0011075-0343-	LEGAL SERVICES			10,367.50	0.00	
001.10-7421-	ACCOUNTS PAYABLE			0.00	39,449.86	
Total				<u>39,449.86</u>	<u>39,449.86</u>	<u>(39,449.86)</u>
6		Known Misstatement				
To adjust cash to expected balance						
001.10-6101-	CASH IN BANK			56,998.92	0.00	
001.110-1990-	MISCELLANEOUS REVENUE			0.00	56,998.92	
Total				<u>56,998.92</u>	<u>56,998.92</u>	<u>56,998.92</u>
12		Known Classification	2.4			
To adjust Student Activity Funds to agree to detailed schedules.						
025.25-6101-	CASH IN BANK			18,366.00	0.00	
025.225-1750-04300	DONATIONS (ACTIVITY FND)			0.00	18,366.00	
Total				<u>18,366.00</u>	<u>18,366.00</u>	<u>18,366.00</u>
15		Known Classification	36.1			
To record credit card bill at year-end						
001.0001029-0349-	OTHER PROFESSIONAL SERVICES			33,683.24	0.00	
001.10-7421-	ACCOUNTS PAYABLE			0.00	33,683.24	
Total				<u>33,683.24</u>	<u>33,683.24</u>	<u>(33,683.24)</u>
16		Known Misstatement	AF.1-2			
To record accounts payable						
025.25-7421-	ACCOUNTS PAYABLE			0.00	2,564.93	
025.25-7602-	EXPENDITURES CONTROL			2,564.93	0.00	
Total				<u>2,564.93</u>	<u>2,564.93</u>	<u>0.00</u>
GW-2		Known Classification	I.6			

Account	Description	Misstatement	Workpaper Reference	Debit	Credit	Net Income Effect
To record a lease liability under GASB 87						
009.90-5500-	Lease Assets			197,965.02	0.00	
009.90-7600-	Lease Liability			<u>0.00</u>	<u>197,965.02</u>	
Total				<u>197,965.02</u>	<u>197,965.02</u>	<u>0.00</u>
GRAND TOTAL				<u>349,027.97</u>	<u>349,027.97</u>	<u>2,231.82</u>