

FORT THOMAS INDEPENDENT SCHOOL DISTRICT
FINANCIAL STATEMENTS
JUNE 30, 2025

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INDEPENDENT AUDITOR'S REPORT

Kentucky State Committee for School District Audits
Members of the Board of Education
Fort Thomas Independent School District
Fort Thomas, KY

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 Fort Thomas Independent 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 for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of 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. 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 opinions.

Responsibilities of Management for the Financial Statements

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

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 auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement from fraud is higher than 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 judgement 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 judgement, 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, budgetary comparison information, pension schedules, and OPEB schedules 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.

Other 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, combining and individual school activity 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, combining and individual school activity fund financial statements, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 4, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Maddox & Associates CPAs Inc.

Fort Thomas, Kentucky
January 4, 2026

As management of the Fort Thomas Independent 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 this report.

FINANCIAL HIGHLIGHTS

The assets and deferred outflows of the District were more than its liabilities and deferred outflows at the close of the most recent fiscal year by \$40,317,929 (net position). The unrestricted net position, which represents the amounts available to meet the District's ongoing obligations to citizens and creditors, was a deficit of (\$8,614,716). The District is committed to provide postemployment benefits to its employees. As a result, the District has recognized substantial liabilities in the financial statements for these benefits. As of year-end, the District has liabilities of for postemployment benefits of \$11,678,999 which caused the deficit balance in the unrestricted net position. The District's total net position increased by \$9,313,820 .

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis provided here are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) the notes to the financial statements.

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

The *statement of activities* presents information showing how the District 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 the related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, district and school administration, business and plant operations, student transportation, and operation of non-instructional services. Fixed assets and debt is also supported by taxes and intergovernmental revenues. The government-wide financial statements can be found on pages 9-10 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. This is the state mandated accounting system including a chart of accounts for all Kentucky public school districts utilizing the MUNIS administrative software. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. The proprietary fund is for food service operations. The fiduciary fund is a trust fund established by benefactors to aid in student education, welfare, and teacher support. All other activities of the District are included in the governmental funds. The basic governmental fund financial statements can be found on pages 11-19 of this report.

Notes to the Financial Statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20-50 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Net Position

	Governmental Activities		Business-Type Activities	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Assets				
Current assets	\$ 17,016,090	\$ 9,580,707	\$ 707,485	\$ 592,461
Noncurrent assets	117,580,205	104,677,668	21,759	22,568
Total assets	134,596,295	114,258,375	729,244	615,029
Deferred outflows	4,934,598	5,970,656	156,519	190,465
Liabilities				
Current liabilities	10,023,443	7,176,113	12,600	12,508
Noncurrent liabilities	81,545,269	71,361,277	751,560	817,349
Total liabilities	91,568,712	78,537,390	764,160	829,857
Deferred inflows	7,354,032	8,584,503	411,823	520,997
Net position				
Net investment in capital assets	43,695,530	41,741,041	0	1,784
Restricted	5,527,335	2,376,436	(290,220)	(547,144)
Unrestricted	(8,614,716)	(11,010,339)	-	-
Total net position	\$ 40,608,149	\$ 33,107,138	\$ (290,220)	\$ (545,360)

Change in Net Position

	Governmental Activities		Business-Type Activities	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Revenues:				
Local revenue sources	\$ 25,123,472	\$ 23,982,932	\$ 1,634,342	\$ 1,633,031
State revenue sources	28,053,728	23,393,801	106,569	97,168
Federal revenue sources	800,028	1,211,341	-	-
Total revenues	\$ 53,977,228	\$ 48,588,074	\$ 1,740,911	\$ 1,730,199
Expenses:				
Instruction	28,190,666	21,507,662	-	-
Student support	1,969,231	1,824,730	-	-
Instruction staff	2,812,724	2,327,166	-	-
District administrative	1,718,467	1,708,447	-	-
School administrative	2,935,002	2,836,312	-	-
Business support	1,311,436	1,100,955	-	-
Plant operations	3,493,467	3,403,047	-	-
Student transportation	150,178	150,002	-	-
Food service	-	-	1,481,355	2,259,530
Community services	13,698	-	16,631	13,057
Building construction	(188,077)	-	-	-
Building improvements	-	5,170,530	-	-
Interest on long-term debt	2,511,756	2,033,363	-	-
Total expenses	\$ 44,918,548	\$ 42,062,214	\$ 1,497,986	\$ 2,272,587
Transfers	-	-	-	-
Change in net position	\$ 9,058,680	\$ 6,525,860	\$ 242,925	\$ (542,388)

GOVERNMENTAL FUND FINANCIAL ANALYSIS

Governmental Funds

The focus of the District’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the District’s government funds reported combined fund balances of \$13,078,462 a change of \$4,956,948 from the prior year.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$6,895,947 . The total general fund balance changed \$2,309,150 .

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year, the District had \$114,198,353 in capital assets net of depreciation. Net capital assets changed by \$10,356,219 .

	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Land	\$ 565,820	\$ 565,820	\$ -	\$ -
Buildings and improvements	96,767,412	99,436,855	-	-
Technology equipment	79,250	151,737	-	-
Vehicles	96,470	32,761	-	-
General equipment	2,048,478	1,889,193	-	1,784
Construction in progress	14,640,923	1,763,984	-	-
Total capital assets, net	\$ 114,198,353	\$ 103,840,350	\$ -	\$ 1,784

Long-Term Obligations

At the end of the fiscal year, the District had \$86,889,903 in long-term liabilities. Long-term liabilities changed by \$10,299,552 .

	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Compensated absences	\$ 2,237,356	\$ 590,791		
Bonds payable	70,887,547	62,099,309	-	-
KISTA bonds payable	162,068	278,883		
Financed purchases	2,483,197	604,534		
Operating leases	192,296	150,949	-	-
Net OPEB liability	5,416,000	6,187,000	-	-
Net pension liability	5,511,439	6,613,096	751,560	817,349
Total long-term liabilities	\$ 86,889,903	\$ 76,524,562	\$ 751,560	\$ 817,349

GENERAL FUND BUDGET

Kentucky state statutes and the Kentucky Department of Education require school districts to adopt a budget that has a minimum 2% contingency. The District adopted a general fund budget that had a contingency of 6%.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

General fund revenue for the District for 2025 is budgeted to increase approximately \$200,000. Expenditures are budgeted to increase approximately \$1,000,000 over the prior year. The 2026 budget has a 6% contingency.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Finance Officer, Andy Remlinger, 28 N. Fort Thomas Ave., Fort Thomas, KY 41075

Fort Thomas Independent School District
Statement of Net Position
June 30, 2025

	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 15,406,333	\$ 694,168	\$ 16,100,501
Receivables	872,980	-	872,980
Prepaid expenditures	736,777	-	736,777
Inventory	-	13,317	13,317
Noncurrent assets			
Net OPEB asset - CERS	159,567	21,759	181,326
Right of use assets, net	3,222,285	-	3,222,285
Capital assets, net	114,198,353	-	114,198,353
Total assets	134,596,295	729,244	135,325,539
Deferred outflows of resources			
Loss on refunding	80,015	-	80,015
OPEB related	3,963,245	32,725	3,995,970
Pension related	891,338	123,794	1,015,132
Total deferred outflows of resources	4,934,598	156,519	5,091,117
Liabilities			
Current liabilities			
Accounts payable	3,739,367	12,600	3,751,967
Accrued salaries and benefits	9,016	-	9,016
Unearned revenue	189,245	-	189,245
Accrued interest payable	741,181	-	741,181
Bonds payable	4,638,089	-	4,638,089
KISTA bonds payable	5,966	-	5,966
Financed purchases	657,785	-	657,785
Operating leases	42,794	-	42,794
Noncurrent liabilities			
Compensated absences	2,237,356	-	2,237,356
Bonds payable	66,249,458	-	66,249,458
KISTA bonds payable	156,102	-	156,102
Financed purchases	1,825,412	-	1,825,412
Operating leases	149,502	-	149,502
Net OPEB liability - TRS	5,416,000	-	5,416,000
Net pension liability	5,511,439	751,560	6,262,999
Total liabilities	91,568,712	764,160	92,332,872
Deferred inflows of resources			
OPEB related	6,145,631	247,041	6,392,672
Pension related	1,208,401	164,782	1,373,183
Total deferred inflows of resources	7,354,032	411,823	7,765,855
Net position			
Net investment in capital assets	43,695,530	-	43,695,530
Restricted (deficit)	5,527,335	(290,220)	5,237,115
Unrestricted (deficit)	(8,614,716)	-	(8,614,716)
Total net position (deficit)	\$ 40,608,149	\$ (290,220)	\$ 40,317,929

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

Fort Thomas Independent School District
Statement of Activities
Year Ended June 30, 2025

	Expenses	Charges for Services	Operating Grants and Contribution	Capital Grants and Contributions	Revenue over Expenses
Governmental Activities					
Instruction	\$ 28,190,666	\$ 821,281	\$ 8,626,778	\$ -	\$ (18,742,607)
Support services:					
Student	1,969,231	-	653,978	-	(1,315,253)
Instructional staff	2,812,724	-	349,186	-	(2,463,538)
District administration	1,718,467	-	189,683	-	(1,528,784)
School administration	2,935,002	-	735,667	-	(2,199,335)
Business	1,311,436	-	341,709	-	(969,727)
Plant operation	3,493,467	-	678,260	-	(2,815,207)
Student transportation	150,178	-	-	-	(150,178)
Community service	13,698	-	13,698	-	-
Site improvements	(188,077)	-	-	-	188,077
Interest on long-term debt	2,511,756	-	-	3,352,006	840,250
Total governmental activities	44,918,548	821,281	11,588,959	3,352,006	(29,156,302)
Business-Type Activities					
Food service	1,481,355	1,595,130	106,569	-	220,344
Summer enrichment	16,631	12,215	-	-	(4,416)
Total business-type activities	1,497,986	1,607,345	106,569	-	215,928
Total school district	\$ 46,416,534	\$ 2,428,626	\$ 11,695,528	\$ 3,352,006	(28,940,374)
			Governmental Activities	Business-Type Activities	Total
Revenue over expenses			\$ (29,156,302)	\$ 215,928	\$ (28,940,374)
General Revenues					
Property taxes			17,713,675	-	17,713,675
Motor vehicle taxes			1,726,064	-	1,726,064
Utilities tax			1,087,996	-	1,087,996
State and federal aid			2,440,004	-	2,440,004
SEEK			11,472,787	-	11,472,787
Investment earnings			999,172	39,212	1,038,384
Other			2,775,284	-	2,775,284
Total general revenues			38,214,982	39,212	38,254,194
Change in net position			9,058,680	255,140	9,313,820
Net position (deficit) - beginning of year (as restated)			31,549,469	(545,360)	31,004,109
Net position (deficit) - end of year			\$ 40,608,149	\$ (290,220)	\$ 40,317,929

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

Fort Thomas Independent School District
Balance Sheet – Governmental Funds
June 30, 2025

	General Fund	Special Revenue Fund	Construction Fund	Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 8,398,987	\$ (80,753)	\$ 4,534,718	\$ -	\$ 2,553,381	\$ 15,406,333
Receivables	587,645	237,034	-	-	48,301	872,980
Prepaid expenditures	655,180	-	-	-	81,597	736,777
Total assets	\$ 9,641,812	\$ 156,281	\$ 4,534,718	\$ -	\$ 2,683,279	\$ 17,016,090
Liabilities						
Accounts payable	\$ 1,470,019	\$ 28,686	\$ 2,139,336	\$ -	\$ 101,326	\$ 3,739,367
Accrued salaries and benefits	9,016	-	-	-	-	9,016
Unearned revenue	61,650	127,595	-	-	-	189,245
Total liabilities	1,540,685	156,281	2,139,336	-	101,326	3,937,628
Fund balances						
Nonspendable	655,180	-	-	-	-	655,180
Restricted	550,000	-	2,395,382	-	2,581,953	5,527,335
Committed	-	-	-	-	-	-
Unassigned	6,895,947	-	-	-	-	6,895,947
Total fund balances	8,101,127	-	2,395,382	-	2,581,953	13,078,462
Total liabilities and fund balances	\$ 9,641,812	\$ 156,281	\$ 4,534,718	\$ -	\$ 2,683,279	\$ 17,016,090

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

Fort Thomas Independent School District
 Reconciliation of the Balance Sheet – Governmental Funds
 to the Statement of Net Position
 June 30, 2025

Total fund balances - governmental funds	\$	13,078,462
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets		114,198,353
Right of use assets		3,222,285

Deferred outflow and inflow of resources are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows - loss on refunding		80,015
Deferred outflows - OPEB		3,963,245
Deferred outflows - pensions		891,338
Deferred inflows - OPEB		(6,145,631)
Deferred inflows - pension		(1,208,401)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Accrued interest payable		(741,181)
Lease liability		(192,296)
Financed purchases		(2,483,197)
KISTA bonds payable		(162,068)
Bonds payable		(70,887,547)
Compensated absences		(2,237,356)
Net OPEB liability (asset)		(5,256,433)
Net pension liability		(5,511,439)

Bond discounts and premiums are not financial resources and, therefore, are not reported in the funds.

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Net position of governmental activities	\$	40,608,149
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The notes to the financial statements are an integral part of this statement.

Fort Thomas Independent School District
Statement of Revenues, Expenditures and Changes in Fund
Balances – Governmental Funds
Year Ended June 30, 2025

	General Fund	Special Revenue Fund	Construction Fund	Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues						
From local sources:						
Property taxes	\$ 15,599,174	\$ -	\$ -	\$ -	\$ 2,114,501	\$ 17,713,675
Motor vehicle taxes	1,726,064	-	-	-	-	1,726,064
Utility taxes	1,087,996	-	-	-	-	1,087,996
Earnings on investments	532,944	-	426,353	-	39,875	999,172
Tuition	821,281	-	-	-	-	821,281
Other local revenue	561,924	117,426	258,500	-	1,837,434	2,775,284
Intergovernmental state:						
SEEK	9,470,018	-	-	-	2,002,769	11,472,787
On-behalf	9,424,584	-	-	3,352,007	-	12,776,591
Other	117,787	1,186,563	2,500,000	-	-	3,804,350
Intergovernmental federal	-	800,028	-	-	-	800,028
Federal direct	-	-	-	-	-	-
Total revenues	39,341,772	2,104,017	3,184,853	3,352,007	5,994,579	53,977,228
Expenditures						
Instruction	22,681,987	1,984,128	-	-	1,694,079	26,360,194
Support services:						
Student	2,014,989	88,635	-	-	-	2,103,624
Instruction staff	2,852,445	37,913	-	-	-	2,890,358
District administrative	1,759,648	-	-	-	-	1,759,648
School administrative	2,578,024	-	-	-	-	2,578,024
Business support	1,509,134	-	-	-	-	1,509,134
Plant operation	3,907,467	40,000	-	-	-	3,947,467
Student transpiration	210,211	-	-	-	-	210,211
Community services	-	13,698	-	-	-	13,698
Site improvement	-	-	13,396,969	-	-	13,396,969
Debt service						
Principal	721,391	-	-	4,505,000	-	5,226,391
Interest	8,094	-	-	2,273,391	-	2,281,485
Total expenditures	38,243,390	2,164,374	13,396,969	6,778,391	1,694,079	62,277,203
Excess of revenues over (under) expenditures	1,098,382	(60,357)	(10,212,116)	(3,426,384)	4,300,500	(8,299,975)
Other financing sources (uses)						
Transfers in	1,433,660	60,357	562,919	3,426,384	-	5,483,320
Transfers out	(222,892)	-	(1,433,660)	-	(3,826,768)	(5,483,320)
Bond discount	-	-	(188,077)	-	-	(188,077)
Bond proceeds	-	-	13,445,000	-	-	13,445,000
Total other financing sources (uses)	1,210,768	60,357	12,386,182	3,426,384	(3,826,768)	13,256,923
Net change in fund balances	2,309,150	-	2,174,066	-	473,732	4,956,948
Fund balances - beginning	5,791,977	-	221,316	-	2,108,221	8,121,514
Fund balances - end of year	\$ 8,101,127	\$ -	\$ 2,395,382	\$ -	\$ 2,581,953	\$ 13,078,462

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

Fort Thomas Independent School District
Statement of Net Position – Proprietary Fund
June 30, 2025

Net change in fund balances - total governmental funds \$ 4,956,948

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

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those asset is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	13,621,838
Depreciation expense	(3,263,835)

The issuance of long-term debt provides current financial resources to governmental funds, but the proceeds increase long-term liabilities in the statement of net position.

Bond proceeds	(13,445,000)
Bond discount	188,077

Repayment of long-term debt are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Bonds	4,505,000
KISTA Bonds	116,815
Operating leases	58,780
Financed purchases	604,534

Some expenses reported in the statement of activities do not require current financial resources and, therefore, are not reported as expenditures in the funds.

Lease amortization	(59,263)
Bond discount and deferred refunding amortization	(36,315)
Change in accrued interest payable	(187,546)
Change in compensated absences	(88,896)
Change in OPEB liabilities and deferred amounts	1,086,081
Change in pension liabilities and deferred amounts	1,001,462

Change in net position of governmental activities	\$ 9,058,680
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The notes to the financial statements are an integral part of this statement.

Fort Thomas Independent School District
Statement of Net Position – Proprietary Fund
June 30, 2025

	Food Service	Summer Enrichment	Adult Education	Total
Assets				
Current assets				
Cash and cash equivalents	\$ 671,682	\$ 21,450	\$ 1,036	\$ 694,168
Inventories for consumption	13,317	-	-	13,317
Total current assets	684,999	21,450	1,036	707,485
Noncurrent assets				
Net OPEB asset - CERS	21,759	-	-	21,759
Total noncurrent assets	21,759	-	-	21,759
Total assets	706,758	21,450	1,036	729,244
Deferred outflows of resources				
OPEB related	32,725	-	-	32,725
Pension related	123,794	-	-	123,794
Total deferred outflows of resources	156,519	-	-	156,519
Liabilities				
Current liabilities				
Accounts payable	11,471	1,129	-	12,600
Total current liabilities	11,471	1,129	-	12,600
Long-term liabilities				
Net pension liability	751,560	-	-	751,560
Total long-term liabilities	751,560	-	-	751,560
Total liabilities	763,031	1,129	-	764,160
Deferred inflows of resources				
OPEB related	247,041	-	-	247,041
Pension related	164,782	-	-	164,782
Total deferred inflow of resources	411,823	-	-	411,823
Net position				
Restricted	(311,577)	20,321	1,036	(290,220)
Total net position (deficit)	\$ (311,577)	\$ 20,321	\$ 1,036	\$ (290,220)

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

Fort Thomas Independent School District
Statement of Revenue, Expenses, and Changes
In Fund Net Position – Proprietary Fund
Year Ended June 30, 2025

	Food Service	Summer Enrichment	Adult Education	Total
Operating revenues				
Food service	\$ 1,595,130	\$ -	\$ -	\$ 1,595,130
Tuition	-	12,215	-	12,215
Total operating revenues	1,595,130	12,215	-	1,607,345
Operating expenses				
Salaries and wages	499,782	13,036	-	512,818
Employee benefits	86,635	732	-	87,367
Purchased services	31,878	40	-	31,918
Materials and supplies	861,276	2,823	-	864,099
Depreciation	1,784	-	-	1,784
Total operating expenses	1,481,355	16,631	-	1,497,986
Operating loss	113,775	(4,416)	-	109,359
Non operating revenues				
On-behalf revenue	106,569			106,569
Interest income	39,212			39,212
Total other financing sources (uses)	145,781	-	-	145,781
Net change in fund balances	259,556	(4,416)	-	255,140
Fund balances - beginning of year (as restated)	(571,133)	24,737	1,036	(545,360)
Fund balances - end of year	\$ (311,577)	\$ 20,321	\$ 1,036	\$ (290,220)

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

Fort Thomas Independent School District
Statement of Cash Flows – Proprietary Fund
Year Ended June 30, 2025

	Food Service	Summer Enrichment	Adult Education	Total
Cash flows from operating activities				
Cash received:				
From food service sales	\$ 1,595,130	\$ -	\$ -	\$ 1,595,130
From tuition	-	25,795	-	25,795
Cash paid:				
To employees	(728,409)	(13,768)	-	(742,177)
To suppliers	(853,462)	(2,593)	-	(856,055)
For operating expenses	(31,878)	(40)	-	(31,918)
Net cash used in operating activities	(18,619)	9,394	-	(9,225)
Cash flows from noncapital financing activities				
Non operating grants	106,569	-	-	106,569
Net cash provided by noncapital financing activities	106,569	-	-	106,569
Cash flows from investing activities				
Interest on investments	39,212	-	-	39,212
Net cash provided by investing activities	39,212	-	-	39,212
Net increase in cash	127,162	9,394	-	136,556
Cash - beginning of year	544,520	12,056	1,036	557,612
Cash - end of year	\$ 671,682	\$ 21,450	\$ 1,036	\$ 694,168
Reconciliation of operating loss to net cash used in operating activities				
Operating loss	\$ 113,775	\$ (4,416)	\$ -	\$ 109,359
Adjustments to reconcile operating loss to net cash in operating activities				
Depreciation	1,784			1,784
Changes in:				
Receivables	-	13,580		13,580
Inventory	7,952			7,952
Payables	(138)	230		92
Deferred outflows	13,162			13,162
Deferred inflows	(114,135)			(114,135)
Net OPEB liability	19,809			19,809
Net pension liability	(65,789)			(65,789)
Net cash used in operating activities	\$ (23,580)	\$ 9,394	\$ -	\$ (14,186)
Noncash activities				
Commodities received from federal	\$ -	\$ -	\$ -	\$ -
On-behalf payments received state	\$ 106,569	\$ -	\$ -	\$ 106,569

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

NOTE 1: ACCOUNTING POLICIES

Reporting Entity

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

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

The financial statements of the District include those 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:

Fort Thomas Independent Board of Education Finance Corporation – The Board authorized the establishment of the Fort Thomas Independent Board of Education Finance Corporation (Corporation), (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS 58.180) as an agency of the District for financing the costs of school building facilities. The members of the Board also comprise the Corporation’s Board of Directors.

Basis of Presentation

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

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.

The statement of net position presents the financial condition of the District as a whole. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function.

NOTE 1: ACCOUNTING POLICIES (CONTINUED)

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 governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to determine legal compliance. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental and proprietary fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds, if any, are presented in a single column.

Governmental Fund Types

The *General Fund* is the primary operating fund of the District. This used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Kentucky. This is a major fund of the District.

The *Special Revenue Fund* accounts for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of the specified project periods as well as state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally-funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report. This is a major fund of the District.

The *District Activity Fund* is a special revenue fund that accounts for funds received at the school level.

The *School Activity Fund* is a special revenue fund that accounts for activities of student groups and other types of activities requiring clearing accounts. These funds are accounted for in accordance with the *Uniform Program of Accounting for School Activity Funds*.

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

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

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

NOTE 1: ACCOUNTING POLICIES (CONTINUED)

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, as required by state law. This is a mahur fund of the District

Proprietary Fund Types (Enterprise Funds)

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

The *Summer Enrichment Fund* accounts for school summer enrichment programs.

The *Adult Education Fund* accounts for adult education activities.

Fiduciary Fund Types

Fiduciary funds account for assets held by the District in a trustee capacity for the benefit of others and cannot be used to support District activities.

Measurement Focus and Basis of Accounting

Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The District also reports a fiduciary fund which focuses on net position and changes in net position.

Fund Financial Statements

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. The District considers revenues to be available if they are collected within sixty days of year end. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

However, debt service expenditures as well as expenditures related to long-term compensated absences and postemployment benefits are recorded only when payment is due.

Assets, Liabilities, Deferred Inflows/Outflows, and Net Position/Fund Balance

Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with an initial maturity date of ninety days or less.

NOTE 1: ACCOUNTING POLICIES (CONTINUED)

The District is authorized by state statute to invest in the following subject to additional requirements of KRS 66.480:

- Obligations of the United States and of its Agencies and instrumentalities
- Certificates of Deposit
- Bankers Acceptances
- Commercial Paper
- Bonds and Securities of other State and Local Governments
- Mutual Funds, Exchange Traded Funds, Individual Equity Securities and High-quality Corporate bonds managed by a professional investment manager

Investments

Investments with a maturity of less than one year are stated at cost. Investments with a maturity greater than one year are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

Receivables

Accounts receivables are presented, when necessary, net of an allowance for doubtful accounts. No allowance has been recorded for the current fiscal year.

Capital Assets

General capital and leased assets are those assets that generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported in both 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 disposals during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets are depreciated except for land. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings	50 Years
Improvements	20 Years
Infrastructure	40 Years
Vehicles	7 Years
General equipment	7 Years

NOTE 1: ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows

Deferred outflows of resources represent a consumption of net position that applies to a future period, and therefore, are deferred until that time. The District recognized deferred outflows of resources related to pensions and other postemployment benefits on the government-wide financial statements.

Payables and Accrued Liabilities

All payables and accrued liabilities are reported on the government-wide financial statements and fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences, contractually required pension and OPEB contributions that will be paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds and other long-term obligations are recognized as a liability on the governmental fund financial statements when due.

Compensated Absences

Compensated absences are payments to employees for accumulated sick leave. These amounts also include the related employer's share of applicable taxes and retirement contributions. District employees may accumulate unused sick leave up to a specified amount depending on their date of hire. Sick leave is payable to employees upon termination or retirement at 30.00% of the current rate of pay on the date of termination or retirement. The District uses the termination method to calculate the compensated absences amounts. The entire compensated absence liability is reported on the government-wide financial statements. The current portion is the amount estimated to be used in the following year. An expenditure is recognized in the governmental fund as payments come due each period, for example, as a result of employee resignations and retirements. Compensated absences not recorded at the fund level represent a reconciling item between the fund level and government-wide presentations.

Long-Term Obligations

All long-term debt to be repaid from governmental resources is reported as liabilities in the government-wide statements. Long-term debt consists of bonds, notes, and lease liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds. Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as an other financing source and payment of principal and interest are reported as expenditures.

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 Employee Retirement System (CERS) and additions to/deductions from CERS' fiduciary net position have been determined on the same basis of as they are reported by CERS. For this purpose, benefit payments are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

NOTE 1: ACCOUNTING POLICIES (CONTINUED)

Other Post Employment Benefits (OPEB)

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

Deferred Inflows

Deferred inflows of resources represent an acquisition of net position that applies to a future period and, are therefore, deferred until that time. The District recognized deferred inflows of resources related to pension and other postemployment benefits on the government-wide financial statements. In the governmental funds, certain revenue transactions have been reported as unavailable revenue. Revenue that is earned by not available is reported as a deferred inflow of resources until such time as the revenue becomes available.

Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

Restricted net position consists of restricted net assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use by external parties or by law through enabling legislation.

Unrestricted net position is the amount of net amount of assets, deferred outflows, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable. Amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

NOTE 1: ACCOUNTING POLICIES (CONTINUED)

Restricted. Amounts that can be spent only for specific purposes because of constitutional provisions, enabling legislation, state or federal laws, or externally imposed conditions by grantors or creditors.

Committed. Amounts that can be used only for specific purposes determined by a formal action by District Council ordinance.

Assigned. Amounts that are designated for a specific purpose but are not spendable until a budget ordinance is passed or a there is majority passed vote by District Council.

Unassigned. All amounts not included in other spendable classifications.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the District's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the District's policy is to first apply the expenditure toward restricted fund balance, and then to committed, assigned, and unassigned fund balances in that order.

Revenues and Expenditures/Expenses

Property Taxes

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

The District levies a utility gross receipts license tax on telephone communication services, cablevision services, electric power, water, and gas furnished within the District's boundaries.

Revenues

Amounts reported as program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided or fines imposed by a given function or segment, and (2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Expenses/Expenditures

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

NOTE 1: ACCOUNTING POLICIES (CONTINUED)

Interfund Activity

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

Interfund Balances

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

Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the District administration and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the fiscal year.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the District's management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results could differ from those estimates.

Subsequent Events

The District evaluated subsequent events for potential recognition and disclosure through January 4, 2026, the date the financial statements were available to be issued.

NOTE 2: CASH AND INVESTMENTS

At year end, the District’s bank balance was \$16,936,712 and the carrying amount was \$16,100,501 . The bank balance was fully covered by FDIC insurance and collateralized securities held by the financial institution, but not in the name of the District.

Account	Amount
Operating	\$ 1,805,874
Sweep	13,606,175
Payroll	1,349,179
Fee	143
Food service	10,185
School checking	32,315
School checking	67,713
School checking	23,565
School checking	29,426
School checking	12,137
<u>Total bank balances</u>	<u>\$ 16,936,712</u>
<u>Outstanding items</u>	<u>(836,211)</u>
<u>Book balance</u>	<u>\$ 16,100,501</u>
Governmental funds	\$ 15,406,333
Proprietary fund	694,168
<u>Total funds</u>	<u>\$ 16,100,501</u>

Custodial credit risk- deposits. This is the risk that, in the event of a bank failure, the District’s deposits may not be returned to it. The District’s deposit policy for custodial credit risk requires compliance with state statute depository restrictions.

NOTE 3: RECEIVABLES

The District reported the following receivables:

	General	Special Revenue	Student Activity	Building	Total Governmental Funds
Taxes	\$ 587,645	\$ -	\$ -	\$ 19,663	\$ 607,308
Accounts	-	44,959	28,638	-	73,597
Intergovernmental state	-	50,103	-	-	50,103
Intergovernmental federal	-	141,972	-	-	141,972
Total	\$ 587,645	\$ 237,034	\$ 28,638	\$ 19,663	\$ 872,980

The District believes that all receivables are fully collectible and no allowance has been recorded

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NOTE 4: CAPITAL ASSETS

Capital assets activity for the year is summarized below:

	Balance 7/1/2024	Increases	Decreases	Balance 6/30/2025
Governmental Activities				
Land	\$ 565,820	\$ -	\$ -	\$ 565,820
Land improvements	218,119	-	-	218,119
Buildings and improvements	130,006,965	285,169	-	130,292,134
Technology equipment	3,027,865	-	-	3,027,865
Vehicles	441,784	81,310	-	523,094
General equipment	4,916,754	378,420	-	5,295,174
Construction in progress	1,763,984	12,876,939	-	14,640,923
Total at historical cost	140,941,291	13,621,838	-	154,563,129
Less accumulated depreciation				
Land and improvements	218,119	-	-	218,119
Buildings and improvements	30,570,110	2,954,612	-	33,524,722
Technology equipment	2,876,128	72,487	-	2,948,615
Vehicles	409,023	17,601	-	426,624
General equipment	3,027,561	219,135	-	3,246,696
Total accumulated depreciation	37,100,941	3,263,835	-	40,364,776
Capital assets - net	\$ 103,840,350	\$ 10,358,003	\$ -	\$ 114,198,353

	Balance 7/1/2024	Increases	Decreases	Balance 6/30/2025
Business-type Activities				
General equipment	\$ 631,157	\$ -	\$ -	\$ 631,157
Technology equipment	3,639	-	-	3,639
Total at historical cost	634,796	-	-	634,796
Less accumulated depreciation				
General equipment	629,373	-	-	629,373
Technology equipment	3,639	1,784	-	5,423
Total accumulated depreciation	633,012	1,784	-	634,796
Capital assets - net	\$ 1,784	\$ (1,784)	\$ -	\$ -

NOTE 4: CAPITAL ASSETS - CONTINUED

Depreciation was charged to following government functions:

	<u>Governmental</u>	<u>Business-type</u>
Instruction	\$ 2,679,738	\$ -
District admin support	570	-
School admin support	557,271	-
Plant operations	26,256	-
Food service	-	1,784
<u>Depreciation expense</u>	<u>\$ 3,263,835</u>	<u>\$ 1,784</u>

NOTE 5: LONG-TERM LIABILITIES

Long-term liability activity for the year is summarized below:

	Balance			Amount		
Governmental Activities	July 1, 2024	Additions	Reductions	Balance June 30, 2025	Due Within One Year	Long- Term
Compensated absences	\$ 590,791	\$ 1,646,565	\$ -	\$ 2,237,356	\$ -	\$ 2,237,356
Bonds payable, net	62,099,309	13,256,923	4,468,685	70,887,547	4,638,089	66,249,458
KISTA bonds	278,883	-	116,815	162,068	5,966	156,102
Financed purchases	604,534	2,483,197	604,534	2,483,197	657,785	1,825,412
Operating lease	150,949	100,127	58,780	192,296	42,794	149,502
Net OPEB liability	6,187,000	-	910,094	5,276,906	-	5,276,906
Net pension liability	6,613,096	-	1,101,657	5,511,439	-	5,511,439
<u>Total long-term liabilities</u>	<u>\$ 76,524,562</u>	<u>\$ 17,486,812</u>	<u>\$ 7,260,565</u>	<u>\$ 86,750,809</u>	<u>\$ 5,344,634</u>	<u>\$ 81,406,175</u>

	Balance			Amount		
Business-type Activities	July 1, 2024	Additions	Reductions	Balance June 30, 2025	Due Within One Year	Long- Term
Net OPEB liability	-	-	-	-	-	-
Net pension liability	817,349	-	65,789	751,560	-	751,560
<u>Total long-term liabilities</u>	<u>\$ 817,349</u>	<u>\$ -</u>	<u>\$ 65,789</u>	<u>\$ 751,560</u>	<u>\$ -</u>	<u>\$ 751,560</u>

Note 5a: Compensated absences

Employees accrued sick time and personal leave based on classification and years of service. The accrued time is available for use as needed. Upon retirement from the school system, employees will receive from the District an amount equal to 30.00% of the value of accumulated sick leave. Under GASB 101, the District has accrued a compensated absence liability for the amount that is more likely than not to be used for time of or otherwise paid. The compensated absences at year end is \$2,237,356

NOTE 4: LONG-TERM LIABILITIES – CONTINUED

Note 5b: Bonds Payable

The District issues general obligations bonds to provide funds for the acquisition of equipment and the construction of facilities. The bonds are direct obligations and pledge the full faith and credit of the District. General obligations outstanding at year end are as follows:

<u>Issue Date</u>	<u>Proceeds</u>	<u>Rates</u>	<u>Balance June 30, 2025</u>
2012	\$ 2,945,000	1.500% - 3.200%	\$ 2,445,000
2013	\$ 3,310,000	2.000% - 3.125%	2,425,000
2014	\$ 2,245,000	3.000% - 4.000%	1,420,000
2014B	\$ 9,540,000	2.000% - 3.380%	3,680,000
2015	\$ 9,080,000	1.000% - 3.380%	1,155,000
2015B	\$ 4,575,000	1.000% - 3.000%	2,884,970
2015C	\$ 23,810,000	2.000% - 3.000%	14,845,000
2016	\$ 5,530,000	2.000%	1,720,000
2019	\$ 22,660,000	3.000% - 3.625%	20,675,000
2020	\$ 985,000	1.000% - 2.150%	835,000
2023	\$ 5,490,000	3.300% - 4.150%	5,415,000
2023B	\$ 595,000	3.200% - 4.300%	515,000
2024	\$ 13,445,000	4.000%	13,445,000
Total bonds			\$ 71,459,970
Bond discounts			(393,750)
<u>Bonds payable, net</u>			<u>\$ 71,066,220</u>

NOTE 5: LONG-TERM LIABILITIES – CONTINUED

Note 5b: Bonds Payable – Continued

Bond activity for the fiscal year is summarized below:

	Balance		Balance		Amount	
	July 1, 2024	Increases	Decreases	June 30, 2025	Due Within	Long-
					One Year	Term
Series 2012	\$ 2,495,000	\$ -	\$ 50,000	\$ 2,445,000	\$ 55,000	\$ 2,390,000
Series 2013	2,505,000		80,000	2,425,000	215,000	2,210,000
Series 2014	1,505,000		85,000	1,420,000	10,000	1,410,000
Series 2014B	4,340,000		660,000	3,680,000	610,000	3,070,000
Series 2015	2,490,000		1,335,000	1,155,000	1,155,000	-
Series 2015B	3,074,970		190,000	2,884,970	50,000	2,834,970
Series 2015C	15,930,000		1,085,000	14,845,000	1,120,000	13,725,000
Series 2016	2,270,000		550,000	1,720,000	455,000	1,265,000
Series 2019	21,030,000		355,000	20,675,000	740,000	19,935,000
Series 2020	870,000		35,000	835,000	135,000	700,000
Series 2023A	5,425,000		10,000	5,415,000	10,000	5,405,000
Series 2023B	585,000		70,000	515,000	80,000	435,000
Series 2024		13,445,000		13,445,000	30,000	13,415,000
Bonds payable	62,519,970	13,445,000	4,505,000	71,459,970	4,665,000	66,794,970
Bond discount	(420,661)	(188,077)	(36,315)	(572,423)	(26,911)	(545,512)
Bonds payable, net	\$ 62,099,309	\$ 13,256,923	\$ 4,468,685	\$ 70,887,547	\$ 4,638,089	\$ 66,249,458

Debt service requirements for the District’s general obligation bonds are as follows:

Fiscal Year End	Fort Thomas Independent School District		School Facility Construction Commission		Total Debt Service
	Principal	Interest	Principal	Interest	
2026	\$ 2,076,671	\$ 1,621,884	\$ 2,588,329	\$ 764,858	\$ 7,051,742
2027	2,145,935	1,554,087	2,439,065	690,929	6,830,016
2028	2,208,668	1,492,035	2,481,332	620,409	6,802,444
2029	2,276,924	1,428,398	2,368,076	548,745	6,622,143
2030	2,361,302	1,357,841	2,283,698	478,556	6,481,397
2031-2035	12,525,074	5,630,656	9,834,896	1,441,469	29,432,095
2036-2040	12,331,331	3,365,498	3,323,669	213,723	19,234,221
2041-2045	10,196,286	968,476	18,714	1,516	11,184,992
Total payments	\$ 46,122,191	\$ 17,418,875	\$ 25,337,779	\$ 4,760,205	\$ 93,639,050
			Total principal payments		\$ 71,459,970
			Total interest payments		22,179,080
			Total debt service		\$ 93,639,050

NOTE 5: LONG-TERM LIABILITIES – CONTINUED

Note 5c: KISTA Bonds Payable

KISTA Bond activity for the fiscal year is summarized below:

	Balance			Amount		
	July 1, 2024	Increases	Decreases	Balance June 30, 2025	Due Within One Year	Long- Term
Series 2019	\$ 65,784	\$ -	\$ 14,004	\$ 51,780	\$ 1,554	\$ 50,226
Series 2021	89,475		89,475	-	-	-
Series 2023	123,624		13,336	110,288	4,412	105,876
KISTA bonds payable	\$ 278,883	\$ -	\$ 116,815	\$ 162,068	\$ 5,966	\$ 156,102

Debt service requirements for the District’s KISTA bonds are as follows:

Fiscal Year End	Principal	Interest	Total Debt Service
2026	\$ 26,883	\$ 5,966	\$ 32,849
2027	27,811	5,034	32,845
2028	24,596	4,070	28,666
2029	25,510	3,196	28,706
2030	14,626	2,290	16,916
2031-2033	42,642	3,362	46,004
Total payments	\$ 162,068	\$ 23,918	\$ 185,986

Note 5d: Financed Purchases

The District finances the purchase of student technology equipment. Financed purchases activity for the fiscal year is summarized below:

	Balance			Amount		
Contract	July 1, 2024	Increases	Decreases	Balance June 30, 2025	Due Within One Year	Long- Term
Apple 2021	\$ 604,535	\$ -	\$ 604,535	\$ -	\$ -	\$ -
Apple 2025	-	2,483,197	-	2,483,197	657,785	1,825,412
Financed purchases	\$ 604,535	\$ 2,483,197	\$ 604,535	\$ 2,483,197	\$ 657,785	\$ 1,825,412

NOTE 5: LONG-TERM LIABILITIES – CONTINUED

Note 5d: Financed Purchases – Continued

Debt service requirements for the District’s financed purchases are as follows:

Fiscal Year End	Principal	Interest	Total Debt Service
2026	\$ 657,785	\$ -	\$ 657,785
2027	584,768	73,017	657,785
2028	608,159	49,626	657,785
2029	632,485	25,300	657,785
Total payments	\$ 2,483,197	\$ 147,943	\$ 2,631,140

Note 5e: Operating Leases

The District has entered into contracts for the lease of facilities and equipment that are reported as operating leases. Operating lease activity for the fiscal year is summarized below:

Contract	Balance			Balance June 30, 2025	Amount	
	July 1, 2024	Increases	Decreases		Due Within One Year	Long- Term
Highland Park	\$ 82,263	\$ -	\$ 10,157	\$ 72,106	\$ 10,667	\$ 61,439
Winkler Park	50,248		11,726	38,522	12,916	25,606
Phones	18,438		18,438	-	-	-
Toshiba	-	100,127	18,459	81,668	19,211	62,457
Total leases payable	\$ 150,949	\$ 100,127	\$ 58,780	\$ 192,296	\$ 42,794	\$ 149,502

Debt service requirements for the District’s operating leases are as follows:

Fiscal Year End	Principal	Interest	Total Debt Service
2026	\$ 42,154	\$ 5,056	\$ 47,210
2027	44,023	3,687	47,710
2028	45,939	2,281	48,220
2029	33,931	1,113	35,044
2030	12,839	327	13,166
2031-2033	13,408	18	13,426
Total payments	\$ 192,294	\$ 12,482	\$ 204,776

NOTE 6: PENSION PLANS

The District's participates in the following retirement systems:

County Employees' Retirement System (CERS).

CERS is a component unit of the Commonwealth of Kentucky and covers employees whose position does not require a college degree or teaching certification.

Teachers' Retirements System (TRS)

TRS is a blended component unit of the Commonwealth of Kentucky and covers employees whose position requires a teaching certification or otherwise requires a college degree.

Pension plan fiduciary net position

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

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NOTE 6a: CERS PENSION PLAN

General Information about the CERS Pension Plan

Plan Description

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

Benefits Provided

CERS provides retirement, death, and disability benefits to plan members. District employees participating in CERS are provided benefits through the nonhazardous plan. Employees are vested in the plan after five years of service. For retirement purposes, non-hazardous employees are grouped into three tiers based on hire date:

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

Contributions

Employees – Tier 1 plan members are required to contribute 5% of their creditable compensation. Employees who begin participation on or after September 1, 2008 (Tier 2 and Tier 3) are required to contribute an additional 1%.

Employers – The contribution rate for the current year was 19.71%. The District made all required contributions for fiscal year in the amount of \$711,991 .

NOTE 6a: CERS PENSION PLAN – CONTINUED

Pension Liability

At June 30, 2025, the District reported a liability of \$6,262,999 for its proportionate share of the net pension liability for CERS. The net pension liability for the plan was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportion of the net pension liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2022, the District’s proportion was 0.1135%.

Pension Expense

For the year ended June 30, 2025, the District recognized pension expense of \$553,105 related to CERS

Deferred Outflows of Resources and Deferred Inflows of Resources

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

	Deferred Outflow	Deferred Inflow	Net Deferral
Change in liability experience	\$ 303,141	\$ -	
Change of assumptions	-	282,965	
Change in investment experience	-	402,677	
Change in proportionate share of contributions	-	687,541	
	<u>303,141</u>	<u>\$ 1,373,183</u>	<u>\$ (1,070,042)</u>
Subsequent contributions	711,991		
Total	<u>\$ 1,015,132</u>		

The contributions subsequent to the measurement date of \$711,991 will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The net deferral of (\$1,070,042) will be recognized in pension expense as follows:

Year ending June 30	Net Deferral
2026	\$ (753,297)
2027	(72,210)
2028	(154,794)
2029	<u>(89,741)</u>
	<u>\$ (1,070,042)</u>

NOTE 6a: CERS PENSION PLAN – CONTINUED

Actuarial assumptions

The total pension liability, net pension liability, and sensitivity information as of June 30, 2024 were based on an actuarial valuation date of June 30, 2023. The total pension liability was rolled forward from the valuation date to the plan’s fiscal year ending June 30, 2024, using generally accepted actuarial principles

There have been no assumption, method, or plan provision changes that would materially impact the total pension liability since June 30, 2023.

The significant actuarial assumptions are:

Payroll growth rate	2.00%
Investment return	6.50%
Inflation	2.30%
Salary increase	3.30% to 10.30%

Long-term expected rate of return

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

Asset Class	Target Allocation	Long-term Expected Nominal Return
Public equity	50.00%	5.90%
Private Equity	10.00%	11.73%
Core Bonds	10.00%	2.45%
Specialty credit/high yield	10.00%	3.65%
Cash	0.00%	1.39%
Real Estate	7.00%	4.99%
Real Return	13.00%	5.15%
Expected real return	100.00%	4.69%
Long-term inflation assumption		2.50%

NOTE 6a: CERS PENSION PLAN – CONTINUED

Discount Rate

The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan employees and employers will be made at statutory contribution rates. The long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability.

Sensitivity of District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the District’s proportionate share of the net pension liability calculated using the discount rate 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 or 1-percentage-point higher than the current rate:

	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
District's proportionate share of the CERS net pension liability	\$ 8,074,029	\$ 6,262,999	\$ 4,760,321

NOTE 6b: TRS PENSION PLAN

Plan Description

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

Benefits Provided

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

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

Participants that retire before age 60 with less than 27 years of service receive reduced retirement benefits. Non-university employees with an account established prior to July 1, 2002 receive monthly payments equal to two (2) percent (service prior to July 1, 1983) and two and one-half (2.5) percent (service after July 1, 1983) of their final average salaries for each year of credited service. New employees (including second retirement accounts) after July 1, 2002 will receive monthly benefits equal to 2% of their final average salary for each year of service if, upon retirement, their total service less than ten years. New employees after July 1, 2002 who retire with ten or more years of total service will receive monthly benefits equal to 2.5% of their final average salary for each year of service, including the first ten years. In addition, employees who retire July 1, 2004 and later with more than 30 years of service will have their multiplier increased for all years over 30 from 2.5% to 3.0% to be used in their benefit calculation. Effective July 1, 2008, the System has been amended to change the benefit structure for employees hired on or after that date.

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

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

NOTE 6b: TRS PENSION PLAN – CONTINUED

Contributions

Contribution rates are established by Kentucky Revised Statutes (KRS). Non-university employees are required to contribute 12.855% of their salaries to the System. University employees are required to contribute 10.400% of their salaries. KRS 161.580 allows each university to reduce the contribution of its employees by 2.215%; therefore, university employees contribute 8.185% of their salary to KTRS.

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

Pension Liability

The District did not report a liability for the District's proportionate share of the net pension liability for TRS because the Commonwealth of Kentucky provides the pension support directly to TRS on behalf of the District. The State's proportionate share of the TRS net pension liability associated with the district is \$41,765,909 .

Pension Expense

For the year ended June 30, 2025, the District recognized pension expense of \$5,513,257 related to TRS. The District also recognized revenue of \$5,513,257 for TRS support provided by the Commonwealth.

Deferred Outflows of Resources and Deferred Inflows of Resources

The District did not report any deferred outflows of resources or deferred inflows of resources related to the TRS plan.

Actuarial assumptions

The assumption for the municipal bond index rate increased from 3.66% to 3.94%.

The significant actuarial assumptions are:

Inflation	2.50%
Salary increases	3.00% to 7.50%
Investment return	7.10%
Post-retirement adjustment	1.50%
Municipal bond index rate	3.94%
Single equivalent interest rate	7.10%

NOTE 6b: TRS PENSION PLAN – CONTINUED

Long-term expected rate of return

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.

Asset Class	Target Allocation	Long-term Expected Nominal Return
Large Cap U.S. Equity	35.40%	5.00%
Small Cap U.S. Equity	2.60%	5.50%
Developed International Equity	15.70%	5.50%
Emerging Markets Equity	5.30%	6.10%
Fixed Income	15.00%	1.90%
High Yield Bonds	2.00%	3.80%
Other Categories	8.00%	3.60%
Real Estate	7.00%	3.20%
Private Equity	7.00%	8.00%
Cash	2.00%	1.60%
Expected real return	100.00%	4.60%
Long-term inflation assumption		2.50%

Discount rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions from plan employees and employers will be made at statutory contribution rates. The long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability.

NOTE 7: OPEB PLANS

The District participates in the following retirement systems:

County Employees' Retirement System (CERS)

CERS is a component unit of the Commonwealth of Kentucky and covers employees whose position does not require a college degree or teaching certification. See Note 7a.

Teachers Retirement System (TRS)

TRS is a blended component unit of the Commonwealth of Kentucky and covers employees whose position requires teaching certification or otherwise requires a college degree. See Note 7b.

OPEB plan fiduciary net position

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

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NOTE 7a – CERS OPEB PLAN

Plan Description

The CERS Insurance Fund is a cost-sharing, multiple-employer defined benefit OPEB plan which provides group health insurance benefits for plan members that are regular full-time members employed in positions of each participating county, city, and school board, and any additional eligible local agencies electing to participate in the System. OPEB benefits may be extended to beneficiaries of plan members under certain circumstances. The Plan is administered by the CERS Board of Trustees and is divided into a divided into non-hazardous duty and hazardous duty classifications.

Benefits Provided

The CERS Insurance Fund provides hospital and medical benefits to eligible plan members receiving benefits from CERS. The eligible non-Medicare retirees are covered by the Department of Employee Insurance (DEI) plans. Premium payments are submitted to DEI. The KRS board contracts with Humana to provide health care benefits to the eligible Medicare retirees. The CERS Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance.

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

Contributions

Employee Contributions. Tier 1 plan members are not required to contribute. Employees who begin participation on or after September 1, 2008 (Tier 2 and Tier 3) are required to contribute 1.0% of creditable compensation to an account created for payment of health insurance benefits.

Employer Contributions – The contribution rate for the current year was 0.00%. The District made all required contributions for the fiscal year in the amount of \$0 .

NOTE 7a: CERS OPEB PLAN – Continued

OPEB Liability (Asset)

At June 30, 2025, the District reported an asset of \$181,326 for its proportionate share of the net OPEB liability (asset) for CERS. The net OPEB liability (asset) for the plan was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District’s proportion of the net OPEB liability (asset) was based on the District’s share of 2024 contributions to the OPEB plan relative to the 2024 contributions of all participating employers, actuarially determined. At June 30, 2023 the District’s proportionate share was 0.11363%.

OPEB Expense

For the year ended June 30, 2025, the District recognized OPEB expense of (\$512,413) related to CERS.

Deferred Outflows of Resources and Deferred Inflows of Resources

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

	Deferred Outflow	Deferred Inflow	Net Deferral
Change in liability experience	\$ 100,598	\$ 1,426,682	
Change of assumptions	164,304	127,945	
Change in investment experience	-	165,471	
Change in proportionate share of contributions	7,810	338,574	
	<u>272,712</u>	<u>\$ 2,058,672</u>	<u>\$ (1,785,960)</u>
Subsequent contributions	-		
Total	<u>\$ 272,712</u>		

The contributions subsequent to the measurement date of \$0 will be recognized as a reduction of the net pension liability in the subsequent year. The net deferral of (\$1,785,960) will be recognized in pension expense as follows:

Year ending June 30	Net Deferral
2026	\$ (699,184)
2027	(567,636)
2028	(477,634)
2029	(41,506)
	<u>\$ (1,785,960)</u>

NOTE 7a: CERS OPEB PLAN – Continued

Actuarial assumptions

There was a change in the investment return assumption from 5.70% to 5.93%. The total pension liability as of June 30, 2023 was determined using these updated assumptions.

Employer fiscal year end	2025
Plan year end	2024
Payroll growth rate	2.00%
Investment return	6.50%
Inflation	2.30%
Salary increase	3.30% to 10.30%

Long-term expected rate of return

The long-term expected rate of return was determined by using a building block method in which best estimate ranges of expected future real rates of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class is summarized in the table below:

Asset Class	Target Allocation	Long-term Expected Nominal Return
Public equity	50.00%	5.90%
Private Equity	10.00%	11.73%
Core bonds	10.00%	2.45%
Specialty credit/high yield	10.00%	3.65%
Cash	0.00%	1.39%
Real estate	7.00%	4.99%
Real return	13.00%	5.15%
Expected real return	100.00%	5.75%
Long-term inflation assumption		2.50%

NOTE 7a – CERS OPEB PLAN – Continued

Discount rate

The discount rate used to measure the total pension liability was 5.99%. The projection of cash flows used to determine the discount rate assumed that contributions from plan employees and employers will be made at statutory contribution rates. The long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability.

Sensitivity of District’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following table presents the District’s proportionate share of the net OPEB liability calculated using the discount rate as well as what the District’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	<u>4.99%</u>	<u>5.99%</u>	<u>6.99%</u>
District's proportionate share of the CERS net OPEB liability (asset)	\$ 245,174	\$ (181,326)	\$ (539,929)

Sensitivity of the District’s Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the District’s proportionate share of the net OPEB liability calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend Rate	1% Increase
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
District's proportionate share of the CERS net OPEB liability (asset)	\$ (436,249)	\$ (181,326)	\$ 245,174

NOTE 7b – TRS OPEB Health Insurance Plan

Plan Description

District and other employees whose positions require at least a college degree are provided OPEBs through the Teachers' Retirement System of the State of Kentucky (TRS) - a cost-sharing multiple-employer defined OPEB pension plan with a special funding situation established to provide retirement, health, and life insurance benefits for local school districts and other public educational agencies in the state.

TRS provides post-employment healthcare benefits to eligible members and dependents. The TRS Health Insurance Trust is a cost-sharing multiple-employer defined benefit plan with a special funding situation, funded by employer and member contributions.

Benefits Provided

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

Contributions

Local school districts contribute 3.00% of members' salaries and the state contributes the net cost of the health insurance premiums. The District made all required contributions for the fiscal year in the amount of \$543,258 .

OPEB Liability

At June 30, 2025, the District reported a liability of \$5,416,000 for its proportionate share of the net OPEB liability for TRS . The net OPEB liability for the plan was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on the District's share of 2024 contributions to the OPEB plan relative to the 2024 contributions of all participating employers, actuarially determined. At June 30, 2024 the District's proportionate share was 0.13009%.

OPEB Expense

For the year ended June 30, 2025, the District recognized OPEB expense of (\$107,870) related to TRS.

NOTE 7b – TRS OPEB Health Insurance Plan - Continued

Deferred Outflows of Resources and Deferred Inflows of Resources

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

	Deferred Outflow	Deferred Inflow	Net Deferral
Change in liability experience	\$ -	\$ 1,626,000	
Change of assumptions	1,379,000	-	
Change in investment experience	-	174,000	
Change in proportionate share of contributions	1,801,000	2,534,000	
	<u>3,180,000</u>	<u>\$ 4,334,000</u>	<u>\$ (1,154,000)</u>
Subsequent contributions	543,258		
Total	<u>\$ 3,723,258</u>		

The contributions subsequent to the measurement date of \$543,258 will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. The net deferral of (\$1,154,000) will be recognized in pension expense as follows:

Year ending June 30	Net Deferral
2026	\$ (352,000)
2027	(7,000)
2028	(90,000)
2029 and after	<u>(705,000)</u>
	<u>\$ (1,154,000)</u>

NOTE 7b – TRS OPEB Health Insurance Plan - Continued

Actuarial assumptions

Employer fiscal year end	2025
Plan year end	2024
Inflation	2.50%
Salary increases	3.00% to 7.50%
Investment return	7.10%
Post-retirement adjustment	1.50%
Municipal bond index rate	3.94%
Single equivalent interest rate	7.10%

Long-term expected rate of return

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

Asset Class	TRS - Health Insurance Trust	
	Target Allocation	Long-term Expected Nominal Return
Large Cap U.S. Equity	35.40%	5.00%
Small Cap U.S. Equity	2.60%	5.50%
Developed International Equity	15.00%	5.50%
Emerging Markets Equity	5.00%	6.10%
Fixed Income	9.00%	1.90%
High Yield Bonds	8.00%	3.80%
Other Categories	9.00%	3.70%
Real Estate	6.50%	3.20%
Private Equity	8.50%	8.00%
Cash	1.00%	1.60%
Expected real return	100.00%	4.60%
Long-term inflation assumption		2.50%

NOTE 7b – TRS OPEB Health Insurance Plan - Continued

Discount rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions from plan employees and employers will be made at statutory contribution rates. The long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability.

Sensitivity of District’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following table presents the District’s proportionate share of the net OPEB liability calculated using the discount rate as well as what the District’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease 6.10%	Current Discount Rate 7.10%	1% Increase 8.10%
District's proportionate share of the TRS net OPEB liability	\$ 7,195,000	\$ 5,416,000	\$ 3,941,000

Sensitivity of the District’s Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the District’s proportionate share of the net OPEB liability calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease 6.10%	Current Discount Rate 7.10%	1% Increase 8.10%
District's proportionate share of the TRS net OPEB liability	\$ 7,195,000	\$ 5,416,000	\$ 3,941,000
Total	\$ 7,440,174	\$ 5,234,674	\$ 3,401,071

Note 7c: Combined Deferred Outflows of Resources and Deferred Inflows of Resources

The combined deferred outflows of resources and deferred inflows of resources for the CERS plan in Note 6A above and the TRS Health Trust are as follows:

	Deferred Outflow	Deferred Inflow	Net Deferral
Change in liability experience	\$ 100,598	\$ 3,052,682	
Change of assumptions	1,543,304	127,945	
Change in investment experience	-	339,471	
Change in proportionate share of contributions	<u>1,808,810</u>	<u>2,872,574</u>	
	3,452,712	<u>\$ 6,392,672</u>	<u>\$ (2,939,960)</u>
Subsequent contributions	<u>543,258</u>		
Total	<u>\$ 3,995,970</u>		

Contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the subsequent year. The net deferral will be recognized in OPEB expense as follows:

Year ending June 30	Net Deferral
2026	\$ (1,051,184)
2027	(574,636)
2028	(567,634)
2029	<u>(746,506)</u>
	<u>\$ (2,939,960)</u>

Note 7d: TRS OPEB Life Insurance Trust

Plan Description

District and other employees whose positions require at least a college degree are provided OPEBs through the Teachers' Retirement System of the State of Kentucky (TRS) - a cost-sharing multiple-employer defined OPEB pension plan with a special funding situation established to provide retirement, health, and life insurance benefits for local school districts and other public educational agencies in the state.

TRS provides life insurance benefits to retired and active members. The TRS Life Insurance Trust is a cost-sharing multiple-employer defined benefit plan with a special funding situation.

Benefits Provided

TRS provides a life insurance benefit of \$5,000 for members who are retired for service or disability and \$2,000 for active contributing members who began participating before January 1, 2022. For TRS 4 members, the life insurance benefit payable upon the death of a member is \$5,000 for active contributing members and \$10,000 for retired or disabled members.

Contributions

The state contributes 0.08% of members' salaries for the life insurance trust. Local school districts do not contribute to the plan.

OPEB Liability

The District did not report a liability for the District's proportionate share of the net OEBP liability for TRS because the Commonwealth of Kentucky provides the OPEB support directly to TRS on behalf of the District. The State's proportionate share of the TRS net OPEB liability associated with the district is \$110,000 **Error! Not a valid link.**

OPEB Expense

For the year ended June 30, 2025, the District recognized pension expense of \$13,454 related to TRS and on-behalf revenue of \$13,454 for TRS support provided by the Commonwealth.

Deferred Outflows of Resources and Deferred Inflows of Resources

The District did not report any deferred outflows of resources and deferred inflows of resources related to the TRS plan.

NOTE 8: ON-BEHALF

For the year ended June 30, 2025, payments made by the Commonwealth of Kentucky on behalf of the District for insurance benefits, retirement benefits, technology, and debt service. The following amounts were recorded in the Statement of Activities and the Statement of Revenue, Expenditures, and Changes in Fund Balance:

Fund	
General	\$ 9,424,584
Debt service	3,352,007
Food service	106,569
	<u>\$ 12,883,160</u>

Type	
Retirement	\$ 5,513,257
Health insurance less federal reimbursement	3,786,557
Life insurance	4,142
Administrative fee	33,088
HRA/Dental/Vision insurance	127,575
Technology	66,534
Debt service	3,352,007
	<u>\$ 12,883,160</u>

NOTE 9: FUND TRANSFERS

The following transfers were made during the year:

From	To	Purpose	Amount
Construction	General fund	Reimburse capital co:	\$ 1,433,660
Capital outlay	Construction fund	Capital projects	562,919
Building	Debt service	Debt service	3,263,849
General fund	Special revenue	Technology matrch	60,357
General fund	Debt service	Debt service	162,535
<u>Total transfers</u>			<u>\$ 5,483,320</u>

Transfers are reported in financial statements as follows:

	Transfers In	Transfers Out	Net Transfer
Governmental funds	\$ 5,483,320	\$ 5,483,320	\$ -
Proprietary fund	-	-	-
	<u>\$ 5,483,320</u>	<u>\$ 5,483,320</u>	<u>\$ -</u>

NOTE 10: CONTINGENCIES

Grants. The District receives funding from federal and state agencies in the form of grants. These funds are to be used for designated purposes only. If the federal or state grantor finds that funds have not been used for the intended purposes, the grantor may request a refund of monies advanced or refuse to reimburse the District for its expenditures. The amount of such future refunds and unreimbursed expenditures, if any, is not expected to be significant. Continuation of the District’s grant programs is contingent upon the grantors satisfaction that the funds provided are being spent as intended and the grantors intent to continue their programs.

Litigation. The District is party to various legal proceedings which normally occur in governmental operations. It is neither possible to determine the outcome of these proceedings nor possible to estimate the effects adverse decisions may have on the future expenditures or revenue sources of the District. In the opinion of District management and its legal counsel these legal proceedings are not likely to have a material adverse impact on the accompanying financial statements. Therefore, no provision for any liability that may result upon adjudication of any cases has been made in the accompanying financial statements

NOTE 11: RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The District has obtained insurance coverage through a commercial insurance company. In addition, the District has effectively managed risk through various employee education and prevention programs. All risk general liability management activities are accounted for in the General Fund. Expenditures and claims are recognized when probable that a loss has occurred, and the amount of loss can be reasonably estimated.

Management estimates that the amount of actual or potential claims against the District as of June 30, 2025, will not materially affect the financial condition of the District. Therefore, the General Fund contains no provision for estimated claims. No claim has exceeded insurance coverage amounts in the past three fiscal year.

NOTE 12: DEFICIT FUND BALANCES AND CURRENT YEAR DEFICITS

There are no funds that have a deficit balance at the end of the fiscal year.

The capital outlay fund had a current year deficit of \$(251,057).

NOTE 13: ADJUSTMENTS TO AND RESTATEMENTS OF BEGINNING BALANCES

During the fiscal year ended June 30, 2025, an error correction resulted in adjustments to and restatements of beginning fund net position and government-wide net position as follows:

	<u>As previously reported</u>		<u>Change to or Within the Reporting Entity</u>	<u>Error Correction</u>	<u>As adjusted / corrected</u>
	<u>6/30/2024 Net Position / Fund Balance</u>	<u>Change in Accounting Principle</u>			<u>6/30/2024 Net Position / Fund Balance</u>
Government-wide					
Governmental activities	\$ 33,107,138	\$ (1,557,669)	\$ -	\$ -	\$ 31,549,469
Business-type activities	(545,360)	-	-	-	(545,360)
Total primary government	<u>\$ 32,561,778</u>	<u>\$ (1,557,669)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,004,109</u>
Governmental funds	<u>\$ 8,121,514</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,121,514</u>
Proprietary funds	<u>\$ (545,360)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (545,360)</u>

NOTE 14: CHANGES IN ACCOUNTING PRINCIPLES

For fiscal year 2024, the District implemented Government Accounting Standards Board (GASB) Statement No. 100, Accounting Changes and Error Corrections and GASB Statement No. 101, Compensated Absences.

GASB 100 will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision-useful, understandable, and comprehensive information for users about accounting changes and error corrections. The implementation of GASB 100 did not have any effect on beginning net position/ fund.

GASB 101 will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. The implementation of GASB 101 caused the beginning net position of governmental activities to decrease by \$93,020

REQUIRED SUPPLEMENTARY INFORMATION

Fort Thomas Independent School District
 Budgetary Comparison Schedule – General Fund
 Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance
	Original	Final		Final to Actual
Revenues				
From local sources:				
Property taxes	\$ 15,290,000	\$ 15,290,000	\$ 15,599,174	\$ 309,174
Motor vehicle taxes	1,525,000	1,525,000	1,726,064	201,064
Utility taxes	925,000	925,000	1,087,996	162,996
Earnings on investments	456,178	456,178	532,944	76,766
Tuition	700,000	700,000	821,281	121,281
Other local revenue	155,000	155,000	561,924	406,924
Intergovernmental state:				
SEEK	9,150,000	9,150,000	9,470,018	320,018
On-behalf	-	-	9,424,584	9,424,584
Other	96,000	96,000	117,787	21,787
Total revenues	28,297,178	28,297,178	39,341,772	11,044,594
Expenditures				
Instruction	15,565,080	15,565,080	22,681,987	(7,116,907)
Support services:				
Student	1,668,769	1,668,769	2,014,989	(346,220)
Instruction staff	2,336,379	2,336,379	2,852,445	(516,066)
District administrative	1,736,559	1,736,559	1,759,648	(23,089)
School administrative	1,903,609	1,903,609	2,578,024	(674,415)
Business support	1,124,672	1,124,672	1,509,134	(384,462)
Plant operation and maintenance	3,214,419	3,214,419	3,907,467	(693,048)
Student transpiration	130,088	130,088	210,211	(80,123)
Architectural	5,000	5,000	-	5,000
Debt service				
Principal	393,035	393,035	721,391	(328,356)
Interest	-	-	8,094	(8,094)
Contingency	1,900,000	1,900,000	-	1,900,000
Total expenditures	29,977,610	29,977,610	38,243,390	(8,265,780)
Excess of revenues over (under) expenditures	(1,680,432)	(1,680,432)	1,098,382	2,778,814
Other financing sources (uses)				
Transfers in	-	-	1,433,660	1,433,660
Transfers out	(219,568)	(219,568)	(222,892)	(3,324)
Total other financing sources (uses)	(219,568)	(219,568)	1,210,768	1,430,336
Net change in fund balances	(1,900,000)	(1,900,000)	2,309,150	4,209,150
Fund balances - beginning	1,900,000	1,900,000	5,791,977	3,891,977
Fund balances - end of year	\$ -	\$ -	\$ 8,101,127	\$ 8,101,127

Fort Thomas Independent School District
 Budgetary Comparison Schedule – Special Revenue Fund
 Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance
	Original	Final		Final to Actual
Revenues				
From local sources:				
Other local revenue	\$ -	\$ -	\$ 117,426	\$ 117,426
Intergovernmental state:				
Other	726,427	726,427	1,186,563	460,136
Intergovernmental federal	1,041,096	1,041,096	800,028	(241,068)
Total revenues	1,767,523	1,767,523	2,104,017	336,494
Expenditures				
Instruction	1,674,962	1,674,962	1,984,128	(309,166)
Support services:				
Student	(3,491)	(3,491)	88,635	(92,126)
Instruction staff	57,128	57,128	37,913	19,215
Plant operation and maintenance	40,000	40,000	40,000	-
Community services	-	-	13,698	(13,698)
Total expenditures	1,768,599	1,768,599	2,164,374	(395,775)
Excess of revenues over (under) expenditures	(1,076)	(1,076)	(60,357)	(59,281)
Other financing sources (uses)				
Transfers in	-	-	60,357	60,357
Total other financing sources (uses)	-	-	60,357	60,357
Net change in fund balances	(1,076)	(1,076)	-	1,076
Fund balances - beginning	-	-	-	-
Fund balances - end of year	\$ (1,076)	\$ (1,076)	\$ -	\$ 1,076

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

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

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

In accordance with state law, the District prepares a general school budget based upon the amount of revenue to be raised by local taxation, including the rate of levy and from estimates of other Local, State and Federal revenues. The budget contains estimated expenditures for current expenses, debt service, capital outlay and other necessary expenses. The budget must be approved by the Board.

The District must formally and publicly examine estimated revenues and expenditures for the subsequent fiscal year by January 31 of each calendar year.

The District must prepare an annual allocation to schools by March 1 of each year for the following fiscal year. This allocation must include the amount for certified and classified staff based on the District's staffing policy and the amount for instructional supplies, materials, travel and equipment.

The District must adopt a tentative working budget for the subsequent fiscal year by May 30 of each year. This budget must contain a minimum 2.00% contingency.

Finally, the District must adopt a final working budget and submit it to the Kentucky Department of Education by September 30 of the current fiscal year.

The Board has the ability to amend the working budget.

Schedule of District's Proportionate Share of the Net Pension Liability - CERS

Year ended June 30	Measurement period June 30	District's proportion of the net pension liability	District's proportionate share of the net pension liability	District's covered payroll	District's proportionate share of the net pension liability as a percentage covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2025	2024	0.1047%	\$ 6,262,999	\$ 3,371,859	185.74%	61.61%
2024	2023	0.1158%	\$ 7,430,445	\$ 3,432,444	216.48%	57.48%
2023	2022	0.1250%	\$ 9,037,351	\$ 3,441,508	262.60%	52.42%
2022	2021	0.1333%	\$ 8,500,515	\$ 3,486,712	243.80%	57.33%
2021	2020	0.1317%	\$ 10,099,287	\$ 3,473,757	290.73%	47.81%
2020	2019	0.1366%	\$ 9,607,350	\$ 3,546,364	270.91%	50.45%
2019	2018	0.1308%	\$ 7,967,763	\$ 3,338,010	238.70%	53.54%
2018	2017	0.1309%	\$ 7,661,160	\$ 3,239,050	236.52%	53.32%
2017	2016	0.1310%	\$ 6,449,774	\$ 3,157,875	204.24%	55.50%
2016	2015	0.1277%	\$ 5,491,732	\$ 2,994,701	183.38%	59.97%

Schedule of District's Contributions - CERS

Year ended June 30	Contractually required contribution	Actual contribution	Contribution deficiency (excess)	District's covered payroll	Contributions as a percentage of covered payroll
2025	\$ 711,991	\$ 711,991	\$ -	\$ 3,612,334	19.71%
2024	\$ 786,992	\$ 786,992	\$ -	\$ 3,371,859	23.34%
2023	\$ 921,022	\$ 921,022	\$ -	\$ 3,432,444	26.83%
2022	\$ 929,124	\$ 929,124	\$ -	\$ 3,441,508	27.00%
2021	\$ 839,193	\$ 839,193	\$ -	\$ 3,486,712	24.07%
2020	\$ 834,715	\$ 834,715	\$ -	\$ 3,473,757	24.03%
2019	\$ 771,744	\$ 771,744	\$ -	\$ 3,546,364	21.76%
2018	\$ 640,479	\$ 640,479	\$ -	\$ 3,338,010	19.19%
2017	\$ 604,930	\$ 604,930	\$ -	\$ 3,239,050	18.68%
2016	\$ 538,733	\$ 538,733	\$ -	\$ 3,157,875	17.06%
2015	\$ 529,157	\$ 529,157	\$ -	\$ 2,994,701	17.67%

Fort Thomas Independent School District
Schedule of District's Share of Net Pension Liability and Contributions - TRS
June 30, 2025

Schedule of District's Proportionate Share of the Net Pension Liability - TRS

Year ended June 30	Measurement period June 30	District's proportion of the net pension liability	District's proportionate share of the net pension liability	State's proportionate share of the net pension liability associated with the District	District's covered payroll	District's proportionate share of the net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2025	2023	0.0000%	\$ -	\$ 77,701,543	\$ 18,017,200	0.00%	60.36%
2024	2023	0.0000%	\$ -	\$ 81,892,164	\$ 16,519,187	0.00%	57.68%
2023	2022	0.0000%	\$ -	\$ 85,548,120	\$ 16,692,303	0.00%	56.41%
2022	2021	0.0000%	\$ -	\$ 65,861,047	\$ 16,373,117	0.00%	65.59%
2021	2020	0.0000%	\$ -	\$ 67,970,628	\$ 15,574,343	0.00%	58.27%
2020	2019	0.0000%	\$ -	\$ 66,017,366	\$ 15,491,357	0.00%	58.76%
2019	2018	0.0000%	\$ -	\$ 62,348,440	\$ 15,049,167	0.00%	59.30%
2018	2017	0.0000%	\$ -	\$ 126,478,915	\$ 14,596,474	0.00%	39.83%
2017	2016	0.0000%	\$ -	\$ 136,397,879	\$ 14,109,264	0.00%	35.22%
2016	2015	0.0000%	\$ -	\$ 104,532,988	\$ 14,109,264	0.00%	42.49%

Schedule of District's Contributions - TRS

Year ended June 30	Contractually required contribution	Actual contribution	Contribution deficiency (excess)	District's covered payroll	Contributions as a percentage of covered payroll
2025	\$ -	\$ -	\$ -	\$ 18,108,600	0.00%
2024	\$ -	\$ -	\$ -	\$ 18,017,200	0.00%
2023	\$ -	\$ -	\$ -	\$ 16,519,187	0.00%
2022	\$ -	\$ -	\$ -	\$ 16,692,303	0.00%
2021	\$ -	\$ -	\$ -	\$ 16,373,117	0.00%
2020	\$ -	\$ -	\$ -	\$ 15,574,343	0.00%
2019	\$ -	\$ -	\$ -	\$ 15,491,357	0.00%
2018	\$ -	\$ -	\$ -	\$ 15,049,167	0.00%
2017	\$ -	\$ -	\$ -	\$ 14,596,474	0.00%
2016	\$ -	\$ -	\$ -	\$ 14,109,264	0.00%

Schedule of District's Proportionate Share of the Net OPEB Liability - CERS

Year ended June 30	Measurement period June 30	District's proportion of the net OPEB liability	District's proportionate share of the net OPEB liability (asset)	District's covered payroll	District's proportionate share of the net OPEB liability as a percentage covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2025	2024	0.0000%	\$ (181,326)	\$ 3,731,859	-4.86%	104.89%
2024	2023	0.0000%	\$ (159,878)	\$ 3,432,444	-4.66%	104.23%
2023	2022	0.1255%	\$ 2,476,010	\$ 3,441,508	71.95%	60.95%
2022	2021	0.1333%	\$ 2,551,847	\$ 3,486,712	73.19%	58.41%
2021	2020	0.1316%	\$ 3,178,609	\$ 3,473,757	91.50%	51.67%
2020	2019	0.1366%	\$ 2,297,012	\$ 3,546,364	64.77%	60.44%
2019	2018	0.1308%	\$ 2,322,719	\$ 3,338,010	69.58%	57.62%
2018	2017	0.1309%	\$ 2,631,256	\$ 3,239,050	81.24%	52.39%

Schedule of District's Contributions - CERS

Year ended June 30	Contractually required contribution	Actual contribution	Contribution deficiency (excess)	District's covered payroll	Contributions as a percentage of covered payroll
2025	\$ -	\$ -	\$ -	\$ 3,612,334	0.00%
2024	\$ -	\$ -	\$ -	\$ 3,731,859	0.00%
2023	\$ 144,696	\$ 144,696	\$ -	\$ 3,432,444	4.22%
2022	\$ 162,100	\$ 162,100	\$ -	\$ 3,441,508	4.71%
2021	\$ 160,547	\$ 160,547	\$ -	\$ 3,486,712	4.60%
2020	\$ 181,245	\$ 181,245	\$ -	\$ 3,473,757	5.22%
2019	\$ 152,399	\$ 152,399	\$ -	\$ 3,546,364	4.30%
2018	\$ 150,734	\$ 150,734	\$ -	\$ 3,338,010	4.52%

Fort Thomas Independent School District
 Schedule of District's Share of Net OPEB Liability and Contributions – TRS Medical Insurance Plan
 June 30, 2025

Schedule of District's Proportionate Share of the Net OPEB Liability - TRS Medical Insurance Plan

Year ended June 30	Measurement period June 30	District's proportion of the net OPEB liability	District's proportionate share of the net OPEB liability	State's proportionate share of the net OPEB liability associated with the District	District's covered payroll	District's proportionate share of the net OPEB liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2025	2024	0.2430%	\$ 5,416,000	\$ 4,825,000	\$ 18,017,000	30.06%	59.81%
2024	2023	0.2540%	\$ 6,187,000	\$ 5,215,000	\$ 16,519,187	37.45%	52.97%
2023	2022	0.3670%	\$ 9,111,000	\$ 2,993,000	\$ 16,692,303	54.58%	47.75%
2022	2021	0.2710%	\$ 5,815,000	\$ 4,722,000	\$ 16,373,117	35.52%	51.47%
2021	2020	0.2585%	\$ 6,523,000	\$ 5,225,000	\$ 15,574,343	41.88%	32.58%
2020	2019	0.2590%	\$ 7,579,000	\$ 6,121,000	\$ 15,491,357	48.92%	32.58%
2019	2018	0.2468%	\$ 8,584,000	\$ 7,381,000	\$ 15,049,167	57.04%	25.54%
2018	2017	0.2485%	\$ 8,862,000	\$ 7,239,000	\$ 14,596,474	60.71%	21.18%

Schedule of District's Contributions - TRS Medical Insurance Plan

Year ended June 30	Contractually required contribution	Actual contribution	Contribution deficiency (excess)	District's covered payroll	Contributions as a percentage of covered payroll
2025	\$ 543,258	\$ 543,258	\$ -	\$ 18,108,600	3.00%
2024	\$ 540,516	\$ 540,516	\$ -	\$ 18,017,000	3.00%
2023	\$ 486,950	\$ 486,950	\$ -	\$ 16,519,187	2.95%
2022	\$ 481,029	\$ 481,029	\$ -	\$ 16,692,303	2.88%
2021	\$ 456,467	\$ 456,467	\$ -	\$ 16,373,117	2.79%
2020	\$ 450,920	\$ 450,920	\$ -	\$ 15,574,343	2.90%
2019	\$ 439,677	\$ 439,677	\$ -	\$ 15,491,357	2.84%
2018	\$ 425,816	\$ 425,816	\$ -	\$ 15,049,167	2.83%

Fort Thomas Independent School District
 Schedule of District's Share of Net OPEB Liability and Contributions – TRS Life Insurance Plan
 June 30, 2025

Schedule of District's Proportionate Share of the Net OPEB Liability - TRS Life Insurance Plan

Year ended June 30	Measurement period June 30	District's proportion of the net OPEB liability	District's proportionate share of the net OPEB liability	State's proportionate share of the net OPEB liability associated with the District	District's covered payroll	District's proportionate share of the net OPEB liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2025	2024	0.0000%	\$ -	\$ 110,000	\$ 18,017,200	0.00%	80.57%
2024	2023	0.0000%	\$ -	\$ 129,000	\$ 16,519,187	0.00%	76.91%
2023	2022	0.0000%	\$ -	\$ 149,000	\$ 16,692,303	0.00%	73.97%
2022	2021	0.0000%	\$ -	\$ 63,000	\$ 16,373,117	0.00%	89.15%
2021	2020	0.0000%	\$ -	\$ 158,000	\$ 15,574,343	0.00%	71.57%
2020	2019	0.0000%	\$ -	\$ 142,000	\$ 15,491,357	0.00%	73.40%
2019	2018	0.0000%	\$ -	\$ 17,000	\$ 15,049,167	0.00%	74.97%
2018	2017	0.0000%	\$ -	\$ 67,000	\$ 14,596,474	0.00%	79.99%

Schedule of District's Contributions - TRS Life Insurance Plan

Year ended June 30	Contractually required contribution	Actual contribution	Contribution deficiency (excess)	District's covered payroll	Contributions as a percentage of covered payroll
2025	\$ -	\$ -	\$ -	\$ 18,108,000	0.00%
2024	\$ -	\$ -	\$ -	\$ 18,017,200	0.00%
2023	\$ -	\$ -	\$ -	\$ 16,519,187	0.00%
2022	\$ -	\$ -	\$ -	\$ 16,692,303	0.00%
2021	\$ -	\$ -	\$ -	\$ 16,373,117	0.00%
2020	\$ -	\$ -	\$ -	\$ 15,574,343	0.00%
2019	\$ -	\$ -	\$ -	\$ 15,491,357	0.00%
2018	\$ -	\$ -	\$ -	\$ 15,049,167	0.00%
2017	\$ -	\$ -	\$ -	\$ 14,596,474	0.00%

SUPPLEMENTARY INFORMATION

Fort Thomas Independent School District
Combining Balance Sheet – Nonmajor Funds
June 30, 2025

	District Activity Fund	Student Activity Fund	Capital Outlay Fund	Building Fund	Total Non-Major Governmental Funds
Assets					
Cash and cash equivalents	\$ 367,025	\$ 606,804	\$ 162,578	\$ 1,416,974	\$ 2,553,381
Receivables	-	28,638	-	19,663	48,301
Prepaid expenditures	-	81,597	-	-	81,597
Total assets	\$ 367,025	\$ 717,039	\$ 162,578	\$ 1,436,637	\$ 2,683,279
Liabilities					
Accounts payable	\$ 260	\$ 101,066	\$ -	\$ -	\$ 101,326
Total liabilities	260	101,066	-	-	101,326
Fund balances					
Restricted	\$ 366,765	\$ 615,973	\$ 162,578	\$ 1,436,637	\$ 2,581,953
Total fund balances	366,765	615,973	162,578	1,436,637	2,581,953
Total liabilities and fund balances	\$ 367,025	\$ 717,039	\$ 162,578	\$ 1,436,637	\$ 2,683,279

Fort Thomas Independent School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance – Nonmajor Funds
Year Ended June 30, 2025

	District Activity Fund	Student Activity Fund	Capital Outlay Fund	Building Fund	Total Non-Major Governmental Funds
Revenues					
From local sources:					
Property taxes	\$ -	\$ -	\$ -	\$ 2,114,501	\$ 2,114,501
Earnings on investments	-	26,298	13,577	-	39,875
Other local revenue	259,564	1,515,080	-	62,790	1,837,434
Intergovernmental state:					
SEEK	-	-	298,285	1,704,484	2,002,769
Total revenues	259,564	1,541,378	311,862	3,881,775	5,994,579
Expenditures					
Instruction	249,821	1,444,258	-	-	1,694,079
Total expenditures	249,821	1,444,258	-	-	1,694,079
Excess of revenues over (under) expenditures	9,743	97,120	311,862	3,881,775	4,300,500
Other financing sources (uses)					
Transfers out	-	-	(562,919)	(3,263,849)	(3,826,768)
Total other financing sources (uses)	-	-	(562,919)	(3,263,849)	(3,826,768)
Net change in fund balances	9,743	97,120	(251,057)	617,926	473,732
Fund balances - beginning	357,022	518,853	413,635	818,711	2,108,221
Fund balances - end of year	\$ 366,765	\$ 615,973	\$ 162,578	\$ 1,436,637	\$ 2,581,953

Fort Thomas Independent School District
 Combining Statement of School Activity Funds
 Year Ended June 30, 2025

	Fund Balance			Fund Balance
	June 30, 2024	Receipts	Disbursements	June 30, 2025
Highlands High School	\$ 425,221	\$ 1,375,469	\$ 1,314,094	\$ 486,596
Highland Middle School	46,094	48,970	27,548	67,516
Johnson Elementary	15,941	33,450	26,854	22,537
Moyer Elementary	25,598	56,728	54,979	27,347
Woodfill Elementary	5,999	26,761	20,783	11,977
Totals	\$ 518,853	\$ 1,541,378	\$ 1,444,258	\$ 615,973

Fort Thomas Independent School District
Statement of School Activity Funds
Fort Thomas Independent High School
Year Ended June 30, 2025

Fund Name	Fund Balance			Fund Balance June 30, 2025
	June 30, 2024	Receipts	Disbursements	
Academic Grants	\$ 11,599	\$ 57,901	\$ 46,864	\$ 22,636
Academic Team	-	1,110	1,110	-
Animal Club	-	800	750	50
Archery Fundraising	4,481	13,227	10,941	6,767
Archery	-	6,773	6,773	-
Art Club	928	390	203	1,115
Athletic Hall of Fame	2,828	-	-	2,828
Athletics	-	88,337	88,337	-
B & G Golf Tournament	15,766	25,435	22,829	18,372
BAM	1,193	30,593	29,913	1,873
Band	6,383	60,166	66,549	-
Baseball Fundraising	-	20,444	17,022	3,422
Baseball	-	19,466	19,466	-
Baseball State	-	2,090	2,090	-
Basketball - Boys	-	10,095	10,095	-
Basketball - Boys HMS	-	4,343	4,343	-
Basketball - Girls	-	8,493	8,493	-
Basketball- Girls HMS	-	3,164	3,164	-
Basketball Golf Outing	-	16,418	2,185	14,233
Bluebird Brew Café	-	6,172	6,172	-
Bowling Fundraising	4,994	2,500	1,983	5,511
Bowling - Boys	-	817	817	-
Bowling - Boys Regional	-	1,077	1,077	-
Bowling - Girls	-	842	842	-
Bowling - Girls Regional	-	450	450	-
Bowling - Girls State	-	2,962	2,962	-
Boys - Track Fundraising	4,832	50	521	4,361
Boys Basketball Fundraisir	5,436	37,841	34,200	9,077
Boys Basketball Rings	10	-	10	-
Boys Soccer Fundraising	18,808	10,978	20,190	9,596
Boys Soccer Regional	-	-	-	-
Boys Tennis Fundraising	683	-	-	683
Broadcasting	281	347	628	-
Cheer	-	16,062	16,062	-
Cheer - HMS Fundraising	3,864	11,892	7,957	7,799
Cheer - HMS	-	4,037	4,037	-
Cheerleaders Varsity Fund	4,620	63,175	67,795	-
Cheerleaders JV Fundraisii	-	1,350	-	1,350
Chorus	759	1,922	2,479	202
Contingency	66,515	-	703	65,812
Creative Writing	192	-	-	192

Fort Thomas Independent School District
Statement of School Activity Funds
Fort Thomas Independent High School
Year Ended June 30, 2025

Fund Name	Fund Balance		Fund Balance	
	June 30, 2024	Receipts	Disbursements	June 30, 2024
Cross Country Fundraising	1,308	12,985	11,894	2,399
Cross Country - Boys	-	1,395	1,395	-
Cross Country - Boys HMS	-	420	420	-
Cross Country - Girls	-	1,425	1,425	-
Cross Country - Girls HMS	-	420	420	-
Dance	-	10,569	10,569	-
Dance - HMS	-	2,628	2,628	-
Dance - HMS Fundraising	-	17,647	16,023	1,624
Dance - JV Fundraising	191	10,525	8,126	2,590
Dance - Varsity Fundraising	3,402	85,979	89,381	-
Diversity Club	1	-	-	1
Drama	-	31,626	31,626	-
Drama NYC Trip	11,646	-	4,191	7,455
Envirothon	-	4,433	3,804	629
Esports	-	650	650	-
Faculty/Staff Resources Fu	204	-	-	204
Fashion/Interior Design	9,589	22,727	21,862	10,454
FBLA	32	3,067	3,099	-
FCCLA	13,752	22,901	22,654	13,999
FCS - Preschool	1,755	1,018	726	2,047
Fee Sweep	4,924	6,060	-	10,984
Football Fundraising	45,288	115,760	99,466	61,582
Football	-	44,745	44,745	-
Football 1st Round	-	6,325	6,325	-
Football 3rd Round	-	7,534	7,534	-
General Account	1,451	2,745	-	4,196
German Club	545	78	-	623
Girls - Tennis Fundraising	-	4,901	3,133	1,768
Girls - Track Fundraising	4,755	50	1,281	3,524
Girls Basketball Fundraisin	4,992	37,168	25,414	16,746
Girls Soccer Fundraising	11,911	34,524	38,767	7,668
Golf - Boys Fundraising	20,617	10,725	11,971	19,371
Golf - Boys	-	2,159	2,159	-
Golf - Boys State	-	2,749	2,749	-
Golf - Girls	5,142	2,605	1,740	6,007
Golf - Girls	-	1,826	1,826	-
Golf - Girls State	-	210	210	-
Green Club	250	-	45	205
History Club	2,691	1,033	1,788	1,936
Holocaust Project	100	-	-	100
Hospitality/Culinary	-	7,439	7,439	-

Fort Thomas Independent School District
Statement of School Activity Funds
Fort Thomas Independent High School
Year Ended June 30, 2025

Fund Name	Fund Balance		Fund Balance	
	June 30, 2024	Receipts	Disbursements	June 30, 2024
Interest Earned	16,812	8,745	9,911	15,646
Journalism	4,310	13,496	12,501	5,305
Junior Prom	13,184	23,007	25,822	10,369
Math Honor Society	689	540	242	987
Mock Trial	1,234	1,549	2,783	-
Model UN	40	-	-	40
National German Exam	36	37	73	-
National Honor Society	1,470	5,766	7,236	-
NHS Dance Blue Fundraise	-	2,932	2,932	-
NEHS	843	815	538	1,120
NSHS	175	150	239	86
Pot Luck Luncheon	237	-	-	237
Principal	868	6,277	7,145	-
Resource Center	511	-	-	511
Robotics	3,055	15,650	16,508	2,197
Scholarships - Dunn	2,000	5,000	5,000	2,000
Scholarships - Eide	10,836	1,000	1,000	10,836
Scholarships - HHS	3,388	-	2,500	888
Scholarships - Pollard	1,505	-	1,500	5
Science Club	101	-	-	101
Science Field Trips	1,594	2,389	329	3,654
Senior Class	906	16,127	17,033	-
Sinfonia Orchestra	6,184	14,201	10,790	9,595
Soccer - Boys	-	10,324	10,324	-
Soccer - Boys District	-	446	446	-
Soccer - Boys Regional	-	90	90	-
Soccer - Girls	-	8,896	8,896	-
Soccer - Girls District	-	755	755	-
Soccer - Girls Regional	-	90	90	-
Soccer - B/G Mulch Sales	-	5,441	5,441	-
Softball Fundraising	10,369	21,845	22,507	9,707
Softball	-	9,719	9,719	-
Softball - Regional	-	3,039	3,039	-
Softball District	-	668	668	-
Spanish Club	717	-	-	717
Speech/Debate Club	1,554	4,800	2,753	3,601
STLP	50	-	-	50
Strength & Conditioning	-	1,814	1,814	-
Student Coke Commission	3,273	-	460	2,813
Student Council	-	430	271	159
Swim/Dive Fundraising	2,727	7,416	10,143	-

Fort Thomas Independent School District
Statement of School Activity Funds
Fort Thomas Independent High School
Year Ended June 30, 2025

Fund Name	Fund Balance		Disbursements	Fund Balance
	June 30, 2024	Receipts		June 30, 2025
Swim/Dive - Boys	-	13,242	13,242	-
Swim/Dive - Girls	-	13,302	13,302	-
Tennis - Girls	-	2,346	2,346	-
Track - Boys	-	9,924	9,924	-
Track - Boys HMS	-	945	945	-
Track - Girls	-	8,247	8,247	-
Track - Girls HMS	-	945	945	-
Track Refurbishment	8,425	-	-	8,425
Tri-M Music Honor Society	138	931	142	927
TSA/Industrial Arts	2,130	6,473	3,888	4,715
Volleyball	-	12,559	12,559	-
Volleyball Fundraising	15,266	33,558	31,146	17,678
Volleyball - HMS	-	4,104	4,104	-
We The People	11,299	13,084	2,147	22,236
Wrestling	577	3,483	4,060	-
Wrestling	-	8,102	8,102	-
Total	\$ 425,221	\$ 1,375,469	\$ 1,314,094	\$ 486,596

Fort Thomas Independent School District
 Schedule of Federal Expenditures
 Year Ended June 30, 2025

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster</u>	<u>Federal Assistance Listing</u>	<u>Pass Through Grantor's Number</u>	<u>Federal Expenditures for FYE 6/30/2025</u>
<u>U.S. Department of Education</u>			
<i>Passed through Kentucky Department of Education</i>			
Special Education Cluster (IDEA)			
Special Education_Grants to States (IDEA, Part B)	84.027	3810002 23	78,818
	84.027	3810002 24	476,628
Special Education_Preschool Grants (IDEA, Preschool)	84.173	3800002 23	14,197
	84.173	3800002 24	19,121
			<u>588,764</u>
Title I Grants to Local Educational Agencies	84.010	3100002 23	865
	84.010	3100002 24	85,181
			<u>86,046</u>
Perkins Vocational Education	84.048	3710002 23	2,231
	84.048	3710002 24	28,668
			<u>30,899</u>
English Language Acquisition State Grants	84.365	3300002 24	12,468
			<u>12,468</u>
Title V Rural and Low-Income Schools	84.367	3230002 23	16,951
	84.367	3230002 24	18,754
			<u>35,705</u>
Title IV Student Support and Academic Enrichment	84.424	3420002 23	5,424
	84.424	3420002 24	9,199
			<u>14,623</u>
Elementary and Secondary Education Relief Fund	84.425	4300005 21	856
			<u>856</u>
<i>Passed through NKCES</i>			
Arts in Education			30,667
			<u>30,667</u>
Total U.S Department of Education			<u>800,028</u>
Total Expenditures of Federal Awards			<u>\$ 800,028</u>

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal grant activity of Fort Thomas Independent School District (District) under programs of the federal government for the year ended June 30, 2025. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) 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 District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3: INDIRECT COST RATE

The District has elected not to use the 10% de minimis indirect cost rate allowed under Uniform Guidance.

NOTE 4: SUBRECIPIENTS

The District did not provide federal funds to subrecipients for the year ended June 30, 2025.

NOTE 5: COMMODITIES

No nonmonetary assistance for USDA commodities was received.

NOTE 6: FEDERAL AWARDS RECONCILIATION

Federal revenues reported on the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	\$ 800,028
Federal grants reported on the Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund	-
Donated commodities reported on the Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund	-
Schedule of expenditures of federal awards	<u>\$ 800,028</u>



Kentucky State Committee for School District Audits
Members of the Board of Education
Fort Thomas Independent School District
Augusta, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Fort Thomas Independent 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 basic financial statements and have issued our report thereon dated January 4, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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 determination of financial statement amounts. 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 noted certain matters that we reported to management of the District in a separate letter dated January 4, 2026.

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.

Maddox & Associates CPAs Inc.

Fort Thomas, Kentucky

January 4, 2026

Kentucky State Committee for School District Audits
Members of the Board of Education
Fort Thomas Independent School District
Fort Thomas, Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Program

We have audited Fort Thomas Independent 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 the District's major federal programs for the year ended June 30, 2025. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major 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 (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities of those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Maddox & Associates CPAs Inc.

Fort Thomas, Kentucky

January 4, 2026

1. SUMMARY OF AUDITOR'S RESULTS	
Type of Financial Statement Opinion	Unmodified
Were there any material weaknesses in internal control reported at the financial statement level?	No
Were there any significant deficiencies in internal control reported at the financial statement level?	No
Was there any reported material noncompliance at the financial statement level?	No
Were there any material weaknesses in internal control reported for major federal programs?	No
Were there any significant deficiencies in internal control reported for major federal programs?	No
Type of Major Programs' Compliance Opinion	Unmodified
Are there any reportable findings under 2 CFR 200.516(a)?	No
<u>Major Programs</u>	<u>AL#</u>
Special Education Cluster	84.027 / 84.073
Dollar Threshold: Type A/B Programs	Type A: > \$750,000 Type B: all others
Low risk auditee under 2 CFR 200.520	No

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED
None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
None

NO PRIOR FINDINGS

Fort Thomas Independent School District
Management Letter
Year Ended June 30, 2025

Kentucky State Committee for School District Audits
Members of the Board of Education
Fort Thomas Independent School District
Augusta, Kentucky

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

However, during our audit we became aware of matters that our opportunities for strengthening internal controls and operating efficiencies. The memorandum that accompanies this letter summarizes our comments and recommendations regarding these matters. Any uncorrected comments from the prior year have been listed in this letter. A separate report dated January 4, 2026 contains our report on the District's internal control. This letter does not affect our report dated January 4, 2026 on the financial statements of the District.

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

Maddox & Associates CPAs Inc.

January 4, 2026

Central Office

No matters are reportable

Highlands High School

No matters are reportable

Highlands Middle School

No matters are reportable

Prior year comment 2024-01 was not repeated.

Johnson Elementary School

No matters are reportable

Moyer Elementary School

No matters are reportable

Woodfill Elementary School

No matters are reportable