



**Report on Audit of Financial Statements
and Supplementary Information
for the year ended June 30, 2025**

ANJ | **Alford
Nance &
Jones, LLP**

HOPKINS COUNTY SCHOOL DISTRICT
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for the year ended June 30, 2025

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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

State Committee for School District Audits
Members of the Board of Education
Hopkins County School District
Madisonville, Kentucky

Report on the Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Kentucky Public School Districts' Audit Contract and Requirements* prescribed by the Kentucky State Committee for School District Audits. 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 Hopkins County School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 23 to the financial statements, the District has implemented Governmental Accounting Standards Board (GASB) No. 101 Compensated Absences during the year ended June 30, 2025. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Hopkins County School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-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 other post employment benefit schedules on pages 3 through 7 and pages 54 through 67 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2026, on our consideration of the Hopkins County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Hopkins County School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hopkins County School District's internal control over financial reporting and compliance.

Alford, Nance & Jones, LLP

Alford, Nance & Jones LLP
Madisonville, Kentucky
January 27, 2026



MANAGEMENT DISCUSSION & ANALYSIS (MD&A) YEAR ENDED JUNE 30, 2025

FINANCIAL HIGHLIGHTS

- The district continued progress on multiple major construction and capital improvement projects initiated in prior years. Work advanced on the South Hopkins School project, which will ultimately serve students from preschool through eighth grade. Construction activity also continued on auxiliary gymnasiums at Madisonville North Hopkins High School and Hopkins County Central High School; these facilities are designed to serve dual purposes as co-curricular, instructional spaces and storm shelters. In addition, renovations to the district's Central Office building continued during the year, supporting long-term operational efficiency and centralized services.
- The General Fund reported revenues of \$72.7 million, derived primarily from SEEK (state funding), property and motor vehicle taxes, and on-behalf payments made by the state for the benefit of the district. General Fund expenditures totaled \$70.8 million. In addition, \$4.7 million was transferred from the General Fund to support the Central Office renovation construction project.
- On September 9, 2024, the Board of Education voted to maintain the property tax rate at 68.2 cents per \$100 of assessed value for both real and personal property, consistent with the prior five years. This rate generated \$3.8 million more in tax revenue compared to fiscal year 2024. General real estate property tax revenue increased by \$1.5 million, while Public Service Commission property tax revenue experienced the largest percentage increase, rising by \$2.3 million.
- The district continued investing in its workforce through compensation adjustments, including a \$3,000 increase for certified employees and a \$2.00 per hour increase for classified employees, along with step increases for years of service. These adjustments support recruitment, retention, and instructional continuity across the district.

OVERVIEW OF FINANCIAL STATEMENTS

This Management's Discussion and Analysis is intended to introduce the district's basic financial statements. The district's financial statements consist of three main components:

1. Government-wide Financial Statements

The government-wide financial statements provide readers with a broad overview of the district's finances, presented in a manner similar to private-sector financial reporting. These statements present the district's governmental activities, which are primarily supported by property taxes and intergovernmental revenues, and include information on assets, liabilities, and related debt.

The district's governmental activities include instruction, support services, facilities operation and maintenance, student transportation, and non-instructional services. The Statement of Net Position presents information on the district's assets and liabilities, with the difference between the two reported as net position. Over time, changes in net position may serve as a useful indicator of whether the district's overall financial condition is improving or deteriorating.

2. Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. All Kentucky public school districts are required to follow a state-mandated uniform chart of accounts and utilize Tyler Technology's Enterprise ERP (MUNIS) accounting system. The district uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The district's funds fall into three categories:

Governmental funds: These funds account for the district's primary operations, including instructional and support services, capital projects, and debt service activities.

Proprietary funds: The district's proprietary funds include food service and child care operations, which are financed and operated in a manner similar to private business enterprises.

Fiduciary funds: These funds account for resources held by the district in a custodial capacity for the benefit of others and are not available to support the district's own programs.

3. Notes to the Financial Statements

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position serves as a useful indicator of a government's financial position. As of June 30, 2025, the district's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$52,947,821, representing an increase of \$12,050,658 compared to the prior fiscal year.

The largest portion of the district's net position is invested in capital assets including land and improvements, buildings and improvements, vehicles, furniture and equipment and construction in progress, net of related outstanding debt. These capital assets are used to provide services to students and, therefore, are not available for future spending. Although the district's investment in its capital assets is reported net of related debt, it should be noted that the repayment of this debt must be provided from other sources, as the capital assets themselves cannot be used to liquidate liabilities.

The district's financial position reflects the cumulative effects of various financial activities, including the results of operations, debt issuance and repayment, the acquisition and disposal of capital assets, and the depreciation of those assets over time. Included in the financials for June 30, 2025, are the district's long-term liabilities related to net pension obligation and other postemployment benefits.

NET POSITION FOR THE PERIOD ENDING JUNE 30, 2025

The following is a comparison of condensed statement of net position for the current and prior years.

	2024-2025FY	2023-2024FY
Current Assets	\$ 32,837,420	\$ 35,987,603
Restricted Assets	36,753,242	36,411,400
Capital Assets, net of accumulated depreciation	92,120,051	81,963,857
Net OPEB Asset	565,082	453,810
TOTAL ASSETS	\$ 162,275,795	\$ 154,816,670
TOTAL DEFERRED OUTFLOWS	\$ 12,586,728	\$ 15,480,911
Current Liabilities	\$ 12,481,277	\$ 11,757,240
Noncurrent Liabilities	92,334,826	96,107,785
TOTAL LIABILITIES	\$ 104,816,103	\$ 107,865,025
TOTAL DEFERRED INFLOWS	\$ 17,098,599	\$ 21,535,393
Net Position		
Investment in Capital Assets (Net of Debt)	\$ 25,350,760	\$ 13,499,200
Restricted for:		
Capital Projects	\$ 32,508,923	\$ 32,185,496
Debt Service	-	861,025
Other purposes	1,255,971	1,228,020
Unrestricted Fund Balance	(6,167,833)	(6,876,578)
Total Net Position	\$ 52,947,821	\$ 40,897,163

COMMENTS ON BUDGET COMPARISONS

The district's budget variances are largely attributable to the following factors:

1. **Staffing adjustments:** Budgeted staffing levels were adjusted during the fiscal year based on Board policy, actual student enrollment, and operational needs of the district.
2. **Instructional and Administrative Support:** Budgeted expenditures for instructional staff support and district administrative support services increased during the year primarily due to step adjustments for years of service. The budget also reflects a salary increase for all Hopkins County Schools employees, including a \$3,000 increase for certified employees and a \$2.00 per hour increase for classified employees.
3. **Employee Benefits:** The employee benefits budget was adjusted to reflect changes in the employer's share of benefit costs, including retirement contributions and other related benefits.
4. **Conservative Revenue Budgeting:** The district continues to employ a conservative approach when estimating revenues due to uncertainties related to state funding, grant awards, and long-term obligations associated with pension and other postemployment benefits. This approach helps mitigate the risk of revenue shortfalls during the fiscal year.
5. **Reserve Requirement:** In accordance with state mandated policy, the district adopts a working budget that maintains a minimum reserve of 2%. For the 2024-2025 fiscal year, the working budget included a General Fund contingency of approximately 18%, or \$12 million. This reserve is intended to provide financial stability and flexibility in addressing unforeseen expenditures and future financial challenges.

The following presents a summary of revenue and expenditures for the fiscal year ended June 30, 2025.

	<u>2024-2025FY</u>	<u>2023-2024FY</u>
GENERAL REVENUES		
Property Taxes	\$ 23,475,148	\$ 19,700,158
Motor Vehicle Taxes	2,354,411	2,241,486
Unmined Mineral Taxes	36,461	151,893
Other Taxes	296,240	147,165
Investment Earnings	3,306,398	2,758,076
Student Activities	1,832,450	1,643,927
Other Local Revenue	270,274	78,292
Gain (Loss) on Disposal of Fixed Assets	2,218	425,896
State and Federal Grants	46,643,198	44,996,261
PROGRAM REVENUES		
Charges for Services	697,808	937,317
Operations Grants and Contributions	19,431,860	21,292,169
Capital Grants and Contributions	3,117,455	2,799,315
TOTAL REVENUES	\$ 101,463,921	\$ 97,171,955
EXPENSES		
Instruction	50,319,584	45,871,719
Student Support	3,807,937	3,286,524
Instruction Staff Support	2,481,716	2,691,897
District Administrative Support	1,766,739	1,844,403
School Administrative Support	4,716,105	4,120,072
Business Support	3,097,878	3,111,538
Plant Operations and Maintenance	9,223,967	8,179,210
Student Transportation	4,358,556	3,804,136
Community Services Activities	860,315	721,171
Child Care Operation	57,204	157,933
Interest on Long-Term Debt	2,255,664	1,745,111
Food Services	4,295,406	4,210,591
Child Care	235,663	14,544
TOTAL EXPENSES	\$ 87,476,734	\$ 79,758,849
Changes in Net Position	\$ 13,987,187	\$ 17,413,106
Net Position, Beg of the year-restated	\$ 38,960,634	\$ 23,484,057
Change in Accounting Principle	\$ -	\$ (1,936,529)
Net Position, End of the year	\$ 52,947,821	\$ 38,960,634

GENERAL FUND REVENUE

Total General Fund revenue for the fiscal year amounted to \$72,652,712. State funding was the primary source, totaling \$46,653,765 (64%), while local funding contributed \$25,888,045 (36%). Other revenues totaled \$110,902, representing less than 1%. Compared to the prior fiscal year, local funding increased by

\$3,890,392. SEEK (Support Education Excellence in Kentucky) funding increased by \$1,453,370 compared to fiscal year 2024, reflecting a legislative increase of \$126 per pupil to the SEEK guaranteed base.

GENERAL FUND EXPENDITURES

General Fund expenditures totaled \$70,888,199 for the year. Instruction and administration functions accounted for approximately 81% of the total expenditures, including amounts directed by Site-Based Decision Making Councils. Plant operations and maintenance represented 12%, while transportation services accounted for the remaining 7%.

SCHOOL ALLOCATION

Regular instruction comprised approximately 76% of school level expenditures, including instruction, student support, instruction support staff, and administrative functions. Total instructional expenses amount to \$54,122,650.

DISTRICT SUPPORT SERVICES ALLOCATION

Central support services expenditures include \$5,209,916 for transportation, \$8,202,762 for maintenance and operation, and \$3,309,911 for district administrative and business functions.

GENERAL FUND BALANCE

The General Fund began the fiscal year with a fund balance of \$25,911,472. With revenues of \$72,652,712, expenditures of \$70,888,199, and other funding sources (uses) of \$(4,780,701), the district experienced a net decrease in fund balance of \$3,016,188. The resulting ending General Fund balance for fiscal year 2024-2025 was \$22,895,284.

BUSINESS TYPE ACTIVITIES

Food Services operations ended the year with total assets and deferred outflows of \$4,260,977 and total liabilities and deferred inflows of \$3,701,616, resulting in a net position of \$559,361. Total operating revenues for the Food Service Fund were \$501,645, while federal and state grants, and other non-operating revenue, contributed \$4,623,363.

OTHER FUNDS

The Special Revenue Fund, which includes all state and federal grant activity, saw a revenue decrease of \$2,175,867 from prior year, due to the expiration of American Rescue Plan funding. The FSPK and Capital Outlay Funds support building-related expenditures, including bond payments and renovations. The Construction Fund accounts for district building projects, and the Debt Service Fund records principal and interest payments on outstanding bonds. The Child Care Fund supports self-sustaining daycare and after-school programs, with any excess revenues reinvested to enhance instruction.

BUDGETARY IMPLICATIONS

Kentucky public schools' fiscal year is July 1 to June 30, though some federal programs follow different calendars and are included in the budget. Key factors affecting future finances include pensions, postemployment benefits, and state and federal legislative changes. For questions, contact Damon Fleming, Superintendent, or Eydie L. Tate, Chief Financial Officer (270) 825-6000 or by mail at 320 South Seminary Street, Madisonville, KY 42431.

**HOPKINS COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025**

Assets	Governmental Activities	Business- Type Activities	Total
Current Assets:			
Cash and cash equivalents	\$27,103,454	\$3,484,467	\$30,587,921
Receivables:			
Taxes	644,048		644,048
Accounts receivable	13,182		13,182
Intergovernmental – State	85,988		85,988
Intergovernmental – Indirect federal	903,313	139,200	1,042,513
Inventories	358,388	103,593	461,981
Prepaid expenses	1,787		1,787
Restricted investments			
Restricted cash	36,753,242		36,753,242
Total Current Assets	65,863,402	3,727,260	69,590,662
Noncurrent Assets:			
Capital assets, net of accumulated depreciation	91,992,751	127,300	92,120,051
Net OPEB asset	496,633	68,449	565,082
Total Noncurrent Assets	92,489,384	195,749	92,885,133
Total Assets	158,352,786	3,923,009	162,275,795
Deferred Outflows of Resources			
Deferred outflows on refunding bonds	93,130		93,130
Deferred outflows from pension contributions	4,144,603	571,240	4,715,843
Deferred outflows from OPEB contributions	7,588,972	178,783	7,777,755
Total Deferred Outflows	11,836,705	750,023	12,586,728
Liabilities			
Current Liabilities:			
Accounts payable	108,773	0	108,773
Payable from restricted funds	1,434,870		1,434,870
Accrued payroll and related expenses	4,547,729	209,339	4,757,068
Retainage payable	890,160		890,160
Accrued interest payable	544,517		544,517
Unearned revenue	1,327,725	11,953	1,339,678
Current portion of bond obligations, net	2,870,000		2,870,000
Current portion of lease obligation	34,788		34,788
Current portion of compensated absences	446,766	54,655	501,423
Total Current Liabilities	12,205,330	275,947	12,481,277
Noncurrent Liabilities:			
Noncurrent portion of bond obligations, net	61,045,085		61,045,085
Noncurrent portion of lease obligation	35,859		35,859
Noncurrent portion of compensated absences	2,497,203	21,328	2,518,531
Net pension liability	17,153,172	2,364,179	19,517,351
Net OPEB liability	9,218,000		9,218,000
Total Noncurrent Liabilities	89,949,319	2,385,507	92,334,826
Total Liabilities	102,154,649	2,661,454	104,816,103
Deferred Inflows of Resources			
Deferred inflows from pension contributions	3,425,978	472,194	3,898,170
Deferred inflows from OPEB contributions	12,454,445	745,984	13,200,429
Unavailable revenues - property taxes			
Total Deferred Inflows	15,880,421	1,218,178	17,098,599
Net Position			
Net investment in capital assets	25,223,460	127,300	25,350,760
Restricted for:			
Capital projects	32,508,923		32,508,923
Other purposes	1,255,971		1,255,971
Unrestricted (deficit)	(6,833,933)	866,100	(6,167,833)
Total Net Position (deficit)	\$52,154,421	\$793,400	\$52,947,821

The accompanying notes are an integral part of these financial statements.

**HOPKINS COUNTY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025**

	General Fund	Special Revenue Grant Fund	Construction Fund	Total Nonmajor Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$27,103,454			\$ -	\$27,103,454
Receivables:					
Taxes	644,048				644,048
Accounts receivable	9,923			3,259	13,182
Intergovernmental - State					
Intergovernmental - Indirect federal		\$903,313			903,313
Due from other funds					
Prepaid expenses	1,787				1,787
Restricted investments					
Restricted cash		647,270	\$34,833,953	1,272,019	38,753,242
Total Assets	<u>\$27,759,212</u>	<u>\$1,550,583</u>	<u>\$34,833,953</u>	<u>\$1,275,278</u>	<u>\$65,419,026</u>
Liabilities					
Accounts payable	\$92,289			\$ 16,484	\$108,773
Payable from restricted funds			\$ 1,434,870		1,434,870
Accrued payroll and related expenses	3,994,871	552,858			4,547,729
Retainage payable			890,160		890,160
Current portion of compensated absences	448,768				448,768
Unearned revenue	330,000	997,725			1,327,725
Due to other funds					
Total Liabilities	<u>4,863,928</u>	<u>1,550,583</u>	<u>\$ 2,325,030</u>	<u>16,484</u>	<u>8,758,025</u>
Fund Balances					
Nonspendable:					
Prepaid expenses	1,787				1,787
Restricted:					
Capital projects			32,508,923		32,508,923
Student Activity Funds				834,871	834,871
District Activity Fund				421,100	421,100
Committed:					
Site-base carryforward	73,112				73,112
Assigned:					
Encumbrances	714,160			2,823	718,983
Unassigned:					
General fund	22,106,225				22,106,225
Total Fund Balances	<u>22,895,284</u>	<u>-</u>	<u>32,508,923</u>	<u>1,258,794</u>	<u>58,683,001</u>
Total Liabilities and Fund Balances	<u>\$27,759,212</u>	<u>\$1,550,583</u>	<u>\$34,833,953</u>	<u>\$1,275,278</u>	<u>\$65,419,026</u>

The accompanying notes are an integral part of these financial statements.

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

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

Total fund balance - governmental funds		\$56,663,001
Inventory is not reported in this fund financial statement because the supplies are not current financial resources, but it is reported in the statement of net position.		358,388
Capital assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net position.		91,992,751
Deferred outflows of resources related to pension contributions/liabilities are not reported in this fund financial statement because they are not available to pay current-period expenditures, but they are reported in the statement of net position.		11,743,575
Intergovernmental - state receivable for KSFCC portion of accrued interest are not reported in this fund financial statement because they are not available to pay current period expenditures, but they are reported in the statement of net position.		85,988
Deferred inflows of resources related to pension contributions/liabilities are not reported in this fund financial statement because they are not due and payable, but they are presented in the statement of net position.		(15,880,421)
Certain liabilities (such as net bonds payable, lease payable, the long-term portion of compensated absences, insurance assessment, net pension liability and accrued interest) are not reported in this fund financial statement because they are not due and payable, but they are presented in the statement of net position.		
Net bonds payable	(63,915,085)	
Lease obligation	(70,647)	
Noncurrent portion of compensated absences	(2,497,203)	
Net pension and OPEB liability (asset)	(25,874,539)	
Accrued interest	<u>(544,517)</u>	(92,901,991)
Deferred outflows of resources losses from refunding bonds are not current and are not reported in the fund financial statements.		<u>93,130</u>
Net position of governmental activities		<u><u>\$52,154,421</u></u>

The accompanying notes are an integral part of these financial statements.

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

	General Fund	Special Revenue Grant Fund	Construction Fund	Total Nonmajor Funds	Total Governmental Funds
Revenues:					
From local sources:					
Taxes:					
Property	\$21,562,442			\$1,912,706	\$23,475,148
Motor vehicle	2,354,411				2,354,411
Unmined mineral	36,461				36,461
Other	296,240				296,240
Tuition	200	\$5,145			5,345
Earnings on investments	1,366,017	17,984	\$1,619,483	121,594	3,127,078
Student activities		129		1,832,450	1,832,579
Other local revenues	270,274	323,948			594,222
Intergovernmental - State	46,653,765	4,739,650		3,117,455	54,510,870
Intergovernmental - Indirect federal		9,817,844			9,817,844
Intergovernmental - Direct federal	110,902	40,549			151,451
Total revenues	72,652,712	14,945,249	1,619,483	6,984,205	96,201,649
Expenditures:					
Current:					
Instruction	41,585,798	6,637,206		1,733,207	51,956,211
Support services:					
Student	3,153,428	730,581		55,312	3,939,321
Instruction staff	2,522,965	37,598			2,560,563
District administrative	1,883,500				1,883,500
School administrative	4,976,959	85,532			5,062,491
Business	3,309,911	1,000			3,310,911
Plant operation and maintenance	8,202,782	389,149		6,038	8,597,949
Student transportation	5,209,916			2,748	5,212,664
Other instructional					-
Community service activities		1,027,228			1,027,228
Food service operation					-
Day care operation		69,475			69,475
Capital outlay:					
Facilities acquisition and construction			270,963		270,963
Facilities improvements			4,521,981		4,521,981
Other-Facilities			6,516,500		6,516,500
Debt service:					
Principal	42,960			2,525,000	2,567,960
Issuance costs				4,371	4,371
Interest				2,277,377	2,277,377
Total expenditures	70,886,199	10,977,769	11,309,444	6,804,053	99,779,465
Excess (deficiency) of revenues over (under) expenditures	1,764,513	3,967,480	(9,689,961)	380,152	(3,577,816)
Other Financing Sources (Uses)					
Proceeds from bonds issued					-
Proceeds from bonds issued					-
Premium on bonds issued					-
Discount on bonds issued					-
Premium on bonds issued					-
Proceeds from disposal of fixed assets	58,058				58,058
Insurance recoveries					-
Transfers in	10,431	114,485	10,013,388	3,980,020	14,118,324
Transfers out	(4,849,190)	(4,081,965)		(5,190,423)	(14,121,576)
Total other financing sources (uses)	(4,780,701)	(3,967,480)	10,013,388	(1,210,403)	54,804
Net change in fund balance	(3,016,188)	-	323,427	(830,251)	(3,523,012)
Fund balance, beginning of the year	25,911,472	-	32,185,496	2,089,045	60,186,013
Fund balance, end of the year	\$22,895,284	\$ -	\$32,508,923	\$1,258,794	\$56,663,001

The accompanying notes are an integral part of these financial statements.

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

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

Net change in fund balances - total governmental funds		\$ (3,523,012)
Inventory is expensed under the purchases method in the fund financial statements, but must be reported as assets in the statement of net position		14,698
Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which capital outlays exceed (are less than) depreciation expense for the year.		
Capital outlays	12,838,157	
Loss on scrapped assets	(55,840)	
Depreciation expense	<u>(2,608,324)</u>	10,173,993
Bond premiums, call premiums and discounts are reported as expenditures in this fund financial statement because they are current financial resources, but they are presented as deferred outflows in the statement of activities and amortized over the remaining life of the bonds. The difference is the amount by which the actual costs exceeds (are less than) amortization expenses for the year.		(24,877)
Bond payments are recognized as expenditures of current financial resources in the fund financial statements, but are reductions of liabilities in the statement of net position.		2,525,000
Lease payments are recognized as expenditures of current financial resources in fund financial statements but are a reduction in liabilities in the Statement of net position.		40,061
Accruals of intergovernmental - state revenue related to interest paid on-behalf of the District by the state on long-term debt is not reported in this fund financial statement, but is presented as a receivable in the statement of net position.		(10,567)
Accruals of interest and noncurrent compensated absences do not require the use of current financial resources and, therefore are not reported as expenditures in the governmental fund statements.		(275,083)
Net effect on pension expense of the allocation of pension expense per GASB 68		1,456,463
Net effect on employee benefits of the allocation of OPEB expense per GASB 75		2,867,705
		<hr/>
Change in net position of governmental activities		<u>\$ 13,244,381</u>

The accompanying notes are an integral part of these financial statements.

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

	Food Service Fund	Other Fund	Total
Assets			
Current assets			
Cash and cash equivalents	\$3,109,540	\$374,927	\$3,484,467
Inventory	103,593		103,593
Accounts receivable			
Intergovernmental - Indirect federal	139,200		139,200
Other, net			
Total current assets	<u>3,352,333</u>	<u>374,927</u>	<u>3,727,260</u>
Noncurrent assets			
Capital assets	1,129,700		1,129,700
Less: Accumulated depreciation	(1,002,400)		(1,002,400)
Net capital assets	127,300	-	127,300
Net OPEB asset	65,344	3,105	68,449
Total noncurrent assets	<u>192,644</u>	<u>3,105</u>	<u>195,749</u>
Total assets	<u>3,544,977</u>	<u>378,032</u>	<u>3,923,009</u>
Deferred Outflows of Resources			
Deferred Outflows CERS Pension	545,327	25,913	571,240
Deferred Outflows OPEB	170,673	8,110	178,783
Total Deferred Outflows	<u>716,000</u>	<u>34,023</u>	<u>750,023</u>
Total Assets and Deferred Outflows	<u>\$4,260,977</u>	<u>\$412,055</u>	<u>\$4,673,032</u>
Liabilities			
Current liabilities			
Accounts payable			\$0
Accrued payroll and related expenses	193,829	15,510	209,339
Compensated absences	54,655		54,655
Unearned revenue	11,953		11,953
Total current liabilities	<u>260,437</u>	<u>15,510</u>	<u>275,947</u>
Noncurrent liabilities			
Compensated absences	21,328		21,328
Net pension liability	2,256,933	107,246	2,364,179
Net OPEB liability	-	-	-
Total noncurrent liabilities	<u>2,278,261</u>	<u>107,246</u>	<u>2,385,507</u>
Total liabilities	<u>2,538,698</u>	<u>122,756</u>	<u>2,661,454</u>
Deferred Inflows of Resources:			
Deferred Inflows Pension	450,774	21,420	472,194
Deferred Inflows OPEB	712,144	33,840	745,984
Total Deferred Inflows	<u>1,162,918</u>	<u>55,260</u>	<u>1,218,178</u>
Net Position			
Net investment in capital assets	127,300		127,300
Unrestricted (deficit)	432,061	234,039	666,100
Total net position (deficit)	<u>559,361</u>	<u>234,039</u>	<u>793,400</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$4,260,977</u>	<u>\$412,055</u>	<u>\$4,673,032</u>

The accompanying notes are an integral part of these financial statements.

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

	Food Service Fund	Other Fund	Total
Operating Revenues:			
Lunchroom sales	\$89,489		\$89,489
Community service activities		\$85,061	85,061
Other operating revenues	412,156		412,156
Total operating revenues	501,645	85,061	586,706
Operating Expenses:			
Salaries and wages	1,544,891	70,524	1,615,415
Employee benefits	261,874	144,625	406,499
Contract services	95,251	1,416	96,667
Materials and supplies	2,375,590	19,098	2,394,688
Depreciation	17,800		17,800
Total operating expenses	4,295,406	235,663	4,531,069
Operating income/(loss)	(3,793,761)	(150,602)	(3,944,363)
Nonoperating Revenues (Expenses):			
Federal grants	4,046,964		4,046,964
State grants	421,847	35,784	457,631
Interest income	151,298	28,022	179,320
Transfers In (out)	3,254		3,254
Total nonoperating revenues (expenses)	4,623,363	63,806	4,687,169
Change in net position	829,602	(86,796)	742,806
Net position (deficit), beginning of the year	(222,596)	320,835	98,239
Change in accounting principle	(47,645)	0	(47,645)
Net position (deficit), beginning of the year-restated	(270,241)	320,835	50,594
Net position (deficit), end of the year	\$559,361	\$234,039	\$793,400

The accompanying notes are an integral part of these financial statements.

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

	Food Service Fund	Child Care Fund	Total
Cash Flows from Operating Activities			
Cash received from:			
Lunchroom sales	\$88,000		\$88,000
Community service activities		\$85,061	85,061
Other operating activities	412,156		412,156
Cash paid to/for:			
Employees	(1,988,877)	(74,360)	(2,063,237)
Supplies	(2,046,391)	(19,098)	(2,065,489)
Other activities	(96,088)	(1,416)	(97,504)
Net cash provided (used) by operating activities	<u>(3,631,200)</u>	<u>(9,813)</u>	<u>(3,641,013)</u>
Cash Flows from Noncapital Financing Activities			
Government grants	3,641,180	19,621	3,660,801
Transfer in from other fund	3,254	-	3,254
Net cash provided (used) by noncapital financing activities	<u>3,644,434</u>	<u>19,621</u>	<u>3,664,055</u>
Cash Flows from Capital and Related Financing Activities			
Purchases of capital assets	-	-	-
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows from Investing Activities			
Receipt of interest income	151,298	28,022	179,320
Net cash provided (used) by investing activities	<u>151,298</u>	<u>28,022</u>	<u>179,320</u>
Net increase (decrease) in cash and cash equivalents	164,532	37,830	202,362
Cash and cash equivalents, beginning of the year	<u>2,945,008</u>	<u>337,097</u>	<u>3,282,105</u>
Cash and cash equivalents, end of the year	<u>\$3,109,540</u>	<u>\$374,927</u>	<u>\$3,484,467</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	(\$3,793,761)	(\$150,602)	(\$3,944,363)
Adjustments to reconcile operating income to net cash provided (used) by operating activities			
Depreciation	17,799		17,799
On-behalf payments	347,884	16,162	364,046
Commodities received	346,736		346,736
Change in assets and liabilities			
Receivables - other			-
Inventory	(18,355)		(18,355)
Accounts payable	(18)		(18)
Accrued payroll & related expense	14,046	15,510	29,556
Compensated absences	13,277		13,277
Unearned revenue	(1,489)		(1,489)
Net pension/OPEB liability	(557,319)	109,117	(448,202)
Net cash provided (used) by operating activities	<u>(3,631,200)</u>	<u>(9,813)</u>	<u>(3,641,013)</u>
Schedule of non-cash transactions:			
Donated commodities received from federal government	\$346,736		\$346,736
Benefits paid by state of Kentucky on behalf of District	\$347,884	\$16,162	\$364,046

The accompanying notes are an integral part of these financial statements.

**HOPKINS COUNTY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2025**

	<u>Scholarship Private Purpose Trust Fund</u>
Assets	
Cash and cash equivalents	\$368,314
	<hr/>
Total assets	<u><u>\$368,314</u></u>
Liabilities	
Accounts payable	
	<hr/>
Total liabilities	<hr/>
Net Position	
Held in trust for private purpose	<u><u>\$368,314</u></u>

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

**HOPKINS COUNTY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Scholarship Private Purpose Trust Fund</u>
Additions	
Contributions	
Private donations	\$ 34,714
Net Investment Income (loss)	<u>15,174</u>
Total additions	49,888
 Deductions	
Scholarship awards	<u>22,000</u>
Changes in net position	27,888
Net position, beginning	<u>340,426</u>
Net position, ending	<u>\$ 368,314</u>

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

HOPKINS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

1. Reporting Entity

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

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

These financial statements present the District and its component units, entities for which the District entity is considered to be financially accountable. Blended component units, although legally separate entities, are in substance, part of the governmental entity's operations and so data from these units would be combined with data of the primary governmental entity. The Hopkins County School District has one blended component unit.

Blended Component Unit:

Hopkins County School District Finance Corporation - In 1989, the Hopkins County, Kentucky, Board of Education resolved to authorize the establishment of the Hopkins County School District Finance Corporation (a nonprofit, nonstock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS Section 58.180) as an agency of the Board for financing the costs of school building facilities. The Board Members of the Hopkins County Board of Education also comprise the Corporation's Board of Directors.

There are no audited financial statements issued separately for this component unit.

2. Summary of Significant Accounting Policies

(a) Basis of Presentation

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

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

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

HOPKINS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

2. Summary of Significant Accounting Policies, continued

(a) Basis of Presentation, continued

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

The financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for by using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in the fund balance.

The proprietary fund is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in retained earnings. Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the District, those revenues are primarily charges for meals provided by the various schools. All revenues not meeting this definition are reported as nonoperating revenues. The District applies all applicable FASB pronouncements in accounting and reporting for its proprietary operations.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

The District had the following funds:

Governmental Fund Types

- 1) The General Fund is the main operating fund of the Board. It accounts for financial resources used for general types of operations. This is a budgeted fund, and any fund balances are considered as resources available for use. This is a major fund of the District.
- 2) The Special Revenue (Grant) Funds account for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes.
 - a) The Special Revenue (Grant) Fund accounts for proceeds of federal, state and local grants that are legally restricted to disbursements for specified purposes. Unused balances are returned to the grantor at the close of the specified project periods. 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.
 - b) The District Activity Fund is used to account for funds to support co-curricular and extracurricular activities not raised or expended by student groups.
 - c) The School Activity Fund is used to account for funds raised and expended by student groups to support co-curricular and extra-curricular activities at the schools. These funds are accounted for in accordance with the Uniform Program of Accounting for School Activity Funds.
- 3) Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment (other than those financed by a proprietary fund)

HOPKINS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

2. Summary of Significant Accounting Policies, continued

(a) Basis of Presentation, continued

- a) The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund receives those funds designated by the state as capital outlay funds and is restricted for use in financing projects identified in the District's facility plan and for the corresponding debt service.
 - b) The Facility Support Program of Kentucky (FSPK) Fund accounts for funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the District's facility plan and for the corresponding debt service.
 - c) The Construction Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction. This is a major fund of the District.
- 4) The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs; and for the payment of interest on general obligation notes payable, as required by Kentucky Law.

Proprietary Fund Type

Enterprise Funds are used to account for those operations that are financed and operated in a manner similar to private business or where the Board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The District has two enterprise funds: the School Food Service Fund and the Child Care Fund.

- 1) The School Food Service Fund is used to account for school food service activities, including the National School Lunch Program, which is conducted in cooperation with the U.S. Department of Agriculture (USDA). Amounts have been recorded for in-kind contribution of commodities from the USDA. The School Food Service Fund is a major fund.
- 2) The Child Care Fund is used to account for child care activities in its three licensed child care centers.

Fiduciary Fund Types

Fiduciary Funds account for assets held by the District in a trustee capacity (trust funds) or as an agent on behalf of others (agency funds). The Private Purpose Trust Fund is used to account for three separate scholarships. All resources of these funds may be used to award scholarships in the areas specified in the trust arrangements.

The Agency Fund is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. This fund is used to account for assets that the board holds for others in an agency capacity. The District has no agency funds.

(b) Basis of Accounting

The government-wide financial statements, as well as the proprietary fund and fiduciary fund financial statements, are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

HOPKINS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

2. Summary of Significant Accounting Policies, continued

(b) Basis of Accounting, continued

Governmental fund financial statements are reported using the modified accrual basis of accounting, whereby revenues are recognized when they become both measurable and available. Revenues are considered to be "available" when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Expenditures are generally recognized when the related liability is incurred.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include; (1) timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, (2) matching requirements, in which the District must provide local resources to be used for a specified purpose, and (3) expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenues from nonexchange transactions must also be available before they can be recognized.

(c) Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. A capitalization threshold applies to tangible property costing \$5,000 or more and has a useful life of more than one (1) year, all computers regardless of value, and theft sensitive items that maybe identified by the District. 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 capitalized.

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and improvements	25-50 years
Land improvements	20 years
Technology equipment	5 years
Vehicles	5-10 years
Food service equipment	10-12 years
Furniture and fixtures	7 years
Other	10 years

(d) Cash and Cash Equivalents/Restricted Cash/Investments

The Board considers demand deposits, money market funds, and other investments with an original maturity of 90 days or less, to be cash equivalents. Cash is restricted in the capital projects funds per state

HOPKINS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

2. Summary of Significant Accounting Policies, continued

(d) Cash and Cash Equivalents/Restricted Cash/Investments, continued

requirements, in debt service funds per debt agreements and in the District Activity Fund and Student Activity Fund per fund requirements. (See Notes 4 and 5)

Cash balances of the District's funds are pooled and invested. Interest earned from investments purchased with pooled cash is allocated to the various funds based on the fund's average cash balance. Funds with negative cash balances are not charged interest.

As security for deposits of the District, any bank doing such business is required to pledge securities in an amount to exceed funds on deposit by the District. In addition, the District's accounts are insured, subject to FDIC and NCUSIF coverage terms and limitations. (See Note 4)

State statutes authorize the District to invest in obligations of the U.S. Treasury, U.S. Agencies, certain federal instruments, commercial bank's certificates of deposit, savings and loan deposits, repurchase agreements, and the Commonwealth of Kentucky Investment Pool.

The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments, which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The district does not have any investments that are measured using Level 1, Level 2 or Level 3 inputs.

(e) Accounts Receivable

An allowance for doubtful accounts is provided for accounts receivable in the Food Service Fund. Accounts receivable are reported net of this allowance, but was \$0 as of June 30, 2025.

(f) Inventories/Commodities

Supplies and materials are charged to expenditures when purchased at the fund statement level, with the exception of the proprietary funds, which records inventory using the accrual basis of accounting. Similarly, due to the economic resources measurement focus, bus garage supply inventories are reported as an asset on the District-wide Statement of Net Position. Inventories are valued at cost or at their estimated fair value at the date of donation, using the first-in, first-out method. The fair value of donated commodities used during the year is reported in the statement of revenues, expenses, and changes in net position as an expense with a like amount reported as donated commodities revenue. For the purposes of the statement of cash flows, a federal grant received does not include noncash commodities received in the amount of \$346,736.

HOPKINS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

2. Summary of Significant Accounting Policies, continued

(g) Accrued Liabilities/Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. Bond discounts and premiums are netted against the bond principal and are amortized on a straight-line basis over the life of the bonds.

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

(h) Net Position and Fund Balance

District-Wide Financial Statements

Net position on the Statement of Net Position include the following:

Net Investment in Capital Assets – The component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unspent proceeds, that is directly attributable to the acquisition, construction or improvement of these capital assets.

Restricted for Capital Projects/Debt Service – The components of net position that report the financial resources restricted to pay for construction activities (capital projects) or related debt service.

Restricted Other Purposes – The component of net position that is restricted for other purposes.

Unrestricted – The difference between the assets and liabilities that is not reported in Net Investment in Capital Assets or Net Position Restricted for Capital Projects/Debt Service.

Governmental Fund Financial Statements

In July 2010, the District adopted Statement of Governmental Accounting standards No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Accordingly, in the fund financial statements, governmental funds report fund balances as nonspendable, restricted, committed, assigned, or unassigned fund balance. Also, the District has established the order of assigned, committed and restricted when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Nonspendable fund balances are those amounts that cannot be spent because they are either: (1) generally, amounts that are not expected to be converted to cash, such as inventories or prepaid amounts or (2) amounts that are required to be maintained intact, such as the principal of a permanent fund. The nonspendable fund balance is \$1,787 as of June 30, 2025.

Restricted fund balances arise when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

HOPKINS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

2. Summary of Significant Accounting Policies, continued

(h) Net Position and Fund Balance, continued

Committed fund balances are those amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, which, for the District is the Board of Education. The Board of Education must approve by majority vote the establishment (and modification or rescinding) of a fund balance commitment.

Assigned fund balances are those amounts that are constrained by the government's *intent* to be used for specific purposes, but are neither restricted nor committed. The Board of Education allows program supervisors to complete purchase orders which results in the encumbrance of funds. Assigned fund balance also includes (a) all remaining amounts (except for negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed and (b) amounts in the general fund that are intended to be used for a specific purpose.

Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

(i) Interfund Activity

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

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

(j) Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, fund balances, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

(k) Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue.

(l) Compensated Absences

The Hopkins County School District allows employees to accumulate and carry over sick days from year to year. The amount of total days that may be carried over from year to year is unlimited. Upon retirement from the school system, employees will receive an amount up to thirty percent (30%) of the value of

HOPKINS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

2. Summary of Significant Accounting Policies, continued

(l) Compensated Absences, continued

accumulated sick leave. Sick leave benefits are accrued as a liability using the vesting method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. It is deemed probable that benefits will be paid to employees with more than twenty years of experience. Separation of employment for any reason other than retirement results in the employee forfeiting all accumulated sick and personal leave.

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

(m) Encumbrance Accounting

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of materials or services. For budgetary purposes, appropriations lapse at fiscal year-end and outstanding encumbrances at year-end are re-appropriated in the next year. An assignment of fund balance equal to outstanding encumbrances is provided for at each year-end. Accordingly, no differences exist between actual results and the applicable budgetary data presented in the accompanying combined financial statements.

(n) Bonds and Related Premiums, Discounts, and Issuance Costs

In the government-wide financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premiums or discounts. Bond issuance costs are expensed when bonds are issued. In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Discounts related to debt issuance are reported as other financing uses. Issuance costs are reported as debt service expenditures.

(o) Pensions

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

(p) Other Postemployment Benefits-(OPEB)

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

HOPKINS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

2. Summary of Significant Accounting Policies, continued

(q) Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense) until then.

Deferred outflows related to pensions and OPEB are reported in the statement of net position. A deferred outflow from pension's and OPEB's results from System contributions made subsequent to the measurement date, difference between expected and actual experience, net difference between projected and actual investment earnings on pension and OPEB plan investments, changes of assumptions, and changes in proportion and differences between employer contributions and proportionate share of contributions. This amount from System contributions made subsequent to the measurement date are deferred and will be recognized as a reduction of net pension liability and net OPEB liability in the year ending June 30, 2022. The other components of deferred outflows are deferred and will be recognized as a reduction of pension and OPEB expense over the next several years.

Deferred outflows from a bond refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Deferred inflows related to pensions and OPEB are reported in the statement of net position. A deferred inflow from pension's and OPEB's results from net differences between expected and actual earnings on pension and OPEB plan investments and the changes in proportions in differences between employer contributions and proportionate share of contributions. This amount is deferred and will be recognized as a reduction of pension and OPEB expense over the next several years.

(r) Prepaid Expenses

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

HOPKINS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

2. Summary of Significant Accounting Policies

(s) New Accounting Standards Implemented

GASB Statement No. 101, *Compensated Absences*, was issued in June 2022 and is effective for fiscal years beginning after December 15, 2023. This statement's objective is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences.

3. Property Taxes

Property taxes collected are recorded as revenues in the Fund for which they were levied. Each year, property taxes are levied on October 1, based on assessments as of January 1 prepared by the Hopkins County property valuation administrator. The taxes are payable on November 1. The tax rates placed in effect are 68.2 cents per \$100 of assessed valuation on real estate and 68.2 cents on personal property, of which 5.8 cents is for participation in the Facility Support Program, and 54.7 cents per \$100 of assessed valuation on motor vehicles.

4. Deposits and Investments

At June 30, 2025, the carrying amount of the District's deposits was \$67,709,477 and the bank balance was \$68,644,908. Of the bank balances, \$58,513,637 was insured by federal depository insurance, \$10,131,271 was covered by collateral held by the pledging bank's agent.

The District's deposits at June 30, 2025 consisted of the following:

	<u>Bank Balance</u>	<u>Book Balance</u>
Farmers Bank and Trust - demand	\$ 27,900,572	\$ 27,900,572
First United Bank - demand	40,744,336	39,808,905
	<u>\$ 68,644,908</u>	67,709,477
Restricted cash		(36,753,242)
Unrestricted cash and cash equivalents		<u>\$ 30,956,235</u>
Reported in the financial statements:		
Governmental funds: cash and cash equivalents		\$ 27,103,454
Proprietary funds: cash and cash equivalents		3,484,467
Fiduciary funds: cash and cash equivalents		368,314
		<u>\$ 30,956,235</u>

5. Restricted Cash and Investments

Restricted cash at June 30, 2025 consists of the following:

Special Revenue	647,270
District Activity Funds	423,923
Student Activity Funds	848,096
Construction Funds	34,833,953
	<u>\$ 36,753,242</u>
Total Restricted Cash	

HOPKINS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

6. Capital Assets

During the year ended June 30, 2025, the following changes occurred in capital assets:

Depreciation expense was charged to governmental functions as follows:

<u>Governmental Activities:</u>	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Not depreciated:				
Land and land improvements	\$ 3,148,337	\$ -	\$ 50,000	\$ 3,098,337
Construction in progress	33,338,071	11,309,444	20,701,081	23,946,434
Totals not being depreciated	<u>36,486,408</u>	<u>11,309,444</u>	<u>20,751,081</u>	<u>27,044,771</u>
Depreciated:				
Buildings and improvements	80,247,174	20,671,067	-	100,918,241
Technology equipment	1,092,285	74,221	-	1,166,506
Vehicles	7,809,933	611,443	63,760	8,357,616
General equipment	5,837,096	873,063	14,600	6,695,559
Totals at historical cost	<u>94,986,488</u>	<u>22,229,794</u>	<u>78,360</u>	<u>117,137,922</u>
Less accumulated depreciation:				
Buildings and improvements	38,583,509	1,928,714	-	40,512,223
Technology equipment	1,038,867	28,260	-	1,067,127
Vehicles	5,530,325	432,407	63,760	5,898,972
General equipment	4,501,437	218,943	8,760	4,711,620
Total accumulated depreciation	<u>49,654,138</u>	<u>2,608,324</u>	<u>72,520</u>	<u>52,189,942</u>
Depreciated assets, net	<u>45,332,350</u>	<u>19,621,470</u>	<u>5,840</u>	<u>64,947,980</u>
Governmental Activities				
Capital Assets - Net	<u>\$ 81,818,758</u>	<u>\$ 30,930,914</u>	<u>\$ 20,756,921</u>	<u>\$ 91,992,751</u>
Business-Type Activities:				
Depreciated:				
General equipment	\$ 1,121,551	\$ -	\$ -	\$ 1,121,551
Technology equipment	8,149	-	-	8,149
Totals at historical cost	<u>1,129,700</u>	<u>-</u>	<u>-</u>	<u>1,129,700</u>
Less accumulated depreciation:				
General equipment	976,452	17,799	-	994,251
Technology equipment	8,149	-	-	8,149
Total accumulated depreciation	<u>984,601</u>	<u>17,799</u>	<u>-</u>	<u>1,002,400</u>
Business-Type Activities				
Capital Assets - Net	<u>\$ 145,099</u>	<u>\$ (17,799)</u>	<u>\$ -</u>	<u>\$ 127,300</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	39,612
Support services:	
Student	42,447
District administrative	1,171
School administrative	5,137
Business support	
Plant operation and maintenance	2,161,535
Student transportation	358,422
Total depreciation expense	<u>\$ 2,608,324</u>

HOPKINS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

7. Long-Term Debt

Bonds

The District issues bonds to provide funds for the acquisition and construction of major capital facilities and improvements. The original amount of the issue, the issue dates and interest rates are summarized below:

Issue	Original Amount	Interest Rates
Issue of 2011A (Career & Technical Center)	9,030,000	2.00% - 4.625%
Issue of 2012 (Refunding 2004-BSMS)	9,150,000	1.00% - 2.375%
Issue of 2013 (Refunding 2005-BSMS)	1,215,000	1.70% - 2.10%
Issue of 2014 (HCCTCII)	4,155,000	2.25% - 3.125%
Issue of 2016 (Refunding 2009 Energy Bonds)	2,745,000	1.00% - 2.25%
Issue of 2016 (Refunding 2006 PES)	955,000	1.00% - 3.00%
Issue of 2017A (Refunding 2014 BAN)	2,395,000	1.25% - 3.50%
Issue of 2017C (Refunding 2011 A Career & Technical Center)	4,100,000	2.00% - 3.00%
Issue of 2021 (School Building Revenue Bonds)	19,235,000	1.00% - 2.00%
Issue of 2023 (School Building Revenue Bonds)	34,325,000	3.50% - 5.00%

Hopkins County School District Finance Corporation School Building Revenue Bonds, Series 2011A dated April 5, 2011, in the amount of \$9,030,000 were issued to finance the construction of a new single story, approximately 39,700 square foot, career and technology center.

Hopkins County School District Finance Corporation School Building Refunding Revenue Bonds, Series 2012 dated February 7, 2012 in the amount of \$9,150,000, were issued for the purpose of refunding through escrow a portion of the Hopkins County School District Finance Corporation School Building Revenue Bonds, Series 2004, dated October 15, 2004, scheduled to mature on and after October 1, 2020 (the "Bonds of 2004"), issued by the Corporation by providing for the payment of the interest on the Bonds of 2004 due and payable on and prior to October 1, 2014, and by calling for redemption on October 1, 2014 (the first permissible date at a redemption price of 100%), all of the Bonds of 2004 scheduled to mature on and subsequent to October 1, 2020, in order to obtain substantial savings in interest costs. Net proceeds of \$8,941,276 were placed in an escrow account from which U.S. Government Securities were purchased for the purpose of generating resources for the future debt service payments on \$9,007,506 of refunded debt. As a result, \$7,990,000 of the Hopkins County School District Finance Corporation School Building Revenue Bonds, Series 2004 are considered to be defeased and the liability has been removed from long-term debt. This advance refunding was undertaken to reduce total debt service payments over the next thirteen years by \$655,956 and resulted in an economic gain of \$583,834. In October, 2017 the remaining balance of the defeased 2004 bonds were redeemed.

Hopkins County School District Finance Corporation School Building Refunding Revenue Bonds, Series 2013 dated February 5, 2013 in the amount of \$1,215,000, were issued for the purpose of refunding through escrow a portion of the Hopkins County School District Finance Corporation School Building Revenue Bonds, Series 2005, dated August 1, 2005, scheduled to mature on and after August 1, 2016 (the "Bonds of 2005"), issued by the Corporation by providing for the payment of the interest on the Bonds of 2005 due and payable on and prior to August 1, 2015, and by calling for redemption on August 1, 2015 (the first permissible date at a redemption price of 100%), all of the Bonds of 2005 scheduled to mature on and subsequent to August 1, 2016, in order to obtain substantial savings in interest costs. Net proceeds of \$1,173,618 were placed in an escrow account from which U.S. Government Securities were purchased for the purpose of generating resources for the future debt service payments on \$1,372,220 of refunded debt. As a result, \$1,070,000 of the Hopkins County School District Finance Corporation School Building Revenue Bonds, Series 2005 are considered to be defeased and the liability has been removed

HOPKINS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

7. Long-Term Debt, continued

Bonds, continued

from long-term debt. This advance refunding was undertaken to reduce total debt service payments over the next twelve years by \$67,695 and resulted in an economic gain of \$61,516.

Hopkins County School District Finance Corporation School Building Revenue Bonds, Series 2014 dated July 2, 2014, in the amount of \$4,155,000 were issued to finance the construction of a new single story, approximately 39,736 square foot, career and technology center.

Hopkins County School District Finance Corporation Energy Conservation Refunding Revenue Bonds, Series 2016 dated June 9, 2016 in the amount of \$2,745,000 were issued for the purpose of providing funds, not otherwise provided, for the advance refunding through escrow of the Hopkins County School District Finance Corporation Energy Conservation Revenue Bonds, Series 2009, dated May 5, 2009, maturing on or after May 1, 2022. Net proceeds of \$2,691,643 were placed in an escrow account from which U.S. Government Securities were purchased for the purpose of generating resources for the future debt service payments on \$2,769,975 of refunded debt. As a result, \$2,475,000 of the Hopkins County School District Finance Corporation Energy Conservation Revenue Bonds, Series 2009 are considered to be defeased and the liability has been removed from long-term debt. This advance refunding was undertaken to reduce total debt service payments over the next thirteen years by \$172,492 and resulted in an economic gain of \$154,178.

Hopkins County School District Finance Corporation School Building Refunding Revenue Bonds, Series 2016 dated February 25, 2016 in the amount of \$955,000 were issued for the purpose of providing funds, not otherwise provided, for the advance refunding through escrow of the Hopkins County School District Finance Corporation School Building Revenue Bonds, Series 2006, dated November 1, 2006, maturing on or after November 1, 2017. Net proceeds of \$937,825 were placed in an escrow account from which \$17,863 was to make a partial 05/01/2016 interest payment on the 2006 series bonds refunded with the remaining \$919,962 to purchase U.S. Government Securities were purchased for the purpose of generating resources for the future debt service payments on \$940,725 of refunded debt. As a result, \$905,000 of the Hopkins County School District Finance Corporation Building Revenue Bonds, Series 2006 are considered to be defeased and the liability has been removed from long-term debt. This advance refunding was undertaken to reduce total debt service payments over the next twelve years by \$52,490 and resulted in an economic gain of \$49,914.

Hopkins County School District Finance Corporation Refunding Revenue Bonds, Series 2017A dated May 4, 2017 in the amount of \$2,395,000 were issued for the purpose of providing funds, not otherwise provided, for the refunding of the Hopkins County School District Finance Corporation Bond Anticipation Notes Series 2014, dated July 2, 2014, maturing on or after August 1, 2017. Net proceeds of \$2,361,345 were deposited into an Old National Wealth Management Series 2014 Sinking Fund account for the purpose of calling for redemption on May 8, 2017 the 2014 issue of Bond Anticipation Notes. The proceeds into the Series 2014 Sinking Fund represent principal of \$2,355,000 on the 2014 Bond Anticipation Notes and \$6,345 of interest. As a result, \$2,355,000 of the Hopkins County School District Finance Corporation Bond Anticipation Notes, Series 2014 are considered to be defeased and the liability has been removed from long-term debt. This advance refunding was undertaken to convert a short-term debt Bond Anticipation Note into a long-term debt bond. This refunding resulted in no reduction of total debt service payments over the life of the bond and resulted in no economic gain. In May, 2017 the remaining balance of the defeased 2014 BAN's were redeemed

Hopkins County School District Finance Corporation Refunding Revenue Bonds, Series 2017C dated August 30, 2017 in the amount of \$4,100,000 were issued for the purpose of providing funds, not otherwise provided, for the refunding of the Hopkins County School District Finance Corporation Bond Series 2011A, dated April 5, 2011, maturing on or after April 1, 2031. Net proceeds of \$4,194,864 were deposited into a 2011 Escrow Fund account for the purpose of calling the 2011A Bond issue for redemption on April 1, 2026 and thereafter and to pay interest on

HOPKINS COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

7. Long-Term Debt, continued

Bonds, continued

the refunded bonds to the call date. The proceeds into the Series 2011 Escrow Fund represent \$4,193,755 to purchase a portfolio of securities provided by Wells Fargo Bank and \$973 will remain on hand in the Series 2011 Escrow Fund. The portfolio of securities was purchased for the purpose of generating resources for the future debt service payments of \$4,409,575 on refunded debt. As a result, \$3,760,000 of the Hopkins County School District Finance Corporation Bond Series 2011A are considered to be defeased and the liability has been removed from long-term debt. This advance refunding was undertaken to reduce total debt service payments over the next fourteen years by \$283,670 and resulted in an economic gain of \$252,528.

Hopkins County School District Finance Corporation School Building Revenue Bonds, Series of 2021 dated February 11, 2021 in the amount of \$19,235,000 were issued to finance the construction of the new Hanson Elementary School Building.

Hopkins County School District Finance Corporation School Building Revenue Bonds, Series of 2023 dated December 7, 2023 in the amount of \$34,325,000 were issued to finance the construction of the construction and equipping of an addition to Southside Elementary School; the renovation, improvement and equipping of auxiliary gymnasiums, storm shelters and support facilities at Madisonville North Hopkins and Hopkins County Central High School; and the acquisition of real property for a new central office (collectively, the "Project") to be leased and used by the Board of Education.

Participation Agreements

The District entered into participation agreements with the Kentucky School Facilities Construction Commission (KSFCC). The Commission was created by the Kentucky legislature for the purpose of assisting local school districts in meeting school construction needs. Receipts from the KSFCC are recorded as intergovernmental-state revenue in the Debt Service Fund. The table below sets forth the amount to be paid by the District and the Commission for each year until maturity of all bond issues (See Note 14).

HOPKINS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

Maturities

The annual debt service requirements to maturity for long-term debt payable as of June 30, 2025 are as follows:

	Hopkins County		School Facilities		Total Interest	Total Principal	Total Requirement
	Board of Education		Construction Commission				
	Interest	Principal	Interest	Principal			
2025-26	1,982,328	2,068,333	237,547	801,667	2,219,875	2,870,000	5,089,875
2026-27	1,923,524	1,937,526	212,838	667,474	2,136,362	2,605,000	4,741,362
2027-28	1,864,258	1,566,261	191,917	603,739	2,056,175	2,170,000	4,226,175
2028-29	1,803,332	1,628,306	170,831	626,694	1,974,163	2,255,000	4,229,163
2029-30	1,734,353	1,337,864	147,122	667,136	1,881,475	2,005,000	3,886,475
2030-31	1,670,255	1,402,738	121,032	697,262	1,791,287	2,100,000	3,891,287
2031-32	1,621,851	1,452,289	97,005	472,711	1,718,856	1,925,000	3,643,856
2032-33	1,571,706	1,504,871	79,588	490,129	1,651,294	1,995,000	3,646,294
2033-34	1,500,041	1,575,667	61,421	514,333	1,561,462	2,090,000	3,651,462
2034-35	1,435,345	1,640,227	47,187	464,773	1,482,532	2,105,000	3,587,532
2035-36	1,367,177	1,708,995	38,054	246,005	1,405,231	1,955,000	3,360,231
2036-37	1,296,107	1,778,512	33,249	251,488	1,329,356	2,030,000	3,359,356
2037-38	1,254,496	1,934,072	28,204	255,928	1,282,700	2,190,000	3,472,700
2038-39	1,215,718	1,978,869	22,382	266,131	1,238,100	2,245,000	3,483,100
2039-40	1,176,073	2,018,214	16,327	271,786	1,192,400	2,290,000	3,482,400
2040-41	1,135,671	2,052,073	10,129	277,927	1,145,800	2,330,000	3,475,800
2041-42	1,054,223	2,020,341	3,777	39,659	1,058,000	2,060,000	3,118,000
2042-43	971,741	2,103,722	2,159	41,278	973,900	2,145,000	3,118,900
2043-44	885,933	2,186,674	667	33,326	886,600	2,220,000	3,106,600
2044-45	796,600	2,280,000			796,600	2,280,000	3,076,600
2045-46	703,600	2,370,000			703,600	2,370,000	3,073,600
2046-47	606,800	2,470,000			606,800	2,470,000	3,076,800
2047-48	506,000	2,570,000			506,000	2,570,000	3,076,000
2048-49	401,100	2,675,000			401,100	2,675,000	3,076,100
2049-50	292,000	2,780,000			292,000	2,780,000	3,072,000
2050-51	178,500	2,895,000			178,500	2,895,000	3,073,500
2051-52	60,300	3,015,000			60,300	3,015,000	3,075,300
TOTALS	\$ 31,009,032	\$ 54,950,554	\$ 1,521,436	\$ 7,689,446	\$ 32,530,468	\$ 62,640,000	\$ 95,170,468

HOPKINS COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

7. Long-Term Debt, continued

Maturities, continued

During the year ended June 30, 2025, the following changes occurred in the long-term debt:

	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025	Due Within One Year
Governmental activities:					
Revenue bonds:					
Issue of 2011A (CTC)	420,000		420,000	-	-
Issue of 2012 (Refunding-BSMS 2004)	1,145,000		1,145,000	-	-
Issue of 2013 (Refunding-BSMS 2005)	245,000		120,000	125,000	125,000
Issue of 2014 (HCCTCII)	2,530,000		200,000	2,330,000	210,000
Issue of 2016 (Refunding- Energy 2009)	1,665,000		320,000	1,345,000	325,000
Issue of 2016 (Refunding- PES 2006)	290,000		100,000	190,000	105,000
Issue of 2017A (Refunding-BAN 2014)	1,880,000		20,000	1,860,000	-
Issue of 2017C (Refunding-2011A)	3,840,000		35,000	3,805,000	1,935,000
Issue of 2021 (Hanson Elementary School)	18,825,000		145,000	18,680,000	150,000
Issue of 2023 (Elementary additions, High School Aux)	34,325,000		20,000	34,305,000	20,000
Total bonds payable	<u>65,165,000</u>	-	<u>2,525,000</u>	<u>62,640,000</u>	<u>2,870,000</u>
Unamortized premium/discount	1,339,857		64,772	1,275,085	
Net bonds payable	<u>66,504,857</u>	-	<u>2,589,772</u>	<u>63,915,085</u>	<u>2,870,000</u>
Lease obligations	110,708		40,061	70,647	34,788
Compensated absences-Restated	2,394,331	549,640 (A)		2,943,971	446,768
Net OPEB liability(asset),net	10,274,808		1,553,441	8,721,367	
Net pension liability	<u>18,506,287</u>		<u>1,353,115</u>	<u>17,153,172</u>	
	<u>\$ 97,790,991</u>	<u>\$ 549,640</u>	<u>\$ 5,536,389</u>	<u>\$ 92,804,242</u>	<u>\$ 3,351,556</u>
Business-type activities:					
Net OPEB liability(asset),net	\$ (55,618)	-	\$ 12,831	\$ (68,449)	
Net pension liability	2,584,903		220,724	\$ 2,364,179	-
Compensated absences-Restated	<u>62,706</u>	<u>13,277</u>		<u>75,983</u>	<u>54,655</u>
	<u>\$ 2,591,991</u>	<u>\$ 13,277</u>	<u>\$ 233,555</u>	<u>\$ 2,371,713</u>	<u>\$ 54,655</u>

(A) This amount represents the net change in compensated absences, i.e., days earned less days taken and/or paid.

HOPKINS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

8. Lease Obligations

The District has entered into various lease agreements with KISTA for financing the acquisitions of school buses. The KISTA lease payments are paid by the General Fund and reported as debt service. The lease obligations are included in depreciation expense and allocated to the student transportation function. The following is an analysis of leased property under leases by class:

<u>KISTA Leases</u>	<u>Class of Property</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>
2017	Vehicles (4 buses)	\$377,708	\$310,352

The following is a schedule by years of the future minimum lease payments under the leases together with the present value of the net minimum lease payments as of June 30, 2025:

<u>Year Ending June 30,</u>	<u>Lease Obligations</u>
2026	36,787
2027	36,567
Thereafter	-
Total minimum lease payments	73,354
Less: Amount representing interest	(2,707)
 Present Value of Net Minimum Lease Payments	 <u>\$ 70,647</u>

9. Defined Contribution Plans

The District makes available various 401(k) and 403(b) defined contribution pension plans for all regular full-time and part-time employees. These Plans are administered by independent third-party administrators. Employees are allowed to contribute any amount to the Plans up to the Internal Revenue Code maximum allowable amount. The District does not contribute to the Plans, but retains authority to amend or terminate these plans. During the year ended June 30, 2025, employees of the District contributed \$81,069 to 401(k) plans and \$164,546 to 403(b) plans.

10. Deferred Compensation Plan

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Section 457. The Plan, available to all employees, permits them to defer a portion of their salary until future years. This deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. GASB Statement No.32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, allows entities with little or no administrative involvement and who do not perform the investing function for these plans to omit plan assets and related liabilities from their financial statements. The District, therefore, does not report these assets and liabilities on its financial statements. The District does not contribute to these plans. Employees of the District contributed \$47,610 to these plans during the year ended June 30, 2025.

HOPKINS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

11. Pension Benefits – Teachers' Retirement System of the State of Kentucky

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

Benefits provided - For members who have established an account in a retirement system administered by the Commonwealth prior to July 1, 2008, members become vested when they complete five (5) years of credited service. To qualify for monthly retirement benefits, payable for life, members 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 members 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 members (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 members 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, members 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 members 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. Members at least age 55 with 27 or more years of service may use their three (3) highest annual salaries to compute the final average salary. TRS also provides disability benefits for vested members 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 members and \$5,000 for retired or disabled members.

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

Contributions- Contribution rates are established by Kentucky Revised Statutes (KRS). Non-university members are required to contribute 12.855% of their salaries to the System. The Commonwealth of Kentucky, as a non-employer contributing entity, pays matching contributions of the amount 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, and before Jan. 1, 2022. For local school district and regional cooperative members 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. For members who began participating on or after Jan. 1, 2022, non-university members contribute 14.75%. Employers of non-university members, including the state (as a non-employer contributing entity), contribute 10.75% of salary.

The Hopkins County School District's total payroll for the year was \$46,819,024. The payroll for employees covered under TRS was \$33,997,741. For the year ended June 30, 2025, the Commonwealth contributed \$8,622,187 to TRS for the benefit of our participating employees. The District's contributions to TRS for the years ending June 30, 2025, 2024 and 2023 were \$1,330,817, \$1,231,976 and \$1,256,684, respectively, which represent 100% of the required contributions for those employees covered by federal programs.

HOPKINS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

11. Pension Benefits – Teachers’ Retirement System of the State of Kentucky, continued

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

Because the State, as a non-employer contributing entity, is required by Kentucky Revised Statutes to contribute 100% of the District's contractually required contributions, the District reports no pension liabilities, pension expenses, deferred outflows of resources, or deferred inflows of resources related to TRS.

The portion of the TRS net pension liability that was associated with the District recognized at June 30, 2025, was as follows:

District’s proportionate share of the net pension liability	\$ -
State’s proportionate share of the net pension liability associated with the District	<u>132,655,657</u>
Total	<u>\$ 132,655,657</u>

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023. The net pension liability associated with the District was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2024, the measurement date, the State's proportion of the TRS net pension liability associated with the District was 0.7738% percent which was a decrease of 0.0651 from its proportion measured as of June 30, 2023 (0.8389%).

For the year ended June 30, 2025, the District recognized on-behalf pension expense and revenue of \$9,410,143 for contributions provided by the State.

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

Inflation	2.50%
Salary increases, including inflation	3.00% to 7.50%
Long-term Investment rate of return, net of pension plan investment expense & inflation	7.10%
Municipal Bond Index Rate:	
Prior Measurement Date	3.66%
Measurement Date	3.94%
Year FNP is projected to be depleted	N/A
Single Equivalent Interest Rate, net of pension plan investment expense & inflation:	
Prior Measurement Date	7.10%
Measurement Date	7.10%
Post-Retirement Benefit Increases	1.50% annually

HOPKINS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

11. Pension Benefits – Teachers’ Retirement System of the State of Kentucky, continued

Actuarial Assumptions, continued

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

The actuarial assumptions used in the valuation were based on the results of an actuarial experience study for the five year period ended June 30, 2020, adopted by the TRS Board on September 20, 2021.

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	38.0%	10.5%
Developed International Equity	15.7%	5.5%
Emerging Markets Equity	5.3%	6.1%
Fixed Income	15.0%	1.9%
High Yield Bonds	2.0%	3.8%
Other Additional Categories	8.0%	3.6%
Real Estate	7.0%	3.2%
Private Equity	7.0%	8.0%
Cash	2.0%	1.6%
Total	100.0%	

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

Sensitivity of the District’s Proportionate Share of Net Pension Liability to Changes in the Discount Rate—The following presents the State’s proportionate share of the net pension liability associated with the District using the discount rate of 7.10% as well as what the State’s proportionate share of the net pension liability associated with the District would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10%) or 1-percentage-point higher (8.10%) than the current rate:

	<u>1% Decrease 6.10%</u>	<u>Current Discount Rate 7.10%</u>	<u>1% Increase 8.10%</u>
State's proportionate share of net pension liability associated with the District	172,853,144	132,655,657	99,163,494

HOPKINS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

11. Pension Benefits – Teachers' Retirement System of the State of Kentucky, continued

Plan Fiduciary Net Position- Detailed information about the TRS fiduciary net position is available in the publicly available financial report.

Payable to the Pension Plan- Because the State is required by statute to contribute 100% of the District's contractually required pension contributions, the District reports no payable for such pension contributions at June 30, 2025.

12. Other Postemployment Benefits – Teachers' Retirement System of the State of Kentucky

Other Postemployment Benefits (OPEB)

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

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

Medical Insurance Plan (MIP)

Plan description – In addition to the pension benefits described in Note 11 Kentucky Revised Statute 161.675 requires TRS to provide post-employment healthcare benefits to eligible members and dependents. The MIP is a cost-sharing multiple employer defined benefit plan with a special funding situation. Changes made to the medical plan may be made by the TRS Board of Trustees, the Kentucky Department of Employee Insurance and the General Assembly.

Benefits provided - To be eligible for medical benefits, the member must have retired either for service or disability. The MIP offers coverage to members under the age of 65 through the Kentucky Employees Health Plan administered by the Kentucky Department of Employee Insurance. TRS retired members are given a supplement to be used for payment of their health insurance premium. The amount of the member's supplement is based on a contribution supplement table approved by the TRS Board of Trustees. The retired member pays premiums in excess of the monthly supplement. Once retired members and eligible spouses attain age 65 and are Medicare eligible, coverage is obtained through the TRS Medicare Eligible Health Plan.

Contributions – In order to fund the post-retirement healthcare benefit, seven- and one-half percent (7.50%) of the gross annual payroll of members is contributed. Three and three quarters percent (3.75%) is paid by member contributions and three quarters percent (.75%) from State appropriation and three percent (3.00%) from the employer. The State contributes the net cost of health insurance premiums for members who retired on or after July 1, 2010, who are in the non-Medicare eligible group. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

At June 30, 2025, the District reported a liability for its proportionate share of the collective net OPEB MIP liability and the related deferred outflows or deferred inflows.

HOPKINS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

12. Other Postemployment Benefits – Teachers’ Retirement System of the State of Kentucky, continued

Life Insurance Plan (LIP)

Plan description – TRS also administers a life insurance plan as provided by Kentucky Revised Statute 161.655 to eligible active and retired members. The LIP is a cost-sharing multiple employer defined benefit plan with a special funding situation. Changes made to the life insurance plan may be made by the TRS Board of Trustees and the General Assembly.

Benefits Provided – TRS provides a life insurance benefit of five thousand dollars payable for members who retire based on service or disability. TRS provides a life insurance benefit of two thousand dollars payable for its active contributing members. The life insurance benefit is payable upon death of the member to the member’s estate or to a party designated by the member.

Contributions – In order to fund the post-retirement life insurance benefit, three hundredths of one percent (.03%) of the gross annual payroll of members is contributed by the State. Employers do not contribute to the LIP.

At June 30, 2025, the District did not report a liability for a proportionate share of the collective net OPEB LIP liability, nor any related deferred outflows or deferred inflows, because the State of Kentucky provides the OPEB LIP support directly to TRS on behalf of the District, and the District does not contribute to the LIP.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs- At June 30, 2025, the District reported a liability of \$9,218,000 for its proportionate share of the collective net MIP OPEB liability that reflected a reduction for state MIP OPEB support provided to the District. The collective net MIP OPEB liability was measured as of June 30, 2024, and the total MIP OPEB liability used to calculate the collective net MIP OPEB liability was based on a projection of the District’s long-term share of contributions to the MIP OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2024, the District’s proportion was 0.8068 percent, a decrease of 0.0007 from its proportion measured as of June 30, 2023 of 0.8075.

The amount recognized by the District as its proportionate share of the OPEB liabilities, the related State support, and the total portion of the net OPEB liabilities associated with the District were as follows:

	MIP	LIP
District’s proportionate share of the net OPEB liability	9,218,000	\$ -
State’s proportionate share of the net OPEB liability associated with the District	8,212,000	187,000
Total	<u>\$ 17,430,000</u>	<u>\$ 187,000</u>

For the year ended June 30, 2025, the District recognized MIP OPEB expense of \$765,055 and on-behalf MIP revenue of \$765,055 for support provided by the State. For the year ended June 30, 2025, the District recognized on-behalf LIP OPEB expense of \$22,901 and revenue of \$22,901 for support provided by the State. At June 30, 2025 the District reported deferred outflows of resources and deferred inflows of resources related to the MIP OPEB from the following sources:

HOPKINS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

12. Other Postemployment Benefits – Teachers’ Retirement System of the State of Kentucky, continued

	MIP	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 2,768,000
Assumption changes	2,348,000	-
Net difference between projected and actual investment		
earnings on OPEB plan investments	-	296,000
Changes in proportion and differences		3,978,000
between District contributions and proportionate		
share of contributions	2,623,000	-
District contributions subsequent to the		
measurement date	<u>1,330,817</u>	<u>-</u>
Total	<u>\$ 6,301,817</u>	<u>\$ 7,042,000</u>

Of the total amount reported as deferred outflows of resources related to the MIP OPEB, \$1,330,817 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net MIP OPEB liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to MIP OPEB will be recognized in the District’s MIP OPEB expense as follows:

<u>Year ended June 30:</u>	
2026	\$ (780,000)
2027	\$ (76,000)
2028	\$ (160,000)
2029	\$ (522,000)
2030	\$ (485,000)
Thereafter	<u>\$ (48,000)</u>
Total	<u>\$(2,071,000)</u>

HOPKINS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

12. Other Postemployment Benefits – Teachers’ Retirement System of the State of Kentucky, continued

Actuarial assumptions – The total MIP and LIP OPEB liabilities in the June 30, 2023 actuarial valuation were determined using the following actuarial assumptions, applied to all periods included in the measurement:

MIP	7.10%
LIP	7.10%
Projected salary increases	3.00% to 7.50%, including inflation
Inflation Rate	2.50%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Healthcare cost trend rates, MIP only:	
Medical Trend	6.50% for FY 2024 decreasing to an ultimate rate of 4.50% by FY 2031
Medicare Part B Premiums	5.92% for FY 2024 with an ultimate rate of 4.50% by 2035
Municipal Bond Index Rate	3.94%
Discount Rate:	
MIP	7.10%
LIP	7.10%
Single Equivalent Interest Rate, net of OPEB plan investment expense & inflation:	
MIP	7.10%
LIP	7.10%

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

The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends) used in the June 30, 2023, valuation were based on a review of recent plan experience done concurrently with the June 30, 2023 valuation.

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

HOPKINS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

12. Other Postemployment Benefits – Teachers’ Retirement System of the State of Kentucky, continued

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

Asset Class	Target Allocation		Long Term Expected Rate of Return	
	MIP	LIP	MIP	LIP
U.S. Equity	38.0%	40.0%	10.5%	5.2%
Emerging Markets Equity	5.0%	5.0%	6.1%	6.1%
Developed International Equity	15.0%	15.0%	5.5%	5.5%
Fixed Income	9.0%	21.0%	1.9%	1.9%
Real Estate	6.5%	7.0%	3.2%	3.2%
Private Equity	8.5%	5.0%	8.0%	8.0%
High Yield Bonds	8.0%	0.0%	3.8%	0.0%
Other Additional Categories	9.0%	5.0%	3.7%	4.0%
Cash (LIBOR)	1.0%	2.0%	1.6%	1.6%
Total	100.0%	100.0%		

Discount rate- The discount rates used to measure the total MIP and LIP OPEB liabilities were 7.10% and 7.10%, respectively. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the MIP employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liabilities.

Sensitivity of the District’s proportionate share of the collective net MIP OPEB liability to changes in the discount rate- The following table presents the District’s proportionate share of the collective net MIP OPEB liability, calculated using the discount rate of 7.10%, as well as what the District’s proportionate share of the collective net MIP OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10%) or 1-percentage-point higher (8.10%) than the current rate:

	1% Decrease 6.10	Current Discount Rate 7.10%	1% Increase 8.10%
Net MIP OPEB liability	12,246,000	9,218,000	6,708,000

HOPKINS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

12. Other Postemployment Benefits – Teachers’ Retirement System of the State of Kentucky, continued

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

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Net MIP OPEB liability	6,227,000	9,218,000	12,935,000

OPEB plans’ fiduciary net position - Detailed information about the OPEB plan’s fiduciary net position is available in the separately issued TRS financial reports.

Payable to the OPEB Plans – The District reported payables of \$0 for the outstanding amount of MIP and LIP OPEB contributions due to the Plans at June 30, 2025.

13. Pension and Other Postemployment Benefits- County Employees Retirement System

Plan Description - Substantially, all other employees (classified personnel) are covered under the County Employees Retirement System (CERS), a cost-sharing, multiple-employer defined benefit pension / OPEB plan administered by Kentucky Retirement Systems (KRS). CERS covers members employed in positions of each participating county, city, and school board, and any additional eligible local agencies electing to participate in CERS. Kentucky Revised Statute Section 61.645 assigns the authority to establish and amend benefit provisions to the Board of Trustees of Kentucky Retirement Systems (Board). KRS issues a publicly available financial report that can be obtained at www.kyret.ky.gov or by writing to Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, Kentucky 40601 or by calling 1-502-696-8000.

Benefits Provided - CERS provides for retirement, disability, and death benefits to system members through its Pension Fund, as well as other postemployment benefits (OPEB) for hospital and medical insurance through its Insurance Fund.

Retirement benefits may be extended to beneficiaries of members under certain circumstances. Retirement benefits are determined using a formula which considers the member’s final compensation; benefit factors set by statute which vary depending upon the type / amount of service, participation date, and retirement date; and years of service. Plan members with a participation date prior to September 1, 2008 are eligible to retire with full benefits at any time with 27 or more years of service credit, or at age 65 with at least 4 years of service credit. Plan members with a participation date on or after September 1, 2008, are eligible to retire with full benefits at age 57 if the member’s age and years of service equal 87, or at age 65 with at least 5 years of service credit.

Other postemployment benefits provided by CERS consist of prescribed contributions for whole or partial payments of required premiums to purchase hospital and medical insurance.

Contributions – State statute requires active members to contribute 5% of creditable compensation. For members participating on or after September 1, 2008, an additional 1% of creditable compensation is required. This amount is credited to the Insurance Fund and is non-refundable to the member. Employers contribute at the rate determined by the KRS Board to be necessary for the actuarial soundness of the systems, as required by KRS 61.565 and KRS 61.752.

The District’s actuarially determined contribution amounts, based on annual creditable compensation for the years ended June 30, 2025, 2024 and 2023 were \$2,430,764, \$2,457,234 and \$2,625,639, respectively, equal to the required contributions for each year.

HOPKINS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

13. Pension and Other Postemployment Benefits- County Employees Retirement System, continued

Contributions, continued

The District's actuarially determined contribution rates and contribution amounts, based on annual creditable compensation for the years ended June 30, 2025, were as follows:

	<u>Contribution Rates</u>	<u>Contributions</u>
Pension	19.71%	\$ 2,430,764
OPEB	0.00%	\$ -
Total	<u>19.71%</u>	<u>\$ 2,430,764</u>

Liabilities (Assets), Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions and OPEB – The net pension and OPEB liabilities (assets) reported as June 30, 2025, were measured as of June 30, 2024, and the total pension and OPEB liabilities (assets) used to calculate the net pension liability and net OPEB liability (asset) were determined by an actuarial valuation as of June 30, 2023. The District's proportion of the liabilities (assets) was based on a projection of the District's long-term share of contributions to the plan relative to the projected contributions of all participating entities, actuarially determined. At the June 30, 2024, measurement date, the District's pension and OPEB proportion was 0.326354% and 0.326675%, a decrease of 0.002348 and 0.002014 from its proportion measured as of June 30, 2023, of 0.328702% and 0.328689%.

The District's pension and OPEB liabilities (assets) and expense as of and for the year ended June 30, 2025, were as follows:

	<u>Net Pension Liability</u>	<u>Net OPEB Liability (Asset)</u>
Proportionate Share	<u>\$ 19,517,351</u>	<u>\$ (565,082)</u>
Pension/OPEB Expense	<u>\$ 674,576</u>	<u>\$ (1,542,101)</u>

HOPKINS COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

13. Pension and Other Postemployment Benefits- County Employees Retirement System, continued

Liabilities (Assets), Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions and OPEB, continued

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

	Pension		OPEB	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Liability experience	\$ 944,675	\$ -	\$ 313,501	\$ 4,446,089
Assumption changes	-	881,802	512,033	398,726
Investment experience	1,340,403	2,595,264	496,722	1,012,394
Changes in proportion and differences between District contributions and proportionate share of contributions	-	421,104	-	301,220
Implicit Subsidy			-	
District contributions subsequent to the measurement date	2,430,765	-	153,682	-
Total	\$ 4,715,843	\$ 3,898,170	\$ 1,475,938	\$ 6,158,429

The \$2,430,765 and \$0 of deferred outflows of resources resulting from the District's pension and OPEB contributions subsequent to the measurement date will be recognized as a reduction of the net pension and OPEB liabilities (assets) in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension and OPEB expense as follows:

Year ending June 30,	Pension	OPEB
2025	\$ (1,148,317)	\$ (1,987,066)
2026	297,268	(1,488,394)
2027	(482,383)	(1,301,705)
2028	(279,658)	(59,007)
Thereafter	-	-
	\$ (1,613,090)	\$ (4,836,172)

HOPKINS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

13. Pension and Other Postemployment Benefits- County Employees Retirement System, continued

Actuarial assumptions—The total pension / OPEB liabilities (assets) in the June 30, 2023 actuarial valuation were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary increases, average	3.3%-10.3%
Investment rate of return, net of investment expense & inflation	6.25%
Healthcare cost trend rates (OPEB)	Initial trend starting at 6.20% for Pre-65, or 9.00% for Post-65, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years for Pre-65, or 12 years for Post-65

Mortality rates were based on the following assumptions and assume a margin for future mortality improvement:

Pre-retirement mortality: RP-2000 Combined Mortality Table projected with Scale BB to 2013. Male mortality rates are multiplied by 50% and female mortality rates are multiplied by 30%.

Post-retirement mortality (non-disabled): RP-2000 Combined Mortality Table projected with Scale BB to 2013-2018. Female mortality rates are set back one year.

Post-retirement mortality (disabled): RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013-2018. Male mortality rates are set back four years.

The long-term expected rate of return was determined by using a building-block method in which best-estimate ranges of expected future real rate of 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 are summarized in the table below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Growth	60.00%	
Public Equity	50.00%	4.15%
Private Equity	10.00%	9.10%
Fixed Income	20.00%	
Core Fixed Income	10.00%	2.85%
Specialty Credit	10.00%	3.82%
Cash	0.00%	1.70%
Inflation Protected	20.00%	
Real Estate	7.00%	4.90%
Real Return	13.00%	5.35%
Total	100.00%	

HOPKINS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

13. Pension and Other Postemployment Benefits- County Employees Retirement System, continued

Actuarial assumptions, continued

Discount Rate - The discount rates used to measure the total pension / OPEB liabilities (assets) at the measurement dates and changes since the prior year were as follows:

	<u>Pension</u>	<u>OPEB</u>
Discount rate, June 30, 2023	6.50%	5.93%
Increase (decrease)	.00%	.06%
Discount rate, June 30, 2024	<u>6.50%</u>	<u>5.99%</u>

The discount rate of 6.50% used to measure the total pension liability was based on the expected rate of return on pension plan investments. The discount rate of 5.99% used to measure the total OPEB liability was based on the expected rate of return on OPEB plan investments of 6.50% and a municipal bond rate of 3.97%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2024.

The projection of cash flows used to determine the discount rates assumed that local employers would contribute the actuarially determined contribution rates of projected compensation over the remaining 25 years (closed) amortization period of the unfunded actuarial accrued liability.

Sensitivity of the District's Proportionate Share of the Net Pension and OPEB Liabilities (Assets) to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension / OPEB liabilities (assets), as well as what the District's proportionate share of the net pension / OPEB liabilities (assets) would be if they were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>District's proportionate share</u>		
	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	5.50%	6.50%	7.50%
Net Pension Liability	25,161,056	19,517,351	14,834,565
	4.99%	5.99%	6.99%
Net OPEB Liability(Asset)	764,056	(565,082)	(1,682,625)

HOPKINS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

13. Pension and Other Postemployment Benefits- County Employees Retirement System, continued

Sensitivity of the District's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trends Rates - The following presents the District's proportionate share of the net OPEB liability (asset), as well as what the District's proportionate share of the net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that were 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current healthcare cost trend rate</u>	<u>1% Increase</u>
	4.99%	5.99%	6.99%
 District's Proportionate Share of Net OPEB Liability	 (1,359,521)	 (565,082)	 360,381

Plan Fiduciary Net Position - Detailed information about the CERS fiduciary net position is available in the separately issued Kentucky Retirement Systems Comprehensive Annual Financial Report.

Payables to the Pension / OPEB Plans - The District reported the following payables for the outstanding amount of pension/OPEB contributions due to CERS for the year ended June 30, 2025:

<u>Pension</u>	<u>OPEB</u>
<u>\$ -</u>	<u>\$ -</u>

14. Contingencies

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

As shown in Note 7, the Kentucky School Facilities Construction Commission (KSFCC) is assisting the District with the repayment of the Bond Series 2011A (36%), 2013 Ref (100%), 2014 (100%), 2016 Revenue Refunding (100%), 2017C Revenue Refunding (35%), Series 2021 (18.3%) and Series 2023 (1.37%). In the unlikely event the KSFCC defaults on their portion of the bond series, the District is responsible to repay the amount in full. KSFCC's portion as of June 30, 2025, was \$9,210,882.

HOPKINS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

15. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To obtain insurance for workers' compensation, the District bought a commercial insurance policy. The District pays an annual premium for coverage. Contributions to the Workers' Compensation Fund are based on premium rates established by such fund in conjunction with the excess insurance carrier, subject to claims experience modifications and a group discount amount. In addition, the District continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

16. Deficit Operating

The following funds have operations that resulted in a current year deficit of revenues under expenditures and other financing uses resulting in a corresponding reduction of fund balance net position. These deficits were funded by available resources at the beginning of the year.

	<u>Operations</u>
General Fund	\$ 3,016,188
Child Care Fund	\$ 89,796
FSPK Fund	\$ 861,025
District Activity Fund	\$ 82,343

17. COBRA

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

HOPKINS COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

18. Interfund Balances and Transfers

The following transfers were made during the year ended June 30, 2025:

Capital Projects (Building Fund)	Debt Service	Bond payments	\$ 3,278,246
Capital Projects (Capital Outlay)	Debt Service	Bond payments	578,031
Student Activity Fund	District Activity Fund	Reclassify	<u>122,743</u>
Total Nonmajor Governmental Funds			<u>3,980,020</u>
General Fund	Special Revenue	Matching (KETS)	114,485
General Fund	Food Service	Uncollected Accts	3,254
Special Revenue	Construction Fund	Construction	4,071,535
Special Revenue	General Fund	Indirect Cost	10,431
Capital Projects (Building Fund)	Construction Fund	Construction	1,210,403
General Fund	Construction Fund	Construction	<u>4,731,450</u>
Total Major Governmental Funds			<u>10,141,558</u>
Total Transfers			<u>\$ 14,121,578</u>

19. Commitments (Construction Projects)

The District had the following outstanding construction projects, as evidenced by contracts, purchase orders or BG-1 forms, as applicable, as of June 30, 2025.

<u>Project</u>	<u>Total Commitment</u>	<u>Incurred To Date</u>	<u>Commitment Remaining</u>
Site Acquisition N Main for Central Office (BG 22-381)	\$ 1,642,819	\$ 1,642,819	\$ -
Renovation of N Main for Central Office (BG 23-121)	\$ 5,911,840	\$ 1,593,960	\$ 4,317,880
High School Auxiliary Gyms (GP 22-408)	\$ 16,232,397	\$ 15,116,889	\$ 1,115,508
South Hopkins School PK-8 (BG 23-030)	\$ 30,131,354	\$ 5,592,766	\$ 24,538,588
Total	<u>\$ 53,918,410</u>	<u>\$ 23,946,434</u>	<u>\$ 29,971,976</u>

HOPKINS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

20. On-Behalf Payments

The Commonwealth of Kentucky made payments on-behalf of the District as follows for the year ended June 30, 2025. The amounts are included in the General Fund and Debt Service Fund, as "Intergovernmental-State" revenues and in the Food Service Fund and Child Care Fund as "State grants." These amounts are budgeted. In the General Fund, the retirement and technology payments are recorded as additional instruction expense and the health insurance, life insurance, administration fee and health reimbursement account payments are allocated to the various expense functions based on a ratio of employees. In the Debt Service Fund, the payments are recorded as principal and interest expenditures. In the Food Services Fund and Child Care Fund, all of the payments are recorded as additional employee benefits.

Kentucky Teachers Retirement System	\$ 9,272,980
Health insurance, life insurance, administrative fee, health reimbursement account, net of federal reimbursements	8,312,841
Technology	154,165
Debt Service	906,171
Total On-Behalf Payments	<u>\$ 18,646,157</u>
Reported in:	
General Fund	\$ 17,390,584
Debt Service Fund	906,171
Food Service Fund	347,884
Child Care Fund	1,518
	<u>\$ 18,646,157</u>

21. Subsequent Events

Management has evaluated subsequent events through January 27, 2026, the date on which the financial statements were available to be issued.

22. Litigation

The Board is currently subject to ongoing litigation, the Hopkins County Board of Education denies any liability and discovery is in the initial stages of the case. However, it does appear at this point that any adverse outcome would not materially impact the Hopkins County Board of Education.

23. Change in Accounting Principle and Related Changes to Certain Beginning Balances

During the fiscal year ended June 30, 2025, the District implemented GASB Statement No. 101, *Compensated Absences*. GASB Statement No. 101 establishes standards of accounting and financial reporting for (a) compensated absences and (b) associated salary-related payments. The District provides vacation and sick leave.

GASB 101 required retrospective application. Since the District only presents one year of financial information, the beginning net pension was adjusted to reflect the retrospective application.

HOPKINS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

23 Change in Accounting Principle and Related Changes to Certain Beginning Balances, continued

	June 30, 2024 Fund Balance As Previously Reported	Change in Accounting Principle (GASB 101)	June 30, 2024 Fund Balance As Restated
Government Wide			
Governmental Activities	\$ 40,798,924	\$ (1,888,884)	\$ 38,910,040
Business-type Activities	98,239	(47,645)	50,594
Total Primary Government	<u>\$ 40,897,163</u>	<u>\$ (1,936,529)</u>	<u>\$ 38,960,634</u>
Governmental Funds			
General Fund	\$ 25,911,472	\$ -	\$ 14,607,998
Special Revenue Grant Fund	-	-	-
Construction Fund	32,185,496	-	8,736,622
Nonmajor Funds	2,089,045	-	1,751,483
Total Governmental Funds	<u>\$ 60,186,013</u>	<u>\$ -</u>	<u>\$ 25,096,103</u>
Proprietary Funds			
Food Service	\$ (222,596)	\$ (47,645)	\$ (270,241)
Child Care Program	320,835	-	320,835
Total Proprietary Funds	<u>\$ 98,239</u>	<u>\$ (47,645)</u>	<u>\$ 50,594</u>

**HOPKINS COUNTY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
From local sources				
Taxes				
Property	\$ 17,596,227	\$ 17,596,227	\$21,562,442	\$ 3,966,215
Motor vehicle	2,000,000	2,000,000	2,354,411	354,411
Unmined mineral			36,461	36,461
Other	50,000	50,000	296,240	246,240
Tuition			200	200
Earnings on investments	500,000	500,000	1,368,017	868,017
Student activities				-
Other local revenues	2,500	2,500	270,274	267,774
Intergovernmental - Local				-
Intergovernmental - State	45,976,521	45,976,521	46,653,765	677,244
Intergovernmental - Direct Federal	70,000	70,000	110,902	40,902
Total revenues	66,195,248	66,195,248	72,652,712	6,457,464
Expenditures:				
Current:				
Instruction	40,966,657	40,966,658	41,585,798	(619,140)
Support Services:				
Student	2,789,619	2,789,619	3,153,428	(363,809)
Instruction staff	2,877,218	2,877,218	2,522,965	354,253
District administrative	9,821,413	9,821,413	1,883,500	7,937,913
School administrative	5,009,670	5,009,670	4,976,959	32,711
Business	3,860,167	3,860,167	3,309,911	550,256
Plant operation and maintenance	9,099,510	9,099,510	8,202,762	896,748
Student transportation	5,525,480	5,525,480	5,209,916	315,564
Other instructional				-
Community service activities				-
Debt Service	42,949	42,949	42,960	(11)
Total expenditures	79,992,683	79,992,684	70,888,199	9,104,485
Excess (deficit) of revenues over expenditures	(13,797,435)	(13,797,436)	1,764,513	15,561,949
Other Financing Sources (Uses):				
Proceeds from sale of fixed assets			58,058	58,058
Operating transfers in	12,464	12,464	10,431	(2,033)
Operating transfers out	(126,500)	(126,500)	(4,849,190)	(4,722,690)
Contingency	(12,000,000)	(12,000,000)		12,000,000
Total other financing sources (uses)	(12,114,036)	(12,114,036)	(4,780,701)	7,333,335
Net change in fund balance	(25,911,471)	(25,911,472)	(3,016,188)	22,895,284
Fund balance, July 1, 2024	25,911,471	25,911,472	25,911,472	0
Fund balance, June 30, 2025	\$ -	\$ -	\$ 22,895,284	\$ 22,895,284

**HOPKINS COUNTY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL - SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
From local sources:				
Earnings on investments	\$ -	\$ -	\$17,984	\$17,984
Student activities			5,274	5,274
Other	9,567	14,825	323,948	309,123
Intergovernmental - State	3,510,674	3,883,713	4,739,650	855,937
Intergovernmental - Indirect federal	5,551,734	5,581,345	9,817,844	4,236,499
Intergovernmental - Direct federal			40,549	40,549
Total revenues	<u>9,071,975</u>	<u>9,479,883</u>	<u>14,945,249</u>	<u>5,465,366</u>
Expenditures:				
Current:				
Instruction	7,665,315	7,676,428	8,637,206	(960,778)
Support services:				
Student	120,872	370,894	730,581	(359,687)
Instruction staff			37,598	(37,598)
District administrative			-	-
School administrative	85,629	85,629	85,532	97
Business			1,000	(1,000)
Plant operation and maintenance	240,000	386,773	389,149	(2,376)
Student transportation	5,475	5,475	0	5,475
Other instructional			-	-
Community services	1,068,720	1,068,720	1,027,228	41,492
Food service operation			-	-
Day care operation			69,475	(69,475)
Capital outlay:				
Facilities acquisition and construction			-	-
Total expenditures	<u>9,186,011</u>	<u>9,593,919</u>	<u>10,977,769</u>	<u>(1,383,850)</u>
Excess (deficit) of revenues over expenditures	<u>(114,036)</u>	<u>(114,036)</u>	<u>3,967,480</u>	<u>4,081,516</u>
Other Financing Sources (Uses):				
Operating transfers in	126,500	126,500	114,485	(12,015)
Operating transfers out	(12,464)	(12,464)	(4,081,965)	(4,069,501)
Total other financing sources (uses)	<u>114,036</u>	<u>114,036</u>	<u>(3,967,480)</u>	<u>(4,081,516)</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>0</u>
Fund balance, July 1, 2024	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2025	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HOPKINS COUNTY SCHOOL DISTRICT
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR BUDGETARY PROCESS
FOR THE YEAR ENDED JUNE 30, 2025

Budgetary Process

Budgetary Basis of Accounting: Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year-end.

As required by KRS 160.470, on or before January 31 of each year, the District commences budget preparation for the following fiscal year. Before May 30, a tentative working budget is presented to the Kentucky Department of Education. A final working budget must be prepared and adopted no later than September 30. The budget is periodically amended and adopted by the Board of Education during the fiscal year with a final budget adopted by the Board prior to June 30.

The appropriated budget is prepared by fund unit, function, program, level, object and project. The legal level of budgetary control is the fund level.

Reconciliation between the Budgetary Basis of Accounting and GAAP

There were no material variances between the GAAP prescribed basis of accounting for governmental funds and the budgetary basis used by the District.

HOPKINS COUNTY SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF KENTUCKY

Last 10 Fiscal Years*

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the plan total net pension liability	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
District's proportionate share of the net pension liability associated with the District	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the District	<u>132,655,657</u>	<u>142,158,245</u>	<u>141,103,047</u>	<u>107,872,211</u>	<u>118,293,068</u>	<u>116,143,007</u>	<u>116,636,909</u>	<u>250,714,485</u>	<u>279,879,029</u>	<u>222,633,493</u>
Total	\$ <u>132,655,657</u>	\$ <u>142,158,245</u>	\$ <u>141,103,047</u>	\$ <u>107,872,211</u>	\$ <u>118,293,068</u>	\$ <u>116,143,007</u>	\$ <u>116,636,909</u>	\$ <u>250,714,485</u>	\$ <u>279,879,029</u>	\$ <u>222,633,493</u>
District's covered-employee payroll	\$ 33,997,741	\$ 30,931,370	\$ 30,271,094	\$ 29,522,003	\$ 28,395,711	\$ 28,138,744	\$ 28,105,731	\$ 28,911,067	\$ 29,846,092	\$ 30,110,471
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	60.36%	57.68%	56.40%	65.59%	58.30%	58.80%	59.30%	39.83%	35.22%	42.49%

* The amounts presented for each fiscal year were determined as of June 30.
Schedule is intended to show information for ten years.
Additional years will be displayed as they become available.

HOPKINS COUNTY SCHOOL DISTRICT
SCHEDULE OF PENSION CONTRIBUTIONS
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF KENTUCKY

Last 10 Fiscal Years*

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's contractually required contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's contributions in relation to the contractually required contributions	-	-	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$ 33,997,741	\$ 30,931,370	\$ 30,271,064	\$ 29,522,003	\$ 28,395,711	\$ 28,138,744	\$ 28,105,731	\$ 28,911,067	\$ 29,846,092	\$ 30,110,471
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

* The amounts presented for each fiscal year were determined as of June 30.
Schedule is intended to show information for ten years.
Additional years will be displayed as they become available.

HOPKINS COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
NET PENSION LIABILITY
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF KENTUCKY
For the Year Ended June 30, 2025

Changes of Benefit Terms

2025	None
2024	A new benefit tier was added for members joining the System on and after January 1, 2022.
2023	None
2022	None
2021	None
2020	None
2019	None
2018	None
2017	None
2016	None

Changes of Assumptions

2025	The municipal bond index rate increased from 3.66% to 3.94%.
2024	The municipal bond index rate increased from 3.37% to 3.66%.
2023	The municipal bond index rate increased from 2.13% to 3.37%.
2022	The assumed long-term investment rate of return was changed from 7.5% to 7.1%. The price inflation assumption was lowered from 3.0% to 2.5%. The calculation of SEIR results in an assumption change from 7.5% to 7.1%.
2021	None
2020	The municipal bond index rate decreased from 3.89% to 3.50%. The projected salary increases increased from 3.50% - 7.20% to 3.50% - 7.30%.
2019	The municipal bond index rate increased from 3.56% to 3.89%. The discount rate increased from 4.49% to 7.50%.
2018	The municipal bond index rate increased from 3.01% to 3.56%. The single equivalent interest rate, net of pension plan investment expense, including inflation increased from 4.20% to 4.49%. The inflation rate decreased from 3.50% to 3.00%.
2017	The municipal bond index rate decreased from 3.82% to 3.01%. The discount rate decreased from 4.88% to 4.20%.
2016	None

HOPKINS COUNTY SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITIES
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF KENTUCKY

Last 10 Fiscal Years*

	2025	2024	2023	2022	2021	2020	2019	2018
MEDICAL INSURANCE PLAN (MIP)								
District's proportion of the plan total net MIP OPEB liability	0.806800%	0.807544%	0.800600%	0.441478%	0.446369%	0.452488%	0.456650%	0.488042%
District's proportionate share of the net MIP OPEB liability associated with the District	\$ 9,218,000	\$ 10,673,000	\$ 14,910,000	\$ 9,473,000	\$ 11,265,000	\$ 13,243,000	\$ 15,914,000	\$ 17,438,000
State's proportionate share of the net MIP OPEB liability associated with the District	<u>8,212,000</u>	<u>8,986,000</u>	<u>4,898,000</u>	<u>7,893,000</u>	<u>9,024,000</u>	<u>10,695,000</u>	<u>13,714,000</u>	<u>14,244,000</u>
Total	<u>\$ 17,430,000</u>	<u>\$ 19,659,000</u>	<u>\$ 19,808,000</u>	<u>\$ 17,166,000</u>	<u>\$ 20,289,000</u>	<u>\$ 23,938,000</u>	<u>\$ 29,628,000</u>	<u>\$ 31,682,000</u>
District's covered-employee payroll	\$ 33,997,741	\$ 30,931,370	\$ 30,271,094	\$ 29,522,003	\$ 28,395,711	\$ 28,138,744	\$ 28,105,731	\$ 28,911,067
District's proportionate share of the net MIP OPEB liability as a percentage of its covered-employee payroll	27.11%	34.51%	49.25%	32.09%	39.67%	47.06%	56.62%	60.32%
Plan fiduciary net position as a percentage of the total MIP OPEB liability	59.81%	52.97%	47.80%	39.10%	39.10%	32.60%	25.50%	21.18%
LIFE INSURANCE PLAN (LIP)								
District's proportion of the plan total net LIP OPEB liability	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
District's proportionate share of the net LIP OPEB liability associated with the District						\$ -	\$ -	\$ -
State's proportionate share of the net LIP OPEB liability associated with the District	<u>187,000</u>	<u>223,000</u>	<u>244,000</u>	<u>102,000</u>	<u>273,000</u>	<u>248,000</u>	<u>235,000</u>	<u>191,000</u>
Total	<u>\$ 187,000</u>	<u>\$ 223,000</u>	<u>\$ 244,000</u>	<u>\$ 102,000</u>	<u>\$ 273,000</u>	<u>\$ 248,000</u>	<u>\$ 235,000</u>	<u>\$ 191,000</u>
District's covered-employee payroll	\$ 33,997,741	\$ 30,931,370	\$ 30,271,094	\$ 29,522,003	\$ 28,395,711	\$ 28,138,744	\$ 28,105,731	\$ 28,911,067
District's proportionate share of the net LIP OPEB liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total LIP OPEB liability	80.56%	76.91%	74.00%	89.15%	71.60%	73.40%	75.00%	78.99%

*The amounts presented for each fiscal year were determined as of June 30.
 **Schedule is intended to show information for ten years.
 Additional years will be displayed as they become available.

HOPKINS COUNTY SCHOOL DISTRICT
SCHEDULE OF OPEB CONTRIBUTIONS
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF KENTUCKY

Last 10 Fiscal Years*

	2025	2024	2023	2022	2021	2020	2019	2018
<u>MEDICAL INSURANCE PLAN (MIP)</u>								
District's contractually required contributions	\$ 1,330,817	\$ 1,231,976	\$ 1,256,884	\$ 1,288,597	\$ 1,151,496	\$ 1,087,616	\$ 816,999	\$ 887,332
District's contributions in relation to the contractually required contributions	(1,330,817)	(1,231,976)	(1,256,884)	(1,288,597)	(1,151,496)	(1,087,616)	(816,999)	(887,332)
Contribution deficiency (excess)								
District's covered-employee payroll	\$ 33,897,741	\$ 30,931,370	\$ 30,271,094	\$ 29,522,003	\$ 28,395,711	\$ 28,138,744	\$ 28,105,731	\$ 28,911,067
Contributions as a percentage of covered-employee payroll	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
<u>LIFE INSURANCE PLAN (MIP)</u>								
District's contractually required contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's contributions in relation to the contractually required contributions	-	-	-	-	-	-	-	-
Contribution deficiency (excess)								
District's covered-employee payroll	\$ 33,897,741	\$ 30,931,370	\$ 30,271,094	\$ 29,522,003	\$ 28,395,711	\$ 28,138,744	\$ 28,105,731	\$ 28,911,067
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

*The amounts presented for each fiscal year were determined as of June 30.
**Schedule is intended to show information for ten years.
Additional years will be displayed as they become available.

HOPKINS COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NET OPEB LIABILITY

TEACHERS' RETIREMENT SYSTEM OF THE STATE OF KENTUCKY

For the Year Ended June 30, 2025

MEDICAL INSURANCE PLAN (MIP)

Changes of Benefit Terms

2025	None
2024	None
2023	None
2022	None
2021	None
2020	None
2019	None
2018	With the passage of House Bill 471, the eligibility for non-single subsidies (NSS) for the KEHP-participating members who retired prior to July 1, 2010 is restored, but the State will only finance, via its KEPH "shared responsibility" contributions, the costs of the NSS related to those KEHP-participating members who retired on or after July 1, 2010.

Changes of Assumptions

2025	The municipal bond index rate increased from 3.66% to 3.94%.
2024	The municipal bond index rate increased from 3.37% to 3.66%. The healthcare trend rates as well as the TRS 4 retirement decrements, were updated to reflect future anticipated experience
2023	The municipal bond index rate increased from 2.13% to 3.37%. The healthcare trend rates were updated to reflect future anticipated experience.
2022	The assumed long-term investment rate of return was changed from 8.0% to 7.1%. The price inflation assumption was lowered from 3.0% to 2.5%.
2021	The municipal bond index rate decreased from 3.50% to 2.20%. The projected salary increases decreased from 3.50% - 7.30% to 3.50% - 7.20%
2020	The municipal bond index rate decreased from 3.89% to 3.50%. The projected salary increases increased from 3.50% - 7.20% to 3.50% - 7.30%.
2019	The municipal bond index rate increased from 3.56% to 3.89%.
2018	None

LIFE INSURANCE PLAN (LIP)

Changes of Benefit Terms

2018 - 2025 None

Changes of Assumptions

2025	The municipal bond index rate increased from 3.66% to 3.94%.
2024	The municipal bond index rate increased from 3.37% to 3.66%. The TRS 4 retirement decrements, were updated to reflect future anticipated experience
2023	The municipal bond index rate increased from 2.13% to 3.37%.
2022	The assumed long-term investment rate of return was changed from 7.5% to 7.1%. The price inflation assumption was lowered from 3.0% to 2.5%.
2021	The municipal bond index rate decreased from 3.50% to 2.20%
2020	The municipal bond index rate decreased from 3.89% to 3.50%.
2019	The municipal bond index rate increased from 3.56% to 3.89%.
2018	None

HOPKINS COUNTY SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
COUNTY EMPLOYEES' RETIREMENT SYSTEM

Last 10 Fiscal Years*

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net pension liability	0.326354%	0.328702%	0.340017%	0.340436%	0.356580%	0.354042%	0.377983%	0.392049%	0.39943%	0.38934%
District's proportionate share of the net pension liability	\$ 19,517,352	\$ 21,091,191	\$ 24,579,833	\$ 21,705,465	\$ 27,349,390	\$ 24,899,932	\$ 23,020,317	\$ 22,947,833	\$ 19,666,399	\$ 16,739,697
District's covered-employee payroll	\$ 12,148,686	\$ 10,810,893	\$ 9,770,498	\$ 9,627,192	\$ 8,787,644	\$ 9,224,358	\$ 8,101,354	\$ 9,455,670	\$ 9,752,373	\$ 6,617,082
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	160.65%	198.77%	251.57%	225.46%	311.23%	269.94%	284.15%	242.69%	201.66%	194.26%
Plan fiduciary net position as a percentage of the total pension liability	61.61%	57.48%	52.42%	57.33%	47.81%	50.45%	53.54%	53.30%	55.50%	59.97%

*The amounts presented for each fiscal year were determined as of June 30.
**Schedule is intended to show information for ten years.
Additional years will be displayed as they become available.

HOPKINS COUNTY SCHOOL DISTRICT
SCHEDULE OF PENSION CONTRIBUTIONS
COUNTY EMPLOYEES' RETIREMENT SYSTEM

Last 10 Fiscal Years*

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contributions	\$ 2,430,764	\$ 2,457,234	\$ 2,293,391	\$ 2,070,346	\$ 1,700,993	\$ 1,799,897	\$ 1,458,979	\$ 1,369,181	\$ 1,360,456	\$ 1,070,239
Contributions in relation to the contractually required contributions	<u>(2,430,764)</u>	<u>(2,457,234)</u>	<u>(2,293,391)</u>	<u>(2,070,346)</u>	<u>(1,700,993)</u>	<u>(1,799,897)</u>	<u>(1,458,979)</u>	<u>(1,369,181)</u>	<u>(1,360,456)</u>	<u>(1,070,239)</u>
Contribution deficiency (excess)	<u>\$ -</u>									
District's covered-employee payroll	\$ 12,148,686	\$ 10,610,893	\$ 9,770,498	\$ 9,627,192	\$ 8,787,644	\$ 9,224,358	\$ 8,101,354	\$ 9,455,670	\$ 9,752,373	\$ 8,617,062
Contributions as a percentage of covered-employee payroll	20.01%	23.16%	23.47%	21.17%	19.30%	19.50%	16.22%	14.48%	13.95%	12.42%

* The amounts presented for each fiscal year were determined as of June 30.

**Schedule is intended to show information for ten years.

Additional years will be displayed as they become available.

HOPKINS COUNTY SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
COUNTY EMPLOYEES' RETIREMENT SYSTEM

Last 10 Fiscal Years*

	2025	2024	2023	2022	2021	2020	2019	2018
District's proportion of the net OPEB liability	0.328875%	0.328889%	0.340017%	0.340396%	0.396477%	0.354042%	0.377989%	0.392048%
District's proportionate share of the net OPEB liability (asset)	\$ (565,083)	\$ (453,810)	\$ 6,709,117	\$ 6,515,995	\$ 8,607,835	\$ 5,953,280	\$ 6,710,764	\$ 7,881,828
District's covered-employee payroll	\$ 12,148,688	\$ 10,810,889	\$ 9,770,498	\$ 9,627,02	\$ 8,787,644	\$ 9,224,358	\$ 8,101,354	\$ 9,455,870
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	-4.65%	-4.28%	68.67%	67.68%	97.95%	64.54%	82.94%	83.35%
Plan fiduciary net position as a percentage of the total OPEB liability	104.88%	104.23%	60.95%	62.91%	51.87%	60.44%	67.62%	53.30%

*The amounts presented for each fiscal year were determined as of June 30.
 **Schedule is intended to show information for ten years.
 Additional years will be displayed as they become available.

HOPKINS COUNTY SCHOOL DISTRICT
SCHEDULE OF OPEB CONTRIBUTIONS
COUNTY EMPLOYEES' RETIREMENT SYSTEM

Last 10 Fiscal Years*

	2025	2024	2023	2022	2021	2020	2019	2018
Contractually required contributions	\$ -	\$ -	\$ 332,248	\$ 565,282	\$ 419,519	\$ 443,913	\$ 473,134	\$ 444,417
Contributions in relation to the contractually required contributions	-	-	(332,248)	(565,282)	(419,519)	(443,913)	(473,134)	(444,417)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 12,148,686	\$ 10,610,893	\$ 9,770,498	\$ 9,627,192	\$ 8,187,644	\$ 9,224,358	\$ 8,101,354	\$ 9,456,670
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	3.40%	5.87%	4.77%	5.26%	5.26%	4.70%

* The amounts presented for each fiscal year were determined as of June 30.
 **Schedule is intended to show information for ten years.
 Additional years will be displayed as they become available.

**HOPKINS COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
COUNTY EMPLOYEES' RETIREMENT SYSTEM
For the Year Ended June 30, 2025**

Changes of Benefit Terms

2016 - 2025 None

Changes of Assumptions

Pension and OPEB:

- 2021 The healthcare cost trend rates for Pre-65 changed from 7.25% to 7.00% and changed from 3.10% to 5.00% for Post-65
- 2020 The salary increases assumption was changed from 3.05% to 3.30%.
- 2019 The salary increases assumption was changed from 2.00% to 3.05%.
- 2018 The inflation rate decreased from 3.25% to 2.30%, which also resulted in a 0.95% decrease in the salary increase assumption at all years of service.

The investment rate of return, net of investment expense & inflation decreased from 7.50% to 6.25%.

The payroll growth assumption (applicable for the amortization of unfunded actuarial accrued liabilities) decreased from 4.00% to 2.00%.

OPEB:

- 2025 The discount rate used to calculate the total OPEB liability increased from 5.93% to 5.99%.
- 2024 The discount rate used to calculate the total OPEB liability increased from 5.7% to 5.93%.
- 2023 The single discount rate was changed from 5.2% to 5.7%. The healthcare trend rates were updated to reflect future anticipated experience.
- 2022 The single discount rate was changed from 5.34% to 5.2%.
- 2021 The single discount rate was changed from 5.68% to 5.34%
- 2020 The single discount rate was changed from 5.85% to 5.68%.
- 2019 The single discount rate changed from 5.84% to 5.85%.
- 2018 The single discount rate changed from 6.89% to 5.84%.
- 2017 None

2016 Pension:

The assumed investment rate of return was decreased from 7.75% to 7.50%.

The assumed rate of inflation was reduced from 3.50% to 3.25%

The assumed rate of wage inflation was reduced from 1.00% to 0.75%.

Payroll growth assumption was reduced from 4.50% to 4.00%.

The assumed rates of Retirement, Withdrawal and Disability were updated to more accurately reflect experience.

**HOPKINS COUNTY SCHOOL DISTRICT
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025**

	Special Revenue			SEEK Capital Outlay Fund	Debt Service Fund	Total Nonmajor Governmental Funds
	District Activity Fund	Student Activity Fund	FSPK Fund			
Assets						
Cash and cash equivalents						
Accounts receivable:						
Local		\$ 3,259				\$ 3,259
Debt Service						
Accrued interest receivable						
Prepaid expenses					0	0
Restricted investments						
Restricted cash	\$ 423,923	848,096				1,272,019
Total assets	\$ 423,923	\$ 851,355	\$ -	\$ -	\$ -	\$ 1,275,278
Liabilities						
Accounts payable	\$ -	\$16,484				\$ 16,484
Total liabilities	-	16,484	-	-	-	16,484
Fund Balances						
Nonspendable:						
Prepaid expenses						
Restricted for:						
Capital projects						
Debt service			\$ -			
Student Activity Funds		834,871				834,871
District Activity Funds	421,100					421,100
Committed:						
District Activity Funds						
Assigned:						
Encumbrances	2,823					2,823
Total fund balances	423,923	834,871	-	-	-	1,258,794
Total liabilities and fund balances	\$ 423,923	\$ 851,355	\$ -	\$ -	\$ -	\$ 1,275,278

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

	Special Revenue District Activity Fund	Student Activity Fund	FSPK Fund	SEEK Capital Outlay Fund	Debt Service Fund	Total Nonmajor Governmental Funds
Revenues:						
From local sources:						
Taxes:						
Property			\$1,912,706			\$1,912,706
Earnings on investments			121,594			121,594
Intergovernmental - State			1,593,324	\$ 579,031	\$945,100	3,117,455
Other Student Income						0
Contributions/Donations	21,159	\$1,811,291				1,832,450
Total revenues	<u>21,159</u>	<u>1,811,291</u>	<u>3,627,624</u>	<u>579,031</u>	<u>945,100</u>	<u>6,984,205</u>
Expenditures:						
Capital outlay:						
Facilities acquisition and construction						
Debt Service:						
Principal					2,525,000	2,525,000
Interest					2,277,377	2,277,377
Bond issuance costs						-
Other items	4,371					4,371
District/Student Activity:						
Instruction	210,915	1,522,292				1,733,207
Support Services	4,921	50,391				55,312
Plant Operations & Maintenance	6,038					6,038
Student Transportation		2,748				2,748
Total expenditures	<u>226,245</u>	<u>1,575,431</u>	<u>-</u>	<u>-</u>	<u>4,802,377</u>	<u>6,604,053</u>
Excess (deficit) of revenues over expenditures	<u>(205,086)</u>	<u>235,860</u>	<u>3,627,624</u>	<u>579,031</u>	<u>(3,857,277)</u>	<u>380,152</u>
Other Financing Sources (Uses)						
Proceeds from bonds issued						-
Payments to escrow agent						-
Premium on bonds issued						-
Discount on bonds issued						-
Insurance recoveries						-
Transfers in	122,743				3,857,277	3,980,020
Transfers out		(122,743)	(4,488,649)	(579,031)		(5,190,423)
Total other financing sources (uses)	<u>122,743</u>	<u>(122,743)</u>	<u>(4,488,649)</u>	<u>(579,031)</u>	<u>3,857,277</u>	<u>(1,210,403)</u>
Net change in fund balance	(82,343)	113,117	(861,025)	-	-	(830,251)
Fund balance, July 1, 2024	<u>506,266</u>	<u>721,754</u>	<u>861,025</u>	<u>-</u>	<u>-</u>	<u>2,089,045</u>
Fund balance, June 30, 2025	<u>\$423,923</u>	<u>\$834,871</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$1,258,794</u>

**HOPKINS COUNTY SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS AND AMOUNTS DUE TO STUDENT GROUPS
 STUDENT ACTIVITY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2025**

<u>School</u>	<u>Cash Balances July 1, 2024</u>	<u>Receipts</u>	<u>Disburse- ments</u>	<u>Cash Balances June 30, 2025</u>	<u>Accounts Receivable June 30, 2025</u>	<u>Accounts Payable June 30, 2025</u>	<u>Fund Balances June 30, 2025</u>
Hopkins County Central High	\$192,373	\$ 443,689	\$ 406,743	\$229,319	\$ 666	\$ 11,984	\$218,001
Madisonville North Hopkins High	205,058	591,626	601,068	195,614	-	4,500	191,114
	<u>397,429</u>	<u>1,035,315</u>	<u>1,007,811</u>	<u>424,933</u>	<u>666</u>	<u>16,484</u>	<u>409,115</u>
Hopkins County Career & Tech Center	26,541	44,012	39,154	31,399	21	-	31,420
Browning Springs Middle	50,182	108,314	100,061	58,435	2,377	-	60,812
Grapevine Elementary	9,514	53,625	48,112	15,027	40	-	15,067
Hanson Elementary	17,082	56,720	39,523	34,259	-	-	34,259
James Madison Middle	57,395	141,427	120,618	78,204	118	-	78,322
Jesse Stuart Elementary	23,699	50,349	44,676	29,372	20	-	29,392
Pride Elementary	6,645	55,145	48,337	15,453	17	-	15,470
Southside Elementary	27,248	64,865	58,247	33,866	-	-	33,866
South Hopkins Middle	61,427	112,458	109,185	64,700	-	-	64,700
West Broadway Elementary	13,327	42,347	37,371	18,303	-	-	18,303
West Hopkins	37,718	47,785	41,359	44,144	-	-	44,144
	<u>\$730,187</u>	<u>\$1,812,362</u>	<u>\$1,694,454</u>	<u>\$848,095</u>	<u>\$3,259</u>	<u>\$16,484</u>	<u>\$634,870</u>

**HOPKINS COUNTY SCHOOL DISTRICT
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND AMOUNTS DUE TO STUDENT GROUPS
HOPKINS COUNTY CENTRAL HIGH SCHOOL ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025**

	Cash Balances July 1, 2024	Receipts	Disburse- ments	Transfers	Cash Balances June 30, 2025	Accounts Receivable June 30, 2025	Accounts Payable June 30, 2025	Fund Balances June 30, 2025
SCO Rounding	-	51	-	-	51	-	-	51
Freshman Class	1,835	28	-	(1,811)	52	-	-	52
Sophomore Class	846	39	-	1,034	1,918	-	-	1,918
Junior Class	765	28	-	62	855	-	-	855
Senior Class	3,287	-	2,054	726	1,959	-	398	1,561
Administrative	1,917	-	110	(124)	1,683	-	-	1,683
Donations	-	1,450	431	(19)	1,000	-	-	1,000
Family Resource Center	10,280	3,125	4,738	(80)	8,597	-	-	8,597
Fundraisers	-	17	-	(17)	-	-	-	-
General	5	744	172	(320)	257	-	-	257
Guidance	812	11	791	-	32	-	-	32
Instructional	215	29,258	867	(28,008)	598	-	-	598
Media Center	16	1,909	978	-	947	-	-	947
Miscellaneous	26,526	12,910	17,510	320	22,246	-	-	22,246
PBIS	197	-	35	-	162	-	-	162
Staff Vending	232	2,384	2,316	-	300	-	-	300
Staff Activity	116	20	109	-	27	-	-	27
Student Vending	25	674	59	-	640	-	-	640
Testing	-	2,151	2,150	-	1	-	-	1
Textbook Rental	23	-	-	-	23	-	-	23
United Way	-	245	245	-	-	-	-	-
Yearbook	1,767	6,035	622	-	7,180	-	-	7,180
Special Needs Class	3	-	-	-	3	-	-	3
Academic Team	511	97	562	-	46	-	-	46
Art Club	1,259	293	230	-	1,322	-	-	1,322
Band	279	4,363	2,762	-	1,880	-	-	1,880
Baptist Health Coach	-	-	-	36	36	-	-	36
Beta Club	288	-	(50)	-	338	-	-	338
Book Club	30	-	-	-	30	-	-	30
Business Dept.	1,645	703	614	415	2,149	-	-	2,149
Chorus	349	12,322	5,032	(100)	7,539	-	-	7,539
Concessions	4,824	21,190	7,691	(2,584)	15,739	-	-	15,739
DECA	4,629	1,400	750	-	5,279	386	-	5,665
Drama	5,860	7,060	10,282	53	2,711	-	-	2,711
Embroidery	2,481	-	-	-	2,481	-	-	2,481
Family Consumer Scient	646	-	-	-	646	-	-	646
F.B.L.A.	61	4,988	3,170	-	1,879	-	-	1,879
F.C.A.	257	11	-	-	268	-	-	268
F.C.C.L.A.	8,127	6,058	5,018	-	9,167	-	-	9,167
F.F.A.	17,576	73,481	67,554	1,551	25,034	-	6,235	18,799
Hall of Fame	1,112	1,600	949	-	1,763	-	-	1,763
Health Occupational Sci	100	342	74	-	368	-	-	368
Key Club	896	710	711	-	895	-	-	895
Legacy	325	1,361	570	-	1,116	-	-	1,116
Math Department	2,947	1,950	2,286	-	2,611	-	-	2,611
National Honor Society	1,365	1,761	1,805	-	1,521	-	-	1,521
Olympic Field Day	2,503	4,617	5,003	-	2,117	-	-	2,117
Pep Club	59	2,747	2,135	-	671	-	-	671
Project Grad.	627	10,925	11,016	-	536	-	490	46
Prom	8,242	10,671	9,430	-	9,483	-	-	9,483
ROTC	175	-	75	-	100	-	-	100
Scholarship	250	-	500	250	-	-	-	-
Senior Trip	1,427	54,018	55,117	-	326	-	-	326
Spanish Club	59	1,645	1,704	-	-	-	-	-
Storm Choice Award	556	-	527	-	29	-	-	29
ROTC Cadets	9,456	3,453	5,057	-	7,852	-	-	7,852
Technology Fee	1,418	-	-	(1,418)	-	-	-	-
Athletic Dept.	38,957	83,815	83,220	(2,381)	37,171	280	4,661	32,590
Archery Club	1,960	7,942	5,344	363	4,921	-	-	4,921
Baseball	1,178	-	314	(101)	763	-	-	763
Boys Basketball	-	-	-	-	-	-	-	-
Girls Basketball	199	5,410	5,594	-	15	-	-	15
Bass Fishing	572	-	-	-	572	-	-	572
Cheerleaders	339	150	118	3,100	3,471	-	-	3,471
Cross Country	1,848	17,486	13,219	150	6,265	-	-	6,265
Dance Squad	1,621	10,629	10,813	(1,405)	32	-	-	32
Football	1,139	-	-	125	1,264	-	-	1,264
Golf Girls	316	1,360	1,339	-	337	-	-	337
Golf Boys	3,520	3,920	5,105	-	2,335	-	-	2,335
Soccer Boys	370	9,195	1,038	250	6,777	-	-	6,777
Soccer Girls	2,142	1,444	2,263	275	1,596	-	-	1,596
Middle School Soccer	107	300	-	-	407	-	-	407
Softball	269	-	-	125	394	-	-	394
Swim	1,192	931	1,229	50	944	-	-	944
Tennis	743	232	878	75	172	-	-	172
Track	1,643	9,550	7,237	50	4,006	-	-	4,006
Girls Volleyball	3,763	500	4,133	-	130	-	-	130
Power Lifting	1,280	-	-	-	1,280	-	-	1,280
DAF	-	-	29,358	29,358	-	-	-	-
Change	-	2,000	2,000	-	-	-	-	-
(4)Four H Club	-	-	-	-	-	-	-	-
Elementary Basketball	-	-	-	-	-	-	-	-
MCLC	-	-	-	-	-	-	-	-
Outdoorsmen's Club	-	-	-	-	-	-	-	-
TOTAL	192,373	\$ 443,689	\$ 406,743	\$ -	\$ 229,319	\$ 666	\$ 11,984	218,001

**HOPKINS COUNTY SCHOOL DISTRICT
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND AMOUNTS DUE TO STUDENT GROUPS
MADISONVILLE NORTH HOPKINS HIGH SCHOOL ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025**

	Cash Balances July 1, 2024	Receipts	Disburse- ments	Transfers	Cash Balances June 30, 2025	Accounts Receivable June 30, 2025	Accounts Payable June 30, 2025	Fund Balances June 30, 2025
2001.000 SCO Rounding		108			108			108
3009.000 Freshman Class	1,050	960		(2,010)	-	-	-	-
3010.000 Sophomore Class	2,365	890		(311)	2,944	-	-	2,944
3011.000 Junior Class	5,474	18,006	15,152	(4,190)	4,138	-	-	4,138
3012.000 Senior Class	9,540	55,819	62,084	10,242	13,517	-	-	13,517
3013.000 Administrative	6,824	4,202	1,363	(4,968)	4,695	-	-	4,695
3014.000 Donations		20		(20)	-	-	-	-
3015.000 Family Resource Center	8,061	6,285	6,863	15	7,498	-	-	7,498
3017.000 FEES		42,634	8,145	(34,488)	1	-	-	1
3019.000 Fundraisers		1,242	1,262	20	-	-	-	-
3020.000 General		12,747	10,832	(618)	1,297	-	-	1,297
3021.000 Guidance	5,778	9,566	10,436	(542)	4,356	-	-	4,356
3026.000 PBIS	1,070	2,479	2,523	9,817	10,843	-	-	10,843
3027.000 Staff Vending	343	852	381	(580)	254	-	-	254
3028.000 Staff Activity 221	101	1,415	1,990	580	108	-	-	108
3029.000 Student Vending 210	360	1,203		(985)	578	-	-	578
3031.000 Testing 600						-	-	
3034.000 Yearbook 400	19,368	3,414	18,728	275	4,329	-	-	4,329
3035.000 Art Department 402	1,541	650	662		1,529	-	-	1,529
3501.000 Academic Team						-	-	
3503.000 Ag Shop	3,649	1,020	1,752	400	3,317	-	-	3,317
3504.000 Art Club	251	209	38		422	-	-	422
3506.000 Band	7,564	27,701	23,169	(1,083)	11,013	-	-	11,013
3507.000 Baptist Health Coach		971	873	450	1,459	-	-	1,459
3509.000 Beta Club	2,148	18,158	14,693	(2,338)	3,275	-	-	3,275
3511.000 Business Club	337		328		9	-	-	9
3512.000 Chorus				81	81	-	-	81
3516.000 Culinary Club	2,180	8,680	2,136	(225)	6,499	-	-	6,499
3518.000 Design Club	502				502	-	-	502
3519.000 Drama	4,555	8,158	6,594	(1,461)	4,658	-	-	4,658
3521.000 English	5				5	-	-	5
3523.000 Family Consumer Science		550	209	(341)	-	-	-	-
3524.000 FBLA	1,116	1,675	1,487		1,304	-	-	1,304
3525.000 FCA	89				89	-	-	89
3526.000 FCCLA (FHA)	88	2,647	2,012	(18)	685	-	-	685
3527.000 FFA	9,094	29,142	29,413	(834)	7,989	-	-	7,989
3528.000 FFA Greenhouse	11,518	7,318	11,518	30	7,348	-	-	7,348
3529.000 Food Products 408	2,309	3,752	3,950	97	2,208	-	-	2,208
3530.000 Glee Club	344	810	990	(163)	1	-	-	1
3531.000 Hall of Fame		1,000	703	(297)	-	-	-	-
3532.000 Health Occup Stud of Am		250	48		202	-	-	202
3536.000 Key Club	4,790	6,907	6,400		5,297	-	-	5,297
3538.000 Lost Books	501	40	252		289	-	-	289
3539.000 Math Dept	1				1	-	-	1
3540.000 Modern Foreign Language	173				173	-	-	173
3541.000 Multi Cultural Club	158				158	-	-	158
3543.000 Olympic Field Day	697	5,110	5,396		1,411	-	-	1,411
3545.000 Parking Tags	105	2,746		(2,851)	-	-	-	-
3548.000 Project Graduation	1,537	13,740	14,209		1,068	-	-	1,068
3550.000 ROTC	9,683		2,618	(7,064)	1	-	-	1
3552.000 Science Olympiad 301	14				14	-	-	14
3553.000 Senior Trip		729			729	-	-	729
3557.000 Spanish Club	612		141	(124)	347	-	-	347
3559.000 Student Government	3,285	2,910	2,273		3,922	-	-	3,922
3561.000 Winter Guard	1,098	5,330	2,206	(4,033)	189	-	-	189
3562.000 SSF-Recycling Club	1,108				1,108	-	-	1,108
3566.000 Aviation Club	209	295	157		347	-	-	347
3567.000 LEO Club		658	426		232	-	-	232
3700.000 Fees-Locker	38			(36)	-	-	-	-
4000.000 Athletic 500 / 502	31,759	188,324	202,028	15,202	33,257	4,500	-	28,757
4001.000 Archery	672	9,094	9,274	200	692	-	-	692
4002.000 Baseball	1,214	6,292			7,506	-	-	7,506
4003.000 Basketball-Boys	244	400			644	-	-	644
4004.000 Basketball-Elementary	3,923				3,923	-	-	3,923
4005.000 Basketball-Girls	241	350			591	-	-	591
4007.000 Cheerleader						-	-	
4008.000 Cross Country 802	5,274	10,010	9,335		5,949	-	-	5,949
4009.000 Dance	74	100			174	-	-	174
4010.000 Football	1,684	1,822	3,119		387	-	-	387
4011.000 Golf-Girls	290		290		-	-	-	-
4012.000 Golf-Boys	729	1,000		(1,000)	729	-	-	729
4013.000 Soccer-Boys	10,968	9,627	17,841	130	2,884	-	-	2,884
4014.000 Soccer-Girls	3,903	5,110	7,741	(450)	822	-	-	822
4016.000 Softball	3,328	12,501	11,114	(1,631)	3,084	-	-	3,084
4017.000 Swim	298	549	849	2	-	-	-	-
4018.000 Tennis-Boys		1,100	542	50	608	-	-	608
4019.000 Tennis-Girls	1,837	4,426	2,147	(950)	3,166	-	-	3,166
4020.000 Track	5,998	15,393	13,829		7,565	-	-	7,565
4021.000 Volleyball	38	2,600	1,550		1,088	-	-	1,088
5000.000 DAF Transfers			36,020	36,020	-	-	-	-
5002.000 Change Start-up		11,000	11,000		-	-	-	-
Total	\$205,056	591,826	\$601,068	-	195,614	\$4,500	191,114	

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

Federal Grantor Pass-Through Grantor Program Title	Assistance Listing Number	Additional Award Identification	Agency or Pass-through Number	Federal Disbursements/ Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
PASSED THROUGH KENTUCKY DEPARTMENTN OF EDUCATION:				
CHILD NUTRITION CLUSTER:				
SCHOOL BREAKFAST PROGRAM	10.553		7780005-25	\$ 709,272
SCHODL BREAKFAST PROGRAM	10.553		7780005-24	185,994
				<u>905,266</u>
SCHOOL LUNCH PROGRAM	10.555		7750002-25	2,141,099
SCHOOL LUNCH PROGRAM	10.555		7750002-24	544,311
NONCASH ASSISTANCE - COMMODITIES (Note C)	10.555		Fund 51	348,736
				<u>3,032,146</u>
FRESH FRUIT AND VEGETABLE PROGRAM	10.582		7720012-25	77,997
	10.582		7720012-24	10,797
				<u>88,794</u>
TOTAL CHILD NUTRITION CLUSTER				<u>4,028,206</u>
LOCAL FOOD FOR SCHOOLS COOPERATIVE	10.185		PROJ 273K	6,178
STATE ADMINISTRATIVE EXPENSES FOR CHILD NUTRITION	10.560		7700001-24	14,579
PASSED THROUGH KENTUCKY CABINET FOR HEALTH & FAMILY SERVICES:				
SUMMER EBT PROGRAM FOR CHILDREN	10.646		PROJ 227L	12,000
				<u>12,000</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE				<u>4,058,963</u>
U.S. DEPARTMENT OF EDUCATION				
PASSED THROUGH KENTUCKY DEPARTMENTN OF EDUCATION:				
TITLE I, GRANTS TO LOCAL EDUCATIONAL AGENCIES				
	84.010		3100002-24	1,967,039
	84.010		3100002-23	276,243
	84.010		PROJ 313L	25,700
	84.010		3100202-24	102,946
TOTAL TITLE I				<u>2,371,928</u>
SPECIAL EDUCATION CLUSTER:				
GRANTS TO STATES (IDEA, PART B)				
	84.027		3810002-23	1,660,127
	84.027		3810002-22	156,252
				<u>1,816,379</u>
PRESCHOOL GRANTS (IDEA PRESCHOOL)				
IDEA PRESCHOOL AMERICAN RESCUE PLAN	84.173		3800002-22	2,903
	84.173		3800002-23	69,114
				<u>72,017</u>
TOTAL SPECIAL EDUCATION CLUSTER				<u>1,888,396</u>
TITLE II PART A SUPPORTING EFFECTIVE INSTRUCTION				
	84.367		3230002-23	254,346
	84.367		3230002-22	12,628
				<u>266,971</u>
TITLE VI RURAL AND LOW INCOME				
	84.358		3140002-24	107,651
	84.358		3140002-23	159,125
				<u>266,776</u>
TITLE III, LEP				
	84.365A		3300002-22	2,349
	84.365A		3300002-23	142,232
				<u>144,581</u>
TITLE IV, PART A. STUDENT SUPPORT & ACADEMIC ENRICHMENT				
	84.424		3420002-22	8,633
	84.424		3420002-23	137,209
	84.424		3420002-24	96,814
				<u>242,656</u>
EDUCATION STABILIZATION FUNDS:				
FY21 ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF FUND				
	84.425	Covid 19, 84.425U	4300002-21	4,083,757
FY21 ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF FUND-DEEPER LEARNING				
	84.425	Covid 19, 84.425U	PROJ 563I	55,746
TOTAL EDUCATION STABILIZATION FUNDS				<u>4,139,503</u>
SCHOOL SAFELY NATIONAL ACTIVITIES	84.184		3850001-23	61,585
				<u>61,585</u>
FULL SERVICE COMMUNITY SCHOOLS				
	84.215J		PROJ 518XJ	7,072
	84.215J		PROJ 518XK	248,849
				<u>255,921</u>
TOTAL U.S. DEPARTMENT OF EDUCATION				<u>9,638,317</u>

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

Federal Grantor Pass-Through Grantor Program Title	Assistance Listing Number	Additional Award Identification	Agency or Pass-through Number	Federal Disbursements/ Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
CHILD CARE AND DEVELOPMENT BLOCK GRANT	93.575		PROJ 658FC	16,212
PRESCHOOL PARTNERSHIP	93.575		PROJ 17PI	98,912
CRRSA CHILD CARE AID FUNDS	93.575		PROJ 672G	19,240
ARPA CHILD CARE SUSTAINMENT	93.575		PROJ 576I	33,163
				<u>167,527</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				<u>167,527</u>
U.S. DEPARTMENT OF DEFENSE				
HCCHS ROTC	ALN not available		PROJ 604K 1010-18	40,549
TOTAL U.S. DEPARTMENT OF DEFENSE				<u>40,549</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u>\$ 13,905,356</u>

Notes to Schedule of Expenditures of Federal Awards

Note A: Basis of Presentation:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Hopkins County School District under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Hopkins County School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Hopkins County School District.

Note B: Summary of Significant Accounting Policies:

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein, certain types of expenditures are not allowable or are limited as to reimbursement.

Note C: Indirect Cost Rate:

The Hopkins County School District has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Note D: Commodities:

Noncash assistance is reported in the schedule at the fair market value of the USDA food commodities received and disbursed.

Note E: Medicaid Reimbursements:

Although reported in the financial statements as direct federal revenue, medicaid reimbursements (\$110,902) are not considered expenditures of federal awards for the purposes of this schedule.

Note F: Subrecipients:

There were no awards passed through to subrecipients.

Note G: Reconciliation of Federal Awards to the Financial Statements:

Total Federal Awards per Schedule of Expenditures of Federal Awards	<u>\$ 13,905,356</u>
Special Revenue Fund - Federal - Indirect & Direct	\$ 9,858,393
General Fund Expense Reimbursement	
Proprietary Fund -Federal and donated commodities	<u>4,046,963</u>
Total Federal Awards Revenues Reported	<u>\$ 13,905,356</u>

**HOPKINS COUNTY SCHOOL DISTRICT
BOARD MEMBERS AND ADMINISTRATIVE PERSONNEL
JUNE 30, 2025**

<u>Board Members</u>	<u>Address</u>	<u>Term Expires</u>
Kerri Scisney Chairman	Madisonville, Kentucky	December 31, 2028
Nicholas Foster Vice-Chairman	Madisonville, Kentucky	December 31, 2026
Shannon Embry	Madisonville, Kentucky	December 31, 2028
Steve Faulk	Madisonville, Kentucky	December 31, 2026

Administrative Personnel

Dr. Amy Smith - Superintendent

Marty Cline – Assistant Superintendent

Dr. Damon Fleming – Assistant Superintendent

Dr. Andrew Belcher – Assistant Superintendent/Director of Transportation

Dr. April Devine – Director of Pupil Personnel

Drew Taylor – Chief Information Officer

Eydie L. Tate, CPA – Chief Financial Officer

Robert Carter – Director of Engagement, Equity and School Support

Alaina Lancaster – Director of Secondary Instruction

Wendy Mitchell – Director of Elementary Instruction & Title I

Clarissa Byard – Director of Special Education

Scott Moore – Director of Child Nutrition

Dr. Ann Elkins - Director of Human Resources

George Jones – Director of Facilities

Matt Bell - Director of Athletics and Special Programs

CERTIFIED PUBLIC ACCOUNTANTS

44 Union Street, Madisonville, KY 42431 Tel.: 270-825-4578 F: 270-821-3521

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

State Committee for School District Audits
Members of the Board of Education
Hopkins County School District
Madisonville, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the audit requirements prescribed by the *Kentucky Public School Districts' Audit Contract and Requirements* prescribed by the Kentucky State Committee for School District Audits, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hopkins County School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 27, 2026.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

In addition, the results of our tests disclosed no instances of material noncompliance of specific state statutes or regulations identified in the *Kentucky Public School Districts' Audit Contract and Requirements* prescribed by the Kentucky State Committee for School District Audits.

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.

Alford, Nance & Jones, LLP

Alford, Nance & Jones LLP

Madisonville, Kentucky

January 27, 2026

CERTIFIED PUBLIC ACCOUNTANTS

44 Union Street, Madisonville, KY 42431 Tel.: 270-825-4578 F: 270-821-3521

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

State Committee for School District Audits
Members of the Board of Education
Hopkins County School District
Madisonville, Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Hopkins County School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with

compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about Hopkins County School District's compliance with the requirements of each major federal program as a whole.

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

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

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

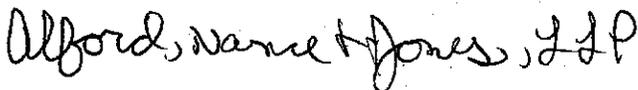
Report on Internal Control Over Compliance

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



Alford, Nance & Jones LLP
Madisonville, Kentucky
January 27, 2026

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

A. Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on whether the financial statements of the Hopkins County School District were prepared in accordance with GAAP.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of Hopkins County School District were disclosed during the audit.
4. There were no significant deficiencies in internal control disclosed during the audit of the major federal award programs as reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance. No material weaknesses are reported.
5. The auditor's report on compliance for the major federal award programs for the Hopkins County School District expresses an unmodified opinion on all major federal programs.
6. There were no audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a).
7. The programs tested as major programs included:

Child Nutrition Cluster:	
National School Lunch	10.555
National School Breakfast	10.553
Fresh Fruit and Vegetable	10.582
Education Stabilization Funds	84.425
Full Service Community Schools	84.215
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Hopkins County School District was determined to be a low risk auditee.

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

B. Financial Statement Findings

None reported

C. Federal Award Findings and Questioned Costs

None reported

D. Schedule of Prior Audit Findings

Financial Statement Findings

None reported in prior year

Federal Award Findings and Questioned Costs

None reported in prior year

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Graham T. Moore, CPA

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Theresa A. Jones, CPA
Megan R. Moore, CPA

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Kentucky State Committee for School District Audits
Members of the Board of Education
Hopkins County School District
Madisonville, Kentucky 42431

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

However, during our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. A separate report dated January 27, 2026, contains our report on significant deficiencies and material weaknesses, if any, in the District's internal controls structure. This letter does not affect our report dated January 27, 2026 on the financial statements of the Hopkins County School District.

We appreciate the opportunity to bring these comments to your attention. We have already discussed many of these comments and suggestions with various District personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Alford, Nance & Jones, LLP

Alford, Nance & Jones LLP
January 27, 2026

HOPKINS COUNTY SCHOOL DISTRICT

MANAGEMENT LETTER POINTS

FOR THE YEAR ENDED JUNE 30, 2025

CURRENT YEAR MANAGEMENT LETTER POINTS

Purchasing (Activity Funds)

Finding: We noted instances of purchase orders not being prepared properly.

Criteria: The "Redbook" and KDE guidelines.

Cause and Effect: Improper use primarily involved the following: (1) some purchase orders were prepared and dated subsequent to the vendor's invoice and (2) purchase orders were not utilized in accordance with Redbook. Purchase orders are to be used as documentation that a purchase is authorized, not merely an additional form to be attached to an invoice indicating approval. Except for purchases made on the same day, purchase orders should pre-date the vendor's invoice. Not only does the proper use of purchase orders aid in the control of school expenses, it also protects purchasers from the possibility of being denied reimbursement of purchases for school purposes. Instances of noncompliance were noted at 7 schools. (MNHHS, HCCHS, BSMS, JMMS, WHS, GES, PES)

Identification of a Repeat Comment: This is a repeat comment from the immediate previous audit, Purchasing (Activity Funds).

Recommendation: We recommend that purchase orders be utilized and properly completed and Redbook be reviewed to understand allowable purchases.

Views of Responsible Officials and Planned Corrective Action: On August 8, 2025, the district conducted its annual Redbook training for principals and school finance secretaries, which included detailed guidance on the proper completion and use of Redbook forms. In February 2026, the Chief Financial Officer will meet with school finance secretaries to reiterate the requirement that the district's procedures require purchase orders to serve not only as an approval mechanism but also as confirmation that sufficient funds are available.

Required Forms/Procedures

Finding: We noted instances where it appeared that these forms were either not completed or completed improperly and/or where required procedures were not followed.

Criteria: The KDE "Redbook" requires the use of specific forms (or reasonable facsimiles) for certain activities such as: (1) Fundraising, (2) Inventory Control, (3) Donation Forms, (4) Ticket Requisition Forms, (5) Multiple Receipt Forms, (6) Credit Card Sign-In/Out Log, (7) Transfers Forms, and (8) Sale of Concession Form. It also requires additional procedures and controls.

Cause and Effect:

FORMS

Fundraising Approval and/or Worksheet - Some either not used or used incorrectly. (MNNHS, HCCHS, BSMS, JMMS, WHS, HCCTC, GES, HES, JSES, SES, WBES)

Inventory Control Worksheet - Some either not used or used incorrectly. (MNHHS, HCCHS, BSMS, JMMS, HES, SES)

Donation Forms - Some either not used or used incorrectly. (BSMS, HCCTC)

Ticket Forms - Some either not used or used incorrectly. (MNHHS, HCCHS, SHMS, JMMS, HES, PES, SES, WBES)

Multiple Receipt Form - Some either not used or used incorrectly. (JMMS, HCCTC, JSES)

Credit Card Sign-In/Out Log - Individual signing out the card was not witnessed by someone other than themselves, and/or the credit card was signed out for an unnecessarily extended period of time. (MNNHS)

CURRENT YEAR MANAGEMENT LETTER POINTS, continued

Required Forms/Procedures, continued

Transfer Forms – Some either not used or used incorrectly (HCCTC, JSES, WBES)

Sale of Concessions Form – (MNHHS, HCCHS, BSMS, JMMS, PES)

PROCEDURES

Inappropriate expenditures from Activity Funds (MNHHS, HCCHS, BSMS, SHMS, JMMS, HCCTC, GES, HES, JSES, PES, SES, WBES)

Missing dual signatures on checks written. (HCCHS, BSMS, PES)

Identification of a Repeat Comment: This is a repeat comment from the immediate previous audit, Required Forms/Procedures.

Recommendation: We recommend that the principal and secretary at each school review the "Redbook" and comply with its requirements regarding the use of these forms and procedures.

Views of Responsible Officials and Planned Corrective Action: On August 8, 2025, the district provided its annual Redbook training for principals and school finance secretaries, during which the proper use of Redbook forms was discussed in detail. District finance staff are available throughout the year to assist with Redbook procedures, and sample forms are frequently provided to support staff in accurately completing required documentation. In February 2026, the Chief Financial Officer will meet with school finance secretaries and administrators to review all school activity fund audit findings in detail and to specifically address the forms identified in those findings.

Receipts

Finding: We noted instances where teachers/sponsors or finance secretaries were not turning in deposits daily that were collected from students, deposit slips were not checked by another individual, or money intended for student use was deposited into a wrong account. (BSMS, JMMS, WHS, HES, JSES, SES, WBES)

Criteria: The "Redbook" and KDE guidelines.

Cause and Effect: Lack of enforcement in requiring compliance.

Identification of a Repeat Comment: This is a repeat comment from the immediate previous audit, Receipts.

Recommendation: We recommend strict adherence to the policies of the "Redbook". The principals must stress to the teachers/sponsors that the policies must be followed.

Views of Responsible Officials and Planned Corrective Action: On August 8, 2025, the district provided its annual Redbook training for principals and school finance secretaries, during which essential requirements were reviewed in detail. These included the daily submission of receipts, the timely signing of deposit slips, and the accurate recording and deposit of student funds for their intended purposes. The Chief Financial Officer will conduct a follow-up meeting with school finance secretaries and administrators to review all audit findings, reinforce expectations for daily fund submission and prompt deposit slip approval, and emphasize the proper handling and deposit of student funds into the appropriate designated accounts.

Booster Clubs/PTOs

Finding: We noted an instance where the Booster budgets and/or AFR were not submitted timely. (HCCHS, BSMS, SES)

Criteria: The "Red Book" and KDE guidelines require booster clubs, PTOs, and PTAs to submit the names of club officers and a budget to the principal at the beginning of the school year. In addition, an annual financial report shall be submitted to the principal by July 15 reporting receipts from admissions, fund raisers, dues, concession sales, and other categories; expenditures by payee, and beginning and ending balances.

Cause: Volunteers failed to comply with Red Book procedures.

CURRENT YEAR MANAGEMENT LETTER POINTS, continued

Booster Clubs/PTOs, continued

Effect: Failure to submit various reports by the dates specified in Red Book does not give the schools/district timely financial information.

Recommendation: We recommend the principals increase their efforts in obtaining the required information from Booster Clubs, PTOs, and PTAs.

Views of Responsible Officials and Planned Corrective Action: On August 8, 2025, Ron Flannery led the district's annual Redbook training, which included a dedicated session on external support booster clubs. The training emphasized the necessity of collecting required booster club documentation, and booster club representatives were invited to attend, with strong participation. In addition, reminders regarding booster club requirements are communicated throughout the year, with support from other district administrators to reinforce compliance.

PRIOR YEAR MANAGEMENT LETTER POINTS

Purchasing (Activity Funds)

Finding: We noted instances of purchase orders not being prepared properly.

Criteria: The "Redbook" and KDE guidelines.

Cause and Effect: Improper use primarily involved the following: (1) some purchase orders were prepared and dated subsequent to the vendor's invoice and (2) purchase orders were not utilized in accordance with Redbook. Purchase orders are to be used as documentation that a purchase is authorized, not merely an additional form to be attached to an invoice indicating approval. Except for purchases made on the same day, purchase orders should pre-date the vendor's invoice. Not only does the proper use of purchase orders aid in the control of school expenses, it also protects purchasers from the possibility of being denied reimbursement of purchases for school purposes. Instances of noncompliance were noted at 5 schools. (MNHHS, HES, JMMS, SHMS, SES)

Identification of a Repeat Comment: This is a repeat comment from the immediate previous audit, Purchasing (Activity Funds).

Recommendation: We recommend that purchase orders be utilized and properly completed and Redbook be reviewed to understand allowable purchases.

Views of Responsible Officials and Planned Corrective Action: On July 22, 2024, the district provided annual Redbook training for principals and school finance secretaries, covering the proper use of Redbook forms in detail. The district requires purchase orders not only for approval but also to verify available funding. In December 2024, the Chief Financial Officer will meet with school finance secretaries and administrators to discuss topics such as the requirement to encumber a purchase order before committing any school funds.

Required Forms/Procedures

Finding: We noted instances where it appeared that these forms were either not completed or completed improperly and/or where required procedures were not followed.

Criteria: The KDE "Redbook" requires the use of specific forms (or reasonable facsimiles) for certain activities such as: (1) Fundraising, (2) Inventory Control, (3) Donation Forms, (4) Ticket Requisition Forms, (5) Multiple Receipt Forms, (6) Credit Card Sign-In/Out Log, and (7) Transfers Forms. It also requires additional procedures and controls.

Cause and Effect:

FORMS

Fundraising Approval and/or Worksheet - Some either not used or used incorrectly. (MNNHS, HES, JSES, GES, JMMS, PES, SES, WBES)

Inventory Control Worksheet - Some either not used or used incorrectly. (BSMS, JMMS, SHMS, SES, WBES)

Donation Forms - Some either not used or used incorrectly. (MNNHS, JSES, JMMS, SES)

PRIOR YEAR MANAGEMENT LETTER POINTS, continued

Required Forms/Procedures, continued

Ticket Forms - Some either not used or used incorrectly. (JSES, SHMS, WBES)

Multiple Receipt Form - Some either not used or used incorrectly. (MNNHS, BSMS, JSES, JMMS, SHMS)

Credit Card Sign-In/Out Log – Individual signing out the card was not witnessed by someone other than themselves, and/or the credit card was signed out for an unnecessarily extended period of time. (MNNHS, WHS, SHMS, SES)

Transfer Forms – Some either not used or used incorrectly (HCCTC, HES, WHS, JMMS)

PROCEDURES

Inappropriate expenditures from Activity Funds (HCCHS, MNHHS, HCCTC, WBES, JMMS, JSES, GES, BSMS, SES, WHS, PES, SHMS)

Identification of a Repeat Comment: This is a repeat comment from the immediate previous audit, Required Forms/Procedures.

Recommendation: We recommend that the principal and secretary at each school review the "Redbook" and comply with its requirements regarding the use of these forms and procedures.

Views of Responsible Officials and Planned Corrective Action: On July 22, 2024, the district conducted its annual Redbook training for principals and school finance secretaries, with a detailed review of proper Redbook form usage. District finance staff remain available year-round to assist with Redbook procedures, frequently providing sample forms to guide staff in accurately completing these documents. In December 2024, the Chief Financial Officer will meet with school finance secretaries and administrators to review all school activity fund audit findings in detail and address the required forms.

FYE 6/30/25: Still applicable see current year comment.

Receipts

Finding: We noted instances where teachers/sponsors or finance secretaries were not turning in deposits daily that were collected from students, deposit slips were not signed in a timely manner, or money intended for student use was deposited into a wrong account. (HCCHS, MNHHS, HES, JSES, JMMS, PES, SHMS)

Criteria: The "Redbook" and KDE guidelines.

Cause and Effect: Lack of enforcement in requiring compliance.

Identification of a Repeat Comment: This is a repeat comment from the immediate previous audit, Receipts.

Recommendation: We recommend strict adherence to the policies of the "Redbook". The principals must stress to the teachers/sponsors that the policies must be followed.

Views of Responsible Officials and Planned Corrective Action: On July 22, 2024, the district conducted its annual Redbook training for principals and school finance secretaries, covering key requirements in detail, including the daily submission of receipts, timely signing of deposit slips, and accurate recording of student funds for their intended use. The Chief Financial Officer will hold a follow-up meeting with school finance secretaries and administrators to review all audit findings, reiterate the importance of submitting funds daily, and discuss the process for promptly signing deposit slips after deposits are made. The importance of correctly depositing student funds into the designated accounts will also be emphasized.

FYE 6/30/25: Still applicable see current year comment.

PRIOR YEAR MANAGEMENT LETTER POINTS, continued

Booster Clubs/PTOs

Finding: We noted an instance where the Booster budgets and/or AFR were not submitted timely. (HCCHS, MNHHS, BSMS, JMMS, PES, WBES)

Criteria: The "Red Book" and KDE guidelines require booster clubs, PTOs, and PTAs to submit the names of club officers and a budget to the principal at the beginning of the school year. In addition, an annual financial report shall be submitted to the principal by July 15 reporting receipts from admissions, fund raisers, dues, concession sales, and other categories; expenditures by payee, and beginning and ending balances.

Cause: Volunteers failed to comply with Red Book procedures.

Effect: Failure to submit various reports by the dates specified in Red Book does not give the schools/district timely financial information.

Recommendation: We recommend the principals increase their efforts in obtaining the required information from Booster Clubs, PTOs, and PTAs.

Views of Responsible Officials and Planned Corrective Action: On July 22, 2024, the Chief Financial Officer conducted the district's annual Redbook training, which included a segment specifically focused on external support booster clubs. The training highlighted the importance of obtaining the required Booster Club information, and booster club representatives were invited, with many in attendance. Throughout the year, reminders regarding booster club requirements are sent out, with other district administrators assisting in communicating this message.

FYE 6/30/25: Still applicable see current year comment.

Payroll

Finding: During the course of payroll testing, we noted an instance where an employee was paid for an incorrect rank certification.

Criteria: There was no control in place to ensure that when the employee was hired that the correct amount for the rank certification was recorded properly in the payroll system.

Cause and Effect: We recommend there be a control function established for new hires; another person should review the personnel file and the payroll file in MUNIS to ensure the employee has the correct rank certification.

Views of Responsible Officials and Planned Corrective Action: To ensure effective internal controls and segregation of duties, responsibilities are clearly divided between the human resources and payroll departments. Human resources collects and reports employee rank certification to payroll, which then verifies the supporting documentation and records it in the Enterprise ERP MUNIS accounting software. In December 2024, both HR and payroll teams will be reminded of the critical importance of accuracy in reporting rank certification.

FYE 6/30/25: Resolved in current year.