

Georgetown-Scott County Parks & Recreation

**Audited Financial Statements
and Required Supplementary Information**

June 30, 2025

**GEORGETOWN-SCOTT COUNTY PARKS & RECREATION
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JUNE 30, 2025**

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SUMMERS, MCCRARY & SPARKS, P.S.C.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners of
Georgetown-Scott County Parks & Recreation
Georgetown, KY

Opinions

We have audited the accompanying financial statements of the governmental activities of the Georgetown-Scott County Parks & Recreation, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Georgetown-Scott County Parks & Recreation's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Georgetown-Scott County Parks & Recreation, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 12 to the financial statements, in 2025 the Organization adopted new accounting guidance, GASB No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Georgetown-Scott County Parks & Recreation, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Georgetown-Scott County Parks & Recreation'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, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Georgetown-Scott County Parks & Recreation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Georgetown-Scott County Parks & Recreation'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 on pages 4-7, budgetary comparison information on page 14, and schedules of proportionate of net pension liability and contributions and net OPEB liability and contributions on pages 32-38 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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2026, on our consideration of the Georgetown-Scott County Parks & Recreation'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 to solely 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 Georgetown-Scott County Parks & Recreation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Georgetown-Scott County Parks & Recreation's internal control over financial reporting and compliance.

Summers, McCrary & Sparks, PSC

Lexington, KY

February 15, 2026

GEORGETOWN-SCOTT COUNTY PARKS & RECREATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
JUNE 30, 2025

The Georgetown-Scott County Parks & Recreation's management offers readers of the financial statements this narrative overview and analysis of the financial activities of the Organization for the fiscal year ended June 30, 2025. Please read this MD&A in conjunction with the Organization's Financial Statements, which follow.

Overview of the Financial Statements

This annual report includes this management's discussion and analysis report, the independent auditor's report and the basic financial statements of the Organization. The financial statements also include notes that explain in more detail some of the information in the financial statements.

Required Financial Statements

The government-wide financial statements provide both long-term and short-term information about the Organization's overall financial status. The fund financial statements focus on the current operational activity of the Organization, reporting the Organization's operations in more detail than the government-wide statements. Both perspectives (government-wide and fund) allow the user to address relevant questions, broaden the basis of comparison (year to year or government to government) and enhance the Organization's accountability.

Government-Wide Statements

The government-wide statements report information about the Organization as a whole using accounting methods similar to those used by private-sector companies. One of the most important questions asked about the Organization's finances is "Is the Organization as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Organization's activities in a way that will help answer this question. These statements include all assets and liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the net position of the Organization and the changes in them. One can think of the Organization's net position – the difference between assets and liabilities – as a way to measure the Organization's financial position. Over time, increases or decreases in the Organization's net position are one indicator of whether the Organization is doing better or worse financially. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth and new or changed government legislation.

In the Statement of Net Position and the Statement of Activities, we look at the Organization's overall activity.

Governmental activities – most of the Organization's basic services are reported here including property taxes, grants and other income which finance most of these activities.

The government-wide financial statements can be found on page 10-11 of this report.

Fund Financial Statements

Traditional users of government financial statements will find the fund financial statement presentation more familiar. The focus is now on the Organization's funds. The fund financial statements provide more information about the Organization's funds and current year detail operations and not the Organization as a whole.

The Organization's fund statement encompasses the activity of the general fund. The general fund is the primary and only operating fund of the Organization. It accounts for financial resources used for general types of operations. This statement offers a short-term view of the current year. The basic fund financial statements can be found on pages 12-14 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 15-31 of this report.

GEORGETOWN-SCOTT COUNTY PARKS & RECREATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
JUNE 30, 2025

Government-wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Organization, assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$2,225,715 as of June 30, 2025 as compared to \$1,765,745 in the prior year. The prior year net position was revised for the implementation of GASBS No. 101 Compensated Absences. The change in accounting principle decreased the prior year net position by \$92,740. This guidance requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. Note 12 describes in further detail the change in accounting principle.

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

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

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

	<u>2025</u>		<u>2024</u>		<u>Change</u>
Current Assets	\$ 2,238,085	\$	1,760,283	\$	477,802
Noncurrent Assets	2,985,994		2,825,624		160,370
Total Assets	<u>5,224,079</u>		<u>4,585,907</u>		<u>638,172</u>
Deferred Outflows of Resources	<u>606,787</u>		<u>1,016,589</u>		<u>(409,802)</u>
Current Liabilities	558,562		457,601		100,961
Noncurrent Liabilities	2,099,983		2,112,080		(12,097)
Total Liabilities	<u>2,658,545</u>		<u>2,569,681</u>		<u>88,864</u>
Deferred Inflows of Resources	<u>946,606</u>		<u>1,267,070</u>		<u>(320,464)</u>
Net Position					
Investment in capital assets (net)	2,932,275		2,781,981		150,294
Unrestricted	(706,560)		(1,016,236)		309,676
Total Net Position	<u>\$ 2,225,715</u>	\$	<u>1,765,745</u>	\$	<u>459,970</u>

Net position increased \$459,970 from 2025 to 2024, an increase of 26%.

**GEORGETOWN-SCOTT COUNTY PARKS & RECREATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

JUNE 30, 2025

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

	2025	2024	Change
Revenues:			
Intergovernmental transfers	\$3,277,911	\$3,068,620	\$209,291
Program Revenues	2,226,883	1,341,395	885,488
Investment income	852	795	57
Other local revenues	2,048	78,921	(76,873)
Gain/(Loss) on sale of assets	16,266	0	16,266
Total Revenue	5,523,960	4,489,731	1,034,229
Expenses:			
Parks and Recreation	4,971,250	4,449,612	521,638
Total Expenses	4,971,250	4,449,612	521,638
Change in net position	552,710	40,119	512,591
Beginning net position	1,765,745	1,725,626	40,119
Change in accounting principle (Note 12)	(92,740)	0	(92,740)
Ending net position	\$2,225,715	\$1,765,745	\$459,970

The Organization's main source of revenue is intergovernmental support from the City of Georgetown and Scott County Fiscal Court, which is approximately 59% of the Organization's total revenue. Other income sources include revenue generating activity through rentals, facility usage, and program participation. Parks and Recreation makes up 100% of total Governmental Fund expenses.

Fund Financial Analysis

The Organization's total general fund revenues for the fiscal year ended June 30, 2025, were \$5,507,694, an increase of \$1,017,964 from the total revenues of \$4,489,730 for 2024.

Revenue and Expense Comparison for the years ending June 30, 2025 and 2024

	2025	2024	Change
Intergovernmental transfers	\$ 3,947,518	\$ 3,068,620	\$ 878,898
Program revenues	625,022	548,041	76,981
Membership revenues	817,259	781,189	36,070
Grants and donations	114,995	12,165	102,830
Interest income	852	795	57
Other revenues	2,048	78,920	(76,872)
Total revenues	5,507,694	4,489,730	1,017,964
Personnel expenses	2,994,250	3,008,362	(14,112)
Program supplies	129,739	182,170	(52,431)
Repairs and maintenance	717,098	259,868	457,230
Utilities and telephone	478,285	392,123	86,162
Insurance	92,424	88,859	3,565
Office supplies	75,493	111,593	(36,100)
Professional fees	120,608	79,732	40,876
Software and support	-	8,982	(8,982)
Marketing and advertising	10,735	27,787	(17,052)
Travel	27,632	46,217	(18,585)
Miscellaneous	8,732	5,387	3,345
Staff education	11,518	11,224	294
Capital Outlay	544,083	656,941	(112,858)
Total expenditures	5,210,597	4,879,245	331,352
Gain (loss) on sale	16,266	-	16,266
Proceeds from debt issuance	191,489	-	191,489
Total other financing sources	207,755	-	207,755
Net change in fund balance	\$ 504,852	\$ (389,515)	\$ 894,367

GEORGETOWN-SCOTT COUNTY PARKS & RECREATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
JUNE 30, 2025

CAPITAL EXPENDITURES

The Organization added \$352,594 to the governmental funds in capital assets during the year. Capital funding for FY 2025 included two new mowers for our Parks Maintenance department, continued fencing improvements to Marshall and Scott County Parks, and Pavilion improvements including a replacement of the old PA system, replacement of pool filter media, replacement of the natatorium doors and overhead lighting.

BUDGET HIGHLIGHTS

GSC Parks presents its anticipated budget to the Scott County Fiscal Court mid-March to request funding support. After review by Scott County Fiscal Court, the budget is then submitted to the City of Georgetown. After adjustments are made, GSC Parks adopts an annual budget at the June Board meeting after it has been presented in both April and May for discussion. The budget is devised through a cooperative team of Scott County Fiscal Court, the City of Georgetown, Board members, Management staff, plus the Bookkeeper/Administrative Assistant. Several meetings are held prior to the June Board meeting, and goals for the next year are established by the staff and possible expenditures related to those goals are identified. The Operating Budget includes proposed expenses and the means of financing them. The Organization's operating budget is amended during the year if unusual events occur. A current Fiscal Year budget comparison for the current month and year to date is presented to management and the Board of Trustees as interim financial statements; however, they are not reported on, nor shown, on the financial statements section of this report. A procurement policy has been established by the City of Georgetown and adopted by the GSC Parks Board to give direction to larger spending amounts.

The Organization has operated on a zero-balance budget so that at the end of the fiscal year each budget category reverts back to the new balance for the new year. Each year the Organization staff has worked diligently to keep the overall budget in line with the projected budget. Some categories may be over, but in general the overall amounts are taken to the Board of Trustees for approval before the purchase is made. Please note that this budget comparison is prior to any audit adjustments purposes.

ECONOMIC FACTORS AND FUTURE BUDGET ISSUES

The Organization expects to see a continued increase in income as the improvements are finished bringing more services to the members. Staffing is a cost that continues to grow as the challenge to get staffing remains competitive with pay rates increased to meet the required demand.

CONTACTING THE ORGANIZATION MANAGEMENT

The financial report is designed to provide the citizens of Scott County and its creditors with a general overview of the Organization's finances and to demonstrate the Organization's accountability of the money it receives. If you have questions about this report or need additional financial information, do not hesitate to contact the Treasurer for the GSC Parks Board, Bill Hamilton.

GEORGETOWN-SCOTT COUNTY PARKS & RECREATION
STATEMENT OF NET POSITION
JUNE 30, 2025

		<u>TOTAL</u>
ASSETS:		
Current Assets		
Cash and Cash Equivalents	\$	2,230,406
Prepaid Insurance and Expenses		7,679
Total Current Assets		<u>2,238,085</u>
Noncurrent Assets		
Net OPEB Asset		53,719
Capital Assets, Depreciable, Net		2,718,475
Right of Use Assets, Net		213,800
Total Noncurrent Assets		<u>2,985,994</u>
TOTAL ASSETS	\$	<u>5,224,079</u>
Deferred Outflows of Resources		
Pensions	\$	424,147
OPEB		182,640
Total Deferred Outflows of Resources	\$	<u>606,787</u>
LIABILITIES:		
Current Liabilities		
Accounts Payable	\$	111,321
Accrued Payroll & Related Liabilities		134,450
Compensated Absences		85,235
Deferred Membership Dues		184,780
Lease Liability		42,776
Total Current Liabilities		<u>558,562</u>
Long-Term Liabilities		
Compensated Absences		72,821
Lease Liability		171,736
Net Pension Liability		1,855,426
Total Long-Term Liabilities		<u>2,099,983</u>
TOTAL LIABILITIES	\$	<u>2,658,545</u>
Deferred Inflows of Resources		
Pensions	\$	361,325
OPEB		585,281
Total Deferred Inflows of Resources	\$	<u>946,606</u>
NET POSITION		
Invested in Capital Assets, Net of Related Debt	\$	2,932,275
Unrestricted		<u>(706,560)</u>
TOTAL NET POSITION	\$	<u>2,225,715</u>

See Accompany Notes to the Financial Statements

**GEORGETOWN-SCOTT COUNTY PARKS & RECREATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION	
	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT	
Primary Government					
Governmental Activities:					
Parks and Recreation	\$ 4,971,250	\$ 1,442,281	\$ 114,995	\$ 669,607	\$ (2,744,367)
Total Governmental Activities	4,971,250	1,442,281	114,995	669,607	(2,744,367)
		General Revenues:			
		Intergovernmental	\$	3,277,911	
		Investment Income		852	
		Other Local Revenues		2,048	
		Gain (Loss) on Sale		16,266	
		Total General Revenues		3,297,077	
		Change in Net Position		552,710	
		Net Position, June 30, 2024		1,765,745	
		Change in Accounting Principle		(92,740)	
		Net Position, June 30, 2024. Restated		1,673,005	
		Net Position, June 30, 2025	\$	2,225,715	

See Accompany Notes to the Financial Statements

**GEORGETOWN-SCOTT COUNTY PARKS & RECREATION
BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2025**

		<u>GOVERNMENTAL FUND</u>
ASSETS:		
Cash and Cash Equivalents	\$	2,230,406
Prepaid Insurance and Expenses		<u>7,679</u>
TOTAL ASSETS	\$	<u>2,238,085</u>
 LIABILITIES:		
Accounts Payable	\$	111,321
Accrued Payroll & Related Liabilities		134,450
Deferred Membership Dues		<u>184,780</u>
TOTAL LIABILITIES		<u>430,551</u>
 FUND BALANCES:		
Nonspendable		7,679
Unassigned		<u>1,799,855</u>
TOTAL FUND BALANCES		<u>1,807,534</u>
 TOTAL LIABILITIES AND FUND BALANCES	 \$	 <u>2,238,085</u>

See Accompany Notes to the Financial Statements

**GEORGETOWN-SCOTT COUNTY PARKS & RECREATION
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUND
TO THE STATEMENT OF NET POSITION
JUNE 30, 2025**

Total Governmental Fund Balance	\$	1,807,534
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets are not reported in the fund financial statement because they are not current financial resources, but they are reported in the statement of net position.		2,932,275
Deferred outflows of resources are not recorded in the government fund financials because they do not affect current resources but are recorded in the statement of net position.		
Pension		424,147
OPEB		182,640
Certain assets (obligations) are not a use of financial resources and therefore, are not reported in the government funds, but are presented in the statement of net position.		
Net pension liability		(1,855,426)
Net OPEB asset		53,719
Deferred inflows of resources are not recorded in the government fund financials because they do not affect current resources but are recorded in the statement of net position.		
Pension		(361,325)
OPEB		(585,281)
Certain liabilities (such as bonds and notes payable, compensated absences, and accrued interest) are not reported in the fund financial statement because they are not due and payable, but are presented in the statement of net position.		
Lease liability		(214,512)
Compensated absences		(158,056)
Net Position of Governmental Activities	\$	<u><u>2,225,715</u></u>

See Accompany Notes to the Financial Statements

**GEORGETOWN-SCOTT COUNTY PARKS & RECREATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>GOVERNMENTAL FUND</u>
REVENUES:	
Intergovernmental	\$ 3,947,518
Program Revenues	625,022
Membership Revenues	817,259
Grants & Donations	114,995
Investment Income	852
Other Revenues	2,048
TOTAL REVENUES	<u>5,507,694</u>
EXPENDITURES:	
Personnel Expenses	2,994,250
Program Supplies	129,739
Repairs & Maintenance	717,098
Utilities & Telephone	478,285
Insurance	92,424
Office Supplies	75,493
Professional Fees	120,608
Marketing & Advertising	10,735
Travel	27,632
Miscellaneous Expenses	8,732
Staff Education	11,518
Capital Outlay	544,083
TOTAL EXPENDITURES	<u>5,210,597</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>297,097</u>
OTHER FINANCING SOURCES (USES)	
Gain (Loss) on Sale	16,266
Proceeds from Debt Issuance	191,489
TOTAL OTHER FINANCING SOURCES (USES)	<u>207,755</u>
NET CHANGE IN FUND BALANCES	504,852
FUND BALANCE, JUNE 30, 2024	<u>1,302,682</u>
FUND BALANCE, JUNE 30, 2025	<u>\$ 1,807,534</u>

See Accompany Notes to the Financial Statements

**GEORGETOWN-SCOTT COUNTY PARKS & RECREATION
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025**

Net Change in Fund Balance - Governmental Fund	\$	504,852
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported as expenditures in the fund financial statement because they are current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which capital outlays exceed depreciation expense for the year		
Capital outlays		544,083
Depreciation expense		(424,213)
Generally, expenditures recognized in the fund financial statement are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred.		
Compensated absences		18,114
Proceeds from long-term debt are reported as revenues in the fund statements because they create current financial resources, but they are separated and shown as long-term debt on the statement of net position.		
		(191,489)
Governmental funds report CERS contributions as expenditures when paid. However, in the statement of activities, pension & OPEB expense is the cost of benefits earned, adjusted for member contributions, and the recognition of changes in deferred outflows and inflows of resources related to pensions, and investment experience.		
		93,634
Lease payments are recognized as expenditures of current financial resources in the fund financial statement, but are reductions of liabilities in the statement of net position.		
		<u>7,729</u>
Change in Net Position of Governmental Activities	\$	<u><u>552,710</u></u>

**GEORGETOWN-SCOTT COUNTY PARKS & RECREATION
GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL (BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2025**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Favorable (Unfavorable)
REVENUES:				
Intergovernmental	\$ 4,744,811	\$ 4,744,811	\$ 3,947,518	\$ (797,293)
Program Revenues	594,058	594,058	625,022	30,964
Membership Revenues	715,027	715,027	817,259	102,232
Grants & Donations	-	-	114,995	114,995
Investment Income	-	-	852	852
Other Revenues	-	-	2,048	2,048
TOTAL REVENUES	<u>6,053,896</u>	<u>6,053,896</u>	<u>5,507,694</u>	<u>(546,202)</u>
EXPENDITURES:				
Personnel Expenses	3,007,574	3,007,574	2,994,250	13,324
Program Supplies	576,636	576,636	129,739	446,897
Repairs & Maintenance	126,380	126,380	717,098	(590,718)
Utilities & Telephone	481,550	481,550	478,285	3,265
Insurance	99,000	99,000	92,424	6,576
Office Supplies	58,576	58,576	75,493	(16,917)
Professional Fees	157,000	157,000	120,608	36,392
Marketing & Advertising	25,000	25,000	10,735	14,265
Travel	6,500	6,500	27,632	(21,132)
Miscellaneous Expenses	3,500	3,500	8,732	(5,232)
Staff Education	27,500	27,500	11,518	15,982
Capital Outlay	1,484,680	1,484,680	544,083	940,597
TOTAL EXPENDITURES	<u>6,053,896</u>	<u>6,053,896</u>	<u>5,210,597</u>	<u>843,299</u>
Excess (Deficit) of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>297,097</u>	<u>297,097</u>
OTHER FINANCING SOURCES (USES)				
Gain (Loss) on Sale	-	-	16,266	16,266
Proceeds from Debt Issuance	-	-	191,489	191,489
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>207,755</u>	<u>191,489</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>504,852</u>	<u>504,852</u>
Fund Balance, June 30, 2024	<u>1,302,682</u>	<u>1,302,682</u>	<u>1,302,682</u>	<u>-</u>
Fund Balance, June 30, 2025	<u>\$ 1,302,682</u>	<u>\$ 1,302,682</u>	<u>\$ 1,807,534</u>	<u>\$ 504,852</u>

See Accompany Notes to the Financial Statements

GEORGETOWN-SCOTT COUNTY PARKS & RECREATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Georgetown-Scott County Parks & Recreation was created as a joint venture between the City of Georgetown, Kentucky and Scott County, Kentucky to operate the local parks and recreation pursuant to K.R.S. 97.035 et. seq. and K.R.S. 97.010 et. seq. The Organization was created to provide all Scott County residents with access to public parks and facilities, and to establish, equip, maintain and administer a countywide park and recreation system. The affairs of the Organization district shall be operated by a Board of Trustees as set forth by K.R.S. 97.010.

Basis of Presentation

The financial statements of the Georgetown-Scott County Parks & Recreation District have been prepared in conformity with generally accepted accounting principles as applied to government units. The Governmental Accounting Standards Board is the accepted standards-setting body for establishing governmental accounting and financial reporting principles.

Government-Wide Financial Statements – The Statement of Net Position and the Statement of Activities display information about the Organization’s taxing district as a whole.

Fund Financial Statements – are organized into funds, each of which is considered separately. The Organization has only one such governmental fund that accounts for the daily operating activity of the Organization. A description of such fund is as follows:

- The General Fund is the primary and only operating fund of the Organization. It accounts for financial resources used for general types of operations. This is a budgeted fund and any unrestricted fund balances are considered as resources available for use.

Basis of Accounting and Measurement Focus

In the government-wide Statement of Net Position and the Statement of Activities, all activities are presented under the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Revenues are recognized when they become measurable and available. Property taxes are recorded as revenue when collected and available to be remitted to the Organization by county tax collection agencies. Expenditures are recognized when the related fund liability is incurred.

Cash and Cash Equivalents

The Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

GEORGETOWN-SCOTT COUNTY PARKS & RECREATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgeting

The Organization follows the procedures established pursuant to Section 91A.030 of the Kentucky Statutes in establishing the budgetary data reflected in the financial statements. Budgets for the general fund are adopted on a basis consistent with United States generally accepted accounting principles.

Receivables and Revenues

In the government-wide statements, revenues are recognized when they become available. Available revenues include intergovernmental transfers expected to be collected within sixty days after year-end. These transfers are considered fully collectible and, therefore, no allowance for uncollectible taxes is provided.

Property and Equipment

Property and equipment is stated at cost or, if donated, at the approximate fair value at the date of donation. All property and equipment purchases have been capitalized and recorded in the government-wide financial statements. Additionally, as all capital assets are directly utilized in the Organization's operating activities, an expense for capital outlays has been reported in the fund financial statements. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Depreciation for the year ended June 30, 2025 was \$416,100.

Fund Balance

As of June 30, 2012, the Organization implemented GASB 54, Fund Balance Reporting and Governmental Fund Type Definitions. Fund balances of the governmental funds are classified as follows:

- Non-spendable – amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact. As of June 30, 2025 \$7,679 was non-spendable.
- Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- Committed – amounts that can be used only for specific purposes determined by a formal action of the Board. The Board is the highest level of decision-making authority for the Organization. Commitments may be established, modified, or rescinded only through resolutions approved by the Board.
- Assigned – amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. Only the Board may assign amounts for specific purposes.
- Unassigned – all other spendable amounts. As of June 30, 2025 \$1,799,855 was non-spendable.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

GEORGETOWN-SCOTT COUNTY PARKS & RECREATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

Organization employees are entitled to certain compensated absences based on their length of employment. Paid vacation time accrues at the rate of one to three weeks based on the length of employment. Unused vacation time may be carried forward from one year to the next with certain limitations. Other compensated absences do not vest and are recorded as expenditures when they are paid.

Pensions

GASB Statement No. 68 requires recognition in the financial statements and notes of the employer's (the Organization) obligation for the net long-term pension obligations. See Note 8.

Other Postemployment Benefits (OPEB)

Beginning in fiscal year 2018, the Organization implemented GASB Statement No. 75, which requires recognition of the employer's (the Organization) obligation for the net long-term OPEB obligations. See Note 9.

Deferred Outflows/Inflows of Resources

The Statement of Net Position includes a separate section for Deferred Outflows of Resources. This represents the usage of net position applicable to future periods and will be recognized as expenditures in the future period to which it applies. This category includes amounts related to pensions and other post-employment benefits (OPEB) for certain actuarially determined differences between projected and actual investment earnings and/or other differences between projected and actual demographic experience, as well as contributions made by the Organization subsequent to the measurement date.

The Statement of Net Position includes a separate section for Deferred Inflows of Resources. This represents the acquisition of net position applicable to future periods and will be recognized as revenue in the future period to which it applies. This category includes amounts related to pensions and OPEB for certain actuarially determined differences between projected and actual demographic experience and/or projected and actual investment earnings.

Leases

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

Recent Pronouncements

During FY2025, The Organization implemented GASBS No. 101, *Compensated Absences*. This standard revises some definitions for compensated absences and consolidates guidance for all types of leave to a single accounting recognition. See earlier discussion of the basis used to estimate the probability of using this leave. See Note 12 for the impact of the retroactive application of this guidance to compensated absence leave as of June 30, 2024.

GEORGETOWN-SCOTT COUNTY PARKS & RECREATION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Pronouncements (continued)

GASBS No. 102, *Certain Risk Disclosures*, was issued in December 2023 and was effective for fiscal years beginning after June 15, 2024. This standard requires additional disclosures for concentrations that reflect a lack of diversity in resource flows. In addition, disclosures about constraints that impose limitation by external party or by the formal action of the government’s highest level of decision-making authority. Constraints may also affect a government’s ability to acquire resources or control spending. The Organization has evaluated significant revenue sources and critical legal and statutory requirements to evaluate whether the Organization is vulnerable to risks of concentration or constraints. The Organization’s management has determined that no risk disclosures are required by GASBS No. 102.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*, effective for fiscal years beginning after June 15, 2025 (The Organization’s 2026 fiscal year). This guidance clarifies management’s responsibility for explaining key variances in management’s discussion and analysis. The budget discussion will be deleted from the MD&A and governments will only report the budgetary comparison schedule in required supplementary information. Additional changes include classification of unusual or infrequent items, the reporting format for proprietary statements, and reporting major component units.

GASBS No. 104, *Disclosure of Certain Capital Assets*, was issued in September 2024 and will be effective for fiscal years beginning after June 15, 2025 (The Organization’s 2026 fiscal year). GASBS No. 104 requires separate reporting of leased, public-private partnership, and subscription-based information technology right-to-use assets. Additional disclosures may also be required for capital assets that are held for resale. The Organization currently has no leased or SBITA right-to-use assets or capital assets that are held for sale, so implementation of this standard will have no impact on the Organization’s financial position.

NOTE 2 – CONCENTRATION OF CREDIT RISK

The Organization maintains cash and cash equivalents in local banks which may, at times, exceed the FDIC limits. The Organization’s cash and cash equivalents are categorized as either (1) insured or collateralized with securities held by the entity or by its agent in the entity’s name, (2) collateralized with securities held by the pledging financial institution’s trust department or agent in the entity’s name or (3) uncollateralized (this includes any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the entity’s name). The Organization’s categorization as of June 30, 2025 was as follows:

		2025
Category 1	\$	250,000
Category 2		1,969,850
Category 3		0
	\$	<u>2,219,850</u>

GEORGETOWN-SCOTT COUNTY PARKS & RECREATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3 – CAPITAL ASSETS

Activity for plant and equipment, which is capitalized by the Organization for the year ended June 30, 2025, is summarized below:

<u>6/30/2025</u>	<u>Beginning</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending</u>
Non Depreciable Assets:				
Land	\$ 2,660	\$ 0	\$ 0	\$ 2,660
Total Non Depreciable Assets:	\$ 2,660	\$ 0	\$ 0	\$ 2,660
Depreciable Assets:				
Buildings and Improvements	1,421,540	264,224	(38,278)	1,647,486
Equipment	3,579,976	38,167	(231,826)	3,386,317
Vehicles	404,318	50,204	(54,896)	399,626
Software	135,870	0	0	135,870
Total Depreciable Assets:	\$ 5,541,704	\$ 352,595	\$ (325,000)	\$ 5,569,298
Accumulated Depreciation:	\$ (2,762,383)	\$ (416,100)	\$ 325,000	\$ (2,853,483)
Total Capital Assets, net:	\$ 2,781,981	\$ (63,505)	\$ 0	\$ 2,718,475
Intangible Right-to-Use Assets:				
Leased Equipment	40,566	191,489	0	232,055
Less Accumulated Depreciation	(10,141)	(8,114)	0	(18,255)
Intangible Right-to-Use Assets, net:	\$ 30,425	\$ 183,375	\$ 0	\$ 213,800
Governmental Activities, net:	\$ 2,812,406	\$ 119,870	\$ 0	\$ 2,932,275

Intangible Right-to-Use Assets

GASBS No. 87, *Leases*, requires recognition of the value of copiers and vehicles leased under long-term contracts. As of June 30, 2025, the Organization had five lease agreements in place for copiers and vehicles. Terms of the leases are described in Note 6.

NOTE 4 – COMPENSATED ABSENCES

It is the Organization’s policy to compensate all employees for certain absences not used at the end of their employment. As of June 30, 2025, the liability for these absences was \$158,056 and has been included in the personnel expenses. Such liability is recorded in the government-wide financial statements.

NOTE 5 – DEFERRED MEMBERSHIP DUES

The Organization sells memberships to the Pavilion to allow citizens to access the facilities and the pool. Some of these memberships are purchased semi-annually or annually. As of June 30, 2025, \$184,780 worth of membership payments were received for services to be provided after the end of the fiscal year.

GEORGETOWN-SCOTT COUNTY PARKS & RECREATION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2025

NOTE 6 – LEASES

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

During FY 2023 the Organization entered into a lease agreement with ABS for various copiers. The lease requires a minimum monthly lease payment of \$780, plus additional charges for excess usage and excluding applicable taxes. For purposes of discounting future payments on the lease, the Organization used the interest rate (6%) which is comparable to the leases entered at the same time.

During FY 2025 the Organization entered into a lease agreement with Enterprise for a truck. The lease requires a minimum monthly lease payment of \$825, plus additional charges for excess usage and excluding applicable taxes. For purposes of discounting future payments on the lease, the Organization used the interest rate (6.255%) as stated in the lease agreement.

During FY 2025 the Organization entered into a lease agreement with Enterprise for a truck. The lease requires a minimum monthly lease payment of \$785, plus additional charges for excess usage and excluding applicable taxes. For purposes of discounting future payments on the lease, the Organization used the interest rate (5.421%) as stated in the lease agreement.

During FY 2025 the Organization entered into a lease agreement with Enterprise for a truck. The lease requires a minimum monthly lease payment of \$1,132, plus additional charges for excess usage and excluding applicable taxes. For purposes of discounting future payments on the lease, the Organization used the interest rate (6.410%) as stated in the lease agreement.

During FY 2025 the Organization entered into a lease agreement with Enterprise for a truck. The lease requires a minimum monthly lease payment of \$953, plus additional charges for excess usage and excluding applicable taxes. For purposes of discounting future payments on the lease, the Organization used the interest rate (6.252%) as stated in the lease agreement.

The leased equipment and accumulated amortization of the right-to-use assets are outlined in Note 3.

Minimum lease payments over the next five years include:

	<u>Lease Payments to Maturity</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
FY 2026	\$42,776	\$10,917	\$53,693
FY 2027	44,425	9,268	53,693
FY 2028	44,102	6,506	50,608
FY 2029	40,351	3,977	44,329
FY 2030	42,857	1,436	44,293
	<u>\$214,512</u>	<u>\$32,104</u>	<u>\$246,615</u>

NOTE 7 – INTERGOVERNMENTAL TRANSFERS

The Organization receives funds from the City of Georgetown and Scott County to allow them to continue to operate the park and recreation services on their behalf. The transfers for the year ended June 30, 2025, consisted of \$1,728,587 from Scott County and \$2,218,932 from the City of Georgetown. These funds make up a majority of the revenues of the Organization. The amount of the funds to be transferred is determined annually by the board of trustees of both the City of Georgetown and Scott County during their annual budget determination. The contract is automatically renewed annually.

GEORGETOWN-SCOTT COUNTY PARKS & RECREATION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2025

NOTE 8 – RETIREMENT PLANS

The Organization’s employees are provided with a pension plan through the County Employees Retirement System

General information about the County Employees Retirement System Non-Hazardous (“CERS”)

Plan description—Employees whose positions do not require a degree beyond a high school diploma are covered by the CERS, a cost-sharing multiple-employer defined benefit pension plan administered by the Kentucky Public Pensions Authority (KPPA), an agency of the Commonwealth of Kentucky. As of April 1, 2022, Kentucky Revised Statute (“KRS”) Section 78.782 shifted the governance of CERS to a separate Board of Trustees of the County Employees Retirement System. The CERS Board manages the CERS trust, including investment management. KPPA provides the day-to-day administration (KRS 61.505) for accounting and benefit administration for CERS. The Kentucky General Assembly has the authority to establish and amend benefit provisions. The Kentucky Public Pensions Authority issues a publicly available financial report that includes financial statements and required supplementary information for CERS. That report may be obtained from <http://kyret.ky.gov/>.

Benefits provided—CERS provides retirement, health insurance, death and disability benefits to Plan employees and beneficiaries. Employees are vested in the plan after five years’ service. For retirement purposes, employees are grouped into three tiers, based on hire date:

Tier 1	Participation date Unreduced retirement Reduced retirement	Before September 1, 2008 27 years of service or 65 years old At least 5 years of service and 55 years old At least 25 years of service and any age
Tier 2	Participation date Unreduced retirement Reduced retirement	September 1, 2008 – December 31, 2013 At least 5 years of service and 65 years old Or age 57+ and the sum of service years plus age equal 87
Tier 3	Participation date Unreduced retirement Reduced retirement	After December 31, 2013 At least 10 years of service and 60 years old At least 5 years of service and 65 years old Or age 57+ and the sum of service years plus age equal 87 Not available

Cost of living adjustments are provided at the discretion of the General Assembly. In 2013, the General Assembly established funding status thresholds which must be achieved before another COLA can be awarded to retirees. Retirement is based on a factor of the number of years’ service and hire date multiplied by the average of the highest five years’ earnings. Reduced benefits are based on factors of both these components.

GEORGETOWN-SCOTT COUNTY PARKS & RECREATION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2025

NOTE 8 – RETIREMENT PLANS (CONTINUED)

Death benefits are provided for both death after retirement and death prior to retirement. Death benefits after retirement are \$5,000 in lump sum. Five years’ service is required for death benefits prior to retirement and the employee must have suffered a duty-related death. The decedent’s beneficiary will receive the higher of the normal death benefit and \$10,000 plus 25% of the decedent’s monthly final rate of pay and any dependent child will receive 10% of the decedent’s monthly final rate of pay up to 40% for all dependent children. Five years’ service is required for nonservice-related disability benefits.

Employer Contributions – For the year ended June 30, 2025, employer contributions were established by the County Employees Retirement Systems in December 2022. The governing Board establishes employer contribution rates based on the annual actuarial valuation completed in November each year for the fiscal year beginning the following July 1. For fiscal year 2025, the employer contribution rate for CERS nonhazardous pensions was 19.71%. In fiscal year 2024, these rates were 23.34%. (See Note 6 for additional rate information for the OPEB plans.)

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

	<u>NonHazardous</u>	
Tier 1		5%
Tier 2		5% + 1% for insurance
Tier 3		5% + 1% for insurance

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

At June 30, 2025, The Organization reported a liability for its proportionate share of the net pension liability for CERS. The amount recognized by the Organization as its proportionate share of the net pension liability was \$1,855,426. The net pension liability for the plan was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The Organization’s proportion of the net pension liability for CERS was based on the actuarial liability of the employees and former employees relative to the total liability of the System as determined by the actuary. For the year ended June 30, 2025, The Organization’s proportion was 0.031025 percent. For the year ended June 30, 2025, The Organization recognized an increase in pension expense of \$49,176 related to CERS.

GEORGETOWN-SCOTT COUNTY PARKS & RECREATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 8 – RETIREMENT PLANS (CONTINUED)

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

	Deferred Outflows of Resources		Deferred Inflows of Resources
Differences between expected and actual experience	\$ 89,806	\$	-
Changes of assumptions	-		83,829
Net difference between projected and actual earnings on pension plan investments	127,426		246,720
Changes in proportion and differences between The Organization contributions and proportionate share of contributions	9,867		30,776
The Organization contributions subsequent to the measurement date	197,048		-
	\$ 424,147	\$	361,325

\$197,048 reported as deferred outflows of resources related to pensions resulting from The Organization contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026.

Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2026	\$ (84,151)
2027	\$ 22,369
2028	\$ (45,858)
2029	\$ (26,586)
2030	\$ -

GEORGETOWN-SCOTT COUNTY PARKS & RECREATION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2025

NOTE 8 – RETIREMENT PLANS (CONTINUED)

Actuarial assumptions - The total pension liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

For CERS, the long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years, at a minimum. The most recent experience study was based on experience through June 30, 2022 and adopted by the CERS Board of Trustees on May 9, 2023. In 2024, the CERS Actuarial Committee requested an update on the key economic assumptions to evaluate these assumptions for the 2024 evaluation. GRS relied on capital market assumptions, CERS 2024 investment policy for the target asset allocation, and changes to investment consultants assumptions based on 2024 market conditions to develop recommended assumptions for inflation, investment returns, and payroll growth. The long-term expected rate of return was determined by using a building block method in which best estimate ranges of expected future real rates of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class is summarized the table below. The current long-term inflation assumption is 2.3% per annum for the non-hazardous plan.

GEORGETOWN-SCOTT COUNTY PARKS & RECREATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 8 – RETIREMENT PLANS (CONTINUED)

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

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

Sensitivity of CERS proportionate share of net pension liability to changes in the discount rate—The following table presents the net pension liability of The Organization, calculated using the discount rates selected by each pension system, as well as what The Organization’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
CERS The Organization's proportionate share of net pension liability	\$ 2,391,948	\$ 1,855,426	\$ 1,410,255

Pension plan fiduciary net position—Detailed information about the pension plan’s fiduciary net position is available in the separately issued financial report of CERS.

GEORGETOWN-SCOTT COUNTY PARKS & RECREATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 8 – RETIREMENT PLANS (CONTINUED)

Deferred Compensation

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

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS

The Organization's employees are provided with an OPEB plan through the County Employees Retirement System. In accordance with Kentucky Revised Statutes, these benefits are provided and advance funded on an actuarially determined basis through the CERS plan. The CERS governance structure discussed in NOTE 8 for pension plan governance also applies to the CERS OPEB plans. The Kentucky Public Pensions Authority's publicly available financial report includes the CERS OPEB plan reports and may be obtained from <https://www.kyret.ky.gov/Publications/Pages/Actuarial-Valuations.aspx>.

CERS Other Postemployment Benefits

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

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

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

GEORGETOWN-SCOTT COUNTY PARKS & RECREATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS (CONTINUED)

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

At June 30, 2025, the Organization reported an asset of \$53,719 for its proportionate share of the CERS collective net OPEB asset. The collective net OPEB asset was measured as of June 30, 2024, and the total OPEB liability used to calculate the collective net OPEB asset was based on a projection of the Organization’s long-term share of contributions to OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2025, the Organization’s proportion was 0.031055 percent. The Organization recognized a negative OPEB expense of \$142,816 as the OPEB asset increased and the related deferred inflows of resources and deferred outflows of resources decreased.

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

CERS	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 29,803	\$ 422,663
Changes of assumptions	48,676	37,904
Net difference between projected and actual earnings on OPEB plan investments	47,220	96,242
Changes in proportion and differences between The Organization contributions and proportionate share of contributions	56,941	28,472
The Organization contributions subsequent to the measurement date	-	-
	<u>\$ 182,640</u>	<u>\$ 585,281</u>

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

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in The Organization’s OPEB expense as follows:

<u>Year ended June 30:</u>	
2026	\$ (165,105)
2027	\$ (112,015)
2028	\$ (119,118)
2029	\$ (6,404)
2030	\$ -
Thereafter	\$ -

GEORGETOWN-SCOTT COUNTY PARKS & RECREATION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2025

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS (CONTINUED)

Actuarial assumptions – The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

For CERS, the long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years, at a minimum. The most recent analysis was based on a review of recent plan experience for the period ending June 30, 2022 and adopted by the CERS Board of Trustees on May 9, 2023. The long-term expected rate of return was determined by using a building block method in which best estimate ranges of expected future real rates of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class is summarized the table below. The current long-term inflation assumption is 2.3% per annum for the nonhazardous plan.

GEORGETOWN-SCOTT COUNTY PARKS & RECREATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS (CONTINUED)

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

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

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

The following table presents the Organization’s proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 5.99%, as well as what The Organization’s proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.99%) or 1-percentage-point higher (6.99%) than the current rate:

GEORGETOWN-SCOTT COUNTY PARKS & RECREATION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2025

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS (CONTINUED)

	1% Decrease		Current Discount Rate		1% Increase
CERS The Organization's proportionate share	4.99%		5.99%		6.99%
of net OPEB liability	\$ 72,634	\$	(53,719)	\$	(159,957)

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

	1% Decrease		Current Health Care Trend Rate		1% Increase
CERS The Organization's proportionate share					
of net OPEB liability	\$ (129,241)	\$	(53,719)	\$	34,259

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

NOTE 10 – RISK MANAGEMENT

The Organization 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. In addition to its general liability insurance, the Organization also carries commercial insurance for all other risks of loss such as worker's compensation and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

NOTE 11 – SUBSEQUENT EVENT

The Organization has evaluated subsequent events through February 15, 2026, the date on which these financial statements were available to be issued, and found no events which require disclosure.

GEORGETOWN-SCOTT COUNTY PARKS & RECREATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 12 – CHANGE IN ACCOUNTING PRINCIPLE

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

		Governmental Activities
Net position, as previously reported	\$	1,765,745
Adjustments:		
GASBS No. 101 Implementation		(92,740)
Net change - GASBS No. 101 Implementation		(92,740)
Net Change in Beginning Net Position		(92,740)
Net Position, June 30, 2024, Restated	\$	1,673,005

REQUIRED SUPPLEMENTARY INFORMATION

**GEORGETOWN-SCOTT COUNTY PARKS & RECREATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2025**

	Reporting Fiscal Year (Measurement Date) 2025 (2024)	Reporting Fiscal Year (Measurement Date) 2024 (2023)	Reporting Fiscal Year (Measurement Date) 2023 (2022)	Reporting Fiscal Year (Measurement Date) 2022 (2021)	Reporting Fiscal Year (Measurement Date) 2021 (2020)
COUNTY EMPLOYEES RETIREMENT SYSTEM:					
Proportion of the net pension liability	0.031025%	0.031611%	0.031063%	0.240360%	0.288270%
Proportionate share of the net pension liability	\$ 1,855,426	\$ 2,028,328	\$ 2,245,548	\$ 1,532,484	\$ 2,211,208
Covered-employee payroll	\$ 1,011,415	\$ 973,998	\$ 917,591	\$ 858,955	\$ 613,930
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	183.45%	208.25%	244.72%	178.41%	360.17%
Plan fiduciary net position as a percentage of the total pension liability	61.61%	57.48%	52.42%	57.33%	47.81%
	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)	Reporting Fiscal Year (Measurement Date) 2017 (2016)	Reporting Fiscal Year (Measurement Date) 2016 (2015)
COUNTY EMPLOYEES RETIREMENT SYSTEM:					
Proportion of the net pension liability	0.031031%	0.032472%	0.031271%	0.029520%	0.031872%
Proportionate share of the net pension liability	\$ 2,182,424	\$ 1,977,641	\$ 1,830,397	\$ 1,453,453	\$ 1,370,347
Covered-employee payroll	\$ 738,534	\$ 782,723	\$ 804,812	\$ 761,376	\$ 675,264
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	295.51%	252.66%	227.43%	190.90%	202.94%
Plan fiduciary net position as a percentage of the total pension liability	50.45%	53.54%	53.30%	55.50%	59.97%

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

Note: These amounts are based on the prior year's measurement period, not GSCPR's fiscal year.

**GEORGETOWN-SCOTT COUNTY PARKS & RECREATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS - PENSION
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
COUNTY EMPLOYEES RETIREMENT SYSTEM:					
Contractually required contribution	\$ 197,048	\$ 227,331	\$ 217,717	\$ 181,841	\$ 118,489
Contributions in relation to the contractually required contribution	<u>197,048</u>	<u>227,331</u>	<u>217,717</u>	<u>181,841</u>	<u>118,489</u>
Contribution deficiency (excess)	-	-	-	-	-
Covered-employee payroll	\$ 999,736	\$ 973,998	\$ 917,591	\$ 858,955	\$ 613,930
Contributions as a percentage of its covered-employee payroll	19.71%	23.34%	23.40%	21.17%	19.30%
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
COUNTY EMPLOYEES RETIREMENT SYSTEM:					
Contractually required contribution	\$ 142,538	\$ 126,958	\$ 116,537	\$ 106,212	\$ 83,868
Contributions in relation to the contractually required contribution	<u>142,538</u>	<u>126,958</u>	<u>116,537</u>	<u>106,212</u>	<u>83,868</u>
Contribution deficiency (excess)	-	-	-	-	-
Covered-employee payroll	\$ 738,534	\$ 782,723	\$ 804,812	\$ 761,376	\$ 675,264
Contributions as a percentage of its covered-employee payroll	19.30%	16.22%	14.48%	13.95%	12.42%

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

**GEORGETOWN-SCOTT COUNTY PARKS & RECREATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION
FOR THE YEAR ENDED JUNE 30, 2025**

COUNTY EMPLOYEES RETIREMENT SYSTEM:

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

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

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

2019 Changes of Assumptions – The 2019 actuarial valuation used updated mortality tables for all categories of members and beneficiaries and a system-specific mortality table for non-disabled retirees. In 2019, mortality rates for active members were based on the PUB-2010 General Mortality table, for the nonhazardous members projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. Post-retirement mortality rates (non-disabled) used a system-specific mortality table based on mortality experience from 2013 – 2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. The PUB-2010 Disabled Mortality Table is used for post-retirement mortality for disabled retirees with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. Previous valuations were based on RP-2000 Combined Mortality Tables.

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

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

**GEORGETOWN-SCOTT COUNTY PARKS & RECREATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION
FOR THE YEAR ENDED JUNE 30, 2025**

COUNTY EMPLOYEES RETIREMENT SYSTEM (Cont'd):

Changes of Benefit Terms -

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

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

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

**GEORGETOWN-SCOTT COUNTY PARKS & RECREATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Reporting Fiscal Year (Measurement Date)</u> 2025 (2024)	<u>Reporting Fiscal Year (Measurement Date)</u> 2024 (2023)	<u>Reporting Fiscal Year (Measurement Date)</u> 2023 (2022)	<u>Reporting Fiscal Year (Measurement Date)</u> 2022 (2021)	<u>Reporting Fiscal Year (Measurement Date)</u> 2021 (2020)
COUNTY EMPLOYEES RETIREMENT SYSTEM:					
Proportion of the net OPEB liability	0.031055%	0.031610%	0.031057%	0.024036%	0.028827%
Proportionate share of the net OPEB liability (asset)	\$ (53,719)	\$ (43,643)	\$ 612,914	\$ 460,042	\$ 695,635
Covered-employee payroll	\$ 1,011,415	\$ 973,998	\$ 917,591	\$ 858,955	\$ 613,930
Proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	-5.31%	-4.48%	66.80%	53.56%	113.31%
Plan fiduciary net position as a percentage of the total OPEB liability	104.89%	104.23%	60.95%	62.91%	51.67%

	<u>Reporting Fiscal Year (Measurement Date)</u> 2020 (2019)	<u>Reporting Fiscal Year (Measurement Date)</u> 2019 (2018)	<u>Reporting Fiscal Year (Measurement Date)</u> 2018 (2017)	<u>Reporting Fiscal Year (Measurement Date)</u> 2017 (2016)
COUNTY EMPLOYEES RETIREMENT SYSTEM:				
Proportion of the net OPEB liability	0.031031%	0.032472%	0.031271%	0.029520%
Proportionate share of the net OPEB liability (asset)	\$ 521,793	\$ 628,654	\$ 576,507	\$ 628,655
Covered-employee payroll	\$ 738,534	\$ 782,723	\$ 804,812	\$ 761,376
Proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	70.65%	80.32%	71.63%	82.57%
Plan fiduciary net position as a percentage of the total OPEB liability	60.44%	57.62%	52.40%	55.24%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

Note: These amounts are based on the prior year's measurement period, not GSCPR's fiscal year.

**GEORGETOWN-SCOTT COUNTY PARKS & RECREATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS - OPEB
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
COUNTY EMPLOYEES RETIREMENT SYSTEM:					
Contractually required contribution	\$ -	\$ -	\$ 31,106	\$ 49,648	\$ 29,223
Contributions in relation to the contractually required contribution	-	-	31,106	49,648	29,223
Contribution deficiency (excess)	-	-	-	-	-
Covered-employee payroll	\$ 999,736	\$ 973,998	\$ 917,591	\$ 858,955	\$ 613,930
Contributions as a percentage of its covered-employee payroll	0.00%	0.00%	3.30%	5.67%	4.62%
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	
COUNTY EMPLOYEES RETIREMENT SYSTEM:					
Contractually required contribution	\$ 35,154	\$ 41,171	\$ 37,826	\$ 36,013	
Contributions in relation to the contractually required contribution	35,154	41,171	37,826	36,013	
Contribution deficiency (excess)	-	-	-	-	
Covered-employee payroll	\$ 738,534	\$ 782,723	\$ 804,812	\$ 761,376	
Contributions as a percentage of its covered-employee payroll	4.82%	5.26%	4.75%	4.85%	

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

**GEORGETOWN-SCOTT COUNTY PARKS & RECREATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – OPEB
FOR THE YEAR ENDED JUNE 30, 2025**

COUNTY EMPLOYEES RETIREMENT SYSTEM:

Valuation Date: June 30, 2024

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

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

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

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

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

MEMBERS:

AMERICAN INSTITUTE
OF CERTIFIED PUBLIC ACCOUNTANTS

KENTUCKY SOCIETY
OF CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Commissioners of
Georgetown-Scott County Parks & Recreation
Georgetown, KY

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities of Georgetown-Scott County Parks & Recreation, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Georgetown-Scott County Parks & Recreation's basic financial statements, and have issued our report thereon dated February 15, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Georgetown-Scott County Parks & Recreation'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 Georgetown-Scott County Parks & Recreation's internal control. Accordingly, we do not express an opinion on the effectiveness of Georgetown-Scott County Parks & Recreation'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 Georgetown-Scott County Parks & Recreation'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*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Summers, McCrary & Sparks, PSC

Lexington, KY
February 15, 2026

GEORGETOWN-SCOTT COUNTY PARKS & RECREATION
SCHEDULE OF FINDINGS & RESPONSES
JUNE 30, 2025

FINDINGS – FINANCIAL REPORTING

None

FINDINGS - COMPLIANCE

None

GEORGETOWN-SCOTT COUNTY PARKS & RECREATION
SCHEDULE OF PRIOR YEAR FINDINGS & RESPONSES
JUNE 30, 2025

FINDINGS – FINANCIAL REPORTING

2024-001:

Criteria: As discussed in Standards for Internal Control in the Federal Government published by the General Accounting Office of the United States, internal control is an integral component of an organization’s management that provides reasonable assurance that an objective of reliable financial reporting is being achieved. Organizations should implement procedures to ensure this objective is achieved.

Condition: During the audit procedures performed, instances of this objective not being completely achieved were noted.

Cause: At present the Organization does not have an individual with the required expertise for financial accounting and reporting necessary to successfully apply generally accepted accounting principles in regard to recording the entity’s financial transactions and in drafting the financial statements and related disclosures.

Effect: The Organization did not have effective procedures in place to ensure that all accruals and adjustments that are needed have been appropriately recorded. Additionally, the Organization’s staff or contracted personnel did not collectively possess a full working knowledge of generally accepted accounting principles.

Organization Response and Corrective Action Plan: Management is aware of the deficiency caused by having no certified public accountant on staff. Supervision by the Board of Trustees, and enhanced oversight by the Treasurer, remains an integral part of the Organization’s financial procedure.

Status: No similar finding in the current year.

FINDINGS - COMPLIANCE

None