PRELIMINARY OFFICIAL STATEMENT

DATED DECEMBER 5, 2022

NEW ISSUE — **RATING**

Electronic Bidding via Parity® — ***Moody's: " "***

NOT Bank Interest Deduction Eligible

BOOK-ENTRY-ONLY SYSTEM

In the opinion of Bond Counsel, under existing law (i) interest on the Bonds will be excludable from gross income of the holders thereof for purposes of federal taxation and (ii) interest on the Bonds will not be a specific item of tax preference for purposes of the federal alternative minimum tax; however, with respect to certain corporations, interest on the Bonds is taken into account in determining the annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. All subject to the qualifications described herein under the heading "Tax Exemption." The Bonds and interest thereon are exempt from income taxation and ad valorem taxation by the Commonwealth of Kentucky and political subdivisions thereof (see "Tax Exemption" herein)

$25,200,000*
WALTON-VERONA INDEPENDENT SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING REVENUE BONDS, SERIES OF 2023

Dated with Delivery: JANUARY 5, 2023 — **Due: as shown below**

Interest on the Bonds is payable each August 1 and February 1, beginning August 1, 2023. The Bonds will mature as to principal on February 1, 2024, and thereafter as shown below. The Bonds are being issued in Book-Entry-Only Form and will be available for purchase in principal amounts of $5,000 and integral multiples thereof.

Maturing 1-Feb	Amount*	Interest Rate	Reoffering Yield	CUSIP	Maturing 1-Feb	Amount*	Interest Rate	Reoffering Yield	CUSIP
2024	$30,000	%	%		2037	$1,155,000	%	%	
2025	$30,000	%	%		2038	$1,200,000	%	%	
2026	$95,000	%	%		2039	$1,730,000	%	%	
2027	$110,000	%	%		2040	$2,055,000	%	%	
2028	$210,000	%	%		2041	$2,150,000	%	%	
2029	$220,000	%	%		2042	$2,245,000	%	%	
2030	$235,000	%	%		2043	$1,615,000	%	%	
2031	$315,000	%	%		2044	$1,655,000	%	%	
2032	$420,000	%	%		2045	$1,730,000	%	%	
2033	$430,000	%	%		2046	$1,805,000	%	%	
2034	$450,000	%	%		2047	$1,885,000	%	%	
2035	$715,000	%	%		2048	$1,975,000	%	%	
2036	$740,000	%	%						

The Bonds are subject to redemption prior to their stated maturity.

Notwithstanding the foregoing, the Corporation reserves the right to call, upon thirty (30) days notice, the Bonds in whole or in part on any date for redemption upon the total destruction by fire, lightning, windstorm or other hazard of any of the building(s) constituting the Project(s) and apply casualty insurance proceeds to such purpose.

The Bonds constitute a limited indebtedness of the Walton-Verona Independent School District Finance Corporation and are payable from and secured by a pledge of the gross income and revenues derived by leasing the Project (as hereinafter defined) on an annual renewable basis to the Walton-Verona Independent Board of Education.

The Walton-Verona Independent (Kentucky) School District Finance Corporation will until December 13, 2022, at 11:00 A.M., E.S.T., receive competitive bids for the Bonds at the office of the Executive Director of the Kentucky School Facilities Construction Commission, 700 Louisville Road, Frankfort, Kentucky 40601.

***As set forth in the "Official Terms and Conditions of Bond Sale," the principal amount of Bonds sold to the successful bidder is subject to a Permitted Adjustment by increasing or decreasing the amount not to exceed $2,520,000.**

PURCHASER'S OPTION: The Purchaser of the Bonds, within 24 hours of the sale, may specify to the Municipal Advisor that any Bonds may be combined immediately succeeding sequential maturities into a Term Bond(s), bearing a single rate of interest, with the maturities set forth above (or as may be adjusted as provided herein) being subject to mandatory redemption in such maturities for such Term Bond(s).

The Bonds will be delivered utilizing the BOOK-ENTRY-ONLY-SYSTEM administered by The Depository Trust Company.

The Corporation deems this preliminary Official Statement to be final for purposes of the Securities and Exchange Commission Rule 15c2-12(b)(1), except for certain information on the cover page hereof which has been omitted in accordance with such Rule and which will be supplied with the final Official Statement.

RSA advisors

WALTON-VERONA INDEPENDENT
BOARD OF EDUCATION

Megan Jones, Chairperson
Kyle Art, Member
Heather Stewart, Member
David Turner, Member
Aubrey Ryan, Member

Dr. Matt Baker, Superintendent/Secretary

WALTON-VERONA INDEPENDENT (KENTUCKY) SCHOOL DISTRICT
FINANCE CORPORATION

Megan Jones, President
Kyle Art, Member
Heather Stewart, Member
David Turner, Member
Aubrey Ryan, Member

Dr. Matt Baker, Secretary
Kevin Ryan, Treasurer

BOND COUNSEL

Keating Muething & KleKamp PLL
Cincinnati, Ohio

MUNICIPAL ADVISOR

RSA Advisors, LLC
Lexington, Kentucky

PAYING AGENT AND REGISTRAR

U.S. Bank Trust Company, National Association
Cincinnati, Ohio

BOOK-ENTRY-ONLY-SYSTEM

REGARDING USE OF THIS OFFICIAL STATEMENT

This Official Statement does not constitute an offering of any security other than the original offering of the Walton-Verona Independent School District Finance Corporation School Building Revenue Bonds, Series of 2023, identified on the cover page hereof. No person has been authorized by the Corporation or the Board to give any information or to make any representation other than that contained in the Official Statement, and if given or made such other information or representation must not be relied upon as having been given or authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of the Bonds by any person in any jurisdiction in which it is unlawful to make such offer, solicitation or sale.

The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Corporation or the Board since the date hereof.

Neither the Securities and Exchange Commission nor any other federal, state or other governmental entity or agency, except the Corporation will pass upon the accuracy or adequacy of this Official Statement or approve the Bonds for sale.

The Official Statement includes the front cover page immediately preceding this page and all Appendices hereto.

TABLE OF CONTENTS

OFFICIAL STATEMENT
Relating to the Issuance of

$25,200,000*

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING REVENUE BONDS,
SERIES OF 2023

**Subject to Permitted Adjustment*

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and Appendices hereto, is to set forth certain information pertaining to the Walton-Verona Independent School District Finance Corporation (the "Corporation") School Building Revenue Bonds, Series of 2023 (the "Bonds").

The Bonds are being issued to finance a new intermediate school (the "Project").

The Bonds are revenue bonds and constitute a limited indebtedness of the Corporation. The Bonds will be secured by a lien and a pledge of the rental income derived by the Corporation from leasing the school building Projects (as hereinafter defined) to the Walton-Verona Independent Board of Education (the "Board") on a year to year basis (see "Security" herein).

All financial and other information presented in this Official Statement has been provided by the Walton-Verona Independent Board of Education from its records, except for information expressly attributed to other sources. The presentation of financial and other information is not intended, unless specifically stated, to indicate future or continuing trends in the financial position or other affairs of the Board. No representation is made that past experience, as is shown by financial and other information, will necessarily continue or be repeated in the future.

This Official Statement should be considered in its entirety, and no one subject discussed should be considered more or less important than any other by reason of its location in the text. Reference should be made to laws, reports or other documents referred to in this Official Statement for more complete information regarding their contents.

Copies of the Bond Resolution authorizing the issuance of the Bonds and the Lease Agreement, dated January 5, 2023, may be obtained at the office of Keating Muething & Klekamp PLL, Once East 4th Street, Suite 1400, Cincinnati, Ohio 45202.

BOOK-ENTRY-ONLY-SYSTEM

The Bonds shall utilize the Book-Entry-Only-System administered by The Depository Trust Company ("DTC").

The following information about the Book-Entry only system applicable to the Bonds has been supplied by DTC. Neither the Corporation nor the Paying Agent and Registrar makes any representations, warranties or guarantees with respect to its accuracy or completeness.

DTC will act as securities depository for the Bonds. The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent and Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Corporation as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Corporation or the Paying Agent and Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Bonds held for the accounts of customers in bearer form or registered in "street name" and will be the responsibility of such Participant and not of DTC or its nominee, the Paying Agent and Registrar or the Corporation, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Corporation or the Paying Agent and Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice the Corporation or the Paying Agent and Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered. The Corporation may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's Book-Entry system has been obtained from sources that the Corporation believes to be reliable but the Corporation takes no responsibility for the accuracy thereof.

THE CORPORATION

The Corporation has been formed in accordance with the provisions of Sections 162.120 through 162.300 and Section 162.385 of the Kentucky Revised Statutes ("KRS"), and KRS Chapter 273 and KRS 58.180, as a non-profit, non-stock corporation for the purpose of financing necessary school building facilities for and on behalf of the Board. Under the provisions of existing Kentucky law, the Corporation is permitted to act as an agency and instrumentality of the Board for financing purposes and the legality of the financing plan to be implemented by the Board herein referred to has been upheld by the Kentucky Court of Appeals (Supreme Court) in the case of White v. City of Middlesboro, Ky. 414 S.W.2d 569.

Any bonds, notes or other indebtedness issued or contracted by the Corporation shall, prior to the issuance or incurrence thereon, be specifically approved by the Board. The members of the Board of Directors of the Corporation are the members of the Board. Their terms expire when they cease to hold the office and any successor members of the Board are automatically members of the Corporation upon assuming their public offices.

KENTUCKY SCHOOL FACILITIES CONSTRUCTION COMMISSION

The Kentucky School Facilities Construction Commission (the "Commission") is an independent corporate agency and instrumentality of the Commonwealth of Kentucky established pursuant to the provisions of KRS Sections 157.611 through 157.640, as amended, repealed and reenacted (the "Act") for the purpose of assisting local school districts in meeting the school construction needs of the Commonwealth in a manner which will ensure an equitable distribution of funds based upon unmet need.

Pursuant to the provisions of the Act, the Regulations of the Kentucky Board of Education and the Commission, the Commission has determined that the Board is eligible for participation from the Commission in meeting the costs of construction of the Projects and has entered into a Participation Agreement with the Board whereunder the Commission agrees to pay an annual Agreed Participation equal to approximately $32,175 to be applied to the annual debt service requirements for the Bonds herein identified each year until their retirement; provided, however, that the contractual commitment of the Commission to pay the annual Agreed Participation is limited to the biennial budget period of the Commonwealth, with the first such biennial period terminating on June 30, 2024; the right is reserved in the Commission to terminate its commitment to pay the Agreed Participation after the initial biennial period and every two years thereafter. The obligation of the Commission to make payments of the Agreed Participation shall be automatically renewed each two years for a period of two years unless the Commission shall give notice of its intention not to participate not less than sixty days prior to the end of the biennium; however, by the execution of the Participation Agreement, the Commission has expressed its present intention to continue to pay the Agreed Participation in each successive biennial budget period until the retirement of all of the Bonds, but such execution does not obligate the Commission to do so.

The General Assembly of the Commonwealth adopted the State's Budget for the fiscal year ending June 30, 2024. Inter alia, the Budget provides $125,216,700 in FY 2022-23 and $126,719,600 in FY 2023-2024 to pay debt service on existing and future bond issues; $58,000,000 of the Commission's previous Offers of Assistance made during the last biennium. It authorizes $85,000,000 in additional Offers of Assistance for the current biennium to be funded in the Budget for the biennium ending June 30, 2026.

The 1986, 1988, 1990, 1992, 1994, 1996, 1998, 2000, 2003, 2005, 2006, 2008, 2010, 2012, 2014, 2016, 2018, 2020 and 2022. Regular Sessions of the Kentucky General Assembly appropriated funds to be used for debt service of participating school districts. The appropriations for each biennium are shown in the following table:

Biennium	Appropriation
1986-88	$18,223,200
1988-90	14,050,700
1990-92	13,542,800
1992-94	3,075,300
1994-96	2,800,000
1996-98	4,996,000
1998-00	12,141,500
2000-02	8,100,000
2002-04	9,500,000
2004-06	14,000,000
2006-08	9,000,000
2008-10	10,968,000
2010-12	12,656,200
2012-14	8,469,200
2014-16	8,764,000
2016-18	23,019,400
2018-20	7,608,000
2020-22	2,946,900
2022-24	5,305,300
Total	$189,166,500

In addition to the appropriations for new financings as shown, appropriations subsequent to that for 1986 included additional funds to continue to meet the annual debt requirements for all bond issues involving Commission participation issued in prior years.

BIENNIAL BUDGET FOR PERIOD ENDING JUNE 30, 2024

The Kentucky General Assembly is required by the Kentucky Constitution to adopt measures providing for the state's revenues and appropriations for each fiscal year. The Governor is required by law to submit a biennial State Budget (the "State Budget") to the General Assembly during the legislative session held in each even numbered year. State Budgets have generally been adopted by the General Assembly during those legislative sessions, which end in mid-April, to be effective upon the Governor's signature for appropriations commencing for a two-year period beginning the following July 1.

In the absence of a legislatively enacted budget, the Supreme Court has ruled the Governor has no authority to spend money from the state treasury except where there is a statutory, constitutional or federal mandate and the Commonwealth may be prevented from expending funds for certain state governmental functions, including the ability to pay principal of, premium, if any, and interest, when due, on obligations that are subject to appropriation.

The General Assembly adopted a budget for the biennial period ending June 30, 2024 which was approved and signed recently by the Governor. Such budget became effective July 1, 2022.

The Office of the State Budget Director makes available on its website monthly updates to the General Fund receipts and other Funds of the commonwealth. When published, the updates can be found at www.osbd.ky.gov.

OUTSTANDING BONDS

The following table shows the outstanding Bonds of the Board by the original principal amount of each issue, the current principal outstanding, the amount of the original principal scheduled to be paid with the corresponding interest thereon by the Board or the School Facilities Construction Commission, the approximate interest range; and, the final maturity date of the Bonds:

Bond Series	Original Principal	Current Principal Outstanding	Principal Assigned to Board	Principal Assigned to Commission	Approximate Interest Rate Range	Final Maturity
2012-REF	$985,000	$200,000	$833,571	$151,429	2.350%	2024
2014	$2,485,000	$1,945,000	$2,236,896	$248,104	2.700% - 3.500%	2034
2015-REF	$7,635,000	$3,480,000	$6,758,602	$876,398	2.000% - 2.500%	2026
2016-REF	$1,435,000	$750,000	$1,435,000	$0	2.000% - 2.250%	2027
2016	$3,495,000	$3,325,000	$3,093,992	$401,008	2.000% - 3.125%	2036
2018	$4,430,000	$4,300,000	$4,160,848	$269,152	3.500% - 3.750%	2038
2019	$2,995,000	$2,950,000	$2,741,922	$253,078	3.000% - 3.625%	2039
2019-REF	$1,485,000	$990,000	$1,373,857	$111,143	2.000% - 2.150%	2029
2020	$380,000	$310,000	$380,000	$0	1.375%	2030
2021-REF	$985,000	$900,000	$548,288	$436,712	1.000%	2031
TOTALS:	$26,310,000	$19,150,000	$23,562,976	$2,747,024		

AUTHORITY

The Board of Directors of the Corporation has adopted a Bond Resolution which authorized among other things:

i) the issuance of approximately $25,200,000 of Bonds subject to a permitted adjustment of $2,520,000;

ii) the advertisement for the public sale of the Bonds;

iii) the Official Terms and Conditions for the sale of the Bonds to the successful bidder; and,

iv) the President and Secretary of the Corporation to execute certain documents relative to the sale and delivery of the Bonds.

THE BONDS

General

The Bonds will be dated January 5, 2023, will bear interest from that date as described herein, payable semi-annually on August 1 and February 1 of each year, commencing August 1, 2023, and will mature as to principal on February 1, 2024, and thereafter in the years and in the principal amounts as set forth on the cover page of this Official Statement.

Registration, Payment and Transfer

The Bonds are to be issued in fully-registered form (both principal and interest). U.S. Bank Trust Company, National Association, Cincinnati, Ohio, the Bond Registrar and Paying Agent, shall remit interest on each semiannual due date to Cede & Co., as the nominee of The Depository Trust Company. Please see Book-Entry-Only-System. Interest on the Bonds will be paid at rates to be established upon the basis of competitive bidding as hereinafter set forth, such interest to be payable on August 1 and February 1 of each year, beginning August 1, 2023 (Record Date is 15th day of month preceding interest due date).

Redemption

The Bonds maturing on or after February 1, 2032, are subject to redemption at the option of the Corporation prior to their stated maturity on any date falling on or after February 1, 2031, in any order of maturities (less than all of a single maturity to be selected by lot),in whole or in part, upon notice of such prior redemption being given by the Paying Agent in accordance with DTC requirements not less than thirty (30) days prior to the date of redemption, upon terms of the face amount, plus accrued interest, but without redemption premium.

Redemption Date	Redemption Price
February 1, 2031, and thereafter	100%

Notwithstanding the foregoing, the Corporation reserves the right, upon thirty (30) days notice, to call the Bonds in whole or in part on any date at par for redemption upon the total destruction by fire, lightning, windstorm or other hazard of any building constituting the Project and apply casualty insurance proceeds to such purpose.

SECURITY

General

The Bonds are revenue bonds and constitute a limited indebtedness of the Corporation. The Bonds are payable as to both principal and interest solely from the income and revenues derived from the leasing of the school building Projects financed from the Bond proceeds from the Corporation to the Board. The Bonds are secured by a pledge of revenue on and from the school building Projects; provided, however, said lien and pledge are on parity with a similar lien and pledge securing the Corporation's School Building Revenue Bonds previously issued to improve the school building(s) constituting the Project (the "Parity Bonds").

The Lease; Pledge of Rental Revenues

The Board has leased the school building Project securing the Bonds for an initial period from January 5, 2023, through June 30, 2023, with the option in the Board to renew said Lease from year to year for one year at a time, at annual rentals, sufficient in each year to enable the Corporation to pay, solely from the rental due under the Lease, the principal and interest on all of the Bonds as same become due. The Lease provides further that so long as the Board exercises its annual renewal options, its rentals will be payable according to the terms and provisions of the Lease until February 1, 2048, the final maturity date of the Bonds. Under the lease, the Corporation has pledged the rental revenue to the payment of the Bonds.

COMMISSION'S PARTICIPATION

The Commission has determined that the Board is eligible for annual participation equal to approximately $32,175 from the Commission's appropriation by the Kentucky General Assembly which will be used to meet all of the debt service of the Bonds. The plan for financing the Project will require the Commission to pay approximately one percent (1%) of the debt service of the Bonds.

The Participation Agreement to be entered into with the Board will be limited to the biennial budget period of the Commonwealth of Kentucky, with the first such biennial period terminating on June 30, 2024. The right is reserved in the Commission to terminate the commitment to pay the agreed participation every two years thereafter. The obligation of the Commission to make payments of the agreed participation shall be automatically renewed each two years thereafter unless the Commission gives notice to the Board of its intention not to participate not less than sixty days prior to the end of the biennium. However, the Commission has expressed its intention to continue to pay the agreed participation in successive biennial budget periods until the Bonds are retired, but the Commission is not required to do so.

STATE INTERCEPT

Under the terms of the Lease and any renewal thereof, so long as the Bonds remain outstanding and in conformance with the intent and purpose of KRS 157.627(5) and KRS 160.160(5), in the event of a failure by the Board to pay the rentals due under the Lease, and unless sufficient funds have been transmitted to the Paying Agent, or will be so transmitted, for paying said rentals when due, the Board has granted under the terms of the Lease and Participation Agreement to the Corporation and the Commission the right to notify and request the Kentucky Department of Education to withhold from the Board a sufficient portion of any undisbursed funds then held, set aside, or allocated to the Board and to request said Department or Commissioner of Education to transfer the required amount thereof to the Paying Agent for the payment of such rentals.

THE PROJECT

After payment of the Bond issuance costs, the Board plans to deposit the net Bond proceeds to finance a new intermediate school (the "Project").

The Board has reported construction bids have been let for the Project and approval of the Kentucky Department of Education, Buildings and Grounds, to award the construction contract is expected prior to the sale and delivery of the Bonds.

Contractors for the Project are required to furnish to the Board a one hundred percent completion bond to assure their performance of the construction contract.

KENTUCKY DEPARTMENT OF EDUCATION SUPERVISION

Kentucky statutes, and the regulations of the Kentucky Department of Education (“KDE”) issued thereunder, generally require that a local school district submit to KDE for its prior approval the district’s plans for the funding, financing, design, construction, renovation, and modification of school facilities. House Bill 678 of the 2022 Regular Session of the Kentucky General Assembly (2022 Ky. Acts, Ch. 185, hereinafter referred to as “HB 678”), enacted and effective April 8, 2022, eliminates until June 30, 2024 this requirement of prior approval for local school districts which elect by resolution to proceed without such prior approval and which so notify the Department. The District has adopted such a resolution and has so notified KDE.

Notwithstanding HB 679, KDE’s supervision of local school districts continues to apply other areas of local school finance, including supervision of general operations such as the examination of business methods and accounts of a school district, requirements of prompt, detailed reports of receipts and expenditures and the annual approval of the district’s operating budget. All local school boards which have entered into contracts for the issuance of bonds must maintain insurance protection in an amount equal to the full insurable value of the buildings financed by the bonds. <u>This State Department of Education supervision and control is believed to be a major contribution toward the maintenance of Kentucky’s perfect record of no defaults in payment of its revenue bonds for school purposes.</u>

ESTIMATED BOND DEBT SERVICE

The following table shows by fiscal year the current bond payments of the Board. The plan of financing provides for the Board to meet approximately 99% of the debt service of the Bonds.

Fiscal Year Ending June 30	Current Local Bond Payments	----- Series 2023 School Building Revenue Bonds -----					Total Local Bond Payments
		Principal Portion	Interest Portion	Total Payment	SFCC Portion	Local Portion	
2023	$1,744,747						$1,744,747
2024	$1,749,977	$30,000	$1,194,029	$1,224,029	$32,175	$1,191,855	$2,941,832
2025	$1,743,357	$30,000	$1,112,403	$1,142,403	$32,175	$1,110,228	$2,853,585
2026	$1,622,092	$95,000	$1,111,203	$1,206,203	$32,175	$1,174,028	$2,796,120
2027	$1,613,673	$110,000	$1,107,403	$1,217,403	$32,175	$1,185,228	$2,798,901
2028	$1,516,444	$210,000	$1,103,003	$1,313,003	$32,175	$1,280,828	$2,797,271
2029	$1,513,284	$220,000	$1,094,603	$1,314,603	$32,175	$1,282,428	$2,795,712
2030	$1,510,788	$235,000	$1,085,803	$1,320,803	$32,175	$1,288,628	$2,799,416
2031	$1,435,879	$315,000	$1,076,403	$1,391,403	$32,175	$1,359,228	$2,795,107
2032	$1,344,569	$420,000	$1,063,803	$1,483,803	$32,175	$1,451,628	$2,796,197
2033	$1,351,345	$430,000	$1,046,373	$1,476,373	$32,175	$1,444,198	$2,795,542
2034	$1,351,144	$450,000	$1,028,528	$1,478,528	$32,175	$1,446,353	$2,797,497
2035	$1,105,988	$715,000	$1,009,853	$1,724,853	$32,175	$1,692,678	$2,798,666
2036	$1,111,064	$740,000	$980,180	$1,720,180	$32,175	$1,688,005	$2,799,069
2037	$725,727	$1,155,000	$949,100	$2,104,100	$32,175	$2,071,925	$2,797,653
2038	$730,005	$1,200,000	$899,435	$2,099,435	$32,175	$2,067,260	$2,797,265
2039	$251,972	$1,730,000	$847,235	$2,577,235	$32,175	$2,545,060	$2,797,033
2040		$2,055,000	$771,980	$2,826,980	$32,175	$2,794,805	$2,794,805
2041		$2,150,000	$681,560	$2,831,560	$32,175	$2,799,385	$2,799,385
2042		$2,245,000	$584,810	$2,829,810	$32,175	$2,797,635	$2,797,635
2043		$1,615,000	$483,785	$2,098,785	$32,175	$2,066,610	$2,066,610
2044		$1,655,000	$411,110	$2,066,110		$2,066,110	$2,066,110
2045		$1,730,000	$336,635	$2,066,635		$2,066,635	$2,066,635
2046		$1,805,000	$258,785	$2,063,785		$2,063,785	$2,063,785
2047		$1,885,000	$177,560	$2,062,560		$2,062,560	$2,062,560
2048		$1,975,000	$90,850	$2,065,850		$2,065,850	$2,065,850
TOTALS:	$22,422,057	$25,200,000	$20,506,427	$45,706,427	$643,494	$45,062,933	$67,484,990

Notes: Numbers are rounded to the nearest $1.00

ESTIMATED USE OF BOND PROCEEDS

The table below shows the estimated sources of funds and uses of proceeds of the Bonds, other than any portions thereof representing accrued interest:

Sources:	
Par Amount of Bonds	$25,200,000.00
Total Sources	$25,200,000.00
Uses:	
Deposit to Construction Fund	$24,540,350.00
Underwriter's Discount (2%)	504,000.00
Cost of Issuance	155,650.00
Total Uses	$25,200,000.00

DISTRICT STUDENT POPULATION

Selected school census and average daily attendance for the Walton-Verona Independent School District is as follows:

Year	Average Daily Attendance	Year	Average Daily Attendance
2000-01	914.8	2011-12	1,446.1
2001-02	960.5	2012-13	1,444.8
2002-03	975.0	2013-14	1,463.6
2003-04	983.6	2014-15	1,445.5
2004-05	1,078.0	2015-16	1,489.8
2005-06	1,128.5	2016-17	1,547.4
2006-07	1,176.5	2017-18	1,544.9
2007-08	1,275.0	2018-19	1,556.3
2008-09	1,314.2	2019-20	1,623.0
2009-10	1,370.0	2020-21	1,606.3
2010-11	1,445.9	2021-22	1,656.4

Source: Kentucky State Department of Education.

STATE SUPPORT

Support Education Excellence in Kentucky (SEEK). In determining the cost of the program to Support Education Excellence in Kentucky (SEEK), the statewide guaranteed base funding level is computed by dividing the amount appropriated by the prior year's statewide average daily attendance. The SEEK fund is a guaranteed amount of money per pupil in each school district of Kentucky. The current SEEK allotment is $3,866 per pupil. The $100 capital outlay allotment per each average daily attendance is included within the guaranteed amounts. Each district's base funding from the SEEK program is adjusted for the number of at-risk students, the number and types of exceptional children in the district, and cost of transporting students from and to school in the district.

Capital Outlay Allotment. The per pupil capital outlay allotment for each district from the public school fund and from local sources shall be kept in a separate account and may be used by the district only for capital outlay projects approved by the State Department of Education. These funds shall be used for the following capital outlay purposes:

a. For direct payment of construction costs.
b. For debt service on voted and funding bonds.
c. For payment or lease-rental agreements under which the board will eventually acquire ownership of the school plant.
d. For retirement of any deficit resulting from over-expenditure for capital construction, if such deficit resulted from certain declared emergencies.
e. As a reserve fund for the above named purposes, to be carried forward in ensuing budgets.

The allotment for each school board of education in the Commonwealth for fiscal year 1978-79 was $1,800 per classroom unit. The 1979 Session of the Kentucky General Assembly approved increases in this allotment in 1979-80 to $1,900 per classroom unit. This rate remained unchanged in 1980-81. The 1981 Session of the Kentucky General Assembly decreased the allotment per classroom to $1,800 and this allotment rate did not change from the 1981-82 rate, until the 1990-91 school year. Beginning with 1990-91, the Capital Outlay allotment for each district is based on $100 per average daily attendance.

The following table shows the computation of the capital outlay allotment for the Walton-Verona Independent School District for certain preceding school years.

Year	Capital Outlay Allotment	Year	Capital Outlay Allotment
2000-01	91,480.0	2011-12	144,607.0
2001-02	96,050.0	2012-13	144,483.0
2002-03	97,500.0	2013-14	146,358.0
2003-04	98,360.0	2014-15	144,550.0
2004-05	107,800.0	2015-16	148,980.0
2005-06	112,850.0	2016-17	154,740.0
2006-07	117,650.0	2017-18	154,490.0
2007-08	127,500.0	2018-19	155,630.0
2008-09	131,421.0	2019-20	162,300.0
2009-10	136,998.0	2020-21	160,626.9
2010-11	144,594.0	2021-22	165,642.2

If the school district has no capital outlay needs, upon approval from the State, the funds can be used for school plant maintenance, repair, insurance on buildings, replacement of equipment, purchase of school buses and purchase of modern technological equipment for educational purposes. If any district has a special levy for capital outlay or debt service that is equal to the capital outlay allotment or a proportionate fraction thereof, and spends the proceeds of the levy for eligible purposes, the State may authorize the district to use all or a proportionate fraction of its capital outlay allotment for current expenses (school districts which use capital outlay allotments to meet current expenses are not eligible to participate in the School Facilities Construction Commission funds).

Facilities Support Program of Kentucky. School districts may be eligible to participate in the Facilities Support Program of Kentucky (FSPK), subject to the following requirements:

1) The district must have unmet needs as set forth and approved by the State Department of Education in a School Facilities Plan;

2) The district must commit to establish an equivalent tax rate of at least 5 cents, in addition to the 30 cents minimum current equivalent tax rate; and,

3) The new revenues generated by the 5 cent addition, must be placed in a restricted account for school building construction bonding.

LOCAL SUPPORT

Homestead Exemption. Section 170 of the Kentucky Constitution was amended at the General Election held November 2, 1971, to exempt from property taxes $6,500 of value of single unit residential property of taxpayers 65 years of age or older. The 1972 General Assembly amended KRS Chapter 132 to permit counties and school districts to adjust their local tax revenues lost through the application of this Homestead Exemption. The "Single Unit" qualification has been enlarged to subsequent sessions of the General Assembly to provide that such exemption shall apply to such property maintained as the permanent resident of the owner and the dollar amount has been construed to mean $6,500 in terms of the purchasing power of the dollar in 1972. Every two years thereafter, if the cost of living index of the U.S. Department of Labor has changed as much as 1%, the maximum exemption shall be adjusted accordingly. Under the cost of living formula, the maximum was increased to $40,500 effective January 1, 2021.

Limitation on Taxation. The 1979 Special Session of the Kentucky General Assembly enacted House Bill 44 which provides that no school district may levy a general tax rate, voted general tax rate, or voted building tax rate which would generate revenues that exceeds the previous years revenues by four percent (4%).

The 1990 Regular Session of the Kentucky General Assembly in enacting the "School Reform" legislative package amended the provisions of KRS 160.470 which prohibited school districts from levying ad valorem property taxes which would generate revenues in excess of 4% of the previous year's revenues without said levy subject to recall to permit exceptions to the referendum under (1) KRS 160.470(12) [a new section of the statute] and (2) an amended KRS 157.440.

Under KRS 160.470(12)(a) for fiscal years beginning July 1, 1990 school districts are required to levy a "minimum equivalent tax rate" of thirty cents ($.30) for general school purposes. The equivalent tax rate is defined as the rate which results when the income collected during the prior year from all taxes (including occupational or utilities) levied by the district for school purposes divided by the total assessed value of property plus the assessment for motor vehicles certified by the State Revenue Cabinet. Failure to levy the minimum equivalent rate subjects the board of the district to removal.

The exception provided by KRS 157.440(1)(a) permits school districts to levy an equivalent tax rate as defined in KRS 160.470(12)(a) which will produce up to 15% of those revenues guaranteed by the program to support education excellence in Kentucky. Levies permitted by this section of the statute are not subject to public hearing or recall provisions as set forth in KRS 160.470.

Local Thirty Cents Minimum. Effective for school years beginning after June 30, 1990, the board of education of each school district shall levy a minimum equivalent tax rate of thirty cents ($0.30) for general school purposes. If a board fails to comply, its members shall be subject to removal from office for willful neglect of duty.

Additional 15% Not Subject to Recall. Effective with the school year beginning July 1, 1990, each school district may levy an equivalent tax rate which will produce up to 15% of those revenues guaranteed by the SEEK program. Effective with the 1990-91 school year, the State will equalize the revenue generated by this levy at one hundred fifty percent (150%) of the statewide average per pupil equalized assessment. For 1993-94 and thereafter, this level is set at $225,000. The additional 15% rate levy is not subject to the public hearing or recall provisions.

Assessment Valuation. No later than July 1, 1994, all real property located in the state and subject to local taxation shall be assessed at one hundred percent (100%) of fair cash value.

Special Voted and Other Local Taxes. Any district may, in addition to other taxes for school purposes, levy not less than four cents nor more than twenty cents on each one hundred dollars ($100) valuation of property subject to local taxation, to provide a special fund for the purchase of sites for school buildings and the erection, major alteration, enlargement, and complete equipping of school buildings. In addition, districts may levy taxes on tangible and intangible property and on utilities, except generally any amounts of revenues generated above that provided for by House Bill 44 is subject to voter recall.

Local Tax Rates, Property Assessments and Revenue Collections

Tax Year	Combined Equivalent Rate	Total Property Assessment	Property Revenue Collections
2000-01	110	230,193,074	2,532,124
2001-02	108.1	241,093,802	2,606,224
2002-03	112.3	277,878,291	3,120,573
2003-04	112.3	293,013,734	3,290,544
2004-05	112.6	319,652,558	3,599,288
2005-06	116.3	333,947,202	3,883,806
2006-07	112.3	417,769,032	4,691,546
2007-08	116.3	463,514,300	5,390,671
2008-09	106	501,357,347	5,314,388
2009-10	106	518,185,265	5,492,764
2010-11	104.7	532,111,661	5,571,209
2011-12	102.9	525,174,019	5,404,041
2012-13	105.4	533,862,409	5,626,910
2013-14	109.9	551,537,069	6,061,392
2014-15	113.1	554,315,934	6,269,313
2015-16	115	570,650,298	6,562,478
2016-17	116.6	585,102,498	6,822,295
2017-18	116.8	615,075,441	7,184,081
2018-19	116.8	658,017,415	7,685,643
2019-20	116.1	682,004,157	7,918,068
2020-21	119.8	754,217,641	9,035,527
2021-22	117.3	892,738,616	10,471,824

OVERLAPPING BOND INDEBTEDNESS

The following table shows any other overlapping bond indebtedness of the Walton-Verona Independent School District or other issuing agency within the County as reported by the State Local Debt Officer for the period ending June 30, 2022.

Issuer	Original Principal Amount	Amount of Bonds Redeemed	Current Principal Outstanding
County of Boone			
General Obligation	37,905,000	22,404,939	15,500,061
Multi-Family Housing Revenue	6,435,000	0	6,435,000
Residential Revenue	8,290,000	0	8,290,000
Manufacturing Facility Revenue	1,600,000	1,160,000	440,000
Pollution Control Refunding Revenue	111,995,000	0	111,995,000
Refinancing Revenue	12,110,000	10,720,000	1,390,000
City of Florence			
General Obligation	24,130,000	10,250,000	13,880,000
Office Building Public Corp.	2,615,000	1,625,000	990,000
Senior Citizens Housing Revenue	8,225,000	4,905,000	3,320,000
Housing Facilities Revenue	8,825,000	4,345,000	4,480,000
Refunding	2,115,000	1,415,000	700,000
City of Union			
General Obligation	375,000	129,902	245,098
City of Walton			
General Obligation	2,000,000	915,000	1,085,000
Public Project Revenue	1,269,087	260,705	1,008,382
Special Districts			
Belleview/McVille Fire Dept.	678,445	425,000	253,445
Burlington Fire Protection District	1,175,500	740,419	435,081
Kenton County Airport Board	32,935,000	0	32,935,000
Point Pleasant Fire District	1,640,000	407,144	1,232,856
Union Community Ambulance District	2,090,177	2,587,772	497,595
Union Fire Protection District	4,769,578	939,304	3,830,274
Walton Fire District	7,180,829	2,387,764	4,793,065
Boone-Florence Water Commission	29,990,000	12,525,000	17,465,000
Totals:	308,348,616	77,147,759	231,200,857

Source: 2022 Kentucky Local Debt Report.

SEEK ALLOTMENT

The Board has reported the following information as to the SEEK allotment to the District, and as provided by the State Department of Education.

SEEK	Base Funding	Local Tax Effort	Total State & Local Funding
2000-01	3,087,425	2,532,124	5,619,549
2001-02	3,228,241	2,606,224	5,834,465
2002-03	3,367,192	3,120,573	6,487,765
2003-04	3,808,562	3,290,544	7,099,106
2004-05	3,880,873	3,599,288	7,480,161
2005-06	4,454,913	3,883,806	8,338,719
2006-07	4,416,235	4,691,546	9,107,781
2007-08	5,115,347	5,390,671	10,506,018
2008-09	5,496,865	5,314,388	10,811,253
2009-10	5,153,499	5,492,764	10,646,263
2010-11	5,516,628	5,571,209	11,087,837
2011-12	5,880,455	5,404,041	11,284,496
2012-13	5,824,881	5,626,910	11,451,791
2013-14	5,820,014	6,061,392	11,881,406
2014-15	5,891,555	6,269,313	12,160,868
2015-16	6,122,316	6,562,478	12,684,794
2016-17	6,510,799	6,822,295	13,333,094
2017-18	6,550,488	7,184,081	13,734,569
2018-19	6,515,279	7,685,643	14,200,922
2019-20	6,729,757	7,918,068	14,647,825
2020-21	5,980,420	9,035,527	15,015,947
2021-22	6,183,268	10,471,824	16,655,092

(1) Support Education Excellence in Kentucky (SEEK) replaces the minimum foundation program and power equalization funding. Capital Outlay is now computed at $100 per average daily attendance (ADA). Capital Outlay is included in the SEEK base funding.

(2) The Board established a current equivalent tax rate (CETR) of $1.1730 for FY 2021-22. The equivalent tax rate" is defined as the rate which results when the income from all taxes levied by the district for school purposes is divided by the total assessed value of property plus the assessment for motor vehicles certified by the Commonwealth of Kentucky Revenue Cabinet.

State Budgeting Process

i) Each district board of education is required to prepare a general school budget on forms prescribed and furnished by the Kentucky Board of Education, showing the amount of money needed for current expenses, debt service, capital outlay, and other necessary expenses of the school during the succeeding fiscal year and the estimated amount that will be received from all sources.

ii) By September 15 of each year, after the district receives its tax assessment data from the Department of Revenue and the State Department of Education, 3 copies of the budget are forwarded to the State Department for approval or disapproval.

iii) The State Department of Education has adopted a policy of disapproving a school budget if it is financially unsound or fails to provide for:

a) payment of maturing principal and interest on any outstanding voted school improvement bonds of the district or payment of rental in connection with any outstanding school building revenue bonds issued for the benefit of the school district; or

b) fails to comply with the law.

POTENTIAL LEGISLATION

No assurance can be given that any future legislation, including amendments to the Code, if enacted into law, or changes in interpretation of the Code, will not cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent owners of the Bonds from realizing the full current benefit of the tax exemption of such interest. In addition, current and future legislative proposals, if enacted into law, may cause interest on state or local government bonds (whether issued before, on the date of, or after enactment of such legislation) to be subject, directly or indirectly, to federal income taxation by, for example, changing the current exclusion or deduction rules to limit the amount of interest on such bonds that may currently be treated as tax exempt by certain individuals. For example, on August 16, 2022, President Biden signed the Inflation Reduction Act of 2022 (the "Inflation Reduction Act"). The Inflation Reduction Act imposes a minimum tax of 15 percent of the adjusted financial statement income on certain corporations whose income exceeds stated thresholds for tax years beginning after December 31, 2022. Under the Inflation Reduction Act, interest on debt obligations otherwise exempt from federal income tax would be included in the calculation of adjusted financial statement income for corporations subject to the minimum tax. Prospective purchasers of the Bonds should consult their own tax advisers regarding any pending or proposed federal tax legislation.

Further, no assurance can be given that the introduction or enactment of any such future legislation, or any action of the IRS, including but not limited to regulation, ruling, or selection of the Bonds for audit examination, or the course or result of any IRS examination of the Bonds or obligations which present similar tax issues, will not affect the market price for the Bonds.

CONTINUING DISCLOSURE

As a result of the Board and issuing agencies acting on behalf of the Board offering for public sale municipal securities in excess of $1,000,000, the Corporation and the Board will enter into a written agreement for the benefit of all parties who may become Registered or Beneficial Owners of the Bonds whereunder said Corporation and Board will agree to comply with the provisions of the Municipal Securities Disclosure Rules set forth in Securities and Exchange Commission Rule 15c2-12 by filing annual financial statements and material events notices with the Electronic Municipal Market Access (EMMA) System maintained by the Municipal Securities Rule Making Board.

The Board and Corporation have been timely in making required filings under the terms of the Continuing Disclosure Agreement for the past five years.

Financial information regarding the Board may be obtained from Superintendent, Walton-Verona Independent Board of Education, 16 School Road, Walton, Kentucky 41094 Telephone (859) 485-4181.

TAX EXEMPTION; NOT BANK QUALIFIED

Bond Counsel is of the opinion that:

(A) The Bonds and the interest thereon are exempt from income and ad valorem taxation by the Commonwealth of Kentucky and all of its political subdivisions.

(B) The interest income from the Bonds is excludable from the gross income of the recipient thereof for Federal income tax purposes under existing law and will not be a specific item of tax preference for purposes of Federal income taxation. However, with respect to certain corporations, interest on the Bonds is taken into account in determining the annual adjusted financial statement income for the purpose of computing the alternative minium tax imposed on corporations for tax years beginning after December 31, 2022.

(C) As a result of designations and certifications by the Board and the Corporation, indicating the issuance of more than $10,000,000 of tax-exempt obligations during the calendar year ending December 31, 2023, the Bonds are not "qualified tax-exempt obligations" within the meaning of the Internal Revenue Code of 1986, as amended.

The Corporation will provide the purchaser the customary no-litigation certificate, and the final approving Legal Opinions of Keating Muething & Klekamp PLL, Cincinnati, Ohio, approving the legality of the Bonds. These opinions will accompany the Bonds when delivered, without expense to the purchaser.

Original Issue Premium

Certain of the Bonds may be initially offered and sold to the public at a premium (“Acquisition Premium” from the amounts payable at maturity thereon. "Acquisition Premium" is the excess of the cost of a bond over the stated redemption price of such bond at maturity or, for bonds that have one or more earlier call dates, the amount payable at the next earliest call date. The Bonds that bear an interest rate that is higher than the yield (as shown on the cover page hereof), are being initially offered and sold to the public at an Acquisition Premium (the "Premium Bonds"). For federal income tax purposes, the amount of Acquisition Premium on each bond the interest on which is excludable from gross income for federal income tax purposes ("tax-exempt bonds") must be amortized and will reduce the bondholder's adjusted basis in that bond. However, no amount of amortized Acquisition Premium on tax-exempt bonds may be deducted in determining bondholder's taxable income for federal income tax purposes. The amount of any Acquisition Premium paid on the Premium Bonds, or on any of the Bonds, that must be amortized during any period will be based on the "constant yield" method, using the original bondholder's basis in such bonds and compounding semiannually. This amount is amortized ratably over that semiannual period on a daily basis.

Holders of any Bonds, including any Premium Bonds, purchased at an Acquisition Premium should consult their own tax advisors as to the actual effect of such Acquisition Premium with respect to their own tax situation and as to the treatment of Acquisition Premium for state tax purposes.

Original Issue Discount

Certain of the Bonds (the "Discount Bonds") may be initially offered and sold to the public at a discount ("OID") from the amounts payable at maturity thereon. OID is the excess of the stated redemption price of a bond at maturity (the face amount) over the "issue price" of such bond. The issue price is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of bonds of the same maturity are sold pursuant to that initial offering. For federal income tax purposes, OID on each bond will accrue over the term of the bond. The amount accrued will be based on a single rate of interest, compounded semiannually (the "yield to maturity") and, during each semi-annual period, the amount will accrue ratably on a daily basis. The OID accrued during the period that an initial purchaser of a Discount Bond at its issue price owns it is added to the purchaser's tax basis for purposes of determining gain or loss at the maturity, redemption, sale or other disposition of that Discount Bond. In practical effect, accrued OID is treated as stated interest, that is, as excludible from gross income for federal income tax purposes.

In addition, original issue discount that accrues in each year to an owner of a Discount Bond is included in the calculation of the distribution requirements of certain regulated investment companies and may result in some of the collateral federal income tax consequences discussed above. Consequently, owners of any Discount Bond should be aware that the accrual of original issue discount in each year may result in an alternative minimum tax liability, additional distribution requirements or other collateral federal income tax consequences although the owner of such Discount Bond has not received cash attributable to such original issue discount in such year.

Holders of Discount Bonds should consult their own tax advisors as to the treatment of OID and the tax consequences of the purchase of such Discount Bonds other than at the issue price during the initial public offering and as to the treatment of OID for state tax purposes.

COVID-19

The recent outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, which was first detected in China and has since spread to other countries, including the United States and the Commonwealth of Kentucky, has been declared a Pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to affect economic growth worldwide. On March 13, 2020, President Donald Trump declared a national emergency to unlock federal funds to help states and local governments fight the pandemic.

While the collection of property taxes, which are a significant source of building fund revenue for the payment of principal and interest due on the bonds (see "LOCAL SUPPORT" herein) may be impacted by the COVID-19 emergency, the District does not expect the impact to be significant unless the economic hardship is long term. In addition, the Commonwealth of Kentucky revenues are also likely to be impacted by a long-term economic hardship caused by declining collections of sales taxes, wage taxes, income taxes, property taxes and other revenue sources. The impact of those declining revenue collections on state education funds (see "STATE SUPPORT" herein) is unknown. Although the potential impact of the virus on the Commonwealth and the Board of Education's future ability to make payments under the Lease cannot be predicted at this time, the continued spread of the outbreak could have a material adverse effect on the Board of Education and ultimately, the Corporation.

On March 24, 2020 the Governor of Kentucky signed Senate Bill 177 which provides relief to Kentucky School Districts in light of the Coronavirus emergency. Among other things, it removes the limits on the number of days that a district can utilize an approved Non-Traditional Instruction program ("NTI"). Senate Bill 177 also authorizes Kentucky Superintendents to use their school year 2018-2019 attendance data on their Superintendent's Annual Attendance Report. The report determines a district's average daily attendance used in calculating Support Education Excellence in Kentucky ("SEEK") funds. On Friday, Dec. 18, 2020, Gov. Andy Beshear issued Executive Order No. 2020-1041 (EO 2020-1041), which outlines requirements and recommendations for the reopening of schools in January 2021. For more information on the Kentucky Department of Education's response to COVID 19, please see their website at https://education.ky.gov/comm/Pages/COVID-19-Updates.aspx.

ABSENCE OF MATERIAL LITIGATION

There is no controversy or litigation of any nature now pending or threatened (i) restraining or enjoining the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any proceedings of the Board or Corporation taken with respect to the issuance or sale thereof or (ii) which if successful would have a material adverse effect on the financial condition of the Board.

APPROVAL OF LEGALITY

Legal matters incident to the authorization and issuance of the Bonds are subject to the approving legal opinion of Keating Muething & Klekamp PLL, Bond Counsel. The form of the approving legal opinion of Bond Counsel will appear on each printed Bond.

NO LEGAL OPINION EXPRESSED AS TO CERTAIN MATTERS

Bond Counsel has reviewed the information contained in the Official Statement describing the Bonds and the provisions of the Bond Resolution and related proceedings authorizing the Bonds, but Bond Counsel has not reviewed any of the financial data, computations, tabulations, balance sheets, financial projections, and general information concerning the Corporation or District, and expresses no opinion thereon, assumes no responsibility for same and has not undertaken independently to verify any information contained herein.

BOND RATING

As noted on the cover page of this Official Statement, Moody's Investors Service has given the Bonds the indicated rating. Such rating reflects only the respective views of such organization. Explanations of the significance of the rating may be obtained from the rating agency. There can be no assurance that such rating will be maintained for any given period of time or will not be revised or withdrawn entirely by the rating agency, if in their judgement circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

MUNICIPAL ADVISOR

Prospective bidders are advised that RSA Advisors, LLC ("RSA") has been employed as Municipal Advisor in connection with the issuance of the Bonds. RSA's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery thereof. Bidders may submit a bid for the purchase of the Bonds at the time of the advertised public sale, either individually or as a member of a syndicate organized to submit a bid for the purchase of the Bonds.

APPROVAL OF OFFICIAL STATEMENT

The Corporation has approved and caused this "Official Statement" to be executed and delivered by its President. In making this "Official Statement" the Corporation relied upon information furnished to it by the Board of Education of the Walton-Verona Independent School District and does not assume any responsibility as to the accuracy or completeness of any of the information in this Official Statement except as to copies of documents denominated "Official Terms and Conditions" and "Bid Form." The financial information supplied by the Board of Education is represented by the Board of Education to be correct. The Corporation deems this preliminary Official Statement to be final for purposes of Securities Exchange Commission Rule 15c2-12(b)(1) as qualified by the cover hereof.

No dealer, broker, salesman, or other person has been authorized by the Corporation, the Walton-Verona Independent Board of Education or the Municipal Advisor to give any information or representations, other than those contained in this Official Statement, and if given or made, such information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. Except when otherwise indicated, the information set forth herein has been obtained from the Kentucky Department of Education and the Walton-Verona Independent School District and is believed to be reliable; however, such information is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the Municipal Advisor or by Counsel. The delivery of this Official Statement at any time does not imply that information herein is correct as of any time subsequent to the date hereof.

This Official Statement does not, as of its date, contain any untrue statement of a material fact or omit to state a material fact which should be included herein for the purpose for which the Official Statement is to be used or which is necessary in order to make the statements contained herein, in the light of the circumstances under which they were made, not misleading in any material respect.

By /s/
President

By /s/
Secretary

APPENDIX A

Walton-Verona Independent School District Finance Corporation
School Building Revenue Bonds
Series of 2023

Demographic and Economic Data

NORTHERN KENTUCKY

Boone County was formed in 1799. It is located in the Outer Bluegrass region of the state. The elevation in the County ranges from 455 to 964 feet above sea level. The county seat is Burlington. The largest city in the county is Florence. Boone County is in the Northern Kentucky Area.

The Bluegrass region was the most quickly settled part of the state and now is home to about half the state's population. The Northern Kentucky Area, covering a total land area of 559 square miles, is composed of Boone, Campbell, and Kenton Counties; and is ideally situated along and adjacent to the south bank of the Ohio River, immediately south of Cincinnati, Ohio. These three counties are a part of the Cincinnati Metropolitan Statistical Area. Boone County had an estimated 2022 population of 137,827.

The Northern Kentucky Area forms the northern apex of an industrial triangle anchored by Louisville on the southwest and Lexington on the southeast. Within the triangle are more than one-third of the state's population and nearly one-half of its manufacturing jobs. The interstate highway system places these three metropolitan areas within less than two hours driving from each other.

The Economic Framework

In 2022, Boone County had a labor force of 70,717 people with an unemployment rate of 3.0%. The top 5 jobs by occupation were as follows: sales - 8,899 (12.57%); office and administrative support - 8,261 (11.67%); production workers - 7,788 (11%); executive managers and administrators - 6,311 (8.91%); and food preparation, serving - 4,275 (6.04%).

Transportation

Major highways serving Boone, Campbell, and Kenton Counties include Interstates 71, 75, 275, and 471; U.S. Highways 42/127, 25, and 27. The Greater Cincinnati-Northern Kentucky International Airport, located in Boone County, Kentucky, provides commercial airline service. The airport is a major hub for Delta Airlines. The Southern Railway System and CSX Transportation provide main line rail service to the area. Several barge and towing companies provide barge transportation on the Ohio River. The Port of Cincinnati extends 30 miles along both banks of the Ohio River.

Power and Fuel

Electric power is provided to Boone, Campbell, and Kenton Counties by Duke Energy Kentucky, E. ON US/KU, East Kentucky Power Cooperative and Owen Electric Cooperative, Inc. Natural gas service is provided to major portions of the three-county area by Duke Energy Kentucky.

LABOR MARKET STATISTICS

The Labor Market Area includes Boone, Campbell, Gallatin, Grant, Kenton and Pendleton counties in Kentucky. The Labor Market Area is supplemented by the Ohio counties of Hamilton, Butler, Clermont and Warren; and Dearborn County in Indiana.

Population

	2018	2019	2020	2021	2022
Boone County	131,533	132,758	133,687	137,299	137,827
Walton	3,978	3,996	3,915	5,059	5,609

Source: Kentucky Cabinet for Economic Development.

Population Projections

	2025	2030	2035
Boone County	150,928	163,722	177,141

Source: Kentucky Data Center, University of Louisville.

EDUCATION

Public Schools

	Boone County	Walton-Verona Independent
Total Enrollment (2021-22)	19,828	1,782
Pupil-Teacher Ratio (2021-22)	15.0 - 1	16.0 - 1

Source: Kentucky Department of Education

Vocational Training

Ky Tech Schools are operated by the Cabinet for Workforce Development and provide secondary (Sec) and post-secondary (P/S) vocational-technical training.

Vocational School	Location	Enrollment 2021-22
Campbell County ATC	Alexandria, KY	341
Boone County ATC	Hebron, KY	216
Carroll County ATC	Carrollton, KY	292
Harrison County ATC	Cynthiana, KY	463
Mason County ATC	Maysville, KY	206

Source: Kentucky Department of Education

Colleges and Universities

In 2022, 41.31% of the population in Boone County had an Associate's degree or higher. 93.57% had a high school degree or higher.

Top 5 Universities within 50 miles	Number of Graduates
University of Cincinnati (Main Campus)	10,085
Miami University - Oxford	6,104
Northern Kentucky University	3,045
Xavier University	2,010
Cincinnati State Technical & Community College	1,122

Source: Kentucky Cabinet for Economic Development

EXISTING INDUSTRY

Firm	Product	Total Employed
Alexandria		
Tyson-Hillshire Brands	Little Smokies (cocktails), hot dogs, sliced lunch meat	758
Covington		
Club Chef LLC	Processor of fresh cut produce	525
Fidelity Investments	Financial Services that support Fidelity's core mutual fund, brokerage & retirement operations	4,500
Erlanger		
DHL Express	Airfreight delivery service, international hub & distribution facility	2,800
Wild Flavors Inc.	Headquarters, administration, research & development, pilot plants, manufacturing & ADM Global IT Service Center	506
Florence		
Citicorp Credit Services	Financial services customer service center	2,485
Mazak Corporation	Machine tools, general machining & assembly, administration, warehouse, engineering, technology center, North American Headquarters	676
Mubea Inc	Automotive component parts	1,017
Novolex	Paper bags & administrative work	578
Robert Bosch Automotive Steering	Steering gears for car & light truck market	1,200
SFC Global Supply Chain	Frozen pizzas	750
Southern Graphic Systems	Color separation, packaging artwork production, prepress, image carrier manufacturing	147
Hebron		
CVG1 – Amazon	Distribution center	1,000
CVG2 – Amazon	Wholesale distribution, returns facility	2,000
CVG3 – Amazon	Distribution center	1,000
Pomeroy	Headquarters, computer service & sales	615
Toyota North American KY	Parts warehouse/distribution center/hub	600
Independence		
Cengage Distribution Center	Book distribution center	800
FedEx Ground Package System Inc.	Distribution center, package sorting center	700
Richwood		
Radial Inc.	E-commerce distribution & fulfillment	541
Walton		
Radial Inc.	Distribution & logistics	554

Source: Kentucky Cabinet for Economic Development (01/08/2020)

APPENDIX B

Walton-Verona Independent School District Finance Corporation
School Building Revenue Bonds
Series of 2023

Audited Financial Statement ending June 30, 2021

Walton-Verona Independent School District

Financial Statements
With Supplementary Information
Year Ended June 30, 2021
With Independent Auditors' Report

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

June 30, 2021

Table of Contents

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

June 30, 2021

Table of Contents (Continued)

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

June 30, 2021

Table of Contents (Continued)

BARNES DENNIG
Accounting • Tax • Business Insight

KENTUCKY OFFICE
2617 Legends Way
Crestview Hills, KY 41017
Main: 859.344.6400
Fax: 856.578.7522

Independent Auditors' Report

To the Members of the Board of Education
Walton-Verona Independent School District
Walton, Kentucky

Report on the Financial Statements

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 Walton Verona Independent School District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Walton-Verona Independent School District's basic financial statements as listed in the table of contents.

Management's Responsibility 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; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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 Walton-Verona Independent School District, as of June 30, 2021, 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.

Independent Auditors' Report
(Continued)

Change in Accounting Principle

As discussed in Note 19 to the financial statements, the District adopted Governmental Accounting Standards Board ("GASB") Statement No. 84, *Fiduciary Activities*, effective as of July 1, 2020. The implementation of this accounting standard resulted in a restatement of prior year net position. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the information on pages 3-7, 49-52, and 57-66 as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Walton-Verona Independent School District's basic financial statements. The information on pages 47-48, 53-56, and 67-68 as listed in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The information on pages 47-48, 53-56, and 67-68 as listed in the table of contents 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. Such 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 information on pages 47-48, 53-56, and 67-68 as listed in the table of contents is 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 November 10, 2021 on our consideration of the Walton Verona Independent 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 Walton-Verona Independent 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 the Walton Verona Independent School District's internal control over financial reporting and compliance

Barnes, Dennig & Co., Ltd.

Crestview Hills, Kentucky
November 10, 2021

As management of the Walton-Verona Independent School District (District), we offer readers of the District's financial statement this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

FINANCIAL HIGHLIGHTS

- The beginning cash balance for the District was $5,543,607.

- The General Fund had $18,950,976 in revenue, excluding proceeds for capital leases and interfund transfers, which primarily consisted of the state program (SEEK), property, local occupational license taxes, utilities and motor vehicle taxes. Excluding interfund transfers, there were $17,588,145 in General Fund expenditures.

CURRENT ISSUES

Walton – Verona Independent Schools continue to perform as one of the top districts in the state. Our primary objectives are to continue to develop students who grow and achieve academically, are college and/or career ready when they graduate, are involved in their community, and provide the best return possible on the community's investment in education.

As our community continues to grow, so does our student enrollment. Our total district enrollment was 1,000 students during the 1999-2000 school year, and by the end of 2019-2020, it had grown to 1,816 students (K-12) – an increase of 81.6% in our student population over a twenty-one-year period and an average growth rate of 3.89% per year. Our facilities have continually been upgraded and expanded during this period of sustained growth, but creating classroom space remains a challenge. As the development of new housing within our district boundaries continues, our goal is to match this growth with the addition of adequate and efficient instructional spaces.

Insufficient funding from the state continues to be a source of significant concern for all school districts, including our own. For over a decade, state funding has not kept up with the increases in operating expenses associated with numerous unfunded state mandates. This includes the rate of inflation, increased salaries, increasing retirement contributions, and reductions to or the elimination of areas of state support such as professional development for teachers, instructional resources for students, and funding for preschool and all-day kindergarten.

The continual erosion of state funding makes it increasingly difficult to maintain the high standard of education and programming our students deserve without increasing taxes locally. This is a direct result of legislators not making the necessary changes needed at the state level, knowing that districts will have no other choice than to make up for their shortcomings by raising local property tax rates. In this climate of shrinking state support, the Walton - Verona Independent School District will maintain fiscally responsible policies to continue providing quality academic, extra-curricular, and community service programs to all of its students.

Additionally, the COVID-19 pandemic has put a strain on students as well as staff. While the reduction in classroom time resulting from the pandemic has certainly impacted learning, we continually strive to give our students the best education possible. Measures to counteract learning loss have been put in place and, for the time being, are being funded with an influx of federal funds. When these federal funds are no longer available these measures will be evaluated for continuation with local funds if they continue to be needed.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) district-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

District-wide financial statements. The district-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The district-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, operation and maintenance of plant, student transportation and operation of non-instructional services. Fixed assets and related debt are also supported by taxes and intergovernmental revenues.

The district-wide financial statements can be found on pages 8 and 9 of this report.

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

The basic governmental fund financial statements can be found on pages 10 through 16 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 district-wide and fund financial statements. The notes to the financial statements can be found on pages 17 through 46 of this report.

DISTRICT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by $13,622,098 as of June 30, 2021.

DISTRICT-WIDE FINANCIAL ANALYSIS (CONTINUED)

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

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

Net Position for the periods ending June 30, 2021 and 2020

The following table presents a summary of net position for the fiscal years ended June 30, 2021 and 2020.

	2021	2020
Current assets	$ 7,957,800	$ 6,347,854
Noncurrent assets	39,400,969	40,261,900
Total assets	47,358,769	46,609,754
Total deferred outflows	3,497,849	2,617,707
Current liabilities	1,913,879	2,235,848
Noncurrent liabilities	33,166,980	33,307,008
Total liabilities	35,080,859	35,542,856
Total deferred inflows	2,153,661	1,903,182
Net position		
Investment in capital (net of debt)	17,128,355	16,831,201
Restricted	(6,611,307)	(7,726,771)
Unassigned	3,105,050	2,676,993
Total net position	$ 13,622,098	$ 11,781,423

Comments on Budget Comparisons

- The District's total General Fund revenues for the fiscal year ended June 30, 2021, net of interfund transfers and capital lease proceeds, were $18,950,976.
- General Fund budget compared to actual revenue varied slightly from line item to line item with the ending actual balance being $6,751,462 more than budget or approximately 55.3%. This is a result of the District recording "on behalf" payments made by the State.
- The total cost of General Fund programs and services was $17,588,145, net of interfund transfers.

DISTRICT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Comments on Budget Comparisons (Continued)

- General Fund actual expenditures exceeded budget expenditures by $2,638,631 in instruction. This is a result of the District recording "on behalf" payments made by the State.

The following table presents a summary of revenues and expenses for the fiscal years ended June 30, 2021 and 2020.

	2021	2020
Revenues		
Program revenues		
Charges for services	$ 212,261	$ 520,039
Operating grants and contributions	3,206,398	1,629,323
Total program revenues	3,418,659	2,149,362
General revenues		
Taxes	9,049,696	8,237,887
Federal and state sources	4,987,387	6,049,662
Earnings on investments	19,573	92,403
Miscellaneous	1,610,600	4,593,117
Total general revenues	15,667,256	18,973,069
Total revenues	19,085,915	21,122,431
Expenses		
Instructional	8,021,178	6,580,471
Student support services	715,490	809,773
Instructional support	995,489	1,049,857
District administration	939,797	996,033
School administration	1,053,641	1,093,841
Business support	402,864	380,226
Plant operations	2,853,380	2,589,227
Student transportation	1,041,083	1,096,642
Other	118,640	4,150,981
Debt service	652,883	677,242
Food service	688,022	867,906
Total expenses	17,482,467	20,292,199
Excess of revenues over expenses	$ 1,603,448	$ 830,232

DISTRICT-WIDE FINANCIAL ANALYSIS (CONTINUED)

General Fund Revenue

The majority of General Fund revenue was derived from local property taxes (41.8%) with state funding, in total, making up 55.1% of total revenue.

BUDGETARY IMPLICATIONS

In Kentucky the public school fiscal year is July 1-June 30; other programs, i.e. some federal, operate on a different fiscal calendar, but are reflected in the District's overall budget. By law the budget must have a minimum 2% contingency. The District adopted a budget with $662,842 in contingency (3.8%). The beginning cash balance for the fiscal year is $5,543,607.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

Questions regarding this report should be directed to Dr. Matt Baker, Superintendent or to Mr. Kevin Ryan, Director of Finance at (859) 485-4181 or by mail at 16 School Road, Walton, Kentucky 41094.

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

Statement of Net Position – District Wide
As of June 30, 2021

	Governmental Activities	Business-Type Activities	Total
Assets			
Current:			
Cash and cash equivalents	$ 6,432,725	$ 215,558	$ 6,648,283
Accounts receivable	1,287,963	8,000	1,295,963
Inventories for consumption	-	13,554	13,554
Total current	7,720,688	237,112	7,957,800
Noncurrent:			
Land	1,075,533	-	1,075,533
Construction in progress	25,579	-	25,579
Land improvements	1,546,486	-	1,546,486
General equipment	606,703	293,880	900,583
Buildings and improvements	51,072,362	146,981	51,219,343
Furniture and equipment	2,672,317	-	2,672,317
Less: accumulated depreciation	(17,650,254)	(388,618)	(18,038,872)
Total noncurrent	39,348,726	52,243	39,400,969
Total assets	47,069,414	289,355	47,358,769
Deferred outflows	3,390,583	107,266	3,497,849
Liabilities and Net Position			
Liabilities			
Current:			
Accrued interest	155,979	-	155,979
Current portion of bonds payable	1,450,000	-	1,450,000
Current portion of capital leases	123,217	-	123,217
Current portion of accrued sick leave	17,139	-	17,139
Assessed KISBIT liability	-	-	-
Accrued payroll and related expenses	6,024	-	6,024
Accounts payable	157,736	3,784	161,520
Unearned revenues	-	-	-
Total current	1,910,095	3,784	1,913,879
Noncurrent:			
Accrued sick leave	154,250	-	154,250
Capital leases	730,608	-	730,608
MIF net OPEB liability	5,356,936	178,765	5,535,701
CERS net pension liability	6,388,240	213,181	6,601,421
Bond obligations	20,145,000	-	20,145,000
Total noncurrent	32,775,034	391,946	33,166,980
Total liabilities	34,685,129	395,730	35,080,859
Deferred inflows	2,084,113	69,548	2,153,661
Net Position			
Invested in capital assets, net of related debt	17,076,112	52,243	17,128,355
Restricted	(6,490,407)	(120,900)	(6,611,307)
Unrestricted	3,105,050	-	3,105,050
Total net position	$ 13,690,755	$ (68,657)	$ 13,622,098

The accompanying notes are an integral part of these financial statements

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

Statement of Activities – District Wide
Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-Type Activities	Total
Governmental Activities							
Instruction	$ 8,021,178	$ 185,033	$ 2,261,565	$ -	$ (5,574,580)	$ -	$ (5,574,580)
Student support services	715,490	-	43,095	-	(672,395)	-	(672,395)
Instruction staff support services	995,489	-	-	-	(995,489)	-	(995,489)
District administration	939,797	-	-	-	(939,797)	-	(939,797)
School administration	1,053,641	-	-	-	(1,053,641)	-	(1,053,641)
Business	402,864	-	-	-	(402,864)	-	(402,864)
Plant operation and maintenance	2,853,380	-	77,691	-	(2,775,689)	-	(2,775,689)
Student transportation	1,041,083	-	30,486	-	(1,010,597)	-	(1,010,597)
Facilities acquisition and construction	1,061	1,050	-	-	(11)	-	(11)
Community service activities	117,579	-	115,121	-	(2,458)	-	(2,458)
Interest on long-term debt	652,883	-	-	-	(652,883)	-	(652,883)
Total governmental activities	16,794,445	186,083	2,527,958	-	(14,080,404)	-	(14,080,404)
Business-type Activities							
Food service	688,022	26,178	678,440	-	-	16,596	16,596
Total business-type activities	688,022	26,178	678,440	-	-	16,596	16,596
Total school district	$ 17,482,467	$ 212,261	$ 3,206,398	$ -	(14,080,404)	16,596	(14,063,808)
General Revenues							
Taxes					9,049,696	-	9,049,696
Investment earnings					18,950	623	19,573
Federal and state sources					4,987,387	-	4,987,387
Miscellaneous					1,610,600	-	1,610,600
Total general and special revenues					15,666,633	623	15,667,256
Change in net position					1,586,229	17,219	1,603,448
Net position - beginning					11,867,299	(85,876)	11,781,423
Net position adjustment (Note 19)					249,697	-	249,697
Net position - ending					$ 13,703,225	$ (68,657)	$ 13,634,568

The accompanying notes are an integral part of these financial statements

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

Balance Sheet – Governmental Funds
As of June 30, 2021

	General Fund	Special Revenue Fund	Construction Fund	Debt Service Fund	Non-major Governmental Funds	Total Governmental Funds
Assets						
Current:						
Cash (overdraft) and cash equivalents	$ 6,694,979	$ (1,072,132)	$ 399,188	$ -	$ 410,690	$ 6,432,725
Accounts receivable	214,961	1,073,002	-	-	-	1,287,963
Total current	$ 6,909,940	$ 870	$ 399,188	$ -	$ 410,690	$ 7,720,688
Liabilities and Fund Balances						
Liabilities						
Current:						
Accounts payable	$ 135,804	$ 870	$ 21,062	$ -	$ -	$ 157,736
Accrued payroll and related expenses	6,024	-	-	-	-	6,024
Total current	141,828	870	21,062	-	-	163,760
Total liabilities	141,828	870	21,062	-	-	163,760
						-
Fund Balances						
Restricted:						
Capital projects	94,409	-	378,126	-	96,749	569,284
Sick Leave	85,694	-	-	-	-	85,694
Other	-	-	-	-	313,941	313,941
Assigned	3,155,591	-	-	-	-	3,155,591
Unassigned	3,432,418	-	-	-	-	3,432,418
Total fund balances	6,768,112	-	378,126	-	410,690	7,556,928
Total liabilities and fund balances	$ 6,909,940	$ 870	$ 399,188	$ -	$ 410,690	$ 7,720,688

The accompanying notes are an integral part of these financial statements

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

Reconciliation of the Balance Sheet
Governmental Funds to the Statement of Net Position
As of June 30, 2021

Total fund balance per fund financial statements		$ 7,556,928
Capital assets are used in governmental activities are not financials resources and therefore are not reported as assets in governmental funds		
Construction in progress	25,579	
Cost of capital assets	56,973,401	
Accumulated depreciation	(17,650,254)	
		39,348,726
Deferred outflows		
Bond refinancing	176,211	
Related to MIF	1,445,216	
MIF contributions made after the measurement date	335,748	
Related to CERS	871,169	
CERS contributions made after the measurement date	562,239	
		3,390,583
Deferred inflows related to CERS		
Related to CERS	(138,067)	
Related to OPEB	(1,946,046)	
		(2,084,113)
Long-term liabilities (including bonds payable) are not due and payable in the current period and therefore are not reported as liabilities in the funds		
Long-term liabilities at year end consist of:		
Bonds payable	(21,595,000)	
Capital lease obligation	(853,825)	
Accrued interest on bonds	(155,979)	
Net OPEB liability	(5,356,936)	
Net pension liability	(6,388,240)	
Accrued sick leave	(171,389)	
		(34,521,369)
Net position for governmental activities		$ 13,690,755

The accompanying notes are an integral part of these financial statements

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2021

	General Fund	Special Revenue Fund	Construction Fund	Debt Service Fund	Non-major Governmental Funds	Total Governmental Funds
Revenues						
Taxes	$ 7,918,369	$ -	$ -	$ -	$ 1,131,327	$ 9,049,696
Earnings on investments	18,950	-	-	-	-	18,950
State sources	10,441,361	1,045,431	-	250,009	967,392	12,704,193
Federal sources	3,221	1,482,527	-	-	-	1,485,748
Other revenues	569,075	-	-	-	394,450	963,525
Total revenues	18,950,976	2,527,958	-	250,009	2,493,169	24,222,112
Expenditures						
Instructional	10,763,623	2,235,897	-	-	330,206	13,329,726
Student support services	598,974	43,095	-	-	-	642,069
Staff support services	995,489	-	-	-	-	995,489
District administration	935,802	-	-	-	-	935,802
School administration	1,034,115	-	-	-	-	1,034,115
Business support services	402,864	-	-	-	-	402,864
Plant operation and maintenance	1,706,808	77,691	-	-	-	1,784,499
Student transportation	1,003,383	30,486	-	-	-	1,033,869
Community service operations	2,458	115,121	-	-	-	117,579
Facility acquisition and construction	-	-	310,250	-	-	310,250
Debt service:						
Principal	123,217	-	-	1,375,000	-	1,498,217
Interest	21,412	-	-	638,735	-	660,147
Other	-	-	-	-	12,470	12,470
Total expenditures	17,588,145	2,502,290	310,250	2,013,735	342,676	22,757,096
Excess (deficit) of revenues over expenditures	1,362,831	25,668	(310,250)	(1,763,726)	2,150,493	1,465,016
Other Financing Sources (Uses)						
Proceeds from bond sale and capital leases	290,908	-	-	985,000	-	1,275,908
Refinanced bonds	-	-	-	(970,000)	-	(970,000)
Bond issue cost	-	-	-	(15,000)	-	(15,000)
Operating transfers in	59,400	33,732	415,483	1,763,726	-	2,272,341
Operating transfers out	(177,805)	(59,400)	-	-	(2,035,136)	(2,272,341)
Total other financing sources (uses)	172,503	(25,668)	415,483	1,763,726	(2,035,136)	290,908
Net change in fund balances	1,535,334	-	105,233	-	115,357	1,755,924
Fund balance, July 1, 2020	5,232,778	-	272,893	-	45,636	5,551,307
Net position adjustment (Note 19)	-	-	-	-	249,697	249,697
Fund balance, June 30, 2021	$ 6,768,112	$ -	$ 378,126	$ -	$ 410,690	$ 7,556,928

The accompanying notes are an integral part of these financial statements

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities
Year Ended June 30, 2021

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in total fund balances per fund financial statements		$ 1,755,924
Governmental funds report capital outlays as expenditures because they use current financial resources. However in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceed depreciation expense for the year.		
Depreciation expense	(1,483,474)	
Capital outlays	610,533	
		(872,941)
Bond proceeds are reported as financing sources in governmental fund and thus contribute to the change in fund balance. In the statement of net position however, issuing debt increase long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position		
Bond principal paid		1,375,000
Proceeds from bond issue		(985,000)
Bond refunding		970,000
Capital lease principal paid		123,217
Proceeds from capital leases		(290,908)
Amortization of bond refinancing		(34,224)
Deferred outflows related to pensions		77,954
Deferred outflows related to OPEB		804,428
Deferred inflows related to pensions		152,499
Deferred inflows related to OPEB		(392,948)
Generally, expenditures recognized in this fund financial statement are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred.		(1,109,242)
Change in net position of governmental activities		$ 1,573,759

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

Statement of Net Position – Proprietary Funds
As of June 30, 2021

	Food Service	Total
Assets		
Current		
Cash and cash equivalents	$ 215,558	$ 215,558
Accounts Receivable	8,000	8,000
Inventories for consumption	13,554	13,554
Total current	237,112	237,112
Noncurrent		
General equipment	293,880	293,880
Buildings and improvements	146,981	146,981
Less: accumulated depreciation	(388,618)	(388,618)
Total noncurrent	52,243	52,243
Total assets	289,355	289,355
Deferred outflows	107,266	107,266
Liabilities and Net Position		
Liabilities		
Current		
Accounts payable	3,784	3,784
Total current	3,784	3,784
Noncurrent		
MIF net OPEB liability	178,765	178,765
CERS net pension liability	213,181	213,181
Total noncurrent	391,946	391,946
Total liabilities	395,730	395,730
Deferred inflows	69,548	69,548
Net Position		
Invested in assets, net of debt	52,243	52,243
Restricted	(120,900)	(120,900)
Total net position	$ (68,657)	$ (68,657)

The accompanying notes are an integral part of these financial statements

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds
Year Ended June 30, 2021

	Food Service	Total
Operating revenues		
Lunchroom sales	$ 24,224	$ 24,224
Other operating revenues	1,954	1,954
Total operating revenues	26,178	26,178
Operating expenses		
Salaries and benefits	538,172	538,172
Contract services	17,180	17,180
Materials and supplies	126,936	126,936
Depreciation	5,634	5,634
Other operating expenses	100	100
Total operating expenses	688,022	688,022
Operating loss	(661,844)	(661,844)
Nonoperating revenues		
Federal grants	575,506	575,506
State grants	68,850	68,850
Donated commodities and other donations	34,084	34,084
Interest income	623	623
Total nonoperating revenues	679,063	679,063
Change in net position	17,219	17,219
Total net position, July 1, 2020	(85,876)	(85,876)
Total net position, June 30, 2021	$ (68,657)	$ (68,657)

The accompanying notes are an integral part of these financial statements

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2021

	Service Fund	Total
Cash flows from operating activities		
Cash received from lunchroom sales	$ 24,224	$ 24,224
Cash received from other activities	1,954	1,954
Cash payments to employees for services	(511,153)	(511,153)
Cash payments to suppliers for goods and services	(136,412)	(136,412)
Cash payments for other operating activities	(100)	(100)
Net cash used in operating activities	(621,487)	(621,487)
Cash flows from capital financing activities		
Purchase of capital assets	(17,644)	(17,644)
Net cash provided by noncapital financing activities	(17,644)	(17,644)
Cash flows from noncapital financing activities		
Non-operating revenues received	678,440	678,440
Net cash provided by noncapital financing activities	678,440	678,440
Cash flows from investing activities		
Interest on investments	623	623
Net cash provided by investing activities	623	623
Net increase in cash and cash equivalents	39,932	39,932
Cash and cash equivalents - beginning	175,626	175,626
Cash and cash equivalents - ending	$ 215,558	$ 215,558
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	$ (661,844)	$ (661,844)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation	5,634	5,634
Changes in assets and liabilities:		
Increase in deferred outflows	(31,984)	(31,984)
Increase in deferred inflows	10,030	10,030
Increase in CERS net pension liability	33,151	33,151
Increase in MIF net OPEB liability	15,822	15,822
Increase in accounts payable	3,784	3,784
Increase in accounts receivable	(8,000)	(8,000)
Decrease in inventories	11,920	11,920
Net cash used in operating activities	$ (621,487)	$ (621,487)
Schedule of non-cash transactions:		
Donated commodities received from federal government	$ 34,084	$ 34,084
On-behalf payments	$ 60,405	$ 60,405

The accompanying notes are an integral part of these financial statements

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Walton-Verona Independent Board of Education (Board), a five member group, is the level of government which has oversight responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the Walton-Verona Independent School District (District). The District receives funding from local, state and federal government sources and must comply with the commitment requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" as defined 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 Board. 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 Parent-Teacher Associations, etc.

The financial statements of the District include those of separately administered organizations that are controlled by or dependent on the Board. Control or dependence is determined on the basis of budget adoption, funding and appointment of the respective governing board.

Based on the foregoing criteria, the financial statements of the following organization are included in the accompanying financial statements:

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

Basis of Presentation

District-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 district-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 district-wide statements and the statements for governmental funds.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

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

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

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

The District has the following funds:

I. Governmental Fund Types

(A) The General Fund is the primary operating fund of the District. 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. This is a major fund of the District.

(B) The Special Revenue Fund accounts for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally funded grant programs are identified in the schedule of expenditures of federal awards included in this report on page 67. This is a major fund of the District.

(C) The Activity Funds account for activities of student groups and other types of activities requiring clearing accounts. These funds are accounted for in accordance with Uniform Program of Accounting for School Activity Funds.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

I. Governmental Fund Types (cont'd)

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

1. 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.

2. The Facility Support Program of Kentucky Fund (FSPK) 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.

3. 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. The District is committed to construction contracts in the amount of $378,126 for ongoing projects.

II. Debt Service Fund

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

III. Proprietary Fund (Enterprise Fund)

The School Food Service Fund is used to account for school food service activities, including the National School Lunch Program, which is conducted in cooperation with the U.S. Department of Agriculture (USDA). The Food Service fund is a major fund of the District.

IV. Fiduciary Fund Type (Agency and Trust Funds)

The District applies all Governmental Accounting Standards Board (GASB) pronouncements to proprietary funds as well as the Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

The District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The GASB is responsible for establishing GAAP for state and local government through its pronouncements (Statements and Interpretations).

The basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting.

Revenues – Exchange and Non-exchange Transactions – Revenues resulting from exchange transactions, in which each party receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of the fiscal year end.

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 timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenues from nonexchange transactions must also be available before they can be recognized.

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

Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue.

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

Taxes

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgetary Process

Budgetary Basis of Accounting: The District's budgetary process accounts for certain transactions on a basis other than GAAP of the United States of America. The major differences between the budgetary basis and the GAAP basis are:

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

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

Cash and Cash Equivalents

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

Inventories

Supplies and materials are charged to expenditures when purchased, except for inventories in the Proprietary Fund, which are capitalized at the lower of cost or market.

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 district-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 district-wide statement of net position and in the respective funds.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

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:

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

Accumulated Unpaid Sick Leave Benefits

Upon retirement from the school system, an employee will receive from the District an amount equal to 30% of the value of accumulated sick leave. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the District's experience of making termination payments. The entire compensated absence liability is reported on the district-wide financial statements.

Interfund Balances

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

Accrued Liabilities and Long-Term Obligations

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

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, the noncurrent portion of capital leases, accumulated sick leave, 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Reserves

Beginning with fiscal year 2012 the District implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on the District's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

> Nonspendable fund balance - amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;
>
> Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government), through constitutional provisions, or by enabling legislation.
>
> Committed fund balance – amounts constrained to specific purposes by the District itself, using its decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the District takes the action to remove or change the constraint.
>
> Assigned fund balance – amounts the District intends to use for specific purpose (such as encumbrances); intent can be expressed by the District or by an official or body to which the District delegates the authority.
>
> Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the General fund.

It is the Board's practice to liquidate funds when conditions have been met releasing these funds from legal, contractual, Board or managerial obligations, using restricted funds first, followed by committed funds, assigned funds, then unassigned funds.

Encumbrances are not liabilities and are not recorded as expenditures until receipt of material or service. Encumbrances remaining open at the end of the fiscal year are automatically re-budgeted in the following fiscal year. Encumbrances are considered a managerial assignment of fund balance in the governmental funds balance sheet.

Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Operating Revenues and Expenses

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and as non-operating 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.

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the District's OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Teachers' Retirement System of the State of Kentucky (TRS) and additions to/deductions from TRS's fiduciary net position have been determined on the same basis as they are reported by 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.

NOTE 2 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, designated fund balances, and disclosure of contingent assets and liabilities at the date of the general purpose financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 3 CASH AND CASH EQUIVALENTS

The District maintains its cash in bank deposit accounts which, at times, exceed federally insured limits. The amounts exceeding the federally insured limits are covered by a collateral agreement and the collateral is held by the pledging banks' trust departments in the District's name. The District has not experienced any losses in such accounts and the District believes it is not exposed to any significant credit risk on cash and cash equivalents.

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements
(Continued)

NOTE 4 CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2021 was as follows:

Governmental Activities	Balance June 30, 2020	Additions	Deductions	Balance June 30, 2021
Land	$ 1,075,533	$ -	$ -	$ 1,075,533
Construction in progress	8,450,657	313,768	8,738,846	25,579
Land improvements	1,073,448	473,038	-	1,546,486
Buildings and improvements	42,811,133	8,261,229	-	51,072,362
Technology equipment	89,263	174,609	-	263,872
Vehicles	2,295,450	112,995	-	2,408,445
General equipment	592,963	13,740	-	606,703
Totals at historical cost	56,388,447	9,349,379	8,738,846	56,998,980
Less: accumulated depreciation				
Land improvements	611,037	59,384	-	670,421
Buildings and improvements	13,601,768	1,227,614	-	14,829,382
Technology equipment	86,405	34,922	-	121,327
Vehicles	1,592,276	120,144	-	1,712,420
General equipment	275,294	41,410	-	316,704
Total accumulated depreciation	16,166,780	1,483,474	-	17,650,254
Governmental activities capital assets - net	$ 40,221,667	$ 7,865,905	$ 8,738,846	$ 39,348,726

Business - Type Activities	Balance June 30, 2020	Additions	Deductions	Balance June 30, 2021
General equipment	$ 276,236	$ 17,644	$ -	$ 293,880
Buildings and improvements	146,981	-	-	146,981
Totals at historical cost	423,217	17,644	-	440,861
Less: accumulated depreciation				
General equipment	257,133	2,860	-	259,993
Buildings and improvements	125,851	2,774	-	128,625
Total accumulated depreciation	382,984	5,634	-	388,618
Business - type activities capital assets - net	$ 40,233	$ 12,010	$ -	$ 52,243

NOTE 4 CAPITAL ASSETS (CONTINUED)

Depreciation expense by function for the fiscal year ended June 30, 2021 was as follows:

	Governmental	Business-Type
Instruction	$ 197,442	$ -
Student support services	73,421	-
District administration	3,995	-
School administration	19,526	-
Plant operation and maintenance	1,068,881	-
Food service	-	5,634
Student transportation	120,209	-
Total	$ 1,483,474	$ 5,634

NOTE 5 COMMITMENTS UNDER CAPITAL LEASES

The District is the lessee of equipment under capital leases expiring between 2021 and 2030. The assets and liabilities under capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The assets are depreciated over the lower of their related lease terms or their estimated productive lives. Depreciation of assets under capital leases is included in depreciation expense.

Future minimum lease payments under capital leases as of June 30, 2021, for each of the next five years and in the aggregate are as follows:

Year Ending June 30,	Capital Lease Payable
2021-2022	$ 154,944
2022-2023	152,479
2023-2024	147,634
2023-2024	147,509
2024-2025	94,576
Thereafter	232,556
Total minimum payments	929,698
Less amount representing interest	75,873
Present value of net minimum lease payments	$ 853,825

NOTE 6 ACCUMULATED UNPAID SICK LEAVE BENEFITS

Upon providing proof of qualification as an annuitant from the Kentucky Teacher's Retirement System, certified and classified employees will receive from the District an amount equal to 30% of the value of accumulated sick leave. At June 30, 2021 this amount totaled approximately $171,389 for those employees with twenty-seven or more years of experience.

NOTE 7 LEASE OBLIGATIONS AND BONDED DEBT

The amount shown in the accompanying financial statements as lease obligations represents the District's future obligations to make lease payments relating to the bonds issued.

The original amount of each issue, the issue date, and interest rates are summarized below:

Issue Date	Proceeds	Rates
October 2010	$ 800,000	1.500% - 3.100%
March 2012	985,000	1.500% - 2.350%
April 2014	2,485,000	1.100% - 3.500%
March 2015	7,635,000	2.000% - 2.500%
April 2016	1,435,000	1.000% - 2.300%
April 2016	3,495,000	0.900% - 3.125%
June 2018	4,430,000	1.000% - 3.000%
March 2019	2,995,000	1.950% - 3.500%
November 2019	1,485,000	1.550% - 2.100%
June 2020	380,000	1.375%
January 2021	985,000	0.400% - 1.000%

The District, through the General Fund (including utility taxes and the Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund) is obligated to make lease payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Walton-Verona Independent School District Finance Corporation to construct school facilities.

The District entered into "participation agreements" with the School Facility Construction Commission (Commission). The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs. Note 16 sets forth the amount to be paid by the District and the Commission for each year until maturity of all bond issues. The liability for the total bond amount remains with the District and, as such, the total principal has been recorded in the financial statements.

All issues may be called prior to maturity and redemption premiums are specified in each issue. Assuming no bonds are called prior to scheduled maturity, the minimum obligations of the District, including amounts to be paid by the Commission, at June 30, 2021 for debt service (principal and interest) are reported in Note 16.

NOTE 8 CONTINGENCIES

Grant Fund Approval

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 the grantor's review indicates that the funds have not been used for the intended purpose, the grantors may request a refund of monies advanced or refuse to reimburse the District for its disbursements. The amount of such future refunds and unreimbursed disbursements, if any, is not expected to be significant. Continuation of the District's grant programs is predicated upon the grantors' satisfaction that the funds provided are being spent as intended and the grantors' intent to continue the programs.

NOTE 9 INSURANCE AND RELATED ACTIVITIES

The District is exposed to various forms of loss of assets associated with the risks of fire, personal liability, theft, vehicular accidents, errors and omissions, fiduciary responsibility, etc. Each of these risk areas are covered through the purchase of commercial insurance. The District has purchased certain policies which are retrospectively rated, which includes workers' compensation insurance.

NOTE 10 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 errors and omissions, and general liability coverage, the District participates in the Kentucky School Boards Insurance Trust Liability Insurance Fund. These public entity risk pools operate as common risk management and insurance programs for all school districts and other tax supported educational agencies of Kentucky who are members of the Kentucky School Boards Association. The District pays an annual premium to each fund for coverage. The Liability Insurance fund pays insurance premiums of the participating members established by the insurance carrier. The Trust can terminate coverage if it is unable to obtain acceptable excess general liability coverage and for any reason by giving ninety (90) days' notice. In the event the Trust terminated coverage, any amount remaining in the Fund (after payment of operational and administrative costs and claims for which coverage was provided) would be returned to the member on a pro rata basis.

The District is self-insured for unemployment insurance benefits. The District reimburses the state for any claims paid. The District purchases workers' compensation insurance through the Kentucky School Boards Insurance Trust. 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.

NOTE 11 DEFICIT OPERATING/FUND BALANCES

The District's food service fund currently has a negative fund balance. The following funds have operations that resulted in a current year deficit of revenues over expenditures, resulting in a corresponding reduction of fund balance:

Walton-Verona Middle School	$ 16,274

NOTE 12 COBRA

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

NOTE 13 CONTINGENT LIABILITY

The District is a participant in the Kentucky School Board Insurance Trust in which the District purchases general liability and workers' compensation insurance. As of June 30, 2021, the District has paid its portion of the deficit in the trust. No contingent liability needs to be recorded in the District Wide Financial Statements.

NOTE 14 TRANSFER OF FUNDS

The following transfers were made during the year.

From Fund	To Fund	Purpose	Amount
General Fund	Special Revenue Fund	Matching	$ 33,732
General Fund	Construction Fund	Construction	144,073
Special Revenue Fund	General Fund	Indirect Costs	59,400
Building Fund	Construction Fund	Construction	271,410
Capital Outlay Fund	Debt Service Fund	Debt Service	160,627
Building Fund	Debt Service Fund	Debt Service	1,603,099

NOTE 15 ON-BEHALF PAYMENTS

For the year ended June 30, 2021 total payments of $4,913,932 were made for life insurance, health insurance, TRS matching and administrative fees by the Commonwealth of Kentucky on behalf of the District. These payments were recognized as on-behalf payments and recorded in the appropriate revenue and expense accounts on the statement of activities.

General Fund	$ 4,603,518
Debt Service	250,009
Food Service	60,405
Total On-Behalf	$ 4,913,932

NOTE 16 SCHEDULE OF LONG-TERM OBLIGATIONS

2010R, 2012R, 2014, 2015, 2016, 2016-Ref, 2018, 2019, 2019-Ref, 2020 and 2021-Ref Series

Fiscal Year	Walton - Verona School District			KY School Facilities Construction Commission			
	Principal	Interest	Total	Principal	Interest	Total	Total Requirements
2021-2022	$ 1,248,235	$ 538,475	$ 1,786,710	$ 201,765	$ 48,141	$ 249,906	$ 2,036,616
2022-2023	1,273,898	510,351	1,784,249	206,102	43,714	249,816	2,034,065
2023-2024	1,304,914	484,085	1,788,999	210,086	39,633	249,719	2,038,718
2024-2025	1,326,387	455,510	1,781,897	198,613	35,310	233,923	2,015,820
2025-2026	1,232,568	427,583	1,660,151	202,432	31,034	233,466	1,893,617
2026-2027	1,259,937	396,282	1,656,219	185,063	26,685	211,748	1,867,967
2027-2028	1,185,224	373,212	1,558,436	114,776	23,427	138,203	1,696,639
2028-2029	1,212,958	341,768	1,554,726	117,042	21,005	138,047	1,692,773
2029-2030	1,243,121	308,559	1,551,680	116,879	18,493	135,372	1,687,052
2030-2031	1,205,654	275,535	1,481,189	109,346	15,993	125,339	1,606,528
2031-2032	1,104,350	240,218	1,344,568	65,650	13,539	79,189	1,423,757
2032-2033	1,147,232	204,113	1,351,345	67,768	11,421	79,189	1,430,534
2033-2034	1,185,010	166,135	1,351,145	69,990	9,196	79,186	1,430,331
2034-2035	979,347	126,641	1,105,988	55,653	6,885	62,538	1,168,526
2035-2036	1,017,493	93,570	1,111,063	57,507	5,030	62,537	1,173,600
2036-2037	666,630	59,097	725,727	33,370	3,110	36,480	762,207
2037-2038	695,405	34,602	730,007	34,595	1,890	36,485	766,492
2038-2039	243,158	8,816	251,974	16,842	613	17,455	269,429
	$ 19,531,521	$ 5,044,552	$ 24,576,073	$ 2,063,479	$ 355,119	$ 2,418,598	$ 26,994,671

There was a bond refinanced in the current year. Total payments to close the existing bond were $970,000 for the refinanced total bond of $985,000.

A summary of the changes in the principal of the outstanding bond obligations, capital leases, and sick leave for the District during the year ended June 30, 2021 is as follows:

Governmental Activities	Balance July 1, 2020	Additions	Payments	Balance June 30, 2021
Bond Obligations	$ 22,955,000	$ 985,000	$ 2,345,000	$ 21,595,000
Capital Leases	$ 686,134	$ 290,908	$ 123,217	$ 853,825
Sick Leave	$ 175,913	$ 49,531	$ 54,055	$ 171,389

NOTE 17 RETIREMENT PLANS

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

General information about the County Employees Retirement System Non-Hazardous

Plan description

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

Benefits provided

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

Cost of living adjustments are provided at the discretion of the General Assembly. 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 of these components. Participating employees become eligible to receive the health insurance benefit after at least 180 months of service. Death benefits are provided for both death after retirement and death prior to retirement. Death benefits after retirement are $5,000 in lump sum. One month's service is required for death benefits prior to retirement and the employee must have suffered a duty-related death. The decedent's spouse will receive the higher of the normal death benefit and $10,000 plus 75% of the decedent's monthly average rate of pay. If the surviving spouse remarries, the monthly rate will be recalculated to 25% of the decedent's monthly average. Any dependent child will receive 50% of the decedent's monthly final rate of pay up to 75% for all dependent children. Five years' service is required for nonservice-related disability benefits.

NOTE 17 RETIREMENT PLANS (CONTINUED)

Contributions

Required contributions by the employee are based on the following tier:

	Required contribution
Tier 1	5%
Tier 2	5% + 1% for insurance
Tier 3	5% + 1% for insurance

The contribution requirement for CERS for the year ended June 30, 2021, was $706,903, which consisted of $581,002 from the District and $125,901 from the employees. Total contributions for the year ended June 30, 2020 and 2019 were $680,188 and $569,722, respectively. The contributions have been contributed in full for fiscal years 2021, 2020 and 2019.

General information about the Teachers' Retirement System of the State of Kentucky

Plan description

Teaching certified employees of the District and other employees whose positions require at least a college degree are provided pensions through the Teachers' Retirement System of the State of Kentucky—a cost-sharing multiple-employer defined benefit pension plan with a special funding situation established to provide retirement annuity plan coverage for local school districts and other public educational agencies in the Commonwealth. 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. 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/administration/financial-reports-information/.

Benefits provided

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

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

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

NOTE 17 RETIREMENT PLANS (CONTINUED)

Benefits provided (Continued)

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

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

Contributions

Contribution rates are established by Kentucky Revised Statutes. Non-university employees are required to contribute 12.855% of their salaries to the System. University employees are required to contribute 10.400% of their salaries. KRS 161.580 allows each university to reduce the contribution of its employees by 2.215%; therefore, university employees contribute 8.185% of their salary to TRS. The contribution requirement for TRS for the year ended June 30, 2021, was $1,343,754, which consisted of $273,426 from the District and $1,070,328 from the employees. Total contributions for the year ended June 30, 2020 and 2019 were $1,343,440 and $1,264,841, respectively. The contributions have been contributed in full for fiscal years 2021, 2020 and 2019.

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

Medical Insurance Plan

Plan description

In addition to the pension benefits described above, KRS 161.675 requires TRS to provide post-employment healthcare benefits to eligible employees and dependents. The TRS Medical Insurance Fund is a cost-sharing multiple employer defined benefit plan. 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.

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

NOTE 17 RETIREMENT PLANS (CONTINUED)

Funding policy

In order to fund the post-retirement healthcare benefit, 6.59% of the gross annual payroll of employees before July 1, 2008 is contributed. 3.75% is paid by member contributions, 0.16% if credited to the Commonwealth, and 3.00% is contributed by the employer. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

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

At June 30, 2021, the District reported a liability for its proportionate share of the net pension liability for CERS. The District did not report a liability for the District's proportionate share of the net pension liability for TRS because the Commonwealth of Kentucky provides the pension support directly to TRS on behalf of the District. The amount recognized by the District as its proportionate share of the net pension liability, the related Commonwealth support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the CERS net pension liability	$ 6,601,421
Commonwealth's proportionate share of the KTRS net pension liability associated with the District	36,383,433
	$ 42,984,854

The net pension liability for each plan was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The District's proportion of the net pension liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2020, the District's proportion was 0.086089% percent.

NOTE 17 RETIREMENT PLANS (CONTINUED)

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

For the year ended June 30, 2021, the District recognized pension expense of $687,391 related to CERS. The District also recognized a reduction of expense of $6,670,563 and a reduction of revenue of $6,670,563 for TRS support provided by the Commonwealth due to a change in assumptions. At June 30, 2021, the District 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
Difference between expected and actual experience	$ 164,619	$ -
Net difference between projected and actual earnings on pension plan investments	286,149	120,957
Changes of assumptions	257,774	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	191,698	21,717
District contributions subsequent to the measurement date	581,002	-
Total	$ 1,481,242	$ 142,674

$581,002 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2022	$ 336,397
2023	262,362
2024	92,461
2025	66,346

NOTE 17 RETIREMENT PLANS (CONTINUED)

Actuarial assumptions

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	CERS	TRS
Inflation	2.30%	3.00%
Projected salary increases	3.30%	3.5-7.3%
Investment rate of return, net of investment expense and inflation	6.25%	7.50%

For CERS, mortality rates used for active members was RP-2000 Combined Mortality table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.

For TRS, Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale BB to 2025 set forward two years for males and one year for females. The actuarial assumptions used were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2015 adopted by the Board on November 19, 2016.

For CERS, the long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years. The most recent analysis, performed for the period covering fiscal years 2008 through 2013, is outlined in a report dated April 30, 2014. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were 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 then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

NOTE 17 RETIREMENT PLANS (CONTINUED)

Actuarial assumptions (Continued)

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

Asset Class	TRS Target Allocation	TRS Long-Term Expected Real Rate of Return	CERS Target Allocation	CERS Long-Term Expected Real Rate of Return
US equity	40.0%	4.60%	18.8%	4.50%
International Equity	22.0%	5.60%	18.8%	5.25%
Core bonds			13.5%	-0.25%
Private equity	7.0%	7.70%	10.0%	6.65%
High yield			15.0%	3.90%
Fixed income	15.0%	0.00%		
Additional categories	7.0%	2.50%		
Real estate	7.0%	4.30%	5.0%	5.30%
Opportunistic			3.0%	2.25%
Real return			15.0%	3.95%
Cash	2.0%	-0.50%	1.0%	-0.75%
Total	100%		100%	

Discount rate

For CERS, the discount rate used to measure the total pension liability was 6.25%. 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 6.25%. The long-term investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

For TRS, the discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at statutorily required rates, adjusted by 95%, 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.

NOTE 17 RETIREMENT PLANS (CONTINUED)

Sensitivity of CERS and TRS proportionate share of net pension liability to changes in the discount rate

The following table presents the net pension liability of the District, calculated using the discount rates selected by each pension system, as well as what the District'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	Current Discount Rate	1% Increase
CERS	5.25%	6.25%	7.25%
District's proportionate share of net pension liability	$ 8,140,989	$ 6,601,421	$ 5,326,601
TRS	6.50%	7.50%	8.50%
District's proportionate share of net pension liability	-	-	-

Pension plan fiduciary net position

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

NOTE 18 OPEB PLANS

General information about the Teachers' Retirement System OPEB Plan

Plan description

Teaching-certified employees of the Walton-Verona Independent School 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 provided 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 Statues 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

Plan description

In addition to the OPEB benefits described above, Kentucky Revised Statute 161.675 requires TRS to provide post-employment healthcare benefits to eligible members and dependents. The TRS Medical Insurance benefit 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.

NOTE 18 OPEB PLANS (CONTINUED)

Benefits provided

To be eligible for medical benefits, the member must have retired either for service or disability. The TRS Medical Insurance Fund 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.

General information about the County Employee Retirement System Non-Hazardous OPEB Plan

Plan description

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

Benefits provided

CERS provides 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. See Note 17 for classifications.

Contributions

Required contributions by the employee are based on the tier disclosed in Note 17.

NOTE 18 OPEB PLANS (CONTINUED)

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

At June 30, 2021, the Walton-Verona Independent School District reported a liability of $5,535,701 for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020, the District's proportion was 0.14 percent for TRS, which is an increase of 0.01 percent from its proportion measured as of June 30, 2020, and 0.09 percent for CERS, which is an increase from its proportion measured as of June 30, 2020.

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

District's proportionate share of the CERS net OPEB liability	$ 2,077,701
District's proportionate share of the TRS net OPEB liability	3,458,000
State's proportionate share of the net OPEB liability associated with the District	2,770,000
	$ 8,305,701

For the year ended June 30, 2021, the District recognized OPEB expense of $297,538 and revenue of $193,860 for support provided by the State. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual performance	$ 347,140	$ 1,821,411
Net difference between projected and actual earnings on OPEB plan investments	224,453	42,396
Change of Assumptions	571,397	2,198
Changes in proportion and differences between employer contributions and proportionate share of contributions	350,454	144,982
District contributions subsequent to the measurement date	346,952	-
Total	$ 1,840,396	$ 2,010,987

NOTE 18 OPEB PLANS (CONTINUED)

Of the total amount reported as deferred outflows of resources related to OPEB, $346,952 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 OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year ended June 30:		
2022	$	(90,329)
2023		(60,892)
2024		(102,045)
2025		(73,542)
2026		(149,735)
Thereafter		(41,000)

Actuarial assumptions

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	TRS	CERS
Investment rate of return	8.00%, net of OPEB plan investment expense, including inflation.	6.25%
Projected salary increases	3.50 - 7.20%, including inflation	3.30% to 11.55%, varies by service
Inflation rate	3.00%	2.30%
Real Wage Growth	0.50%	
Wage Inflation	3.50%	
Healthcare cost trend rates		
Under 65	7.25% for FY 2020 decreasing to an ultimate rate of 5.00% by FY 2029	Initial trend starting at 7.00% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years
Ages 65 and Older	5.25% for FY 2020 decreasing to an ultimate rate of 5.00% by FY 2022	Initial trend starting at 5.00% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 10 years
Medicare Part B Premiums	6.49% for FY 2020 with an ultimate rate of 5.00% by 2031	
Municipal Bond Index Rate	2.19%	2.45%
Discount Rate	8.00%	5.34%
Single Equivalent Interest Rate	8.00%, net of OPEB plan investment expense, including inflation	

For TRS, mortality rates were based on the RP-2000 Combined Mortality Table projected to 2025 with projection scale BB and set forward two years for males and one year for females is used for the period after service retirement and for dependent beneficiaries. The RP-2000 Disabled Mortality Table set forward two years for males and seven years for females is used for the period after disability retirement.

For CERS, mortality rates were based on RP-2000 Combined Mortality Table projected to 2013 with projection scale BB and set back one year for females.

NOTE 18 OPEB PLANS (CONTINUED)

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, 2018 valuation were based on a review of recent plan experience done concurrently with the June 30, 2015 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.

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	30 Year Expected Geometric Real Rate of Return
Global Equity	58.0%	5.4%
Fixed Income	9.0%	0.0%
Real Estate	6.5%	4.3%
Private Equity	8.5%	7.7%
Other Additional Categories	17.0%	2.5%
Cash (LIBOR)	1.0%	-0.5%
Total	100.0%	

Discount rate

For TRS, the discount rate used to measure the total OPEB liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at 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 liability.

For CERS, the discount rate used to measure the total OPEB liability was 5.34%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at 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 liability.

NOTE 18 OPEB PLANS (CONTINUED)

The following table presents the District's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 8.00%, as well as what the District'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 (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
TRS			
Districts' net OPEB liability	$ 4,180,000	$ 3,458,000	$ 2,856,000

	1% Decrease (4.34%)	Current Discount Rate (5.34%)	1% Increase (6.34%)
CERS			
Districts' net OPEB liability	$ 2,669,236	$ 2,077,701	$ 1,591,854

Sensitivity of the District's proportionate share of the collective net OPEB liability to changes in the healthcare cost trend rates

The following presents the District's proportionate share of the collective net OPEB liability, as well as what the District'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 Trend Rate	1% Increase
TRS			
Districts' net OPEB liability	$ 2,741,000	$ 3,458,000	$ 4,342,000

	1% Decrease	Current Trend Rate	1% Increase
CERS			
Districts' net OPEB liability	$ 1,608,660	$ 2,077,701	$ 2,646,893

OPEB plan fiduciary net position

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

Life Insurance Plan

Plan description

TRS administers the life insurance plan as provided by Kentucky Revised Statute 161.655 to eligible active and retired members. The TRS Life Insurance benefit 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.

NOTE 18 OPEB PLANS (CONTINUED)

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 the 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.

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

At June 30, 2021, the Walton-Verona Independent School District did not report a liability for its proportionate share of the collective net OPEB liability for life insurance benefits because the State of Kentucky provides the OPEB support directly to TRS on behalf of the District. The amount recognized by the District as its proportionate share of the OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the net OPEB liability	$ -
State's proportionate share of the net OPEB liability associated with the District	84,000
	$ 84,000

For the year ended June 30, 2021, the District recognized OPEB expense of $-0- and revenue of $4,033 for support provided by the State.

Actuarial assumptions

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	7.50%, net of OPEB plan investment expense, including inflation.
Projected salary increases	3.50 - 7.20%, including inflation
Inflation rate	3.00%
Real Wage Growth	0.50%
Wage Inflation	3.50%
Municipal Bond Index Rate	3.89%
Discount Rate	7.50%
Single Equivalent Interest Rate	7.50%, net of OPEB plan investment expense, including inflation

NOTE 18 OPEB PLANS (CONTINUED)

Mortality rates were based on the RP-2000 Combined Mortality Table projected to 2025 with projection scale BB and set forward two years for males and one year for females is used for the period after service retirement and for dependent beneficiaries. The RP-2000 Disabled Mortality Table set forward two years for males and seven years for females is used for the period after disability retirement.

The remaining actuarial assumptions (e.g. initial per capita costs, rate of plan participation, rates of plan election, etc.) used in the June 30, 2018 valuation were based on a review of recent plan experience done concurrently with the June 30, 2015 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.

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	30 Year Expected Geometric Real Rate of Return
U.S. Equity	40.0%	4.6%
International Equity	23.0%	5.6%
Fixed Income	18.0%	0.0%
Real Estate	6.0%	4.3%
Private Equity	5.0%	7.7%
Other Additional Categories	6.0%	2.5%
Cash (LIBOR)	2.0%	-0.5%
Total	100.0%	

** As the LIF investment policy is to change, the above reflects the pension allocation and returns that achieve the target 7.5% long-term rate of return*

Discount rate

The discount rate used to measure the total OPEB liability for life insurance was 7.50%. The projection of cash flows used to determine the discount rate assumed that the 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 liability.

NOTE 18 OPEB PLANS (CONTINUED)

The following table presents the District's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 7.50%, as well as what the District'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 (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Districts' net OPEB liability	$ -	$ -	$ -

OPEB plan fiduciary net position

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

NOTE 19 CHANGE IN ACCOUNTING PRINCIPLE

Effective July 1, 2020, the District elected to adopt Governmental Accounting Standards Board ("GASB") Statement No. 84 "Fiduciary Activities", as it relates to accounting and financial reporting for fiduciary funds. As a result of this statement, school activity funds are considered governmental special revenue funds and not fiduciary funds.

GASB 84 required retrospective application. Since the District only presents one year of financial information, the beginning net position balance was adjusted to reflect the retrospective application. The adjustment resulted in a $249,697 addition in the beginning net position on the Statement of Activities.

NOTE 20 COVID-19 PANDEMIC

The COVID-19 outbreak in the United States has caused disruption through limited district activities. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the disruption. At this time, the District is uncertain on the disruption's impact on its operating results.

NOTE 21 SUBSEQUENT EVENTS

Subsequent events were considered through November 10, 2021, which represents the release date of our report.

SUPPLEMENTARY INFORMATION

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

Combining Balance Sheet – Nonmajor Governmental Funds
As of June 30, 2021

	Capital Outlay Fund	Student Activity Fund	Building Fund	Total Non-major Government Funds
Assets				
Current:				
Cash and cash equivalents	$ -	313,941	$ 96,749	$ 410,690
Total current	$ -	$ 313,941	$ 96,749	$ 410,690
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	$ -	$ -	$ -	$ -
Total current	-	-	-	-
Fund Balances:				
Restricted:				
Capital projects	-	-	96,749	96,749
Other	-	313,941	-	313,941
Total fund balances	-	313,941	96,749	410,690
Total liabilities and fund balances	$ -	$ 313,941	$ 96,749	$ 410,690

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures and Changes In Fund Balances – Nonmajor Governmental Funds Year Ended June 30, 2021

	Capital Outlay Fund	Student Activity Fund	Building Fund	Total Non-major Government Funds
Revenues				
Taxes	$ -	$ -	$ 1,131,327	$ 1,131,327
State sources	160,627	-	806,765	967,392
Other sources	-	394,450	-	394,450
Total revenues	160,627	394,450	1,938,092	2,493,169
Expenditures				
Instructional	-	330,206	-	330,206
Debt service:				
Other	-	-	12,470	12,470
Total expenditures	-	330,206	12,470	342,676
Excess (deficit) of revenues over expenditures	160,627	64,244	1,925,622	2,150,493
Other Financing Sources (Uses)				
Operating transfers out	(160,627)	-	(1,874,509)	(2,035,136)
Total other financing sources(uses)	(160,627)	-	(1,874,509)	(2,035,136)
Net change in fund balance	-	64,244	51,113	115,357
Fund balance, July 1, 2020	-	-	45,636	45,636
Net position adjustment (Note 19)	-	249,697	-	249,697
Fund balance, June 30, 2021	$ -	$ 313,941	$ 96,749	$ 410,690

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual – General Fund
Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
Revenues				
Taxes	$ 6,045,000	$ 6,045,000	$ 7,918,369	$ 1,873,369
Earnings on investments	15,000	15,000	18,950	3,950
State sources	5,907,500	5,907,500	10,441,361	4,533,861
Federal sources	-	-	3,221	3,221
Other revenues	232,014	232,014	569,075	337,061
Total revenues	12,199,514	12,199,514	18,950,976	6,751,462
Expenditures				
Instruction	7,996,062	8,001,130	10,763,623	2,762,493
Student support services	625,779	625,779	598,974	(26,805)
Instruction staff support services	771,115	766,047	995,489	229,442
District administration	1,560,831	1,560,831	935,802	(625,029)
School administration	679,550	679,550	1,034,115	354,565
Business	244,648	244,648	402,864	158,216
Plant operation and maintenance	1,898,206	1,898,206	1,706,808	(191,398)
Student transportation	1,040,615	1,040,615	1,003,383	(37,232)
Community services	23,000	23,000	2,458	(20,542)
Debt service	109,708	109,708	144,629	34,921
Total expenditures	14,949,514	14,949,514	17,588,145	2,638,631
Excess (deficit) of revenues over expenditures	(2,750,000)	(2,750,000)	1,362,831	4,112,831
Other financing sources (uses)				
Operating transfers in	-	-	59,400	59,400
Operating transfers out	(50,000)	(50,000)	(177,805)	(127,805)
Total other financing sources (uses)	(50,000)	(50,000)	172,503	222,503
Excess (deficit) of revenues and other financing sources over expenditures and other financing uses	(2,800,000)	(2,800,000)	1,535,334	4,335,334
Fund balance, July 1, 2020	2,800,000	2,800,000	5,232,778	2,432,778
Fund balance, June 30, 2021	$ -	$ -	$ 6,768,112	$ 6,768,112

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual – Special Revenue Fund
Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
Revenues				
State sources	$ 545,426	$ 1,076,749	$ 1,045,431	$ (31,318)
Federal sources	664,512	2,741,097	1,482,527	(1,258,570)
Total revenues	1,209,938	3,817,846	2,527,958	(1,289,888)
Expenditures				
Instruction	1,066,969	3,538,324	2,235,897	(1,302,427)
Student support services	-	43,095	43,095	-
Plant operation and maintenance	-	78,758	77,691	(1,067)
Student transportation	30,263	44,963	30,486	(14,477)
Community services	112,706	112,706	115,121	2,415
Total expenditures	1,209,938	3,817,846	2,502,290	(1,315,556)
Excess (deficit) of revenues over expenditures	-	-	25,668	25,668
Other Financing Sources (Uses)				
Operating transfers in	-		33,732	33,732
Operating transfers out	-	-	(59,400)	(59,400)
Total other financing sources (uses)	-	-	(25,668)	(25,668)
Excess (deficit) of revenues and other financing sources over expenditures and other financing uses	-	-	-	-
Fund balance, July 1, 2020	-	-	-	-
Fund balance, June 30, 2021	$ -	$ -	$ -	$ -

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual – Construction Fund
Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
Revenues				
Taxes	$ -	$ -	$ -	$ -
Other revenues	-	-	-	-
Total revenues	-	-	-	-
Expenditures				
Facilities acquisition and construction	-	370,310	310,250	(60,060)
Total expenditures	-	370,310	310,250	(60,060)
Excess (deficit) of revenues over expenditures	-	(370,310)	(310,250)	60,060
Other Financing Sources (Uses)				
Operating transfers in	-	370,310	415,483	45,173
Total other financing sources (uses)	-	370,310	415,483	45,173
Excess (deficit) of revenues and other financing sources over expenditures and other financing uses	-	-	105,233	105,233
Fund balance, July 1, 2020	-	-	272,893	272,893
Fund balance, June 30, 2021	$ -	$ -	$ 378,126	$ 378,126

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual – Debt Service Fund
Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
Revenues				
State sources	$ 250,012	$ 250,012	$ 250,009	$ (3)
Total revenues	250,012	250,012	250,009	(3)
Expenditures				
Debt service	2,013,965	2,013,965	2,013,735	(230)
Total expenditures	2,013,965	2,013,965	2,013,735	(230)
Excess (deficit) of revenues over expenditures	(1,763,953)	(1,763,953)	(1,763,726)	227
Other Financing Sources (Uses)				
Proceeds from sale of bonds and capital leases	-	-	985,000	985,000
Refinanced bonds	-	-	(970,000)	(970,000)
Bond issue cost	-	-	(15,000)	
Operating transfers in	1,763,953	1,763,953	1,763,726	(227)
Total other financing sources (uses)	1,763,953	1,763,953	1,763,726	14,773
Excess (deficit) of revenues and other financing sources over expenditures and other financing uses	-	-	-	15,000
Fund balance, July 1, 2020	-	-	-	-
Fund balance, June 30, 2021	$ -	$ -	$ -	$ -

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

Statement of Receipts, Disbursements and Fund Balance
Bond and Interest Redemption Funds
For the Year Ended June 30, 2021

	Issue of 2010R	Issue of 2011	Issue of 2012R	Issue of 2014	Issue of 2015	Issue of 2016
Cash at July 1, 2020	$ -	$ -	$ -	$ -	$ -	$ -
Receipts:						
Transfers and miscellaneous deposits	116,975	110,456	103,358	137,310	771,588	123,202
Disbursements:						
Bonds paid	110,000	70,000	95,000	70,000	655,000	30,000
Interest coupons	6,975	40,456	8,358	67,310	116,588	93,202
Transfers and miscellaneous	-	-	-	-	-	-
Call fee	-	-	-	-	-	-
Total disbursements	116,975	110,456	103,358	137,310	771,588	123,202
Excess of disbursements over receipts	-	-	-	-	-	-
Cash at June 30, 2021	-	-	-	-	-	-
Fund balance at June 30, 2021	$ -	$ -	$ -	$ -	$ -	$ -

	Issue of 2016R	Issue of 2018	Issue of 2019	Issue of 2019R	Issue of 2020	Total
Cash at July 1, 2020	$ -	$ -	$ -	$ -	$ -	$ -
Receipts:						
Transfers and miscellaneous deposits	156,275	191,051	112,125	188,550	2,845	2,013,735
Disbursements:						
Bonds paid	135,000	35,000	15,000	160,000	-	1,375,000
Interest coupons	21,275	156,051	97,125	28,550	2,845	638,735
Transfers and miscellaneous	-	-	-	-	-	-
Call fee	-	-	-	-	-	-
Total disbursements	156,275	191,051	112,125	188,550	2,845	2,013,735
Excess of disbursements over receipts	-	-	-	-	-	-
Cash at June 30, 2021	-	-	-	-	-	-
Fund balance at June 30, 2021	$ -	$ -	$ -	$ -	$ -	$ -

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

Statement of Receipts, Disbursements and Fund Balances
Walton-Verona High School Activity Fund
Year Ended June 30, 2021

	Fund Balance June 30, 2020	Receipts	Disbursements	Fund Balance June 30, 2021
2020-2021 HS fees	$ 1,503	$ 30,009	$ 30,410	$ 1,102
Advisory Board	6	-	-	6
Agriculture	-	2,245	1,003	1,242
AP classes	133	1,425	1,290	268
Art Club	132	-	-	132
Art fund	817	3,821	3,757	881
Athletic assistance	775	-	-	775
Athletic boosters	4,313	5,076	4,302	5,087
Athletics	11,815	139,844	128,661	22,998
Band	2,403	6,138	2,723	5,818
Band trip	2	1,454	-	1,456
Baseball	825	3,970	3,953	842
Basketball	3,100	22,843	16,706	9,237
Bass Fishing	352	105	-	457
Beta club	8,542	865	4,990	4,417
Bowling club	1	-	-	1
Boys golf	-	820	816	4
Boys soccer	390	603	982	11
Bridge	19	-	-	19
Business fund	964	698	262	1,400
Cappie Stephenson	200	-	-	200
Cashbox	-	3,200	3,200	-
Choral music	-	3,959	3,782	177
Club scholarship	65	-	-	65
Colonel Hudson scholarship - CD	-	1,000	1,000	-
Concession fund	148	170	200	118
Cross country	1,354	1,550	1,769	1,135
Delinquent fees	-	138	-	138
Drama	2,606	4,399	860	6,145
Emergency assistance	718	-	-	718
English	465	2,384	330	2,519
Evan Ryan memorial fund	2,500	-	1,500	1,000
Evan Ryan scholarship - CD	35,300	-	3,641	31,659
Exercise equipment	649	-	-	649
Family & con science	1,202	3,894	3,129	1,967
FBLA	641	150	560	231
FCCLA	-	1,972	1,639	333
FFA	7,150	8,519	15,490	179
Football	1,883	11,060	11,525	1,418
G.L.O.W.	75	-	-	75
General fund	4,786	2,799	1,648	5,937

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

Statement of Receipts, Disbursements and Fund Balances
Walton-Verona High School Activity Fund (Continued)
Year Ended June 30, 2021

	Fund Balance June 30, 2020	Receipts	Disbursements	Fund Balance June 30, 2021
Girls basketball	$ -	$ 5,825	$ 4,517	$ 1,308
Girls golf	86	1,020	602	504
Girls soccer	7,933	11,598	12,195	7,336
Guidance fund	1,141	252	581	812
Health	7	-	-	7
HS student council	74	-	-	74
Hunter Donovan Me	85	500	500	85
Intramural Basketball	499	-	-	499
Intramural Volleyball	2,237	315	2,000	552
Junior class	2,461	5,310	3,096	4,675
Kendal Smith scholarship	1,827	580	1,000	1,407
Kendall Smith scholarship - CD	10,851	441	-	11,292
KY State College	-			-
Les Stephens scholarship	-	1,500	1,500	-
Library fines	251	-	-	251
Math	2,482	3,196	1,568	4,110
Max Gjerde Memorial	-	500	500	-
Media	3	-	-	3
N.K.O.A.	39	500	-	539
Parking permit	1,675	750	1,086	1,339
Pending Donation	-	49,169	-	49,169
Physical education	62	1,491	544	1,009
Project prom	2,229	2,850	1,835	3,244
Quest program	-	3,000	3,000	-
Reading	6,023	671	-	6,694
Robotics/Lego Club	744	-	-	744
School Climate fund	2,854	1,228	1,200	2,882
Science fund	4,181	2,055	1,527	4,709
Senior class 2017/2018	1,172	5,730	6,329	573
Social studies	5	155	-	160
Softball	981	2,000	280	2,701
Spanish	3,487	829	1,942	2,374
Spanish club	77	-	-	77
Special education	1	-	-	1
Technology	-	2,741	2,154	587
Tennis	2,077	600	655	2,022
Theatre	966	-	-	966
Tournament account	38	-	-	38
Track	-	7,340	2,693	4,647
Varsity cheer	1,301	7,372	5,789	2,884
Volleyball	1,257	8,975	4,689	5,543
Wake up Walton	2,499	3,850	3,324	3,025
Wellness center	484	-	-	484
Workbooks	87	3,500	432	3,155
Wrestling	232	1,070	1,298	4
Y club	747	2,484	1,513	1,718
Yearbook	13,216	2,542	8,485	7,273
	$ 172,205	$ 407,049	$ 326,962	$ 252,292

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

Statement of Receipts, Disbursements and Fund Balances
School Activity Funds
Year Ended June 30, 2021

	Walton-Verona Middle School	Walton-Verona Elementary School	Total
Fund balance at July 1, 2020	$ 49,060	$ 28,432	$ 77,492
Add: receipts	47,279	12,077	59,356
Less: disbursements	(63,553)	(11,646)	(75,199)
Fund balance at July 1, 2021	$ 32,786	$ 28,863	$ 61,649

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

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

Last 10 Fiscal Years*

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
District's proportion of the net pension liability	0%	0%	0%	0%	0%	0%	0%	*	*	*
District's proportionate share of the net pension liability	$ -	$ -	$ -	$ -	$ -	$ -	$ -	*	*	*
State's proportionate share of the net pension liability associated with the District	36,383,433	33,745,596	32,267,909	67,912,869	72,445,775	55,139,445	45,246,643	*	*	*
Total	$ 36,383,433	$ 33,745,596	$ 32,267,909	$ 67,912,869	$ 72,445,775	$ 55,139,445	$ 45,246,643	*	*	*
District's covered-employee payroll	$ 8,289,427	$ 7,806,779	$ 7,752,761	$ 7,678,128	$ 7,318,884	$ 6,937,804	$ 6,892,833	$ 6,621,340	$ 6,334,890	*
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0%	0%	0%	0%	0%	0%	0%	*	*	*
Plan fiduciary net position as a percentage of the total pension liability	58.27%	58.76%	59.27%	39.83%	35.22%	42.49%	45.59%	*	*	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Changes of benefit terms: None

Changes of assumption: In the 2011 valuation and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Table rather than the 1994 Group Annuity Mortality Table, which was used prior to 2011. In the 2011 valuation, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience. In the 2011 valuation, the Board adopted an interest smoothing methodology to calculate liabilities for purposes of determining the actuarially determined contributions.

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

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

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

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

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

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

Schedule of District Contributions – TRS

Last 10 Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	$ 273,426	$ 277,834	$ 261,070	$ 263,854	$ 245,799	$ 224,296	$ 161,896	$ 109,295	$ 72,600	$ 38,260
Contributions in relation to the contractually required contribution										
Contributions in relation to the contractually required contribution	(273,426)	(277,834)	(261,070)	(263,854)	(245,799)	(224,296)	(161,896)	(109,295)	(72,600)	(38,260)
Contribution deficiency	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 8,326,411	$ 8,289,427	$ 7,806,779	$ 7,752,761	$ 7,678,128	$ 7,318,884	$ 6,937,804	$ 6,892,833	$ 6,621,340	$ 6,334,890
Contributions as a percentage of of covered-employee payroll	3.28%	3.35%	3.34%	3.40%	3.20%	3.06%	2.33%	1.59%	1.10%	0.60%

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

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

Last 10 Fiscal Years*

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
District's proportion of net pension liability	0.086069%	0.081853%	0.082456%	0.084560%	0.087272%	0.084117%	0.083182%	*	*	*
District's proportionate share of the net pension liability	$ 6,601,421	$ 5,756,758	$ 5,021,822	$ 4,949,557	$ 4,296,938	$ 3,616,625	$ 2,699,000	*	*	*
Total net pension liability	$7,669,917,211	$7,033,044,552	$ 6,090,304,793	$ 5,853,307,482	$ 4,923,618,237	$ 4,299,525,565	$ 3,244,377,000	*	*	*
District's covered-employee payroll	$ 2,325,754	$ 2,123,467	$ 2,073,945	$ 2,086,221	$ 2,087,822	$ 1,959,068	$ 1,908,316	$ 1,885,004	$ 1,870,439	*
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	283.8%	271.1%	242.1%	237.2%	205.8%	184.6%	141.4%	*	*	*
Plan fiduciary net position as a percentage of the total pension liability	47.81%	50.45%	53.54%	53.30%	55.50%	59.97%	66.80%	*	*	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Changes of benefit terms: The following changes were made by the Kentucky Legislature and reflected in the valuation performed as of June 30 listed below:

2009: A new benefit tire for members who first participate on or after September 1, 2008 was introduced which included the following changes:
1. Tired structure for benefit accrual rates
2. New retirement eligibility requirements
3. Different rules for the computation of final average compensation

2014: As cash balance plan was introduced for member whose participation date is on or after January 1, 2014.

Changes of assumption: The following changes were made by the Kentucky Legislature and reflected in the valuation performed as of June 30 listed below:

2015: The assumed investment rate of return was decreased from 7.75% to 7.50%.

2015: The assumed rate of inflation was reduced from 3.50% to 3.25%.

2015: The assumed rate of wage inflation was reduced from 1.00% to 0.75%.

2015: Payroll growth assumption was reduced from 4.50% to 4.00%.

2015: The mortality table used for active members is RP-2000 Combined Mortality table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females).

2015: For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.

2015: The assumed rates of Retirement, Withdrawal and Disability were updated to more accurately reflect experience.

2017: The assumed investment rate of return was decreased from 7.50% to 6.25%.

2017: The assumed rate of inflation was reduced from 3.25% to 2.30%.

2017: The assumed rate of salary growth was reduced from 4.00% to 3.05%.

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

Schedule of District Contributions – CERS

Last 10 Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	$ 581,002	$ 559,068	$ 456,122	$ 397,774	$ 389,706	$ 356,183	$ 346,167	$ 360,481	$ 368,519	$ 354,669
Contributions in relation to the contractually required contribution	(581,002)	(559,068)	(456,122)	(397,774)	(389,706)	(356,183)	(346,167)	(360,481)	(368,519)	(354,669)
Contribution deficiency	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 2,414,803	$ 2,325,754	$ 2,123,467	$ 2,073,945	$ 2,086,221	$ 2,087,822	$ 1,959,068	$ 1,908,316	$ 1,885,004	$ 1,870,439
Contributions as a percentage of of covered-employee payroll	24.06%	24.04%	21.48%	19.18%	18.68%	17.06%	17.67%	18.89%	19.55%	18.96%

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

Schedule of the District's Proportionate Share of the Net OPEB Liability – LIF

Last 10 Fiscal Years*

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
District's proportion of the collective trust OPEB liability	0%	0%	0%	0%	*	*	*	*	*	*
District's proportionate share of the collective net OPEB liability	$ -	$ -	$ -	$ -	*	*	*	*	*	*
State's proportionate share of the collective net OPEB liability (asset) associated with the District	84,000	72,000	65,000	52,000	*	*	*	*	*	*
Total net OPEB liability	$ 84,000	$ 72,000	$ 65,000	$ 52,000	*	*	*	*	*	*
District's covered-employee payroll	$ 8,289,427	$ 7,806,779	$ 7,752,761	$ 7,678,128	*	*	*	*	*	*
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	0.0%	0.0%	0.0%	0.0%	*	*	*	*	*	*
Plan fiduciary net position as a percentage of the total OPEB liability	71.57%	73.40%	74.97%	79.99%	*	*	*	*	*	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Changes of benefit terms - None.

Methods and assumptions used in the actuarially determined contributions - The actuarially determined contribution rates, as a percentage of payroll, used to determine the actuarially determined contribution amounts in the Schedule of Employer Contributions are calculated as the of the indicated valuation date. The following actuarial methods and assumptions (from the indicated actuarial valuations) were used to determine contribution rates reported in that schedule for the year ending June 30, 2020:

Valuation date	June 30, 2017
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll
Amortization period	27 years, Closed
Asset valuation method	Five-year smoothed value
Inflation	3.00%
Real wage growth	0.50%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% - 7.20%
Discount rate	7.50%

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

Schedule of District Contributions – LIF

Last 10 Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	$ -	$ -	$ -	$ -	*	*	*	*	*	*
Contributions in relation to the contractually required contribution	-	-	-	-	*	*	*	*	*	*
Contribution deficiency	-	-	-	-	*	*	*	*	*	*
District's covered-employee payroll	$ 8,326,411	$ 8,289,427	$ 7,806,779	$ 7,752,761	*	*	*	*	*	*
Contributions as a percentage of of covered-employee payroll	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 10 years. Additional years will be displayed as they become available.
No changes were made to the assumptions or benefit terms.

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

Schedule of the District's Proportionate Share of the Net OPEB Liability – MIF

Last 10 Fiscal Years*

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
District's proportion of the collective trust OPEB liability	0.137034%	0.131005%	0.126550%	0.343819%	*	*	*	*	*	*
District's proportionate share of the collective net OPEB liability	$ 3,458,000	$ 3,834,000	$ 4,391,000	$ 4,717,000	*	*	*	*	*	*
State's proportionate share of the collective net OPEB liability associated with the District	$ 2,770,000	$ 3,096,000	$ 3,784,000	$ 3,853,000	*	*	*	*	*	*
Total net OPEB liability	$ 6,228,000	$ 6,930,000	$ 8,175,000	$ 8,570,000	*	*	*	*	*	*
District's covered-employee payroll	$ 8,289,427	$ 7,806,779	$ 7,752,761	$ 7,678,128	*	*	*	*	*	*
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	41.7%	49.1%	56.6%	61.4%	*	*	*	*	*	*
Plan fiduciary net position as a percentage of the total OPEB liability	39.05%	32.58%	25.54%	21.18%	*	*	*	*	*	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Changes of benefit terms - None

Methods and assumptions used in the actuarially determined contributions - The actuarially determined contributions rates, as a percentage of payroll, used to determine the actuarially determined contribution amounts in the Schedule of Employer Contributions are calculated as the of the indicated valuation date. The following actuarial methods and assumptions (from the indicated actuarial valuations) were used to determine contribution rates reported in that schedule for the year ending June 30, 2020:

Valuation date	June 30, 2019
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll
Amortization period	21 years, Closed
Asset valuation method	Five-year smoothed value
Inflation	3.00%
Real wage growth	0.50%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% - 7.20%
Discount rate	8.00%
Health care cost trends	
Under 65	7.25% for FY 2020 decreasing to an ultimate rate of 5.00% by FY 2029
Ages 65 and older	5.25% for FY 2020 decreasing to an ultimate rate of 5.00% by FY 2022
Medicare Part B premiums	6.49% for FY 2020 with an ultimate rate of 5.00% by 2032
Under age 65 claims	The current premium charged by KEHP is used as the base cost and is projected forward using only the health care trend assumption (no implicit rate subsidy is recognized).

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

Schedule of District Contributions – MIF

Last 10 Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	$ 242,011	$ 228,115	$ 225,425	$ 324,039	*	*	*	*	*	*
Contributions in relation to the contractually required contribution	(242,011)	(228,115)	(225,425)	(324,039)	*	*	*	*	*	*
Contribution deficiency	-	-	-	-	*	*	*	*	*	*
District's covered-employee payroll	$ 8,326,411	$ 8,289,427	$ 7,806,779	$ 7,752,761	*	*	*	*	*	*
Contributions as a percentage of of covered-employee payroll	2.91%	2.75%	2.89%	4.18%	*	*	*	*	*	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Changes of benefit terms - None

Methods and assumptions used in the actuarially determined contributions - The actuarially determined contributions rates, as a percentage of payroll, used to determine the actuarially determined contribution amounts in the Schedule of Employer Contributions are calculated as the of the indicated valuation date. The following actuarial methods and assumptions (from the indicated actuarial valuations) were used to determine contribution rates reported in that schedule for the year ending June 30, 2020:

Valuation date	June 30, 2019
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll
Amortization period	21 years, Closed
Asset valuation method	Five-year smoothed value
Inflation	3.00%
Real wage growth	0.50%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% - 7.20%
Discount rate	8.00%
Health care cost trends	
Under 65	7.25% for FY 2020 decreasing to an ultimate rate of 5.00% by FY 2029
Ages 65 and older	5.25% for FY 2020 decreasing to an ultimate rate of 5.00% by FY 2022
Medicare Part B premiums	6.49% for FY 2020 with an ultimate rate of 5.00% by 2032
Under age 65 claims	The current premium charged by KEHP is used as the base cost and is projected forward using only the health care trend assumption (no implicit rate subsidy is recognized).

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

Schedule of the District's Proportionate Share of the Net OPEB Liability – MIF (CERS)

Last 10 Fiscal Years*

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
District's proportion of the collective trust OPEB liability	0.086044%	0.081831%	0.082453%	0.084560%	*	*	*	*	*	*
District's proportionate share of the collective net OPEB liability	$2,077,701	$1,376,361	$1,463,937	$1,699,945	*	*	*	*	*	*
State's proportionate share of the collective net OPEB liability associated with the District	$ -	$ -	$ -	$ -	*	*	*	*	*	*
Total net OPEB liability	$2,077,701	$1,376,361	$1,463,937	$1,699,945	*	*	*	*	*	*
District's covered-employee payroll	$ 2,325,754	$ 2,123,467	$ 2,073,945	$ 2,086,221	*	*	*	*	*	*
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	89.3%	64.8%	70.6%	81.5%	*	*	*	*	*	*
Plan fiduciary net position as a percentage of the total OPEB liability	51.67%	60.44%	57.62%	52.40%	*	*	*	*	*	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Changes in assumptions: None

2018: Updated healthcare trend rates were implemented.

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

Schedule of District Contributions – MIF (CERS)

Last 10 Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	$ 104,941	$ 108,602	$ 96,052	$ 97,382	*	*	*	*	*	*
Contributions in relation to the contractually required contribution	(104,941)	(108,602)	(96,052)	(97,382)	*	*	*	*	*	*
Contribution deficiency	-	-	-	-	*	*	*	*	*	*
District's covered-employee payroll	$ 2,414,803	$ 2,325,754	$ 2,123,467	$ 2,073,945	*	*	*	*	*	*
Contributions as a percentage of of covered-employee payroll	4.35%	4.67%	4.52%	4.70%	*	*	*	*	*	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available. No changes were made to the assumptions or benefit terms.

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Agreement Number	Federal Expenditures for FYE 6/30/2021
U.S. Department of Education			
Passed through Kentucky Department of Education			
Special Education Cluster			
Special Education_Grants to States	84.027	3810002 19	$ 8,569
Special Education_Grants to States	84.027	3810002 20	371,090
Special Education_Preschool Grants	84.173	3800002 20	25,138
Total Special Education Cluster			404,797
Title I Grants to Local Educational Agencies	84.010	3100002 20	166,582
Career and technical Education -Basic Grants to States	84.048	3710002 20	58,589
Title II Improving Teacher Quality State Grants	84.367	3230002 20	34,471
Title IV-Part A Student Support and Academic Enrichment Grant	84.424	3420002 20	13,045
Coronavirus Relief Fund	21.019		357,749
ESSER I (CARES)	84.425	4000002-20	138,678
GEER (CARES)	84.425	CARE-20	23,789
ESSER II State Set Aside	84.425		120,470
ESSER II	84.425	4200002-21	447,543
ESSER III (ARP)	84.425	4300002-21	72,378
Digital Learning Coaches	84.425	4000003-20	2,185
Total CFDA #84.425			805,043
Total U.S. Department of Education			1,840,276
U.S. Department of Agriculture			
Child Nutrition Cluster			
Passed through Kentucky Department of Education			
National School Lunch Program	10.555	7750002 20	13,675
School Breakfast Program	10.553	7760005 20	8,590
Summer Feeding Program	10.559	7740023 20	22,860
Summer Feeding Program	10.559	7690024 20	479,480
Summer Feeding Program	10.559	7690024 20	2,358
Summer Feeding Program	10.559	7690024 21	48,543
Passed through Kentucky Department of Agriculture			
National School Lunch Program - Food Donation	10.555	059-0203	34,084
Total Child Nutrition Cluster			609,590
Total U.S. Department of Agriculture			609,590
			$ 2,449,866

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

NOTE 1 BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Walton Verona Independent School District under programs of the federal government for the year ended June 30, 2021, and is reported on the accrual basis of accounting. 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*. Because the schedule presents only a selected portion of the operations of Walton Verona Independent School District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting in accordance with generally accepted accounting principles. 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 3 FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair value of the commodities disbursed. For the year ended June 30, 2021, the District reported food commodities expended in the amount of $34,084.

NOTE 4 INDIRECT COST RATE

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

NOTE 5 SUBRECIPIENTS

The District did not have any subrecipients during the year ended June 30, 2021.

BARNES DENNIG
Accounting • Tax • Business Insight

KENTUCKY OFFICE
2617 Legends Way
Crestview Hills, KY 41017
Main: 859.344.6400
Fax: 856.578.7522

INDEPENDENT AUDITORS' 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 Members of the Board of Education
Walton-Verona Independent School District
Walton, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Walton Verona Independent School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Walton Verona Independent School District's basic financial statements, and have issued our report thereon dated November 10, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Walton Verona Independent 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 Walton Verona Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Walton Verona Independent 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Walton Verona Independent 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*.

We noted other matters that we reported to management of the District in pages 75-76.

INDEPENDENT AUDITORS' 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*

(Continued)

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.

Barnes, Dennig & Co., Ltd.

Crestview Hills, Kentucky
November 10, 2021

BARNES DENNIG
Accounting • Tax • Business Insight

KENTUCKY OFFICE
2617 Legends Way
Crestview Hills, KY 41017
Main: 859.344.6400
Fax: 856.578.7522

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

Members of the Board of Education
Walton-Verona Independent School District
Walton, Kentucky

We have audited Walton Verona Independent School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Walton Verona Independent School District's major federal programs for the year ended June 30, 2021. Walton Verona Independent 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Walton Verona Independent School District's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Walton Verona Independent School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Walton Verona Independent School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Walton Verona Independent 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, 2021.

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

(Continued)

Report on Internal Control Over Compliance

Management of Walton Verona Independent School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Walton Verona Independent School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Walton Verona Independent School District's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Barnes, Dennig & Co., Ltd.

Crestview Hills, Kentucky
November 10, 2021

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

SECTION I -SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

• Material weakness(es) identified?		Yes	X	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?		Yes	X	None noted
Noncompliance material to financial statements noted?		Yes	X	No

Federal Awards

Internal control over major programs:

• Material weakness(es) identified?		Yes	X	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?		Yes	X	None noted

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR Section 200.516(a)?		Yes	X	No

Identification of major programs

CFDA No.	Name of Federal Program or Cluster
84.425	Education Stabilization Fund Under the Coronavirus Aid, Relief, And Economic Security Act

Dollar threshold used to distinguish between Type A and Type B programs: $750,000

Auditee qualified as low-risk auditee?	X	Yes		No

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters are reportable

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COST

No matters are reportable

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

Summary Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2021

SECTION I -SUMMARY OF PRIOR YEAR AUDITOR'S RESULTS

No matters are reportable

SECTION II – PRIOR YEAR FINANCIAL STATEMENT FINDINGS

No matters are reportable

SECTION III – PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COST

No matters are reportable

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

Management Letter Comments
For the Year Ended June 30, 2021

In planning and performing our audit of the financial statements of Walton-Verona Independent School District for the year ended June 30, 2021, 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.

This letter summarizes our comments and suggestions regarding those matters. A separate report dated November 10, 2021 contains our report on significant deficiencies and material weaknesses in the District's internal control structure. This letter does not affect our report dated November 10, 2021, on the financial statements of the Walton-Verona Independent School District.

CURRENT YEAR RECOMMENDATIONS

CENTRAL OFFICE

No matters are reportable

ACTIVITY FUNDS

Walton-Verona High School

No matters are reportable

Walton-Verona Middle School

No matters are reportable

Walton-Verona Elementary School

Statement of deficiency: It was noted that gift cards were purchased using the activity funds.

Management Response: Annually our district is provided with hams by a donor to give out to families in need at Christmas. In order to provide families with the means to purchase side items for dinner, donated funds were used to provide grocery store gift cards through the school that manages the program. Although procedures and sign-out logs were put in place to ensure the proper use of the gift cards the district acknowledges that this is prohibited by Redbook. Moving forward this practice will be discontinued and families will be provided with alternative access to groceries or donors will be given the option to donate gift cards to the program instead of cash.

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

Management Letter Comments
(Continued)
Year Ended June 30, 2021

STATUS OF PRIOR YEAR RECOMMENDATIONS

CENTRAL OFFICE

No matters are reportable

ACTIVITY FUNDS

Walton-Verona High School

Statement of prior year deficiency: It was noted that the incorrect payee was entered into the EPES software and the incorrect payee on the check for one disbursement.

Current year follow up: No such instances noted.

Walton-Verona Middle School

No matters are reportable

Walton-Verona Elementary School

No matters are reportable

APPENDIX C

Walton-Verona Independent School District Finance Corporation
School Building Revenue Bonds
Series of 2023

Continuing Disclosure Agreement

FORM OF CONTINUING DISCLOSURE AGREEMENT

Relating to:

$25,200,000

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT FINANCE CORPORATION

SCHOOL BUILDING REVENUE BONDS, SERIES 2023

Dated as of: January 5, 2023

TABLE OF CONTENTS

THIS CONTINUING DISCLOSURE AGREEMENT (the "Agreement") is made and entered into as of the 5th day of January, 2023, among RSA Advisors, LLC, as disclosure agent (the "Disclosure Agent"), the Board of Education of the Walton-Verona Independent School District (the "Board") and Walton-Verona Independent School District Finance Corporation (the "Issuer").

RECITALS

WHEREAS, the Issuer has issued or will issue its School Building Revenue Bonds, Series 2023 in the original aggregate principal amount of $25,200,000 (the "Bonds") pursuant to a Bond Resolution adopted November 17, 2022 (the "Bond Resolution") by the Issuer to finance the construction of a New Intermediate School (the "Project"); and

WHEREAS, the Bonds have been offered and sold pursuant to a Preliminary Official Statement, dated ____________, and an Official Statement, dated __________, (the "Offering Document"); and __________________________ (the "Original Purchaser") has agreed to purchase the Bonds based on its competitive bid pursuant to the Issuer's Notice of Sale as to the Bonds; and

WHEREAS, the Disclosure Agent, the Board and the Issuer, wish to provide for the disclosure of certain information concerning the Bonds, the Project and other matters on an on-going basis as set forth herein for the benefit of the Bondholders, as hereinafter defined, in accordance with the provisions of Securities and Exchange Commission Rule 15c2-12, as amended from time to time (the "Rule");

NOW, THEREFORE, in consideration of the mutual promises and agreements made herein and in the Bond Resolution and the resolution of the Board adopted on November 17, 2022 (the "Board Resolution"), the receipt and sufficiency of which consideration is hereby mutually acknowledged, the parties hereto agree as follows:

SECTION 1. Definitions; Scope of this Agreement.

(A) All terms capitalized but not otherwise defined herein shall have the meanings assigned to those terms in the Bond Resolution, as amended and supplemented from time to time. The following capitalized terms shall have the following meanings:

"Annual Financial Information" shall mean a copy of the annual audited financial information prepared by the Board which shall include a balance sheet, a statement of revenue and expenditure and a statement of changes in fund balances. All such financial information shall be prepared using generally accepted accounting principles; provided, however, that the Board may change the accounting principles used for preparation of such financial information so long as the Board includes as information provided to the public, a statement in narrative form to the effect that different accounting principles are being used, stating the reason for such change and how to compare the financial information provided by the differing financial accounting principles. Any or all of the items listed above may be set forth in other documents, including Offering Documents of debt issues of the Issuer, the Board or related public entities, which have been transmitted to the MSRB, or may be included by specific reference to documents available to the public on the MSRB's Internet Website or filed with the SEC.

"Beneficial Owner" shall mean any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"Bondholders" shall mean any holder of the Bonds and any Beneficial Owner thereof.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Event" shall mean any of the following events with respect to the Bonds:

(i) Principal and interest payment delinquencies;

(ii) Non-payment related defaults, if material;

(iii) Unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) Unscheduled draws on credit enhancements reflecting financial difficulties;

(v) Substitution of credit or liquidity providers, or their failure to perform;

(vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax-exempt status of the security;

(vii) Modifications to rights of security holders, if material;

(viii) Bond calls, if material, and tender offers (except for mandatory scheduled redemptions not otherwise contingent upon the occurrence of an event);

(ix) Defeasances;

(x) Release, substitution or sale of property securing repayment of the securities, if material;

(xi) Rating changes;

(xii) Bankruptcy, insolvency, receivership or similar event of the obligated person (Note: For the purposes of this event, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the Huntington National Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person);

(xiii) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(xv) Incurrence of a Financial Obligation of the Issuer or Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer or Obligated Person, any of which affect security holders, if material; and

(xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer or Obligated Person, any of which reflect financial difficulties.

(xvii) The cure, in the manner provided under the Bond Resolution, of any payment or nonpayment related default under the Bond Resolution;

The SEC requires tire listing of (i) through (xiv) although some of such events may not be applicable to the Bonds.

"Financial Obligation" shall mean (a) a debt obligation, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) a guarantee of either (a) or (b). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Operating Data" shall mean an update of the Operating Data contained in the Offering Document under the headings "BOND DEBT SERVICE," "DISTRICT STUDENT POPULATION," "LOCAL SUPPORT," and "SEEK ALLOTMENT".

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

"SEC" shall mean the Securities and Exchange Commission.

"State" shall mean the Commonwealth of Kentucky.

"Turn Around Period" shall mean (i) five (5) business days, with respect to Annual Financial Information and Operating Data delivered by the Issuer or the Board to the Disclosure Agent; (ii) in a timely manner, but within ten (10) business days, with respect to Event occurrences disclosed by the Issuer to the Disclosure Agent; or (iii) two business days with respect to the failure, on the part of the Issuer, to deliver Annual Financial Information and Operating Data to the Disclosure Agent which period commences upon notification by the Issuer or the Board of such failure, or upon the Disclosure Agent's actual knowledge of such failure.

(B) This Agreement applies to the Bonds and any Additional Bonds issued under the Bond Resolution.

(C) The Disclosure Agent shall have no obligation to make disclosure about the Bonds or the Project except as expressly provided herein. The fact that the Disclosure Agent or any affiliate thereof may have any fiduciary or banking relationship with the Issuer or the Board, apart from the relationship created by the Bond Resolution, shall not be construed to mean that the Disclosure Agent has actual knowledge of any event or condition except as may be provided by written notice from the Issuer or the Board.

SECTION 2. Disclosure of Information.

(A) General Provisions. This Agreement governs the Issuer's and the Board's direction to the Disclosure Agent, with respect to information to be made public. In its actions under this Agreement, the Disclosure Agent is acting solely as the Issuer's agent and the Board's agent.

(B) Information Provided to the Public. Except to the extent this Agreement is modified or otherwise altered in accordance with SECTION 3 hereof, the Issuer and the Board shall make or cause to be made public the information set forth in subsections (1), (2) and (3) below:

(1) Annual Financial Information and Operating Data. Annual Financial Information and Operating Data at least annually not later than 270 days following the end of each fiscal year beginning with fiscal year ended June 30, 2022 and continuing with each fiscal year thereafter, for which the information is provided, taking into account the Turn Around Period.

(2) Events Notices. Notice of the occurrence of an Event, in a timely manner, within ten (10) business days of the occurrence of the Event.

(3) Failure to Provide Annual Financial Information. In a timely manner, notice of the failure of the Issuer or the Board to provide the Annual Financial Information and Operating Data by the date required herein.

(C) Information Provided by Disclosure Agent to Public.

(1) The Issuer and the Board direct the Disclosure Agent on their behalf to make public in accordance with subsection (D) of this SECTION 2 and within the time frame set forth in clause (3) below, and the Disclosure Agent agrees to act as the Issuer's and the Board's agent in so making public, the following:

(a) the Annual Financial Information and Operating Data;

(b) Event occurrences;

(c) the notices of failure to provide information which the Issuer and the Board have agreed to make public pursuant to subsection (B)(3) of this SECTION 2;

(d) such other information as the Issuer and the Board shall determine to make public through the Disclosure Agent and shall provide to the Disclosure Agent in the form required by subsection (C)(4) of this SECTION 2. If the Issuer and the Board choose to include any information in any Annual Financial Information report or in any notice of occurrence of an Event, in addition to that which is specifically required by this Agreement, neither the Issuer nor the Board shall have any obligation under this Agreement to update such information or include it in any future Annual Financial Information report or notice of occurrence of an Event; and

(2) The information which the Issuer and the Board have agreed to make public shall be in the following form:

(a) as to all notices, reports and financial statements to be provided to the Disclosure Agent by the Issuer or the Board, in the form required by the Bond Resolution or other applicable document or agreement; and

(b) as to all other notices or reports, in such form as the Disclosure Agent shall deem suitable for the purpose of which such notice or report is given.

(3) The Disclosure Agent shall make public the Annual Financial Information, the Operating Data, the Event occurrences and the failure to provide the Annual Financial Information within the applicable Turn Around Period. Notwithstanding the foregoing, Annual Financial Information, Operating Data and Events shall be made public on the same day as notice thereof is given to the Bondholders of outstanding Bonds, if required, and shall not be made public before the date of such notice. If on any such date, information required to be provided by the Issuer or the Board to the Disclosure Agent has not been provided on a timely basis, the Disclosure Agent shall make such information public as soon thereafter as it is provided to the Disclosure Agent.

(D) Means of Making Information Public.

(1) Information shall be deemed to be made public by the Issuer, the Board or the Disclosure Agent under this Section if it is transmitted to one or more of the following as provided in subsection (D)(2) of this SECTION 2:

(a) to the Bondholders of outstanding Bonds, by the method prescribed by the Bond Resolution;

(b) to the MSRB, in an electronic format as prescribed by the MSRB, accompanied by identifying information as prescribed by the MSRB; and/or

(c) to the SEC, by (i) electronic facsimile transmissions confirmed by first class mail, postage prepaid, or (ii) first class mail, postage prepaid; provided that the Issuer or the Disclosure Agent is authorized to transmit information to a SEC by whatever means are mutually acceptable to the Disclosure Agent, the Issuer and the Board, and the SEC.

(2) Information shall be transmitted to the following:

(a) all Annual Financial Information and Operating Data shall be transmitted to the MSRB;

(b) notice of all Events and notice of a failure by the Issuer or the Board to provide Annual Financial Information on or before the date specified in SECTION 2(1) hereof shall be transmitted to the MSRB; and

(c) all information described in clauses (a) and (b) shall be made available to any Bondholder upon request, but need not be transmitted to the Bondholders who do not so request.

(d) to the extent the Issuer or the Board is obligated to file any Annual Financial Information or Operating Data with the MSRB pursuant to this Agreement, such Annual Financial Information or Operating Data may be set forth in the document or set of documents transmitted to the MSRB, or may be included by specific reference to documents available to the public on the MSRB's Internet Website or filed with the SEC.

Nothing in this subsection shall be construed to relieve the Disclosure Agent of its obligation to provide notices to the holders of all Bonds if such notice is required by the Bond Resolution.

If the Disclosure Agent receives more than four (4) requests for periodic or occurrence information from Bondholders during any calendar quarter, the Disclosure Agent may require the payment by requesting holders of a reasonable charge for duplication and transmission of the information and for the Disclosure Agent's administrative expenses incurred in providing the information.

Nothing in this Agreement shall be construed to require the Disclosure Agent to interpret or provide an opinion concerning the information made public. If the Disclosure Agent receives a request for an interpretation or opinion, the Disclosure Agent may refer such request to the Issuer or the Board, as applicable, for response.

(E) Disclosure Agent Compensation. The Issuer shall pay the Disclosure Agent annually on March 1 of each year the sum of $400, plus out-of-pocket expenses of the Disclosure Agent for Disclosure Agent's services rendered in accordance with this Agreement. The Board shall pay to the Issuer as Supplemental Rent, as reimbursement for the costs of the Issuer hereunder, the sums herein set forth as provided, and subject to the limitations, in the Lease; provided, however, that the Disclosure Agent hereby waives its right to receive compensation hereunder for each year during which the Disclosure Agent serves as financial advisor for the Board.

(F) Indemnification of Disclosure Agent. In addition to any and all rights of the Disclosure Agent to reimbursement, indemnification and other rights pursuant to the Bond Resolution or under law or equity, the Issuer and the Board shall, to the extent permitted by law, indemnify and hold harmless the Disclosure Agent and its respective officers, directors, employees and agents from and against any and all claims, damages, losses, liabilities, reasonable costs and expenses whatsoever (including attorney fees) which such indemnified party may incur by reason of or in connection with the Disclosure Agent's performance under this Agreement; provided that neither the Issuer nor the Board shall be required to indemnify the Disclosure Agent for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by the willful misconduct or gross negligence of the Disclosure Agent in such disclosure of information hereunder. The obligations of the Issuer and Board under this Section shall survive resignation or removal of the Disclosure Agent and payment of the Bonds.

SECTION 3. Amendment or Waiver. Notwithstanding any other provision of this Agreement, the Issuer, the Board and the Disclosure Agent may amend this Agreement (and the Disclosure Agent shall agree to any amendment so requested by the Issuer and the Board) and any provision of this Agreement may be waived, if such amendment or waiver is supported by an opinion of nationally recognized counsel expert in federal securities laws acceptable to the Issuer, the Board and the Disclosure Agent to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

SECTION 4. Miscellaneous.

(A) Representations. Each of the parties hereto represents and warrants to each other party that it has (i) duly authorized the execution and delivery of this Agreement by the officer of such party whose signature appears on the execution pages hereto, (ii) that it has all requisite power and authority to execute and deliver, and perform this Agreement under its organizational documents and any corporate resolutions now in effect, (iii) that the execution and delivery of this Agreement, and performance of the terms hereof, does not and will not violate any law, regulation, ruling, decision, order, indenture, decree, agreement or instrument by which such party is bound, and (iv) such party is not aware of any litigation or proceeding pending, or, to the best of such party's knowledge, threatened, contesting or questioning its existence, or its power and authority to enter into this Agreement, or its due authorization, execution and delivery of this Agreement, or otherwise contesting or questioning the issuance of the Bonds.

(B) Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State; provided that, to the extent that the SEC, the MSRB or any other federal or state agency or regulatory body with jurisdiction over the Bonds shall have promulgated any rule or regulation governing the subject matter hereof, this Agreement shall be interpreted and construed in a manner consistent therewith.

(C) Severability. If any provision hereof shall be held invalid or unenforceable by a court of competent jurisdiction, the remaining provisions hereof shall survive and continue in full force and effect.

(D) Counterparts. This Agreement may be executed in one or more counterparts, each and all of which shall constitute one and the same instrument.

(E) Termination. This Agreement may be terminated by any party to this Agreement upon thirty days' written notice of termination delivered to the other party or parties to this Agreement; provided the termination of this Agreement is not effective until (i) the Issuer, or its successor, enters into a new continuing disclosure agreement with a disclosure agent who agrees to continue to provide, to the MSRB and the Bondholders of the Bonds, all information required to be communicated pursuant to the rules promulgated by the SEC or the MSRB, (ii) nationally recognized bond counsel or counsel expert in federal securities laws provides an opinion that the new continuing disclosure agreement is in compliance with all State and Federal Securities laws and (iii) notice of the termination of this Agreement is provided to the MSRB.

This Agreement shall terminate when all of the Bonds are or are deemed to be no longer outstanding by reason of redemption or defeasance or at maturity.

(F) Defaults: Remedies. A party shall be in default of its obligations hereunder if it fails to carry out or perform its obligations hereunder.

If a default occurs and continues beyond a period of thirty (30) days following notice of default given in writing to such defaulting party by any other party hereto or by a beneficiary hereof as identified in (G), the non-defaulting party or any such beneficiary may (and, at the request of the Original Purchaser or the holders of at least 25% aggregate principal amount of Outstanding Bonds, shall) take such action as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to compel performance hereunder. A default under this Agreement shall not be deemed an Event of Default under the Bond Resolution, and the sole remedy under this Agreement in the event of any failure to comply with this Agreement shall be an action to compel performance.

(G) Beneficiaries. This Agreement is entered into by the parties hereof and shall inure solely to the benefit of the Issuer, the Board, the Disclosure Agent, the Original Purchaser and Bondholders and shall create no rights in any other person or entity.

SECTION 5. Additional Disclosure Obligations. The Issuer and the Board acknowledge and understand that other state and federal laws, including but not limited to the Securities Act of 1933, the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder, may apply to the Issuer and the Board, and that under some circumstances compliance with this Agreement, without additional disclosures or other action, may not fully discharge all duties and obligations of the Issuer or the Board under such laws.

SECTION 6. Notices. Any notices or communications to or among any of the parties to this Agreement may be given as follows:

To the Issuer:
Walton-Verona Independent School District Finance Corporation
16 School Road
Walton, Kentucky 41094
Attention: Secretary
Telephone: 859-485-4181
Fax: 859-485-1810

To the Board:
Board of Education of Walton-Verona Independent School District
16 School Road
Walton, Kentucky 41094
Attention: Secretary
Telephone: 859-485-4181
Fax: 859-485-1810

To the Disclosure Agent:
RSA Advisors, LLC
147 E. Third Street
Lexington, Kentucky 40508
Attn: Dwight Salsbury
Telephone: 859-977-6600

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

IN WITNESS WHEREOF, the Disclosure Agent, the Issuer and the Board have each caused their duly authorized officers to execute this Agreement, as of the day and year first above written.

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT FINANCE CORPORATION, Issuer

By: ______________________________
President

Attest:

____
Secretary

BOARD OF EDUCATION OF WALTON-VERONA INDEPENDENT SCHOOL DISTRICT

By: ______________________________
Chairperson

Attest:

____
Secretary

RSA ADVISORS, LLC, Disclosure Agent
By: ______________________________
Name: ______________________________
Title: ______________________________

APPENDIX D

Walton-Verona Independent School District Finance Corporation
School Building Revenue Bonds
Series of 2023

Official Terms and Conditions of Bond Sale

OFFICIAL TERMS AND CONDITIONS OF BOND SALE

$25,200,000*
Walton-Independent School District Finance Corporation
School Building Revenue Bonds, Series of 2023
Dated as of January 5, 2023

SALE: December 13, 2022 AT 11:00 A.M., E.S.T.

As posted in Bidcomp/Parity, a nationally recognized electronic bidding system, the Secretary of the Walton-Verona Independent School District Finance Corporation (the "Corporation" or the "Issuer") will, until December 13, 2022, at the hour of 11:00 A.M., prevailing Eastern Time, at the office of the Executive Director of the Kentucky School Facilities Construction Commission, 700 Louisville Road, Carriage House, Frankfort, Kentucky 40601, receive competitive bids for the revenue bonds (the "Bonds") herein described. To be considered, Bids must be submitted manually, by facsimile or electronically via PARITY® on an Official Bid Form and must be received by the Secretary on the date of sale no later than the hour indicated. Bids will be opened by the Secretary or an agent of the Corporation and may be accepted without further action by the Corporation's Board of Directors.

The Bonds shall be in denominations in multiples of $5,000 within the same maturity, bear interest from January 5, 2023, payable semi-annually on August 1 and February 1 of each year, commencing August 1, 2023, and shall mature as to principal on February 1, 2024 and in each of the years thereafter as follows:

MATURITY	AMOUNT*	MATURITY	AMOUNT*
February 1, 2024	$ 30,000	February 1, 2037	1,155,000
February 1, 2025	30,000	February 1, 2038	1,200,000
February 1, 2026	95,000	February 1, 2039	1,730,000
February 1, 2027	110,000	February 1, 2040	2,055,000
February 1, 2028	210,000	February 1, 2041	2,150,000
February 1, 2029	220,000	February 1, 2042	2,245,000
February 1, 2030	235,000	February 1, 2043	1,615,000
February 1, 2031	315,000	February 1, 2044	1,655,000
February 1, 2032	420,000	February 1, 2045	1,730,000
February 1, 2033	430,000	February 1, 2046	1,805,000
February 1, 2034	450,000	February 1, 2047	1,885,000
February 1, 2035	715,000	February 1, 2048	1,975,000
February 1, 2036	740,000		

*Subject to Permitted Adjustment of the amount of Bonds awarded of up to $2,520,000 which may be applied in any or all maturities.

STATUTORY AUTHORITY, PURPOSE OF ISSUE AND SECURITY

The Bonds are authorized pursuant to KRS 162.120 through 162.300, 162.385 and KRS 58.180 and are issued in accordance with a Resolution of the Corporation's Board of Directors. Said Bonds are revenue bonds and constitute a limited indebtedness of the Corporation payable from rental revenues derived by the Corporation from the Board under the Lease identified below.

The Bonds are being issued to finance the cost of the construction of a New Intermediate School (the "Project") and are secured by a statutory mortgage lien upon and a pledge of the revenues from the rental of the school buildings to the Board under a Contract, Lease and Option (the "Lease") on a year to year basis; the first rental period ending June 30, 2023. The statutory mortgage lien securing the Bonds is limited in its application to the exact site of the Project constructed from the proceeds of the Bonds, real estate unoccupied by the Project is unencumbered. The Board has reserved the right to obtain the release of the statutory mortgage lien and revenue pledge on the site of the Project by effecting the redemption or defeasance of the proportionate part of the Bonds then outstanding as was expended on the site being released. Should the Board default in its obligations under the Lease or fail to renew the Lease, the Registered Owners of the Bonds have the right to have a receiver appointed to administer the Project under KRS 162.220; foreclosure and sale are not available as remedies.

The rental of the Project from the Corporation to the Board is to be effected under the Lease, whereunder the Project is leased to the Board for an initial period ending June 30, 2023, with an option in the Board to renew the Lease each year at rentals sufficient to provide for the principal and interest requirements on the Bonds as they become due, plus the costs of insurance, maintenance, depreciation, and bond issuance and administration expenses; the Board is legally obligated only for the initial rental period and for one year at a time thereafter each time the Lease is renewed.

KENTUCKY SCHOOL FACILITIES CONSTRUCTION COMMISSION

The Commission is an independent corporate agency and instrumentality of the Commonwealth of Kentucky established pursuant to the provisions of §§ 157.611 through 157.640 of the Kentucky Revised Statutes, as repealed, amended, and reenacted (the "Act") for the purpose of assisting local school districts in meeting the school construction needs of the Commonwealth in a manner which will ensure an equitable distribution of funds based upon unmet need.

REDEMPTION PROVISIONS

The Bonds maturing on or after February 1, 2032 are subject to redemption, at the option of the Corporation, prior to their stated maturities on any date falling on or after February 1, 2031, in such order of maturities as the Corporation may determine (less than all of a single maturity to be selected by lot), in whole or in part, upon notice of such redemption being given by the Paying Agent by regular United States Mail to the registered Owners of the Bonds so selected not less than thirty (30) days prior to the date of redemption, at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption.

ADDITIONAL PARITY BONDS FOR COMPLETION OF PROJECT

The Corporation has reserved the right and privilege of issuing additional bonds from time to time payable from the income and revenues of said Project and secured by the same statutory mortgage lien and pledge of revenues, but only if and to the extent the issuance of such additional parity bonds may be necessary to pay the costs, for which funds are not otherwise available, of completing the construction of said Project in accordance with the plans and specifications of the architect in charge of said Project, which plans have been completed, approved by the Board, State Department of Education, and filed in the office of the Secretary of the Corporation.

FORM OF BONDS AND PAYING AGENT

The Bonds are to be issued in fully registered form (both principal and interest). U.S. Bank Trust Company, National Association, Cincinnati, Ohio, the Bond Registrar and Paying Agent, shall remit interest on each semiannual due date to each Registered Owner of records of the 15th day of each month preceding the due date by regular United States Mail postmarked as of the interest due date. Principal shall be paid upon submission of matured Bond Certificates to the Paying Agent. Subsequent to the initial delivery of the Bonds, upon the submission of proper authentication, the Bond Registrar shall transfer ownership of Bonds within three (3) business days of receipt without expense to the Registered Owner.

WALTON-VERONA INDEPENDENT (KENTUCKY) SCHOOL DISTRICT FINANCE CORPORATION

The Corporation has been formed in accordance with the provisions of Sections 162.120 through 162.300 and Section 162.385 of the Kentucky Revised Statutes ("KRS"), and KRS Chapter 273 and KRS 58.180, as a non-profit, non-stock corporation for the purpose of financing necessary school building facilities for and on behalf of the Board of Education of the Walton-Verona Independent School District (the "Board"). Under the provisions of existing Kentucky law, the Corporation is permitted to act as an agency and instrumentality of the Board for financing purposes and the legality of the financing plan to be implemented by the Bonds herein referred to has been upheld by the Kentucky Court of Appeals (Supreme Court) in the case of White v. City of Middlesboro, Ky. 414 S.W.2d 569.

KENTUCKY SCHOOL FACILITIES CONSTRUCTION COMMISSION

The Commission is an independent corporate agency and instrumentality of the Commonwealth of Kentucky established pursuant to the provisions of Sections 157.611 through 157.640 of the Kentucky Revised Statutes, as repealed, amended, and reenacted (the "Act") for the purpose of assisting local school districts in meeting the school construction needs of the Commonwealth in a manner which will ensure an equitable distribution of funds based upon unmet need.

STATUTORY AUTHORITY, PURPOSE OF ISSUE AND SECURITY

The Bonds are authorized pursuant to KRS 162.120 through 162.300, 162.385 and KRS 58.180 and are issued in accordance with a Resolution of the Corporation's Board of Directors. Said Bonds are revenue bonds and constitute a limited indebtedness of the Corporation payable from rental revenues derived by the Corporation from the Board under the Lease identified below.

The Bonds are (a) being issued to finance the cost of constructing a New Intermediate School (the "Project"), and (b) secured by a statutory mortgage lien upon and a pledge of the revenues from the rental of the Project to the Board under a Contract, Lease and Option (the "Lease") on a year-to-year basis; the first rental period ending June 30, 2023 The statutory mortgage lien securing the Bonds is limited in its application to the exact site of the Project constructed from the proceeds of the Bonds; real estate unoccupied by the Project is unencumbered. The Board has reserved the right to obtain the release of the statutory mortgage lien and revenue pledge on the site of the Project by effecting the redemption or defeasance of the proportionate part of the Bonds then outstanding as was expended on the site being released. Should the Board default in its obligations under the Lease or fail to renew the Lease, the Registered Owners of the Bonds have the right to have a receiver appointed to administer the Project under KRS 162.220; foreclosure and sale are not available as remedies.

The rental of the Project from the Corporation to the Board is to be effected under the Lease, whereunder the Project is leased to the Board for an initial period ending June 30, 2023, with an option in the Board to renew the Lease each year at rentals sufficient to provide for the principal and interest requirements on the Bonds as they become due, plus the costs of insurance, maintenance, depreciation, and bond issuance and administration expenses; the Board is legally obligated only for the initial rental period and for one year at a time thereafter each time the Lease is renewed.

Under the terms of the Lease, and any renewal thereof, the Board has agreed so long as the Bonds remain outstanding, and in conformance with the intent and purpose of KRS 157.627(5) and KRS 160.160(5), in the event of a failure by the Board to pay the rentals due under the Lease, and unless sufficient funds have been transmitted to the Paying Agent, or will be so transmitted, for paying said rentals when due, the Board has granted under the terms of the Lease to the Corporation and the Corporation and the Commission have the right to notify and request the Kentucky Department of Education to withhold from the Board a sufficient portion of any undisbursed funds then held, set aside, or allocated to the Board and to request said Department or Commissioner of Education to transfer the required amount thereof to the Paying Agent for the payment of such rentals.

FINAL OFFICIAL STATEMENT

The Corporation shall provide to the successful purchaser a Final Official Statement. Such Final Official Statement will be provided in electronic format to the successful bidder in sufficient time to meet the delivery requirements under Securities and Exchange Commission and Municipal Securities Rulemaking Board rules. The successful bidder shall be required to pay for any printing of the Final Official Statement.

BIDDING CONDITIONS AND RESTRICTIONS

(A) Bids must be made on the Official Bid Form, contained in the Preliminary Official Statement available from the undersigned or RSA Advisors, LLC, Lexington, Kentucky, by visiting www.rsamuni.com, and may be submitted manually, by facsimile or electronically via PARITY®.

(B) Electronic bids for the Bonds must be submitted through PARITY® and no other provider of electronic bidding services will be accepted. Subscription to the PARITY® system is required in order to submit an electronic bid. The Corporation will neither confirm any subscription nor be responsible for the failure of any prospective bidders to subscribe. For the purposes of the bidding process, the time as maintained by PARITY® shall constitute the official time with respect to all bids whether in electronic or written form. To the extent any instructions or directions set forth in PARITY® conflict with the terms of the Official Terms and Conditions of Sale of Bonds, this Official Terms and Conditions of Sale of Bonds shall prevail. Electronic bids made through the facilities of PARITY® shall be deemed an offer to purchase in response to the Notice of Bond Sale and shall be binding upon the bidders as if made by signed, sealed written bids delivered to the Corporation. The Corporation shall not be responsible for any malfunction or mistake made by or as a result of the use of the electronic bidding facilities provided and maintained by PARITY®. The use of PARITY® facilities are at the sole risk of the prospective bidders. For further information regarding PARITY®, potential bidders may contact PARITY® by telephone at (212) 404-8102. Notwithstanding the foregoing, non-electronic bids may be submitted via facsimile or by hand delivery utilizing the Official Bid Form.

(C) The minimum bid for the Bonds shall be not less than $24,948,000 (99% of par), plus accrued interest. Interest rates shall be in multiples 1/8 or 1/20 of 1% or both. Only one interest rate shall be permitted per Bond and all Bonds of the same maturity shall bear the same rate. Interest rates must be on an ascending scale, in that the interest rate stipulated for any maturity shall not be less than the interest rate for any preceding maturity. There is no limit on the number of different interest rates.

(D) The determination of the best purchase bid for each of the Bonds shall be made on the basis of all bids submitted for exactly $25,200,000 principal amount of Bonds offered for sale hereunder; but the Corporation may adjust the principal amount of Bonds which may be awarded to such best bidder upward or downward 2,520,000 (the "Permitted Adjustment") to a minimum of $22,680,000 or a maximum of $27,720,000. In the event of such Permitted Adjustment, no rebidding or recalculation of a submitted bid will be required or permitted. The price at which such adjusted principal amount of Bonds will be sold will be the same price per $5,000 of Bonds as the price per $5,000 for the $25,200,000 of Bonds bid.

(E) If three (3) or more bids for the Bonds are received as a result of this competitive sale, the successful purchaser will be required to certify on or before the issue date the reasonably expected initial offering price to the public for each Maturity of the Bonds which prices are the prices for each Maturity of the Bonds used by the successful purchaser in formulating its bid to purchase the Bonds.

If less than three (3) bids for the Bonds are received as a result of this competitive sale, the successful purchaser, by submitting a bid pursuant to the Notice of Sale, has agreed in writing that they will certify on or before the issue date (and provide reasonable supporting documentation for such Certification, such as a copy of the Pricing wire or equivalent communication) for each Maturity of the Bonds (i) the first price at winch at least 10% of each Maturity of the Bonds was sold to the Public, or (ii) that they will neither offer nor sell any of the Bonds of each Maturity to any person at a price that is higher than the Initial Offering Price for such maturity during the Holding Period for such Maturity.

Bids will not be subject to cancellation or withdrawal by the bidder in the event that three bids are not received and the Issuer determines to apply the hold-the-offering-price rule.

For purposes of the above the following terms are defined as follows:

(a) *Holding Period* means, with respect to a Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which the successful purchaser has sold at least 10% of such Maturity to the Public at prices that are no higher than the Initial Offering Price for such Maturity.

(b) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(c) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50% common ownership, directly or indirectly.

(d) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is December 13, 2022.

(e) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

(F) CUSIP identification numbers will be printed on the Bonds at the expense of the Corporation. The purchaser shall pay the CUSIP Service Bureau Charge. Improper imprintation or the failure to imprint CUSIP numbers shall not constitute cause for a failure or refusal by the purchaser to accept delivery of and pay for the Bonds in accordance with the terms of any accepted proposal for the purchase of the Bonds.

(G) The successful bidder will be required to wire transfer to the order of the Corporation an amount equal to 2% of the amount of the principal amount of Bonds awarded by the close of business on the day following the award. Said good faith amount will be forfeited as liquidated damages in the event of a failure of the successful bidder to take delivery of such Bonds when ready. The good faith amount (without interest) will be applied to the purchase price upon delivery of the Bonds. The successful bidder shall not be required to take up and pay for said Bonds unless delivery is made within 45 days from the date the bid is accepted.

(H) The Bonds shall be delivered utilizing the Book-Entry-Only System administered by The Depository Trust Company.

(I) The purchaser shall be required to supply the Bond Registrar with the name, address, social security number or taxpayer identification number, principal amount and principal maturities for each person or entity in whose name Bonds are to be registered. Failure of a purchaser to fully designate the Registered Owners of Bonds shall result in the issuance of Bond Certificates by the Registrar in the purchaser's "street name" (to the extent a purchaser fails to designate).

(J) The Corporation reserves the right to reject any and all bids or to waive any informality in any bid. The Bonds are offered for sale subject to the principal and interest not being subject to Federal or Kentucky income taxation or Kentucky ad valorem taxation on the date of their delivery to the successful bidder, in accordance with the Final Approving Legal Opinion of Keating Muething & Klekamp PLL, Cincinnati, Ohio, which Opinion will be qualified in accordance with the section hereof on TAX EXEMPTION

(K) The successful bidder may require that a portion of the Bonds be term bonds maturing on one or more dates (the "Term Bonds"); provided, however, that the Term Bonds shall be subject to mandatory sinking fund redemption by lot at a redemption price of 100% of the principal amount thereof plus accrued interest to the date of redemption on February 1 of the years and in the principal amounts set forth in the final adjusted maturity schedule as seen on page 2 of the successful bid.

(L) Prospective bidders are advised that RSA Advisors, LLC has been employed as Financial Advisor in connection with the issuance of the Bonds. RSA Advisors, LLC's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery thereof. Bidders may submit a bid for the purchase of the Bonds at the time of the advertised public sale, either individually or as a member of a syndicate organized to submit a bid for the purchase of the Bonds.

(M) As required by the Code, the purchaser of the Bonds will be required to certify to the Corporation as to certain of their activities regarding any reoffering to the public of the Bonds, including any reoffering prices.

STATE SUPPORT OF EDUCATION

The 1990 Regular Session of the General Assembly of the Commonwealth enacted a comprehensive legislative package known as the Kentucky Education Reform Act ("KERA") designed to comply with the mandate of the Kentucky Supreme Court that the General Assembly provide for as efficient and equitable system of schools throughout the State. KERA became fully effective on July 13, 1990. Elementary and Secondary Education in the Commonwealth is supervised by the Commissioner of Education as the Chief Executive Officer of the State Department of Education ("DOE"), an appointee of the reconstituted State Board for Elementary and Secondary Education (the "State Board"). Some salient features of KERA are as follows:

KRS 157.330 establishes the fund to Support Education Excellence in Kentucky ("SEEK") funded from biennial appropriations from the General Assembly for distribution to school districts. The base funding guaranteed to each school district by SEEK for operating and capital expenditures is determined in each fiscal year by dividing the total annual SEEK appropriation by the state-wide total of pupils in average daily attendance ("ADA") in the preceding fiscal year; the ADA for each district is subject to adjustment to reflect the number of at risk students (approved for free lunch programs under state and federal guidelines), number and types of exceptional children, and transportation costs.

KRS 157.420 establishes a formula which results in the allocation of funds for capital expenditures in school districts at $100 per ADA pupil which is included in the SEEK allotment ($3,866) for the current biennium which is required to be segregated into a Capital Outlay Allotment Fund which may be used only for (1) direct payment of construction costs; (2) debt service on voted and funding bonds; (3) lease rental payments in support of bond issues; (4) reduction of deficits resulting from over expenditures for emergency capital construction; and (5) a reserve for each of the categories enumerated in 1 through 4 above.

KRS 160.470(12)(a) requires that effective for fiscal years beginning July 1, 1990 each school district shall levy a minimum equivalent tax rate of $.30 for general school purposes. The equivalent tax rate is defined as the rate which results when the income collected during the prior year from all taxes levied by the district (including utilities gross receipts license and special voted) for school purposes is divided by the total assessed value of property, plus the assessment for motor vehicles certified by the Revenue Cabinet of the Commonwealth. Any school district board of education which fails to comply with the minimum equivalent tax rate levy shall be subject to removal from office.

KRS 160.470(12)(2) provides that for fiscal years beginning July 1, 1990 each school district may levy an equivalent tax rate which will produce up to 15% of those revenues guaranteed by the SEEK program. Any increase beyond the 4% annual limitation imposed by KRS 132.017 is not subject to the recall provisions of that Section. Revenue generated by the 15% levy is to be equalized at 150% of the state-wide average per pupil equalized assessment.

KRS 157.440(2) permits school districts to levy up to 30% of the revenue guaranteed by the SEEK program, plus the revenue produced by the 15% levy, but said additional tax will not be equalized with state funds and will be subject to recall by a simple majority of those voting on the question.

KRS 157.620(1) also provides that in order to be eligible for participation from the Kentucky School Facilities Construction Commission for debt service on bond issues the district must levy a tax which will produce revenues equivalent to $.05 per $100 of the total assessed value of all property in the district (including tangible and intangible property and motor vehicles) in addition to the minimum $.30 levy required by KRS 160.470(12). A district having a special voted tax which is equal to or higher than the required $.05 tax, must commit and segregate for capital purposes at least an amount equal to the required $.05 tax. Those districts which levy the additional $.05 tax are also eligible for participation in the Kentucky Facilities Support ("KFS") program for which funds are appropriated separately from SEEK funds and are distributed to districts in accordance with a formula taking into account outstanding debt and funds available for payment from both local and state sources under KRS 157.440(l)(b).

KRS 160.460 provides that as of July 1, 1994 all real property located in the Commonwealth subject to local taxation shall be assessed at 100% of fair cash value.

CONTINUING DISCLOSURE

As a result of the Board and issuing agencies acting on behalf of the Board having, at the time the Bonds referred to herein are offered for public sale, outstanding municipal securities in excess of $1,000,000, the Corporation and the Board will enter into a written agreement for the benefit of the holders of the Bonds whereunder said corporation and Board will agree to comply with the provisions of the municipal securities disclosure rules set forth in Securities and Exchange Commission Rule 15c2-12, as amended (the "Rule"), by filing certain financial information, operating data and reportable event notices with the Electronic Municipal Market Access (EMMA) System maintained by the Municipal Securities Rule Making Board. The specific nature of the information to be contained in such filings with EMMA is set forth in Appendix C - "FORM OF CONTINUING DISCLOSURE AGREEMENT" to the Preliminary Official Statement.

The Board and the Corporation have previously entered into continuing disclosure undertakings pursuant to the Rule. As a result, the Board has filed Material Event Notices indicating its failure to file on a timely basis the following information:

(1) All required filings have been made timely for the last five (5) years.

The Board has adopted procedures to assure timely and complete filings in the future with regard to the Rule.

TAX EXEMPTION

Bond Counsel is of the opinion that:

(A) Interest on the Bonds is exempt from income taxation and the Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and all of its political subdivisions.

(B) Interest on the Bonds is excludable from gross income under the Internal Revenue Code of 1986, as amended (the "Code"). Furthermore, interest on the Bonds is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and is not included in adjusted current earnings in calculating the federal alternative minimum tax imposed on certain corporations.

The Corporation has covenanted to comply with the applicable provisions of the Code, and such compliance by the Corporation is necessary to maintain the federal income tax status described above. No opinion is expressed regarding other federal tax consequences arising with respect to Bonds.

BOOK-ENTRY-ONLY SYSTEM

The Bonds shall utilize the Book-Entry-Only System administered by The Depository Trust Company ("DTC"). DTC will act as securities depository for the Bonds. The Bonds initially will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Bond Certificate will be issued, in the aggregate principal amount of the Bonds, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. "Direct Participants" include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its participants are on file with the Securities and Exchange Commission.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds ("Beneficial Ownership Interest") are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their Beneficial Ownership interests in Bonds, except in the event that use of the book-entry system for the Securities is discontinued. Transfers of ownership interest in the Securities are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Bonds with DTC and their registration in the name of Cede & Co., effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners, will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Redemption notices shall be sent to Cede &Co. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the Bonds to be redeemed. Neither DTC nor Cede & Co. will consent or vote with respect to Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments of the Bonds will be made to DTC. DTC's practice is to credit Direct Participants' account on payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the Issuer, or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer or the Trustee, disbursements of such payments to Direct Participants shall be the responsibility of DTC, and disbursements of such payment to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Beneficial Ownership Interests purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such Beneficial Ownership Interests by causing the Direct Participant to transfer the Participant's interest in the Beneficial Ownership Interests, on DTC's records, to the purchaser or the Trustee, as appropriate. The requirements for physical delivery of Bonds in connection with a demand for purchase or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or the Bond Registrar. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered by the Bond Registrar.

NEITHER THE ISSUER, THE BOARD NOR THE BOND REGISTRAR/PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DIRECT PARTICIPANT, INDIRECT PARTICIPANT OR ANY BENEFICIAL OWNER OR ANY OTHER PERSON NOT SHOWN ON THE REGISTRATION BOOKS OF THE BOND REGISTRAR/PAYING AGENT AS BEING AN OWNER WITH RESPECT TO: (1) THE BONDS; (2) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (3) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PURCHASE PRICE OF TENDERED BONDS OR THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE BONDS; (4) THE DELIVERY BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE BOND RESOLUTION TO BE GIVEN TO HOLDERS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (6) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS HOLDER.

WALTON-VERONA INDEPENDENT SCHOOL DISTRICT FINANCE CORPORATION

By: /s/ ______________________________
Secretary

APPENDIX E

Walton-Verona Independent School District Finance Corporation
School Building Revenue Bonds
Series of 2023

Official Bid Form

OFFICIAL BID FORM
(Bond Purchase Agreement)

Subject to the terms and conditions set forth in the Official Terms and Conditions of Bond Sale for $25,200,000 principal amount of School Building Revenue Bonds, Series 2023, dated January 5, 2023 (the "Bonds"), offered for sale by the Walton-Verona Independent School District Finance Corporation (the "Corporation"), an agency and instrumentality acting on behalf of the Board of Education of the Walton-Verona Independent School District and in accordance with the Notice of Bond Sale, as posted in Bidcomp/Parity, a nationally recognized electronic bidding system, to all of which the undersigned agrees, the undersigned hereby submits the following offer to purchase said Bonds.

We hereby bid for said $25,200,000 principal amount of the Bonds, the total sum of $________________________ (not less than $________________ plus accrued interest from January 5, 2023, at the following annual rate(s), payable semiannually (rates on ascending scale, number of interest rates unlimited):

MATURITY	AMOUNT*	INTEREST RATE	MATURITY	AMOUNT*	INTEREST RATE
February 1, 2024	$ 30,000	_____%	February 1, 2037	$1,155,000	_____%
February 1, 2025	30,000	_____%	February 1, 2038	1,200,000	_____%
February 1, 2026	95,000	_____%	February 1, 2039	1,730,000	_____%
February 1, 2027	110,000	_____%	February 1, 2040	2,055,000	_____%
February 1, 2028	210,000	_____%	February 1, 2041	2,150,000	_____%
February 1, 2029	220,000	_____%	February 1, 2042	2,245,000	_____%
February 1, 2030	235,000	_____%	February 1, 2043	1,615,000	_____%
February 1, 2031	315,000	_____%	February 1, 2044	1,655,000	_____%
February 1, 2032	420,000	_____%	February 1, 2045	1,730,000	_____%
February 1, 2033	430,000	_____%	February 1, 2046	1,805,000	_____%
February 1, 2034	450,000	_____%	February 1, 2047	1,885,000	_____%
February 1, 2035	715,000	_____%	February 1, 2048	1,975,000	_____%
February 1, 2036	740,000	_____%			

* Subject to Permitted Adjustment of the amount of Bonds awarded up to $2,520,000 which may be applied in any or all maturities.

We understand this bid may be accepted for as much as $27,720,000 of the Bonds or as little as $22,680,000 of the Bonds, at the same price per $5,000 Bond, with the variation in such amount occurring in any maturity of all maturities, which will be determined by the Corporation at the time of acceptance of the best bid.

We further understand that by submitting a bid we agree as follows:

If three (3) or more bids for the Bonds are received as a result of this competitive sale, the successful purchaser will be required to certify on or before the issue date the reasonably expected initial offering price to the public for each Maturity of the Bonds which prices are the prices for each Maturity of the Bonds used by the successful purchaser in formulating its bid to purchase the Bonds.

If less than three (3) bids for the Bonds are received as a result of this competitive sale, the successful purchaser, by submitting a bid pursuant to a published Notice of Sale, has agreed in writing that they will certify on or before the issue date (and provide reasonable supporting documentation for such Certification, such as a copy of the Pricing wire or equivalent communication) for each Maturity of the Bonds (i) the first price at which at least 10% of each Maturity of the Bonds was sold to the Public, or (ii) that they will neither offer nor sell any of the Bonds of each Maturity to any person at a price that is higher than the Initial Offering Price for such maturity during the Holding Period for such Maturity,

Bids will not be subject to cancellation or withdrawal by the bidder in the event that three bids are not received and the Issuer determines to apply the hold-the-offering-price rule.

For purposes of the above the following terms are defined as follows:

(a) *Holding Period* means, with respect to a Maturity the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which the successful purchaser has sold at least 10% of such Maturity to the Public at prices that are no higher than the Initial Offering Price for such Maturity.

(b) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(c) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50% common ownership, directly or indirectly.

(d) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is December 13, 2022.

(e) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

It is understood that the Corporation will furnish the final, approving Legal Opinion of Keating Muething & Klekamp PLL, Bond Counsel, of Cincinnati, Ohio.

The successful bidder shall be required to wire transfer an amount equal to 2% of the principal amount of Bonds awarded by the close of business on the day following the award. Said good faith amount will be applied (without interest) to the purchase price when said Bonds are tendered for delivery.

Electronic bids for the Bonds must be submitted through PARITY® and no other provider of electronic bidding services will be accepted. Subscription to the PARITY® system is required in order to submit an electronic bid. The Corporation will neither confirm any subscription nor be responsible for the failure of any prospective bidders to subscribe. For the purposes of the bidding process, the time as maintained by PARITY® shall constitute the official time with respect to all bids whether in electronic or written form. To the extent any instructions or directions set forth in PARITY® conflict with the terms of the Official Terms and Conditions of Sale of Bonds, the Official Terms and Conditions of Sale of Bonds shall prevail. Electronic bids made through the facilities of PARITY® shall be deemed an offer to purchase in response to the Notice of Bond Sale and shall be binding upon the bidders as if made by signed, sealed written bids delivered to the Corporation. The Corporation shall not be responsible for any malfunction or mistake made by or as a result of the use of the electronic bidding facilities provided and maintained by PARITY®. The use of PARITY® facilities are at the sole risk of the prospective bidders. For further information regarding PARITY®, potential bidders may contact PARITY® by telephone at (212) 404-8102. Notwithstanding the foregoing non-electronic bids may be submitted to the office of the Executive Director of the Kentucky School Facilities Construction Commission, 700 Louisville Road, Carriage House, Frankfort, Kentucky 40601 (Tel: 502-564-5582; Fax: 888-979-6152), via facsimile or by hand delivery utilizing this Official Bid Form. Bids must be received on the date of sale no later than the hour indicated in the Official Terms and Conditions of Bond Sale.

If we are the successful bidder, we agree to accept and make payment for the Bonds in Federal Funds within forty-five (45) days of the award and, upon acceptance by the Issuer's Financial Advisor, this Official Bid Form shall become the Bond Purchase Agreement.

Respectfully submitted,

____
Bidder

By ______________________________
Authorized Officer

____
Address

Total interest cost from January 5, 2023 to final maturity	$____________
Plus discount	$____________
Net interest cost (Total interest cost plus discount)	$____________
Average interest rate or cost	____________%

The above computation of net interest cost and of average interest rate or cost is submitted for information only and is not a part of this Bid.

Accepted by the Secretary of the Walton-Verona Independent School District Finance Corporation for $_________ principal amount of Bonds at the price of $____________ as follows:

MATURING FEBRUARY 1	AMOUNT	RATE	MATURING FEBRUARY 1	AMOUNT	RATE
2024	_____,000	_____%	2037	_____,000	_____%
2025	_____,000	_____%	2038	_____,000	_____%
2026	_____,000	_____%	2039	_____,000	_____%
2027	_____,000	_____%	2040	_____,000	_____%
2028	_____,000	_____%	2041	_____,000	_____%
2029	_____,000	_____%	2042	_____,000	_____%
2030	_____,000	_____%	2043	_____,000	_____%
2031	_____,000	_____%	2044	_____,000	_____%
2032	_____,000	_____%	2045	_____,000	_____%
2033	_____,000	_____%	2046	_____,000	_____%
2034	_____,000	_____%	2047	_____,000	_____%
2035	_____,000	_____%	2048	_____,000	_____%
2036	_____,000	_____%			

Dated: December 13, 2022

____
Secretary
Walton-Verona Independent School District
Finance Corporation