

DATED JULY 5, 2023

NEW ISSUE
Electronic Bidding via Parity®
NOT Bank Interest Deduction Eligible
BOOK-ENTRY-ONLY SYSTEM

RATING
Moody's: " "

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)

\$34,950,000*

KENTON COUNTY SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING REVENUE BONDS,
SERIES 2023A

Dated with Delivery: AUGUST 2, 2023

Due: as shown below

Interest on the Bonds is payable each February 1 and August 1, beginning February 1, 2024. The Bonds will mature as to principal on August 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		Interest		Reoffering		Maturing		Interest		Reoffering	
1-Aug	Amount*	Rate	Yield	CUSIP	1-Aug	Amount*	Rate	Yield	CUSIP		
2024	\$5,000	%	%		2034	\$1,530,000	%	%			
2025	\$5,000	%	%		2035	\$1,885,000	%	%			
2026	\$5,000	%	%		2036	\$2,120,000	%	%			
2027	\$5,000	%	%		2037	\$2,215,000	%	%			
2028	\$5,000	%	%		2038	\$2,675,000	%	%			
2029	\$555,000	%	%		2039	\$2,795,000	%	%			
2030	\$860,000	%	%		2040	\$3,235,000	%	%			
2031	\$1,175,000	%	%		2041	\$3,385,000	%	%			
2032	\$1,225,000	%	%		2042	\$4,765,000	%	%			
2033	\$1,465,000	%	%		2043	\$5,040,000	%	%			

The Bonds are subject to redemption prior to their stated maturity as described herein.

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 Kenton County School District Finance Corporation and are payable from and secured by a pledge of the gross income and revenues derived by leasing the Project on an annually renewable basis to the Kenton County School District Board of Education.

The Secretary of the Kenton County School District Finance Corporation will until July 12, 2023, at 11:00 A.M., E.D.T., receive sealed bids for the Bonds at the office of the Executive Director of the Kentucky School Facilities Construction Commission, 700 Louisville Road, Carriage House, 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 awarded by up to \$3,495,000.**

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.



This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sales of these Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the laws of any such jurisdiction.

**KENTON COUNTY
BOARD OF EDUCATION**

Jessica Jehn, Chairperson
Karen Collins, Member
Shannon Herold, Member
Erin McConnell, Member
Carl Wicklund, Member

Dr. Henry Webb, Superintendent
Misty Jones, Secretary

**KENTON COUNTY SCHOOL DISTRICT
FINANCE CORPORATION**

Jessica Jehn, President
Karen Collins, Member
Shannon Herold, Member
Erin McConnell, Member
Carl Wicklund, Member

Misty Jones, Secretary
Susan Bentle, Treasurer

BOND COUNSEL

Dinsmore & Shohl LLP
Covington, Kentucky

FINANCIAL ADVISOR

RSA Advisors, LLC
Lexington, Kentucky

PAYING AGENT AND REGISTRAR

U.S. Bank Trust Company, National Association
Louisville, Kentucky

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 Kenton County School District Finance Corporation School Building Revenue Bonds, Series 2023A, 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

	Page
Introduction	1
Book-Entry-Only System	1
The Corporation	3
Kentucky School Facilities Construction Commission; No Participation in this Issue	3
Biennial Budget for Period Ending June 30, 2024	4
Outstanding Bonds	4
Authority	5
The Bonds	5
General	5
Registration, Payment and Transfer	6
Redemption	6
Security	6
General	6
Mortgage Lien	6
The Lease	6
The Project	6
State Intercept	7
Additional Parity Bonds for Completion of Project	7
Estimated Bond Debt Service	7
Estimated Use of Bond Proceeds	8
District Student Population	8
State Support of Education	8
Support Education Excellence in Kentucky (SEEK)	8
Capital Outlay Allotment	9
Facilities Support Program of Kentucky	9
Local Support	10
Homestead Exemption	10
Limitation on Taxation	10
Local Thirty Cents Minimum	10
Additional 15% Not Subject to Recall	10
Assessment Valuation	10
Special Voted and Other Local Taxes	10
Local Tax Rates, Property Assessments, and Revenue Collections	11
Overlapping Bond Indebtedness	11
SEEK Allotment	13
State Budgeting Process	13
Continuing Disclosure	14
Tax Exemption; Not Bank Qualified	15
Litigation	16
Approval of Legality	16
No Legal Opinion Expressed as to Certain Matters	16
Bond Rating	16
Municipal Advisor	16
Approval of Official Statement	17
Demographic and Economic Data	APPENDIX A
Audited Financial State for FY Ending June 30, 2022	APPENDIX B
Continuing Disclosure Certificate	APPENDIX C
Official Terms & Conditions of Bond Sale	APPENDIX D
Official Bid Form	APPENDIX E

**OFFICIAL STATEMENT
Relating to the Issuance of**

\$34,950,000*

**KENTON COUNTY SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING REVENUE BONDS,
SERIES 2023A**

** 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 Kenton County School District Finance Corporation (the "Corporation") School Building Revenue Bonds, Series 2023A (the "Bonds").

The Bonds are being issued to finance the acquisition, construction, installation and equipping of a District Transportation Facility including vehicle maintenance facilities, transportation administration offices, and warehouse space, for use by the District (the "Project" herein).

The Bonds are revenue bonds and constitute a limited indebtedness of the Corporation. The Bonds will be secured by a statutory mortgage lien and a pledge of the rental income derived by the Corporation from leasing the Project to the Kenton County School District 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 Kenton County School District 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 Contract, Lease and Option, dated August 2, 2023, may be obtained at the office of Dinsmore & Shohl LLP, 50 East Rivercenter Boulevard, Suite 1150, Covington, KY 41011.

BOOK-ENTRY-ONLY-SYSTEM

The Bonds initially will be issued solely in Book-Entry form to be held in the Book-Entry-Only-System maintained by The Depository Trust Company ("DTC"), New York, New York. So long as such Book-Entry system is used, only DTC will receive or have the right to receive physical delivery of Bonds and, except as otherwise provided herein with respect to tenders by Beneficial Owners of Beneficial Ownership Interests, Beneficial owners will not be or be considered to be, and will not have any rights as, owners or holders of the Bonds under the Ordinance.

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. One fully-registered Bond certificate will be issued for in the aggregate principal amount of the Bonds and will be deposited with 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 2 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 Standard & Poor's highest rating: AAA. 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. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the Book-Entry system for the Bonds is discontinued.

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; NO PARTICIPATION IN THIS ISSUE

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 Sections 157.611 through 157.640 of the Kentucky Revised Statutes as repealed, amended, and reenacted by the 1990 Regular Session of said General Assembly (the "Act") for the purpose of assisting local school districts in meeting their capital construction needs. The Commission is the successor agency to the Kentucky School Building Authority.

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 additional appropriations for each biennium are shown in the following table:

<u>Biennium</u>	<u>Appropriation</u>
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	<u>5,305,300</u>
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 beginning 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	\$43,530,000	\$4,505,000	\$35,414,158	\$8,115,842	2.500%	2024
2013B	\$12,005,000	\$7,940,000	\$8,101,041	\$3,903,959	2.375% - 3.125%	2033
2013-REF	\$30,545,000	\$9,875,000	\$30,545,000	\$0	3.000%	2025
2014-Energy	\$4,170,000	\$2,575,000	\$4,170,000	\$0	3.000% - 4.000%	2034
2015A-REF	\$8,895,000	\$6,175,000	\$8,895,000	\$0	3.000%	2029
2015B-REF	\$14,445,000	\$8,030,000	\$12,227,370	\$2,217,630	3.000%	2026
2015	\$17,320,000	\$12,005,000	\$16,352,476	\$967,524	3.000% - 3.625%	2035
2016-REF	\$25,190,000	\$20,985,000	\$24,032,839	\$1,157,161	3.000% - 4.000%	2029
2016B	\$19,400,000	\$15,240,000	\$5,250,000	\$14,150,000	3.000% - 3.250%	2036
2017-Energy	\$5,125,000	\$4,255,000	\$5,125,000	\$0	3.000% - 3.375%	2037
2017R-Energy	\$2,280,000	\$1,220,000	\$2,280,000	\$0	3.000%	2028
2018	\$13,945,000	\$13,820,000	\$588,473	\$13,356,527	2.500% - 4.000%	2038
2020	\$12,850,000	\$12,610,000	\$10,950,194	\$1,899,806	2.250% - 3.000%	2040
2020-REF	\$7,670,000	\$6,830,000	\$7,670,000	\$0	1.500% - 1.750%	2031
2021	\$29,125,000	\$28,810,000	\$29,125,000	\$0	2.000% - 3.000%	2041
2022	\$48,385,000	\$48,325,000	\$46,812,890	\$1,572,110	2.000% - 5.000%	2042
2022B	\$2,490,000	\$2,485,000	\$2,490,000	\$0	3.000% - 4.000%	2042
TOTALS:	\$297,370,000	\$205,685,000	\$250,029,441	\$47,340,559		

AUTHORITY

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

- i) the issuance of approximately \$34,950,000 of Bonds subject to a permitted adjustment by increasing or decreasing the amount awarded by up to \$3,495,000;
- 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 August 2, 2023, will bear interest from that date as described herein, payable semi-annually on February 1 and August 1 of each year, commencing February 1, 2024, and will mature as to principal on August 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, Louisville, Kentucky, the Bond Registrar and Paying Agent, shall remit interest on each semiannual due date (February 1 and August 1) to each Registered Owner of record as of the 15th day of the month preceding the due date January 15 and July 15) which shall be Cede & Co., as the nominee of The Depository Trust Company. Please see Book-Entry-Only-System.

Redemption

The Bonds scheduled to mature on and after August 1, 2032, are subject to redemption at the option of the Corporation prior to their stated maturities on any date falling on or after August 1, 2031, in any order of maturities (less than all of a single maturity to be selected by lot), in whole or in part, expressed in percentages of the principal amount with respect to each redeemed Bond as set forth below, plus accrued interest to the date of redemption:

Redemption Dates (inclusive)	Redemption Price
August 1, 2031 and thereafter	100%

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.

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 Project acquired and constructed from the Bond proceeds from the Corporation to the Board.

Mortgage Lien

The Bonds are secured by a statutory mortgage lien and a pledge of revenues on and from the site of the Project.

The Lease

The Board has leased the school Project securing the Bonds for an initial period from August 2, 2023, through June 30, 2024 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 August 1, 2043, the final maturity date of the Bonds.

THE PROJECT

After payment of the Bond issuance costs, the Board plans to deposit the net Bond proceeds to finance a new District Transportation Facility (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.

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 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.

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 land and school building 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 school building 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, Kentucky Department of Education, and filed in the office of the Secretary of the Corporation.

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 pay 100% of the debt service of the bonds.

Fiscal Year Ending June 30	Current Local Bond Payments	----- School Building Revenue Bonds, Series 2023A -----			Total Restricted Fund Bond Payments
		Principal Portion	Interest Portion	Total Payment	
2024	\$18,138,626		\$761,427	\$761,427	\$18,900,054
2025	\$18,131,938	\$5,000	\$1,531,263	\$1,536,263	\$19,668,200
2026	\$18,183,355	\$5,000	\$1,531,063	\$1,536,063	\$19,719,417
2027	\$17,187,022	\$5,000	\$1,530,863	\$1,535,863	\$18,722,885
2028	\$16,304,989	\$5,000	\$1,530,663	\$1,535,663	\$17,840,651
2029	\$16,302,323	\$5,000	\$1,530,463	\$1,535,463	\$17,837,786
2030	\$12,787,803	\$555,000	\$1,519,263	\$2,074,263	\$14,862,066
2031	\$11,717,223	\$860,000	\$1,490,963	\$2,350,963	\$14,068,185
2032	\$10,637,892	\$1,175,000	\$1,449,969	\$2,624,969	\$13,262,861
2033	\$10,649,158	\$1,225,000	\$1,401,369	\$2,626,369	\$13,275,527
2034	\$9,912,467	\$1,465,000	\$1,346,896	\$2,811,896	\$12,724,363
2035	\$9,907,300	\$1,530,000	\$1,285,865	\$2,815,865	\$12,723,165
2036	\$8,807,714	\$1,885,000	\$1,214,444	\$3,099,444	\$11,907,158
2037	\$8,223,538	\$2,120,000	\$1,127,748	\$3,247,748	\$11,471,285
2038	\$8,220,139	\$2,215,000	\$1,031,824	\$3,246,824	\$11,466,962
2039	\$6,859,931	\$2,675,000	\$923,021	\$3,598,021	\$10,457,952
2040	\$6,858,312	\$2,795,000	\$801,314	\$3,596,314	\$10,454,626
2041	\$5,676,706	\$3,235,000	\$666,338	\$3,901,338	\$9,578,044
2042	\$5,680,582	\$3,385,000	\$517,388	\$3,902,388	\$9,582,969
2043	\$198,900	\$4,765,000	\$334,013	\$5,099,013	\$5,297,913
2044		\$5,040,000	\$113,400	\$5,153,400	\$5,153,400
TOTALS:	\$220,385,918	\$34,950,000	\$23,639,551	\$58,589,551	\$278,975,470

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	<u>\$34,950,000.00</u>
Total Sources	\$34,950,000.00
Uses:	
Deposit to Construction Fund	\$34,056,350.00
Underwriter's Discount (2%)	699,000.00
Cost of Issuance	<u>194,650.00</u>
Total Uses	\$34,950,000.00

DISTRICT STUDENT POPULATION

Selected school census, enrollment and average daily attendance for the Kenton County School District is as follows:

Year	Average Daily Attendance	Year	Average Daily Attendance
2000-01	11,079.2	2011-12	13,094.0
2001-02	11,213.6	2012-13	13,211.8
2002-03	11,419.9	2013-14	13,228.8
2003-04	11,268.6	2014-15	13,224.1
2004-05	11,460.5	2015-16	13,049.7
2005-06	11,782.3	2016-17	13,012.9
2006-07	12,127.6	2017-18	12,999.5
2007-08	12,072.3	2018-19	12,925.6
2008-09	12,412.1	2019-20	12,893.7
2009-10	12,597.0	2020-21	12,771.6
2010-11	13,157.7	2021-22	13,274.6
		2022-23	13,274.6

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 \$3,911 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 Kenton County School District for certain preceding school years. Beginning 1990-91, the allotment is based on average daily attendance as required by law.

Year	Capital Outlay Allotment (\$)	Year	Capital Outlay Allotment (\$)
2000-01	1,107,920.00	2011-12	1,309,398.00
2001-02	1,121,360.00	2012-13	1,321,175.00
2002-03	1,141,990.00	2013-14	1,322,882.00
2003-04	1,126,860.00	2014-15	1,322,409.00
2004-05	1,146,050.00	2015-16	1,304,967.00
2005-06	1,178,230.00	2016-17	1,301,294.90
2006-07	1,212,760.00	2017-18	1,299,952.70
2007-08	1,207,230.00	2018-19	1,292,560.00
2008-09	1,241,208.00	2019-20	1,289,370.00
2009-10	1,259,698.00	2020-21	1,277,159.20
2010-11	1,315,767.00	2021-22	1,327,457.20
		2022-23	1,327,457.20

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 \$46,350 effective January 1, 2023.

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.

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	54.2	5,291,355,994	28,679,149
2001-02	54.9	5,607,163,444	30,783,327
2002-03	55.2	5,760,066,049	31,795,565
2003-04	55.2	6,088,007,563	33,605,802
2004-05	62.9	6,281,752,095	39,512,221
2005-06	63.5	6,821,107,249	43,314,031
2006-07	62.7	7,084,241,511	44,418,194
2007-08	63.5	7,414,897,684	47,084,600
2008-09	62.6	7,972,230,353	49,906,162
2009-10	62.6	8,026,716,416	50,247,245
2010-11	62.8	8,100,804,175	50,873,050
2011-12	61.7	8,123,651,533	50,122,930
2012-13	62.0	8,174,000,165	50,678,801
2013-14	63.7	8,220,975,796	52,367,616
2014-15	65.9	8,333,837,716	54,919,991
2015-16	67.7	8,534,585,595	57,779,144
2016-17	67.7	8,761,042,339	59,312,257
2017-18	69.2	8,940,898,255	61,871,016
2018-19	70.9	9,022,807,779	63,971,707
2019-20	72.2	9,375,354,548	67,690,060
2020-21	71.4	9,894,497,264	70,646,710
2021-22	71.9	10,483,951,651	75,379,612
2022-23	71.4	11,175,585,176	79,793,678

OVERLAPPING BOND INDEBTEDNESS

The following table shows any other overlapping bond indebtedness of the Kenton County 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 Kenton			
General Obligation	31,320,000	3,285,000	28,035,000
Court Facility	31,925,000	13,695,000	18,230,000
Housing Facilities Revenue	26,375,000	0	26,375,000
Building Revenue	3,000,000	2,265,000	735,000
Refinancing Refunding Revenue	69,130,000	15,705,000	53,425,000
City of Covington			
General Obligation	72,445,000	19,060,058	53,384,942
Building Revenue	3,225,000	2,530,000	695,000
Multi-Family Housing	14,950,000	0	14,950,000
Refunding Revenue	17,500,000	0	17,500,000
City of Crestview Hills			
General Obligation	2,565,000	1,865,000	700,000
Building Revenue	7,180,000	4,700,000	2,480,000
City of Edgewood			
General Obligation	7,965,000	4,795,479	3,169,521

City of Erlanger			
General Obligation	2,150,000	1,995,000	155,000
City of Ft. Mitchell			
KLC Funding Trust Revenue	50,000,000	0	50,000,000
City of Ft. Wright			
General Obligation	733,361	318,350	415,011
City of Independence			
General Obligation	10,225,000	7,250,000	2,975,000
City of Lakeside Park			
Multiple Purposes Revenue	800,000	506,666	293,334
City of Latonia Lakes			
Sewer Revenue	198,000	85,000	113,000
City of Ludlow			
General Obligation	2,165,000	554,961	1,610,039
City of Park Hills			
General Obligation	2,500,000	833,333	1,666,667
City of Villa Hills			
General Obligation	750,000	318,102	431,898
Special Districts			
Independence Fire Protection District	2,013,266	1,840,744	172,522
Kenton County Extension District	1,430,000	110,000	1,320,000
Kenton County Public Library	21,300,000	8,745,000	12,555,000
Planning & Developing Services	2,225,000	1,050,000	1,175,000
Sanitation District No. 1	371,015,000	50,710,000	320,305,000
Kenton County Airport Board	850,398,114	355,601,003	494,797,111
Totals:	1,605,482,741	497,818,696	1,107,664,045

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	26,450,327	28,679,149	55,129,476
2001-02	26,916,326	30,783,327	57,699,653
2002-03	27,981,220	31,795,565	59,776,785
2003-04	28,369,567	33,605,802	61,975,369
2004-05	30,122,875	39,512,221	69,635,096
2005-06	32,668,779	43,314,031	75,982,810
2006-07	35,282,097	44,418,194	79,700,291
2007-08	39,030,063	47,084,600	86,114,663
2008-09	40,735,608	49,906,162	90,641,770
2009-10	37,992,006	50,247,245	88,239,251
2010-11	41,221,069	50,873,050	92,094,119
2011-12	44,575,380	50,122,930	94,698,310
2012-13	44,611,561	50,678,801	95,290,362
2013-14	44,438,822	52,367,616	96,806,438
2014-15	45,287,983	54,919,991	100,207,974
2015-16	44,489,130	57,779,144	102,268,274
2016-17	44,309,232	59,312,257	103,621,489
2017-18	44,240,899	61,871,016	106,111,915
2018-19	45,734,686	63,971,707	109,706,393
2019-20	43,195,049	67,690,060	110,885,109
2020-21	39,302,095	70,646,710	109,948,805
2021-22	41,637,766	75,379,612	117,017,378
2022-23	43,101,087	79,793,678	122,894,765

- (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 \$0.714 for FY 2022-23. 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.

CONTINUING DISCLOSURE

In accordance with Securities and Exchange Commission Rule 15c2-12, as amended (the "Rule") the Board and the Corporation (the "Obligated Persons") will agree pursuant to a Continuing Disclosure Agreement to be dated as of the date of initial issuance and delivery (the "Disclosure Agreement"), to be delivered on the date of delivery of the Bonds, to cause the following information to be provided:

(i) to the Municipal Securities Rulemaking Board ("MSRB") or any successor thereto for purposes of the Rule, through the continuing disclosure service portal provided by the MSRB's Electronic Municipal Market Access ("EMMA") system as described in 1934 Act Release No. 59062, or any similar system that is acceptable to the Securities and Exchange Commission, certain annual financial information and operating data, including audited financial statements, generally consistent with the information contained under the headings "Bond Debt Service", "Local Support"-Local Tax Rates, -Property Assessments and Revenue Collections, -Overlapping Bond Indebtedness", "SEEK Allotment" and in Appendix B of this Official Statement (the "Annual Financial Information"); such information shall include, at a minimum, that financial information and operating data which is customarily prepared by the Obligated Persons and is publicly available. The annual financial information shall be provided on or before the 270th day following the fiscal year ending on the preceding June 30th;

(ii) to the MSRB, in a timely manner, not in excess of ten business days after the occurrence of the event, notice of the occurrence of the following events with respect to the Bonds:

- (a) Principal and interest payment delinquencies;
- (b) Non-payment related defaults, if material;
- (c) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) Substitution of credit or liquidity providers, or their failure to perform;
- (f) 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;
- (g) Modifications to rights of security holders, if material;
- (h) Bond calls, if material, and tender offers (except for mandatory scheduled redemptions not otherwise contingent upon the occurrence of an event);
- (i) Defeasances;
- (j) Release, substitution or sale of property securing repayment of the securities, if material;
- (k) Rating changes;
- (l) 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 U.S. Bank

National Association 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);

(m) 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;

(n) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(o) Incurrence of a financial obligation of the Corporation 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;

(p) 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; and

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

(iii) to the MSRB, notice of a failure (of which the Obligated Persons has knowledge) of an Obligated Person to provide the required Annual Financial Information on or before the date specified in the Disclosure Agreement.

The Disclosure Agreement provides bondholders, including beneficial owners of the respective series of Bonds, with certain enforcement rights in the event of a failure by the Obligated Persons to comply with the terms thereof; however, a default under the Disclosure Agreement does not constitute an event of default under the Bond Resolution. The Disclosure Agreement may also be amended or terminated under certain circumstances in accordance with the Rule as more fully described therein. Bondholders are advised that the Disclosure Agreement, the form of which is attached to the Official Statement as Appendix C, should be read in its entirety for more complete information regarding its contents.

For purposes of this transaction:

(a) there are no debt service reserve funds applicable to the Bonds;

(b) there are no credit enhancements applicable to the Bonds; and

(c) there are no liquidity providers applicable to the Bonds.

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

The Board has adopted procedures to assure timely and complete filings in the future with regard to the Rule in order to provide required financial reports and operating data or notices of material events.

TAX EXEMPTION; NOT BANK QUALIFIED

Bond Counsel is of the opinion that:

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

(B) Interest payable on the Bonds is excludable from gross income under the Internal Revenue Code of 1986, as amended (the "Code"). Furthermore, interest on the Bonds will not be treated as a specific item of tax preference, under Section 57(a)(5) of the Code, in computing the alternative minimum tax. 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 the Bonds.

(C) The Corporation has NOT designated the Bonds as "qualified tax-exempt obligations" pursuant to Section 265 of the Code.

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.

LITIGATION

There is no litigation presently pending against the Corporation or the District, nor to the knowledge of the officials of the Corporation or the District is there any litigation threatened, which questions or affects the validity of the Bonds or any proceedings or transactions relating to the issue, sale and delivery thereof.

APPROVAL OF LEGALITY

Legal matters incident to the authorization and issuance of the Bonds are subject to the approving legal opinion of Dinsmore & Shohl LLP, Covington, Kentucky, 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.

APPENDIX A

Kenton County School District Finance Corporation School Building Revenue Bonds Series 2023A

Demographic and Economic Data

NORTHERN KENTUCKY

Kenton County was established on January 29, 1840. According to the U.S. Census Bureau, the county has a total area of 164 square miles, of which 160 square miles is land and 4.1 square miles is water. The county is located at the confluence of the Licking River and Ohio River, in the outer Bluegrass area of the Bluegrass region of the state. The elevation in the county ranges from 455 feet (139 m) to 960 feet (293 m) above sea level. Kenton 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. Kenton County had an estimated 2023 population of 170,555.

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, Kenton County had a labor force of 90,513 people with an unemployment rate of 3.3%. The top 5 jobs by occupation were as follows: office and administrative support - 8,927 (14.83%); executive managers and administrators - 5,289 (8.78%); sales - 5,226 (8.68%); production workers - 5,005 (8.31%); and education, training/library - 4,014 (6.67%).

Transportation

Major highways serving Kenton, 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 Kenton 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 Kenton, 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 Kenton, 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

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Kenton County	166,051	167,039	169,371	169,459	170,555

Source: Kentucky State Data Center, University of Louisville.

Population Projections

	<u>2025</u>	<u>2030</u>	<u>2035</u>
Kenton County	173,041	176,039	178,392

Source: Kentucky Data Center, University of Louisville.

EDUCATION

Public Schools

	<u>Kenton County</u>	<u>Beechwood Independent</u>	<u>Covington Independent</u>	<u>Erlanger-Elsmere Independent</u>	<u>Ludlow Independent</u>
Total Enrollment (2021-22)	13,722	1,455	3,449	2,304	764
Pupil-Teacher Ratio (2021-22)	18 - 1	18 - 1	13 - 1	15 - 1	14 - 1

Vocational - Technical Schools

<u>Institution</u>	<u>Location</u>	<u>Enrollment (2021-2022)</u>
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

Colleges and Universities

46.01% of the population in Kenton County have an Associate's degree or higher.

<u>Top 5 Universities within 50 miles</u>	<u>Enrollment (Fall 2022)</u>
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
<i>Alexandria</i>		
Reis Concrete Products Inc.	Ready-mixed concrete & precast septic tank; hauling	30
Tyson-Hillshire Brands	Little Smokies (cocktails), hot dogs, sliced lunch meat	758
<i>Covington</i>		
Analytical Solutions and Providers	Manufactures, services and distributes laboratory equipment for forensic, chemical and petrochemical markets	5
Atkins & Pearce Inc.	Manufacture braided, twisted, plied, coated yarns such as monofilament, fiberglass, nylons, cottons, etc.	230
Club Chef LLC	Processor of fresh cut produce	525
Corken Steel Products Inc.	Manufacture and distributions of sheet metal for heating, AC and roofing	20
CTS Packaging, LLC	Paperboard converting, paperboard products & boxes	23
DC Morrison Co.	Machine shop: keyseaters, Schaver speed lathe, feedscrews	20
Donna Salyers' Fabulous Furs Inc.	Fur clothing and furnishings	45
ESCO Corp.	Attachments for construction equipment	45
Glier's Meats Inc.	Meat processing & sausage products, Goetta; linked sausages	28
Indy Honeycomb	Welded metallic honeycomb	45
Interplastic Corporation	Polyester resins - used to make windmill blades	59
Iofina Chemical Inc.	Halogen specialty chemicals	42
Monarch Coin & Security Inc.	Parts for coin operated washers/dryers, timers, locks, vending parts, token security rings and meters; coin mechanisms/boxes	9
Packaging Unlimited of Northern Kentucky LLC	Manufacture corrugated cartons, shipping containers, corrugated pallets; contract packaging and display packaging services	61
RA Jones & Co. Inc.	Specialty packaging machinery, equipment & systems	265
Round Paper Packages Inc.	Fiber can, tubes and converted paper products	13
White Castle Distributing LLC	Burger processing & packaging	85
<i>Erlanger</i>		
Alltrista Plastics LLC	Custom injection molding of cutlery and packaging	20
Ancra International LLC	Cargo restraint strapping systems & related hardware and other cargo containment equipment	80
AquiSense Technologies LLC	Manufactures UV-C LED water disinfection and wastewater treatment systems	15
BBS Tech	Small diameter braided products	12
Bob Sumerel Tire Co. Inc.	Tire retreading, service, distribution; headquarters	35
Conduent	Electronic document sorting and consolidation facility, outbound print and mail	222
Dematic Corporation	Conveyor systems - manufacturing, engineering and sales	28
Diversified Structural Composites Inc.	Headquarters, custom manufacturer of pultruded composite products	82
ESTIC America Inc.	Manufacturer of fastening tools for auto assembly lines	11

Flint Group	Printing inks	52
Forge Lumber	Lumber and related materials to both the residential and construction market	48
Forge Lumber	Roof and floor trusses	30
Graphic Dimensions Inc.	Continuous business forms, snap-a-parts & laser cut sheets	15
J. Charles Crystalworks Inc.	Produce company award and recognition items	35
Jewel-Craft Inc.	Service and manufacture jewelry	200
Kirks Natural LLC	Personal care products - soap (bar & liquid), shampoo, conditioner and deodorant	16
LSI Metal Fabrication	Metal stampings, sheet metal fabrication, powder coating and assembly	50
Meggitt Polymers & Composites	Manufacture composite engine and aerostructure components to support the aerospace industry	277
Meyer Tool Inc.	Precision aircraft parts	150
Newly Weds Foods Inc.	Cracker and bread crumbs, batter mixes and other food products	100
Obara Corporation USA	Resistance welding equipment including robotic welding guns, and electrodes	71
Perfetti Van Melle USA Inc.	Soft candy, confectionary products; headquarters	367
PG LifeLink	Isolated power systems and accessories, line isolation monitors and power columns	27
Post Glover Resistors Inc.	Manufacture electrical power resistors and blowers for industrial, transit, oil & gas, off-highway, railroad and utility applications	105
R/k Belting Specialties, Inc. d/b/a F.N. Sheppard and Company	Manufacture, fabricate, and distribute custom conveyor and transmission belting	53
SpecTape Inc.	Pressure sensitive tape	17
Steinkamp Molding LP	Design and production of industrial molds and tools, rubber and plastic injection molds, plastic blow molds, foam molds	20
Sterling Cut Glass Co. Inc.	Metal, glassware & crystal cutting & engraving	60
Stewart Iron works Co.	Ornamental iron, guard rail, handrail, fences, posts and gates, gazebos, fountains, flagpoles, and site furniture fabrication and installation	28
Total Display Solutions LLC	Re-manufactures LCD panels for computer video displays and television LCD panes	100
Tressa Inc.	Professional hair products	18
United Dairy Farmers	Manufacturer of ice cream; third party refrigerated and frozen warehouse and distribution services	110
US Playing Card Company	Manufacture playing cards, headquarters	300
Western States Envelope and Label	Envelopes	53
Wild Flavors Inc.	Warehouse for flavor manufacturing for food and beverage industry	28
Wild Flavors Inc.	Headquarters, administration, research & development, pilot plants, manufacturing & ADM Global IT Service Center	506
<i>Florence</i>		
AO Smith Corp.	Porcelain enamel coatings for appliances, water heaters and boilers, metalurgical coatings, custom engineered glasses, welding consumables	47
Abrapower Inc.	Nail buffers, sanding sponges	29
Advanced Insulation Concepts Inc.	Cooler and freezer insulating panels and doors	20
Alpla Inc.	Manufacture and distribute plastic packaging for the beverage, personal care and home care industry	58

Andritz Separation Inc.	Sale and service of process technology equipment, including centrifuges, filters and dryers, used primarily in chemical and pharmaceutical fields	14
Angstrom Technologies Inc.	Electrical equipment & fluorescent chemicals for scanning compounds, counterfeit detection, document security process control	10
Aristech Surfaces LLC	Continuous cast acrylic sheet, solid surface, and acrylic ABS composite sheet	183
Balluff Inc.	Electronic sensors for industrial automation	180
Beckman Coulter Inc.	Medical diagnostic reagents, reagents for hematology instruments and immunoassay instruments	49
Biologics International Inc.	Yeast extracts for pharmaceutical & cosmetic industries	5
Bullet Line	Screen printing & advertising specialties; injection molding; blow molding; filling and labeling of personal care products and plastic items; handle promotional products for advertising industry	35
Camco Chemical Co. Inc.	Contract blending, packing and warehousing of liquid and powder chemical products	200
Celanese	Plastic materials, regional headquarters, R&D	340
Cincinnati Ventilating Co. Inc.	Sheet metal fabricating	37
Corken Steel Products Company	Manufacture sheet metal for heating, AC and roofing	18
Crane Composites Inc.	Fiberglass reinforced plastic panels	107
Crescent Paper Tube Co.	Custom Slitting; paper tubes, gaskets, paperboard products, cores & caps	40
Dynatec Machine Inc.	Machine shop: CNC & general machining, arc & gas welding, drilling, boring, cutting, honing, lathe & mill work, surface grinding & custom assembling, comminutors for wastewater	15
Eagle Manufacturing Co. LLC	Machined engine components	311
Emerson Thermography Inc. dba BCT	Printed materials	13
Emersons Bakery	Baked goods, retail outlet	30
Firestone Building Products Co.	Commercial roof insulation	36
Givaudan Flavors Corp.	Food flavorings	210
Graham Packaging	Plastic bottles	182
HDT Global	Military air conditioning, heaters, decontamination units, trailers & ground support equipment	120
Henkel	Seal porosity in metal castings	45
Hennegan Co.	Offset printing, both sheeted and web, prepress, die cutting, and perfect or stitched bound finishing, and mailing services, digital printing; fulfillment work	232
Hennegan-RR Donnelley	Saddle stitch binding, commercial lithographic, offset & sheet fed printing	102
Indelac Controls Inc.	Electric valve actuators & controls	43
International Mold Steel Inc.	Specialty steel distributor with value added processes	23
Jero Inc.	Stub ends, butt weld pipe fittings, ½' thru 60", stainless steel, high nickel alloys, aluminum, copper nickel	17
Johnson Controls International, PLC	Plastic battery containers & covers	129
Kellogg Snacks	Cookies	280
Kiswel Inc.	Manufacturing welding filler metal products from mild steel flux cored wire, metal cored wire, stainless FCW, MIG/Tig wire and sells solid wire, stick electrodes	48

Krauss-Maffei Corp.	Reaction process, extruding & injection molding equipment	243
Lingo Manufacturing Co. Inc.	Full-service designer/manufacturer of custom permanent point-of-purchase displays	30
L'Oreal USA	Manufacturer of hair & skin care products	308
Mazak Corporation	Machine tools, general machining & assembly, administration, warehouse, engineering, technology center, North American Headquarters	676
Mubea Inc	Automotive component parts	1,017
Mubea Precision Springs Inc.	Manufacturer of transmission springs and hose clamps	317
Northern KY Machine, Inc.	Machine shop	11
Novolex	Paper bags & administrative work	578
Regal Power Transmission Solutions	Distribution, warehouse and manufacture conveying products	425
Robert Bosch Automotive Steering	Steering gears for car & light truck market	1,200
Ronan Engineering Co.	Manufacturer of measuring equipment, radiation gauges and instruments use to measure density, weight and level	30
Rotek Incorporated	Roller bearings, slewing rings-large diameter	120
Schwan's Global Supply Chain	Frozen pizzas	750
Signode	Plastic strapping, stretch film and application equipment	105
Smyrna Ready Mix	Ready-mixed concrete	65
Southern Graphic Systems	Color separation, packaging artwork production, prepress, image carrier manufacturing	125
SWECO	Manufacture vibratory separation, metal finishing & processing equipment, screens & separators	214
Target Marketing Inc.	Publish foldout & map booklets	40
Welding Alloys USA Inc.	Manufacture flux-cored welding wire for hardfacing and joining stainless steel	47
Hebron		
3M	Compound custom resins & specialty thermoplastic resin pellets	41
Anderson Manufacturing	Firearms manufacturer	72
Architectural Products Inc.	Manufacture coping, gravel stop, gutter, downspout, fascia systems, excelling at custom and unusual shapes and finishes	11
Armor USA Inc.	Manufacturing and sales of thermal transfer printing ribbons	85
BOGE Rubber & Plastics USA LLC	Rubber & metal bushings, engine mounts and plastics	25
Bonfiglioli USA	Speed changer, industrial high speed drive & gear manufacturing, USA headquarters	130
BWF America Inc.	Manufactures dust collector bags, liquid filter cloths, spare collector parts and accessories	45
Carl Zeiss Vision Inc.	Warehouse distribution for eyeglass lenses, manufacturing optical lab, customer service	210
Desma USA Inc.	Rubber injection molding machinery sales and service	47
Ellison Surface Technologies	Engineered thermal spray coating and special manufacturing process	105
Fives Machining Systems Inc.	Regional HQ and advanced manufacturing tools for the aerospace, heavy equipment, energy, and general machining markets	350
GE on Wing Support Div.	Aircraft engine maintenance and repair to any location worldwide	50

Hahn Automation Inc.	Full service systems integrator specializing in the automotive, general industry and medical device markets	86
HBC-radiomatic Inc.	Manufacture, distribute and service industrial radio controls	23
Hydra-Tone Chemicals Inc.	Specialty chemicals, detergents, lubricants and water treatments	4
Jackson Tool & Mold LLC	Tool & Mold, CNC machining, large or small machine parts run production	4
LOGOMAT Automation Systems Inc.	Sales, design, manufacturing, assembly and service	34
Lohmann Technologies Corp.	Coating and extensive converting	35
Mauer USA LLC	Manufacture injection molded caps and closures for the US packaging industry	40
Nor-Com Inc.	Communications systems engineering and A/V integrator, digital signage	69
Paul Michels & Sons Inc.	Asphalt paving compounds, land preparation, paving, concrete work, general contractors	65
Pratt Target Container Inc.	Corrugated “point of purchase” displays	57
Skilcraft Aerospace LLC	Precision sheet metal fabrications for the aerospace industry	75
Starrag USA Inc.	Block and precast	14
TeeSpring Inc.	Custom tee shirt manufacturing	115
Tenryu America Inc.	Distribution center with product support service work provided	8
Tente Casters Inc.	Casters for furniture, industrial, health care & food service equipment	117
The Dream Junction Ink	Direct-to-garment printing and fulfillment plant	52
Trivaco	Manufacturers representative and stock distributor of industrial valves	55
Wagstaff Inc.	Casting equipment for the aluminum industry	61
Whitehall Inc.	Manufactures fresh and frozen bread products	180
ZoomEssence Inc.	Applied patented property to products and processing the spray drying industry	25
The CW Zumbiel Company	Paperboard packaging and distribution, headquarters	350
<i>Independence</i>		
Augur Metal Products Inc.	Sheet metal fabricating, air compressor parts, lighting & display shelving	40
Benda-Lutz Corporation	Aluminum, zinc flake, gold-bronze metallic pigments and micas for paints, printing inks, plastics, and powder coatings	40
Blue Grass Metals Inc.	Manufacturer of wire forms & metal stampings	62
Boone County Distilling Co.	Produce bourbon, rye and other whiskey specialties	4
Flottweg Separation Technology Inc.	Assembly, repair and service of liquid-solid separation equipment	67
KRC Machine Tool Services	Remanufacture and service metal cutting machine tools	45
LSI Images	Manufacture lighting, graphics, and board systems for gas stations, convenience stores, fast food restaurants, car dealerships, retail chain stores and other businesses	10
Magni Industries	Chemical preparations: corrosion resistant coatings	35
<i>Richwood</i>		
International Paper	Printing plant provides packaging materials to company facilities	55
Roosevelt Paper Co.	Paper converting and distribution	86

Walton

ASI Machine Tool	Rebuilt machine tools	21
ATech Training Inc.	Automotive technology training devices	45
Best Sanitizers Inc.	Manufacture and distribute alcohol-based hand and surface sanitizing liquids and soaps	60
Corrosion Resistant Reinforcing	Fabricate stainless rebar	15
DURO Bag	Paper bags	254
Eaton Asphalt Paving Co. Inc.	Asphalt & paving products	35
Ernst Concrete	Ready-mixed concrete and associated services	21
Fuji Autotech USA LLC	Automotive seat components	104
Halperns' Steak & Seafood	High quality portion control beef products; meat cutting & grinding of beef, chicken & seafood	65
Kustom Blending LLC	Blended resins and solutions for graphic arts industry	47
Lyons Magnus East	Pancake syrup & beverage bases	275
MACH III Clutch Inc.	Design/manufacture air actuated friction clutches and brakes, spring actuated friction clutches and brakes, combination air set clutch/spring set brakes and mechanical friction torque limiters	13
Pamarco Global Graphics	Cylinder basis for the printing and converting industries	8
Purestream Inc.	Design/manufacture sewage treatment equipment and wastewater treatment equipment	9
Safran Landing Systems Kentucky	Airplane brake disc manufacturing and refurbishment; airplane wheel and brake manufacturing	317
Sherwood Midwest LLC	Bedding/mattress manufacturing	95
Waltex NKY LLC	Design manufacture and modify automatic welding machines	25
Wired Inc.	Machine shop	5
Zotefoams Inc.	Block foams; plastic foam	60

Source: Kentucky Cabinet for Economic Development (01/19/2020).

APPENDIX B

**Kenton County School District Finance Corporation
School Building Revenue Bonds
Series 2023A**

Audited Financial Statement for FY Ending June 30, 2022

Kenton County School District

**Financial Statements
With Supplementary Information
Year Ended June 30, 2022
With Independent Auditors' Report**

KENTON COUNTY SCHOOL DISTRICT

June 30, 2022

Table of Contents

Independent Auditors' Report	1-3
Management's Discussion and Analysis (MD&A - Unaudited)	4-12
Basic Financial Statements:	
District Wide Financial Statements:	
Statement of Net Position - District Wide	13
Statement of Activities - District Wide	14
Fund Financial Statements:	
Balance Sheet - Governmental Funds	15
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	16
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Statement of Net Position – Proprietary Funds	19
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	20
Statement of Cash Flows – Proprietary Funds	21
Notes to the Financial Statements	22-54

KENTON COUNTY SCHOOL DISTRICT

June 30, 2022

Table of Contents (Continued)

Required Supplementary Information and Other Information:

Combining Statements – Nonmajor Funds:

Combining Balance Sheet - Nonmajor Governmental Funds	55
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	56
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual – General Fund	57
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual – Special Revenue Fund	58
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual – Construction Fund	59
Statement of Receipts, Disbursements and Fund Balances - Bond and Interest Redemption Funds	60
Statement of Receipts, Disbursements and Fund Balances – Scott High School Activity Fund	61
Statement of Receipts, Disbursements and Fund Balances – Simon Kenton High School Activity Fund	62
Statement of Receipts, Disbursements and Fund Balances – Dixie Heights High School Activity Fund	63
Statement of Receipts, Disbursements and Fund Balance - School Activity Funds	64
Schedule of the District’s Proportionate Share of the Net Pension Liability – KTRS	65
Schedule of District Contributions – KTRS	66
Schedule of the District’s Proportionate Share of the Net Pension Liability – CERS	67
Schedule of District Contributions – CERS	68
Schedule of the District’s Proportionate Share of the Net OPEB Liability – LIF	69
Schedule of District Contributions – LIF	70
Schedule of the District’s Proportionate Share of the Net OPEB Liability – MIF	71
Schedule of District Contributions – MIF	72
Schedule of the District’s Proportionate Share of the Net OPEB Liability – MIF (CERS)	73
Schedule of District Contributions – MIF (CERS)	74

KENTON COUNTY SCHOOL DISTRICT

June 30, 2022

Table of Contents (Continued)

Schedule of Expenditures of Federal Awards	75-76
Notes to the Schedule of Expenditures of Federal Awards	77
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 <i>Government Auditing Standards</i>	78-79
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	80-82
Schedule of Findings and Questioned Costs	83
Schedule of Prior Year Findings and Questioned Costs	84
Management Letter Comments	85-89

Independent Auditors' Report

To the Members of the Board of Education
Kenton County School District
Independence, Kentucky

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Kenton County School District as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the Kenton County School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Kenton County School District, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Kenton County School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

**Independent Auditors' Report
(Continued)**

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (unaudited), budgetary comparison and pension liability and OPEB liability and contributions information on pages 4-12, 57-59, and 65-74 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 Kenton County School District's basic financial statements. The combining and individual nonmajor fund financial statements and statement of receipts and disbursements of bonds are 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.

**Independent Auditors' Report
(Continued)**

Other Matters (Continued)

Other Information (Continued)

The combining and individual nonmajor fund financial statements, the statement of receipts and disbursements of bonds and the schedule of expenditures of federal awards are 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 combining and individual nonmajor fund financial statements, the statement of receipts and disbursements of bonds and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2022 on our consideration of the Kenton County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 Kenton County School District's internal control over financial reporting and compliance.

Change in Accounting Principle

As discussed in Note 19 to the financial statements, the District adopted Governmental Accounting Standards Board ("GASB") Statement No. 87, *Leases*, effective as of July 1, 2021. Our opinion is not modified with respect to this matter.



Crestview Hills, Kentucky
November 15, 2022

KENTON COUNTY SCHOOL DISTRICT

Management's Discussion and Analysis (MD&A – Unaudited) Year Ended June 30, 2022

As management of the Kenton County 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, 2022. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

FINANCIAL HIGHLIGHTS

Kenton County Schools served 14,364 enrolled students during the 2022 fiscal year through 19 schools including 3 high schools, a technology academy, 4 middle schools and 11 elementary schools. More than half of the District's schools are operating at their student capacity. Preschool students expanded their instructional experience from a half day to a full day in 2022.

District facility activity during 2022 included continued progress on addition/renovation to Scott High School, safety and security enhancements and building renovation projects for five schools to address student population needs and eliminate temporary classroom facilities.

School Revenue Bonds were issued in November, 2021 for \$29.1 million to finance classroom additions in four elementary schools and February, 2022 for \$48.4 million to finance the final phase of construction at Scott High School, Woodland Middle school and Hinsdale Elementary.

The Board approved a Lease & Security Agreement with the Kentucky Interlocal School Transportation Association ("KISTA") resulting in the issuance of \$1.376 million in bonds to finance the purchase of 10 new school buses.

Net Position increased \$16.8 million reflecting an increase in tax revenue and revenue bond proceeds held for current construction projects.

Total Revenues were \$188.3 million for the year. General revenues accounted for \$154 million, 82 percent of the total, while program specific revenues, in the form of charges for services and sales, grants, and contributions, accounted for \$34 million or 18 percent of total revenues. The District incurred \$172 million in total expenses.

Governmental Fund Revenues were \$178.6 million with \$137 million accounted for in the General Fund. Local tax revenues increased to \$76 million while state SEEK revenues increased slightly. Federal grant program revenues increased \$10.1 million due to collections from Cares Act, Coronavirus Response and Relief and American Rescue Plan Act.

Governmental Fund Expenditures totaled \$202.8 million during 2022 with General Fund expenses comprising \$131 million of that total. While student and staff attendance was affected due to COVID-19 illness, all District schools delivered instruction remotely or in-person for the entire school year.

The General Fund ended the year with a reserve balance of \$28.5 million which represents 26% of the non-construction budget for the year. \$5.7 million of the Total Fund Balance is either restricted or committed to capital/construction projects or operating obligations. The Unassigned Fund Balance at the end of the year is \$22.7 million

KENTON COUNTY SCHOOL DISTRICT

Management's Discussion and Analysis (MD&A – Unaudited) Year Ended June 30, 2022 (Continued)

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 are comprised of 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 is also supported by taxes and intergovernmental revenues.

The district-wide financial statements can be found on pages 13 and 14 of this report.

KENTON COUNTY SCHOOL DISTRICT

Management's Discussion and Analysis (MD&A – Unaudited) Year Ended June 30, 2022 (Continued)

OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

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 funds, 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 and day care operations. All other activities of the District are included in the governmental funds.

The basic governmental fund financial statements can be found on pages 15 through 21 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 22 through 54 of this report.

DISTRICT-WIDE FINANCIAL ANALYSIS

Net Position for the periods ending June 30, 2022 and 2021

The following is a summary of net position for the fiscal years ended June 30, 2022 and 2021.

	<u>2022</u>	<u>2021</u>
Current assets	\$ 99,246,466	\$ 30,691,906
Noncurrent assets	<u>258,399,052</u>	<u>237,699,667</u>
Total assets	<u>357,645,518</u>	<u>268,391,573</u>
Deferred outflows	<u>26,322,498</u>	<u>27,377,624</u>
Current liabilities	31,755,534	21,702,001
Noncurrent liabilities	<u>295,951,909</u>	<u>251,377,824</u>
Total liabilities	<u>327,707,443</u>	<u>273,079,825</u>
Deferred inflows	<u>33,524,078</u>	<u>16,820,379</u>
Net position		
Investment in capital assets (net of debt)	31,564,615	73,298,382
Restricted	49,153,204	(3,162,725)
Unrestricted	<u>(57,981,324)</u>	<u>(64,266,664)</u>
Total net position	<u>\$ 22,736,495</u>	<u>\$ 5,868,993</u>

KENTON COUNTY SCHOOL DISTRICT

Management's Discussion and Analysis (MD&A – Unaudited) Year Ended June 30, 2022 (Continued)

DISTRICT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Due to state pension plan and OPEB liabilities reflected on the District's balance sheet, Net Position may not be the best indicator of a government's financial position. In the case of the District, assets plus deferred outflows exceeded liabilities plus deferred inflow of resources by \$22.7 million as of June 30, 2022. Unrestricted Net Position is (\$58.0) million which includes the recognition of the District's proportionate share of the pension and other post-employment benefits (OPEB) liabilities at year end. Without the effect of the pension and OPEB net liabilities, unrestricted net position would be approximately \$27 million.

The pension and OPEB liabilities are related to the state pension funds which are legislated and controlled by the state of KY and at this time are not fully funded. Fully funding the state's pension and benefit plans is a recurring agenda item for the KY legislature. Future remedies may include changes to benefit calculations, employee and/or employer contribution rates and investment strategies. The District has always paid its entire employer contribution based on the rates enacted by each pension body.

Capital Assets

The largest portion of the District's net position resides in its investment in capital assets (e.g. land and improvements, buildings and improvements, vehicles, furniture and equipment and construction in progress); less any related outstanding debt used to acquire those assets. 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 renovation process continues at Scott High School which is the facility identified in the District facility plan with the greatest needs. Construction on the final phase began in 2022 with estimate completion in approximately 24 months. The project includes renovation of the auditorium, gymnasium, and all other remaining interior spaces. This phase of the project is funded by a \$48.4 million revenue bond sale in February, 2022.

Several elementary school building addition projects were funded and construction began in 2022. These projects include the addition of classrooms, gymnasium addition, media center addition, kitchen/cafeteria additions, and/or overall interior renovations at five elementary schools. Mobile classroom units will be removed from these campuses as soon as the projects are complete. Revenue bond sales totaling \$29.1 million were completed in November, 2021 to fund this renovation projects. These projects are scheduled for completion in 2023.

Work continued in 2022 on the security and safety upgrades at all school locations. The upgrades to all existing secure entrance designs will reflect the latest technology in school security.

The district facility plan includes construction of a support operations facility. The facility will include a bus maintenance garage, building maintenance storage, technology department work area and support department office space. The District acquired a 25,000 square foot building plus parking lot that was previously leased and will continue to be used as a school bus lot in the northern end of the county.

The District is in negotiation with a local property owner to acquire land for a new central office. The District has made a firm commitment to remain in the current facility lease with the Sanitation District for administrative operations until all students are out of mobile classrooms and all facilities are in good condition.

KENTON COUNTY SCHOOL DISTRICT

**Management's Discussion and Analysis (MD&A – Unaudited)
Year Ended June 30, 2022
(Continued)**

DISTRICT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Capital Assets (Continued)

Technology improvements have been implemented in network architecture, internet access and devices. The goal to provide every student with a personal device for instruction both in and away from school began in 2020. Purchasing devices has been a challenge due to supply shortages but 1,325 Chromebooks were finally delivered in March, 2022. Plans are to continue device purchases for three to four grade levels each year.

Ten new buses were purchased through the Kentucky Intermodal School Transportation System bond program. The order included nine 84 passenger buses to replace buses that were over ten years old. Approved by the Board in November 2021, the new buses were delivered in July and August, 2022.

Debt

At June 30, 2022, the District had \$218.5 million in outstanding bonds. The bonds are being paid from the Debt Service Fund. A portion of this debt, \$20.8 million is serviced by the Kentucky School Facility Construction Commission. See additional detail in Note 17 to Financial Statements.

Participation in the KISTA bus lease/purchase program was approved by the Board and bonds were issued in March 2022 for the purchase of ten new buses for the District fleet. The total amount of bonds issued was \$1,376,044 and total debt outstanding as of June 30, 2022 is \$7,359,452. The debt will be serviced by the General Fund.

In accordance with Government Accounting Board Statement 87, *Leases*, current lease agreements were reviewed to determine the proper classification under the statement requirements. Financing and short-term leases were identified and required no changes to prior or current reporting periods.

KENTON COUNTY SCHOOL DISTRICT

**Management's Discussion and Analysis (MD&A – Unaudited)
Year Ended June 30, 2022
(Continued)**

DISTRICT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The following table presents a summary of revenues and expenses for the fiscal years ended June 30, 2022 and 2021.

	<u>2022</u>	<u>2021</u>
Revenues		
Program revenues		
Charges for services	\$ 1,129,795	\$ 635,980
Operating grants	27,212,208	12,322,771
Capital grants	5,776,075	6,115,002
Total grant revenues	<u>34,118,078</u>	<u>19,073,753</u>
General Revenues		
Taxes	76,033,386	71,529,550
Grants and entitlements	75,984,692	79,971,409
Earnings on investments	181,356	66,520
Miscellaneous	2,069,918	2,605,645
Total general revenues	<u>154,269,352</u>	<u>154,173,124</u>
Total revenues	<u>188,387,430</u>	<u>173,246,877</u>
Expenses		
Instructional	93,694,229	91,582,487
Student support services	10,318,502	9,480,450
Staff support	5,942,569	5,327,570
District administration	2,638,110	2,256,012
School administration	10,844,670	10,827,559
Business support	3,757,486	3,367,348
Plant operations	20,071,504	21,580,277
Student transportation	9,935,213	10,908,477
Food service operation	7,095,825	6,107,703
Other	1,628,303	1,084,050
Interest on long-term debt	5,593,517	5,291,943
Total expenses	<u>171,519,928</u>	<u>167,813,876</u>
Change in net position	<u>\$ 16,867,502</u>	<u>\$ 5,433,001</u>

Governmental Activity

The COVID-19 national health emergency continued to affect school operations in 2022 but not as dramatically as last year. The District started the 2022 school year providing both in-person and virtual instruction. Local and school virus infection rates were monitored and guided decisions concerning in-person learning. While student and staff attendance was occasionally affected due to COVID-19 illness, district activities returned to more normal schedules and activities in 2022. District schools delivered instruction remotely or in-person for the entire school year and student attendance returned to more normal levels.

KENTON COUNTY SCHOOL DISTRICT

Management's Discussion and Analysis (MD&A – Unaudited) Year Ended June 30, 2022 (Continued)

DISTRICT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Governmental Activity

Funding from the CARES Act and American Rescue Plan covered increased costs related to virtual and in-person staffing and instruction. The USDA authorized meal reimbursement under the summer feeding program for all meals served through the end of the 2022 school year, the same as in 2021.

Governmental Revenues experienced increases in General Revenue taxes and Grant revenue in 2022. Property tax collections were up due to property value increases in the county. Both real estate and motor vehicle collections reflected the increase in tax base. Grant revenues reflected the additional federal grant reimbursements from the federal CARES/Coronavirus Relief funds.

Total expenses reflected an increase of \$3.3 million and reflects the increased instruction spending to support students and recover prior year learning loss. \$3.2 million in staff increases and work hours as well as instructional program purchases were incurred with the CARES/Coronavirus grant funds. Certified and classified salary schedules increased 1.5% to retain and attract staff. With the increase in revenue and bond proceeds, the 2022 fiscal year ended by adding \$14.0 million to net position from current year activities.

Business-Type Activity

The only business-type activity of the District is the food service operation. This program experienced revenues of \$10.3 million and expenditures of \$7.5 million during fiscal year 2022. The USDA authorized meal reimbursement under the summer feeding program for all meals served during the entire school year, and added \$4.0 million to reimbursement revenue under the program over 2021 revenues from this source. Increased student attendance in schools increased meals served under this program. Expenditures also increased as some food items were unavailable and were replaced with higher cost items. Certainly food costs were affected by inflation during 2022 and will continue into the 2023 school year. The 2022 fiscal year ended adding \$2.8 million to net position.

The Food Service Program continues to offer students excellent nutrition through a variety of breakfast and lunch meal choices. Meals are prepared and served each school day and several weeks during summer instructional programs. The food service operation is self-operating and funded without assistance from the General Fund. The business activity receives no support from tax revenues.

In accordance with Implementation of Government Accounting Standards Board Statement No. 68, *Accounting and Reporting for Pensions*, and Government Accounting Standards Board Statement No. 75, *Accounting and Reporting for Postemployment Benefits Other than OPEBs*, food service financial results include provisions for deferred outflows and inflows related to both the state net pension and postemployment benefits other than OPEBs liabilities.

The District's Funds

Government Fund tax revenues increased by \$4.5 million in 2022 due to increased property and motor vehicle valuations in Kenton County. Both the General and Building Fund reflected this increase. District and Student Activity Funds also experienced increased revenue activity as extra and co-curricular events returned to the weekly school agendas. Federal Cares and Coronavirus Relief Act grant reimbursements rose to \$6.6 million in 2022 accounting for the increase in federal grant revenues. State SEEK and grant funding remained stable comprising 33% of government fund collected revenue. The District's property tax base remains strong and increased by \$582 million (6.5%) providing a stable source of operating revenue. The distribution of government fund revenues is approximately 48% from state/federal sources and 52% generated from local sources.

KENTON COUNTY SCHOOL DISTRICT

Management's Discussion and Analysis (MD&A – Unaudited) Year Ended June 30, 2022 (Continued)

DISTRICT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The District's Funds (Continued)

Government Fund expenditures totaled \$202.8 million, an increase of \$32.7 million over 2021. General Fund expenditures increased \$4.8 million with salary and benefit costs and rising utility and diesel fuel prices due to inflation during 2022. Special Revenue expenditures rose \$2.2 million to fund instructional programs and sessions to address student learning loss and social/emotional needs. Construction expenditures were \$ 24.6 million higher due to the multiple capital improvement projects that progressed throughout the year. The 2022 salary schedules included a 1.5% increase for each position as well as the experience step increase of approximately 1.3%. Salary and benefits cost represent approximately 85% of the General Fund expenditures each year. The District is committed to hiring and retaining the most qualified personnel. The current compensation schedule is competitive with other Northern Kentucky Districts as well as Ohio and Indiana. This has helped attract highly qualified applicants and retain staff who have been trained by the District.

The General Fund ended the year with a fund balance at June 30, 2022 of \$28.5 million. This fund receives approximately 97% of annual cash revenue from local taxes and state SEEK revenue which can vary with the local economic environment and state budget issues. The fund balance will be critical in maintaining instructional programs and facilities as state funding priorities could shift given the current status of the state pension funding deficiencies.

The Special Revenue Fund expended and received \$6.6 million from federal Coronavirus Relief Acts. The funds paid for additional instruction programs after school and during the summer months as well as PPE, health supplies and student technology devices. The federal funds will continue to be available through 2024.

BUDGETARY IMPLICATIONS

The District's budget is prepared according to Kentucky law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

The most significant budgeted fund is the General Fund. By law, this fund budget must include a minimum 2% contingency. The Board adopted a 2022 working budget with \$14.2 million in contingency (11.7%). The 2022 General Fund budget is included in the Supplementary Information section of this report. It should be noted that state on-behalf revenues and expenditures of \$33.9 million are not budgeted but are included in the actual results column of the report.

For the General Fund, total budgeted revenues and other financing sources were \$102.3 million and actual revenues, excluding on-behalf payments were \$106.7 million. General Fund budgeted expenditures, excluding contingency, were \$121.3 million while actual expenditures, excluding on-behalf totaled \$100.6 million. The favorable variances in actual revenue and expenditures resulted in a \$22.6 million unrestricted fund balance at the end of the year versus a budgeted ending fund balance of \$14.2 million.

On-Behalf Payments

The District recorded on-behalf payments in the General Fund in 2022 totaling \$33.9 million and \$755 thousand in the District Academy Fund as required by KDE. On-behalf payments represent amounts paid on behalf of the Kenton County School District by the Commonwealth of Kentucky for employee health insurance, Teachers' Retirement, post-employment benefits and technology services. These revenues and expenditures are not budgeted but are required to be reflected in the annual financial fund reports as a revenue and expenditure. As a result, it should be noted that large variances between budgeted and actual amounts for the General Fund are the result of this inconsistency.

KENTON COUNTY SCHOOL DISTRICT

Management's Discussion and Analysis (MD&A – Unaudited) Year Ended June 30, 2022 (Continued)

CURRENT ISSUES

The 2023 school year opened under normal schedules and conditions for the first time in three years. However, the effects of the health emergency are evident in student achievement, social and emotional areas. Expanded learning opportunities and programs began in 2022 to address student learning loss and will continue over the next several years. Funding from the American Rescue Plan will cover increased costs related to increased staffing and instruction.

The economic effect of the pandemic is another factor that all KY school districts are facing. The local economy is active which creates a challenging environment to attract workers. The District experienced staffing shortages in several positions such as substitute teacher, custodian, food service and bus drivers. The area is also experiencing a shortage of classroom teachers while fewer students are entering teacher preparation programs. Compensation plans, certification alternatives and aggressive recruiting of certified teachers are helping fill vacancies and maintain effective instruction and district operations. The district is also experiencing rising utility, food and fuel costs due to inflation, the same as any other business in the nation. Fortunately, the property tax base continues to provide adequate tax revenue to offset the expected cost increases.

The CBAS management tool implemented in 2022 continues to grow and identify areas of strength and need in the district academic and support operations. Quarterly metrics provide progress on each of the six Pillars to the stakeholders and committees. Collaborative analysis completed each quarter identifies the current status and adjustments that are needed to achieve each pillar's goals and objectives. Every major area of the district is included in this endeavor.

The KY General Assembly raised the SEEK revenue to \$4,200 per student and maintained state grant allocations for 2023 and 2024. The legislature also added 2022 SEEK funding for full day Kindergarten during the 2021 Special Session. The District has been providing full day instruction for Kindergarten students since 2019 and added full day Preschool instruction in 2022. The SEEK process continues to redistribute revenue via the 30 cent adjustment process so districts in areas of rising property values do not retain the benefit of all local tax revenue increases.

State operating grants provide funding for specialized instructional and safety programs. These include Extended School Services, Preschool, Safe Schools, Read To Achieve, Family Resource Centers, and Ky Education Technology programs. The state revenue projections indicate that these programs will continue to be funded. Federal Title I and IDEA remain steady resources to supplement instruction for special student populations and schools.

The financial position of the state's pension plans continues to affect the District's financial obligations. Both the Teachers' Retirement and County Employees Retirement Systems are underfunded at this time. The General Assembly does fund the current year at maximum amounts permitted by legislation and passed legislation creating a separate benefit tier for TRS participants joining after January 1, 2022. The new tier is designed to have no unfunded liability and a funded status of at least 90%. This change will provide one piece of a long-term solution to the plan's underfunding situation. The District has always paid its required contribution as determined by the plans. In accordance with the requirements of Governmental Accounting Standards Board Statements 68 and 75, the District has recorded its proportionate share of certain financial aspects of the pension plans in which its employees participate.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

Questions about this report or additional financial information needs should be directed to Dr. Henry Webb, Superintendent, or Ms. Susan Bentle, Treasurer, at 859-344-8888, or by mail at 1055 Eaton Drive, Fort Wright, Kentucky 41017.

KENTON COUNTY SCHOOL DISTRICT

**Statement of Net Position – District Wide
As of June 30, 2022**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Current:			
Cash and cash equivalents	\$ 89,429,408	\$ 3,169,081	\$ 92,598,489
Accounts receivable	5,338,226	1,011,502	6,349,728
Inventories for consumption	166,252	131,997	298,249
Total current	<u>94,933,886</u>	<u>4,312,580</u>	<u>99,246,466</u>
Noncurrent:			
Construction in progress	39,067,499	-	39,067,499
Nondepreciated capital assets:			
Land	7,219,838	-	7,219,838
Depreciated capital assets:			
Land improvements	7,065,993	-	7,065,993
Buildings and improvements	324,221,681	-	324,221,681
Furniture and equipment	32,229,956	2,831,389	35,061,345
Less: accumulated depreciation	<u>(151,950,171)</u>	<u>(2,287,133)</u>	<u>(154,237,304)</u>
Total noncurrent	<u>257,854,796</u>	<u>544,256</u>	<u>258,399,052</u>
Total assets	<u>352,788,682</u>	<u>4,856,836</u>	<u>357,645,518</u>
Deferred outflows	<u>24,736,031</u>	<u>1,586,467</u>	<u>26,322,498</u>
Liabilities and Net Position			
Liabilities			
Current:			
Current portion of bonds payable	15,345,000	-	15,345,000
Accounts payable	9,987,573	16,876	10,004,449
Accrued interest	1,748,376	-	1,748,376
Accrued sick leave	159,401	-	159,401
Accrued payroll and related expenses	2,102,142	18,174	2,120,316
Current portion of finance leases	1,479,344	-	1,479,344
Unearned revenues	837,830	60,818	898,648
Total current	<u>31,659,666</u>	<u>95,868</u>	<u>31,755,534</u>
Noncurrent:			
Accrued sick leave	1,434,613	78,751	1,513,364
Finance leases	5,880,108	-	5,880,108
MIF net OPEB liability	34,527,906	1,497,856	36,025,762
CERS net pension liability	40,804,060	4,848,278	45,652,338
Bond obligations	206,880,337	-	206,880,337
Total noncurrent	<u>289,527,024</u>	<u>6,424,885</u>	<u>295,951,909</u>
Total liabilities	<u>321,186,690</u>	<u>6,520,753</u>	<u>327,707,443</u>
Deferred inflows	<u>31,645,345</u>	<u>1,878,733</u>	<u>33,524,078</u>
Net Position			
Invested in capital assets, net of related debt	31,020,359	544,256	31,564,615
Restricted	51,653,643	(2,500,439)	49,153,204
Unrestricted	<u>(57,981,324)</u>	<u>-</u>	<u>(57,981,324)</u>
Total net position	<u>\$ 24,692,678</u>	<u>\$ (1,956,183)</u>	<u>\$ 22,736,495</u>

The accompanying notes are an integral part of these financial statements

KENTON COUNTY SCHOOL DISTRICT

Statement of Activities – District Wide For Year Ended June 30, 2022

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instructional	\$ 93,694,229	\$ 206,000	\$ 12,762,236	\$ -	\$ (80,725,993)	\$ -	\$ (80,725,993)
Student support services	10,318,502	-	754,940	-	(9,563,562)	-	(9,563,562)
Staff support services	5,942,569	-	1,937,309	-	(4,005,260)	-	(4,005,260)
District administration	2,638,110	-	29,076	-	(2,609,034)	-	(2,609,034)
School administration	10,844,670	-	172,227	-	(10,672,443)	-	(10,672,443)
Business support services	3,757,486	-	797	-	(3,756,689)	-	(3,756,689)
Plant operation and maintenance	20,071,504	83,320	152,566	-	(19,835,618)	-	(19,835,618)
Student transportation	9,935,213	632,325	28,118	-	(9,274,770)	-	(9,274,770)
Community service operations	1,161,868	-	1,158,829	-	(3,039)	-	(3,039)
Facility acquisition and construction	-	-	-	5,776,075	5,776,075	-	5,776,075
Other	466,435	-	166,843	-	(299,592)	-	(299,592)
Interest on long-term debt	5,593,517	-	-	-	(5,593,517)	-	(5,593,517)
Total governmental activities	<u>164,424,103</u>	<u>921,645</u>	<u>17,162,941</u>	<u>5,776,075</u>	<u>(140,563,442)</u>	<u>-</u>	<u>(140,563,442)</u>
Business-type activities							
Food service	7,095,825	208,150	10,049,267	-	-	3,161,592	3,161,592
Total business-type activities	<u>7,095,825</u>	<u>208,150</u>	<u>10,049,267</u>	<u>-</u>	<u>-</u>	<u>3,161,592</u>	<u>3,161,592</u>
Total school district	<u>\$ 171,519,928</u>	<u>\$ 1,129,795</u>	<u>\$ 27,212,208</u>	<u>\$ 5,776,075</u>	<u>(140,563,442)</u>	<u>3,161,592</u>	<u>(137,401,850)</u>
General revenues:							
					76,033,386	-	76,033,386
					75,984,692	-	75,984,692
					176,229	5,127	181,356
					2,199,194	56,145	2,255,339
Special items:							
					(179,988)	(5,433)	(185,421)
					403,732	(403,732)	-
Total general and special revenues					<u>154,617,245</u>	<u>(347,893)</u>	<u>154,269,352</u>
Change in net position					14,053,803	2,813,699	16,867,502
Net position - beginning					10,638,875	(4,769,882)	5,868,993
Net position - ending					<u>\$ 24,692,678</u>	<u>\$ (1,956,183)</u>	<u>\$ 22,736,495</u>

The accompanying notes are an integral part of these financial statements

KENTON COUNTY SCHOOL DISTRICT

**Balance Sheet – Governmental Funds
As of June 30, 2022**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Construction Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Current:					
Cash and cash equivalents	\$ 29,258,203	\$ -	\$ 57,856,192	\$ 2,315,013	\$ 89,429,408
Accounts receivable	1,720,122	3,608,513	-	9,591	5,338,226
Inventories for consumption	166,252	-	-	-	166,252
Total assets	<u>\$ 31,144,577</u>	<u>\$ 3,608,513</u>	<u>\$ 57,856,192</u>	<u>\$ 2,324,604</u>	<u>\$ 94,933,886</u>
Liabilities and Fund Balances					
Liabilities					
Current:					
Accounts payable	\$ 546,164	\$ 2,804,737	\$ 6,202,549	\$ 434,123	\$ 9,987,573
Unearned revenue	34,054	803,776	-	-	837,830
Accrued payroll and related expenses	2,102,142	-	-	-	2,102,142
Total liabilities	<u>2,682,360</u>	<u>3,608,513</u>	<u>6,202,549</u>	<u>434,123</u>	<u>12,927,545</u>
Fund Balances					
Restricted:					
Capital projects	-	-	51,653,643	-	51,653,643
Other	21,909	-	-	1,262,615	1,284,524
Committed:					
Accrued sick leave	794,577	-	-	-	794,577
Site based carryforward	795,951	-	-	-	795,951
Other	-	-	-	627,866	627,866
Assigned:					
Purchase obligations	1,514,804	-	-	-	1,514,804
Other	2,500,000	-	-	-	2,500,000
Nonspendable:					
Inventories	166,252	-	-	-	166,252
Unassigned	22,668,724	-	-	-	22,668,724
Total fund balances	<u>28,462,217</u>	<u>-</u>	<u>51,653,643</u>	<u>1,890,481</u>	<u>82,006,341</u>
Total liabilities and fund balances	<u>\$ 31,144,577</u>	<u>\$ 3,608,513</u>	<u>\$ 57,856,192</u>	<u>\$ 2,324,604</u>	<u>\$ 94,933,886</u>

The accompanying notes are an integral part of these financial statements

KENTON COUNTY SCHOOL DISTRICT

**Reconciliation of the Balance Sheet
Governmental Funds to the Statement of Net Position
As of June 30, 2022**

Total governmental fund balance	\$ 82,006,341
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	
Construction in process	39,067,499
Cost of capital assets	370,737,468
Accumulated depreciation	<u>(151,950,171)</u>
	257,854,796
Deferred outflows related to CERS	2,665,164
Deferred outflows for CERS contributions made after the measurement date	3,637,288
Deferred outflows for MIF contributions made after the measurement date	2,996,010
Deferred outflows related to MIF	12,687,217
Deferred outflows for bond refinancing	<u>2,750,352</u>
	24,736,031
Deferred inflows related to CERS	(8,762,502)
Deferred inflows related to MIF	<u>(22,882,843)</u>
	(31,645,345)
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	(218,545,000)
Bond premium	(3,680,337)
Accrued interest on bonds	(1,748,376)
Finance leases	(7,359,452)
Net pension liability	(40,804,060)
Net OPEB liability	(34,527,906)
Accrued sick leave	<u>(1,594,014)</u>
	(240,258,045)
Total net position - governmental	<u>\$ 24,692,678</u>

The accompanying notes are an integral part of these financial statements

KENTON COUNTY SCHOOL DISTRICT

**Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2022**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Construction Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues					
Taxes	\$ 60,307,458	\$ -	\$ -	\$ 15,725,928	\$ 76,033,386
Earnings on investments	92,012	-	81,655	2,562	176,229
State sources	74,791,408	4,194,670	-	6,530,987	85,517,065
Federal sources	438,372	12,814,007	-	-	13,252,379
Other sources	1,303,906	154,264	-	2,195,328	3,653,498
	<u>136,933,156</u>	<u>17,162,941</u>	<u>81,655</u>	<u>24,454,805</u>	<u>178,632,557</u>
Total revenues					
Expenditures					
Instructional	77,263,130	12,121,616	-	4,393,674	93,778,420
Student support services	9,407,632	754,940	-	154,978	10,317,550
Staff support services	3,985,880	1,937,309	-	5,219	5,928,408
District administration	2,587,368	29,076	-	-	2,616,444
School administration	10,155,251	172,227	-	504,776	10,832,254
Business support services	3,715,142	797	-	-	3,715,939
Plant operation and maintenance	13,328,061	152,566	-	2,279	13,482,906
Student transportation	9,682,937	28,118	-	2,464	9,713,519
Community service operations	2,275	1,158,829	-	-	1,161,104
Facility acquisition and construction	-	-	30,121,279	-	30,121,279
Other	-	166,843	-	39,892	206,735
Debt service:					
Principal	1,157,806	-	-	14,600,000	15,757,806
Interest	146,399	-	-	4,815,487	4,961,886
Bond issuance costs	-	-	259,700	-	259,700
	<u>131,431,881</u>	<u>16,522,321</u>	<u>30,380,979</u>	<u>24,518,769</u>	<u>202,853,950</u>
Total expenditures					
Excess (deficit) of revenues over expenditures	<u>5,501,275</u>	<u>640,620</u>	<u>(30,299,324)</u>	<u>(63,964)</u>	<u>(24,221,393)</u>
Other financing sources (uses)					
Loan and bond proceeds	-	-	77,510,000	-	77,510,000
Bond premium	-	-	2,373,583	-	2,373,583
Finance lease proceeds	1,376,044	-	-	-	1,376,044
Proceeds from sale of assets	48,918	-	-	-	48,918
Other items	-	-	-	-	-
Operating transfers in	2,279,043	278,766	1,656,041	19,406,447	23,620,297
Operating transfers out	<u>(3,085,407)</u>	<u>(919,386)</u>	<u>-</u>	<u>(19,211,772)</u>	<u>(23,216,565)</u>
	<u>618,598</u>	<u>(640,620)</u>	<u>81,539,624</u>	<u>194,675</u>	<u>81,712,277</u>
Total other financing sources (uses)					
Net change in fund balance	6,119,873	-	51,240,300	130,711	57,490,884
Fund balance, July 1, 2021	<u>22,342,344</u>	<u>-</u>	<u>413,343</u>	<u>1,759,770</u>	<u>24,515,457</u>
Fund balance, June 30, 2022	<u>\$ 28,462,217</u>	<u>\$ -</u>	<u>\$ 51,653,643</u>	<u>\$ 1,890,481</u>	<u>\$ 82,006,341</u>

The accompanying notes are an integral part of these financial statements

KENTON COUNTY SCHOOL DISTRICT

**Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2022**

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

Net changes-governmental funds \$ 57,490,884

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	(11,326,323)	
Capital outlays	32,298,223	
Retirement of capital assets	<u>(228,906)</u>	
		20,742,994

Bond and finance lease proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position however, issuing debt increases 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	14,600,000	
Bond proceeds	(77,510,000)	
Bond premium	(2,373,583)	
Amortization of bond refinancing	(963,115)	
Amortization of bond premium, net	318,317	
Finance lease principal paid	1,157,806	
New finance leases	(1,376,044)	

Deferred outflows related to pensions	(2,701,767)	
Deferred outflows related to other post-retirement employee benefits	2,968,170	

Deferred inflows related to pensions	(7,485,081)	
Deferred inflows related to other post-retirement employee benefits	(7,897,829)	

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.

17,083,051

Changes in net position of governmental activities \$ 14,053,803

The accompanying notes are an integral part of these financial statements

KENTON COUNTY SCHOOL DISTRICT

**Statement of Net Position –
Proprietary Funds
As of June 30, 2022**

	Food Service	Total
Assets		
Current		
Cash and cash equivalents	\$ 3,169,081	\$ 3,169,081
Accounts receivable	1,011,502	1,011,502
Inventories for consumption	131,997	131,997
Total current	4,312,580	4,312,580
Noncurrent		
Furniture and Fixtures	2,831,389	2,831,389
Less: accumulated depreciation	(2,287,133)	(2,287,133)
Total noncurrent	544,256	544,256
Total assets	4,856,836	4,856,836
Deferred outflows	1,586,467	1,586,467
Liabilities and Net Position		
Liabilities		
Current		
Accounts payable	16,876	16,876
Unearned revenue	60,818	60,818
Accrued payroll and related expenses	18,174	18,174
Interfund payable	-	-
Total current	95,868	95,868
Noncurrent		
MIF net OPEB liability	1,497,856	1,497,856
CERS net pension liability	4,848,278	4,848,278
Accumulated sick leave	78,751	78,751
Total noncurrent	6,424,885	6,424,885
Total liabilities	6,520,753	6,520,753
Deferred inflows	1,878,733	1,878,733
Net Position		
Invested in assets, net of debt	544,256	544,256
Restricted	(2,500,439)	(2,500,439)
Total net position	\$ (1,956,183)	\$ (1,956,183)

The accompanying notes are an integral part of these financial statements

KENTON COUNTY SCHOOL DISTRICT

**Statement of Revenues, Expenses, and Changes in Net Position –
Proprietary Funds
Year Ended June 30, 2022**

	Food Service	Total
Operating revenues		
Lunchroom sales	\$ 208,150	\$ 208,150
Other operating revenues	56,145	56,145
Total operating revenues	264,295	264,295
Operating expenses		
Salaries and benefits	3,389,290	3,389,290
Contract services	187,404	187,404
Materials and supplies	3,371,159	3,371,159
Depreciation	106,681	106,681
Other operating expenses	41,291	41,291
Total operating expenses	7,095,825	7,095,825
Operating loss	(6,831,530)	(6,831,530)
Nonoperating revenues (expenses)		
Federal grants	8,877,475	8,877,475
State grants	496,337	496,337
Donated commodities and other donations	675,455	675,455
Gain on sale of assets	(5,433)	(5,433)
Transfers out	(403,732)	(403,732)
Interest income	5,127	5,127
Total nonoperating revenues	9,645,229	9,645,229
Change in net position	2,813,699	2,813,699
Total net position, July 1, 2021	(4,769,882)	(4,769,882)
Total net position, June 30, 2022	\$ (1,956,183)	\$ (1,956,183)

The accompanying notes are an integral part of these financial statements

KENTON COUNTY SCHOOL DISTRICT

**Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2022**

	Food Service Fund	Total
Cash flows from operating activities		
Cash received from lunchroom sales	\$ 208,150	\$ 208,150
Cash received from other activities	13,677	13,677
Cash payments to employees for services	(3,362,058)	(3,362,058)
Cash payments to suppliers for goods and services	(3,692,005)	(3,692,005)
Cash transfers	(403,732)	(403,732)
Net cash used in operating activities	(7,235,968)	(7,235,968)
Cash flows from capital financing activities		
Purchase of capital assets	(68,505)	(68,505)
Net cash used in capital financing activities	(68,505)	(68,505)
Cash flows from noncapital financing activities		
Non-operating revenues received	10,049,267	10,049,267
Net cash provided by noncapital financing activities	10,049,267	10,049,267
Cash flows from investing activities		
Interest on investments	5,127	5,127
Net cash flows provided by investing activities	5,127	5,127
Net increase in cash and cash equivalents	2,749,921	2,749,921
Cash and cash equivalents - beginning	419,160	419,160
Cash and cash equivalents - ending	\$ 3,169,081	\$ 3,169,081
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	\$ (6,831,530)	\$ (6,831,530)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation	106,681	106,681
Transfers	(403,732)	(403,732)
Changes in assets and liabilities:		
Increase in accounts receivable	(94,825)	(94,825)
Decrease in accounts payable	(58,295)	(58,295)
Decrease in unearned revenue	(43,825)	(43,825)
Increase in accrued payroll and related expenses	18,174	18,174
Increase in accumulated sick leave	9,058	9,058
Decrease in deferred outflows	358,414	358,414
Increase in deferred inflows	1,320,789	1,320,789
Decrease in MIF net OPEB liability	(462,776)	(462,776)
Decrease in CERS net pension liability	(1,215,070)	(1,215,070)
Decrease in inventories	60,969	60,969
Net cash used in operating activities	\$ (7,235,968)	\$ (7,235,968)
Schedule of non-cash transactions:		
Donated commodities received from federal government	\$ 675,455	\$ 675,455
On behalf payments	\$ 429,204	\$ 429,204

The accompanying notes are an integral part of these financial statements

KENTON COUNTY SCHOOL DISTRICT

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Kenton County 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 Kenton County 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 Kenton County Board of Education. The financial statements presented herein do not include funds of groups and organizations, which although associated with the school system, have not originated within the Board itself such as 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:

Kenton County School District Finance Corporation - The Board authorized the establishment of the Kenton County 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 Kenton County Board 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.

KENTON COUNTY SCHOOL DISTRICT

Notes to the Financial Statements (Continued)

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 pages 75-76. This is a major fund of the District.
- (C) Special Revenue Activity Fund is used to support co-curricular activities and are not raised and expended by student groups. District activity funds accounted for in the District bank account are not subject to the Redbook and may be expended with more flexibility than school activity funds but must meet the "educational purpose" standard for all District expenditures.

KENTON COUNTY SCHOOL DISTRICT

Notes to the Financial Statements (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

I. Governmental Fund Types (continued)

(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. The District is committed to construction contracts in the amount of \$51,653,643 for ongoing projects.

(E) 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.

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.

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.

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.

KENTON COUNTY SCHOOL DISTRICT

Notes to the Financial Statements (Continued)

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.

KENTON COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

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.

KENTON COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

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:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Buildings and improvements	25-50 years
Land improvements	20 years
Technology equipment	5 years
Vehicles	5-10 years
General equipment	10 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 finance 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.

KENTON COUNTY SCHOOL DISTRICT

Notes to the Financial Statements (Continued)

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 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.

KENTON COUNTY SCHOOL DISTRICT

Notes to the Financial Statements (Continued)

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, benefits 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.

KENTON COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 4 CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2022 was as follows:

<u>Governmental Activities</u>	Balance June 30, 2021	Additions	Deductions	Balance June 30, 2022
Land	\$ 6,935,338	\$ 284,500	\$ -	\$ 7,219,838
Land improvements	7,006,761	60,833	1,601	7,065,993
Buildings and improvements	322,209,262	2,155,607	143,188	324,221,681
Technology equipment	11,959,710	2,505,016	1,406,783	13,057,943
Vehicles	14,714,693	1,015,504	866,491	14,863,706
General equipment	4,215,976	163,924	71,593	4,308,307
Construction in progress	12,954,660	26,112,839	-	39,067,499
Totals at historical cost	<u>379,996,400</u>	<u>32,298,223</u>	<u>2,489,656</u>	<u>409,804,967</u>
Less: accumulated depreciation				
Land improvements	3,204,253	244,111	1,601	3,446,763
Buildings and improvements	122,936,500	8,148,126	62,294	131,022,332
Technology equipment	7,153,640	1,476,207	1,259,313	7,370,534
Vehicles	7,298,483	1,242,752	866,491	7,674,744
General equipment	2,291,722	215,127	71,051	2,435,798
Total accumulated depreciation	<u>142,884,598</u>	<u>11,326,323</u>	<u>2,260,750</u>	<u>151,950,171</u>
Governmental activities capital assets - net	<u>\$ 237,111,802</u>	<u>\$ 20,971,900</u>	<u>\$ 228,906</u>	<u>\$ 257,854,796</u>
<u>Business - Type Activities</u>				
General equipment	\$ 2,920,506	\$ 32,868	\$ 250,205	\$ 2,703,169
Vehicles	85,757	-	-	85,757
Technology equipment	31,976	35,637	25,150	42,463
Totals at historical cost	<u>3,038,239</u>	<u>68,505</u>	<u>275,355</u>	<u>2,831,389</u>
Less: accumulated depreciation				
General equipment	2,356,891	96,200	244,781	2,208,310
Vehicles	67,068	6,408	-	73,476
Technology equipment	26,415	4,073	25,141	5,347
Total accumulated depreciation	<u>2,450,374</u>	<u>106,681</u>	<u>269,922</u>	<u>2,287,133</u>
Business - type activities capital assets - net	<u>\$ 587,865</u>	<u>\$ (38,176)</u>	<u>\$ 5,433</u>	<u>\$ 544,256</u>

KENTON COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 4 CAPITAL ASSETS (CONTINUED)

Depreciation expense by function for the fiscal year ended June 30, 2022 was as follows:

	Governmental	Business-Type
Instruction	\$ 3,409,021	\$ -
Student support services	952	-
Staff support services	14,161	-
District administration	21,666	-
School administration	12,416	-
Business support services	41,547	-
Plant operation and maintenance	6,588,598	-
Food service	-	106,681
Student transportation	1,237,198	-
Community services	764	-
Total	\$ 11,326,323	\$ 106,681

NOTE 5 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, 2022 this amount totaled approximately \$1,672,765 for those employees with twenty-seven or more years of experience.

KENTON COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 6 COMMITMENTS UNDER FINANCE LEASES

The District is the lessee of buses and office copiers under finance leases that expire in various years between 2024 and 2032. The assets and liabilities under finance 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 finance leases is included in depreciation expense.

Future minimum lease payments under finance leases as of June 30, 2022, for each of the next five years and in the aggregate are as follows:

Year Ending <u>June 30,</u>	
2022-2023	\$ 1,479,344
2023-2024	1,438,102
2024-2025	1,227,927
2025-2026	1,069,143
2026-2027	900,255
Thereafter	<u>1,962,843</u>
Total minimum payments	8,077,614
Less amount representing interest	<u>718,162</u>
Present value of net minimum lease payments	<u><u>\$ 7,359,452</u></u>

KENTON COUNTY SCHOOL DISTRICT

Notes to the Financial Statements (Continued)

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:

<u>Issue Date</u>	<u>Proceeds</u>	<u>Rates</u>
September 8, 2010	\$ 19,855,000	0.500% - 2.500%
February 28, 2012	43,530,000	2.500% - 6.500%
March 7, 2013	30,545,000	2.000% - 3.000%
May 16, 2013	12,005,000	2.000% - 3.125%
March 5, 2014	4,170,000	1.000% - 4.000%
April 1, 2015	14,445,000	2.000% - 3.000%
April 10, 2015	8,895,000	2.000% - 3.000%
May 28, 2015	17,320,000	3.000% - 3.625%
March 9, 2016	25,190,000	2.000% - 4.000%
April 19, 2016	19,400,000	2.000% - 3.250%
June 5, 2017	5,125,000	2.000% - 3.550%
November 7, 2017	2,280,000	3.000%
April 18, 2018	13,945,000	2.000% - 4.000%
May 7, 2020	12,850,000	1.500% - 3.000%
September 30, 2020	7,670,000	1.500% - 1.750%
November 29, 2021	29,125,000	0.300% - 2.100%
February 2, 2022	48,385,000	0.550% - 2.540%

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 Kenton County Fiscal Court and the Kenton County 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 17 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, 2022 for debt service (principal and interest) are reported in Note 17.

NOTE 8 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 ("CERS") covers employees whose position does not require a college degree or teaching certification. The Kentucky Teachers Retirement System ("TRS") covers positions requiring teaching certification or otherwise requiring a college degree.

KENTON COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 8 RETIREMENT PLANS (CONTINUED)

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 Or age 57+ and sum of service years plus age equal 87
	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 beneficiary 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.

KENTON COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 8 RETIREMENT PLANS (CONTINUED)

Contributions

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

	<u>Required contribution</u>
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, 2022, was \$5,131,621, which consisted of \$4,069,465 from the District and \$1,062,156 from the employees. Total contributions for the year ended June 30, 2021 and 2020 were \$4,581,700 and \$4,767,169, respectively. The contributions have been contributed in full for fiscal years 2022, 2021 and 2020.

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 KRS. TRS is a blended component unit of the Commonwealth of Kentucky Revised Statutes and therefore is included in the Commonwealth's financial statements. TRS issues a publicly available financial report that can be obtained at http://www.ktrs.ky.gov/05_publications/index.htm.

Benefits provided

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

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

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.

KENTON COUNTY SCHOOL DISTRICT

Notes to the Financial Statements (Continued)

NOTE 8 RETIREMENT PLANS (CONTINUED)

Benefits provided

Effective July 1, 2008, the System has been amended to change the benefit structure for employees hired on or after that date. Final average salary is defined as the member's five (5) highest annual salaries for those with less than 27 years of service. Employees at least age 55 with 27 or more years of service may use their three (3) highest annual salaries to compute the final average salary. 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, 2022, was \$11,215,587, which consisted of \$2,633,944 from the District and \$8,581,643 from the employees. Total contributions for the year ended June 30, 2021 and 2020 were \$10,694,083 and \$13,175,665, respectively. The contributions have been contributed in full for fiscal years 2022, 2021 and 2020.

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 (MIF) 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.

KENTON COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 8 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% is 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, 2022, 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	\$ 45,652,338
Commonwealth's proportionate share of the TRS net pension liability associated with the District	<u>255,138,437</u>
	<u>\$ 300,790,775</u>

The net pension liability for each plan was measured as of June 30, 2021, 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, 2021, the District's proportion was 0.716027% percent.

KENTON COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 8 RETIREMENT PLANS (CONTINUED)

For the year ended June 30, 2022, the District recognized a reduction in pension expense of \$3,174,293 related to CERS. At June 30, 2022, 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	\$ 524,229	\$ 443,087
Net difference between projected and actual earnings on pension plan investments	1,771,007	7,855,698
Changes of assumptions	612,709	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	73,890	1,504,865
District contributions subsequent to the measurement date	4,069,465	-
Total	\$ 7,051,300	\$ 9,803,650

\$4,069,465 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, 2023. 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:	
2023	\$ (1,395,425)
2024	(2,108,494)
2025	(1,412,485)
2026	(1,905,411)
2027	-

Actuarial assumptions

The total pension liability in the June 30, 2021 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%	7.10%

KENTON COUNTY SCHOOL DISTRICT

Notes to the Financial Statements (Continued)

NOTE 8 RETIREMENT PLANS (CONTINUED)

Actuarial assumptions (Continued)

For CERS, mortality rates used for active members for PUB-2010 General Mortality table projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members was a system-specific mortality table based on a mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. The mortality table used for disabled members was PUB-2010 Disabled Mortality table, with a 4-year set forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

For TRS, mortality rates were based on Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each groups: service, retirees, contingent annuitants, disabled retirees, and active members. The actuarial assumptions used were based on the results of an actuarial experience study for the 6-year period ending June 30, 2020, adopted by the board on September 20, 2021.

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 2014 through 2018, is outlined in a report dated April 18, 2019. 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.

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.

KENTON COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 8 RETIREMENT PLANS (CONTINUED)

Actuarial assumptions (Continued)

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

<u>Asset Class</u>	<u>TRS Target Allocation</u>	<u>TRS Long-Term Expected Real Rate of Return</u>	<u>CERS Target Allocation</u>	<u>CERS Long-Term Expected Real Rate of Return</u>
US equity	40.0%	4.20%	21.8%	5.70%
International Equity	22.0%	22.00%	21.8%	6.35%
Core bonds			10.0%	0.00%
Private equity	7.0%	6.90%	10.0%	9.70%
High yield	2.0%	1.70%	15.0%	2.80%
Fixed income	15.0%	-0.10%		
Additional categories	5.0%	2.20%		
Real estate	7.0%	4.00%	10.0%	5.40%
Opportunistic			0.0%	N/A
Real return			10.0%	4.55%
Cash	2.0%	-0.30%	1.5%	-0.60%
Total	<u>100%</u>		<u>100%</u>	

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 7.10%. 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 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.

KENTON COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 8 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:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
CERS	5.25%	6.25%	7.25%
District's proportionate share of net pension liability	\$ 58,551,289	\$ 45,652,338	\$ 34,978,758
TRS	6.10%	7.10%	8.10%
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 9 OPEB PLANS

General information about the Teachers' Retirement System OPEB Plan

Plan description

Teaching-certified employees of the Kenton County 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 Statutes 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.

KENTON COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 9 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 Employees 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

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 8 for tier classifications.

Contributions

Required contributions by the employee are based on the tier disclosed in Note 8.

KENTON COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 9 OPEB PLANS (CONTINUED)

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

At June 30, 2022, the Kenton County School District reported a liability of \$36,025,762 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, 2021, 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, 2021, the District's proportion was 1.04% percent for TRS, which was the same as its proportion measured as of June 30, 2020, and 0.72% percent for CERS, which was a decrease of 0.32% 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	\$ 13,704,762
District's proportionate share of the TRS net OPEB liability	22,321,000
State's proportionate share of the net OPEB liability associated with the District	<u>18,127,000</u>
	<u>\$ 54,152,762</u>

KENTON COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 9 OPEB PLANS (CONTINUED)

For the year ended June 30, 2022, the District recognized OPEB expense of \$211,372 and revenue of \$1,499,548 for support provided by the State. At June 30, 2022, 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	\$ 2,155,078	\$ 17,364,786
Net difference between projected and actual earnings on OPEB plan investments	690,486	5,215,406
Change of assumptions	9,471,393	12,744
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,085,743	1,127,492
District contributions subsequent to the measurement date	3,118,146	-
Total	\$ 16,520,846	\$ 23,720,428

Of the total amount reported as deferred outflows of resources related to OPEB, \$2,960,659 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, 2023. 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:	
2023	\$ (2,121,439)
2024	(2,459,010)
2025	(2,348,340)
2026	(2,937,939)
2027	(494,000)
Thereafter	43,000

KENTON COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 9 OPEB PLANS (CONTINUED)

Actuarial assumptions

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	TRS	CERS
Investment rate of return	7.10%, net of OPEB plan investment expense, including inflation.	6.25%
Projected salary increases	3.50 - 7.20%, including wage inflation	3.30% to 10.30%, varies by service
Inflation rate	2.50%	2.30%
Real Wage Growth	0.25%	
Wage Inflation	2.75%	
Healthcare cost trend rates		
Under 65	7.00% for FY 2021 decreasing to an ultimate rate of 4.50% by FY 2031	Initial trend starting at 6.25% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years
Ages 65 and Older	5.00% for FY 2022 decreasing to an ultimate rate of 4.50% by FY 2024	Initial trend starting at 5.50% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years
Medicare Part B Premiums	4.40% for FY 2021 with an ultimate rate of 4.50% by 2034	
Municipal Bond Index Rate	2.13%	1.92%
Discount Rate	7.10%	5.20%
Single Equivalent Interest Rate	7.10%, net of OPEB plan investment expense, including price inflation	

For TRS, mortality rates were based on the Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees, and active members. The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the June 30, 2020 valuation were based on the results of the most actuarial experience studies, which covered the five-year period ending June 30, 2020, adopted by the Board on September 20, 2021.

For CERS, mortality rates used for active members was PUB-2010 General Mortality table projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members was a system-specific mortality table based on a mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.

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, 2020 valuation.

For TRS, 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.

KENTON COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 9 OPEB PLANS (CONTINUED)

Actuarial assumptions (Continued)

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	58.0%	5.1%
Fixed Income	9.0%	-0.1%
Real Estate	6.5%	4.0%
Private Equity	8.5%	6.9%
Other Additional Categories	17.0%	3.9%
Cash (LIBOR)	1.0%	-0.3%
Total	<u>100.0%</u>	

Discount rate

For TRS, the discount rate used to measure the total OPEB liability was 7.10%. 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 5.20%. 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.

KENTON COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 9 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, 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 or 1-percentage-point higher than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
TRS			
Districts' net OPEB liability	\$ 28,576,000	\$ 22,321,000	\$ 17,149,000
	1% Decrease (4.20%)	Current Discount Rate (5.20%)	1% Increase (6.20%)
CERS			
Districts' net OPEB liability	\$ 18,816,535	\$ 13,704,762	\$ 9,509,705

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	\$ 16,216,000	\$ 22,321,000	\$ 29,918,000
	1% Decrease	Current Trend Rate	1% Increase
CERS			
Districts' net OPEB liability	\$ 9,865,800	\$ 13,704,762	\$ 18,338,450

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.

KENTON COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 9 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 funded by the Life Insurance Fund (LIF) 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, 2022, the Kenton County 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		241,000
	\$	241,000

For the year ended June 30, 2022, the District recognized OPEB expense of \$-0-.

Actuarial assumptions

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	7.10%, net of OPEB plan investment expense, including inflation.
Projected salary increases	3.00 - 7.50%, including wage inflation
Inflation rate	2.50%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Municipal Bond Index Rate	2.13%
Discount Rate	7.50%
Single Equivalent Interest Rate	7.10%, net of OPEB plan investment expense, including price inflation

KENTON COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 9 OPEB PLANS (CONTINUED)

Mortality rates were based on the Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees, and active members. The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the June 30, 2020 valuation were based on the results of the most actuarial experience studies, which covered the five-year period ending June 30, 2020, adopted by the Board on September 20, 2021.

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, 2020 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%	4.4%
International Equity	23.0%	5.6%
Fixed Income	18.0%	-0.1%
Real Estate	6.0%	4.0%
Private Equity	5.0%	6.9%
Other Additional Categories	6.0%	2.1%
Cash (LIBOR)	2.0%	-0.3%
Total	<u>100.0%</u>	

KENTON COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 9 OPEB PLANS (CONTINUED)

Discount rate

The discount rate used to measure the total OPEB liability for life insurance was 7.10%. 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.

The following table presents the District's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 7.10%, 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 (6.10%) or 1-percentage-point higher (8.10%) than the current rate:

	<u>1% Decrease (6.10%)</u>		<u>Current Discount Rate (7.10%)</u>		<u>1% Increase (8.10%)</u>
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 10 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 11 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.

KENTON COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 12 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 13 DEFICIT OPERATING/FUND BALANCES

The District's Food Service Fund currently has a deficit fund balance of \$1,956,183. However, the following funds have operations that resulted in a current year deficit of revenues over expenditures, resulting in a corresponding reduction of fund balance:

District Activity Fund	\$	13,802
Summit View Academy		9,152
Caywood Elementary		1,983
River Ridge Elementary		4,293
Ryland Heights Elementary		64
Taylor Mill Elementary		144

NOTE 14 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).

KENTON COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 15 TRANSFER OF FUNDS

The following transfers were made during the year.

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
Food Service Fund	General Fund	Indirect Cost	\$ 403,732
General Fund	Special Revenue Fund	Indirect Cost	278,766
General Fund	Debt Service Fund	Debt Service	796,982
General Fund	Academy Fund	Academy	2,009,660
Special Revenue Fund	General Fund	Indirect Cost	647,855
Special Revenue Fund	Academy Fund	Academy	271,531
School Activity Fund	District Activity Fund	Sweep	273,386
Capital Outlay Fund	Construction Fund	Construction	100,000
Capital Outlay Fund	General Fund	Operating	1,227,457
Building Fund	Construction Fund	Construction	1,556,041
Building Fund	Debt Service Fund	Debt Service	16,054,887

NOTE 16 ON-BEHALF PAYMENTS

For the year ended June 30, 2022, total payments of \$37,661,863 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	\$ 33,914,130
Debt Service	2,563,617
Food Service	429,204
Academy Fund	<u>754,912</u>
Total On-Behalf	<u><u>\$ 37,661,863</u></u>

KENTON COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 17 SCHEDULE OF LONG-TERM OBLIGATIONS

2012 - Ref, 2013, 2013 - Ref, 2014, 2015 A - Ref, 2015 B - Ref, 2015 C, 2016 - Ref, 2016 B, 2017, 2017 -
Ref, 2018, 2020, 2020 - Ref, 2021, 2022

FISCAL YEAR	Kenton COUNTY SCHOOL DISTRICT			KY SCHOOL FACILITIES CONSTRUCTION COMMISSION			TOTAL REQUIREMENTS
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	
2022-2023	\$ 13,293,043	\$ 5,543,583	\$ 18,836,626	\$ 2,051,957	\$ 611,947	\$ 2,663,904	\$ 21,500,530
2023-2024	13,636,873	5,214,387	18,851,260	2,108,127	555,777	2,663,904	21,515,164
2024-2025	14,033,253	4,817,063	18,850,316	1,426,747	496,851	1,923,598	20,773,914
2025-2026	14,520,865	4,396,602	18,917,467	1,469,135	454,462	1,923,597	20,841,064
2026-2027	13,859,476	3,968,053	17,827,529	1,340,524	412,869	1,753,393	19,580,922
2027-2028	13,406,068	3,552,111	16,958,179	1,288,932	373,699	1,662,631	18,620,810
2028-2029	13,610,436	3,086,942	16,697,378	1,329,564	333,066	1,662,630	18,360,008
2029-2030	10,539,277	2,653,226	13,192,503	1,245,723	292,296	1,538,019	14,730,522
2030-2031	9,776,576	2,355,166	12,131,742	1,283,424	254,595	1,538,019	13,669,761
2031-2032	8,973,502	2,088,316	11,061,818	1,321,498	216,520	1,538,018	12,599,836
2032-2033	9,214,934	1,857,995	11,072,929	1,360,066	177,954	1,538,020	12,610,949
2033-2034	8,734,867	1,616,942	10,351,809	1,145,133	137,776	1,282,909	11,634,718
2034-2035	8,685,220	1,387,402	10,072,622	1,179,780	103,128	1,282,908	11,355,530
2035-2036	7,825,128	1,160,576	8,985,704	1,149,872	66,173	1,216,045	10,201,749
2036-2037	7,453,772	956,118	8,409,890	236,228	30,044	266,272	8,676,162
2037-2038	7,262,196	758,343	8,020,539	242,804	23,467	266,271	8,286,810
2038-2039	6,090,923	566,008	6,656,931	209,077	16,473	225,550	6,882,481
2039-2040	6,240,255	416,957	6,657,212	214,745	10,805	225,550	6,882,762
2040-2041	5,222,540	255,166	5,477,706	97,460	4,934	102,394	5,580,100
2041-2042	5,365,104	113,878	5,478,982	99,896	2,497	102,393	5,581,375
	<u>\$ 197,744,308</u>	<u>\$ 46,764,834</u>	<u>\$ 244,509,142</u>	<u>\$ 20,800,692</u>	<u>\$ 4,575,333</u>	<u>\$ 25,376,025</u>	<u>\$ 269,885,167</u>

A summary of the changes in the principal of the outstanding bond obligations, the finance leases and the sick leave liability for the District during the year ended June 30, 2022 is as follows:

Governmental Activities	Balance July 1, 2021	Additions	Payments	Balance June 30, 2022
Bond Obligations	<u>\$ 155,635,000</u>	<u>\$ 77,510,000</u>	<u>\$ 14,600,000</u>	<u>\$ 218,545,000</u>
Bond Premiums, Net	<u>\$ 1,625,071</u>	<u>\$ 2,373,583</u>	<u>\$ 318,317</u>	<u>\$ 3,680,337</u>
Finance Leases	<u>\$ 7,141,214</u>	<u>\$ 1,376,044</u>	<u>\$ 1,157,806</u>	<u>\$ 7,359,452</u>
Sick Leave	<u>\$ 1,389,615</u>	<u>\$ 867,706</u>	<u>\$ 584,556</u>	<u>\$ 1,672,765</u>

NOTE 18 UNDIVIDED INTEREST IN THE IGNITE INSTITUTE

On July 1, 2019, the District acquired an undivided interest in the Ignite Institute ("Ignite"), which is a regional high school at the Roebing Innovation Center in Boone County, Kentucky which provides regional programs.

The District has agreed to contribute \$475,000 annually to Ignite to ensure its balance budget and contribute additional funds for any unforeseen costs needed to be incurred beyond the budget. The District is responsible for the transportation costs of the students in its district, and has contributed 26 initial staff. The District is entitled to 50% of the revenues raised for Ignite to offset its financial obligations. The District does not own any of the fixed assets of Ignite.

KENTON COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 18 UNDIVIDED INTEREST IN THE IGNITE INSTITUTE (CONTINUED)

The agreement is in effect until either party desires to terminate its participation, a written notice is required two full school years prior to its termination process. If the other party desires termination, the District has the right to purchase the furniture, fixtures, equipment, and inventory at Ignite and to lease the premises at fair market rent for the purpose of continuing the program at Ignite.

The District has recorded its undivided interest in Ignite in its Academy Fund.

NOTE 19 CHANGE IN ACCOUNTING PRINCIPLE

Effective July 1, 2021, the District elected to adopt Governmental Accounting Standards Board ("GASB") Statement No. 87, *Leases*, as it relates to accounting and financial reporting for leases. Under this Statement, a single model for lease accounting is established based on the foundational principle that leases are financings of the right to use an underlying asset. Leases are recognized and measured using the facts and circumstances that existed at the beginning of the period of implementation. There was no material impact on the financial statements as a result of this change in accounting principle.

NOTE 20 SUBSEQUENT EVENTS

In July 2022, the District sold a bond in the amount of \$2,490,000. The bond bears interest at a rate of 2.500% - 4.148% and matures in August 2042.

Subsequent events were considered through November 15, 2022, which represents the release date of our report.

SUPPLEMENTARY
INFORMATION

KENTON COUNTY SCHOOL DISTRICT

**Combining Balance Sheet – Nonmajor Governmental Funds
As of June 30, 2022**

	<u>Capital Outlay Fund</u>	<u>Building Fund</u>	<u>District Activity Fund</u>	<u>Debt Service Fund</u>	<u>Student Activity Fund</u>	<u>Academy Fund</u>	<u>Total Non-major Governmental Funds</u>
Assets							
Current:							
Cash and cash equivalents	\$ -	\$ -	\$ 644,460	\$ -	\$ 1,276,052	\$ 394,501	\$ 2,315,013
Accounts receivable	-	-	1,378	-	8,213	-	9,591
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 645,838</u>	<u>\$ -</u>	<u>\$ 1,284,265</u>	<u>\$ 394,501</u>	<u>\$ 2,324,604</u>
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ 17,972	\$ -	\$ 21,650	\$ 394,501	\$ 434,123
Total liabilities	<u>-</u>	<u>-</u>	<u>17,972</u>	<u>-</u>	<u>21,650</u>	<u>394,501</u>	<u>434,123</u>
Fund Balances:							
Restricted:							
Other	-	-	-	-	1,262,615	-	1,262,615
Committed:							
Other	-	-	627,866	-	-	-	627,866
Total fund balances	<u>-</u>	<u>-</u>	<u>627,866</u>	<u>-</u>	<u>1,262,615</u>	<u>-</u>	<u>1,890,481</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 645,838</u>	<u>\$ -</u>	<u>\$ 1,284,265</u>	<u>\$ 394,501</u>	<u>\$ 2,324,604</u>

KENTON COUNTY SCHOOL DISTRICT

**Combining Statement of Revenues, Expenditures and Changes
In Fund Balances – Nonmajor Governmental Funds
Year Ended June 30, 2022**

	<u>Capital Outlay Fund</u>	<u>Building Fund</u>	<u>District Activity Fund</u>	<u>Debt Service Fund</u>	<u>Student Activity Fund</u>	<u>Academy Fund</u>	<u>Total Nonmajor Government Funds</u>
Revenues:							
Taxes	\$ -	\$ 15,725,928	\$ -	\$ -	\$ -	\$ -	\$ 15,725,928
Earnings on investments	-	-	-	-	2,562	-	2,562
State sources	1,327,457	1,885,001	-	2,563,617	-	754,912	6,530,987
Other sources	-	-	158,868	-	2,036,460	-	2,195,328
Total revenues	<u>1,327,457</u>	<u>17,610,929</u>	<u>158,868</u>	<u>2,563,617</u>	<u>2,039,022</u>	<u>754,912</u>	<u>24,454,805</u>
Expenditures:							
Instructional	-	-	434,958	-	1,581,231	2,377,485	4,393,674
Student support services	-	-	1,136	-	-	153,842	154,978
Staff support services	-	-	5,219	-	-	-	5,219
School administration	-	-	-	-	-	504,776	504,776
Plant operation and maintenance	-	-	2,279	-	-	-	2,279
Student transportation	-	-	2,464	-	-	-	2,464
Other	-	-	-	-	39,892	-	39,892
Debt service:							
Principal	-	-	-	14,600,000	-	-	14,600,000
Interest	-	-	-	4,815,487	-	-	4,815,487
Total expenditures	<u>-</u>	<u>-</u>	<u>446,056</u>	<u>19,415,487</u>	<u>1,621,123</u>	<u>3,036,103</u>	<u>24,518,769</u>
Excess (deficit) of revenues over expenditures	<u>1,327,457</u>	<u>17,610,929</u>	<u>(287,188)</u>	<u>(16,851,870)</u>	<u>417,899</u>	<u>(2,281,191)</u>	<u>(63,964)</u>
Other Financing Sources (Uses)							
Operating transfers in	-	-	273,386	16,851,870	-	2,281,191	19,406,447
Operating transfers out	<u>(1,327,457)</u>	<u>(17,610,929)</u>	<u>-</u>	<u>-</u>	<u>(273,386)</u>	<u>-</u>	<u>(19,211,772)</u>
Total other financing sources(uses)	<u>(1,327,457)</u>	<u>(17,610,929)</u>	<u>273,386</u>	<u>16,851,870</u>	<u>(273,386)</u>	<u>2,281,191</u>	<u>194,675</u>
Net change in fund balance	-	-	(13,802)	-	144,513	-	130,711
Fund balance, July 1, 2021	<u>-</u>	<u>-</u>	<u>641,668</u>	<u>-</u>	<u>1,118,102</u>	<u>-</u>	<u>1,759,770</u>
Fund balance, June 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 627,866</u>	<u>\$ -</u>	<u>\$ 1,262,615</u>	<u>\$ -</u>	<u>\$ 1,890,481</u>

KENTON COUNTY SCHOOL DISTRICT

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual – General Fund
Year Ended June 30, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Taxes	\$ 58,350,000	\$ 58,350,000	\$ 60,307,458	\$ 1,957,458
Earnings on investments	60,000	60,000	92,012	32,012
State sources	40,656,286	40,656,286	74,791,408	34,135,122
Federal sources	300,000	300,000	438,372	138,372
Other sources	<u>3,010,457</u>	<u>3,010,457</u>	<u>5,007,911</u>	<u>1,997,454</u>
Total revenues	<u>102,376,743</u>	<u>102,376,743</u>	<u>140,637,161</u>	<u>38,260,418</u>
Expenditures				
Instructional	56,374,419	56,309,404	77,263,130	(20,953,726)
Student support services	7,464,677	7,467,584	9,407,632	(1,940,048)
Staff support services	2,890,225	2,901,175	3,985,880	(1,084,705)
District administration	2,332,385	2,332,385	2,587,368	(254,983)
School administration	7,313,498	7,364,656	10,155,251	(2,790,595)
Business support services	3,107,071	3,107,071	3,715,142	(608,071)
Plant operation and maintenance	13,823,525	13,823,525	13,328,061	495,464
Student transportation	9,261,850	9,261,850	9,682,937	(421,087)
Community service operations	2,718	2,718	2,275	443
Other	<u>18,777,179</u>	<u>18,777,179</u>	<u>4,389,612</u>	<u>14,387,567</u>
Total expenditures	<u>121,347,547</u>	<u>121,347,547</u>	<u>134,517,288</u>	<u>(13,169,741)</u>
Net change in fund balance	(18,970,804)	(18,970,804)	6,119,873	25,090,677
Fund balance, July 1, 2021	<u>18,970,804</u>	<u>18,970,804</u>	<u>22,342,344</u>	<u>3,371,540</u>
Fund balance, June 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,462,217</u>	<u>\$ 28,462,217</u>

KENTON COUNTY SCHOOL DISTRICT

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual – Special Revenue Fund
Year Ended June 30, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Revenues				
State sources	\$ 4,024,981	\$ 4,070,379	\$ 4,194,670	\$ 124,291
Federal sources	16,524,282	7,476,601	12,814,007	5,337,406
Other sources	<u>367,142</u>	<u>382,820</u>	<u>433,030</u>	<u>50,210</u>
Total revenues	<u>20,916,405</u>	<u>11,929,800</u>	<u>17,441,707</u>	<u>5,511,907</u>
Expenditures				
Instructional	15,027,630	8,255,705	12,121,616	(3,865,911)
Student support services	199,687	388,586	754,940	(366,354)
Staff support services	1,872,353	1,243,111	1,937,309	(694,198)
District administration	81,461	103,496	29,076	74,420
School administration	-	171,000	172,227	(1,227)
Business support services	83,694	-	797	(797)
Plant operation and maintenance	803,646	79,538	152,566	(73,028)
Student transportation	300,000	-	28,118	(28,118)
Food service operation	330,000	-	-	-
Community service operations	1,206,329	1,025,057	1,158,829	(133,772)
Other	<u>1,011,605</u>	<u>663,307</u>	<u>1,086,229</u>	<u>(422,922)</u>
Total expenditures	<u>20,916,405</u>	<u>11,929,800</u>	<u>17,441,707</u>	<u>(5,511,907)</u>
Net change in fund balance	-	-	-	-
Fund balance, July 1, 2021	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

KENTON COUNTY SCHOOL DISTRICT

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual – Construction Fund
Year Ended June 30, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Earnings on investments	\$ -	\$ (233,473)	\$ 81,655	\$ 315,128
Other sources	-	2,485,000	81,539,624	79,054,624
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	-	2,251,527	81,621,279	79,369,752
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures				
Facility acquisition and construction	-	2,484,960	30,121,279	27,636,319
Other	-	-	259,700	259,700
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	-	2,484,960	30,380,979	27,896,019
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balance	-	(233,433)	51,240,300	51,473,733
Fund balance, July 1, 2021	-	-	413,343	413,343
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, June 30, 2022	\$ -	\$ (233,433)	\$ 51,653,643	\$ 51,887,076
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

KENTON COUNTY SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balances
Bond and Interest Redemption Funds
For the Year Ended June 30, 2022**

	<u>Issue of 2010 - Ref</u>	<u>Issue of 2012 - Ref</u>	<u>Issue of 2013</u>	<u>Issue of 2013 - Ref</u>	<u>Issue of 2014</u>	<u>Issue of 2015A - Ref</u>	<u>Issue of 2015B - Ref</u>	<u>Issue of 2015C</u>	<u>Issue of 2016 - Ref</u>
Cash at July 1, 2021	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:									
Transfers and miscellaneous deposits	2,132,000	4,614,625	763,416	3,841,413	288,963	525,325	1,171,975	1,150,155	1,615,300
Disbursements:									
Bonds paid	2,080,000	4,285,000	510,000	3,360,000	185,000	325,000	865,000	705,000	905,000
Interest coupons	52,000	329,625	253,416	481,413	103,963	200,325	306,975	445,155	710,300
Total disbursements	2,132,000	4,614,625	763,416	3,841,413	288,963	525,325	1,171,975	1,150,155	1,615,300
Excess of receipts over disbursements	-	-	-	-	-	-	-	-	-
Cash at June 30, 2022	-	-	-	-	-	-	-	-	-
Fund Balance at June 30, 2022	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

	<u>Issue of 2016B</u>	<u>Issue of 2017</u>	<u>Issue of 2017 - Ref</u>	<u>Issue of 2018</u>	<u>Issue of 2020</u>	<u>Issue of 2020 - Ref</u>	<u>Issue of 2021</u>	<u>Total</u>
Cash at July 1, 2021	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:								
Transfers and miscellaneous deposits	1,118,588	263,456	269,800	493,650	417,699	431,475	317,647	19,415,487
Disbursements:								
Bonds paid	615,000	125,000	220,000	25,000	80,000	315,000	-	14,600,000
Interest coupons	503,588	138,456	49,800	468,650	337,699	116,475	317,647	4,815,487
Total disbursements	1,118,588	263,456	269,800	493,650	417,699	431,475	317,647	19,415,487
Excess of receipts over disbursements	-	-	-	-	-	-	-	-
Cash at June 30, 2022	-	-	-	-	-	-	-	-
Fund Balance at June 30, 2022	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

KENTON COUNTY SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balance
Scott High School Activity Fund
For the Year Ended June 30, 2022**

	Fund Balance July 1, 2021	Receipts	Disbursements	Transfers, Net	Fund Balance June 30, 2022
Academic Team	\$ 1,073	\$ -	\$ -	\$ -	\$ 1,073
Adventure Crew Club	-	-	348	1,200	852
Archery	4,307	7,129	6,808	-	4,628
Athletics	11,290	146,288	124,466	(20,382)	12,730
Band (Marching Band)	7,080	5,644	7,416	354	5,662
Baseball	-	-	-	-	-
Bowling	181	-	-	-	181
Boys Golf	1,148	-	-	-	1,148
Boys Soccer	1,350	-	1,350	-	-
Boys Tennis	593	-	182	(300)	111
Boys Track	1,456	1,500	1,037	-	1,919
Buddy Club	1,174	409	430	-	1,153
CBI Trips and Activities	-	1,100	1,100	-	-
Choir	1,079	-	396	-	683
CLASS OF 2022	1,926	5,286	10,772	3,560	-
CLASS OF 2023	613	-	10,080	13,691	4,224
CLASS OF 2024	-	-	-	1,000	1,000
CLASS OF 2025	-	-	-	1,000	1,000
College & Career Events	29	-	27	(2)	-
Community Club	-	118	45	-	73
Cross Country	1,702	6,173	3,445	-	4,430
Dance Team	533	-	-	-	533
Drama	8,021	10,040	8,735	-	9,326
Family Assistance	2,677	944	240	-	3,381
Fellowship Christian Athletes	14	-	-	-	14
Field Trips	2,605	-	126	(1,200)	1,279
Flower Fund	278	-	-	-	278
Fund 21/Other Athletic Activities	-	-	8,000	8,000	-
Fund 21/Other Student Activities	-	-	7,810	7,810	-
German NHS	230	-	-	(230)	-
Girls Basketball	11,036	11,470	15,012	(1,325)	6,169
Girls Golf	17	-	-	-	17
Girls Soccer	-	11,889	9,675	(200)	2,014
Girls Tennis	292	1,020	152	(300)	860
Girls Track	1,590	1,500	1,037	-	2,053
JROTC	48	9,682	4,974	-	4,756
Junior Statesman	2,280	2,349	3,902	-	727
Math Club	15	-	-	(15)	-
National Art HS	530	-	525	(5)	-
National Honor Society	60	585	-	-	645
Sale Fund 21/Student Fees	-	2,941	7,518	4,577	-
SHS Scholarship Fund	1,713	31,822	14,000	-	19,535
Softball	3,265	55	3,320	-	-
Spanish Honor Society	123	-	-	(123)	-
Student Council	7,655	14,880	6,177	(4,864)	11,494
Student Fees (to Fund 21)	3,592	985	-	(4,577)	-
Student Support	5,374	2,176	2,558	22	5,014
Summer School	1,300	450	325	-	1,425
Swimming & Diving	3,315	9,696	7,352	-	5,659
Swimming Pool	2,959	1,191	4,150	-	-
Teacher Support	2,585	289	958	-	1,916
Tech Fees	-	250	250	-	-
Volleyball	1,086	64	-	-	1,150
Yearbook Club	50	8,140	231	(7,690)	269
Total	\$ 98,244	\$ 296,065	\$ 274,929	\$ 1	\$ 119,381

KENTON COUNTY SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balance
Simon Kenton High School Activity Fund
For the Year Ended June 30, 2022**

	Fund Balance July 1, 2021	Receipts	Disbursements	Transfers, Net	Fund Balance June 30, 2022
Academic Team	\$ 1,023	\$ 1,360	\$ 210	\$ -	\$ 2,173
Archery Team	687	-	820	133	-
Art Club	269	-	66	(25)	178
Athletics	35,342	145,713	116,551	(8,186)	56,318
Baseball	3,483	30,560	35,139	1,096	-
Basketball - Boys	13,758	74,347	51,248	(20,270)	16,587
Basketball - Girls	7,172	22,705	20,846	(520)	8,511
Bass Fishing Team	2,479	3,650	3,549	-	2,580
Bi-County FFA Scholarship	49,169	-	-	-	49,169
Bowling Team	4,335	1,150	895	(25)	4,565
Bridge Club	657	-	286	-	371
Change	-	200	200	-	-
Cheerleading	46	38,830	37,233	275	1,918
Choir Club	33	-	-	(33)	-
Chris Girard Memorial Scholarship	12,861	-	1,000	-	11,861
Class of 2022	40	39,926	44,686	4,721	1
Community Based Class	2,879	410	498	-	2,791
Community Based Transportation	1,253	1,260	656	-	1,857
Cross County/Track	1,605	6,285	2,495	(368)	5,027
Dance Team	1,554	9,500	9,178	(1,168)	708
District Tech Fee/Sweep	-	722	722	-	-
Drama Club	4,484	15,228	8,037	(1,823)	9,852
Faculty Fund	3,215	885	2,667	(11)	1,422
FBLA	165	3,009	2,732	(133)	309
Field Trips	1,561	1,469	1,484	-	1,546
Fine Arts Support Fund	592	50	747	750	645
Fire Fund	27,000	-	-	-	27,000
First Priority	5	-	-	-	5
Football	4,086	56,574	38,476	-	22,184
French Club	107	-	-	-	107
Freshman Academy	7,718	2,293	3,632	(885)	5,494
Fund 21 - Fees	-	4,950	4,950	-	-
Fund 21 - Other Ath Activity	-	3,600	33,402	29,802	-
Fund 21 - Other Dist Student Activ	-	3,947	8,829	4,882	-
Future Farmers of America	6,403	18,341	21,223	(533)	2,988
Golf - Boys	708	1,005	1,720	7	-
Golf - Girls	1,082	-	500	-	582
Greenhouse	4,976	671	-	(204)	5,443
Hall of Fame	15,643	-	-	-	15,643
Homecoming	17,914	11,530	8,422	(418)	20,604
Junior Class of 2024	-	354	-	(169)	185
Library Media Center	91	-	-	14	105
Nat'l Art Honor Society	54	-	-	-	54
NHS	845	750	1,728	133	-
Pioneer Pride	1,389	1,654	2,379	(261)	403
Pride Shop	5,304	4,817	6,315	486	4,292
Rising Sun	2,000	-	-	-	2,000
Robert Roden Scholarship	200	171	-	-	371
Scholarship	14,113	9,750	1,750	-	22,113
Scott Scholarship	28,573	28,822	9,000	-	48,395
Soccer - Boys	748	-	24	(25)	699
Soccer - Girls	574	260	821	200	213
Softball	1,641	4,252	4,925	(25)	943
Sr Class of 2023	291	-	-	(291)	-
Strides for Stephanie	2,221	-	-	-	2,221
Student Incentives	25,110	6,914	8,317	(4,530)	19,177
Summer School	503	-	-	-	503
Swimming	2,499	1,060	2,137	(25)	1,397
Tennis - Boys & Girls	533	3,092	3,625	-	-
Testing Fund	23,825	4,336	1,804	-	26,357
Unified Bowling	983	1,622	883	(1,534)	188
Unified Track	1,156	-	-	-	1,156
Volleyball	1,500	1,939	3,439	-	-
Wrestling	2,000	-	-	-	2,000
Yearbook	3,644	55	68	(887)	2,744
Youth Service Center	2,824	3,034	1,720	(150)	3,988
Total	\$ 356,925	\$ 573,052	\$ 512,034	\$ -	\$ 417,943

KENTON COUNTY SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balance
Dixie Heights High School Activity Fund
For the Year Ended June 30, 2022**

	Fund Balance July 1, 2021	Receipts	Disbursements	Transfers, Net	Fund Balance June 30, 2022
Academic Team	\$ -	\$ 530	\$ 530	\$ -	\$ -
Art Club	427	-	-	-	427
Athletics, General	35,110	178,957	179,599	-	34,468
Band	15,014	27,100	30,321	-	11,793
BETA Club	651	-	-	-	651
Bowling Fund Raising	22	-	-	-	22
Boys Golf fund Raising	2	-	-	-	2
CBI Community Based Edu	394	1,138	1,449	-	83
Cheerleading Fundraising	2	38,416	31,220	-	7,198
Choir Club	504	1,018	346	-	1,176
Dixie Scholars Club	368	-	-	-	368
Drama Club	105	18,054	17,281	-	878
Drug Free Club	443	15	-	-	458
Faculty	632	197	429	-	400
Faculty Flower Fund	13	426	330	-	109
FBLA Club	15	2,135	1,930	-	220
FEA Club	6	-	-	-	6
Fees	60	16,176	16,236	-	-
FFA	587	135	-	-	722
Football fund Raising	26	10,591	408	-	10,209
Foreign Language NHS	702	150	179	4,171	4,844
Forensic Team	2	3,792	3,794	-	-
Fund 21 Sweep Account	-	60	-	-	60
Gaming Club	8	-	-	-	8
Girls BK Fund Raising	2,728	800	1,859	-	1,669
Girls Soccer Fund Raising	3,561	13,220	5,085	-	11,696
Girls Track Fundraising	1,308	-	-	-	1,308
Ham Radio Tech Club	444	330	95	-	679
IMPACT Club	4,171	-	-	(4,171)	-
Jr Class Dance/Activities	8,730	30,900	31,505	85	8,210
Mock Trial Team	65	-	-	-	65
NHS Club	2,017	1,953	2,319	-	1,651
Odyssey of the Mind Team	63	70	100	-	33
Random Acts of Kindness	141	-	87	-	54
Robotics	-	1,000	728	-	272
S.T.L.P. Club	627	-	180	-	447
Scott Scholarship	-	28,822	28,822	-	-
Social Norms Club	78	-	-	-	78
Softball Fundraising	604	-	-	-	604
Sr Class Dance/Activities	900	18,304	18,622	256	838
Startup Cash	-	1,100	1,100	-	-
Student Council	2,179	15,955	12,365	-	5,769
Student Enrichment	20,250	7,158	7,268	-	20,140
Technology Fee	100	-	(50)	-	150
Volleyball Fund Raising	170	-	-	-	170
Yearbook Club	4,433	2,350	3,600	-	3,183
Youth Service Center	2,896	377	1,213	(341)	1,719
Total	\$ 110,558	\$ 421,229	\$ 398,950	\$ -	\$ 132,837

KENTON COUNTY SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balance
School Activity Funds
For the Year Ended June 30, 2022**

	<u>Summit View Academy</u>	<u>Turkey Foot Middle School</u>	<u>Twenhofel Middle School</u>	<u>Woodland Middle School</u>	<u>Beechgrove Elementary</u>	<u>Caywood Elementary</u>
Fund balances at July 1, 2021	\$ 109,489	\$ 27,052	\$ 153,384	\$ 32,339	\$ 33,703	\$ 15,018
Add: receipts	117,657	92,855	167,327	45,615	62,623	22,499
Less: disbursements	<u>(126,809)</u>	<u>(81,295)</u>	<u>(128,060)</u>	<u>(39,499)</u>	<u>(60,322)</u>	<u>(24,482)</u>
Fund balance at June 30, 2022	<u>\$ 100,337</u>	<u>\$ 38,612</u>	<u>\$ 192,651</u>	<u>\$ 38,455</u>	<u>\$ 36,004</u>	<u>\$ 13,035</u>

	<u>Fort Wright Elementary</u>	<u>Hinsdale Elementary</u>	<u>Kenton Elementary</u>	<u>Piner Elementary</u>	<u>River Ridge Elementary</u>	<u>Ryland Heights Elementary</u>
Fund balances at July 1, 2021	\$ 11,412	\$ 11,922	\$ 17,704	\$ 30,609	\$ 26,743	\$ 20,129
Add: receipts	50,476	64,421	23,957	12,944	37,875	37,918
Less: disbursements	<u>(46,257)</u>	<u>(60,209)</u>	<u>(21,105)</u>	<u>(7,570)</u>	<u>(42,168)</u>	<u>(37,982)</u>
Fund balance at June 30, 2022	<u>\$ 15,631</u>	<u>\$ 16,134</u>	<u>\$ 20,556</u>	<u>\$ 35,983</u>	<u>\$ 22,450</u>	<u>\$ 20,065</u>

	<u>Taylor Mill Elementary</u>	<u>White's Tower Elementary</u>	<u>Total</u>
Fund balances at July 1, 2021	\$ 20,275	\$ 20,671	\$ 530,450
Add: receipts	16,152	18,833	771,152
Less: disbursements	<u>(16,296)</u>	<u>(17,091)</u>	<u>(709,145)</u>
Fund balance at June 30, 2022	<u>\$ 20,131</u>	<u>\$ 22,413</u>	<u>\$ 592,457</u>

KENTON COUNTY SCHOOL DISTRICT

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

	Last 10 Fiscal Years*										
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	
District's proportion of the net pension liability	0%	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	<u>255,138,437</u>	<u>275,146,804</u>	<u>267,672,165</u>	<u>254,678,294</u>	<u>526,022,122</u>	<u>574,248,216</u>	<u>455,140,342</u>	*	*	*	
Total	<u><u>\$ 255,138,437</u></u>	<u><u>\$ 275,146,804</u></u>	<u><u>\$ 267,672,165</u></u>	<u><u>\$ 254,678,294</u></u>	<u><u>\$ 526,022,122</u></u>	<u><u>\$ 574,248,216</u></u>	<u><u>\$ 455,140,342</u></u>	<u><u>*</u></u>	<u><u>*</u></u>	<u><u>*</u></u>	
District's covered-employee payroll	\$ 64,781,464	\$ 64,392,008	\$ 63,929,795	\$ 62,415,878	\$ 61,542,779	\$ 61,049,646	\$ 57,147,377	*	*	*	
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	65.59%	58.27%	58.76%	59.27%	39.83%	35.22%	42.49%	*	*	*	

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 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%

KENTON COUNTY SCHOOL DISTRICT
Schedule of District Contributions – TRS

Last 10 Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	*	*
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	-	*	*
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 66,737,323	\$ 64,781,464	\$ 64,392,008	\$ 63,929,795	\$ 62,415,878	\$ 61,542,779	\$ 61,049,646	\$ 57,147,377	*	*
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	*	*

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

KENTON COUNTY SCHOOL DISTRICT

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

	Last 10 Fiscal Years*									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District's proportion of net pension liability	0.716027%	0.745789%	0.756928%	0.747597%	0.730802%	0.717592%	0.713744%	*	*	*
District's proportionate share of the net pension liability	\$ 45,652,338	\$ 57,201,399	\$ 53,235,083	\$ 45,530,936	\$ 42,776,088	\$ 35,331,499	\$ 30,687,590	*	*	*
Total net pension liability	\$ 6,375,784,388	\$ 7,669,917,211	\$ 7,033,044,552	\$ 6,090,304,793	\$ 5,853,307,482	\$ 4,923,618,237	\$ 4,299,525,565	*	*	*
District's covered-employee payroll	\$ 18,537,283	\$ 19,236,792	\$ 19,064,764	\$ 18,445,837	\$ 17,847,065	\$ 16,968,535	\$ 16,656,667	*	*	*
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	246.27%	297.35%	279.23%	246.84%	239.68%	208.22%	184.24%	*	*	*
Plan fiduciary net position as a percentage of the total pension liability	57.33%	47.81%	50.45%	53.54%	53.30%	55.50%	59.97%	*	*	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 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 tier 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 7.5% 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%.

KENTON COUNTY SCHOOL DISTRICT

Schedule of District Contributions – CERS

Last 10 Fiscal Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 4,069,465	\$ 3,564,709	\$ 3,712,733	\$ 3,113,580	\$ 3,425,254	\$ 3,365,129	\$ 2,943,161	\$ 2,944,080	*	*
Contributions in relation to the contractually required contribution	<u>(4,069,465)</u>	<u>(3,564,709)</u>	<u>(3,712,733)</u>	<u>(3,113,580)</u>	<u>(3,425,254)</u>	<u>(3,365,129)</u>	<u>(2,943,161)</u>	<u>(2,944,080)</u>	<u>*</u>	<u>*</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>*</u>	<u>*</u>
District's covered-employee payroll	\$ 19,185,505	\$ 18,537,283	\$ 19,236,792	\$ 19,064,764	\$ 18,445,837	\$ 17,847,065	\$ 16,968,535	\$ 16,656,667	*	*
Contributions as a percentage of covered-employee payroll	21.21%	19.23%	19.30%	16.33%	18.57%	18.86%	17.34%	17.68%	*	*

* 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.

KENTON COUNTY SCHOOL DISTRICT

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

	Last 10 Fiscal Years*									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District's proportion of the collective trust OPEB liability	0%	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	241,000	633,000	571,000	513,000	274,000	*	*	*	*	*
Total net OPEB liability	\$ 241,000	\$ 633,000	\$ 571,000	\$ 513,000	\$ 274,000	*	*	*	*	*
District's covered-employee payroll	\$ 64,781,464	\$ 64,392,008	\$ 63,929,795	\$ 62,415,878	\$ 61,542,779	*	*	*	*	*
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%	0.0%	*	*	*	*	*
Plan fiduciary net position as a percentage of the total OPEB liability	89.15%	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, 2021:

Valuation date	June 30, 2018
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll
Amortization period	26 years
Asset valuation method	Five-year smoothed value
Inflation	3.50%
Real wage growth	0.50%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% - 7.45%
Discount rate	7.50%

KENTON COUNTY SCHOOL DISTRICT
Schedule of District's Contributions – LIF

Last 10 Fiscal Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	*	*	*	*	*	*
Contributions in relation to the contractually required contribution	-	-	-	-	*	*	*	*	*	*
Contribution deficiency	-	-	-	-	*	*	*	*	*	*
District's covered-employee payroll	\$ 66,737,323	\$ 64,781,464	\$ 64,392,008	\$ 63,929,795	*	*	*	*	*	*
Contributions as a percentage 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.

KENTON COUNTY SCHOOL DISTRICT

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

	Last 10 Fiscal Years*									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District's proportion of the collective trust OPEB liability	1.040249%	1.035769%	1.040797%	1.000033%	1.025238%	*	*	*	*	*
District's proportionate share of the collective net OPEB liability	\$ 22,321,000	\$ 26,140,000	\$ 30,462,000	\$ 34,698,000	\$ 36,558,000	*	*	*	*	*
State's proportionate share of the collective net OPEB liability associated with the District	\$ 18,127,000	\$ 20,939,000	\$ 24,600,000	\$ 29,903,000	\$ 29,863,000	*	*	*	*	*
Total net OPEB liability	\$ 40,448,000	\$ 47,079,000	\$ 55,062,000	\$ 64,601,000	\$ 66,421,000	*	*	*	*	*
District's covered-employee payroll	\$ 64,781,464	\$ 64,392,008	\$ 63,929,795	\$ 62,415,878	\$ 61,542,779	*	*	*	*	*
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	34.5%	40.6%	47.6%	55.6%	59.4%	*	*	*	*	*
Plan fiduciary net position as a percentage of the total OPEB liability	51.74%	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 in benefit terms - None

The Health Trust is not funded based on actuarially determined contribution, but instead is funded based on statutorily determined amounts as noted in the assumed asset allocation for MIF.

KENTON COUNTY SCHOOL DISTRICT
Schedule of District's Contributions – MIF

Last 10 Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 2,003,936	\$ 1,829,240	\$ 1,930,293	\$ 1,916,935	\$ 1,823,422	*	*	*	*	*
Contributions in relation to the contractually required contribution	<u>(2,003,936)</u>	<u>(1,829,240)</u>	<u>(1,930,293)</u>	<u>(1,916,935)</u>	<u>(1,823,422)</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>
Contribution deficiency	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>
District's covered-employee payroll	\$ 66,737,323	\$ 64,781,464	\$ 64,392,008	\$ 63,929,795	\$ 62,415,878	*	*	*	*	*
Contributions as a percentage of covered-employee payroll	3.00%	2.82%	3.00%	3.00%	2.92%	*	*	*	*	*

* 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.

Changes in benefit terms - None

The Health Trust is not funded based on actuarially determined contribution, but instead is funded based on statutorily determined amounts as noted in the assumed asset allocation for MIF.

KENTON COUNTY SCHOOL DISTRICT

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

	Last 10 Fiscal Years*									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District's proportion of the collective trust OPEB liability	0.715859%	0.745573%	0.756739%	0.747575%	0.730802%	*	*	*	*	*
District's proportionate share of the collective net OPEB liability	\$ 13,704,762	\$ 18,003,321	\$ 12,728,009	\$ 13,273,046	\$ 14,691,620	*	*	*	*	*
State's proportionate share of the collective net OPEB liability associated with the District	\$ -	\$ -	\$ -	\$ -	\$ -	*	*	*	*	*
Total net OPEB liability	\$ 13,704,762	\$ 18,003,321	\$ 12,728,009	\$ 13,273,046	\$ 14,691,620	*	*	*	*	*
District's covered-employee payroll	\$ 18,537,283	\$ 19,236,792	\$ 19,064,764	\$ 18,445,837	\$ 17,847,065	*	*	*	*	*
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	73.9%	93.6%	66.8%	72.0%	82.3%	*	*	*	*	*
Plan fiduciary net position as a percentage of the total OPEB liability	62.91%	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 health care trend rates were implemented.

KENTON COUNTY SCHOOL DISTRICT
Schedule of District Contributions – MIF (CERS)

	Last 10 Fiscal Years*									
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 1,114,210	\$ 879,727	\$ 915,671	\$ 1,002,807	\$ 871,263	*	*	*	*	*
Contributions in relation to the contractually required contribution	<u>(1,114,210)</u>	<u>(879,727)</u>	<u>(915,671)</u>	<u>(1,002,807)</u>	<u>(871,263)</u>	*	*	*	*	*
Contribution deficiency	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	*	*	*	*	*
District's covered-employee payroll	\$ 19,185,505	\$ 18,537,283	\$ 19,236,792	\$ 19,064,764	\$ 18,445,837	*	*	*	*	*
Contributions as a percentage of of covered-employee payroll	5.81%	4.75%	4.76%	5.26%	4.72%	*	*	*	*	*

* 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.

KENTON COUNTY SCHOOL DISTRICT

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022**

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Agreement Number</u>	<u>Federal Expenditures for FYE June 30, 2022</u>
U.S. Department of Education			
<i>Passed through Kentucky Department of Education</i>			
Special Education Cluster			
Special Education_Grants to States	84.027A	3810002 - 19	\$ 34,283
Special Education_Grants to States	84.027A	3810002 - 20	85,949
Special Education_Grants to States	84.027A	3810002 - 21	320,367
Special Education_Grants to States	84.027A	3810002 - 22	3,009,552
Special Education_Preschool Grants	84.173A	3800002 - 19	2,456
Special Education_Preschool Grants	84.173A	3800002 - 20	145,765
Special Education_Preschool Grants	84.173A	3800002 - 22	8,952
Total Special Education Cluster			<u>3,607,324</u>
Special Education_Grants to States (Special Olympics)	84.380	Not provided	301
Special Education_Grants to States (Special Olympics)	84.380	Not provided	1,000
Total ALN #84.380			<u>1,301</u>
Title I Grants to Local Educational Agencies	84.010A	3100002 - 20	21,191
Title I Grants to Local Educational Agencies	84.010A	3100002 - 21	737,232
Title I Grants to Local Educational Agencies	84.010A	3100002 - 22	1,041,717
Total ALN #84.010			<u>1,800,140</u>
Title I-D Neglected and Delinquent Children	84.013	Not provided	24,522
Title I-D Neglected and Delinquent Children	84.013	Not provided	22,323
Total ALN #84.048			<u>46,845</u>
Career and technical Education -Basic Grants to States	84.048	4621132 - 21	19,215
Career and technical Education -Basic Grants to States	84.048	4621132 - 22	144,555
Total ALN #84.048			<u>163,770</u>
English Language Acquisition State Grants	84.365	3300002 - 21	2,265
English Language Acquisition State Grants	84.365	3300002 - 22	58,205
Total ALN #84.365			<u>60,470</u>
Title II Improving Teacher Quality State Grants	84.367	3230002 - 19	873
Title II Improving Teacher Quality State Grants	84.367	3230002 - 20	23,430
Title II Improving Teacher Quality State Grants	84.367	3230002 - 21	21,492
Title II Improving Teacher Quality State Grants	84.367	3230002 - 22	282,522
Total ALN #84.367			<u>328,317</u>
Title IV-Part A Student Support & Academic Enrichment Grant	84.424A	3420002 - 19	2,003
Title IV-Part A Student Support & Academic Enrichment Grant	84.424A	3420002 - 20	12,971
Title IV-Part A Student Support & Academic Enrichment Grant	84.424A	3420002 - 21	74,969
Title IV-Part A Student Support & Academic Enrichment Grant	84.424A	3420002 - 22	61,702
Total ALN #84.424			<u>151,645</u>
Elementary & Secondary School Emergency Relief Fund	84.425D	Not provided	260,552
Governor's Emergency Education Relief Fund	84.425C	Not provided	17,497
Elementary & Secondary School Emergency Relief Fund II	84.425D	Not provided	2,740,938
Elementary & Secondary School Emergency Relief Fund II - Digital Learning Coach Supports	84.425D	Not provided	17,412
Elementary & Secondary School Emergency Relief Fund II - Vaccine Incentive	84.425D	Not provided	127,800
Elementary & Secondary School Emergency Relief Fund III - Kentucky Virtual Library	84.425U	Not provided	11,881
Elementary & Secondary School Emergency Relief Fund III - 20% Learning Loss	84.425U	Not provided	3,477,959
Total ALN #84.425			<u>6,654,039</u>
Promoting Adolescent Health Through School-Based Surveillance	93.079	Not provided	156
Total U.S. Department of Education			<u><u>12,814,007</u></u>

KENTON COUNTY SCHOOL DISTRICT

**Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2022**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Agreement Number	Federal Expenditures for FYE June 30, 2022
U.S. Department of Agriculture			
Child Nutrition Cluster			
<i>Passed through Kentucky Department of Education</i>			
National School Lunch Program	10.555	7750002	6,202,348
National School Lunch Program	10.555	7970000	221,355
National School Lunch Program	10.555	9980000	351,283
School Breakfast Program	10.553	7760005	2,022,981
Summer Food Service Program for Children	10.559	7690024	5,711
Summer Food Service Program for Children	10.559	7740023	55,490
			8,859,168
<i>Passed through Kentucky Department of Agriculture</i>			
National School Lunch Program - Food Donation	10.555	Not provided	675,455
Total Child Nutrition Cluster			9,534,623
<i>Passed through Kentucky Department of Education</i>			
Pandemic EBT Administrative Costs	10.649	9990000	18,307
Total U.S. Department of Agriculture			9,552,930
Total Expenditures of Federal Awards			\$ 22,366,937

KENTON COUNTY SCHOOL DISTRICT

**Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022**

NOTE 1 BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Kenton County School District under programs of the federal government for the year ended June 30, 2022 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 Kenton County 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, 2022, the District reported food commodities expended in the amount of \$675,455.

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, 2022.

**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
Kenton County School District
Independence, 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 Kenton County School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Kenton County School District's basic financial statements, and have issued our report thereon dated November 15, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

We noted other matters that we reported to management of the District on pages 85 to 89.

**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.



Crestview Hills, Kentucky
November 15, 2022

**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
Kenton County School District
Independence, Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Kenton County 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 Kenton County School District's major federal programs for the year ended June 30, 2022. Kenton County School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Kenton County School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

**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 (Continued)

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

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

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



Crestview Hills, Kentucky
November 15, 2022

KENTON COUNTY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

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

ALN No.	Name of Federal Program or Cluster
84.425	Education Stabilization Fund

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

KENTON COUNTY SCHOOL DISTRICT

**Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2022**

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

KENTON COUNTY SCHOOL DISTRICT

Management Letter Comments Year Ended June 30, 2022

In planning and performing our audit of the financial statements of Kenton County School District for the year ended June 30, 2022, 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 15, 2022, 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 15, 2022, on the financial statements of the Kenton County School District.

CURRENT YEAR RECOMMENDATIONS

CENTRAL OFFICE

Statement of Deficiency: It was noted that several outstanding checks were carried for longer than 12 months.

Management Response: The district began investigating outstanding checks last year and many have been resolved. This project will continue until all have been resolved.

ACTIVITY FUNDS

Dixie Heights High School

No matters are reportable

Scott High School

No matters are reportable.

Cooper High School

No matters are reportable

Simon Kenton High School

No matters are reportable

Summit View Academy

Statement of Deficiency: It was noted that one outstanding check was carried for longer than 12 months.

Management Response: The schools began investigating outstanding checks last year and many have been resolved. This project will continue until all have been resolved.

Turkey Foot Middle School

No matters are reportable

Twenhofel Middle School

No matters are reportable

KENTON COUNTY SCHOOL DISTRICT
Management Letter Comments (Continued)
Year Ended June 30, 2022

CURRENT YEAR RECOMMENDATIONS (Continued)

Woodland Middle School

Statement of Deficiency: It was noted that one outstanding check was carried for longer than 12 months.

Management Response: The schools began investigating outstanding checks last year and many have been resolved. This project will continue until all have been resolved.

Beechgrove Elementary School

Statement of Deficiency: It was noted that multiple outstanding checks were carried for longer than 12 months.

Management Response: The schools began investigating outstanding checks last year and many have been resolved. This project will continue until all have been resolved.

Caywood Elementary School

No matters are reportable

Fort Wright Elementary School

No matters are reportable

R.C. Hinsdale Elementary School

Statement of Deficiency: It was noted that multiple outstanding checks were carried for longer than 12 months.

Management Response: The schools began investigating outstanding checks last year and many have been resolved. This project will continue until all have been resolved.

Kenton Elementary School

Statement of Deficiency: It was noted that multiple outstanding checks were carried for longer than 12 months.

Management Response: The schools began investigating outstanding checks last year and many have been resolved. This project will continue until all have been resolved.

Piner Elementary School

No matters are reportable

River Ridge Elementary School

Statement of Deficiency: It was noted that multiple outstanding checks were carried for longer than 12 months.

Management Response: The schools began investigating outstanding checks last year and many have been resolved. This project will continue until all have been resolved.

KENTON COUNTY SCHOOL DISTRICT
Management Letter Comments (Continued)
Year Ended June 30, 2022

CURRENT YEAR RECOMMENDATIONS (Continued)

Ryland Heights Elementary

No matters are reportable

Taylor Mill Elementary

Statement of Deficiency: It was noted that multiple outstanding checks were carried for longer than 12 months.

Management Response: The schools began investigating outstanding checks last year and many have been resolved. This project will continue until all have been resolved.

White's Tower Elementary

No matters are reportable

KENTON COUNTY SCHOOL DISTRICT

**Management Letter Comments (Continued)
Year Ended June 30, 2022**

STATUS OF PRIOR YEAR RECOMMENDATIONS

CENTRAL OFFICE

No matters are reportable

ACTIVITY FUNDS

Dixie Heights High School

No matters are reportable

Scott High School

No matters are reportable.

Cooper High School

No matters are reportable

Simon Kenton High School

No matters are reportable

Summit View Academy

No matters are reportable

Turkey Foot Middle School

No matters are reportable

Twenhofel Middle School

No matters are reportable

Woodland Middle School

No matters are reportable

Beechgrove Elementary School

No matters are reportable

Caywood Elementary School

No matters are reportable

Fort Wright Elementary School

No matters are reportable

KENTON COUNTY SCHOOL DISTRICT
Management Letter Comments (Continued)
Year Ended June 30, 2022

STATUS OF PRIOR YEAR RECOMMENDATIONS (Continued)

R.C. Hinsdale Elementary School

No matters are reportable

Kenton Elementary School

No matters are reportable

Piner Elementary School

No matters are reportable

River Ridge Elementary School

No matters are reportable

Ryland Heights Elementary

No matters are reportable

Taylor Mill Elementary

No matters are reportable

White's Tower Elementary

No matters are reportable

APPENDIX C

**Kenton County School District Finance Corporation
School Building Revenue Bonds
Series 2022B**

Continuing Disclosure Certificate

CONTINUING DISCLOSURE CERTIFICATE

Relating to:

\$34,950,000

KENTON COUNTY SCHOOL DISTRICT FINANCE CORPORATION

SCHOOL BUILDING REVENUE BONDS, Series 2023A

Dated as of: August 2, 2023

This CONTINUING DISCLOSURE CERTIFICATE (the "Certificate") is executed and delivered as of the 2nd day of August, 2023 by the Board of Education of the Kenton County School District (the "Board") and Kenton County School District Finance Corporation (the "Issuer") in connection with the issuance of its \$34,950,000 Kenton County School District Finance Corporation School Building Revenue Bonds, Series 2023A (the "Obligations"). The Obligations are being issued pursuant to a resolution adopted by the Board of Directors of the Issuer on June 5, 2023 (the "Authorizing Legislation"). The Issuer certifies, covenants and agrees as follows:

Section 1. Purpose of the Certificate.

This Certificate is being executed and delivered by the Issuer to provide for the disclosure of certain information concerning the Obligations on an on-going basis as set forth herein for the benefit of Holders (as hereinafter defined) in accordance with the provisions of Securities and Exchange Commission Rule 15c2-12, as amended from time to time (the "Rule");

Section 2. Definitions; Scope of this Certificate.

All terms capitalized but not otherwise defined herein shall have the meanings assigned to those terms in the Authorizing Legislation and the Obligations. Notwithstanding the foregoing, the term "Disclosure Agent" shall mean the Issuer, or any disclosure agent appointed or engaged by the Issuer; any successor disclosure agent shall automatically succeed to the rights and duties of the Disclosure Agent hereunder, without any amendment hereto. The following capitalized terms shall have the following meanings:

"Annual Financial Information" shall mean a copy of the annual audited financial information prepared for the Board which shall include, if prepared, 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 as applied to governmental units, 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 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 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. The Board shall clearly identify each such other document so incorporated by reference.

"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 Obligations (including personal holding Obligations through nominees, depositories or other intermediaries).

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

- (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 U.S. 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;
- (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 Board, 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 Board, the Issuer, or obligated person, any of which reflect financial difficulties.

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

"*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.

"*Holders*" shall mean any holder of the Obligations and any Beneficial Owner thereof.

"*MSRB*" shall mean the Municipal Securities Rulemaking Board.

"*Offering Document*" shall mean the Official Statement, dated July 12, 2023.

"*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 Obligations required to comply with the Rule in connection with the offering of the Obligations.

"*SEC*" shall mean the Securities and Exchange Commission.

"*State*" shall mean the Commonwealth of Kentucky.

Section 3. Disclosure of Information.

(A) Information Provided to the Public. Except to the extent this Certificate is modified or otherwise altered in accordance with Section 4 hereof, the Issuer shall make, or shall cause the Disclosure Agent to make, 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 after the end of the fiscal year ending June 30, commencing with the fiscal year ending June 30, 2024, and continuing with each fiscal year thereafter. If the Disclosure Agent is an entity or person other than the Board or the Issuer, then the Board shall provide the Annual Financial Information to the Disclosure Agent not later than fifteen Business Days prior to the disclosure date referenced above. The Annual Financial Information may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information; provided that the audited financial statements of the Board may be submitted separately from the balance of the Annual Financial Information.

(2) Events Notices. Notice of the occurrence of an Event, in a timely manner, not in excess of ten business days after the occurrence of the Event.

(3) Failure to Provide Annual Financial Information or Operating Data. Notice of the failure of Board or the Issuer to provide the Annual Financial Information or Operating Data by the date required herein.

(B) Information Provided to Public.

Annual Financial Information and, subject to the timing requirement set forth in subsection (A)(2) of this Section 3, notice of all Event occurrences shall be made public on the same day as notice thereof is given to the Holders of outstanding Obligations, if required pursuant to the Authorizing Legislation or the Obligations, and shall not be made public before the date of such notice.

(C) Means of Making Information Public.

(1) Information shall be deemed to be made public by the Board of the Issuer or the Disclosure Agent under this Certificate if it is transmitted as provided in subsection (C)(2) of this Section 3 by the following means:

(a) to the Holders of outstanding Obligations, by first class mail, postage prepaid;

(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 Board, the Issuer, or the Disclosure Agent is authorized to transmit information to the SEC by whatever means are mutually acceptable to the Disclosure Agent, the Board, or the Issuer, as applicable, and the SEC.

(2) Information shall be transmitted to the following:

(a) all information to be provided to the public in accordance with subsection (A) of this Section 3 shall be transmitted to the MSRB;

(b) all information described in clause (a) shall be made available to any Holder upon request, but need not be transmitted to the Holders who do not so request.

(c) to the extent the Board or the Issuer 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.

With respect to requests for periodic or occurrence information from Holders, the Board, the Issuer, or the Disclosure Agent may require payment by requesting holders of a reasonable charge for duplication and transmission of the information and for the Board, the Issuer's, or the Disclosure Agent's administrative expenses incurred in providing the information.

Section 4. Amendment or Modification.

Notwithstanding any other provision of this Certificate, the Issuer may amend this Certificate and any provision of this Certificate may be waived, if such amendment or waiver is supported by an opinion of competent bond counsel expert in federal securities laws 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 as well as any change in circumstance.

Section 5. Miscellaneous.

(A) Termination. The Board and the Issuer's obligations under this Certificate shall terminate when all of the Obligations are or are deemed to be no longer outstanding by reason of redemption or legal defeasance or at maturity.

(B) Additional Information. Nothing in this Certificate shall be deemed to prevent the Board and the Issuer from disseminating any other information, using the means of dissemination set forth in this Certificate or any other means of communication, or including any other information in any Annual Financial Statement or notice of occurrence of an Event, in addition to that which is required by this Certificate. If the Board or the Issuer chooses to include any information in any Annual Financial Statement or notice of occurrence of an Event in addition to that which is specifically required by this Certificate, the Board or the Issuer, as the case may be, shall have no obligation under this Certificate to update such information or include it in any future Annual Financial Statement or notice of occurrence of an Event.

(C) Defaults: Remedies. In the event of a failure of the Board, the Issuer, or the Disclosure Agent to comply with any provision of this Certificate any Holder may take such action as may be necessary and appropriate, including seeking an action in mandamus or specific performance to cause the Board, the Issuer, or the Disclosure Agent, as the case may be, to comply with its obligations under this Certificate. A default under this Certificate shall not constitute a default on the Obligations and the sole remedy available in any proceeding to enforce this Certificate shall be an action to compel specific performance.

(D) Beneficiaries. This Certificate shall inure solely to the benefit of the Board, the Issuer, the Disclosure Agent, the Participating Underwriter and Holders, or beneficial owners thereof, and shall create no rights in any other person or entity.

Section 6. 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 Board and the Issuer, 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 Board and the Issuer under such laws.

IN WITNESS WHEREOF, the Issuer and the Board have each caused their duly authorized officers to execute this Certificate, as of the date first written above.

**KENTON COUNTY SCHOOL
DISTRICT FINANCE CORPORATION, Issuer**

By: _____
President

Attest:

Secretary

**BOARD OF EDUCATION OF KENTON
COUNTY SCHOOL DISTRICT**

By: _____
Chairperson

Attest:

Secretary

APPENDIX D

**Kenton County School District Finance Corporation
School Building Revenue Bonds
Series 2023A**

Official Terms and Conditions of Bond Sale

OFFICIAL TERMS AND CONDITIONS OF BOND SALE

\$34,950,000*

**Kenton County School District Finance Corporation
School Building Revenue Bonds, Series 2023A
Dated August 2, 2023**

SALE: Thursday, July 12, 2023 at 11:00 A.M., E.D.T.

As advertised in conformity with Chapter 424 of the Kentucky Revised Statutes, the Secretary of the Kenton County School District Finance Corporation (the "Corporation") will until July 12, 2023, at the hour of 11:00 A.M., E.T., at the office of the Executive Director of the Kentucky School Facilities Construction, 700 Louisville Road, Frankfort, Kentucky 40601, receive sealed competitive bids for the revenue bonds (the "Bonds") herein described. To be considered, Bids must be submitted on an Official Bid Form and must be delivered to the Secretary at the address indicated on the date of sale no later than the hour indicated. Bids will be opened by the Secretary and may be accepted without further action by the Corporation's Board of Directors.

*Subject to Permitted Adjustment increasing or decreasing the Bonds.

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. The 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 acquisition, construction, installation and equipping of a District Transportation Facility including vehicle maintenance facilities, transportation administration offices, and warehouse space, for use by the District (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 of Education of Kenton County School District (the "Board") under a Contract, Lease and Option (the "Lease") on a year to year basis; the first rental period ending June 30, 2024. 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, 2024, 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.

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 the 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 the Project in accordance with the plans and specifications of the architect in charge of the Project, which plans have been completed, approved Commissioner of the Department of Education and by the Board of Education, and filed in the office of the Secretary of the Corporation, and the issuance thereof shall be approved by the proper agents of the State Department of Education as required by law, and a Supplemental Contract, Lease and Option shall have been entered into, whereunder the annual rental payments during the life of such additional bonds.

BOND MATURITIES, PRIOR REDEMPTION PROVISIONS AND PAYING AGENT

The Bonds shall be in denominations in multiples of \$5,000 within the same maturity, bear interest from August 2, 2023, payable on February 1, 2024, and semiannually thereafter and shall mature as to principal on August 1 in each of the years as follows:

<u>MATURITY</u>	<u>AMOUNT*</u>	<u>MATURITY</u>	<u>AMOUNT*</u>
August 1, 2024	\$ 5,000	August 1, 2034	\$1,530,000
August 1, 2025	5,000	August 1, 2035	1,885,000
August 1, 2026	5,000	August 1, 2036	2,120,000
August 1, 2027	5,000	August 1, 2037	2,215,000
August 1, 2028	5,000	August 1, 2038	2,675,000
August 1, 2029	555,000	August 1, 2039	2,795,000
August 1, 2030	860,000	August 1, 2040	3,235,000
August 1, 2031	1,175,000	August 1, 2041	3,385,000
August 1, 2032	1,225,000	August 1, 2042	4,765,000
August 1, 2033	1,465,000	August 1, 2043	5,040,000

**Subject to permitted adjustment as set forth herein.*

The Bonds maturing on or after August 1, 2032, are subject to redemption prior to their stated maturities on any date falling on or after August 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 prior 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 days prior to the date of redemption, upon terms of the face amount, plus accrued interest to the date of redemption.

The Bonds are further subject to extraordinary optional redemption prior to their stated maturities on any date, 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, from the proceeds of casualty insurance received upon the total destruction by fire, lightning, windstorm or other hazard of any of the buildings constituting the Project, upon notice of such prior 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 days prior to the date of redemption, upon terms of the face amount, plus accrued interest to the date of redemption.

The Bonds are to be issued in fully registered form (both principal and interest). U.S. Bank Trust Company, National Association, Louisville, Kentucky, 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 business days of receipt without expense to the Registered Owner.

FINAL OFFICIAL STATEMENT

The Corporation shall provide to the successful purchaser a Final Official Statement. Arrangements have been made with the printer of the Preliminary Official Statement, upon submission of completion text, to print a reasonable quantity of Final Official Statements in sufficient time to meet the delivery requirements of the successful bidder under SEC or Municipal Securities Rulemaking Board delivery requirements. The successful bidder shall be required to pay for the printing of the Final Official Statement.

BOND MATURITIES, PRIOR REDEMPTION PROVISIONS AND PAYING AGENT

The Bonds will mature, have interest payment dates, be subject to redemption, have a Paying Agent and Registrar, be subject to the issuance of additional bonds and have other conditions and restrictions as set forth in the Preliminary Official Statement describing the Bonds. Reference is made to the Preliminary Official Statement for such information and for information regarding the District and the Corporation.

BIDDING CONDITIONS AND RESTRICTIONS

(A) Bids must be made on Official Bid Form, contained in the Official Statement available from the undersigned or RSA Advisors, LLC 147 E. Third Street, Lexington, Kentucky 40508, enclosed in sealed envelopes marked "Bid for School Building Revenue Bonds." Bids may alternatively be submitted electronically via BiDCOMP™/PARITY™ system. Electronic bids for the Bonds must be submitted through the BiDCOMP™/PARITY™ system and no other provider of electronic bidding services will be accepted. Subscription to the BiDCOMP™/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 the BiDCOMP™/PARITY™ system 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 the BiDCOMP™/PARITY™ system 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 the BiDCOMP™/PARITY™ system 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 the BiDCOMP™/PARITY™ system. The use of the BiDCOMP™/PARITY™ system facilities are at the sole risk of the prospective bidders. For further information regarding the BiDCOMP™/PARITY™ system, potential bidders may contact BiDCOMP™/PARITY™, 1359 Broadway - 2nd Floor, New York, NY 10018, Telephone: (800) 850-7422. Notwithstanding the foregoing non-electronic bids may be submitted via facsimile or by hand delivery utilizing the Official Bid Form.

(B) Bidders are required to bid for the entire issue of Bonds at a minimum price of not less than \$34,251,000 (98% of par) PAYABLE IN IMMEDIATELY AVAILABLE FUNDS.

(C) Interest rates for the Bonds must be in multiples of one eighth of one percent (0.125%) and/or one one-hundredth of one percent (0.010%), 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 maximum permissible net interest cost for each of the Bonds shall not exceed "The Bond Buyer's" Index of 20 Municipal Bonds as established on the Thursday immediately preceding the sale of the bonds plus 1.50%.

(E) The determination of the best purchase bid for the Bonds shall be made on the basis of all bids submitted for exactly \$34,950,000 principal amount of Bonds offered for sale under the terms and conditions herein specified; but the Corporation may adjust the principal amount of Bonds which may be awarded to such best bidder upward by up to \$38,445,000 or downward in an amount determined to be in the best interest of the Corporation. The Corporation will accept or reject such best bid, provided, however, a Permitted Adjustment is reserved hereunder and the Corporation reserves the right to increase the total amount of Bonds by 10% or decrease the total amount of Bonds by an amount determined by the Corporation to be in its best interest. In the event of any such Permitted Adjustment, no rebidding or recalculation of a submitted bid will be required or permitted. The Corporation also has the right to adjust the individual principal maturity amounts, even if the total amount of the Bonds does not change, in order to promote desired annual debt service levels. If the principal amount of any maturity of the Bonds is revised after the award, the interest rate and reoffering price for each maturity and the Underwriter's Discount on the Bonds as submitted by the successful bidder shall be held constant.

(F) If three 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 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 be required to 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, (ii) the initial offering price to the public as of the Sale Date of any Maturity of the Bonds, and (iii) that they neither offered nor sold any of the Bonds of any 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 winning bidder shall advise the Corporation on the Sale Date if any maturity of the Bonds satisfies the 10% test set forth in (i) above as of the date and time of the award of the Bonds.

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

(i) *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.

(ii) *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.

(iii) *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.

(iv) *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 July 12, 2023.

(v) *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).

(G) CUSIP identification numbers will be printed on the Bonds at the expense of the purchaser. The purchaser shall pay the CUSIP Service Bureau Charge and the cost of printing the Final Official Statement. 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.

(H) The Corporation shall provide to the successful purchaser a Final Official Statement in accordance with SEC Rule 15c2-12, as amended. Arrangements have been made with the printer of the Preliminary Official Statement, upon submission of completion text, to print a reasonable quantity of Final Official Statements in sufficient time to meet the delivery requirements of the successful bidder under SEC or Municipal Securities Rulemaking Board Delivery Requirements. The successful bidder shall be required to pay for the printing of the Final Official Statement.

(I) Bids need not be accompanied by a certified or bank cashier's good faith check, but 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. The 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 the Bonds unless delivery is made within 45 days from the date the bid is accepted.

(J) The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. They 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 for each maturity of the Bonds of each series, each in the aggregate principal amount of such maturity, and will be deposited with DTC. Purchases of the Bonds under the DTC system must be made by or through securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations (the "Direct Participants"), which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (a "Beneficial Owner") is in turn to be recorded on the records of Direct Participants or securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant (the "Indirect Participants"). 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 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 the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

(K) 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).

(L) 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 Dinsmore & Shohl LLP, Covington, Kentucky, which Opinion will be qualified in accordance with the section hereof on TAX TREATMENT.

(M) The successful purchaser 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 August 1st 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.

(N) 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.

(O) 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.

CONTINUING DISCLOSURE

In accordance with Securities and Exchange Commission Rule 15c2-12, as amended (the "Rule") the Board and the Corporation (the "Obligated Persons") will agree pursuant to a Continuing Disclosure Certificate to be dated as of the date of initial issuance and delivery (the "Disclosure Certificate"), to be delivered on the date of delivery of the Bonds, to cause the following information to be provided:

(i) to the Municipal Securities Rulemaking Board ("MSRB") or any successor thereto for purposes of the Rule, through the continuing disclosure service portal provided by the MSRB's Electronic Municipal Market Access ("EMMA") system as described in 1934 Act Release No. 59062, or any similar system that is acceptable to the Securities and Exchange Commission, certain annual financial information and operating data, including audited financial statements, generally consistent with the information contained under the headings "Bond Debt Service", "Local Support"-Local Tax Rates, -Property Assessments and Revenue Collections, -District's Largest Taxpayers, -Overlapping Bond Indebtedness, "SEEK Allotment" and in Appendix B of this Official Statement (the "Annual Financial Information"); such information shall include, at a minimum, that financial information and operating data which is customarily prepared by the Obligated

Persons and is publicly available. The annual financial information shall be provided on or before the 270th day following the fiscal year ending on the preceding June 30th;

(ii) to the MSRB, in a timely manner, not in excess of ten business days after the occurrence of the event, notice of the occurrence of the following events with respect to the Bonds:

- (a) Principal and interest payment delinquencies;
- (b) Non-payment related defaults, if material;
- (c) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) Substitution of credit or liquidity providers, or their failure to perform;
- (f) 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;
- (g) Modifications to rights of security holders, if material;
- (h) Bond calls, if material, and tender offers (except for mandatory scheduled redemptions not otherwise contingent upon the occurrence of an event);
- (i) Defeasances;
- (j) Release, substitution or sale of property securing repayment of the securities, if material;
- (k) Rating changes;
- (l) 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 U.S. 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);
- (m) 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;
- (n) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (o) Incurrence of a financial obligation of the Corporation 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;

APPENDIX E

**Kenton County School District Finance Corporation
School Building Revenue Bonds
Series 2023A**

Official Bid Form

OFFICIAL BID FORM

Subject to the terms and conditions set forth in the Official Terms and Conditions of Bond Sale for \$34,950,000* of School Building Revenue Bonds, Series 2023A, dated the date of initial issuance and delivery (the "Bonds") offered for sale by the Kenton County School District Finance Corporation (the "Corporation"), an agency and instrumentality acting on behalf of the Board of Education of the Kenton County School District and in accordance with the Notice of Bond Sale, as advertised in conformity with Chapter 424 of the Kentucky Revised Statutes, to all of which the undersigned agrees, the undersigned hereby submits the following offer to purchase the Bonds.

We hereby bid for the \$34,950,000* principal amount of the Bonds, the total sum of \$_____ (not less than \$34,251,000) plus accrued interest from August 2, 2023, at the following annual rate(s), payable semiannually (rates on ascending scale, number of interest rates unlimited):

<u>MATURITY</u>	<u>AMOUNT*</u>	<u>INTEREST RATE</u>	<u>MATURITY</u>	<u>AMOUNT*</u>	<u>INTEREST RATE</u>
August 1, 2024	\$ 5,000	_____ %	August 1, 2034	\$1,530,000	_____ %
August 1, 2025	5,000	_____ %	August 1, 2035	1,885,000	_____ %
August 1, 2026	5,000	_____ %	August 1, 2036	2,120,000	_____ %
August 1, 2027	5,000	_____ %	August 1, 2037	2,215,000	_____ %
August 1, 2028	5,000	_____ %	August 1, 2038	2,675,000	_____ %
August 1, 2029	555,000	_____ %	August 1, 2039	2,795,000	_____ %
August 1, 2030	860,000	_____ %	August 1, 2040	3,235,000	_____ %
August 1, 2031	1,175,000	_____ %	August 1, 2041	3,385,000	_____ %
August 1, 2032	1,225,000	_____ %	August 1, 2042	4,765,000	_____ %
August 1, 2033	1,465,000	_____ %	August 1, 2043	5,040,000	_____ %

*Subject to Permitted Adjustment.

We understand this bid may be accepted for as much as \$38,445,000 of the Bonds or as little as is deemed by the Issuer to be in the Issuer's best interest, at the same price per \$1,000 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.

It is understood that the Corporation will furnish the final, approving Legal Opinion of Dinsmore & Shohl LLP, Bond Counsel, of Covington, Kentucky.

No certified or bank cashier's check will be required to accompany the bid, but 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. The good faith amount will be applied (without interest) to the purchase price when the Bonds are tendered for delivery.

Electronic bids for the Bonds must be submitted through BiDCOMP™/PARITY™ and no other provider of electronic bidding services will be accepted. Subscription to the BiDCOMP™/PARITY™ Competitive Bidding 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 BiDCOMP™/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 BiDCOMP™/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 BiDCOMP™/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 BiDCOMP™/PARITY™. The use of BiDCOMP™/PARITY™ facilities are at the sole risk of the prospective bidders. For further information regarding BiDCOMP™/PARITY™, potential bidders may contact BiDCOMP™/PARITY™, 1359 Broadway - 2nd Floor, New York, NY 10018, Telephone: (800) 850-7422. Notwithstanding the foregoing non-electronic bids may be submitted via facsimile or by hand delivery utilizing the Official Bid Form.

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

If three 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 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 be required to 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 neither offered nor sold any of the Bonds of any 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 July 12, 2023.

(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).

If we are the successful bidder, we agree to accept and make payment for the Bonds in Federal Funds within forty-five days from the date of sale in accordance with the terms of the sale.

Respectfully submitted,

Bidder

Address

Signature

Total interest cost from August 2, 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 Kenton County School District Finance Corporation for \$ _____
principal amount of Bonds at the price of \$ _____ as follows:

<u>MATURITY</u>	<u>AMOUNT</u>	<u>INTEREST</u>	<u>MATURITY</u>	<u>AMOUNT</u>	<u>INTEREST</u>
		<u>RATE</u>			<u>RATE</u>
August 1, 2024	\$ _____	_____ %	August 1, 2034	\$ _____	_____ %
August 1, 2025	_____	_____ %	August 1, 2035	_____	_____ %
August 1, 2026	_____	_____ %	August 1, 2036	_____	_____ %
August 1, 2027	_____	_____ %	August 1, 2037	_____	_____ %
August 1, 2028	_____	_____ %	August 1, 2038	_____	_____ %
August 1, 2029	_____	_____ %	August 1, 2039	_____	_____ %
August 1, 2030	_____	_____ %	August 1, 2040	_____	_____ %
August 1, 2031	_____	_____ %	August 1, 2041	_____	_____ %
August 1, 2032	_____	_____ %	August 1, 2042	_____	_____ %
August 1, 2033	_____	_____ %	August 1, 2043	_____	_____ %

Dated: July 12, 2023

Secretary
Kenton County School District
Finance Corporation