

PRELIMINARY OFFICIAL STATEMENT

DATED NOVEMBER 13, 2023

NEW ISSUE

**Electronic Bidding via Parity®
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)

**\$400,000
WHITLEY COUNTY SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING REVENUE BONDS,
SERIES OF 2023**

Dated with Delivery: DECEMBER 12, 2023

Due: as shown below

Interest on the Bonds is payable each June 1 and December 1, beginning June 1, 2024. The Bonds will mature as to principal on December 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 \$1,000 and integral multiples thereof.

Maturing		Interest	Reoffering	Maturing		Interest	Reoffering		
1-Dec	Amount*	Rate	Yield	CUSIP	1-Dec	Amount*	Rate	Yield	CUSIP
2024	\$12,000	%	%		2034	\$18,000	%	%	
2025	\$13,000	%	%		2035	\$20,000	%	%	
2026	\$15,000	%	%		2036	\$23,000	%	%	
2027	\$16,000	%	%		2037	\$20,000	%	%	
2028	\$18,000	%	%		2038	\$23,000	%	%	
2029	\$19,000	%	%		2039	\$25,000	%	%	
2030	\$16,000	%	%		2040	\$29,000	%	%	
2031	\$18,000	%	%		2041	\$31,000	%	%	
2032	\$19,000	%	%		2042	\$28,000	%	%	
2033	\$16,000	%	%		2043	\$21,000	%	%	

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 Whitley 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 (as hereinafter defined) on an annual renewable basis to the Whitley County Board of Education.

The Whitley County (Kentucky) School District Finance Corporation will until November 21, 2023, at 11:00 A.M., E.S.T., receive competitive bids for the Bonds at the office of the Executive Director of the Kentucky School Facilities Construction Commission, 700 Louisville Road, 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 not to exceed \$40,000.**

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.

**WHITLEY COUNTY
BOARD OF EDUCATION**

Brenda Hill, Chairperson
Brenda Rose, Member
Kenny Carr, Member
Paula Parker Grubb, Member
J.E. Jones, Member

John Siler, Superintendent/Secretary

**WHITLEY COUNTY (KENTUCKY) SCHOOL DISTRICT
FINANCE CORPORATION**

Brenda Hill, President
Brenda Rose, Member
Kenny Carr, Member
Paula Parker Grubb, Member
J.E. Jones, Member

John Siler, Secretary
Alicia Logan, Treasurer

BOND COUNSEL

Steptoe & Johnson PLLC
Louisville, Kentucky

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

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

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

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

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**OFFICIAL STATEMENT
Relating to the Issuance of**

\$400,000*

**WHITLEY COUNTY SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING REVENUE BONDS,
SERIES OF 2023**

**Subject to Permitted Adjustment*

INTRODUCTION

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

The Bonds are being issued to finance improvements at Whitley North Elementary School (the "Project").

The Bonds are revenue bonds and constitute a limited indebtedness of the Corporation. The Bonds will be secured by a lien and a pledge of the rental income derived by the Corporation from leasing the school building Projects (as hereinafter defined) to the Whitley County 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 Whitley County Board of Education from its records, except for information expressly attributed to other sources. The presentation of financial and other information is not intended, unless specifically stated, to indicate future or continuing trends in the financial position or other affairs of the Board. No representation is made that past experience, as is shown by financial and other information, will necessarily continue or be repeated in the future.

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

Copies of the Bond Resolution authorizing the issuance of the Bonds and the Lease Agreement, dated December 12, 2023, may be obtained at the office of Steptoe & Johnson PLLC, Bond Counsel, 700 N. Hurstbourne Parkway, Suite 115, Louisville, Kentucky 40222.

BOOK-ENTRY-ONLY-SYSTEM

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

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

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

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry

transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

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

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

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

THE CORPORATION

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

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

KENTUCKY SCHOOL FACILITIES CONSTRUCTION COMMISSION

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

Pursuant to the provisions of the Act, the Regulations of the Kentucky Board of Education and the Commission, the Commission has determined that the Board is eligible for participation from the Commission in meeting the costs of construction of the Projects and has entered into a Participation Agreement with the Board whereunder the Commission agrees to pay an annual Agreed Participation equal to approximately \$31,320 to be applied to the annual debt service requirements for the Bonds herein identified each year until their retirement; provided, however, that the contractual commitment of the Commission to pay the annual Agreed Participation is limited to the biennial budget period of the Commonwealth, with the first such biennial period terminating on June 30, 2024; the right is reserved in the Commission to terminate its commitment to pay the Agreed Participation after the initial biennial period and every two years thereafter. The obligation of the Commission to make payments of the Agreed Participation shall be automatically renewed each two years for a period of two years unless the Commission shall give notice of its intention not to participate not less than sixty days prior to the end of the biennium; however, by the execution of the Participation Agreement, the Commission has expressed its present intention to continue to pay the Agreed Participation in each successive biennial budget period through December 1, 2043, but such execution does not obligate the Commission to do so.

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

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

<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 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
2010 QZAB	\$1,850,000	\$1,850,000	\$1,412,297	\$437,703	5.250%	2029
2010 QSCB	\$6,324,000	\$6,324,000	\$6,324,000	\$0	5.250%	2029
2013 Energy	\$1,020,000	\$735,000	\$1,020,000	\$0	1.500% - 3.100%	2033
2014	\$8,570,000	\$7,815,000	\$1,286,231	\$7,283,769	2.750% - 4.000%	2034
2015A-REF	\$4,625,000	\$1,945,000	\$1,443,183	\$3,181,817	2.500%	2026
2015B-REF	\$3,415,000	\$2,030,000	\$3,415,000	\$0	2.125% - 2.500%	2026
2020	\$890,000	\$780,000	\$0	\$890,000	1.750% - 2.750%	2040
Totals:	\$26,694,000	\$21,479,000	\$14,900,711	\$11,793,289		

AUTHORITY

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

- i) the issuance of approximately \$400,000 of Bonds subject to a permitted adjustment of \$40,000;
- 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 December 12, 2023, will bear interest from that date as described herein, payable semi-annually on June 1 and December 1 of each year, commencing June 1, 2024, and will mature as to principal on December 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 to Cede & Co., as the nominee of The Depository Trust Company. Please see Book-Entry-Only-System. Interest on the Bonds will be paid at rates to be established upon the basis of competitive bidding as hereinafter set forth, such interest to be payable on June 1 and December 1 of each year, beginning June 1, 2024 (Record Date is 15th day of month preceding interest due date).

Redemption

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

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

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

SECURITY

General

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

The Lease; Pledge of Rental Revenues

The Board has leased the school building Project securing the Bonds for an initial period from December 12, 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 December 1, 2043, the final maturity date of the Bonds. Under the lease, the Corporation has pledged the rental revenue to the payment of the Bonds.

COMMISSION'S PARTICIPATION

The Commission has determined that the Board is eligible for annual participation equal to approximately \$31,320 from the Commission's appropriation by the Kentucky General Assembly which will be used to meet all of the debt service of the Bonds. The plan for financing the Project will require the Commission to pay 100% of the debt service of the Bonds.

The Participation Agreement to be entered into with the Board will be limited to the biennial budget period of the Commonwealth of Kentucky, with the first such biennial period terminating on June 30, 2024. The right is reserved in the Commission to terminate the commitment to pay the agreed participation every two years thereafter. The obligation of the Commission to make payments of the agreed participation shall be automatically renewed each two years thereafter unless the Commission gives notice to the Board of its intention not to participate not less than sixty days prior to the end of the biennium. However, the Commission has expressed its intention to continue to pay the agreed participation in successive biennial budget periods through December 1, 2043, but the Commission is not required to do so.

STATE INTERCEPT

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

THE PROJECT

After payment of the Bond issuance costs, the Board plans to deposit the net Bond proceeds to finance improvements at Whitley North Elementary School (the "Project").

The Board has reported construction bids have been let for the Project and award of 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.

ADDITIONAL PARITY BONDS

The Corporation has reserved the right and privilege of issuing additional bonds from time to time payable from the income and revenues of said lands and school building Project and secured by a statutory mortgage lien and pledge of revenues, but only if and to the extent the issuance of such additional parity bonds are in accordance with plans and specifications approved by the Board, Commissioner of Education, and filed in the office of the Secretary of the Corporation and a Lease shall be entered into whereunder the annual rental payments during the life of such additional bonds shall be increased by the amount of the annual principal and interest requirements of such additional bonds.

KENTUCKY DEPARTMENT OF EDUCATION SUPERVISION

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

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

ESTIMATED BOND DEBT SERVICE

The following table shows by fiscal year the current bond payments of the Board. The plan of financing provides for the Board to meet 0% of the debt service of the Bonds.

Fiscal Year Ending June 30	Current Restricted Fund Bond Payments	----- School Building Revenue Bonds, Series 2023 ----- (100% SFCC)			Total Restricted Fund Bond Payments
		Principal Portion	Interest Portion	Total Payment	
2024	\$1,704,912		\$8,838	\$8,838	\$1,704,912
2025	\$1,707,595	\$12,000	\$18,566	\$30,566	\$1,707,595
2026	\$1,700,511	\$13,000	\$18,022	\$31,022	\$1,700,511
2027	\$1,736,968	\$15,000	\$17,413	\$32,413	\$1,736,968
2028	\$1,731,321	\$16,000	\$16,739	\$32,739	\$1,731,321
2029	\$1,753,227	\$18,000	\$16,000	\$34,000	\$1,753,227
2030	\$1,751,959	\$19,000	\$15,195	\$34,195	\$1,751,959
2031	\$1,730,218	\$16,000	\$14,434	\$30,434	\$1,730,218
2032	\$1,728,019	\$18,000	\$13,694	\$31,694	\$1,728,019
2033	\$1,728,419	\$19,000	\$12,851	\$31,851	\$1,728,419
2034	\$1,731,217	\$16,000	\$12,020	\$28,020	\$1,731,217
2035		\$18,000	\$11,213	\$29,213	\$0
2036		\$20,000	\$10,310	\$30,310	\$0
2037		\$23,000	\$9,289	\$32,289	\$0
2038		\$20,000	\$8,268	\$28,268	\$0
2039		\$23,000	\$7,246	\$30,246	\$0
2040		\$25,000	\$6,075	\$31,075	\$0
2041		\$29,000	\$4,725	\$33,725	\$0
2042		\$31,000	\$3,225	\$34,225	\$0
2043		\$28,000	\$1,750	\$29,750	\$0
2044		\$21,000	\$525	\$21,525	\$0
Totals:	\$19,004,367	\$400,000	\$226,397	\$626,397	\$19,004,367

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>\$400,000.00</u>
Total Sources	\$400,000.00
Uses:	
Deposit to Construction Fund	\$376,800.00
Underwriter's Discount (2%)	8,000.00
Cost of Issuance	<u>15,200.00</u>
Total Uses	\$400,000.00

DISTRICT STUDENT POPULATION

Selected school census and average daily attendance for the WHITLEY COUNTY School District is as follows:

Year	Average Daily Attendance	Year	Average Daily Attendance
2000-01	3,993.8	2011-12	3,964.1
2001-02	3,964.3	2012-13	3,872.8
2002-03	3,965.0	2013-14	3,833.7
2003-04	4,012.1	2014-15	3,824.5
2004-05	4,152.6	2015-16	3,800.4
2005-06	4,190.9	2016-17	3,779.5
2006-07	4,178.3	2017-18	3,715.2
2007-08	4,110.1	2018-19	3,648.6
2008-09	4,111.6	2019-20	3,581.1
2009-10	4,045.2	2020-21	3,581.1
2010-11	4,031.7	2021-22	3,743.5
		2022-23	3,743.5

Source: Kentucky State Department of Education.

STATE SUPPORT

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

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

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

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

The following table shows the computation of the capital outlay allotment for the Whitley County School District for certain preceding school years.

Year	Capital Outlay Allotment	Year	Capital Outlay Allotment
2000-01	399,380.0	2011-12	396,407.0
2001-02	396,430.0	2012-13	387,276.0
2002-03	396,500.0	2013-14	383,369.0
2003-04	401,210.0	2014-15	382,450.0
2004-05	415,260.0	2015-16	380,044.0
2005-06	419,090.0	2016-17	377,950.0
2006-07	417,830.0	2017-18	371,520.0
2007-08	411,010.0	2018-19	364,860.0
2008-09	411,162.0	2019-20	358,110.0
2009-10	404,519.0	2020-21	358,112.0
2010-11	403,165.0	2021-22	374,345.0
		2022-23	374,345.0

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.

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

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

Local Thirty Cents Minimum. Effective for school years beginning after June 30, 1990, the board of education of each school district shall levy a minimum equivalent tax rate of thirty cents (\$.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	56.7	500,553,759	2,838,140
2001-02	55.9	545,983,596	3,052,048
2002-03	56	560,418,378	3,138,343
2003-04	56	573,355,267	3,210,789
2004-05	51.6	653,384,951	3,371,466
2005-06	47.2	649,717,599	3,066,667
2006-07	52.2	670,460,924	3,499,806
2007-08	47.2	704,943,702	3,327,334
2008-09	55.8	733,381,336	4,092,268
2009-10	55.8	744,690,119	4,155,371
2010-11	58.8	743,736,160	4,373,169
2011-12	54.5	754,326,838	4,111,081
2012-13	54.6	771,182,869	4,210,658
2013-14	58.3	785,826,480	4,581,368
2014-15	57.2	795,322,640	4,549,246
2015-16	57.3	812,891,486	4,657,868
2016-17	54.6	848,668,707	4,633,731
2017-18	57.7	850,271,711	4,906,068
2018-19	59	860,603,501	5,077,561
2019-20	58.1	884,150,350	5,136,914
2020-21	56.3	900,488,595	5,069,751
2021-22	58.8	948,698,454	5,578,347
2022-23	56	1,043,863,613	5,845,636

OVERLAPPING BOND INDEBTEDNESS

The following table shows any other overlapping bond indebtedness of the Whitley County School District or other issuing agency within Whitley County as reported by the State Local Debt Officer for the period ending June 30, 2023.

Issuer	Original Principal Amount	Amount of Bonds Redeemed	Current Principal Outstanding
County of Whitley			
General Obligation	7,225,000	3,600,000	3,625,000
Refunding Revenue	7,054,999	109,550	6,945,449
Garbage Truck Revenue	74,000	33,895	40,105
Equipment Revenue	55,000	16,283	38,717
City of Corbin			
General Obligation	14,411,341	4,928,537	9,482,804
Utilities Revenue	371,000	175,500	195,500
City of Williamsburg			
General Obligation	4,075,000	1,277,083	2,797,917
Water & Sewer Revenue	1,866,000	521,500	1,344,500
College Development Projects	39,440,000	14,630,200	24,809,800
Pool Funding - KLC Funding Trust Lease	50,000,000	0	50,000,000

Special Districts

Corbin Public Library	1,370,000	171,250	1,198,750
Cumberland Falls Hwy. Water Dist.	3,086,000	1,113,000	1,973,000
Whitley County Extension District	1,025,000	290,000	735,000
Whitley County Water District	2,940,000	414,900	2,525,100
Totals:	132,993,340	27,281,698	105,711,642

Source: 2023 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	17,763,560	2,838,140	20,601,700
2001-02	17,844,021	3,052,048	20,896,069
2002-03	18,249,761	3,138,343	21,388,104
2003-04	19,549,001	3,210,789	22,759,790
2004-05	20,273,855	3,371,466	23,645,321
2005-06	21,776,927	3,066,667	24,843,594
2006-07	22,174,941	3,499,806	25,674,747
2007-08	23,454,778	3,327,334	26,782,112
2008-09	24,085,154	4,092,268	28,177,422
2009-10	21,347,670	4,155,371	25,503,041
2010-11	21,298,262	4,373,169	25,671,431
2011-12	22,490,699	4,111,081	26,601,780
2012-13	21,752,747	4,210,658	25,963,405
2013-14	21,601,435	4,581,368	26,182,803
2014-15	21,954,042	4,549,246	26,503,288
2015-16	22,479,216	4,657,868	27,137,084
2016-17	22,657,921	4,633,731	27,291,652
2017-18	22,717,454	4,906,068	27,623,522
2018-19	23,089,423	5,077,561	28,166,984
2019-20	22,663,059	5,136,914	27,799,973
2020-21	21,649,846	5,069,751	26,719,597
2021-22	23,872,329	5,578,347	29,450,676
2022-23	24,641,511	5,845,636	30,487,147

- (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 \$0.5600 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.

POTENTIAL LEGISLATION

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

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

CONTINUING DISCLOSURE; EXEMPTION

As a result of the principal amount of Bonds being offered not exceeding \$1,000,000 Bond Counsel has advised the Corporation and the Board that they are exempt from application of the Rule 15c2-12c2-12(b)(5) of the Securities and Exchange Commission with respect 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.

Financial information regarding the Board may be obtained from Superintendent, Whitley County School District Board of Education, 300 Main Street, Williamsburg, Kentucky 40679, Telephone 606-549-7000.

TAX EXEMPTION; BANK QUALIFIED

Bond Counsel is of the opinion that:

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

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

(C) As a result of designations and certifications by the Board and the Corporation, indicating the issuance of less than \$10,000,000 of tax-exempt obligations during the calendar year ending December 31, 2023, the Bonds are "qualified tax-exempt obligations" within the meaning of the Internal Revenue Code of 1986, as amended.

The Corporation will provide the purchaser the customary no-litigation certificate, and the final approving Legal Opinions of Steptoe & Johnson PLLC, Bond Counsel, Louisville, Kentucky approving the legality of the Bonds. These opinions will accompany the Bonds when delivered, without expense to the purchaser.

Original Issue Premium

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

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

Original Issue Discount

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

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

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

ABSENCE OF MATERIAL LITIGATION

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

APPROVAL OF LEGALITY

Legal matters incident to the authorization and issuance of the Bonds are subject to the approving legal opinion of Steptoe & Johnson PLLC, Bond Counsel. The form of the approving legal opinion of Bond Counsel will appear on each printed Bond.

NO LEGAL OPINION EXPRESSED AS TO CERTAIN MATTERS

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

BOND RATING

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

MUNICIPAL ADVISOR

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

APPROVAL OF OFFICIAL STATEMENT

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

APPENDIX A

**Whitley County School District Finance Corporation
School Building Revenue Bonds
Series of 2023**

Demographic and Economic Data

WHITLEY COUNTY, KENTUCKY

Whitley County, with a land area of 440 square miles. Whitley County is a well-dissected upland with a hilly to mountainous terrain. The County's southern boundary is formed by the Kentucky-Tennessee state line. Whitley County has an estimated 2023 population of 37,076.

Corbin, located in Whitley County, is the largest city in the county. Corbin has an estimated 2023 population of 7,834 people.

Williamsburg the county seat of Whitley County on the southern border of the Eastern Kentucky Coal Field. The City of Williamsburg is located is miles north of Knoxville, Tennessee; 175 miles southeast of Louisville, Kentucky; and 183 miles south of Cincinnati, Ohio. The estimated 2023 population of Williamsburg is 5,320.

Williamsburg is probably best known as the home of Cumberland College. Located on the west side of the City, its campus extends through seven blocks and encompasses about 35 acres. About 75% of the student body is from eastern Kentucky and northeastern Tennessee. The College provides a four-year liberal arts education for approximately 2,900 students.

Transportation

Transportation lanes serving Williamsburg are Interstate 75, U.S. 25W and KY Route 92. The main line of the CSX Transportation, Inc. passes through the town of Williamsburg.

LABOR MARKET STATISTICS

The Whitley County Labor Market Area includes Whitley County and the adjoining Kentucky counties of Bell, Laurel, Clay and Knox.

POPULATION

<u>Area</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Whitley County	36,620	37,602	37,076
Corbin	7,767	7,923	7,834
Williamsburg	5,255	5,411	5,320

Source: U.S. Department of Commerce, Bureau of the Census.

EDUCATION

Public Schools

	<u>Williamsburg Independent</u>	<u>Whitley County</u>	<u>Corbin Independent</u>
Total Enrollment (2021-2022)	784	3,863	2,760
Pupil-Teacher Ratio (2021-2022)	13 - 1	14 - 1	16 - 1

Source: Kentucky Department of Education.

Vocational Training

Customized Training

The Kentucky Tech system, through its Training and Development Coordinators, will provide technical assistance and identify and develop low-cost customized training programs and services for both established and prospective businesses. Businesses wanting to establish a customized training program should contact a Training and Development Coordinator located at the Northern Kentucky Regional Technology Center and the Central Kentucky Regional Technology Center.

Assessment Services

Kentucky Tech Career Connections offers to business, education, and government agencies customized assessment in career inventories, interest inventories, pre-hire assessment, psychomotor skills, and academic potential. A Career Connection assessment center is located at the Northern Kentucky Regional Technology Center and the Central Kentucky Regional Technology Center.

Bluegrass State Skills Corporation

The Bluegrass State Skills Corporation, an independent public corporation created and funded by the Kentucky General Assembly, provides programs of skills training to meet the needs of business and industry from entry level to advanced training, and from upgrading present employees to retraining experienced workers.

The Bluegrass State Skills corporation is the primary source for skills training assistance for a new or existing company. The Corporation works in partnership with other employment and job training resources and programs, as well as Kentucky's economic development activities, to package a program customized to meet the specific needs of a company.

<u>Vocational/Tech Schools</u>	<u>Location</u>	<u>Cumulative Enrollment 2021-2022</u>
Bell County ATC	Pineville	415
Casey County ATC	Liberty	390
Clay County ATC	Manchester	224
Corbin ATC	Corbin	420
Jackson County ATC	McKee	282
Knox County ATC	Barbourville	353
Lake Cumberland ATC	Russell Springs	777
Leslie County ATC	Hyden	358
Pulaski County ATC	Somerset	273
Rockcastle County ATC	Mt. Vernon	372
Wayne County ATC	Monticello	555

Area Colleges and Universities

<u>Name</u>	<u>Location</u>	<u>Enrollment (Fall 2021)</u>
Berea College	Berea, KY	1,468
Morehead State University	Morehead, KY	8,314
Union College	Whitley City, KY	945
University of the Cumberlands	Williamsburg, KY	4,838
University of Kentucky	Lexington, KY	21,900

EXISTING INDUSTRY

<u>Firm</u>	<u>Product</u>	<u>Total Employed</u>
Corbin		
Acme Block Co. Inc.	Concrete blocks and products	2
Central Automotive Supploy	Machine shop: drilling, boring, surface grinding & engine rebuilding and repairs	24
Classic Metal Vaults	Metal burial vaults	22
Crawford Tie & Lumber Co	Hardwoods, railroad ties, sawdust, chips, bark, and green lumber	12
CTA Acoustics Inc.	Organic fiber padding, industrial automotive insulation & acoustical materials	700
D & C Machine	Machine shop: general machining, drilling & boring, lathe & mill work. Repair and build material handling/conveying equipment	10
Karr Industries Inc.	Machine shop: tool & die; machinery parts; tool and die manufacturing replacement parts for local manufacturers	4
The MPI Group LLC	Hollow metal doors & frames	80
PDF Inc.	Injection molded plastics	5
Pepsi-Cola Bottling Co of Corbin Kentucky Inc.	Soft drink manufacturing and distribution	246
Salem Took Inc.	Coal recovery & coal auger mining equipment	6
SH Tube	Manufacturer parts for 18 wheel trucks (glider kits, landing gear handles, etc.)	3
Southeast Apparatus LLC	Manufacture fire trucks, refurbish fire trucks, and ambulance remount services, fire equipment, new ambulance sales, pump service, pump testing vinyl and graphics	24
Stidham Cabinet Inc.	Custom cabinets, laminated & solid surface counter tops	45
TCO LLC	Contract packaging, assembly and distribution of automotive lighting units	180
Williamsburg		
Jamie's Interiors	Custom bedspreads, curtains & decorative items	15

Sources: Kentucky Directory of Manufacturers (January 8, 2020)

APPENDIX B

**Whitley County School District Finance Corporation
School Building Revenue Bonds
Series of 2023**

Audited Financial Statement ending June 30, 2022

WHITLEY COUNTY SCHOOL DISTRICT
Williamsburg, Kentucky

REPORT OF AUDIT
Year Ended June 30, 2022

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Marr, Miller & Myers, PSC

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INDEPENDENT AUDITOR'S REPORT

October 6, 2022

Members of the Board of Education
Whitley County School District
Williamsburg, 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 Whitley 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 Whitley 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 Whitley County School District, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinions

We conducted our audit in accordance with U.S. generally accepted auditing standards 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 Whitley 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 U.S. generally accepted accounting principles, 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 Whitley 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.

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amount 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 Whitley 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, that there are conditions or events, considered in the aggregate, that raise substantial doubt about the Whitley County School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis, the Schedules of District's Proportionate Share of the Net Pension Liability and Pension Contributions, District's Proportionate Share of the Net OPEB Liability and District Contributions – Medical Insurance Plan and Life Insurance Plan and budgetary comparison information on pages 4-8, 49-57 and 58-60, respectively, 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

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to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

The combining nonmajor and special revenue funds financial statements, the activity fund statements 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 U.S. generally accepted auditing standards. In our opinion, the combining nonmajor and special revenue funds financial statements, the activity fund statements and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2022, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Marr, Miller & Myers, PSC

Certified Public Accountants

WHITLEY COUNTY SCHOOL DISTRICT
Williamsburg, Kentucky

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
June 30, 2022

This section of the financial statements for the Whitley County School District ("District") presents management's discussion and analysis of the financial performance of the District during the fiscal year that ended on June 30, 2022. As management of the District, we offer readers of the financial statements this narrative overview and analysis to highlight and further explain the financial events that have taken place in the past year. We encourage readers to consider the information presented herein along with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The ending cash balance for the District was \$11,261,221 in 2022 and \$7,423,873 in 2021. This is an increase of \$3,837,348.
- The General Fund had \$39,340,556 in revenues, which primarily consisted of the state program (SEEK) and property, utilities, and motor vehicle taxes. There were \$36,839,716 in General Fund expenditures.
- Governmental capital assets had a net increase of \$4,391,130, and business-type capital assets had a net decrease of \$39,262 during the current fiscal year.
- The District's total debt decreased \$1,900,494 during the current fiscal year due to scheduled principal payments.
- There are two sources of pension liabilities and OPEB liabilities with which the District has to contend. The Kentucky Teachers Retirement System covers the District's professional staff members. It has analysis performed by Cavanaugh Macdonald Consulting, LLC (CMC) to determine each Kentucky school district's share of pension and OPEB liabilities for its professional staff. This debt is the responsibility of the State of Kentucky. Our allocated amount was \$0 for pension liabilities and \$6,155,000 for OPEB liabilities, as of June 30, 2022. Our non-professional staff members are covered by the Kentucky County Employees Retirement System. Under this system, the District's share of the pension liabilities was \$15,072,992 and \$4,524,879 for OPEB liabilities, as of June 30, 2022. The District does not believe these disclosures will have a major impact on their day-to-day operations or the financial health of the District. The District's bond rating is based on the State's rating so we have little control over our cost of borrowing.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

The Statement of Net Position presents 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.

WHITLEY COUNTY SCHOOL DISTRICT
Williamsburg, Kentucky

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
June 30, 2022

The government-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, plant operations and maintenance, student transportation and operation of non-instructional services. Fixed assets and related debt is also supported by taxes and intergovernmental revenues.

The government-wide financial statements can be found on pages 9 through 11 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. This is a state mandated uniform system and chart of accounts for all Kentucky public school districts utilizing the MUNIS administrative software. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental and proprietary. The proprietary fund is for food service operations. All other activities of the District are included in the governmental funds.

The basic governmental fund financial statements can be found on pages 12 through 18 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 19 through 48 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

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

Net Position for the period ending June 30, 2022

Fiscal year 2021 government-wide net position compared to 2022 is as follows:

	<u>2022</u>	<u>2021</u>
Current assets	\$ 16,586,457	\$ 12,783,522
Capital assets, net	52,440,583	48,088,715
Deferred outflows of resources	<u>6,667,711</u>	<u>6,637,662</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 75,694,751</u>	<u>\$ 67,509,899</u>
Current liabilities	\$ 6,341,991	\$ 4,816,774
Noncurrent liabilities	48,177,563	55,650,315
Deferred inflows of resources	<u>10,569,773</u>	<u>5,505,926</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 65,089,327</u>	<u>\$ 65,973,015</u>

WHITLEY COUNTY SCHOOL DISTRICT
Williamsburg, Kentucky

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
June 30, 2022

	<u>2022</u>	<u>2021</u>
Net position		
Net investment in capital assets	\$ 30,327,757	\$ 24,075,395
Restricted (deficit)	311,960	147,285
Unrestricted (deficit)	<u>(20,034,293)</u>	<u>(22,685,796)</u>
Total Net Position	<u>\$ 10,605,424</u>	<u>\$ 1,536,884</u>

The most significant change in the financial position of the District since the last audit was the increase in cash in the amount of \$3,837,348 and the increase in net capital assets of \$4,351,868. The District also had a decrease in total liabilities and deferred inflows of resources in the amount of \$883,688. These changes were primarily due to the net pension liability (CERS) and net OPEB liability (CERS/KTRS) recognized in the current year. The net investment in capital assets had an increase in the amount of \$6,252,362.

The following table presents a summary of revenues and expenditures, Governmental Funds only, for the fiscal years ended June 30:

	2022		2021	
	Amount	Percent	Amount	Percent
REVENUES AND OTHER FINANCING SOURCES				
Local revenue sources	\$ 7,591,335	12.35%	\$ 7,398,418	14.03%
State revenue sources	38,082,539	61.96	37,174,974	70.49
Federal revenue sources	15,617,190	25.41	7,993,471	15.16
Operating transfers (net)	<u>173,933</u>	<u>.28</u>	<u>170,737</u>	<u>.32</u>
Total revenues and other financing sources	<u>61,464,997</u>	<u>100.00</u>	<u>52,737,600</u>	<u>100.00</u>
EXPENDITURES AND OTHER FINANCING USES				
Instruction	36,173,594	58.85	33,242,267	63.03
Student support services	1,367,941	2.22	1,276,290	2.42
Instructional staff	1,379,615	2.25	1,552,142	2.94
District administration	1,112,855	1.81	1,114,537	2.11
School administration	1,624,588	2.64	1,578,527	2.99
Business	880,190	1.43	848,785	1.61
Plant operations and maintenance	4,158,135	6.77	3,368,566	6.39
Student transportation	3,931,322	6.40	2,823,972	5.36
Other non-instructional	9,773	.01	7,358	.01
Site improvements	3,937,488	6.41	777,951	1.48
Building acquisitions and construction	1,904,435	3.10	132,664	.25
Debt service	2,875,939	4.68	2,912,335	5.52
Community services activities	<u>556,244</u>	<u>.90</u>	<u>545,573</u>	<u>1.04</u>
Total expenditures and other financing uses	<u>59,912,119</u>	<u>97.47</u>	<u>50,180,967</u>	<u>95.15</u>
Net change in fund balance	<u>\$ 1,552,878</u>	<u>2.53%</u>	<u>\$ 2,556,633</u>	<u>4.85%</u>

The majority of the District's revenues were derived from state revenue sources, making up 61.96% of total revenues in 2022 as compared to 70.49% in 2021. Local revenue sources comprised 12.35% of total revenues in 2022 as compared to 14.03% in 2021. Federal revenue sources comprised 25.41% of total revenues in 2022 as compared to 15.16% in 2021.

WHITLEY COUNTY SCHOOL DISTRICT
Williamsburg, Kentucky

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
June 30, 2022

The majority of the District's expenditures were for instruction, making up 58.85% of total expenditures in 2022 as compared to 63.03% in 2021. Student transportation comprised 6.40% of the District's total expenditures in 2022 as compared to 5.36% in 2021. Plant operations and maintenance comprised 6.77% of the District's total expenditures in 2022 as compared to 6.39% in 2021. Site improvements comprised 6.41% of the District's total expenditures in 2022 as compared to 1.49% in 2021. Capital assets of \$7,214,226 were charged to expenditures in 2022 as compared to \$1,733,901 in 2021.

COMMENTS ON BUDGET COMPARISONS

In Kentucky, the public schools fiscal year is July 1 to June 30. Other programs operate on a different fiscal calendar, but are reflected in the District's overall budget. By law, the budget must have a minimum 2% contingency. The District adopted the final 2021-22 budget with \$1,391,134 in contingency (4.95%).

- The District's total general fund revenues for the fiscal year ended June 30, 2022 were \$39,340,556.
- General fund budgeted revenues compared to actual varied from line item to line item, with the ending actual balance being \$11,241,369 more than budget or 40.00%. This is due primarily to recording on-behalf payments made by the State of Kentucky of \$10,213,880 that were not budgeted. When these are eliminated, overall revenues compared to budget were \$1,027,489 or 3.66% less than budget.
- The District's total general fund expenditures for the fiscal year ended June 30, 2022 were \$36,839,716.
- General fund budgeted expenditures compared to actual varied significantly in instruction with them being \$5,917,849 over budget. These were due primarily to on-behalf payments of \$8,621,772, which were not budgeted. When total on-behalf payments of \$10,213,880 are eliminated, overall expenditures compared to budget were \$7,761,844 or 22.57% less than budget.

CAPITAL ASSETS

At the end of June 30, 2022, the District had \$52,440,583 invested in capital assets. This represents a net increase of \$4,351,868.

A comparison of the capital assets at June 30 is as follows:

	<u>2022</u>	<u>2021</u>
Land	\$ 1,423,339	\$ 1,423,339
Buildings, improvements and infrastructure	42,118,855	42,735,882
Machinery and equipment	3,293,418	2,930,186
Construction in progress	5,604,971	999,308
Total	\$ 52,440,583	\$ 48,088,715

DEBT ADMINISTRATION

At the end of June 30, 2022, the District had \$22,112,826 in outstanding debt and capital leases compared to \$24,013,320. That is a decrease of 7.91%.

WHITLEY COUNTY SCHOOL DISTRICT
Williamsburg, Kentucky

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
June 30, 2022

FUTURE BUDGET IMPLICATIONS

The District adopted a budget for 2022-23 with \$2,349,327 in contingency (5.74%). Significant Board action that impacts the finances includes the funding of non-revenue extra-curricular activities, 4% and 8% raises and rank and years of experience increases, KETS matching funds, KISTA bus lease obligations, the KSBIT liability assessment and utilizing excess building fund and capital outlay monies for facility operations.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives.

Questions regarding this report should be directed to the Superintendent or to Alicia Logan, Certified Finance Officer, at (606) 549-7000 or by mail at 300 Main Street, Williamsburg, KY 40769.

WHITLEY COUNTY SCHOOL DISTRICT
Williamsburg, Kentucky

STATEMENT OF NET POSITION
June 30, 2022

<u>ASSETS</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
CURRENT ASSETS			
Cash and cash equivalents	\$ 9,498,366	\$ 1,127,858	\$ 10,626,224
Cash with fiscal agent	634,997	-	634,997
Accounts receivable:			
Accounts receivable	342,387	575	342,962
Taxes – current	363,745	-	363,745
Intergovernmental – state	33,883	-	33,883
Intergovernmental – federal	2,231,900	36,734	2,268,634
Materials and supplies inventory	-	145,597	145,597
Interfund receivable	<u>2,170,415</u>	<u>-</u>	<u>2,170,415</u>
Total current assets	<u>15,275,693</u>	<u>1,310,764</u>	<u>16,586,457</u>
NONCURRENT ASSETS			
Capital assets, net	<u>52,002,208</u>	<u>438,375</u>	<u>52,440,583</u>
DEFERRED OUTFLOWS OF RESOURCES			
Discount on bonds, net	66,309	-	66,309
CERS – pension	1,968,648	411,822	2,380,470
CERS – OPEB	2,089,838	437,094	2,526,932
KTRS – OPEB	<u>1,694,000</u>	<u>-</u>	<u>1,694,000</u>
Total deferred outflows of resources	<u>5,818,795</u>	<u>848,916</u>	<u>6,667,711</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>73,096,696</u>	<u>2,598,055</u>	<u>75,694,751</u>
<u>LIABILITIES AND NET POSITION</u>			
CURRENT LIABILITIES			
Accounts payable	1,375,784	252	1,376,036
Construction retainage payable	403,276	-	403,276
Interfund payable	2,170,415	-	2,170,415
Accrued salaries and benefits payable	236,015	-	236,015
Deferred revenue	398,683	-	398,683
Current portion of bond obligations	1,315,000	-	1,315,000
Current portion of lease obligations	165,934	-	165,934
Current portion of accumulated sick leave payable	200,000	-	200,000
Current portion of insurance claims payable	<u>76,632</u>	<u>-</u>	<u>76,632</u>
Total current liabilities	<u>6,341,739</u>	<u>252</u>	<u>6,341,991</u>
NONCURRENT LIABILITIES			
Noncurrent portion of bond obligations	20,046,475	-	20,046,475
Noncurrent portion of lease obligations	585,417	-	585,417
Noncurrent portion of accumulated sick leave payable	1,632,206	-	1,632,206
Noncurrent portion of insurance claims payable	160,594	-	160,594
Net pension liability – CERS	12,465,364	2,607,628	15,072,992
Net OPEB liability – CERS	3,742,075	782,804	4,524,879

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

WHITLEY COUNTY SCHOOL DISTRICT
Williamsburg, Kentucky

STATEMENT OF NET POSITION (CONTINUED)
June 30, 2022

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
Net OPEB liability – KTRS	6,155,000	-	6,155,000
Total noncurrent liabilities	<u>44,787,131</u>	<u>3,390,432</u>	<u>48,177,563</u>
DEFERRED INFLOWS OF RESOURCES			
Premium on bonds, net	9,034	-	9,034
CERS – pension	2,522,429	527,666	3,050,095
CERS – OPEB	2,075,476	434,168	2,509,644
KTRS – OPEB	<u>5,001,000</u>	<u>-</u>	<u>5,001,000</u>
Total deferred inflows of resources	<u>9,607,939</u>	<u>961,834</u>	<u>10,569,773</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>60,736,809</u>	<u>4,352,518</u>	<u>65,089,327</u>
NET POSITION			
Net investment in capital assets	29,889,382	438,375	30,327,757
Restricted (deficit)	2,504,798	(2,192,838)	311,960
Unrestricted (deficit)	<u>(20,034,293)</u>	<u>-</u>	<u>(20,034,293)</u>
TOTAL NET POSITION (DEFICIT)	<u>\$ 12,359,887</u>	<u>\$ (1,754,463)</u>	<u>\$ 10,605,424</u>

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

WHITLEY COUNTY SCHOOL DISTRICT
Williamsburg, Kentucky

STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

<u>FUNCTIONS/PROGRAMS</u>	<u>Expenses</u>	<u>PROGRAM REVENUES</u>		
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
GOVERNMENTAL ACTIVITIES:				
Instruction	\$ 36,872,781	\$ -	\$ 25,861,406	\$ -
Support services:				
Student	1,377,589	-	-	-
Instructional staff	1,394,201	-	-	-
District administration	1,120,841	-	306,324	-
School administration	1,638,106	-	-	-
Business	884,635	-	104,866	-
Plant operations and maintenance	4,243,072	-	271,479	-
Student transportation	3,578,849	-	788,320	-
Other non-instructional	9,773	-	-	-
Site improvements	409,214	-	-	-
Community services activities	569,268	201,512	-	-
Interest on long-term debt	951,706	-	2,537,261	-
Bond premium (discount)	6,853	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 53,056,888</u>	<u>\$ 201,512</u>	<u>\$ 29,869,656</u>	<u>\$ -</u>
BUSINESS-TYPE ACTIVITIES:				
Food service	\$ 3,958,945	\$ 57,845	\$ 4,751,005	\$ -
TOTAL BUSINESS-TYPE ACTIVITIES	<u>\$ 3,958,945</u>	<u>\$ 57,845</u>	<u>\$ 4,751,005</u>	<u>\$ -</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 57,015,833</u>	<u>\$ 259,357</u>	<u>\$ 34,620,661</u>	<u>\$ -</u>

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

NET (EXPENSES) REVENUES AND
CHANGES IN NET POSITION

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (11,011,375)		\$ (11,011,375)
(1,377,589)		(1,377,589)
(1,394,201)		(1,394,201)
(814,517)		(814,517)
(1,638,106)		(1,638,106)
(779,769)		(779,769)
(3,971,593)		(3,971,593)
(2,790,529)		(2,790,529)
(9,773)		(9,773)
(409,214)		(409,214)
(367,756)		(367,756)
1,585,555		1,585,555
(6,853)		(6,853)
<u>(22,985,720)</u>		<u>(22,985,720)</u>

<u>\$ 849,905</u>	<u>849,905</u>
<u>849,905</u>	<u>849,905</u>
	<u>(22,135,815)</u>

GENERAL REVENUES

Taxes			
Property	3,238,387	-	3,238,387
Motor vehicle	1,125,148	-	1,125,148
Utilities	1,287,456	-	1,287,456
State and formula grants	23,497,984	-	23,497,984
Earnings on investments	111,079	6,444	117,523
Other local revenues	1,959,842	-	1,959,842
Loss on disposal of fixed assets	(21,836)	(149)	(21,985)
Total general revenues	<u>31,198,060</u>	<u>6,295</u>	<u>31,204,355</u>
Operating transfers (net)	<u>173,933</u>	<u>(173,933)</u>	<u>-</u>
Total general revenues and transfers	<u>31,371,993</u>	<u>(167,638)</u>	<u>31,204,355</u>
Change in net position	8,386,273	682,267	9,068,540
Net position (deficit), July 1, 2021	<u>3,973,614</u>	<u>(2,436,730)</u>	<u>1,536,884</u>
Net position (deficit), June 30, 2022	<u>\$ 12,359,887</u>	<u>\$ (1,754,463)</u>	<u>\$ 10,605,424</u>

WHITLEY COUNTY SCHOOL DISTRICT
Williamsburg, Kentucky

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2022

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS AND RESOURCES				
Cash and cash equivalents	\$ 6,116,439	\$ 336,685	\$ 3,045,242	\$ 9,498,366
Cash with fiscal agent	-	-	634,997	634,997
Accounts receivable:				
Accounts receivable	374	342,013	-	342,387
Taxes – current	363,745	-	-	363,745
Intergovernmental – state	-	33,883	-	33,883
Intergovernmental – federal	-	2,231,900	-	2,231,900
Interfund receivable	<u>2,170,415</u>	<u>-</u>	<u>-</u>	<u>2,170,415</u>
TOTAL ASSETS AND RESOURCES	<u>\$ 8,650,973</u>	<u>\$ 2,944,481</u>	<u>\$ 3,680,239</u>	<u>\$ 15,275,693</u>
LIABILITIES				
Accounts payable	\$ 28,236	\$ 38,565	\$ 1,308,983	\$ 1,375,784
Construction retainage payable	-	-	403,276	403,276
Accrued salaries and benefits payable	236,015	-	-	236,015
Interfund payable	-	2,170,415	-	2,170,415
Deferred revenue	<u>-</u>	<u>398,683</u>	<u>-</u>	<u>398,683</u>
TOTAL LIABILITIES	<u>264,251</u>	<u>2,607,663</u>	<u>1,712,259</u>	<u>4,584,173</u>
FUND BALANCES				
Restricted				
Sick leave payable	200,000	-	-	200,000
Debt service	-	-	634,997	634,997
Future construction projects (BG-1)	-	-	1,197,843	1,197,843
District wide activity funds	-	336,818	135,140	471,958
Committed				
Other lease obligations	242,566	-	-	242,566
Unassigned	<u>7,944,156</u>	<u>-</u>	<u>-</u>	<u>7,944,156</u>
TOTAL FUND BALANCES	<u>8,386,722</u>	<u>336,818</u>	<u>1,967,980</u>	<u>10,691,520</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 8,650,973</u>	<u>\$ 2,944,481</u>	<u>\$ 3,680,239</u>	<u>\$ 15,275,693</u>

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

WHITLEY COUNTY SCHOOL DISTRICT
Williamsburg, Kentucky

RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
June 30, 2022

Total fund balance per fund financial statements	\$ 10,691,520
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net position.	
Capital assets	52,002,208
Deferred outflows of resources are not recorded in the governmental fund financials because they do not affect current resources but are recorded in the statement of net position.	
Pension and OPEB plan investment differences	(788,144)
Bond discount	66,309
Certain assets (obligations) are not a use of financial resources and therefore, are not reported in the government funds, but are presented in the statement of net position.	
Unfunded pension liability	(12,465,364)
Unfunded OPEB liability – CERS	(3,742,075)
Unfunded OPEB liability – TRS	(6,155,000)
Deferred inflows of resources are not recorded in the governmental fund financials because they do not affect current resources but are recorded in the statement of net position.	
Pension and OPEB plan investment differences	(3,058,275)
Bond premium	(9,034)
Certain liabilities (such as bonds payable, claims payable and accrued sick leave) are not reported in this fund financial statement because they are not due and payable, but they are presented in the statement of net assets.	
Bond obligations	(21,361,475)
Lease obligations	(751,351)
Insurance claims payable	(237,226)
Accrued sick leave	<u>(1,832,206)</u>
Net position (deficit) of governmental activities	<u>\$ 12,359,887</u>

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

WHITLEY COUNTY SCHOOL DISTRICT
Williamsburg, Kentucky

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2022

	<u>General Fund</u>	<u>Special Revenue Funds</u>
REVENUES		
From local sources:		
Taxes		
Property	\$ 2,764,038	\$ -
Motor vehicle	1,125,148	-
Utilities	1,287,456	-
Earnings on investments	65,067	2,076
Other local revenues ¹	176,013	1,627,753
Intergovernmental – state	33,731,988	2,217,964
Intergovernmental – indirect federal	190,846	14,956,685
Intergovernmental – direct federal	-	64,985
TOTAL REVENUES	<u>39,340,556</u>	<u>18,869,463</u>
EXPENDITURES		
Instruction	23,347,747	12,674,901
Support services:		
Student	1,150,063	217,878
Instructional staff	1,033,317	346,298
District administration	1,112,855	-
School administration	1,558,546	66,042
Business	880,190	-
Plant operations and maintenance	3,751,495	406,640
Student transportation	3,778,031	151,985
Other non-instructional	-	9,773
Building acquisitions and construction	-	-
Site improvements	-	-
Debt service	185,885	-
Payment of bonds	-	-
Payment of interest	-	-
Community services activities	41,587	514,657
TOTAL EXPENDITURES	<u>36,839,716</u>	<u>14,388,174</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>2,500,840</u>	<u>4,481,289</u>
OTHER FINANCING SOURCES (USES)		
Operating transfers in	1,202,505	78,612
Operating transfers out	<u>(1,578,613)</u>	<u>(4,492,255)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(376,108)</u>	<u>(4,413,643)</u>
NET CHANGES IN FUND BALANCES	2,124,732	67,646
FUND BALANCES, JULY 1, 2021	6,261,990	269,172
FUND BALANCES, JUNE 30, 2022	<u>\$ 8,386,722</u>	<u>\$ 336,818</u>

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

Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
\$ 474,349	\$ 3,238,387
-	1,125,148
-	1,287,456
43,936	111,079
25,499	1,829,265
2,132,587	38,082,539
-	15,147,531
<u>404,674</u>	<u>469,659</u>
<u>3,081,045</u>	<u>61,291,064</u>
150,946	36,173,594
-	1,367,941
-	1,379,615
-	1,112,855
-	1,624,588
-	880,190
-	4,158,135
1,306	3,931,322
-	9,773
1,904,435	1,904,435
3,937,488	3,937,488
-	185,885
1,738,348	1,738,348
951,706	951,706
-	556,244
<u>8,684,229</u>	<u>59,912,119</u>
<u>(5,603,184)</u>	<u>1,378,945</u>
7,052,529	8,333,646
<u>(2,088,845)</u>	<u>(8,159,713)</u>
<u>4,963,684</u>	<u>173,933</u>
(639,500)	1,552,878
<u>2,607,480</u>	<u>9,138,642</u>
<u>\$ 1,967,980</u>	<u>\$ 10,691,520</u>

WHITLEY COUNTY SCHOOL DISTRICT
Williamsburg, Kentucky

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

Net change in total fund balances per fund financial statements	\$ 1,552,878
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which capital outlays exceeds depreciation expense for the year.	
Purchase of capital assets	6,363,443
Depreciation expense	(1,950,477)
Gains and losses derived from the disposal of capital assets are not presented in this financial statement because they do not provide or use current financial resources, but they are presented in the statement of activities.	
	(21,836)
Bond and capital lease payments are recognized as expenditures of current financial resources in the fund financial statement, but are reductions of liabilities in the statement of net assets.	
Bond and capital lease payments	1,900,494
Discounts (premiums) on bonds are reported in the governmental funds as other financing sources. However, for governmental activities, those items are shown in the statement of net position and allocated over the term of the bond in the statement of activities.	
	(6,853)
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.	
Accrued sick leave	(289,072)
Claims payable	74,367
Governmental Funds report CERS contributions as expenditures when paid. However, in the statement of activities, pension expense is the cost of benefits earned, adjusted for member contributions, and the recognition of changes in deferred outflows and inflows of resources related to pensions, and investment experience.	
TRS OPEB expense	900,000
CERS OPEB expense	(150,343)
CERS pension expense	<u>13,672</u>
Change in net position of governmental activities	<u>\$ 8,386,273</u>

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

WHITLEY COUNTY SCHOOL DISTRICT
Williamsburg, Kentucky

STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2022

	<u>ASSETS</u>	<u>Food Service</u>
CURRENT ASSETS		
Cash and cash equivalents		\$ 1,127,858
Materials and supplies inventory		145,597
Accounts receivable:		
Intergovernmental – federal		36,734
Other		575
Total current assets		<u>1,310,764</u>
NONCURRENT ASSETS		
Capital assets, net		<u>438,375</u>
DEFERRED OUTFLOWS OF RESOURCES		
CERS – pension		411,822
CERS – OPEB		437,094
Total deferred outflows of resources		<u>848,916</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		<u>2,598,055</u>
<u>LIABILITIES AND NET POSITION</u>		
CURRENT LIABILITIES		
Accounts payable		<u>252</u>
NONCURRENT LIABILITIES		
Net pension liability – CERS		2,607,628
Net OPEB liability – CERS		782,804
Total noncurrent liabilities		<u>3,390,432</u>
DEFERRED INFLOWS OF RESOURCES		
CERS – pension		527,666
CERS – OPEB		434,168
Total deferred inflows of resources		<u>961,834</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		<u>4,352,518</u>
NET POSITION		
Net investment in capital assets		438,375
Restricted (deficit)		<u>(2,192,838)</u>
TOTAL NET POSITION (DEFICIT)		<u>\$ (1,754,463)</u>

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

WHITLEY COUNTY SCHOOL DISTRICT
Williamsburg, Kentucky

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
Year Ended June 30, 2022

	<u>Food Service</u>
OPERATING REVENUES	
Sales	\$ 57,845
TOTAL OPERATING REVENUES	<u>57,845</u>
OPERATING EXPENSES	
Salaries	1,240,988
Employee benefits	874,281
Purchased services	19,163
Supplies and materials	1,759,570
Depreciation	<u>64,943</u>
TOTAL OPERATING EXPENSES	<u>3,958,945</u>
OPERATING INCOME (LOSS)	<u>(3,901,100)</u>
NON-OPERATING REVENUES (EXPENSES)	
Operating grants – federal	3,721,908
Operating grants – state	793,726
Donated commodities	235,371
Earnings on investments	6,444
Loss on disposal of assets	(149)
Operating transfers out	<u>(173,933)</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>4,583,367</u>
CHANGE IN NET POSITION	682,267
NET POSITION (DEFICIT), July 1, 2021	<u>(2,436,730)</u>
NET POSITION (DEFICIT), June 30, 2022	<u>\$ (1,754,463)</u>

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

WHITLEY COUNTY SCHOOL DISTRICT
Williamsburg, Kentucky

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2022

	<u>Food Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from sales	\$ 38,656
Cash payments for salaries and employee benefits	(2,450,905)
Cash payments for purchased services	(19,163)
Cash payments for supplies and materials	<u>(1,704,247)</u>
Net cash provided (used) by operating activities	<u>(4,135,659)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	<u>(25,830)</u>
Net cash provided (used) by capital and related financing activities	<u>(25,830)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Receipt of interest	6,444
Receipt of grants	4,515,634
Receipt of donated commodities	235,371
Operating transfers out	<u>(173,933)</u>
Net cash provided (used) by investing activities	<u>4,583,516</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	422,027
CASH AND CASH EQUIVALENTS, JULY 1, 2021	<u>705,831</u>
CASH AND CASH EQUIVALENTS, JUNE 30, 2022	<u>\$ 1,127,858</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	\$ (3,901,100)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Depreciation	64,943
Changes in assets and liabilities:	
Inventory	55,278
Accounts receivable	(19,189)
Deferred outflows of resources	230,835
Accounts payable	45
Deferred inflows of resources	606,094
Net pension liability – CERS	(863,027)
Net OPEB liability – CERS	<u>(309,538)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (4,135,659)</u>
SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES	
Donated commodities received from federal government	<u>\$ 235,371</u>
On-behalf payments from state government	<u>\$ 769,327</u>

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

WHITLEY COUNTY SCHOOL DISTRICT
Williamsburg, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies that affect the significant elements of the Whitley County School District are summarized as follows:

REPORTING ENTITY

The Whitley 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 Whitley 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 by the Governmental Accounting Standards Board (GASB) pronouncement since 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 Whitley County School District. 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 District itself such as Band Boosters, Parent-Teacher Associations, etc.

The financial statements of the District include those of separately administered organizations that are controlled by or dependent on the District. 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 statement of the following organization is included in the accompanying financial statements:

WHITLEY COUNTY SCHOOL DISTRICT FINANCE CORPORATION

The Whitley County Board of Education resolved to authorize the establishment of the Whitley County School District Finance Corporation (a non-profit, non-stock, public and charitable corporation organized under the School Board Act and KRS 273 and KRS Section 58,180) as an agency of the District for financing the costs of school building facilities. The Board members of the Whitley County Board of Education also comprise the corporation's Board of Directors.

BASIS OF PRESENTATION

Government-Wide Financial Statements: The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between governmental and business-type activities of the District.

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service,

WHITLEY COUNTY SCHOOL DISTRICT
Williamsburg, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of 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. All taxes and revenues 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. Their focus is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column.

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. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net fund balances.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the balance sheet. Proprietary fund's operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

The District has the following funds:

I. Governmental Fund Types

- (A) The General Fund is the main operating fund of the District. It accounts for financial resources used for general types of operations. This is a budgeted fund, and any fund balances are considered as resources available for use. This is a major fund of the District.
- (B) The Special Revenue (Grant) Funds account for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of the 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. This is a major fund of the District.
- (C) 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 the Proprietary Fund).
 - 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.

WHITLEY COUNTY SCHOOL DISTRICT
Williamsburg, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. The Facility Support Program of Kentucky (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.

(D) Debt Service Funds

The Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest and related costs; and for the payment of interest on general obligation notes payable, as required by Kentucky Law.

II. Proprietary Fund Types (Enterprise Fund)

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

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

BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. The fund financial statements are prepared using either modified accrual for governmental funds or accrual basis for proprietary funds.

Revenues, Exchange and Nonexchange Transactions: Revenues resulting from exchange transactions, in which each party receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recognized in the fiscal year when they become both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period of the District is sixty days after 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 met. 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 the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

WHITLEY COUNTY SCHOOL DISTRICT
Williamsburg, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Revenue: The District reports deferred revenue on its statement of net position and governmental funds balance sheet. In both the government-wide and governmental fund statements, grants that are "intended to finance" future periods are reported as deferred revenue. In subsequent periods, the liability for deferred revenue is removed from the statement of net position and governmental funds balance sheet and revenue is recognized.

Expenditures/Expenses: On the accrual basis of accounting, expenses are recorded at the time they are incurred. The measurement focus of governmental fund accounting is on a flow of current financial resources. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred except for (1) principal and interest on general long-term debt, which is recorded when due, and (2) the costs of accumulated unpaid sick leave, which are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees.

CASH AND INVESTMENTS

The District maintains a cash and investment pool used by all funds. The cash and investment pool has the same characteristics as demand deposits. Each fund type's portion of this pool is displayed in the financial statements as cash and cash equivalents in that fund. The District utilizes a financial institution to service bonded debt as principal and interest payments come due. The monies are either maintained in a central bank account or used to purchase legal investments. The District only invests in certificates of deposit.

It is the policy of the District to value investment contracts and money market investments with a maturity of one year or less at the time of purchase at cost or amortized cost. Investment contracts and money market investments that have a remaining maturity of greater than one year at the time of purchase are reported at fair value.

The Kentucky Revised Statutes authorize the District to invest in United States and State of Kentucky bonds, notes and other obligations; bank certificates of deposit; bankers' acceptances; and commercial paper notes rated prime that are issued by United States corporations. It is the District's policy to invest in all of the above types of investments. Under existing Kentucky statutes, all investment earnings accrue to the general and food service funds except certain trust funds and those funds individually authorized by Board resolution.

PREPAID ASSETS/EXPENDITURES

Payments made that will benefit periods beyond June 30, 2022 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

INVENTORY

On government-wide financial statements, inventories are presented at cost or using the first in, first out (FIFO) method and are expensed when used.

On fund financial statements, inventories are valued at cost while inventories of proprietary funds are stated at lower of cost or market. For all funds, cost is determined using the FIFO method and is determined by physical count. Inventory in governmental funds consists of expendable supplies held for consumption. The cost is recorded as an expenditure at the time of purchase. Reported inventories in these funds are equally offset by a fund balance reserve, which indicates they do not represent available spendable resources. Inventories of proprietary funds consist of donated and purchased food and supplies.

WHITLEY COUNTY SCHOOL DISTRICT
Williamsburg, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CAPITAL ASSETS AND DEPRECIATION

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets are reported in the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by proprietary funds are reported on both statement types.

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 adheres to the property inventory procedures developed by the Kentucky Department of Education. Fixed assets (real property) with an acquisition value of \$5,000 or more that have useful lives of more than one year are capitalized. As of July 1, 2017, all computer workstations and laptops, regardless of value, are capitalized but not depreciated. Additional items may also be designated by the District as capital assets. Fixed assets no longer needed or useable are disposed of in compliance with Board policy and applicable legal requirements.

All reported capital assets, with the exception of land and construction in progress, 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 governmental fund capital assets and proprietary fund capital assets:

<u>Description</u>	<u>Useful Life</u>
Land improvements	20 years
Buildings and improvements	25-50 years
Technology equipment	5 years
Vehicles	5-10 years
Food service equipment	10-12 years
General equipment	7 years
Infrastructure	20 years

INTERFUND ACTIVITY

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Sales of goods and services 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 in proprietary funds.

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables.

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 past experience of making termination payments. The entire compensated absence liability is reported on the district-wide financial statements.

For governmental fund financial statements, the current portion of unpaid accumulated sick leave is the amount expected to be paid using expendable available resources. These amounts are recorded in the account restricted for sick leave payable in the general fund. The non-current portion of the liability is not reported in the governmental fund financial statements.

WHITLEY COUNTY SCHOOL DISTRICT
Williamsburg, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ACCRUED LIABILITIES AND LONG-TERM DEBT

All accrued liabilities and long-term debt are reported in the government-wide financial statements as well as the proprietary fund financial statements.

For governmental fund financial statements, the accrued liabilities are generally reported as a governmental fund liability if due for payment as of the balance sheet date, regardless of whether they will be liquidated with current financial resources. However, claims and judgments and compensated absences paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources. Long-term debt paid from governmental funds is not recognized as a liability in the fund financial statements until due.

KENTUCKY RETIREMENT SYSTEMS

Employer contributions to KRS are calculated based upon creditable compensation for active members reported by employers. Employer contributions are accrued when earned and the employer has made a formal commitment to provide the contributions.

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

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

RESTRICTED RESOURCES

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted assets are available.

NET POSITION

Net position in government-wide and proprietary fund financial statements is classified as net investment in capital assets; restricted; and unrestricted. Restricted net position represent constraints on resources that are either a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through state statute.

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraint placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Fund Balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

- *Inventories* – Portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

WHITLEY COUNTY SCHOOL DISTRICT
Williamsburg, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Fund Balance – This classification includes revenue sources that are restricted to specific purposes externally imposed by creditors, grantors or imposed by law.

Committed Fund Balance – Portion of fund balance that can only be used for specific purposes imposed by a majority vote of the Whitley County School District's Board members. Any changes or removal of specific purposes also requires majority action by the Board.

Assigned Fund Balance – Portion of fund balance that has been budgeted by the District.

- *Purchase Obligations* – Portion of fund balance that is appropriated in the subsequent year's budget that is not already classified in restricted or committed.
- *Site Base* – Portion of fund balance that has been budgeted for future site base expenditures.

Unassigned Fund Balance – Portion of fund balance that has not been restricted, committed or assigned for a specific purpose.

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.

CONTRIBUTIONS OF CAPITAL

Contributions of capital in proprietary fund financial statements arise from outside contributions of fixed assets, or from grants or outside contributions of resources restricted to capital acquisition and construction.

ESTIMATES

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

BUDGETARY PROCESS

Budgetary Basis of Accounting: The District's budgetary process accounts for certain transactions on a basis other than Generally Accepted Accounting Principles (GAAP). The major differences between the budgetary basis and the GAAP basis are that revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP) and expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

Once the budget is approved, it can be amended. Amendments are presented to the Board at their regular meetings. Per Board policy, only amendments that aggregate greater than \$50,000 require Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not after fiscal year end as dictated by law.

Each budget is prepared and controlled by the budget coordinator at the revenue and expenditure function/object level. All unencumbered budget appropriations lapse at year-end.

WHITLEY COUNTY SCHOOL DISTRICT
Williamsburg, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 2 – CASH AND CASH EQUIVALENTS

The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the School Depository Act. The depository bank deposits for safekeeping and trust with the District's third-party agent approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the dollar amount of Federal Deposit Insurance Corporation coverage.

Under the depository contract, the District, at its own discretion, invests funds in time deposits and certificates of deposit provided by the depository bank at interest rates approximating United States Treasury Bill rates.

The cash deposits held at financial institutions can be categorized according to three levels of risk.

These three levels of risk are as follows:

- Category 1 Deposits, which are insured or collateralized with securities, held by the District or by its agent in the District's name.
- Category 2 Deposits, which are collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.
- Category 3 Deposits which are not collateralized or insured.

Based on these three levels of risk, all of the District's cash deposits are classified as Category 1 and 2.

At June 30, 2022, the carrying amount of the District's deposits (cash and cash equivalents) was \$10,626,224 and the bank balance was \$13,171,295. The entire bank balance at June 30, 2022 was covered by federal depository insurance or by collateral held by the District's agent in the District's name.

NOTE 3 – PROPERTY TAXES

The District's ad valorem property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District. The assessed value of the certified roll, upon which the levy for the 2022 fiscal year was based, was \$777,640,590. The tax rates assessed for the year ended June 30, 2022 to finance general fund operations were \$.424 per \$100 valuation for real estate, \$.437 per \$100 valuation for tangible property and \$.552 for motor vehicles. The District committed \$.06 of the levy to the FSPK Fund. Taxes are due on October 1, and become delinquent by February 1 following the October 1 levy date. Current tax collections for the year ended June 30, 2022 were ninety-four percent of the tax levy. Delinquent taxes are allocated to the general fund. The District records taxes receivable only for the amounts collected during the next sixty days from its fiscal year end.

The District levies a utility gross receipts license tax in the amount of 3% of the gross receipts derived from the furnishings, within the District, of telephonic and telegraphic communications services, cablevision services, electric power, water and natural, artificial and mixed gas.

WHITLEY COUNTY SCHOOL DISTRICT
Williamsburg, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 3 – PROPERTY TAXES (CONTINUED)

At June 30, 2022, the components of taxes receivable were as follows:

Motor vehicle tax	\$ 136,933
Delinquent property tax	19,207
Utilities tax	206,549
Omitted property tax	1,056
	\$ 363,745

NOTE 4 – RECEIVABLES

Receivables at June 30, 2022 consisted of taxes, accounts (rent and student fees), interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds.

NOTE 5 – DEFERRED OUTFLOWS (INFLOWS) OF RESOURCES – BONDED DEBT

Changes in the District's deferred outflows (inflows) of resources-bonded debt during the fiscal year 2022 were as follows:

	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022
Discount on bonds, net	\$ 75,134	\$ -	\$ (8,825)	\$ 66,309
Premium on bonds, net	\$ (11,006)	\$ 1,972	\$ -	\$ (9,034)

NOTE 6 – CAPITAL ASSETS

A summary of capital assets activity during the fiscal year follows:

	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022
GOVERNMENTAL ACTIVITIES				
Land	\$ 1,423,339	\$ -	\$ -	\$ 1,423,339
Land improvements	1,416,757	-	-	1,416,757
Buildings and improvements	70,121,126	850,784	-	70,971,910
Technology equipment	1,333,422	-	(49,537)	1,283,885
Vehicles	7,246,895	866,799	(253,103)	-
General equipment	2,947,021	40,196	(295,427)	2,691,790
Infrastructure	601,840	-	-	601,840
Construction in progress	999,308	5,456,447	(850,784)	5,604,971
Totals at cost	86,089,708	7,214,226	(1,448,851)	91,855,083

WHITLEY COUNTY SCHOOL DISTRICT
Williamsburg, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 6 – CAPITAL ASSETS (CONTINUED)

	Balance <u>July 1, 2021</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>June 30, 2022</u>
Less accumulated depreciation:				
Land improvements	(1,416,757)	-	-	(1,416,757)
Buildings and improvements	(27,615,194)	-	(1,438,689)	(29,053,883)
Technology equipment	(1,050,388)	47,152	(80,369)	(1,083,605)
Vehicles	(5,441,026)	253,103	(307,693)	(5,495,616)
General equipment	(2,583,375)	275,977	(94,604)	(2,402,002)
Infrastructure	(371,890)	-	(29,122)	(401,012)
Total accumulated depreciation	<u>(38,478,630)</u>	<u>576,232</u>	<u>(1,950,477)</u>	<u>(39,852,875)</u>
 Governmental activities capital assets, net	 <u>\$ 47,611,078</u>	 <u>\$ 7,790,458</u>	 <u>\$ (3,399,328)</u>	 <u>\$ 52,002,208</u>
 BUSINESS-TYPE ACTIVITIES				
Food service equipment	\$ 1,419,767	\$ 25,830	\$ (633)	\$ 1,444,964
Vehicles	22,780	-	-	22,780
Technology equipment	21,262	-	-	21,262
Totals at cost	<u>1,463,809</u>	<u>25,830</u>	<u>(633)</u>	<u>1,489,006</u>
 Less accumulated depreciation:				
Food service equipment	(957,366)	484	(57,263)	(1,014,145)
Vehicles	(13,288)	-	(4,556)	(17,844)
Technology equipment	(15,518)	-	(3,124)	(18,642)
Total accumulated depreciation	<u>(986,172)</u>	<u>484</u>	<u>(64,943)</u>	<u>(1,050,631)</u>
 Business-type activities capital assets, net	 <u>\$ 477,637</u>	 <u>\$ 26,314</u>	 <u>\$ (65,576)</u>	 <u>\$ 438,375</u>

Depreciation expense was allocated to governmental functions as follows:

Instruction	\$ 1,570,311
Support services:	
Student	2,435
Instructional staff	8,175
District administration	4,091
School administration	2,393
Business	292
Plant operations and maintenance	58,797
Student transportation	303,983
Total governmental activities	<u>\$ 1,950,477</u>

WHITLEY COUNTY SCHOOL DISTRICT
Williamsburg, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 7 – ACCUMULATED SICK LEAVE LIABILITY

Changes in the District's accumulated sick leave liability during the fiscal year 2022 were as follows:

	<u>Balance</u> <u>July 1, 2021</u>	<u>Payments</u>	<u>Additions</u>	<u>Balance</u> <u>June 30, 2022</u>	<u>Amount Expected</u> <u>to be Paid Within</u> <u>One Year</u>
Governmental activities					
Accumulated sick leave	\$ (1,543,134)	\$ 658,701	\$ (947,773)	\$ (1,832,206)	\$ (200,000)

NOTE 8 – CLAIMS PAYABLE, BONDED DEBT AND LEASE OBLIGATIONS

In 2014, the District entered into negotiations for a loan with KISTA (Kentucky Interlocal School Transportation Association) to provide funds needed to pay in full the District's total assessment required by the reorganization plan for the KSBIT (Kentucky School Board Insurance Trust) liability. A loan agreement dated September 1, 2014 with KISTA was entered into and provided funds of \$712,009. Interest rates range from 2.00% to 3.25%. The District's first debt service payment was due August 15, 2015 and is payable from the general fund. This loan may be prepaid without penalty on any date on or after September 1, 2019, upon 30 days written notice to KISTA.

The minimum obligations of the District at June 30, 2022 for debt service (principal and interest) are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022-23	\$ 76,632	\$ 6,270	\$ 82,902
2023-24	79,017	3,885	82,902
2024-25	81,577	1,325	82,902
	<u>\$ 237,226</u>	<u>\$ 11,480</u>	<u>\$ 248,706</u>

The District, through the General Fund (including utility taxes, Facility Support Program of Kentucky Fund (FSPK) and the Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund) is obligated to make payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Whitley County School District and the Whitley County School District Finance Corporation to construct school facilities. The District has an option to purchase the property at any time by retiring the bonds then outstanding.

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

<u>Issue</u>	<u>Original</u> <u>Amount</u>	<u>Interest</u> <u>Rates</u>
2010R	\$ 7,580,000	1.00% to 2.8%
QZAB 2010	1,850,000	5.25%
QSCB 2010	6,324,000	5.25%
2013	1,020,000	.55% to 3.10%
2014	8,570,000	1.80% to 4.00%
2015R	4,625,000	2.00% to 2.50%
2015R-Second Series	3,415,000	1.00% to 2.50%
2020	890,000	1.75% to 2.75%

WHITLEY COUNTY SCHOOL DISTRICT
Williamsburg, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 8 – CLAIMS PAYABLE, BONDED DEBT AND LEASE OBLIGATIONS (CONTINUED)

The following is a summary of the District's long-term debt transactions for the year ended June 30, 2022:

	Debt Outstanding July 1, 2021	Additions of New Debt	Repayments	Debt Outstanding June 30, 2022	Amount Expected to be Paid Within One Year
Governmental activities:					
General obligation bonds	\$ 23,099,823	\$ -	\$(1,738,348)	\$ 21,361,475	\$ 1,315,000
Capital leases	\$ 913,497	\$ -	\$ (162,146)	\$ 751,351	\$ 165,934

In 1988, the District entered into "participation agreements" with the Kentucky School Facility Construction Commission. The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs. The table below sets forth the amount to be paid by the District and the Commission for each year until maturity of all bond issues. The liability for the total bond amounts remains with the District and, as such, the total principal outstanding has been recorded in the financial statements.

The bonds 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 as follows:

Year	Kentucky School Facility Construction Commission		Whitley County School District		Total
	Principal	Interest	Principal	Interest	
2022-23	\$ 418,096	\$ 81,345	\$ 896,904	\$ 393,309	\$ 1,789,654
2023-24	427,696	71,045	917,304	373,784	1,789,829
2024-25	437,540	60,501	947,460	353,513	1,799,014
2025-26	447,790	49,550	962,210	331,860	1,791,410
2026-27	106,135	38,335	1,033,865	303,225	1,481,560
2027-28	108,450	35,320	101,550	288,403	533,723
2028-29	110,845	32,125	109,155	285,198	537,323
2029-30	113,324	28,845	636,676	281,753	1,060,598
2030-31	120,891	25,478	1,564,109	259,789	1,970,267
2031-32	123,926	21,542	1,631,074	197,990	1,974,532
2032-33	127,083	17,485	1,697,917	133,602	1,976,087
2033-34	135,368	13,078	1,664,632	66,585	1,879,663
2034-35	50,000	8,413	-	-	58,413
2035-36	50,000	7,162	-	-	57,162
2036-37	50,000	5,912	-	-	55,912
2037-38	55,000	4,537	-	-	59,537
2038-39	55,000	3,024	-	-	58,024
2039-40	55,000	1,512	-	-	56,512
	<u>\$ 2,992,144</u>	<u>\$ 505,209</u>	<u>\$ 12,162,856</u>	<u>\$ 3,269,011</u>	<u>\$ 18,929,220</u>

WHITLEY COUNTY SCHOOL DISTRICT
Williamsburg, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 8 – CLAIMS PAYABLE, BONDED DEBT AND LEASE OBLIGATIONS (CONTINUED)

The District issued \$1,850,000 of Qualified Zone Academy Bonds, Series 2010. The District also issued \$6,324,000 of Qualified School Construction Bonds, Series 2010. These two bond issues were issued as "specified tax credit bonds" under the provisions of the American Recovery and Reinvestment Act of 2009 as codified in various section of the Internal Revenue Code of 1986, as amended. The District has elected to receive a cash subsidy payment from the federal government equal to the lesser of (i) the amount of 100% of the interest payable by the District on each interest payment date on such bonds, or (ii) the amount of interest which would have been payable under such bond on such date if such interest were determined at the applicable credit rate determined under Section 54A(b)(3) of the Code with respect to such bonds had the Bonds been issued as "tax credit bonds" (the "Applicable Credit Rate"). The available cash subsidy payment for the Bonds will be paid directly to the District and will not constitute security for the payment of principal of or any interest on the Bonds.

The following represents the future minimum obligations of the District related to these two issues and include amounts to be paid by the SFCC (School Facility Construction Commission) and the federal government, at June 30, 2022 for debt service (principal and interest):

Year	Whitley County School District Sinking Fund	Kentucky School Facility Construction Commission Sinking Fund	(ARRA) Direct Pay Interest	Total
2022-23	\$ 460,145	\$ 23,037	\$ 429,135	\$ 912,317
2023-24	460,198	23,037	429,135	912,370
2024-25	457,247	23,037	429,135	909,419
2025-26	461,241	23,037	429,135	913,413
2026-27	457,877	23,037	429,135	910,049
2027-28	1,402,418	23,037	429,135	1,854,590
2028-29	1,422,823	23,037	429,135	1,874,995
2029-30	900,230	23,037	214,568	1,137,835
	<u>\$ 6,022,179</u>	<u>\$ 184,296</u>	<u>\$ 3,218,513</u>	<u>\$ 9,424,988</u>

The full principal amount of these two issues of \$8,174,000 will be funded through the above sinking fund payments. They are due November 1, 2029 and are included in the noncurrent portion of bond obligations.

In 2016, the District entered into negotiations for the purchase of ten school buses. Bonds were issued in the amount of \$1,089,275 through the KISTA Bond Pool Sizing First Series of 2016. Interest rates range from 2.0% to 2.625%.

The minimum obligations of the District at June 30, 2022 for debt service (principal and interest) are as follows:

Year	Principal	Interest	Total
2022-23	\$ 112,122	\$ 10,188	\$ 122,310
2023-24	114,783	7,666	122,449
2024-25	97,815	5,083	102,898
2025-26	100,477	2,637	103,114
	<u>\$ 425,197</u>	<u>\$ 25,574</u>	<u>\$ 450,771</u>

During the current fiscal year, principal payments in the amount of \$109,793 were paid.

WHITLEY COUNTY SCHOOL DISTRICT
Williamsburg, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 8 – CLAIMS PAYABLE, BONDED DEBT AND LEASE OBLIGATIONS (CONTINUED)

In 2018, the District entered into negotiations for the purchase of five school buses. Bonds were issued in the amount of \$547,056 through the KISTA Bond Pool Sizing First Series of 2018. Interest rates range from 2.0% to 3.0%.

The minimum obligations of the District at June 30, 2022 for debt service (principal and interest) are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022-23	\$ 53,812	\$ 9,785	\$ 63,597
2023-24	55,636	8,170	63,806
2024-25	57,095	6,501	63,596
2025-26	58,919	4,788	63,707
2026-27	49,616	3,021	52,637
2027-28	51,076	1,532	52,608
	<u>\$ 326,154</u>	<u>\$ 33,797</u>	<u>\$ 359,951</u>

During the current fiscal year, principal payments in the amount of \$52,353 were paid.

NOTE 9 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To obtain insurance for workers' compensation, errors and omissions and general liability coverage, the District obtained coverage through commercial insurance carriers. The District pays an annual premium for coverage.

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.

Under COBRA, employers are mandated to notify terminated employees of available continuing insurance coverage. Failure to comply with this requirement may put the school district at risk for a substantial loss (contingency). There were no instances of noncompliance noted.

NOTE 10 – PENSION PLANS

Plan Descriptions

The Whitley County School District participates in the Teachers' Retirement System of the State of Kentucky (TRS), a component unit of the Commonwealth of Kentucky which includes certified employees and the County Employees' Retirement System (CERS), a component unit of the Commonwealth of Kentucky which includes all other employees, both of which are cost-sharing multiple-employer defined benefit plans. TRS, which qualifies as a special funding situation under GASB 68, and CERS provide retirement and disability benefits, annual cost-of-living adjustments, and

WHITLEY COUNTY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 10 – PENSION PLANS (CONTINUED)

death benefits to plan members and beneficiaries. TRS is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the Kentucky Revised Statutes (KRS). Under the provisions of KRS Section 61.645, the Board of Trustees of Kentucky Employees Retirement Systems (KERS) administers the CERS. The TRS and CERS issue publicly available financial reports that include financial statements and required supplementary information. TRS' report may be obtained at www.ktrs.ky.gov. CERS' report may be obtained at www.kyret.ky.gov.

TRS

Benefits Provided

For Members Before July 1, 2008:

Members become vested when they complete five (5) years of credited service. To qualify for monthly retirement benefits, payable for life, members must either:

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

Non-university members receive monthly payments equal to two percent (2%) (service prior to July 1, 1983) and two and one-half percent (2.5%) (service after July 1, 1983) of their final average salary for each year of credited service. Non-university members who became members on or after July 1, 2002 will receive monthly benefits equal to two percent (2%) of their final average salary for each year of credited service if, upon retirement, their total service is less than ten (10) years. New members after July 1, 2002 who retire with ten (10) or more years of total service will receive monthly benefits equal to two and one-half percent (2.5%) of their final average salary for each year of credited service, including the first ten (10) years. In addition, non-university members who retire July 1, 2004 and later with more than thirty (30) years of service will have their multiplier increased for all years over thirty (30) from two and one-half percent (2.5%) to three percent (3%) to be used in their benefit calculation.

The final average salary is the member's five (5) highest annual salaries except members at least age fifty-five (55) with twenty-seven (27) or more years of service may use their three (3) highest annual salaries. For all members, the annual allowance is reduced by 5% per year from the earlier of age 60 or the date the member would have completed 27 years of service. The minimum annual service allowance for all members is \$440 multiplied by credited service.

For Members On or After July 1, 2008:

Members become vested when they complete five (5) years of credited service. To qualify for monthly retirement benefits, payable for life, members must either:

- 1.) Attain age sixty (60) and complete five (5) years of Kentucky service, or
- 2.) Complete twenty-seven (27) years of Kentucky service, or
- 3.) Attain age fifty-five (55) and complete ten (10) years of Kentucky service.

The annual retirement allowance for non-university members is equal to: (a) one and seven tenths percent (1.7%) of final average salary for each year of credited service if their service is 10 years or less; (b) two percent (2%) of final average salary for each year of credited service if their service is greater than 10 years but no more than 20 years; (c) two and three tenths percent (2.3%) of final average salary for each year of credited service if their service is greater than 20

WHITLEY COUNTY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 10 – PENSION PLANS (CONTINUED)

years but no more than 26 years; (d) two and one half percent (2.5%) of final average salary for each year of credited service if their service is greater than 26 years but no more than 30 years; and (e) three percent (3%) of final average salary for years of credited service greater than 30 years.

Other Benefits:

The System provides post-employment medical benefits to retirees. The System also provides disability benefits for vested members at the rate of sixty percent (60%) of the final average salary. A life insurance benefit, payable upon the death of a member, is \$2,000 for active contributing members and \$5,000 for retired or disabled members. Cost of living increases are one and one-half percent (1.5%) 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. Employees are required to contribute 12.855 percent of their annual salary. The State, as a non-employer contributing entity, contributes 13.105 percent of salary for those who joined before July 1, 2008, and 14.105% for those who joined thereafter.

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

At June 30, 2022, the District reported no net pension liability because it did not have a proportionate share of the net pension liability. The related State share of the net pension liability was \$69,300,521.

The net pension liability 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 was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2021, the District's proportion was zero percent.

For the year ended June 30, 2022, the District recognized pension expense of \$5,955,517 and revenue of \$5,955,517 for support provided by the State. At June 30, 2022, the District reported no deferred outflows of resources and no deferred inflows of resources related to TRS.

Actuarial Methods and Assumptions for Determining the Total Pension Liability and Net Pension Liability

For financial reporting, the actuarial valuation as of June 30, 2021, was performed by Cavanaugh Macdonald Consulting, LLC (CMC). The total pension liability, net pension liability, and sensitivity information as of June 30, 2021 was based on an actuarial valuation date of June 30, 2020.

Mortality rates were based on the Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees, and active members. The actuarial assumptions used were based on the results of an actuarial experience study for the 5-year period ending June 30, 2020, adopted by the board on September 20, 2021. The assumed long-term investment rate of return was changed from 7.50 percent to 7.10 percent and the price inflation assumption was lowered from 3.0 percent to 2.5 percent. The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index.

WHITLEY COUNTY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 10 – PENSION PLANS (CONTINUED)

The following actuarial methods and assumptions were used to determine the actuarially determined contributions effective for fiscal year ending June 30, 2022:

Valuation Date	June 30, 2020
Prior Measurement Date	June 30, 2020
Measurement Date	June 30, 2021
Reporting Date	June 30, 2022

Single Equivalent Interest Rate (SEIR):	
Long-Term Expected Rate of Return	7.10%
Municipal Bond Index Rate at Prior Measurement Date	2.19%
Municipal Bond Index Rate at Measurement Date	2.13%
Single Equivalent Interest Rate at Prior Measurement Date	7.50%
Single Equivalent Interest Rate at Measurement Date	7.10%

Discount Rate/Target Allocations

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

Asset Class	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap U.S. Equity	37.4%	4.2 %
Small Cap U.S. Equity	2.6%	4.7 %
Developed International Equity	16.5%	5.3 %
Emerging Markets Equity	5.5%	5.4 %
Fixed Income	15.0%	(0.1)%
High Yield Bonds	2.0%	1.7 %
Additional Categories	5.0%	2.2 %
Real Estate	7.0%	4.0 %
Private Equity	7.0%	6.9 %
Cash	2.0%	(0.3)%
Total	<u>100.0%</u>	

Net Pension Liability

The following table presents the net pension liability of TRS, calculated using the discount rate of 7.10%, as well as what TRS's net pension 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 (in thousands):

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Systems' Net Pension Liability	\$ <u>18,389,990</u>	\$ <u>13,605,788</u>	\$ <u>9,631,759</u>

WHITLEY COUNTY SCHOOL DISTRICT
Williamsburg, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 10 – PENSION PLANS (CONTINUED)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued TRS financial report available at <http://www.ktrs.ky.gov/>.

CERS

Benefits Provided

The system provides for retirement, disability, and death benefits to system members. Retirement benefits may be extended to beneficiaries of members under certain circumstances. Prior to July 1, 2009, cost-of-living adjustments (COLA) were provided annually equal to the percentage increase in the annual average of the consumer price index for all urban consumers for the most recent calendar year, not to exceed 5% in any plan year. On July 1, 2013, the COLA was not granted. Effective July 1, 2009, and on July 1 of each year thereafter through June 30, 2015, the COLA is limited to 1.5% provided the recipient has been receiving a benefit for less than 12 months prior to the effective date of the COLA. If the recipient has been receiving a benefit for less than 12 months prior to the effective date of the COLA, the increase shall be reduced on a pro-rata basis for each month the recipient has not been receiving benefits in the 12 months preceding the effective date of the COLA. The Kentucky General Assembly reserves the right to suspend or reduce the COLA if, in its judgment, the welfare of the Commonwealth so demands.

Contributions

For the fiscal year ended June 30, 2022, plan members who began participating prior to September 1, 2008, were required to contribute 5% of their annual creditable compensation. Plan members who began participating after September 1, 2008 were required to contribute 6% of their annual creditable compensation. Participating employers were required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 78.545(33), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last preceding July 1 of a new biennium. The Board may amend contribution rates as of the first date of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the Board. The school district's contractually required contribution rate for the year ended June 30, 2022, was 26.95 percent (21.17 percent for pension and 5.78 percent for OPEB) of annual creditable compensation. Contributions to the pension plan from the District were \$1,420,356.

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 of \$15,072,992 for its proportionate share of the net pension liability. The net pension liability 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 was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2021, the District's proportion was 0.236410 percent.

WHITLEY COUNTY SCHOOL DISTRICT
Williamsburg, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 10 – PENSION PLANS (CONTINUED)

For the year ended June 30, 2022, the District recognized pension expense of \$1,420,356. At June 30, 2022, the District reported deferred inflows of resources of \$3,050,095 and deferred outflows of resources of \$2,380,470 related to pensions. The amount reported as deferred outflows for District contributions subsequent to the measurement date of \$1,420,356 will be recognized as a reduction of the net pension liability in the year ending June 30, 2023.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>County Employee Retirement System (CERS) – Pension</u>		
Balance, July 1, 2021	\$ 3,164,205	\$ (618,056)
Contributions subsequent to the measurement date:		
June 30, 2021	(1,179,943)	-
June 30, 2022	1,420,356	-
Liability experience	173,084	(146,294)
Investment experience	(584,732)	(2,593,709)
Assumption changes	202,298	-
Difference between expected and actual results	(814,798)	307,964
Balance, June 30, 2022	<u>\$ 2,380,470</u>	<u>\$ (3,050,095)</u>

Actuarial Methods and Assumptions for Determining the Total Pension Liability and Net Pension Liability

For financial reporting, the actuarial valuation as of June 30, 2021, was performed by Cavanaugh Macdonald Consulting, LLC (CMC). The total pension liability, net pension liability and sensitivity information as of June 30, 2021 was based on an actuarial valuation date of June 30, 2019. The total pension liability was rolled-forward from the valuation date (June 30, 2019) to the plan's fiscal year ending June 30, 2021, using generally accepted actuarial principles. Subsequent to the actuarial valuation date (June 30, 2019), but prior to the measurement date the KRS Board of Trustees reviewed investment trends, inflation and payroll growth historical trends. Based on this review the Board adopted the following updated actuarial assumptions which were used in performing the actuarial valuation as of June 30, 2021, which were also used to determine the Total Pension Liability and Net Pension Liability as of June 30, 2021.

The actuarial assumptions are:

Inflation Rate	2.30%
Payroll Growth Rate	2.0% for CERS non-hazardous
Salary Increases	3.30% to 10.30%, varies by service for CERS non-hazardous
Investment Rate of Return	6.25% for CERS non-hazardous

System-specific mortality tables based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019 were used.

Discount Rate

The projection of cash flows used to determine the discount rate of 6.25% for the CERS non-hazardous assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in Statute as last amended by House Bill 362 (passed in 2018). The discount rate determination does not use a municipal bond rate. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are as follows:

WHITLEY COUNTY SCHOOL DISTRICT
Williamsburg, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 10 – PENSION PLANS (CONTINUED)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	21.75%	5.70%
Non US Equity	21.75%	6.35%
Private Equity	10.00%	9.70%
Specialty Credit/High Yield	15.00%	2.80%
Core Bonds	10.00%	0.00%
Cash	1.50%	(0.60%)
Real Estate	10.00%	5.40%
Real Return	10.00%	4.55%
	<u>100.00%</u>	

Actuarial Methods and Assumptions used to determine the Actuarial Determined Contributions

The following actuarial methods and assumptions were used to determine the actuarially determined contributions effective for fiscal year ending June 30, 2022:

Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of pay
Remaining Amortization Period	30 years, Closed
Payroll Growth Rate	2.0% for CERS non-hazardous
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%
Salary Increase	3.30% to 10.30%, varies by service, for CERS non-hazardous
Investment Rate of Return	6.25% for CERS Non-hazardous

System-specific mortality tables based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019 were used.

Deferred Inflows and Outflows of Resources

The deferred inflows and outflows of resources, and pension expense included in the Schedule of Pension Amounts by Employer include only certain categories of deferred outflows of resources and deferred inflows of resources. These include differences between expected and actual experience, changes of assumptions and differences between projected and actual earnings on plan investments. The Schedule of Pension Amounts by Employer does not include deferred outflows/inflows of resources for changes in the employer's proportionate share of contributions or employer contributions made subsequent to the measurement date. The net pension liability as of June 30, 2022, is based on the June 30, 2019, actuarial valuation rolled forward. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed five-year period.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.25%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25%) or 1-percentage-point higher (7.25%) than the current rate:

WHITLEY COUNTY SCHOOL DISTRICT
Williamsburg, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 10 – PENSION PLANS (CONTINUED)

	1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
District's proportionate share of the net pension liability	\$ 19,331,827	\$ 15,072,992	\$ 11,548,906

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CERS financial report which is publicly available at <https://kyret.ky.gov>.

DEFERRED COMPENSATION

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Sections 457, 401(k) and 403(b). The Plans, available to all employees, permit them to defer a portion of their salary until future years. This deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. GASB Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, allows entities with little or no administrative involvement who do not perform the investing function for these plans, to omit plan assets and related liabilities from their financial statements. The District, therefore, does not show these assets and liabilities on these financial statements.

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS PLAN

General Information – TRS

Plan description – Teaching-certified employees of the Kentucky 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 provide retirement annuity plan coverage for local school districts and other public educational agencies in the state. TRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the Kentucky Revised Statutes (KRS). TRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. TRS issues a publicly available financial report that can be obtained at <https://trs.ky.gov/financial-reports-information>.

The member and employer contributions consist of retirement annuity contributions and other postemployment benefit contributions to the medical and life insurance plans. The member postemployment medical contribution is 3.75 percent of salary. The employer postemployment medical contribution is .75 percent of member salaries. Also, employers (other than the state) contribute 3.0 percent of members' salaries and the state contributes the net cost of health insurance premiums for new retirees after June 30, 2010 in the non-Medicare eligible group. If a member leaves covered employment before accumulating five (5) years of credited service, accumulated member contributions to the retirement annuity plan plus interest are refunded upon the member's request.

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 access to postemployment healthcare benefits for eligible members and dependents. The TRS medical plan

WHITLEY COUNTY SCHOOL DISTRICT
Williamsburg, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

(MIF) is funded by employer and member contributions. Changes made to the medical plan may be made by the TRS Board of Trustees, the Kentucky Department of Employee Insurance and the General Assembly.

Benefits provided – To be eligible for medical benefits, the member must have retired either for service or disability. The 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, 9.07% of the gross annual payroll of members is contributed. Three and three quarters percent (3.75%) is paid by member contributions and 2.32% 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.

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

At June 30, 2022, the District reported a liability of \$6,155,000 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, 2022, the District's proportion was .286873 percent.

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>Kentucky Teacher Retirement Systems (KTRS) – OPEB</u>		
Balance, July 1, 2021	\$ 811,000	\$ (3,600,000)
Investment experience	-	(657,000)
Assumption changes	1,610,000	-
Difference between expected and actual results	(727,000)	(744,000)
Balance, June 30, 2022	<u>\$ 1,694,000</u>	<u>\$ (5,001,000)</u>

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	\$ 6,155,000
State's proportionate share of the net OPEB liability associated with the District	<u>4,999,000</u>
Total	<u>\$ 11,154,000</u>

WHITLEY COUNTY SCHOOL DISTRICT
Williamsburg, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

For the year ended June 30, 2022 the District recognized OPEB expense-Health Trust of \$5,115,866 and revenue of \$5,115,866 for support provided by the State.

Actuarial assumptions (Health Trust and Life Trust) – The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Real wage growth	0.25%
Wage inflation	2.75%
Salary increases, including wage inflation	3.00% - 7.50%
Long-term Investment Rate of Return, net of OPEB plan investment expense, including inflation	
Health Trust	7.10%
Life Trust	7.10%
Municipal Bond Index Rate	2.13%
Year FNP is projected to be depleted	
Health Trust	N/A
Life Trust	N/A
Single Equivalent Interest Rate, net of OPEB plan investment expense, including price inflation	
Health Trust	7.10%
Life Trust	7.10%
Health Trust Health Care Cost Trends	
Under Age 65	7.00% for FYE 2021 decreasing to an ultimate rate of 4.50% by FYE 2031
Ages 65 and Older	5.00% for FYE 2021 decreasing to an ultimate rate of 4.50% by FYE 2024
Medicare Part B Premiums	4.40% for FYE 2021 with an ultimate rate of 4.50% by 2034

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

Health Insurance Trust		
<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Global Equity	58.0%	5.10%
Fixed Income	9.0%	(0.10%)
Real Estate	6.5%	4.00%
Private Equity	8.5%	6.90%
High Yield	8.0%	1.70%
Other Additional Categories	9.0%	2.20%
Cash (LIBOR)	1.0%	(0.30%)
Total	<u>100.0%</u>	

WHITLEY COUNTY SCHOOL DISTRICT
Williamsburg, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

Life Insurance Trust		
<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
U.S. Equity	40.0%	4.40%
International Equity	23.0%	5.60%
Fixed Income	18.0%	(0.10%)
Real Estate	6.0%	4.00%
Private Equity	5.0%	6.90%
Additional Categories	6.0%	2.10%
Cash (LIBOR)	2.0%	(0.30%)
Total	<u>100.0%</u>	

The discount rate used to measure the TOL at June 30, 2021 was 7.10 percent for the Health Trust and the Life Trust. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection's basis was an actuarial valuation performed as of June 30, 2020. In addition to the actuarial methods and assumptions of the June 30, 2020 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the Valuation Date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 2.75%.
- The pre-65 retiree health care costs of members retired on or after July 1, 2010 were assumed to be paid by either the state or the retirees themselves.
- As administrative expenses, other than the administrative fee of \$8.00 PMPM paid to KEHP by TRS, were assumed to be paid in all years by the employer as they come due, they were not considered.
- Cash flows occur mid-year.
- Future contributions to the Health Trust were based upon the contribution rates defined in statute and the projected payroll of active employees. Per KRS 161.540(1)(c).3 and 161.550(5), when the Health Trust achieves a sufficient prefunded status, as determined by the retirement system's actuary, the following Health Trust statutory contributions are to be decreased, suspended or eliminated:
 - Employee contributions
 - School District/University Contributions
 - State Contributions for KEHP premium subsidies payable to retirees who retire after June 30, 2010

To reflect these adjustments, open group projections were used and assumed an equal, pro rata reduction to the current statutory amounts in the years if/when the Health Trust is projected to achieve a Funded Ratio of 100% or more. Here, the current statutory amounts are adjusted to achieve total contributions equal to the Actuarially Determined Contribution (ADC), as determined by the prior year's valuation and in accordance with the Health Trust's funding policy (Schedule B). As the specific methodology to be used for the adjustments has yet to be determined, there may be differences between the projected results and future experience. This may also include any changes to retiree contributions for KEHP coverage pursuant to KRS 161.675(4)(b).

WHITLEY COUNTY SCHOOL DISTRICT
Williamsburg, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

- In developing the adjustments to the statutory contributions in future years, the following was assumed:
 - Liabilities and cash flows are net of expected retiree contributions and any implicit subsidies attributable to coverage while participating in KEHP.
 - For the purposes of developing estimates for new entrants, active headcounts were assumed to remain flat for all future years.

Based on these assumptions, the Health Trust's nor the Life Trust's FNP was not projected to be depleted.

This paragraph requires disclosure of the sensitivity of the NOL to changes in the discount rate. The following exhibit presents the NOL of the Plan, calculated using the discount rate of 7.10 percent for the Health Trust and the Life Trust, as well as the System's NOL calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	Discount Rate Sensitivity (\$ Thousands)		
	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Health Trust Net OPEB Liability	<u>\$ 7,881,000</u>	<u>\$ 6,155,000</u>	<u>\$ 4,729,000</u>

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.

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

Contributions – In order to fund the post-retirement life insurance benefit, seven hundredths of one percent (.07%) 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 – Life Trust

At June 30, 2022, the 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.

District's proportionate share of the net OPEB liability – Life Trust	\$ -
State's proportionate share of the net OPEB liability – Life Trust associated with the District	<u>66,000</u>
Total	<u>\$ 66,000</u>

For the year ended June 30, 2022, the District recognized OPEB expense of \$8,317 and revenue of \$8,317 for support provided by the State.

WHITLEY COUNTY SCHOOL DISTRICT
Williamsburg, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

General Information – CERS

CERS Non-hazardous and CERS Hazardous Insurance Funds are cost-sharing multiple-employer defined benefit Other Postemployment Benefits (OPEB) plans for members that cover all regular full-time members employed in non-hazardous and hazardous duty positions of any state department, board, agency, county, city, school board, and any additional eligible local agencies electing to participate. The plans provide for health insurance benefits to plan members. OPEB may be extended to beneficiaries of plan members under certain circumstances.

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

Determined by the Actuarial Valuation as of:	June 30, 2019
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization Method:	Level Percent of Pay
Amortization Period:	30 Years, Closed
Payroll Growth Rate:	2.00%
Investment Return:	6.25%
Inflation Rate:	2.30%
Salary Increases:	3.30% to 10.30%, varies by service
Mortality:	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.
Healthcare Trend Rates (Pre-65)	Initial trend starting at 6.25% at January 1, 2021 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2020 premiums were known at the time of the valuation and were incorporated into the liability measurement.
Healthcare Trend Rates (Post-65)	Initial trend starting at 5.50% at January 1, 2021 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years. The 2020 premiums were known at the time of the valuation and were incorporated into the liability measurement.

WHITLEY COUNTY SCHOOL DISTRICT
Williamsburg, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
U.S. Equity	21.75%	5.70%
Non U.S. Equity	21.75%	6.35%
Private Equity	10.00%	9.70%
Specialty Credit/High Yield	15.00%	2.80%
Core Bonds	10.00%	0.00%
Cash	1.50%	(0.60%)
Real Estate	10.00%	5.40%
Real Return	<u>10.00%</u>	4.55%
Total	<u>100.0%</u>	

The discount rate used to measure the TOL as of the Measurement Date was 5.20%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection's basis was an actuarial valuation performed as of June 30, 2019. In addition to the actuarial methods and assumptions of the June 30, 2019 actuarial valuation, the following actuarial methods and assumptions were used in the projection of the cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the Valuation Date.
- The employer will contribute the Actuarially Determined Contribution (ADC) in accordance with the funding policy (Schedule B) determined by a valuation performed on a date two years prior to the beginning of the fiscal year in which the ADC applies.
- As administrative expenses were assumed to be paid in all years by the employer as they come due, they were not considered.
- Active employees do not explicitly contribute to the plan.
- Cash flows occur mid-year.

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

For the year ended June 30, 2022 the District recognized OPEB expense of approximately \$387,785.

WHITLEY COUNTY SCHOOL DISTRICT
Williamsburg, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>County Employee Retirement System (CERS) – OPEB</u>		
Balance, July 1, 2021	\$ 2,587,323	\$ (2,129,496)
Contributions subsequent to the measurement date:		
June 30, 2021	(290,941)	-
June 30, 2022	387,785	-
Liability experience	(711,539)	1,350,978
Investment experience	(227,977)	(935,831)
Assumption changes	1,199,631	(4,208)
Difference between expected and actual results	(417,350)	(791,087)
Balance, June 30, 2022	<u>\$ 2,526,932</u>	<u>\$ (2,509,644)</u>

The long-term expected rate of return on OPEB plan investments will be determined based on the allocation of assets by asset class and by the mean and variance of real returns. The discount rate determination will use a municipal bond rate to the extent the trust is projected to run out of money before all benefits are paid. The rate used, if necessary, for this purpose is the monthly average of the Bond Buyers General Obligation 20-year Municipal Bond Index Rate (formerly published monthly by the Board of Governors of the Federal Reserve System).

The following table presents the District's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 5.20%, 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 (4.20%) or 1-percentage-point higher (6.20%) than the current rate:

	<u>1% Decrease (4.20%)</u>	<u>Current Discount Rate (5.20%)</u>	<u>1% Increase (6.20%)</u>
District's Net OPEB Liability – CERS	<u>\$ 6,212,625</u>	<u>\$ 4,524,879</u>	<u>\$ 3,139,804</u>

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

	<u>1% Decrease</u>	<u>1% Increase</u>
District's Net OPEB Liability – CERS	<u>\$ 3,257,375</u>	<u>\$ 6,054,776</u>

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

WHITLEY COUNTY SCHOOL DISTRICT
Williamsburg, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 12 – CONTINGENCIES

The District receives funding from federal, state and local government agencies and private contributions. These funds are to be used for designated purposes only. For government agency grants, if 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 their programs.

No provision was made in the accompanying financial statements for any contingent liabilities.

NOTE 13 – DEFICIT OPERATING/FUND BALANCES

The District did not have any deficit fund balances at June 30, 2022.

The following funds had operations that resulted in current year operating deficits in governmental funds, resulting in corresponding reductions in fund balances, as follows:

Construction Fund	\$ (676,303)
District Wide Activity Funds	\$ (7,133)

NOTE 14 – TRANSFER OF FUNDS

The following transfers were made during the year:

<u>Type</u>	<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
Operating	Special Revenue	General	Indirect costs	\$ 445,956
Operating	Food Service	General	Indirect costs	173,933
Operating	Building/FSPK	Debt Service	Debt service requirement	1,714,500
Operating	General	Special Revenue	Matching – KETS	78,612
Operating	Activity Funds	District-Wide Activity	Reimbursements	119,620
Operating	Capital Outlay	General	KISTA bus leases	185,885
Operating	Capital Outlay	Debt Service	Debt service requirement	52,789
Operating	General	Construction	Construction	1,500,001
Operating	Capital Outlay	General	Bus purchase – partial payment	52,769
Operating	Capital Outlay	General	KSBIT assessments	82,902
Operating	Special Revenue – VW Settlement	General	Bus purchases	261,060
Operating	Special Revenue – ESSER	Construction	Construction	2,411,539
Operating	Special Revenue – ESSER	Construction	Construction	345,071
Operating	Special Revenue – ESSER	Construction	Construction	834,336
Operating	Special Revenue – ESSER	Construction	Construction	74,673
				<u>\$ 8,333,646</u>

WHITLEY COUNTY SCHOOL DISTRICT
Williamsburg, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 15 – INTERFUND RECEIVABLES AND PAYABLES

At June 30, 2022, the District had a negative cash balance of \$2,170,415 in the Special Revenue Fund due to grant/project monies not being received by year-end. Since the District maintains an internal investment pool for cash, the General Fund is essentially lending this amount to the overdrawn fund. An interfund receivable of \$2,170,415 has been recognized in the General Fund and an interfund payable in the Special Revenue Fund at June 30, 2022.

NOTE 16 – ON-BEHALF PAYMENTS

As amounts are paid by various State agencies on-behalf of the District, the amounts are recognized as revenues and expenditures by the District. On the statement of revenues, expenditures and changes in fund balance, the on-behalf payments are included with State revenue, and are included in the functional expense classifications. On the statement of activities, the on-behalf payments are included in the functional expense classifications, and are included with program operating grants and contributions for the respective functions.

A summary of on-behalf payments during 2022 is as follows:

	<u>Amount</u>
Teacher's Retirement System (TRS)	\$ 5,955,517
Health insurance	5,115,866
Life insurance	8,317
Administrative fee	66,372
Health reimbursement account – HRA/Dental/Vision	254,100
Federal reimbursements of health benefits	(538,084)
Technology	121,119
School Facilities Construction Commission (SFCC) debt service	518,091
	<u>\$ 11,501,298</u>

NOTE 17 – FUND BALANCE DESIGNATIONS

The following governmental funds had restricted fund balances at June 30, 2022:

<u>Fund</u>	<u>Amount</u>	<u>Purpose</u>
General	\$ 200,000	Accumulated sick leave
District Wide Activity Funds	471,958	Student instruction
Debt Service	634,997	Debt service
Construction	1,197,843	Future construction projects (BG-1)

NOTE 18 – SUBSEQUENT EVENTS

We evaluated events and transactions that occurred after the balance sheet date as potential subsequent events. We performed this evaluation through October 6, 2022, the date on which we issued our financial statements.

WHITLEY COUNTY SCHOOL DISTRICT
Williamsburg, Kentucky

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Years Ended June 30,

	Reporting Fiscal Year (Measurement Date)		
	2022 (2021)	2021 (2020)	2020 (2019)
COUNTY EMPLOYEES RETIREMENT SYSTEM:			
District and PSCA's proportion of the net pension liability	.236410%	.241035%	.246350%
District and PSCA's proportionate share of the net pension liability	\$ 15,072,992	\$ 18,487,185	\$ 17,325,905
District and PSCA's covered-employee payroll	\$ 6,709,094	\$ 6,037,864	\$ 6,256,530
District and PSCA's proportionate share of the net pension liability as a percentage of its covered-employee payroll	224.67%	306.19%	276.93%
Plan fiduciary net position as a percentage of the total pension liability	57.33%	58.30%	50.45%
TEACHER'S RETIREMENT SYSTEM:			
District's proportion of the net pension liability	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	\$ 69,300,521	\$ 78,470,501	\$ 79,086,418
District's covered-employee payroll	\$ 21,190,858	\$ 20,244,073	\$ 20,328,918
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0%	0%	0%
Plan fiduciary net position as a percentage of the total pension liability	65.60%	58.27%	64.57%

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

<u>2019</u> <u>(2018)</u>	<u>2018</u> <u>(2017)</u>	<u>2017</u> <u>(2016)</u>	<u>2016</u> <u>(2015)</u>	<u>2015</u> <u>(2014)</u>
.250261%	.251983%	.26149%	.267664%	.284461%
\$ 15,241,658	\$ 14,749,340	\$ 12,874,610	\$ 11,508,280	\$ 9,229,000
\$ 6,214,482	\$ 6,222,323	\$ 6,202,208	\$ 6,333,075	\$ 6,337,056
245.26%	237.04%	207.58%	181.72%	145.64%
46.46%	53.32%	55.50%	59.97%	66.80%
0%	0%	0%	0%	0%
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 77,335,740	\$ 156,076,827	\$ 174,562,169	\$ 135,871,569	\$ 130,754,261
\$ 20,810,169	\$ 21,070,304	\$ 20,510,275	\$ 20,795,404	\$ 20,100,143
0%	0%	0%	0%	0%
59.30%	13.32%	14.80%	18.83%	22.32%

WHITLEY COUNTY SCHOOL DISTRICT
Williamsburg, Kentucky

SCHEDULE OF PENSION CONTRIBUTIONS
Years Ended June 30,

	<u>2022</u>	<u>2021</u>	<u>2020</u>
COUNTY EMPLOYEES RETIREMENT SYSTEM:			
Contractually required contribution	\$ 1,420,356	\$ 1,179,943	\$ 1,207,541
Contributions in relation to the contractually required contribution	<u>(1,420,356)</u>	<u>(1,179,943)</u>	<u>(1,207,541)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District and PSCA's covered-employee payroll	\$ 6,709,094	\$ 6,037,864	\$ 6,256,530
District and PSCA's contributions as a percentage of its covered employee payroll	21.17%	24.06%	24.06%
TEACHER'S RETIREMENT SYSTEM:			
Contractually required contribution	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 21,190,858	\$ 20,244,073	\$ 20,328,918
District's contributions as a percentage of its covered-employee payroll	0%	0%	0%

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

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 1,002,795	\$ 904,385	\$ 1,157,563	\$ 1,080,418	\$ 1,119,758
<u>(1,002,795)</u>	<u>(904,385)</u>	<u>(1,157,563)</u>	<u>(1,080,418)</u>	<u>(1,119,758)</u>
\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
\$ 6,214,482	\$ 6,222,323	\$ 6,202,208	\$ 6,333,075	\$ 6,337,056
21.48%	19.18%	18.68%	17.06%	17.67%
\$ -	\$ -	\$ -	\$ -	\$ -
_____	_____	_____	_____	_____
\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
\$ 20,810,169	\$ 21,070,304	\$ 20,510,275	\$ 20,795,404	\$ 20,100,143
0%	0%	0%	0%	0%

WHITLEY COUNTY SCHOOL DISTRICT
Williamsburg, Kentucky

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Year Ended June 30, 2022

(1) CHANGES OF ASSUMPTIONS

TRS/CERS

The assumption changes are noted below.

(2) METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS

TRS

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, three years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine contribution rates reported in the most recent year of that schedule:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	25 years
Payroll Growth Rate	2%
Asset Valuation Method	5-year smoothed market value
Inflation Rate	2.50%
Projected Salary Increases	3.00% – 7.50%
Investment Rate of Return	7.10%, net of plan investment expense, including inflation

CERS

The actuarially determined contribution rates in the schedule of contributions are calculated as of June 30, 2018. The following actuarial methods and assumptions were used to determine the contribution rates reported in that schedule:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of pay
Remaining Amortization Period	30 years, closed
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Payroll Growth Rate	2.00%
Inflation Rate	2.30%
Salary Increases	3.30% to 10.30%, varies by service
Investment Rate of Return	6.25%

(3) CHANGES OF BENEFITS

There were no changes of benefit terms for TRS or CERS.

WHITLEY COUNTY SCHOOL DISTRICT
Williamsburg, Kentucky

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY – MEDICAL INSURANCE
PLAN
Years Ended June 30,

	Reporting Fiscal Year (Measurement Date) 2022 <u>(2021)</u>	Reporting Fiscal Year (Measurement Date) 2021 <u>(2020)</u>	Reporting Fiscal Year (Measurement Date) 2020 <u>(2019)</u>
COUNTY EMPLOYEES RETIREMENT SYSTEM:			
District and PSCA's proportion of the net OPEB liability	.236354%	.240966%	.246286%
District and PSCA's proportionate share of the net OPEB liability	\$ 4,524,879	\$ 5,818,596	\$ 4,142,420
District and PSCA's covered-employee payroll	\$ 6,709,094	\$ 6,037,864	\$ 6,256,530
District and PSCA's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	67.44%	96.37%	66.21%
Plan fiduciary net position as a percentage of the total OPEB liability	62.91%	51.67%	60.44%
TEACHER'S RETIREMENT SYSTEM:			
District's proportion of the collective net OPEB liability	.286873%	.300067%	.312181%
District's proportionate share of the collective net OPEB liability	\$ 6,155,000	\$ 7,573,000	\$ 9,137,000
State's proportionate share of the collective net OPEB liability associated with the District	<u>4,999,000</u>	<u>6,066,000</u>	<u>7,379,000</u>
Total	<u>\$ 11,154,000</u>	<u>\$ 13,639,000</u>	<u>\$ 16,516,000</u>
District's covered-employee payroll	\$ 21,190,858	\$ 20,244,073	\$ 20,328,918
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	29.05%	37.41%	55.32%
Plan fiduciary net position as a percentage of the total OPEB liability	51.70%	39.10%	32.60%

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

Reporting Fiscal Year (Measurement Date) 2019 <u>(2018)</u>	Reporting Fiscal Year (Measurement Date) 2018 <u>(2017)</u>
.250252%	.251983%
\$ 4,413,175	\$ 5,065,720
\$ 6,214,482	\$ 6,222,323
71.01%	81.41%
57.62%	21.18%
.308043%	.55132%
\$ 10,688,000	\$ 10,996,000
<u>9,211,000</u>	<u>8,982,000</u>
<u>\$ 19,899,000</u>	<u>\$ 19,978,000</u>
\$ 20,810,169	\$ 21,070,304
51.36%	52.19%
25.50%	21.20%

WHITLEY COUNTY SCHOOL DISTRICT
Williamsburg, Kentucky

SCHEDULE OF DISTRICT CONTRIBUTIONS – MEDICAL INSURANCE PLAN
Years Ended June 30,

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
COUNTY EMPLOYEES RETIREMENT SYSTEM:				
Contractually required contribution	\$ 387,785	\$ 290,941	\$ 297,746	\$ 291,527
Contributions in relation to the contractually required contribution	<u>(387,785)</u>	<u>(290,941)</u>	<u>(297,746)</u>	<u>(291,527)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 6,709,094	\$ 6,037,864	\$ 6,256,530	\$ 6,214,482
District's and PSCA's contributions as a percentage of its covered-employee payroll	5.78%	4.87%	4.87%	5.40%
TEACHER'S RETIREMENT SYSTEM:				
Contractually required contribution	\$ 509,202	\$ 529,939	\$ 543,593	\$ 548,721
Contributions in relation to the contractually required contribution	<u>(509,202)</u>	<u>(529,939)</u>	<u>(543,593)</u>	<u>(548,721)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 21,190,858	\$ 20,244,073	\$ 20,328,918	\$ 20,810,169
District's contributions as a percentage of its covered-employee payroll	2.40%	2.62%	2.67%	2.64%

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

2018

\$ 293,476

(293,476)

\$ -

\$ 6,222,323

4.95%

\$ 546,838

(546,838)

\$ -

\$ 21,070,304

2.60%

WHITLEY COUNTY SCHOOL DISTRICT
Williamsburg, Kentucky

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Year Ended June 30, 2022

Changes of benefit terms – With the passage of House Bill 471, the eligibility for non-single subsidies (NSS) for the KEHP-participating members who retired prior to July 1, 2010 is restored, but the state will only finance, via its KEHP “Shared Responsibility” contributions, the costs of the NSS related to those KEHP-participating members who retired on or after July 1, 2010.

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 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, 2022:

Inflation	2.50%
Real wage growth	0.25%
Wage inflation	2.75%
Salary increases, including wage inflation	3.00% - 7.50%
Long-term Investment Rate of Return, net of OPEB plan investment expense, including Health Trust	7.10%
Municipal Bond Index Rate	2.13%
Year FNP is projected to be depleted Health Trust	N/A
Single Equivalent Interest Rate, net of OPEB plan investment expense, including price inflation Health Trust	7.10%
Health Trust Health Care Cost Trends Under Age 65	7.00% for FYE 2021 decreasing to an ultimate rate of 4.50% by FYE 2031
Ages 65 and Older	5.00% for FYE 2021 decreasing to an ultimate rate of 4.50% by FYE 2024
Medicare Part B Premiums	4.40% for FYE 2021 with an ultimate rate of 4.50% by 2034

WHITLEY COUNTY SCHOOL DISTRICT
Williamsburg, Kentucky

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY – LIFE INSURANCE PLAN –
TEACHER'S RETIREMENT SYSTEM KENTUCKY
Years Ended June 30,

	Reporting Fiscal Year (Measurement Date) 2022 <u>(2021)</u>	Reporting Fiscal Year (Measurement Date) 2021 <u>(2020)</u>	Reporting Fiscal Year (Measurement Date) 2020 <u>(2019)</u>
District's proportion of the collective net OPEB liability	0%	0%	0%
District's proportionate share of the collective net OPEB liability	\$ -	\$ -	\$ -
State's proportionate share of the collective net OPEB liability associated with the District	<u>66,000</u>	<u>183,000</u>	<u>171,000</u>
Total	<u>\$ 66,000</u>	<u>\$ 183,000</u>	<u>\$ 171,000</u>
District's covered-employee payroll	\$ 21,190,858	\$ 20,244,073	\$ 20,328,918
District's proportionate share of the collective net OPEB liability (asset) as a percentage of its covered-employee payroll	0%	0%	0%
Plan fiduciary net position as a percentage of the total OPEB liability	89.20%	71.60%	73.40%

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

Reporting Fiscal Year (Measurement Date)	Reporting Fiscal Year (Measurement Date)
2019 (2018)	2018 (2017)
0%	0%
\$ -	\$ -
<u>158,000</u>	<u>120,000</u>
<u>\$ 158,000</u>	<u>\$ 120,000</u>
\$ 20,810,169	\$ 21,070,304
0%	0%
75.00%	80.00%

WHITLEY COUNTY SCHOOL DISTRICT
Williamsburg, Kentucky

SCHEDULE OF DISTRICT CONTRIBUTIONS – LIFE INSURANCE PLAN – TEACHER'S RETIREMENT SYSTEM
KENTUCKY
Years Ended June 30,

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 21,190,858	\$ 20,244,073	\$ 20,328,918	\$ 20,810,169
Contributions as a percentage of covered-employee payroll	0%	0%	0%	0%

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

\$ 2018 -

_____ -

\$ _____ -

\$ 21,070,304

0%

WHITLEY COUNTY SCHOOL DISTRICT
Williamsburg, Kentucky

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Year Ended June 30, 2022

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 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, 2022:

Determined by the Actuarial Valuation as of:	June 30, 2020
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	5 year smoothed market
Amortization Method:	Level Percent of Pay
Amortization Period:	30 years, Closed
Investment Return:	7.10%
Inflation Rate:	2.50%
Salary Increases:	3.00% to 7.50%
Mortality:	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.
Healthcare Trend Rates (Pre-65)	Initial trend starting at 7.00% and gradually decreasing to an ultimate trend rate of 4.50% by FYE 2031.
Healthcare Trend Rates (Post-65)	Initial trend starting at 5.00% and gradually decreasing to an ultimate trend rate of 4.50% by FYE 2024.
Phase – In Provision	Board certified rate is phased into the actuarially determined rate in accordance with HB362 enacted in 2018.

WHITLEY COUNTY SCHOOL DISTRICT
Williamsburg, Kentucky

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2022

	Budgeted Amounts		<u>Actual</u>	Variance with Final Budget Favorable or (Unfavorable)
	<u>Original</u>	<u>Final</u>		
REVENUES				
From local sources:				
Taxes				
Property	\$ 2,508,459	\$ 2,449,459	\$ 2,764,038	\$ 314,579
Motor vehicle	700,000	700,000	1,125,148	425,148
Utilities	1,075,000	1,075,000	1,287,456	212,456
Earnings on investments	30,000	30,000	65,067	35,067
Other local revenues	107,000	166,000	176,013	10,013
Intergovernmental – state	23,612,819	23,515,728	33,731,988	10,216,260
Intergovernmental – indirect federal	<u>163,000</u>	<u>163,000</u>	<u>190,846</u>	<u>27,846</u>
TOTAL REVENUES	<u>28,196,278</u>	<u>28,099,187</u>	<u>39,340,556</u>	<u>11,241,369</u>
EXPENDITURES				
Instruction	17,426,187	17,429,898	23,347,747	(5,917,849)
Support services:				
Student	1,515,603	1,515,603	1,150,063	365,540
Instructional staff	1,157,727	1,157,727	1,033,317	124,410
District administration	1,157,475	1,163,975	1,112,855	51,120
School administration	1,721,985	1,721,985	1,558,546	163,439
Business	692,597	692,597	880,190	(187,593)
Plant operations and maintenance	5,484,845	5,495,345	3,751,495	1,743,850
Student transportation	3,557,326	3,557,326	3,778,031	(220,705)
Food service operation	2,600	2,600	-	2,600
Community services activities	73,605	73,605	41,587	32,018
Debt service	185,885	185,885	185,885	-
Contingency	<u>1,320,000</u>	<u>1,391,134</u>	<u>-</u>	<u>1,391,134</u>
TOTAL EXPENDITURES	<u>34,295,835</u>	<u>34,387,680</u>	<u>36,839,716</u>	<u>(2,452,036)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(6,099,557)</u>	<u>(6,288,493)</u>	<u>2,500,840</u>	<u>8,789,333</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	526,016	526,016	1,202,505	676,489
Operating transfers out	<u>(78,000)</u>	<u>(78,000)</u>	<u>(1,578,613)</u>	<u>(1,500,613)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>448,016</u>	<u>448,016</u>	<u>(376,108)</u>	<u>(824,124)</u>
NET CHANGES IN FUND BALANCE	(5,651,541)	(5,840,477)	2,124,732	7,965,209
FUND BALANCE, JULY 1, 2021	<u>5,651,541</u>	<u>5,840,477</u>	<u>6,261,990</u>	<u>421,513</u>
FUND BALANCE, JUNE 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,386,722</u>	<u>\$ 8,386,722</u>

WHITLEY COUNTY SCHOOL DISTRICT
Williamsburg, Kentucky

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
SPECIAL REVENUE FUND – FUND 2
Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Favorable or (Unfavorable)
	Original	Final		
REVENUES				
From local sources:				
Taxes				
Property	\$ -	\$ -	\$ -	\$ -
Motor vehicle	-	-	-	-
Utilities	-	-	-	-
Earnings on investments	-	-	194	194
Other local revenues	1,048,165	1,209,120	1,090,383	(118,737)
Intergovernmental – state	2,087,188	2,086,689	2,217,964	131,275
Intergovernmental – indirect federal	4,279,780	5,543,227	14,956,685	9,413,458
Intergovernmental – direct federal	64,455	64,455	64,985	530
TOTAL REVENUES	7,479,588	8,903,491	18,330,211	9,426,720
EXPENDITURES				
Instruction	6,317,020	7,841,195	12,338,545	(4,497,350)
Support services:				
Student	79,950	82,608	217,770	(135,162)
Instructional staff	594,229	489,589	340,669	148,920
School administration	65,370	67,080	66,042	1,038
Plant operations and maintenance	-	-	406,640	(406,640)
Student transportation	-	-	151,865	(151,865)
Community services activities	501,019	501,019	514,657	(13,638)
TOTAL EXPENDITURES	7,557,588	8,981,491	14,036,188	(5,054,697)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(78,000)	(78,000)	4,294,023	4,372,023
OTHER FINANCING SOURCES (USES)				
Operating transfers in	78,000	78,000	78,612	612
Operating transfers out	-	-	(4,372,635)	(4,372,635)
TOTAL OTHER FINANCING SOURCES (USES)	78,000	78,000	(4,294,023)	(4,372,023)
NET CHANGES IN FUND BALANCE	-	-	-	-
FUND BALANCE, JULY 1, 2021	-	-	-	-
FUND BALANCE, JUNE 30, 2022	\$ -	\$ -	\$ -	\$ -

WHITLEY COUNTY SCHOOL DISTRICT
Williamsburg, Kentucky

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGET AND ACTUAL
Year Ended June 30, 2022

The District's budgetary process accounts for transactions on the modified accrual basis of accounting, which is consistent with U.S. generally accepted accounting principles. In accordance with state law, the District prepares a budget based upon the amount of revenue to be raised by local taxation, including the rate of levy, and from estimates of other local, state, and federal revenues. The budget contains estimated expenditures for current expenses, debt service, capital outlay, and other necessary expenses. The budget must be approved by the Board. The District must formally and publicly examine estimated revenues and expenses for the subsequent fiscal year by January 31 of each calendar year. Additionally, the District must submit a certified budget to the Kentucky Department of Education by March 15 of each calendar year, which includes the amount for certified and classified staff, based on the District's staffing policy, and the amount for the instructional supplies, materials, travel and equipment. The District must adopt the working budget and submit it to the Kentucky Department of Education by September 30 of each calendar year. The Board has the ability to amend the working budget. The working budget was amended during the year.

WHITLEY COUNTY SCHOOL DISTRICT
Williamsburg, Kentucky

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2022

	Construction Fund	Seek Capital Outlay Fund	FSPK Fund	Debt Service Funds	District Wide Activity Funds	Total Nonmajor Governmental Funds
ASSETS AND RESOURCES						
Cash and cash equivalents	\$ 2,909,653	\$ -	\$ -	\$ -	\$ 135,589	\$ 3,045,242
Cash with fiscal agent	-	-	-	634,997	-	634,997
TOTAL ASSETS AND RESOURCES	<u>\$ 2,909,653</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 634,997</u>	<u>\$ 135,589</u>	<u>\$ 3,680,239</u>
LIABILITIES						
Accounts payable	\$ 1,308,534	\$ -	\$ -	\$ -	\$ 449	\$ 1,308,983
Construction retainage payable	403,276	-	-	-	-	403,276
TOTAL LIABILITIES	<u>1,711,810</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>449</u>	<u>1,712,259</u>
FUND BALANCES						
Restricted						
Debt service	-	-	-	634,997	-	634,997
Future construction projects (BG-1)	1,197,843	-	-	-	-	1,197,843
District wide activity funds	-	-	-	-	135,140	135,140
TOTAL FUND BALANCES	<u>1,197,843</u>	<u>-</u>	<u>-</u>	<u>634,997</u>	<u>135,140</u>	<u>1,967,980</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,909,653</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 634,997</u>	<u>\$ 135,589</u>	<u>\$ 3,680,239</u>

WHITLEY COUNTY SCHOOL DISTRICT
Williamsburg, Kentucky

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2022

	<u>Construction Fund</u>	<u>Seek Capital Outlay Fund</u>	<u>FSPK Fund</u>	<u>Debt Service Funds</u>
REVENUES				
From local sources:				
Taxes:				
Property	\$ -	\$ -	\$ 474,349	\$ -
Earnings on investments	-	-	-	43,936
Other local revenues	-	-	-	-
Intergovernmental – state	-	374,345	1,240,151	518,091
Intergovernmental – direct federal	-	-	-	404,674
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES	<u>-</u>	<u>374,345</u>	<u>1,714,500</u>	<u>966,701</u>
EXPENDITURES				
Instruction	-	-	-	-
Student transportation	-	-	-	-
Building acquisitions and construction	1,904,435	-	-	-
Site improvements	3,937,488	-	-	-
Payment of bonds	-	-	-	1,738,348
Payment of interest	-	-	-	951,706
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>5,841,923</u>	<u>-</u>	<u>-</u>	<u>2,690,054</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(5,841,923)</u>	<u>374,345</u>	<u>1,714,500</u>	<u>(1,723,353)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	5,165,620	-	-	1,767,289
Operating transfers out	-	(374,345)	(1,714,500)	-
	<u>-</u>	<u>(374,345)</u>	<u>(1,714,500)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>5,165,620</u>	<u>(374,345)</u>	<u>(1,714,500)</u>	<u>1,767,289</u>
NET CHANGES IN FUND BALANCES	(676,303)	-	-	43,936
FUND BALANCES, JULY 1, 2021	<u>1,874,146</u>	<u>-</u>	<u>-</u>	<u>591,061</u>
FUND BALANCES, JUNE 30, 2022	<u>\$ 1,197,843</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 634,997</u>

District Wide Activity Funds	Total Nonmajor Governmental Funds
\$ -	\$ 474,349
-	43,936
25,499	25,499
-	2,132,587
-	<u>404,674</u>
<u>25,499</u>	<u>3,081,045</u>
150,946	150,946
1,306	1,306
-	1,904,435
-	3,937,488
-	1,738,348
-	<u>951,706</u>
<u>152,252</u>	<u>8,684,229</u>
<u>(126,753)</u>	<u>(5,603,184)</u>
119,620	7,052,529
-	<u>(2,088,845)</u>
<u>119,620</u>	<u>4,963,684</u>
(7,133)	(639,500)
<u>142,273</u>	<u>2,607,480</u>
<u>\$ 135,140</u>	<u>\$ 1,967,980</u>

WHITLEY COUNTY SCHOOL DISTRICT
Williamsburg, Kentucky

COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
June 30, 2022

	<u>Fund 2</u>	<u>Fund 25</u>	Total Special Revenue Funds
ASSETS AND RESOURCES			
Cash and cash equivalents	\$ -	\$ 336,685	\$ 336,685
Accounts receivable:			
Accounts receivable	341,538	475	342,013
Intergovernmental – state	33,883	-	33,883
Intergovernmental – federal	<u>2,231,900</u>	<u>-</u>	<u>2,231,900</u>
TOTAL ASSETS AND RESOURCES	<u>\$ 2,607,321</u>	<u>\$ 337,160</u>	<u>\$ 2,944,481</u>
LIABILITIES			
Accounts payable	\$ 38,223	\$ 342	\$ 38,565
Interfund payable	2,170,415	-	2,170,415
Deferred revenue	<u>398,683</u>	<u>-</u>	<u>398,683</u>
TOTAL LIABILITIES	<u>2,607,321</u>	<u>342</u>	<u>2,607,663</u>
FUND BALANCES			
Restricted	<u>-</u>	<u>336,818</u>	<u>336,818</u>
TOTAL FUND BALANCES	<u>-</u>	<u>336,818</u>	<u>336,818</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,607,321</u>	<u>\$ 337,160</u>	<u>\$ 2,944,481</u>

WHITLEY COUNTY SCHOOL DISTRICT
Williamsburg, Kentucky

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
Year Ended June 30, 2022

	<u>Fund 2</u>	<u>Fund 25</u>	<u>Total Special Revenue Funds</u>
REVENUES			
From local sources:			
Earnings on investments	\$ 194	\$ 1,882	\$ 2,076
Other local revenues	1,090,383	537,370	1,627,753
Intergovernmental – state	2,217,964	-	2,217,964
Intergovernmental – indirect federal	14,956,685	-	14,956,685
Intergovernmental – direct federal	64,985	-	64,985
TOTAL REVENUES	<u>18,330,211</u>	<u>539,252</u>	<u>18,869,463</u>
EXPENDITURES			
Instruction	12,338,545	336,356	12,674,901
Support services:			
Student	217,770	108	217,878
Instructional staff	340,669	5,629	346,298
School administration	66,042	-	66,042
Plant operations and maintenance	406,640	-	406,640
Student transportation	151,865	120	151,985
Other non-instruction		9,773	9,773
Community services activities	514,657	-	514,657
TOTAL EXPENDITURES	<u>14,036,188</u>	<u>351,986</u>	<u>14,388,174</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>4,294,023</u>	<u>187,266</u>	<u>4,481,289</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	78,612	-	78,612
Operating transfers out	<u>(4,372,635)</u>	<u>(119,620)</u>	<u>(4,492,255)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(4,294,023)</u>	<u>(119,620)</u>	<u>(4,413,643)</u>
NET CHANGES IN FUND BALANCES	-	67,646	67,646
FUND BALANCES, JULY 1, 2021	<u>-</u>	<u>269,172</u>	<u>269,172</u>
FUND BALANCES, JUNE 30, 2022	<u>\$ -</u>	<u>\$ 336,818</u>	<u>\$ 336,818</u>

WHITLEY COUNTY SCHOOL DISTRICT
Williamsburg, Kentucky

STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCES – ACTIVITY FUNDS
WHITLEY COUNTY HIGH SCHOOL
Year Ended June 30, 2022

ACCOUNTS:	Cash Balances July 1, 2021	Receipts	Disbursements	Interfund Transfers
General	\$ 84	\$ 2,433	\$ 500	\$ (1,893)
Student Activity Fees	112	6,125	-	(6,125)
Start-up Fund	-	1,500	1,500	-
Dual Courses Fee	1,352	1,731	2,146	-
Textbooks	883	-	-	-
Special Events	3,929	-	1,485	-
Transportation Fund	5	-	-	-
Test Fees	2,709	165	108	-
Scholarship	2,000	-	-	-
Pepsi	395	1,623	1,574	-
Teacher's Pepsi	595	2,724	2,648	(118)
Colonel Players	7,643	11,347	7,241	(3,659)
Drama	8	-	-	-
Football	3,051	19,930	6,077	(4,169)
Boys Basketball	5,976	47,060	43,448	(6,846)
Girls Basketball	8,479	4,963	9,099	(2,794)
Baseball	1,656	7,188	4,624	(4,220)
Softball	7,353	22,602	16,516	(13,115)
Track	1,687	300	1,970	1,261
Tennis	1,664	600	2,668	404
Boys Golf	100	-	64	1,300
Girls Golf	1,039	260	995	1,300
Volleyball	398	16,719	13,557	(2,182)
Cheerleaders	11,116	17,951	23,952	2,729
Wrestling	953	3,762	1,871	409
Boys Soccer	4,600	7,454	9,077	600
Girls Soccer	6,144	9,161	4,528	(662)
Academic Team	22	-	-	-
Art	66	510	-	275
Beta Club	-	1,175	834	-
DECA	7	18,462	13,989	(4,474)
FBLA	123	-	-	(123)
FFA	5,796	16,635	12,783	(8,234)
FCCLA	1,958	-	1,100	31
Educators Rising	394	-	-	-
NHS	90	712	712	-

<u>Cash Balances</u> <u>June 30, 2022</u>	<u>Accounts</u> <u>Receivable</u> <u>June 30,</u> <u>2022</u>	<u>Accounts</u> <u>Payable</u> <u>June 30,</u> <u>2022</u>	<u>Fund</u> <u>Balances</u> <u>June 30,</u> <u>2022</u>
\$ 124	\$ -	\$ -	\$ 124
112	-	-	112
-	-	-	-
937	-	-	937
883	-	-	883
2,444	-	-	2,444
5	-	-	5
2,766	-	-	2,766
2,000	-	-	2,000
444	-	-	444
553	-	15	538
8,090	-	-	8,090
8	-	-	8
12,735	-	-	12,735
2,742	-	-	2,742
1,549	-	-	1,549
-	-	-	-
324	-	204	120
1,278	-	-	1,278
-	-	-	-
1,336	-	-	1,336
1,604	-	-	1,604
1,378	-	-	1,378
7,844	-	123	7,721
3,253	-	-	3,253
3,577	-	-	3,577
10,115	-	-	10,115
22	-	-	22
851	-	-	851
341	-	-	341
6	-	-	6
-	-	-	-
1,414	-	-	1,414
889	-	-	889
394	-	-	394
90	-	-	90

WHITLEY COUNTY SCHOOL DISTRICT
Williamsburg, Kentucky

STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCES – ACTIVITY FUNDS (CONTINUED)
WHITLEY COUNTY HIGH SCHOOL
Year Ended June 30, 2022

ACCOUNTS:	Cash Balances <u>July 1, 2021</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Interfund Transfers</u>
History	756	1,592	-	(2,348)
Ky Junior Historical	390	1,607	1,341	(255)
International Club	-	-	-	-
Band	203	290	-	1,300
Choir	120	-	100	-
Horticulture	15,249	17,464	11,815	(6,863)
JROTC	14,506	2,067	3,944	1,700
Boys Cross Country	-	180	915	2,800
Girls Cross Country	342	1,359	1,845	1,540
Bass Fishing	-	-	-	1,300
Yearbook	2,417	5,781	4,955	(169)
Seniors	1,799	4,632	4,918	(1,400)
Non-Revenue Sports	15,164	17,424	2,196	(24,367)
E-sports	-	2,415	3,242	1,300
Engineering	-	2,000	1,275	-
Skills USA	-	899	622	(277)
Totals	<u>\$ 133,333</u>	<u>\$ 280,802</u>	<u>\$ 222,234</u>	<u>\$ (76,044)</u>

<u>Cash Balances</u> <u>June 30, 2022</u>	<u>Accounts</u> <u>Receivable</u> <u>June 30,</u> <u>2022</u>	<u>Accounts</u> <u>Payable</u> <u>June 30,</u> <u>2022</u>	<u>Fund</u> <u>Balances</u> <u>June 30,</u> <u>2022</u>
-	-	-	-
401	-	-	401
-	-	-	-
1,793	-	-	1,793
20	-	-	20
14,035	-	-	14,035
14,329	-	-	14,329
2,065	-	-	2,065
1,396	-	-	1,396
1,300	-	-	1,300
3,074	-	-	3,074
113	-	-	113
6,025	-	-	6,025
473	-	-	473
725	-	-	725
-	-	-	-
<u>\$ 115,857</u>	<u>\$ -</u>	<u>\$ 342</u>	<u>\$ 115,515</u>

WHITLEY COUNTY SCHOOL DISTRICT
Williamsburg, Kentucky

STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCES – ACTIVITY FUNDS
Year Ended June 30, 2022

	Cash Balances <u>July 1, 2021</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Interfund Transfers</u>
WHITLEY COUNTY MIDDLE SCHOOL All funds	\$ <u>52,986</u>	\$ <u>110,030</u>	\$ <u>68,515</u>	\$ <u>(14,460)</u>
OAK GROVE ELEMENTARY SCHOOL All funds	\$ <u>3,890</u>	\$ <u>41,539</u>	\$ <u>10,645</u>	\$ <u>(14,567)</u>
WHITLEY COUNTY NORTH ELEMENTARY SCHOOL All funds	\$ <u>420</u>	\$ <u>13,430</u>	\$ <u>406</u>	\$ <u>(12,196)</u>
PLEASANT VIEW ELEMENTARY SCHOOL All funds	\$ <u>6,252</u>	\$ <u>4,638</u>	\$ <u>2,164</u>	\$ <u>(450)</u>
WHITLEY COUNTY CENTRAL PRIMARY SCHOOL All funds	\$ <u>23,747</u>	\$ <u>14,090</u>	\$ <u>8,585</u>	\$ <u>(691)</u>
BOSTON ELEMENTARY SCHOOL All funds	\$ <u>6,518</u>	\$ <u>9,110</u>	\$ <u>6,817</u>	\$ <u>(60)</u>
WHITLEY COUNTY INTERMEDIATE SCHOOL All funds	\$ <u>32,109</u>	\$ <u>52,818</u>	\$ <u>33,773</u>	\$ <u>(976)</u>
WHITLEY COUNTY EAST ELEMENTARY SCHOOL All funds	\$ <u>17,833</u>	\$ <u>17,084</u>	\$ <u>11,185</u>	\$ <u>(176)</u>

<u>Cash Balances</u> <u>June 30, 2021</u>	<u>Accounts</u> <u>Receivable</u> <u>June 30,</u> <u>2021</u>	<u>Accounts</u> <u>Payable</u> <u>June 30,</u> <u>2021</u>	<u>Fund</u> <u>Balances</u> <u>June 30,</u> <u>2021</u>
\$ 80,041	\$ 110	\$ -	\$ 80,151
\$ 20,217	\$ -	\$ -	\$ 20,217
\$ 1,248	\$ -	\$ -	\$ 1,248
\$ 8,276	\$ -	\$ -	\$ 8,276
\$ 28,561	\$ -	\$ -	\$ 28,561
\$ 8,751	\$ 259	\$ -	\$ 9,010
\$ 50,178	\$ 106	\$ -	\$ 50,284
\$ 23,556	\$ -	\$ -	\$ 23,556

WHITLEY COUNTY SCHOOL DISTRICT
Williamsburg, Kentucky

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2022

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal Disbursements</u>
<u>U.S. Department of Education</u>			
Passed through State Department of Education:			
SPECIAL EDUCATION CLUSTER (IDEA)			
Special Education – Grants to States (IDEA, Part B)	84.027A	3810002	\$ 886,582
Special Education – Grants to States (IDEA, Part B) - American Rescue Plan	84.027X	4910002	406
Special Education – Preschool Grants (IDEA, Preschool)	84.173A	3810002	<u>14,932</u>
Total Special Education Cluster (IDEA)			<u>901,920</u>
EDUCATION STABILIZATION FUND (ESF)			
Governor's Emergency Education Relief Fund	84.425C	CARE-20	286,911*
Elementary and Secondary School Emergency Relief Fund	84.425D	4200003	6,875,845*
American Rescue Plan – Elementary and Secondary Relief School Emergency Relief (ARP ESSER)	84.425U	4300000	2,435,098*
American Rescue Plan – SBM Homeless Grant	84.425W	4980002	<u>1,342*</u>
Total for Fund			<u>9,599,196</u>
Title I Grants to Local Educational Agencies (Title I, Part A the ESEA)			
Career and Technical Education – Basic Grants to States (Perkins V)	84.010A	3100002	2,577,455
Homeless Children and Youth	84.048	3710002	95,355
Twenty-First Century Community Learning Centers	84.196A	3990002	101,710
Rural and Low Income Schools	84.287	3400002	356,048
Supporting Effective Instruction State Grants	84.358B	3140002	76,596
Striving Readers Comprehensive Literacy Grant	84.367A	3230002	276,344
Student Support and Academic Enrichment Program	84.371C	3220002	274,674
Student Support and Academic Enrichment Program	84.424A	3420002	133,865
Passed through Laurel County Literacy Council:			
Adult Education	84.002A	373	41,072
Passed through Berea College:			
Gear Up	84.334	379	<u>94,486</u>
Total U.S. Department of Education			<u>\$ 14,528,721</u>

* Denotes major program

WHITLEY COUNTY SCHOOL DISTRICT
Williamsburg, Kentucky

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
Year Ended June 30, 2022

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal Disbursements</u>
<u>U.S. Department of Agriculture</u>			
Passed through State Department of Education:			
CHILD NUTRITION CLUSTER			
School Breakfast Program	10.553	7760005	\$ 780,428
National School Lunch Program	10.555	7750002	2,136,357
National School Lunch Program	10.555	7970000	184,376
National School Lunch Program	10.555	9980000	103,274
Summer Food Service Program	10.559	7690024	3,587
Summer Food Service Program	10.559	7740023	34,970
Total Child Nutrition Cluster			<u>3,242,992</u>
Emergency Food Assistance Program (Food Commodities)	10.569		<u>235,371</u>
Child and Adult Care	10.558	7800016	17,197
Child and Adult Care	10.558	7790021	265,280
Total for Program			<u>282,477</u>
State Administrative Expenses for Child Nutrition	10.560	7700001	<u>6,124</u>
Fresh Fruits & Vegetables	10.582	7720012	<u>167,978</u>
State Pandemic Electronic Benefit Transfer (P-EBT) Administrative Grant	10.649	9990000	<u>3,063</u>
Total U.S. Department of Agriculture			<u>\$ 3,938,005</u>
<u>U.S. Department of Defense</u>			
Junior Reserve Officers' Training Corps	12.000	Direct	<u>\$ 68,856</u>
Total U.S. Department of Defense			<u>\$ 68,856</u>
<u>U.S. Department of Justice</u>			
COPS – Stop School Violence	16.710	Direct	<u>\$ 322,009</u>
Total U.S. Department of Justice			<u>\$ 322,009</u>
<u>U.S. Department of Labor</u>			
WIOA CLUSTER			
WIOA Dislocated Worker Formula Grant	17.278	9100001	<u>\$ 16,461</u>
Total U.S. Department of Labor			<u>\$ 16,461</u>
Total Expenditures of Federal Awards			<u>\$ 18,874,052</u>

* Denotes major program

WHITLEY COUNTY SCHOOL DISTRICT
Williamsburg, Kentucky

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2022

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Whitley County School District under programs of the federal government for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Whitley County School District, it is not intended to and does not present the financial position, changes in net position or cash flows of Whitley County School District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting for proprietary funds and the modified accrual basis of accounting for governmental funds. 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. Pass-through entity identifying numbers are presented where available.

NOTE C – FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair value of the commodities disbursed.

NOTE D – SUBRECIPIENTS

There were no subrecipients during the fiscal year.

NOTE E – INDIRECT COST RATE

The Whitley County School District has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

WHITLEY COUNTY SCHOOL DISTRICT
Williamsburg, Kentucky

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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 identified	Yes	✓	No
Significant deficiencies identified that are not considered to be material weaknesses	Yes	✓	None reported
Noncompliance material to financial statement notes	Yes	✓	No

Federal Awards

Internal control over major programs:			
Material weaknesses identified	Yes	✓	No
Significant deficiencies identified that are not considered to be material weaknesses	Yes	✓	None reported
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 2 CFR 200.516(a)	Yes	✓	No

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
Education Stabilization Fund (ESF)	84.425C
	84.425D
	84.425U
	84.425W

Dollar threshold used to distinguish between Type A and Type B program \$ 750,000

Auditee qualified as low risk ✓ Yes No

Section II – Financial Statement Findings

None

Section III – Federal Award Findings

None

WHITLEY COUNTY SCHOOL DISTRICT
Williamsburg, Kentucky

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
June 30, 2022

There were no prior year audit findings.

Marr, Miller & Myers, PSC

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Corbin, Kentucky 40702

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

INDEPENDENT AUDITOR'S REPORT

October 6, 2022

Members of the Board of Education
Whitley County School District
Williamsburg, Kentucky

We have audited, in accordance with U.S. generally accepted auditing standards; 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 the Whitley 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 District's basic financial statements, and have issued our report thereon dated October 6, 2022.

Report on Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District'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 the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. In addition, the results of our tests disclosed no instances of material noncompliance of specific state statutes or regulations identified in Appendix II of the Independent Auditor's Contract – State Audit Requirements.

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Marr, Miller & Myers, PSC

Certified Public Accountants

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

INDEPENDENT AUDITOR'S REPORT

October 6, 2022

Members of the Board of Education
Whitley County School District
Williamsburg, Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Whitley County School District's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of Whitley County School District's major federal programs for the year ended June 30, 2022. Whitley 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, Whitley 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.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, 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 Whitley County School District and to meet our 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 Whitley 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 Whitley County School District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Whitley 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 Whitley 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 Whitley 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 Whitley 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 Whitley 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 requirements of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

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October 6, 2022

Members of the Board of Education
Whitley County School District
Williamsburg, Kentucky

In planning and performing our audit of the financial statements of the Whitley 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.

During our audit, we noted no areas that we felt warranted any additional comments or recommendations.

Marr, Miller & Myers, PSC

Certified Public Accountants

APPENDIX C

**Whitley County School District Finance Corporation
School Building Revenue Bonds
Series of 2023**

Official Terms and Conditions of Bond Sale

**OFFICIAL
TERMS AND CONDITIONS OF BOND SALE**

\$400,000*

**Whitley County School District Finance Corporation
School Building Revenue Bonds, Series of 2023
Dated December 12, 2023**

SALE: November 21, 2023 AT 11:00 A.M., E.S.T.

As published on PARITY®, a nationally recognized electronic bidding system, the Whitley County School District Finance Corporation ("Corporation") will until November 21, 2023, at the hour of 11:00 A.M., E.S.T., in the office of the Executive Director of the Kentucky School Facilities Construction Commission, 700 Louisville Rd, Carriage House, Frankfort, KY 40601, receive competitive bids for the revenue bonds herein described. To be considered, bids must be submitted on an Official Bid Form and must be delivered to the Corporation at the address indicated on the date of sale no later than the hour indicated. Bids may be submitted manually or by facsimile or electronically via PARITY. Bids will be considered by the Corporation and may be accepted without further action by the Corporation's Board of Directors.

Subject to a Permitted Adjustment* increasing or decreasing the issue by up to \$40,000.

**WHITLEY COUNTY SCHOOL
DISTRICT FINANCE CORPORATION**

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

STATUTORY AUTHORITY, PURPOSE OF ISSUE AND SECURITY

These Bonds are authorized pursuant to KRS 162.120 through 162.300, 162.385, and KRS 58.180 and are issued in accordance with a Resolution of the Corporation's Board of Directors. Said Bonds are revenue bonds and constitute a limited indebtedness of the Corporation payable from rental revenues derived by the Corporation from the Board under the Lease identified below. Said Bonds are being issued to finance improvements at Whitley North Elementary School (the "Project") and are secured by a lien upon and a pledge of the revenues from the rental of the school building Project property to the Board under the Lease on a year to year basis; the first rental period ending June 30, 2024; provided, however, said lien and pledge are on parity with a similar lien and pledge securing the Corporation's School Building Revenue Bonds previously issued to finance or refinance the school building(s) which constitute the school building Project (the "Parity Bonds").

Should the Board default in its obligations under the Lease or fail to renew the Lease, the Registered Owners of Bonds have the right to have a receiver appointed to administer the school building Project but foreclosure and sale are not available as remedies.

The rental of the school building Project property from the Corporation to the Board is to be effected under a certain Lease Agreement by and between the Corporation and the Board (the "Lease"), whereunder the school building Project property is leased to the Board for the 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 being legally obligated only for the initial rental period and for one year at a time thereafter each time the Lease is renewed.

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

Although the Board is obligated to pay the Corporation annual rentals in the full amount of the principal and interest requirements for the Bonds for each year in which the Lease is renewed, the Board has entered into the Lease in reliance upon a certain Participation Agreement by and between the Board and the Kentucky School Facilities Construction Commission (the "Commission"). Under the terms of the Participation Agreement, the Commission has agreed to pay annually directly to the Paying Agent for the Bonds a stated Agreed Participation equal to approximately \$31,320 to be applied to the annual debt service requirements for the Bonds herein identified until their retirement, subject to the constitutional restrictions limiting the commitment to the biennium; said annual amount is to be applied only to the principal and interest requirements of the Bonds so long as the Board renews the Lease. Under the Lease, the Board has pledged and assigned all of its rights under the Participation Agreement in and to the Agreed Participation to the Corporation in order to secure the Bonds and has agreed to pay that portion of the rentals in excess of said Agreed Participation for each year in which the Lease is renewed.

KENTUCKY SCHOOL FACILITIES CONSTRUCTION COMMISSION

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

Pursuant to the provisions of the Act, the Regulations of the Kentucky Board of Education and the Commission, the Commission has determined that the Board is eligible for participation from the Commission in meeting the costs of construction of the Projects and has entered into a Participation Agreement with the Board whereunder the Commission agrees to pay an annual Agreed Participation equal to approximately \$31,320 to be applied to the annual debt service requirements for the Bonds herein identified each year until their retirement; provided, however, that the contractual commitment of the Commission to pay the annual Agreed Participation is limited to the biennial budget period of the Commonwealth, with the first such biennial period terminating on June 30, 2024; the right is reserved in the Commission to terminate its commitment to pay the Agreed Participation after the initial biennial period and every two years thereafter. The obligation of the Commission to make payments of the Agreed Participation shall be automatically renewed each two years for a period of two years unless the Commission shall give notice of its intention not to participate not less than sixty days prior to the end of the biennium; however, by the execution of the Participation Agreement, the Commission has expressed its present intention to continue to pay the Agreed Participation in each successive biennial budget period until the retirement of all of the Bonds, but such execution does not obligate the Commission to do so.

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

ADDITIONAL PARITY BONDS

The Corporation has reserved the right and privilege of issuing additional bonds from time to time payable from the income and revenues of said lands and school building Project property and secured by a statutory mortgage lien and pledge of revenues, but only if and to the extent the issuance of such additional parity bonds are in accordance with the plans and specifications which have been approved by the Board, Commissioner of Education, and filed in the office of the Secretary of the Corporation and a Lease shall be entered into whereunder the annual rental payments during the life of such additional bonds shall be increased by the amount of the annual principal and interest requirements of such additional bonds.

BOND MATURITIES, PRIOR REDEMPTION PROVISIONS AND PAYING AGENT

All such Bonds shall be in denominations in multiples of \$1,000 within the same maturity, bear interest from December 12, 2023, payable on June 1, 2024, and semi annually thereafter and shall mature as to principal on December 1 in each of the years as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2024	\$12,000	2034	\$18,000
2025	13,000	2035	20,000
2026	15,000	2036	23,000
2027	16,000	2037	20,000
2028	18,000	2038	23,000
2029	19,000	2039	25,000
2030	16,000	2040	29,000
2031	18,000	2041	31,000
2032	19,000	2042	28,000
2033	16,000	2043	21,000

*Subject to a Permitted Adjustment of the amount of Bonds awarded of up to \$40,000 which may be applied in any or all maturities.

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

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

The Bonds are to be issued in fully registered form (both principal and interest). U.S. Bank Trust Company, National Association, Louisville, Kentucky, has been designated as the Bond Registrar and Paying Agent, shall remit interest on each semiannual due date to Cede & Co. Principal and interest will be payable through the Book-Entry-Only-System administered by The Depository Trust Company: Please see "BOOK-ENTRY-ONLY-SYSTEM" below. Interest on the Bonds will be paid at rates to be established upon the basis of competitive bidding as hereinafter set forth, such interest to be payable on June 1 and December 1 of each year, beginning June 1, 2024 (Record Date is the 15th day of month preceding interest due date).

BIDDING CONDITIONS AND RESTRICTIONS

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

(B) Electronic bids for the Bonds must be submitted through PARITY® and no other provider of electronic bidding services will be accepted. Subscription to the PARITY® 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 PARITY® shall constitute the official time with respect to all bids whether in electronic or written form. To the extent any instructions or directions set forth in PARITY® conflict with the terms of the Official Terms and Conditions of Bond Sale, this Official Terms and Conditions of Sale of Bonds shall prevail. Electronic bids made through the facilities of PARITY® shall be deemed an offer to purchase in response to the Notice of Bond Sale and shall be binding upon the bidders as if made by signed, sealed written bids delivered to the Corporation. The Corporation shall not be responsible for any malfunction or mistake made by or as a result of the use of the electronic bidding facilities provided and maintained by PARITY®. The use of PARITY® facilities are at the sole risk of the prospective bidders. For further information regarding PARITY®, potential bidders may contact PARITY®, telephone (212) 404-8102. Notwithstanding the foregoing, non-electronic bids may be submitted via facsimile or by hand delivery utilizing the Official Bid Form.

(C) The minimum bid shall be not less than \$392,000 (98% of par) plus accrued interest. Interest rates shall be in multiples of 1/8 or 1/20 of 1% or both. Only one interest rate shall be permitted per Bond, and all Bonds of the same maturity shall bear the same rate. Interest rates must be on an ascending scale, in that the interest rate stipulated in any year may not be less than that stipulated for any preceding maturity. There is no limit on the number of different interest rates.

(D) The maximum permissible net interest cost for the Bonds shall not exceed "The Bond Buyer's" Index of 20 Municipal Bonds as established on the Thursday immediately preceding the sale of said Bonds plus 1.50%.

(E) The determination of the best purchase bid for said Bonds shall be made on the basis of all bids submitted for exactly \$400,000 principal amount of Refunding Bonds offered for sale under the terms and conditions herein specified, but the Corporation may adjust the principal amount of Bonds upward or downward by \$40,000 (the "Permitted Adjustment") which may be awarded to such best bidder may be a minimum of \$360,000 or a maximum of \$440,000. In the event of such Permitted Adjustment, no rebidding or recalculation of a submitted bid will be required or permitted and the Underwriter's Discount on the Bonds as submitted by the successful bidder shall be held constant. The Underwriter's Discount shall be defined as the difference between the purchase price of the Bonds submitted by the bidder and the price at which the Bonds will be issued to the public, calculated from information provided by the bidder, divided by the par amount of the Bonds bid. The price of which such adjusted principal amount of Bonds will be sold will be the same price per \$1,000 of Bonds as the price per \$1,000 for the \$400,000 of Bonds bid.

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

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

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

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

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

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

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

(d) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is November 21, 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).

(G) The successful bidder may elect to notify the Municipal Advisor within twenty-four (24) hours of the award of the Bonds that certain serial maturities as awarded may be combined with immediately succeeding serial maturities as one or more Term Bonds; provided, however, (a) bids must be submitted to permit only a single interest rate for each term bond specified, and (b) Term Bonds will be subject to mandatory redemption by lot on December 1 in accordance with the maturity schedule setting the actual size of the issue.

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

(I) The Corporation will provide to the successful purchaser a Final Official Statement in accordance with SEC Rule 15c2-12. A Final Official Statement will be provided in Electronic Form to the successful bidder, in sufficient time to meet the delivery requirements of the successful bidder under SEC and Municipal Securities Rulemaking Board Delivery Requirements. The successful bidder will be required to pay for the printing of Final Official Statements.

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

(K) Delivery will be made utilizing the DTC Book-Entry-Only-System.

(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 Steptoe & Johnson PLLC, Bond Counsel, Louisville, Kentucky, which Opinion will be qualified in accordance with the section hereof on TAX EXEMPTION.

(M) The Corporation and the Board agree to cooperate with the successful bidder in the event said purchaser desires to purchase municipal bond insurance regarding the Refunding Bonds; provided, however, that any and all expenses incurred in obtaining said insurance shall be solely the obligation of the successful bidder should the successful bidder so elect to purchase such insurance.

STATE SUPPORT OF EDUCATION

The 1990 Regular Session of the General Assembly of the Commonwealth enacted a comprehensive legislative package known as the Kentucky Education Reform Act ("KERA") designed to comply with the mandate of the Kentucky Supreme Court that the General Assembly provide for as efficient and equitable system of schools throughout the State.

KERA became fully effective on July 13, 1990. Elementary and Secondary Education in the Commonwealth is supervised by the Commissioner of Education as the Chief Executive Officer of the State Department of Education ("DOE"), an appointee of the reconstituted State Board for Elementary and Secondary Education (the "State Board"). Some salient features of KERA are as follows:

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

KRS 157.420 establishes a formula which results in the allocation of funds for capital expenditures in school districts at \$100 per ADA pupil which is included in the SEEK allotment (\$4,000) for the current biennium which is required to be segregated into a Capital Outlay Allotment Fund which may be used only for (1) direct payment of construction costs; (2) debt service on voted and funding bonds; (3) lease rental payments in support of bond issues; (4) reduction of deficits resulting from over expenditures for emergency capital construction; and (5) a reserve for each of the categories enumerated in 1 through 4 above.

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

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

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

KRS 157.620(1) also provides that in order to be eligible for participation from the Kentucky School Facilities Construction Commission for debt service on bond issues the district must levy a tax which will produce revenues equivalent to \$.05 per \$100 of the total assessed value of all property in the district (including tangible and intangible property and motor vehicles) in addition to the minimum \$.30 levy required by KRS 160.470(12). A district having a special voted tax which is equal to or higher than the required \$.05 tax, must commit and segregate for capital purposes at least an amount equal to the required \$.05 tax. Those districts which levy the additional \$.05 tax are also eligible for participation in the Kentucky Facilities Support ("KFS") program for which

funds are appropriated separately from SEEK funds and are distributed to districts in accordance with a formula taking into account outstanding debt and funds available for payment from both local and state sources under KRS 157.440(1)(b).

KRS 160.460 provides that as of July 1, 1994 all real property located in the Commonwealth subject to local taxation shall be assessed at \$57,158 to be applied to fair cash value.

BIENNIAL BUDGET FOR PERIOD ENDING JUNE 30, 2022

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 recently adopted a budget for the biennial period ending June 30, 2024 which was approved and signed 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.

POTENTIAL LEGISLATION

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

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

CONTINUING DISCLOSURE; EXEMPTION

As a result of the principal amount of Bonds being offered not exceeding \$1,000,000 Bond Counsel has advised the Corporation and the Board that they are exempt from application of the Rule 15c2-12c2-12(b)(5) of the Securities and Exchange Commission with respect to the Bonds.

Financial information regarding the Board may be obtained from Superintendent, Whitley County Board of Education, 300 Main Street, Williamsburg, Kentucky 40769 (606.549.7000).

TAX EXEMPTION; BANK QUALIFIED

Bond Counsel advises as follows with respect to the Bonds:

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

(B) The interest income from the Bonds is excludable from the gross income of the recipient thereof for Federal income tax purposes under existing law and interest on the Bonds will not be a specific item of tax preference for purposes of calculating 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.

(C) As a result of certifications by the Board and the Corporation, indicating the issuance of less than \$10,000,000 of tax-exempt obligations during the calendar year ending December 31, 2023, the Bonds may be treated by financial institutions as "qualified tax-exempt obligations" under Section 265(b)(3) of the Code.

BOOK-ENTRY-ONLY-SYSTEM

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

DTC will act as securities depository for the Bonds. The Bonds initially will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Bond Certificate will be issued, in the aggregate principal amount of the Bonds, and will be deposited with DTC.

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

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners, will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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

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

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

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

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

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

**WHITLEY COUNTY SCHOOL
DISTRICT FINANCE CORPORATION**

By /s/ John Siler
Secretary

APPENDIX D

**Whitley County School District Finance Corporation
School Building Revenue Bonds
Series of 2023**

Official Bid Form

**OFFICIAL BID FORM
(Bond Purchase Agreement)**

The Whitley County School District Finance Corporation ("Corporation" or "Issuer"), will until 11:00 A.M., E.S.T., on November 21, 2023, receive in the office of the Executive Director of the Kentucky School Facilities Construction Commission, 700 Louisville Rd, Carriage House, Frankfort, KY 40601, (telephone 502-564-5582; fax 888-979-6152) competitive bids for its \$400,000 School Building Revenue Bonds, Series of 2023, dated December 12, 2023; maturing December 1, 2024 through 2043 ("Bonds").

We hereby bid for said \$400,000* principal amount of Bonds, the total sum of \$_____ (not less than \$392,000) plus accrued interest from December 12, 2023 payable June 1, 2024 and semiannually thereafter at the following annual rates, (rates on ascending scale in multiples of 1/8 or 1/20 of 1%; number of interest rates unlimited) and maturing as to principal on December 1 in the years as follows:

<u>Year</u>	<u>Amount*</u>	<u>Rate</u>	<u>Year</u>	<u>Amount*</u>	<u>Rate</u>
2024	\$12,000	_____%	2034	\$18,000	_____%
2025	13,000	_____%	2035	20,000	_____%
2026	15,000	_____%	2036	23,000	_____%
2027	16,000	_____%	2037	20,000	_____%
2028	18,000	_____%	2038	23,000	_____%
2029	19,000	_____%	2039	25,000	_____%
2030	16,000	_____%	2040	29,000	_____%
2031	18,000	_____%	2041	31,000	_____%
2032	19,000	_____%	2042	28,000	_____%
2033	16,000	_____%	2043	21,000	_____%

* Subject to Permitted Adjustment

We understand this bid may be accepted for as much as \$440,000 of Bonds or as little as \$360,000 of Bonds, at the same price per \$1,000 Bond, with the variation in such amount occurring in any maturity or all maturities, which will be determined at the time of acceptance of the best bid.

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

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

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

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

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

- (a) *Holding Period* means, with respect to a Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which the successful purchaser has sold at least 10% of such Maturity to the Public at prices that are no higher than the Initial Offering Price for such Maturity.
- (b) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.
- (c) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50% common ownership, directly or indirectly.
- (d) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is November 21, 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).

Electronic bids for the Bonds must be submitted through PARITY® and no other provider of electronic bidding services will be accepted. Subscription to the PARITY® 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 PARITY® shall constitute the official time with respect to all bids whether in electronic or written form. To the extent any instructions or directions set forth in PARITY® conflict with the terms of the Official Terms and Conditions of Sale of Bonds, this Official Terms and Conditions of Sale of Bonds shall prevail. Electronic bids made through the facilities of PARITY® shall be deemed an offer to purchase in response to the Notice of Bond Sale and shall be binding upon the bidders as if made by signed, sealed written bids delivered to the Corporation. The Corporation shall not be responsible for any malfunction or mistake made by or as a result of the use of the electronic bidding facilities provided and maintained by PARITY®. The use of PARITY® facilities are at the sole risk of the prospective bidders. For further information regarding PARITY®, potential bidders may contact PARITY®, telephone (212) 404-8102. Notwithstanding the foregoing, non-electronic bids may be submitted via facsimile or by hand delivery utilizing the Official Bid Form.

The successful bidder may elect to notify the Municipal Advisor within twenty-four (24) hours of the award of the Bonds that certain serial maturities as awarded may be combined with immediately succeeding serial maturities as one or more Term Bonds; provided, however, (a) bids must be submitted to permit only a single interest rate for each Term Bond specified, and (b) Term Bonds will be subject to mandatory redemption on December 1 in accordance with the maturity schedule setting the actual size of the issue.

The DTC Book-Entry-Only-System will be utilized on delivery of this issue.

It is understood that the Corporation will furnish the final approving Legal Opinion of Steptoe & Johnson PLLC Bond Counsel, Louisville, Kentucky.

No certified or bank cashier's check will be required to accompany a 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 date following the award. Said good faith amount will be applied (without interest) to the purchase price on delivery. Wire transfer procedures should be arranged through U.S. Bank Trust Company, National Association, Attn: Mr. Charles Lush (502-797-6421).

Bids must be submitted only on this form and must be fully executed.

If we are the successful bidder, we agree to accept and make payment for the Bonds in Federal Funds on or about December 12, 2023 and upon acceptance by the Issuer's Municipal Advisor this Official Bid Form shall become the Bond Purchase Agreement.

Respectfully submitted,

Bidder

By _____
Authorized Officer

Address

Total interest cost from December 12, 2023 to final maturity \$ _____

Plus discount or less any premium \$ _____

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 RSA Advisors, LLC, as Municipal Advisor and Agent for the Whitley County School District Finance Corporation for \$ _____ amount of Bonds at a price of \$ _____ as follows:

<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Year</u>	<u>Amount</u>	<u>Rate</u>
2024	_____,000	_____%	2034	_____,000	_____%
2025	_____,000	_____%	2035	_____,000	_____%
2026	_____,000	_____%	2036	_____,000	_____%
2027	_____,000	_____%	2037	_____,000	_____%
2028	_____,000	_____%	2038	_____,000	_____%
2029	_____,000	_____%	2039	_____,000	_____%
2030	_____,000	_____%	2040	_____,000	_____%
2031	_____,000	_____%	2041	_____,000	_____%
2032	_____,000	_____%	2042	_____,000	_____%
2033	_____,000	_____%	2043	_____,000	_____%

Dated: November 21, 2023

RSA Advisors, LLC,
As Agent for the Whitley County
School District Finance Corporation